

ORGANIZATIONAL CULTURE - FACTOR OF EFFECTIVENESS OF RISK MANAGEMENT PROCESS

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Abstract:

Risk management is a structured and continuous process in an entity that aims to identify and assess risks and deciding on responses to the opportunities and threats that affect the achievement of objectives. The management entity creates and implements risk management process and monitor its effectiveness.

Organizational culture is a set of beliefs, values that influence individual and collective performance of an organization. This is based on symbols and traditions and the essence of the organization. The role of organizational culture is to balance both at institutional level and between the organization and its external environment.

Organizational culture is a much discussed topic lately, by experts in the field, but little considered by management to managing an organization.

Effective management of risk management is assured if there is a risk appropriate organizational culture where staff at all levels and concept known risk strategy adopted within the organization and is aware that achieving organizational goals mastery of risk guarantees.

Keywords: *organizational culture, organizational factors, corporate governance, risk management, crop types.*

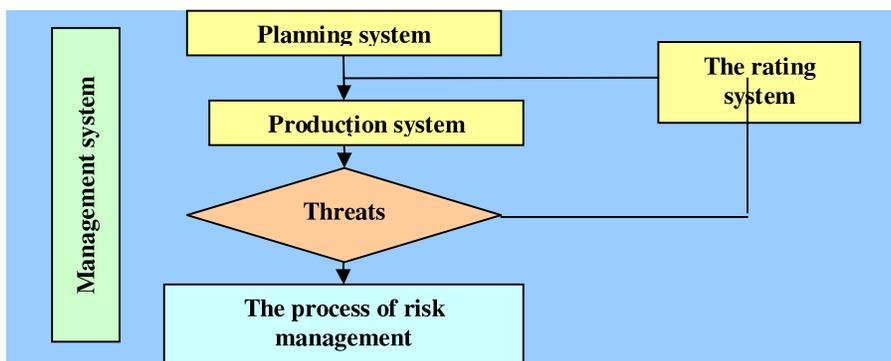
JEL Classification: *M40, M41*

Risk management

Designing and implementing a risk management process in an organization ensures adequate risk identification and assessment, and integration of measures to address the risk for uncontrolled risks sufficiently, guaranteeing objectives. Implementing risk management process within the organization allows management to focus attention on the risks affecting the objectives, protecting assets and ensuring business continuity.

However, the effectiveness of the risk management process is influenced by the economic situation of the organization, the complexity and specificity of processes deployed, organizational culture and leadership style. To implement the process of risk management organization leaders must consider: the principles of COSO on risk, strategic risks, operational, reporting and compliance of the entity to identify, evaluate and treat risks and ensure continuous monitoring of their.

Compared to the organization's management system, risk management process are as follows:



The process involves the integration of risk management activities and measures according to their nature, the combination of their risk and manages risk in a uniform manner. This ensures that management efforts are focused on risks to achieving the objectives.

Through risk management process ensures identification and risk analysis of strategic, operational, reporting and compliance affecting the objectives and identifying and implementing internal controls to mitigate risk, taking into account the level of risk and implementation costs.

The process of risk management is an effective management tool which allows it to have an overview of the risks affecting the objectives and appropriate levers in substantiating and making managerial decisions. This process, to be conducted on a permanent basis, contributes to the achievement of organizational goals.

Leadership, the organization and conduct of the process of risk management must work towards defining the concept of risk management, communication and understanding of the process by all staff, establish responsibilities in the implementation process, to identify and evaluate risks and monitor them in order to improve process.

In practice, the main activities performed on the realization of the risk management process are: setting goals, identifying specific activities

objectives, defining risk strategy, risk identification, risk assessment, control and monitoring.

A risk management process better organized and implemented enable the achievement of the objectives of growth, encourage proactive management, compliance with legal requirements, improve corporate governance, allocation and efficient use of resources, reducing losses and fraud.

To implement an effective risk management process leadership organization must ensure that there is a favorable risk culture and organizational strategy implementation risk. Risk management process must ensure that the risks are analyzed and monitored and appropriate control devices are set to uncontrolled risks or the risks emerging.

To ensure good risk management must be satisfied that each employee understands the concept and strategy on the risks and responsibilities of the incumbent in this process.

Organizational culture - the premise of an organization's performance

By organizational culture through conceptual means value system, consisting of all the ideas, values and traditions of an organization, staff behavior and character that determines the organization's activity.

While the concept of organizational culture can be associated with several generations of theories, the first generation is that of theories dealing with organizational culture as a process, the second treats culture as evolution, and the third deals with the organizational culture as a transformation of the organization. The evolution of organizational culture can be presented as follows:

- ✓ organization's approach to social organism. Identifying and defining organizational culture was performed initially by describing the organizations as social institutions habits and taboos;
- ✓ organization's approach to cultural identity. Later, after 1970 he described the concept of "corporate culture" concept equivalent to enterprise culture. The concept was justified by the need for staff organization to adapt to changes caused by the economic crisis;
- ✓ School cultural management, characterized by the appearance, after 1980, the first books on organizational culture and by its recognition and introduction as a subject in higher education.

Currently, organizational culture is seen as a concept widely used both in practice and in management theory. The skilled trying to explain and demonstrate the contribution of culture to increased organizational performance and completeness organization.

Organizational culture integrates the rules of thought, beliefs, habits, attitudes and values that exist within an organization. This rule therefore

forms of interactions, beliefs and values of corporate governance representatives and employees of the organization and interactions between employees of the organization, regardless of where they are located.

At the organizational level, organizational culture is influenced by a number of factors such as driving style, the way of making, form of organization, policies and strategies developed and implemented the level of formality or the working environment. Also, organizational culture is influenced by the aspirations and value system of the organization, knowledge and skills of staff of the interaction between the employees of the organization, goals and interests of management and employees. Management organization uses organizational culture in management decision making.

The specific components of organizational culture can be defined as follows:

- ✓ dominant values of the organization;
- ✓ accepted norms of organization members;
- ✓ philosophy underlying the policy of the organization;
- ✓ existing climate in the organization;
- ✓ how staff interact organization, both among themselves and with third parties.

A strong culture is characterized by beliefs, values and impact on staff, while a weak culture is characterized by low impact on the organization's staff. In this context we can say that in addition to the impact on organizational performance, organizațională culture has an impact on the organization's staff satisfaction.

Types of crops:

- ✓ networked culture is characterized by the fact that the organization's staff is considered as a family. This can lead to poor results or accepting personnel separation interest groups;
- ✓ culture of mercenary, is characterized by the fact that they act decisively and determined to achieve the objectives and simultaneously eliminate or marginalize employees who are not performing ;
- ✓ culture of fragmented, characterized by the fact that employees are evaluated based on the productivity and quality of their work and a lack of collegiality toward underperforming staff;
- ✓ culture of universal, is cracterizează through friendship and performance among employees and allocating a much longer TLS organization.

Analyzing these types of crops can consider that the distinction between them is given by factors such as the strategy adopted by the organization, the way of making and perceptual decisions, way to record outstanding results and analysis of the difficulties, understanding of procedures, duties

and how cultural differences accepted and implemented across the organization.

In many cases the organizational culture appeals to common thinking employees at personal values, the written or unwritten moral rules, habits or staff meetings within or outside the organization.

Identifying and understanding the elements of organizational culture ensure avoid eventual internal and external conflicts. Knowledge of organizational culture enables the consistent development of organizational strategies, by taking proper account of organizational changes and development of the organization and the foundation and making the most effective management decisions.

Developing organizational culture is influenced by the development organization. Consolidation is all the stronger as the staff feels anchored to the organization's goals and aspirations. A strong culture provides a suitable organizational environment to achieve the objectives in terms of efficiency and effectiveness and an environment conducive to solving organizational problems, helps to ensure a high level of staff satisfaction.

Organizational culture is an attribute of management who is interested in knowing this phenomenon to use it in developing effective strategies and organizational policies and effective use of personnel capacity. This is associated with a collective phenomenon, being accepted partially or fully by the staff of an organization.

Organizational culture is delimited by the following characteristics:

- ✓ is a specific working environment for the staff of an organization. In this respect, organizational culture should integrate and preserve organizational commitment of staff;
- ✓ directs staff in meeting organizational objectives. Organizational culture must persist over time, regardless of staff turnover and staff at the same time protect against external environmental threats;
- ✓ impact on organizational performance and staff satisfaction. Organizational culture is the primary means by which can be transmitted and held values, beliefs, ideas and traditions specific to an organization.

According to these characteristics, organizational culture is learned and can be adapted and transmitted from one generation to another. Mostly, organizational culture is invisible and unconscious, is a social phenomenon that exceeds multiple organizational and employee tends to be stable over time and impact on organizational performance, involving internal factors and external factors.

Internal factors that can influence organizational culture:

- ✓ corporate governance. Organizational culture is associated vision and mission of the organization. Corporate governance issues

decisions and influences the ways in which the decision is accepted and implemented;

- ✓ organization's history. The type and scope in which the organization was established convey concepts, perspectives and values;
- ✓ size organization. A small organization it is characteristic of a stable and homogeneous culture, while developed within an organization, with branches and outlets spread over large geographic areas, may occur more subcultures;
- ✓ values and conceptions. It is the most important factor in maintaining and developing organizational culture as the degree to which staff believe and adhere to the organization's values influence the nature of organizational culture and its impact on organizational performance.

External factors that influence organizational culture:

- ✓ national culture in the business of the organization, influencing organizational culture through education, thinking, religions, different ideas;
- ✓ customers relate with the organization, organizational culture influences the light size, requirements, development perspectives;
- ✓ technology differs and is experienced differently from one organization to another. This makes the organizational culture to promote performance-oriented values and norms, and change involving personnel;
- ✓ legal framework, determine the rules of organization, functioning and development of the organization. If the framework is coherent and stable, then recorded an adequate organizational culture development and stability and ensure a suitable working environment and promotes performance.

Success of any organizational changes related to how to adapt and change the organization's staff, since any organizational change affecting directly or indirectly competence, attitude or value of the employee.

Organizational culture and risk management

The influence of organizational culture on risk identification and management must be seen in relation to the allocation and supervision of capital and resources, regardless of type, with financial discipline and the market in which the organization operates and abilities, aptitudes and skills management. Managerial skills, leadership style, their preparation and cultures from which they directly influence the culture.

The organization's management is responsible for organizing and ensuring the functionality of the risk management process and the reality of the

information provided by that process, including internal control measures, which represent the final minimizing risks and maintaining them at an acceptable level.

Meanwhile, management of the organization and has a high influence on the culture. This should make known the concept of risk and risk strategy applied across the organization and creates a culture conducive to risk.

The goal of risk management is to identify risks associated objectives and to evaluate and assess the internal control system's ability to maintain risks within acceptable limits. Design and implementation of appropriate risk management process ensures: (a) the efficient and effective use of public funds; (b) change of leadership style, which in addition to measures to deal with risks, and will design and implement internal control devices for limiting the amount thereof; (c) achieve in terms of efficiency and effectiveness objectives; (d) building a sound internal control system, with appropriate control measures and functional.

Through the process of risk management can manage the risks affecting the realization processes and activities attached to an organizational objective, can assess the overall consequences and adopt measures in relation to the level of inherent risk. This process should be one consistent and convergent, integrated objectives, activities, actions and operations carried out within the organization and staff regardless of hierarchical level that is, aware of the importance of this process in order to ensure the realization of its activities.

The main feature of an effective risk management process is that it integrates risk monitoring mechanisms at the level of the functional departments of the organization and its culture, and a focus attention on the risks associated targets. By going through specific stages of this process, namely the identification, analysis and risk assessment, risk treatment, risk control, information and communication and monitoring risk, the organization shall ensure that risks are identified, assessed and treated appropriately, regardless of their level.

Organizational culture is a "way of life", a set of beliefs, universal values that influence individual and collective performance. This is based on symbols, rituals and customs.

Identify the characteristics and elements of influence of organizational culture are a challenge both for employees and for managers who have the responsibility to ensure the success of the organization in an economic and financial context changing.

Organizational culture functions as a group of elements in which an essential role organizational structure has to be organized and developed taking into account the cultural context of the country in which the

organization operates, organizational goals and work motivation. We can not speak of an effective risk management without knowing the culture.

Every organization has a culture more or less consolidated. Staff form a culture organization. The organization not only possess a culture in itself is a culture. The culture of an organization is transmitted, learn, adapt, create multiple and go beyond the individual.

Organizational culture is the essence of any organization, knowledge and enables them to identify effective adaptation to changes in internal and external environment. Its main role is to create a balance primarily within the institution, and on the other hand, a balance between the institution and the external environment.

Depending on the type of organizational culture implemented organization sets its own rules under which they operate. The important role in establishing links between elements of an organizational culture which it has management must develop an organizational culture homogenous, promote values of the organization and establish the direction of development.

Considering the above facts, we appreciate that risk management is both a component of corporate governance and a specific activity that requires professionalism and fairness and helps to improve the public entity's activities. Organizational culture is to create a uniform system of values, norms, goals, integrate personnel within the organization, to improve communication and ensure increased motivation and effectiveness in coordinating and conducting activities and objectives. In this respect, organizational culture exerts several functions, namely:

- ✓ integration of personnel within the organization and updating of the internal environment;
- ✓ staff protection from potential threats of the external environment;
- ✓ storage and transmission of values and traditions of the organization;
- ✓ integration expertise of staff and creating the framework for the development of organizational capacity;
- ✓ social integration of the organization's staff and organizational system to adapt to the changing external environment;
- ✓ to achieve organizational goals using staff based on professional skills.

A strong culture must mobilize personnel capacities, ensure achievement of organizational objectives and contribute to increasing the performance of the organization. For this management organization decides which actions and the need to delineate behaviors to achieve the objectives.

Conclusion

An organization's management activities include planning, forecasting, organization, coordination, training, evaluation and control oriented efficient and effective use of all types of resources, in order to achieve better organizational performance.

Organizational Culture creates value in an organization, requires due respect for staff, provides courage and confidence in their responsibilities and promoting the idea of each employee.

By organizational culture should be promoted innovation and learning, drawing on their experience and the experience of others who performs in the organization operates.

To understand the organizational culture must be known shareholder organization, organizational structure, the organization's infrastructure, culture of the country in which the organization operates, preparedness and staff, and values that characterize the organization. Through work organizational culture can cause profound changes in terms of perception, thought and action is part of personnel respective cultures.

In situations in which an organization can not speak of an organizational culture, there are a number of specific elements of it, because an organization can not exist without some element of an organizational culture. These elements can be defined by the values established organization dominated by the philosophy of the organization, through development rules or rules of conduct.

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