

Organisational Culture – Case Study: IPIP S.A. Ploiesti

Mihaela Oțelea, Cătălin Popescu

Petroleum-Gas University of Ploiești, Bd. București 39, Ploiești, Romania
e-mail: mihaspataru@yahoo.com, cpopescu@upg-ploiesti.ro

Abstract

Organisational culture requires major attention, justified by its functions and importance in contemporary companies. There must also be mentioned that a modern company is based, firstly, on its human resources, on its employees, and secondly on capital and equipments. In Romania we can identify, mainly, two types of organisational cultures: the bureaucratic culture and the entrepreneurial culture. We may say that in most companies in Romania the organisational culture will have to undergo some changes in order to play a progressive role, thus eliminating the employees' reluctance to changes. This is the way in which something difficult to quantify and measure, something almost invisible but real and concrete at the same time, such as business mentality, may represent the difference between a successful company and one that stands no chance.

Organisational culture has a substantial impact upon the functionality and the performance of the company; it facilitates the fight against illicit organisational behaviours. The powerful influence of the organisational culture upon the performance of the organisation has contributed to the occurrence of a new way of designing an organisation and of acting inside and outside the organisational environment.

Keywords: *organisational culture; attitudes, behaviours, rituals and ceremonies; fundamental values; organisational values*

JEL Classification: *D21, L20, M14*

Introduction

Organisational culture represents a relatively recent preoccupation of theoreticians in the domain of management.

Numerous researchers have tried to define the term of "organisational culture" in their attempt to grasp its essence.

The definitions of organisational culture have the following common main elements:¹

- The acquired character. Organisational culture cannot be inherited, it is acquired through learning and experience and defines man as social being;
- The collective character. Culture is shared by all members of a community;

¹ Popa, I., Radu, F., *Management Internațional*, Economic Publishing House, Bucharest, 1999

- The symbolic character. Culture represents the spiritual mirroring of inter-human relations and of society – nature relations;
- The structured character. To define a culture means to discover its structural pattern;
- The persistent character. Culture is transmitted from generation to generation based on gradual accumulations;
- The dynamic character. Culture changes in time, it continuously adapts itself.

Organisational culture requires major attention, justified by its functions and importance in contemporary companies. There must also be mentioned that a modern company is based, firstly, on its human resources, on its employees, and secondly on capital and equipments.

Competition has undergone various changes throughout time. Static competition, where success or failure were the result of the production factors, has turned into a dynamic competition whose main factors are the technological progress, the new markets and new management methods.

Very often, competitive advantage is associated with the growth of the financial or productive power of a country; however, the competitive advantage means more than the economic aspects and includes education, safety or quality of life. Thus, we can say that the problem of competitiveness is mainly an issue of mentality, of attitude, the result being a cause-effect relation between organisational culture and the competitiveness of a company.

Case Study – IPIP S.A. Ploiesti

The Engineering and Design Institute for Oil and Petrochemical Plants – IPIP S.A., established in 1950 in Ploiesti, is a Romanian company with a wide range of activities and rich experience in the area of the oil industry, hydrocarbon processing and petrochemistry, as well as in the related domains.

IPIP is a public limited company privately owned, registered in the Trade Register Office on 30.04.1991 – J29/386/30.04.1991. The subscribed and paid-in share capital is RON 5,899,638, with accounts open in 3 banks: The Romanian Commercial Bank – Prahova branch office, BRD Groupe Societe General – Prahova branch office and Ion Tiriac Bank – Prahova branch office.

The turnover of S.C. IPIP S.A. on the 31st of December 2007 was RON 35,979,884, 60% higher than the one in 2006.

IPIP – S.A. has a highly-qualified and experienced management team and team of specialists, able to carry out projects for refining and petro-chemistry installations at any level. The teams of engineers, economists and technicians have obtained full experience, having dealt with various projects of various levels of complexity, sorting them out successfully, both in the country and abroad.

In order to guarantee a successful project management for the objectives established, in compliance with the contract terms, IPIP's project orientation is ensured by an experienced and highly-motivated team of specialists, able to observe deadlines, the cutting-down of costs and time, in accordance with the working schedule and for the full satisfaction of the customers.

To ensure an efficient strategy and execution of projects, the managers are designated to lead work teams, thus monitoring all the stages of the project, including the designing, the selection of technology, the development of the design, the planning, the management of the working time and of the materials, documentation and connections with the customers and partners.

The top management of IPIP S.A. provides the appropriate resources, in order to make sure that all its products and services are carried out according to the quality objectives. These products include: the management of the institute, the appropriate personnel and equipment, the audit

and continuous analysis of the quality system, in order to guarantee that it is appropriate and effective.

When the training of the technical, commercial and administrative personnel is necessary, the management of the company, by means of its Human Resources Department, organises internal and external training courses.

The Human Resources Department offers a good example of IPIP's management practices which are rather traditional. The policies of this department serve their purpose, but there should exist, nevertheless, a clear improvement target.

- The awarding and payment policy is based on qualification, performance and years of experience, less on responsibility. Although different than the policies before 1999, the conflicts that occurred due to these changes have not been totally settled.
- Career planning, job evaluation and their shifting should be extended;
- The profile of the expertise tends very much to be towards long-term services. More than 50% of the technical personnel is ranked at main level, based on more than 10 years of experience within the company, especially on technical training.

In the light of things presented above, the organisational culture of the institute is a constructive-oriented culture – the culture based on results, on self-development, of a humanistic-encouraging type.

The Decisive Factors of the Organisational Culture within IPIP S.A.

The Influence of the Dominant Leader upon the Organisational Culture of the Institute

The higher management of the institute, by its authority, may adopt decisions that will affect the activity of the employees of the institute. This authority grants the general manager the power to influence significantly the institute's managerial and organisational culture.

The leader represents a model both for the people in the company and for those who come into contact with him, one way or the other.

The History and the Tradition of the Institute

The Engineering and Design Institute for Oil and Petrochemical Plants has a history of more than 50 years in the oil industry, with a very wide range of activities, both in petrochemistry and in hydrocarbons, as well as in their related domains.

It contributed to the whole modernisation of the existing refineries as well as to the establishment of new ones, thus designing no less than 11 refineries in Romania and a large number of such objectives abroad.

In 1999, the privatisation of IPIP was complete, the shares package being bought by PETROCONSULT S.R.L., a private Romanian company that provides successfully, both in Romania and abroad, engineering, designing, technical consultancy, marketing, technical assistance works as well as services in the same industrial domains the institute is specialised in.

The Expectations of the Personnel

IPIP has highly qualified personnel, with rich experience and able to develop projects of any type of proportion; the personnel consists in engineers, economists and technicians of various specialities and have rich experience, being ready anytime to fulfil any wishes and necessities of the clients and carrying out all the national and international projects.

The *expectations* of the personnel within this institute are in accordance with their professionalism and experience:

- modernisation of the working places;
- an appropriate working environment;
- continuous improvement of SMI (the integrated management system of quality, environment and occupational health and safety) and of the performances of the organisation;
- the provision of the structures and resources required for the achievement of the objectives related to quality, environment, occupational health and safety;
- a well-developed employee promotion system;
- active involvement in the training and protection of the employees.

The Features of the Workforce

The purposes of the workforce features are the differentiation of the workforce in certain categories, according to a series of criteria, such as: age, sex, physical abilities etc.

The managers of the institute want to preserve a certain workforce diversity, thus they created the environment that offers the satisfactions the employees expect, by offering possibilities to manifest their cultural identity.

Table 1. The diversity of the workforce within the institute

Age			Sex		Length of service (years)			Studies		
<30	31-45	>46	F	M	5	6-15	16	university	secondary	unskilled
63	143	122	98	230	86	113	129	125	183	20

The Employees' Evaluation and Motivation System

The purpose for the evaluation of the personnel may be immediate and limited (evaluation performed for the purpose of promotion / specialization training), it may have medium-term consequences (the evaluation of the personnel in order to assess them in order of importance and to establish the salary level) or it may be general, with long-term consequences (the evaluation of the personnel as part of the continuous and integrated process of personnel management – career management, personnel development). Sometimes, this process may be focused on the description of skills, competences and especially on the main features of the employees, in order to better know them, and adapted on their behaviour in reciprocal interactions.

The most frequently used classification of the evaluation objectives refers to their nature, thus delimiting: Organisational objectives, psychological objectives, development objectives and procedural objectives.

The communication of the results should be performed individually, for each employee, because collective debates have the disadvantage of general, unidirectional approaches which can even generate a depreciation of the working environment. According to the communication techniques, we may distinguish three types of interview-feedback, namely: the “say and persuade” interview, the “say and listen” interview and the “problem settlement” interview.

The main *stages* in making employees efficient are:

- the evaluation of the personnel;

- choosing a training program;
- establishing the competences of each person in the company;
- the training, followed by an evaluation period, preferably 6 months or a year away;
- extra-salary packages: the payment of the mobile phone, of gas or granting lunch tickets or family packages: paid vacations, nursery or kindergarten vouchers, or individual packages – relaxation vouchers, lunch, medical insurance, life insurance or retirement vouchers.

The Levels of the Organisational Culture within S.C. IPIP S.A.

The organisational culture of the institute may be analysed on various levels.

- *Level 1* – surface

This level is represented by the artefacts and the symbols of the institute, which include all the objects, processes that a person can easily notice when coming into contact with the institute and its members.

Artefacts are the physical objects in the organisation that were built, modified, enriched by the members of the institute in order to render valuable their potential and to protect themselves against the external environment. Artefacts include: the architecture of the building, the furniture, the emblem, the logos of the company, the language used, the technology, clothing, panel of honour etc.

- *Level 2* – attitudes, behaviours, rituals and ceremonies

These are elements that developed in time and which reflect the learning process of the organisation's members. They undergo changes in time, but their essence stays the same.

These are fundamental values which guarantee the moral and psychological identity and stability of all the members of the community.

- *Level 3* – fundamental values

These are those values whose validity was confirmed a long time ago and which prove viable in most situations the institute had to deal with.

Their origin is to be found in the values promoted by the founders and by the leaders of the institute, as well as in those taken over by each member of the organisation since childhood from parental figures, which influenced decisively their life and activity: parents, teachers, managers, leaders etc.

The fundamental values are those which, in general, are not subjected to discussions, debates and which are difficult to change.

Organisational Values

The behavioural beliefs, values and norms represent the basic platform regarding the employees' perception about what happens in the organisation, about what is desired and accepted and about what a threat may stand for.

The organisational values, as they were stated and promoted within the institute by the members of the higher management, are the following:

- Each individual should be treated with respect;
- Equal chances for all employees;
- Safe working environment;

- Ethical and responsible management and self-management;
- Open and sincere communication;
- Sustaining individual creativity and innovation;
- Providing customers best quality products/services and service;
- Environment protection;
- Contribution to the quality of life, irrespective of the place of activity.

Conclusions

Organisational culture is a component that Romanian organisations usually lack, although there are some important exceptions. Certainly, there are objective and important factors that led to this state. A first aspect is represented by the size of the organisation, the issue of organisational culture being raised especially within big organisations. It is also true that there are small foreign organisations (less than 50 employees) which create and impose, from the very beginning, a certain organisational culture.

Therefore, this is a matter of mentality. A foreign company has, from the beginning, a certain vision about the way in which a business should be managed, a vision built in a developed economic environment which is different than the Romanian one. This very vision is, up to a certain extent, responsible with the success of the business, because these companies are meant to succeed due to the people selected and to the assumed values.

In Romania we can identify, mainly, two types of organisational cultures: the bureaucratic culture and the entrepreneurial culture.

The bureaucratic culture is the one that characterises state enterprises, state education and health institutions, military institutions. This culture is focused upon the core of the system and is highly politicized. It is very difficult to adapt such a culture to the environment because there is no strategic thinking and knowledge as regard high performance management. Within such organisations, there can be differentiated hostile relations among employees, between employees and managers, and the working outcomes are not considered to be important.

The entrepreneurial culture is to be met especially within private organisations, characterised by a higher power to adapt to the environment and to a high level of openness towards new values and strategies, thus leading to positive results. The employees are given a series of values and norms that lead to the creation of a relaxed and professional environment: respect and consideration for the client, employees and community, creativity, involvement, courage and attachment to the organisation.

In conclusion, we may say that in most Romanian companies the organisational culture will have to undergo some changes in order to play a progressive role, thus eliminating the employees' reluctance to changes. This is the way in which something difficult to quantify and measure, something almost invisible but real and concrete at the same time, such as business mentality, may represent the difference between a successful company and one that stands no chance.

Organisational culture has a substantial impact upon the functionality and the performance of the company; it facilitates the fight against illicit organisational behaviours.

The powerful influence of the organisational culture upon the performance of the organisation has contributed to the occurrence of a new way of designing an organisation and of acting inside and outside the organisational environment.

Among the *reasons* that account for the ever-increasing interest of theoreticians and managers in the study of organisational culture, the most relevant may be the following:

1. *The research of the organisational culture represents a modality to evaluate the personnel without making use of some sophisticated psychological or social patterns.* Culture allows the observation of the human behaviour, its mixing and motivation by describing the symbols, values and conceptions that exist within an organisation;
2. *Organisational culture is more and more accepted by managers as being an instrument for the improvement of business management,* because it incorporates some realities of the organisation which, although difficult to define, are relevant for its competitive functioning.

In order to maintain a long-term high level organisation performance, the organisational culture must simultaneously meet three fundamental conditions:

- to be powerful by means of a coherent and rigorous system of values, communicated to all the employees of the company by the leaders and unanimously accepted;
- to be strategically appropriate;
- to be adaptive.

IPIP – S.A. operates on a small part of the chain of values for the oil projects, its range including the study of project offers and specialised studies, up to installation operation. There are four recommendations for IPIP and they can be illustrated in this chain of values:

Recommendation 1: To be a top engineering company

IPIP must consolidate its top position on the domestic market, in order to improve its reputation, to increase profits and to strengthen its competitive position.

Recommendation 2: Advancement in the chain of values

IPIP must create a position regarding high-values services, using the existing resources, designing new products and setting up new partnerships with national information institutes and international contractors, as well as performing specialty consulting.

Recommendation 3: Descending in the chain of values

IPIP must enter the part of improved capitalizations in the chain of values, in its capacity of EPC contractor (construction procurement engineering) for small projects, by extending and increasing the resource domain and by focusing on the national markets.

Recommendation 4: Applying the current resources and products to various chains of values

IPIP must enter the new markets, towards other industries, in order to expand its client base.

The purpose of these recommendations is to build up specialist joint teams, oriented towards performance, with major effects in promoting a relaxed, efficient working environment. These activities that must be supported by the management of the organisation will generate another system of values, another atmosphere within the organisation, in other words – to obtain a healthy organisational culture.

References

1. Burduş, E. et all, *Managementul schimbării organizaționale*, Economic Publishing House, Bucharest, 2003.
2. Hofstede, G., *Managementul structurilor multiculturale* (traduction), Economic Publishing House, Bucharest, 1996.
3. Huțu, C.A., *Cultură organizațională și leadership: fundamentarea capacității competitive a firmei*, Economic Publishing House, CETEX Collection, Bucharest, 2007.

4. Popa, I., Radu, F., *Management internațional*, Economic Publishing House, Bucharest, 1999.
5. Schein, E., *Organizational Culture and Leadership*, Jossey-Boss, San Francisco, 1985.

Cultura organizațională - Studiu de caz IPIP S.A. Ploiești

Rezumat

Cultura organizațională constituie o preocupare relativ recentă a teoreticienilor din domeniul managementului. În România se identifică, în principal, două tipuri de culturi organizaționale: cultura birocratică și cultura antreprenorială. Se poate spune, în concluzie, că în majoritatea companiilor din România, cultura organizațională va trebui să cunoască o modificare pentru a putea îndeplini un rol progresist, eliminând astfel rezistența salariaților la schimbare. Iată cum - ceva greu de cuantificat și măsurat, ceva aproape invizibil, dar nu mai puțin real și concret, precum mentalitatea de business - poate însemna diferența dintre o companie de succes și una fără șanse.

Cultura organizațională are un impact substanțial asupra funcționalității și performanței firmei, facilitând combaterea conduitelor organizaționale ilicite. Influența puternică a culturii organizaționale asupra performanțelor organizației a contribuit la apariția unui nou mod de a concepe organizația și de a acționa în mediul intra și extraorganizațional.