ANALYSIS OF ORGANIZATIONAL CULTURE AND CLIMATE

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Abstract: Integrating culture and climate in analyzing organizational profiles has become a major area of research in organizational studies. Building on this discussion, this pilot study aims to combine two instruments of cultural and climate assessment (OCAI and OCQ) to identify how a less typical family business needs to change to ensure its success. This article concludes by examining the implications of combining the two instruments, as well as by offering insights into possible future changes that managers can implement.

Keywords: organizational culture, organizational climate, family business, organizational change

1. Introduction

Analyzing culture and climate has become a major area of research in the field of organizational studies. But while some authors have focused solely on identifying and analyzing cultural profiles (Cameron & Quinn, 2016), others have focused solely on analyzing and interpreting dimensions of organizational climate (Furnham & Goodstein, 1997).

However, other authors (Schneider & Barbera, 2014) have recently suggested that the two streams of analysis should be united in an attempt to generate a more comprehensive organizational profile that can support more in-depth change efforts. Unfortunately, many of these insights remain somewhat abstract and difficult to implement, since there are very few empirical endeavors that combine organizational climate and culture evaluation instruments.

The purpose of this paper is to present a pilot research project that combines Cameron and Quinn’s (2016) Organizational Culture Assessment Instrument and Furnham and Goodstein’s (1997) Organizational Climate Questionnaire, in identifying and analyzing a comprehensive profile that can lead to profound organizational changes. It concludes that the two instruments can be successfully combined and that dimensions

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correlate to offer a richer picture and information base that managers can utilize in their future change efforts.

2. Theoretical Background

2.1. Organizational culture

The increasing turbulence, competition, pressure for change, complexity, and unpredictability of the external environment in which organizations operate determine managers to give more prominence, importance, and emphasis to organizational culture (Cameron & Quinn, 2016). Adapting and responding to challenges and changes (Schein, 2017), creating both stability and adaptability, as well as clarifying core competence and strategic intent (Prahalad & Hamel, 1990) are grounded in the organization’s unique culture.

The concept of organizational culture has gained popularity in the late 1970s and onwards (Alvesson, 2002; Hofstede, 1980; Martin, 1992, 2001; Ouchi, 1993; Pettigrew, 1979). Researchers have turned their attention to the study of organizational culture because the financial and non-financial success of any organization has been related to the notion of organizational culture. Culture is thus a potential predictor of organizational outcomes (e.g. effectiveness, success, performance), an attribute of the organization that can be measured and changed (Cameron & Quinn, 2016).

Most often, organizational culture has been defined as „the glue that holds the organization together” (Schein, 1985), a system of norms, taken for granted values, attitudes, beliefs, and underlying assumptions (Cameron & Quinn, 2016; Martin, 1992; 2002), or sets of symbols, myths, ceremonies, and rituals that appear into a community (Ouchi, 1993) and characterize organizations and their members.

To identify the unique cultural profile of an organization, to identify the actual trade-offs that exist in organizations, and to facilitate comparisons among multiple cultures, Cameron and Quinn (2016) propose the use of the OCAI instrument which is based on the Competitive Values Framework. The framework is a bi-dimensional model that departs on the one side from flexibility, dynamism, and discretion and arrives at stability, order, and control, while on the other side it departs from internal orientation, integration, and unity and arrives at external orientation, differentiation, and rivalry. The model highlights four cultural profiles:

- hierarchy (a formalized and structured workplace, with clear procedures, policies, and rules that govern people – internal focus, stability and control),
- market (transactions with constituencies, profitability, bottom-line results, competitiveness and productivity, strength in market niches, and secure customer bases – external focus, stability and control)
- clan (shared values and goals, participativeness, individuality, teamwork, involvement programs, voice and empowerment, extended family – internal focus, flexibility and discretion)
- adhocracy (innovation, pioneering initiatives, entrepreneurship, creativity, adaptation to new opportunities, and flexibility – external focus, flexibility and discretion) (Cameron & Quinn, 2016)
2.2. Organization climate

Emerged from the gestalt psychology of Lewin (1939) who was interested in the psychological life space, and gaining more ground since the 1960s, research on organizational climate attempts to assess the social and behavioral aspects of work environments, as well as employees' reactions to and shared meanings about leadership practices, policies, procedures, and “the behaviors they observe getting rewarded, supported, and expected” (Schneider & Barbera, 2014, p. 12). Climate is thus a Gestalt, literally a whole formed out of many observations and experiences (Schneider et al., 2017). Armstrong (2014, p. 123) believes that “organizational climate represents all the properties that define the work environment, whether they are perceived, accepted directly or indirectly by employees and that positively or negatively influence their behaviors”.

Climate is a set of conscious perceptions and descriptions that employees have of the work environment. Therefore, being a shared perception and not an organizational characteristic, organizational climate is malleable and changing, usually under the influence of leadership decisions, behaviors, policies, and practices, or changes in organizational structures and systems.

However changeable it may be, climate acts as a moderator variable, serving as an indirect link between job satisfaction and productivity/performance (Furnham & Goodstein, 1997).

Schneider (1975) was the first to propose that researchers should focus on a climate for something: a climate for service, safety, or even innovation. This would help to closely correlate climate with specific organizational results, such as service quality or customer satisfaction, accidents or injuries, or new products. For example, Ashkanasy and Hartel (2014) have argued that climate can govern the way employees manage emotions in the workplace. The affective climate can be positive or negative, or a combination of both. The more positive the climate, the more positive the organizational results: a positive affective climate leads to social inclusion, better relationships with teammates, satisfaction, commitment, engagement, and higher productivity, while a negative affective climate can lead to injustice, silence, and marginalization (Moaşă, 2013), or bullying, harassment, and uncivil behavior. Recent research (Tintaru et al., 2021) has shown that the higher the level of employees' EQ, the more positive they will perceive the organizational affective climate.

However, most empirical studies, ours included, measure climate in general and use an aggregate unit of analysis, such as the working group, department, or organization (Chan, 2014; James, 1982).

Ployhart et al. (2014) argue that organizational climate both influences and is influenced by staffing strategies and systems. Individuals are attracted to organizations that fit their characteristics and interests, while organizations are attracted to candidates that fit not only the job requirements but also the general needs and values of the organization. “Staffing systems and practices that are inconsistent with the organization’s culture and climate do not get adopted or supported. At the same time,
organizational staffing will strongly influence the forms of culture and climate that emerge from individuals within the firm” (Ployhart et al., 2014, p. 1).

One of the most utilized organizational climate measurement instruments was developed by Litwin and Stringer (1968) who argue that there are nine main dimensions of the concept: structure, individual responsibility, reward, risk, warmth, support, standards, conflict, and identity. However, there are no universal dimensions of organizational climate, hence researchers have always attempted to capture the total experience of employees and not just one of its facets or dimensions.

One of the most valid, reliable, and comprehensive instruments, Furnham and Goodstein’s (1997) OCQ, contains 108 Likert-type scale items that measure 14 different climate dimensions: role clarity, respect, communication, reward system, career development, planning and decision making, innovation, relationships, teamwork and support, quality of service, conflict management, morale and commitment, training and learning, and direction. Respondents have to score these dimensions on agreement (satisfaction with how things are done) and importance (significant of the way work is performed in the organization), leading to a fourfold table of action steps:

- ignore – low agreement and low importance – unworthy of further consideration
- consider – high agreement and low importance – unimportant things done well
- celebrate – high agreement and high importance – celebrate that these things are done well
- fix – low agreement and high importance – things that need prompt attention

2.3. Organizational culture and climate

Schneider and Barbera (2014, p. 1) posited that “organizational climate and organizational culture are two conceptually distinct yet recently overlapping constructs for understanding the ways employees experience their total work settings”. Until recently, research on culture and climate overlapped, and researchers have focused more on culture as they have considered that it encompassed climate.

However, some authors (Cameron & Quinn, 2016; Petterson et al., 2005; Cotton, 2004; Furnham & Goodstein, 1997) have tried to differentiate culture and climate, mostly based on the stability and changeability of the two concepts.

Therefore, following Cameron and Quinn (2016), we have summarized the main distinctions between climate and culture in the following table:

<table>
<thead>
<tr>
<th>Differences between organizational climate and culture</th>
<th>Table1</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Climate</strong></td>
<td><strong>Culture</strong></td>
</tr>
<tr>
<td>Individual temporary attitudes, feelings, and</td>
<td>An enduring, slow-changing attribute of</td>
</tr>
<tr>
<td>perceptions</td>
<td>organizations</td>
</tr>
<tr>
<td>Refers to overt or discernible attributes of</td>
<td>Refers to implicit or indiscernible aspects of</td>
</tr>
<tr>
<td>organizations</td>
<td>organizations</td>
</tr>
<tr>
<td>Includes individualistic perspectives that are</td>
<td>Includes core values and consensual</td>
</tr>
<tr>
<td>modified frequently as situations change and new</td>
<td>interpretations about how things are</td>
</tr>
<tr>
<td>information arises</td>
<td></td>
</tr>
</tbody>
</table>
3. Case Study

3.1. Company profile

This study aims to analyze the organizational culture and the organizational climate of the company that manages one of the most important tourist attractions in Romania: Bran (Dracula’s) Castle. We will start by briefly presenting the history of the castle’s management and then continue with the presentation of its recent activity to create a frame of reference for our analysis.

On December 1st, 1920, the citizens of Brasov, through a unanimous decision of the city’s council, led by Mayor Karl Schnell, offered the castle to Queen Maria of Romania, who was described in the deed as “the great queen who (...) spreads her blessing everywhere she walks, thus winning, with an irresistible momentum, the hearts of the entire country’s population”. The Castle became a favorite residence of Queen Maria, who restored and arranged it to be used as a residence of the royal family.

In 1956, Bran Castle was transformed by the communist authorities into a museum. The museum had three departments: the Castle – which contained pieces of royal heritage; the medieval customs; and Ethnography – which included traditional houses in the park near the castle.

On May 18th, 2006, after several years of legal proceedings, the castle was legally returned to the heirs of Princess Ileana of Romania and Archduke Anton of Austria. However, the Romanian Government, through the Ministry of Culture, provisionally administered the castle for another three years.

On June 1, 2009, the Castle fully re-entered the possession of its legal heirs, Archduke Dominic, Archduchess Maria Magdalena, and Archduchess Elisabeth of the Habsburg royal family. The newly founded “Bran Castle Management Company” has the three members of the royal family as shareholders and the two lawyers who helped them regain the castle as CEOs.

In only a few years from its creation, the company developed into Romania’s first tourist attraction, hosting more than 1 million guests every year with a team of more than 100 employees.

The private management of the castle implied a change in focus: from seeing the castle as a state-owned museum to seeing the castle as a business with strict and high financial indicators. The change in focus is mirrored by the financial results. Except for 2020, when the castle’s activity was severely affected by the COVID pandemic, the financial evolution of this business is quite impressive and exceptional for the Romanian tourist industry.

It is in this context that we have attempted to analyze employees’ perceptions of culture and climate to create a profile that can be used for future change initiatives.

3.2. Study objectives

The research objectives are:
1. To identify the organizational culture profile of the company and the differences between the present and preferred organizational culture.
2. To analyze the main dimensions of organizational climate in terms of both performance and importance.

4. Data Collection Method

The research conducted in this study was based on the method of sociological survey, using two standardized instruments that were combined into the same tool. The two standardized instruments are the Organizational Culture Assessment Instrument (OCAI) (Cameron & Quinn, 2006) and the Organizational Climate Questionnaire (OCQ) (Furnham & Goodstein, 1997).

We have chosen and used the two instruments because of their comprehensiveness, high reliability, strong internal consistency, and strong validity (Cameron & Quinn, 2006; Furnham & Goodstein, 1997).

The OCAI requires respondents to assess six key dimensions of organizational culture: dominant characteristics, organizational leadership, management of employees, organization glue, strategic emphases, and criteria of success (Cameron & Quinn, 2006). First, respondents have to identify the organization’s current culture and then they have to „identify the culture that [...] should be developed to match the future demands of the environment and the opportunities to be faced by the company“ (Cameron & Quinn, 2006, 23).

The OCQ is a 108 Likert-type scale item questionnaire, which assesses 14 different dimensions of organizational climate: role clarity, respect, communication, reward system, career development, planning and decision making, innovation, relationships, teamwork and support, quality of service, conflict management, commitment and morale, training and learning, and direction (Furnham & Goodstein, 1997). Respondents have to score each dimension in terms of agreement (satisfaction with how things are done) and importance (the item is a significant aspect of how work is performed in the organization).

The survey was conducted on 74 from a total of 112 employees of the company that manages Bran Castle. Among the respondents, 48 were women and 26 were men, between 31 and 40 years old. Most respondents had secondary education, and only a few had higher education levels, such as bachelor’s or master’s degree. Because Bran Castle is in a rural area, most of the employees reside near the castle. Regarding seniority in the organization, most of the respondents have worked between 2 and 6 years for this company.
The Alpha Cronbach coefficient was used to test the fidelity of the scales on the target group and we have obtained the following values for the Organizational Culture Assessment Instrument (OCAI) and the Organizational Climate Questionnaire (OCQ) which are very close to the original tests conducted by the Cameron & Quinn (2006) and by Furnham & Goodstein (1997).

### Table 3

<table>
<thead>
<tr>
<th>Dimensions</th>
<th>Alpha Cronbach coefficient</th>
</tr>
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<tbody>
<tr>
<td>Clan-type</td>
<td>0.658</td>
</tr>
<tr>
<td>Adhocracy-type</td>
<td>0.482</td>
</tr>
<tr>
<td>Market-type</td>
<td>0.508</td>
</tr>
<tr>
<td>Hierarchy-type</td>
<td>0.563</td>
</tr>
</tbody>
</table>
4.1. Data analysis

We have used IBM SPSS (version 23) for data analysis. A general score and descriptive statistics (mean and standard deviation) were calculated for each dimension of the two scales.

Paired Sample T-Tests and Independent Samples T-tests were used for several comparisons between the present and preferred organizational culture types according to the position occupied by the respondents in the organization or the department they were a part of and between agreement and importance concerning the dimensions of the organizational climate.

5. Results

5.1. Organizational culture

Identifying the organizational culture profile of the company and the differences between the present and preferred organizational culture.

After applying the Organizational Culture Assessment Instrument (OCAI) we have analyzed the data and identified that the current dominant organizational culture is the market culture, while the preferred one is the clan culture (Table 4). The level of agreement between the judges (74 employees) related to existing culture (ICC(2,74)=0.982) or preferred culture (ICC(2,74)=0.934) is high.

According to the test results, there is a statistically significant difference between the clan-type culture preferred by the employees and the market-type culture that exists in the organization (M = -3.86261, SD = 12.69488, t (73) = - 2.617, p = .011).
What is interesting here is the fact that current and preferred culture types are opposites in the competing values framework (Cameron & Quinn, 2016). Moreover, as the graph clearly illustrates (Figure 1), employees would prefer a culture that is less market and more clan and less hierarchical, and more adhocracy, which means that employees would prefer a culture as opposed to the one currently dominating the organization.

There are differences between the type of culture preferred by management and non-management employees. Comparing the means of the variables [t(760) = -4.18, p<0.001], we posit that employees with non-managerial positions prefer to change the current culture into a clan-type (M=28.72), while managers prefer to maintain a market-type culture (M=28.23). The result was anticipated since we believe that from a managerial point of view, the best financial results are ensured through a market culture.
There are differences in terms of current and preferred organizational culture between the different departments of the organization. While most departments identified the market-type culture as currently dominating the organization, the PR department identified a clan-type culture, and the Restaurant department a hierarchy-type culture as presently dominating the organization. Except for executives and managers, all the other departments indicated they preferred the clan-type culture.
5.2. Organizational climate

Analyzing the main dimensions of organizational climate in terms of agreement and importance

The application of Furnham and Goodsteins’s (1997) questionnaire aimed at analyzing the 14 main dimensions of organizational climate. Given that each item was measured on two scales, regarding the agreement and the importance, with the help of the Paired Samples Test, we have found statistically significant differences between the averages of all fourteen dimensions. The level of agreement between the judges (74 employees) related to climate agreement (ICC(2, 74)=0.982 or climate importance (ICC(2, 74)=0.983 is high.

Table 8

<table>
<thead>
<tr>
<th>Organizational climate dimensions</th>
<th>Agreement</th>
<th>Importance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Role clarity</td>
<td>5.51</td>
<td>6.42</td>
</tr>
<tr>
<td>Respect</td>
<td>5.99</td>
<td>6.60</td>
</tr>
<tr>
<td>Communication</td>
<td>5.59</td>
<td>6.61</td>
</tr>
<tr>
<td>Reward system</td>
<td>5.33</td>
<td>6.35</td>
</tr>
<tr>
<td>Career development</td>
<td>5.96</td>
<td>6.75</td>
</tr>
<tr>
<td>Planning and decision making</td>
<td>6.16</td>
<td>6.59</td>
</tr>
<tr>
<td>Innovation</td>
<td>5.63</td>
<td>6.80</td>
</tr>
<tr>
<td>Relationships</td>
<td>5.85</td>
<td>6.48</td>
</tr>
<tr>
<td>Teamwork and support</td>
<td>5.05</td>
<td>6.12</td>
</tr>
<tr>
<td>Quality of service</td>
<td>6.75</td>
<td>6.92</td>
</tr>
<tr>
<td>Conflict management</td>
<td>5.14</td>
<td>5.86</td>
</tr>
<tr>
<td>Commitment and morale</td>
<td>6.17</td>
<td>6.88</td>
</tr>
<tr>
<td>Training and learning</td>
<td>5.84</td>
<td>6.62</td>
</tr>
<tr>
<td>Direction</td>
<td>5.00</td>
<td>6.49</td>
</tr>
</tbody>
</table>

Although all 14 dimensions have high agreement scores (above 4.0) and high importance scores (above 5.0)), the most problematic dimensions are communication, rewards system, innovation, and teamwork and direction. These dimensions are high in importance, but low in terms of performance and they warrant the most prompt attention.
6. Discussion

The analysis of the data on organizational culture reveals that most employees identify the market-type culture as presently dominating the organization. This means that all the procedures, measures, and plans of the organization are focused almost entirely on the external environment, emphasizing transaction costs, competitiveness, success, efficiency, and reputation (Cameron & Quinn, 2016). The basic assumption behind the market-type culture is achievement, and it is supported by the sharing of such values as communication, competition, competence, and achievement (Hartnell et al., 2011). This market-type culture was instituted after Bran Castle was retroceded by the state to the royal family and was thus transformed into a private company where increased market share profit became the main effectiveness criteria.

The newly formed private company has a management team that operates under the pressure of high-level KPIs to ensure high levels of profitability for shareholders. This is why, both executives and managers identified the market type culture as both present and preferred. Even though we see that in the preferred scenario, managers are moving away from hierarchy towards adhocracy, and from market towards clan, the differences are not significant and the market type culture remains the dominant model in both present and preferred scenarios.

In opposition to the management team, employees desire to move away from hierarchy towards adhocracy, and from market towards clan. This movement is supported by the statistically significant differences presented earlier. The history of Bran Castle under the Royal Family and later under state management conveys to employees a feeling of pride, similar to a family-type organization. “Shared values and goals, cohesion, participativeness, individuality, and a sense of “we-ness” permeated clan-type firms” (Cameron & Quinn, 2016, p. 41) which focuses on employee satisfaction and commitment.

Analyzing the results of the OCQ, we can see that three of the climate dimensions that need a fix can be correlated to the type of culture preferred by the employees. A clan-type culture implies an empowering environment for employees, based on semi-autonomous work teams, that receive rewards based on team and not individual results and that encourage employees to voice suggestions regarding their work and their future performance and productivity (Cameron & Quinn, 2016). Therefore the communication, reward system, and teamwork and support dimensions that need an urgent fix according to the OCQ results, match the movement toward a clan-type culture.

The movement away from hierarchy towards adhocracy implies fostering entrepreneurship, creativity, adaptability, flexibility, experimentation, and “activity on the cutting edge” (Cameron & Quinn, 2016). Once again, the dimensions identified by the OCQ results as needing an urgent fix - direction and innovation - match the movement towards adhocracy, since adhocracy implies innovative initiatives (innovation) under the umbrella of a powerfully guiding vision (direction). However,
trying to statistically correlate these theoretical matches between the movement towards a certain type of culture and the climate dimensions that need an urgent fix turned out to be unsuccessful because the two instruments employ scales with different levels. In the future, it would be recommended to use instruments for culture and climate that employ the same type of scales to facilitate a wider array of statistical analyses.

This situation encountered at Bran Castle has deeper implications since it points towards a paradox. The two opposing types of cultures – market and clan – co-exist in the preferences of managers and employees. And even though the two opposing poles of the paradox are separated into two hierarchical levels (managers and employees), thus solving the paradox, their continuous presence inside the organization could lead to future conflicts and tensions (Cunha et al., 2021; Putnam et al., 2016).

Hartnell et al. (2011, p. 687) argue that “...the culture types in opposite quadrants are not competing or paradoxical. Instead, they coexist and work together [...] competing values may be more complementary than contradictory”. They further assess that organizations scoring higher on all four types of cultures were also more successful on all three organizational effectiveness criteria (employee attitudes, operational performance, and financial performance).

Since both groups of employees registered a movement away from market towards clan, and from hierarchy towards adhocracy, we conclude that the employees would like to focus more on satisfaction, commitment, and innovation (and less on superior operational and financial performance), therefore we provide some brief guidelines for cultural change in agreement with Cameron and Quinn (2016). To move away from market towards a clan culture, the company that manages Bran Castle should empower employees to participate and get involved more in the day-to-day problems and solutions. This can be obtained by organizing employees into cross-functional teams, increasing horizontal communication, recognizing employees' results, and fostering a more caring climate. After putting all these in place, the organization can start moving towards adhocracy, by motivating employees to take thoughtful and controlled risks, to innovate processes, and to listen to customers more. Moreover, management should learn to tolerate first-time mistakes and take employees' suggestions into consideration more.

When attempting to intervene in changing climate and culture, leaders must first focus on themselves, on what they attend to, reward, monitor, and talk about. Their behaviors help followers to focus their attention and efforts, thus reinforcing leadership as a significant antecedent of both climate and culture.

7. Conclusions

In this pilot project, we have combined two research instruments (OCAI and OCQ) in an attempt to generate a more comprehensive organizational profile and deeper insights needed for future organizational change efforts.
We have illustrated that there are differences not only between the present and the preferred organizational cultures but also between the culture preferred by employees and the one preferred by managers. Moreover, we have discussed how the dimensions of organizational climate that warrant prompt attention and a fix, theoretically match the move from the current to the preferred cultural profile indicated by employees.

In doing this, we have attempted to overcome the “parochial outlook” that Denison (1996) mentions regarding research on organizational context. We have used two well-known instruments in measuring culture and climate and have found overlaps between them, suggesting that even though they regard similar phenomena from different angles or through different lenses, they point to the same organizational reality that members of the organization face on a daily basis. This might suggest, supporting Denison’s (1996) argument, that we are faced with differences in interpretation, rather than differences in the phenomenon.

We invite researchers to further test the applicability and the usefulness of combining the two instruments (OCAI and OCQ) in a modified unitary form that would facilitate more in depth statistical analyses aimed at identifying, analyzing, and changing organizational profiles to better adapt to the turbulent external environments.

References