

**PROFIT ORIENTED BUSINESSES vs SERVICES PROVIDING BUSINESSES**

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**Abstract**

*The tourism sector is a major component of the economy, as a sector as well as an entrance factor towards all the other economic activities. This study is organized in an empirical form, together with a review of specialized literature, through the studying of the possible correlations between the tourism sector's performance and the importance of forming an organization culture within this sector. To answer the paper's purpose, the following research techniques have been used: content analysis of the research carried out, as well statistical methods for the analysis of data and the interpretation of results. The study's results indicate that, despite the field's importance being uncontestable, the specialized literature in our country, at least, does not dedicate any paper towards the research of tourism enterprises' organizational culture. There are some references to the hospitality industry, meaning hotels and public nutrition, but a study on the organization culture of travel agencies has not yet been carried out. It has come to the conclusion that the emancipation of consumers can stimulate competition, increase efficiency, as well as rethinking the strategies of tourism-sector firms.*

**Keywords:** *organizational culture, economic performance, competition, strategy, tourism*

**JEL Classification:** D04, L17, D41, L10.

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## **1. Introduction**

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The entire world lives in the middle of an organizational society. Despite the multitude of facets which the organization has known throughout time, its existence's rationale has always been the same: "the most effective means for people to reach their goals" (Ionescu, Toma, 2001). Thus, the organization is a "social association, institution which unites people with common concerns and, sometimes, with common concepts, established based on a set of rules, a status etc., in the purpose of carrying out an organized activity and realizing common goals" (DEX, 1975).

The authors Blau and Scott (Blau and Scott, 1962) have split the organizations in four broad categories: business organizations, services providing organizations, organizations established in the purpose of obtaining a mutual advantage and organizations in the service of the public wellness.

Our attention will be directed towards the first two categories: profit oriented businesses and services providing businesses, the present research's subject regarding tourism organizations, which duly belong to both categories. The business organization is a "system organized by a decision center which commands a certain autonomy and which, with the help of physical and human means, produces goods and services destined towards selling" (Zorlentan, Burdus, and Caprarescu, 1995).

## **2. Research methodology**

### **2.1. Research hypotheses**

By combining the aspects identified in the specialty literature, we have stopped upon the human factor because, at least in tourism, its contribution to the obtaining of the desired results is of the utmost importance. We are dealing with a sector which sells "illusions". The transformation of the intangible product into a concrete reality depends on the way in which the tourism worker fulfills his duty, on his professionalism, fairness and coolness.

Thus, the knowledge of the organizational culture of the Romanian tourism firms becomes useful to the management, for its modelling in conformity to the competition environment's tendencies, as well as for the establishment of viable strategies and directions.

Our research on the impact of the organizational culture in the field of Romanian tourism firms on economic performance serves the purpose of assessing the organizational culture existing in tourism companies which carry

out activities in the 3 branches which make up the tourism industry: hotels, public foods and travel agencies.

Our research on the current tendencies of the organizational culture in the field of Romanian tourism firms on economic performance serves the purpose of assessing the organizational culture existing in tourism companies which carry out activities in the 3 branches which make up the tourism industry: hotels, public foods and travel agencies, as well as the economic results obtained by them.

The question to which we have found answers are: Do the characteristics of the tourism firms' organizational culture correspond to those identified by Hofstede's study concerning Romanian organizations? Is there a relationship between organizational culture and obtaining economic performance?

The methodology answers a problem of great actuality, for Romanian, determined by the lack of a study regarding the tourism firms' organizational culture, by a very weak position in international rankings, by the weak grades obtained on the measuring of this industry's performance. In this context, the purpose of our research is, on scientific basis, to elaborate a methodology which can be used on the companies from the respective sphere, through the projection of organizational cultures in order to emit positive effects on the economic performance of tourism agencies.

The main hypotheses of the present methodology are:

H1: the assessment of the performance of the tourism firms (hotel, public food or travel agencies) on the main components of the organizational culture through the identifying of critical items, with values lower than the performance index's average. To methodologically realize this, the performance index will be calculated in conformity with the method proposed by Cezar Mereuta (Mereuta C., 2004), thus:

$$I_{pi} = \frac{V_i - V_{i \min}}{V_{i \max} - V_{i \min}} \quad (1), \text{ where:}$$

$V_i$  – the value of the  $p_i$  criterion; for our situation, this is the value of each item's score;

$V_{i \min}$  – represents the minimum value of the “i” criterion; for our situation, this is the minimum value of the items' score;

$V_{i \max}$  – represents the maximum value of the “i” criterion; for our situation, this is the maximum value of the items’ score.

H2: the creation of a formed results’ matrix, on one hand, from the critical items (those which record values lower than the performance index’s average) and, on the other hand, the specific weight of the assessment dimension resulting from the hierarchy of the importance of the assessment dimensions created by the target group.

H3: the analysis of the correlations between the performance of tourism firms (hotel, public food and travel agencies) on the different types of organizational cultures, by Daniel Denison and William S. Neale, such as implication, consistency, adaptability and mission.

## **2.2. Selected sample and data collection**

The testing of the hypotheses have been carried out for the year 2014 and the data are collected through a quantitative study, based on a questionnaire on 52 tourism firms with activities which cover the whole sphere of the tourism field (travel agencies, housing structures and public food). The research is both deductive and inductive. It is deductive because it takes into account previously expressed hypotheses and theories, whose validity and application, even in particular cases, will be emphasized throughout the actual research. The research is inductive because the purpose is to obtain new knowledge starting from empirical situations.

## **2.3. The research method**

The obtaining of the information was made through the survey method. The responders were asked to assess, on a value scale from 0 – minimum to 10 – maximum, the cultural dimension items: implication (IM) (implication: a. abilities – IM\_AB; b. teamwork – IM\_MUEC; c. personal development – IM\_DEZPER), consistency (CON) (consistency: a. values – CON\_VAL; b. consensus – CON\_CO; c. coordination & integration – CON\_COOR\_INT), adaptability (ADAP) (adaptability: a. creation and capacitation of change – ADAP\_CCSCHE; b. client orientation – ADAP\_OSC; c. organizational learning – ADAP\_INORG) and mission (MIN) (mission: a. strategy – MIN\_STR; b. goals and objectives – MIN\_SO; c. vision –

MIN\_VIZ). Also, for the identification of the specific weight of the assessment dimensions, the responders have been asked to order them in a hierarchy, on a value scale from I to IV, with respect to the rank of importance. The items which have obtained critical values, lower than the average, as well as their specific weight, have been transposed in the results' matrix, in order to identify the priority intervention axes (Serbanica, 2008).

The testing of the hypothesis, through a Pearson correlation, according to which if there exists a positive correlation between the different types of organizational culture and economic performance will show us how strong the link between these two variables can be ( $r = +/- 1 \rightarrow$  perfect correlation).

For the realizing of the research, from the methods of gathering and systematization of the information there has been chosen a quantitative method with a positivist – explicative orientation, which is direct, selective, questionnaire-based research. For the statistical processing of the gathered data, we have chosen the Excel IT software, the Data Analysis module.

The analysis of the results of the assessment of the dimension of the organizational culture types allows for the emphasis of the following important conclusions:

- On a global level, the score obtained, respectively 4.94, classifies learning from failure (8.1) as being the most favorable regarding the organizational culture dimension, the highest score being obtained by the “adaptability” dimension – 5.74, and the lowest value being obtained by “Mission” – 4.38. Also, we can justify the high values obtained at a global level, as well as those of the dimension regarding adaptability, because the investigation focused on small and medium enterprises from the industry, which easily adapt to changes within the environment. However, the low score obtained with respects to the mission is unexplainable, as long as, in this field of activity, the actions regarding strategy, setting of well-defined goals and objective, as well as the vision should become a priority.
- The weight specific to the assessment dimensions, obtained after the ranking, with respect to the importance of the dimensions for the assessment of the organizational culture, place on first position “adaptability” (I), the last place being occupied by “implication” (IV);
- The dimensions with the most scores lower than the performance index average are: IM\_AB / Self-confidence – 0.44; IM\_AB / Participation – 0.31; IM\_DEZPER / Authority delegation – 0.34; IM-DEZPER / Abilities – 0.44; CON\_VAL / Following rules – 0.25; CON\_CO / Culture – 0.27;

ADAP\_CCSCHE / Improved methods – 0.34 and MIN\_STR / Mission clarity – 0.08; MIN\_STR / Strategy clarity – 0.04; MIN\_STR / Confused direction – 0.01, while the dimensions of Teamwork, Integration coordination, Client orientation, Organizational Learning and goals and objectives which do not have an item with a score lower than the average of the performance index;

- The minimum value of the per item score, of 2.23 was registered by the MIN\_STR / Confuse direction which shows us the direction in which the tourism sector companies wish to operate;
- The maximum value of the per item score, of 8.1 is registered by the ADAP\_INORG / Learning from failure, adhering to the adaptability dimension.

Thus, the axes of intervention on the level of organizational culture, for the sample subjected to this study, in the order of their priority, are:

- We can state that, from an implication point of view, the employees' self-confidence, the delegation of authority, the participation as well as the abilities are less present in this industry;
- We can say that, from a consistency point of view, following rules, as well as the lack of culture is not a virtue of the tourism industry;
- From the perspective of another organizational culture dimension, adaptability, it, also, is devoid of methods for improving the activities specific to this industry;
- In what concerns the mission, the obtained results are similar to an addition to the stated until now: there is no clarity of the mission, nor of the strategy, yet we also discover a confuse direction of those in the field.

In order to analyze the impact of the organizational culture on economic performance, as well as to answer the question “What percent of the economic performance variation is explained by the variation in organizational culture?”, we will use the simple, linear regression (Baltagi, 2011). On its own, the regression analysis will a null hypothesis test: the regression line slope = 0, meaning there is no correlation between the dependent or explained variable, respectively the economic performance and the studied independent, explicative one, respectively the organizational culture. In order to ease its application, we propose the regressed values be calculated as follows:

- The average of each dimension, for each studied firm from the three branches, will be obtained as an average of the per item score;
- The general average of two variables: organizational culture, respectively economic performance, will be determined as an average of the per dimension scores, as well as for each of the 52 enterprises from the three branches.

By noting the dependent variable as Y and the independent variable as  $x_1$ , we have the formula:  $Y = f(x)$ .

In our case, Y (the dependent variable) is the economic performance, and X (the independent variable) is the organizational culture. By using Excel – Data Analysis – Regression, we have obtained the following values:

***Tabel no. 1 - The influence of the organizational culture on economic performance***

SUMMARY OUTPUT

Multiple R	0,986562678
R Square	0,973305918
Adjusted R Square	0,972837601
Standard Error	0,206978683
Observations	59

	<i>Df</i>	<i>SS</i>	<i>MS</i>	<i>F</i>
Regression	1	89,03494	89,03494	2078,305
Residual	57	2,44189	0,04284	
Total	58	91,47683		

	<i>Coefficients</i>	<i>Standard Error</i>	<i>t Stat</i>	<i>P-value</i>
Intercept	2,151076998	0,078281	27,47888	0,1356987
X Variable 1	6,001410355	0,131643	45,58843	0,0035698768957

Source: Calculations based on information provided by evaluating the cultural dimension

The results' interpretation was carried out with the R Square determination rapport, which can take values between 0 and 1 (Jula, 2003). In our case, R Square = 0.97, proves that there is a high linear dependency between the two variables. In layman's terms, 97% of the economic performance is owed to the variation of the organizational culture. Within the regression analysis, we must also approach a null hypothesis test: if the regression line slope = 0, meaning that there is no correlation between the dependent and independent variables subjected to analysis. If the resulting slope greatly differs from 0 (this happens in Significance F has a value < 0.05), it means that there is a linear relationship between the independent and the dependent variables. In our case, for the independent variable, organizational culture, we obtain  $P < 0.05$ , thus we can reject the null hypothesis. Thus, there is a significant correlational between the organizational culture and the economic performance of the Romanian tourism industry firms.

Our model becomes  $Y = 2.15 + 6.0X$ . (2)

The answer to the final objective of the methodology, to analyze the correlations between the tourism industry firms' economic performance on organizational culture. In order to test the hypothesis, we have used a correlation matrix, respectively the Pearson correlation coefficient, to find out if there is a positive association between the organizational culture assessment dimensions and those of the economic performance.

The obtaining of positive correlation coefficients, we can conclude that a modification on organizational culture will determine a modification of the economic performance. The resulting correlation coefficients have values higher than 0.5, which expresses a good correlation between dimensions, as well as values higher than 0.75, reflecting a very good, positive, directly proportional correlation, as well as an inversely proportional one when it comes to association direction.

### **3. Conclusions**

The research of the organizational culture will constitute a permanent, actuality theme and will last as long as the respective organization will exist. Organizational culture is not a sterile concept, but an active component in the day to day life of the organization, being used as a lever in the hands of the



management, lever which, if well used, can constitute a determining factor of increasing performance.

Without having the expectation of generalizing our observation, we consider we have succeeded, through this first research of the tourism sector firms' organizational culture, to attract the attention of those interested concerning the importance of consolidating the organizational culture in this field, because, together with other factors, "the way in which things are done" has a large impact on economic results, which actually interests us.

As a result of the comparison between the cultural characteristics identified by the Hofstede study for Romania and those resulting from our research, we have deduced that, in tourism organizations, the four classical dimensions have slightly different values, proof of the more difficult adaptation of such organizations to the market mechanisms. Thus, in the analyzed tourism organizations, we have identified:

- The relatively reduced power distance, while Romania is characterized, by the afore-mentioned study, by a large power distance;
- The average pro-collectivistic orientation, the tourism organizations presenting ambivalent characteristics. In the study which we refer to, the Romanian organizations are defined as strongly collectivistic;
- Pronounced masculinity, as opposed to the average masculinity with an ascending value recorded by the feminine characteristics, as shown by the reference study;
- The present long term orientation, with the tendency of imposing itself in front of the temptation of winning at any cost and as fast as possible, due to the fact that organizations have understood that this is not the way towards development and continuity. We have not made a comparison regarding this orientation as we do not have results concerning Romania. However, we chose to assess the long term orientation due to its importance for the organizations becoming.

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