

# Organizational Behavior in the Knowledge Based Society, a Practical Research in the Romanian Business Environment

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*“Managers are people who do things right,  
while leaders are people who do the right things”*  
Warren Bennis

## Abstract

*The paper contains the results of a special research developed by the author on the organizational behavior in some multinational companies with branches in Romania. This research is confirming the fact that the organizational behavior is very much influenced by the core organizational values and is answering to the questions about how people, individuals, and groups act in organizations and why. The research demonstrated how the core values of an organization are influencing the organizational behavior of the human resources from different organizational levels. The final section of the paper is presenting and is explaining some steps for building a new organizational behaviour model adapted to the knowledge based society, taking into account that the core organizational values are the key elements which should be considered by an effective management team in a modern society.*

**Keywords:** core values, organizational behaviour, knowledge based society, behaviour models.

**JEL classification:** D22; D23; J24.

## 1. Introduction

If we are looking on the content of the literature, we can see that the organizational behavior encompasses a wide range of topics, such as human behavior, change, leadership, teams, etc. Organizational behavior is a multi-disciplined theory which draws on many domains and contributes to the efficiency and effectiveness of the organization. If someone would like to study the organizational behavior of a company, they would have effectively studied the Economics, Psychology, Sociology of the organization (Mihalcea & Androniceanu, 2000). The things are similar, if we are discussing about public institutions. We can refer to the research results of Androniceanu (2010) published in the Administration and Public Management Review where she demonstrated that the organizational behavior should be approached in a more systematic way in both types of organizations. The main argument for that is the fact that in every

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organization the human resources are representing the most important organizational resource and the management team members have to find out the right organizational behavior model in order to be effective in their work. The aspect of people behavior on systems is also studied using the system based theory (Meyer & Allen, 2002). In such a scenario, it is extremely important to know and understand an organizational behavior theory. Understanding the theory would be the first step to implementing organizational behavior principles to an organization.

The organization's base rests on management's philosophy, values, vision and goals. This in turn drives the organizational culture which is composed of the formal organization, informal organization, and the social environment. The culture determines the type of leadership, communication, and group dynamics within the organization. The workers perceive this as the quality of work life which directs their degree of motivation. The final outcome is performance, individual satisfaction, and personal growth and development, like a part of organizational culture (Nicolescu, Androniceanu & Năstase, 2004). All these elements should be combined for building a special model or framework that the organization operates with. Moreover, the leader must stimulate the group climate and by changing his attitude, towards the group members under the pressure of events, the action context changes. In such situations the leader's style becomes extremely important for the others (Manole et al, 2011)

## 2. Models of Organizational Behavior

Organizational behavior interprets people-organization relationships in terms of the whole person, whole group, whole organization, and whole social system. Its purpose is to build better relationships by achieving human objectives, organizational objectives, and social objectives. In the context of a society based on knowledge we can understand that a lot of changes will become effective in the organizational behavior. There **are four major organizational behaviors**, as some of the most known authors are presenting (Baron & Greenberg, 2008):

**a. Autocratic** – The basis of this model is power with a managerial orientation of authority. The employees in turn are oriented towards obedience and dependence on the boss. The employee need that is met is subsistence. The performance result is minimal.

**b. Custodial** – The basis of this model is economic resources with a managerial orientation of money. The employees in turn are oriented towards security and benefits and dependence on the organization. The employee need that is met is security. The performance result is passive cooperation.

**c. Supportive** – The basis of this model is leadership with a managerial orientation of support. The employees in turn are oriented towards job performance and participation. The employee need that is met is status and recognition. The performance result is awakened drives.

**d. Collegial** – The basis of this model is partnership with a managerial orientation of teamwork. The employees in turn are oriented towards responsible

behavior and self-discipline. The employee need that is met is self-actualization. The performance result is moderate enthusiasm.

Although there are four separate models, almost no organization operates exclusively in one. There will usually be a predominate one, with one or more areas over-lapping in the other models. Before these approach there was another opinions of some scholars (Nurmi, 1998; Quinn, 1992). They explained that organizational behavior models are a result of organizational values combinations and these models are different from one organization to another. More then that they explained that an organization is unique and should be approached starting from this point. So, we can say that the mission of the management team is "to invent" an appropriate organizational behavior model based on a common set of values and a special core organizational values. (Nicolescu, Androniceanu & Năstase, 2004)

The first model, autocratic, had its roots in the industrial revolution. The managers of this type of organization operate out of McGregor's Theory X. The next three models begin to build on McGregor's Theory Y. They have each evolved over a period of time and there is no one "best" model.

The collegial model should not be thought as the last or best model, but the beginning of a new model or paradigm. Organization Development (OD) is the systematic application of behavioral science knowledge at various levels, such as group, inter-group, organization, etc., to bring about planned change. Its objectives are a higher quality of work-life, productivity, adaptability, and effectiveness. It accomplishes this by changing attitudes, behaviors, values, strategies, procedures, and structures so that the organization can adapt to competitive actions, technological advances, and the fast pace of *change* within the environment. One of the main goals of organizational theorists is, according to Simms (1994) "to revitalize organizational theory and develop a better conceptualization of organizational life (Hatch & Cunliffe, 2006)."An organizational theorist should carefully consider levels assumptions being made in theory (Jablin & Putnam, 2005) and is concerned to help managers and administrators (Reed, 1985). There are seven characteristics of OD:

1) Humanistic Values: Positive beliefs about the potential of employees (McGregor's Theory Y).

2) Systems Orientation: All parts of the organization, to include structure, technology, and people, must work together.

3) Experiential Learning: The learners' experiences in the training environment should be the kind of human problems they encounter at work. The training should NOT be all theory and lecture.

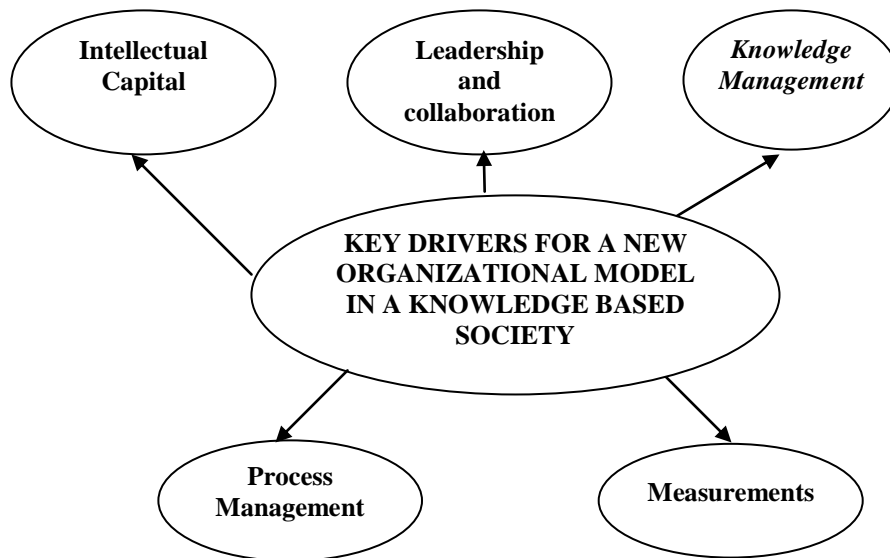
4) Problem Solving: Problems are identified, data is gathered, corrective action is taken, progress is assessed, and adjustments in the problem solving process are made as needed. This process is known as Action Research.

5) Contingency Orientation: Actions are selected and adapted to fit the need (Drucker, 1988).

6) Change Agent: Stimulate, facilitate, and coordinate change.

7) Levels of Interventions: Problems can occur at one or more level in the organization so the strategy will require one or more interventions.

Taking into account the new context, the managers must identify a new business model containing the drivers needed in the successful knowledge-based organization. Even if we live in an era of fast globalization, the cultural differences are still very important and they are considered as a special part of knowledge that matters a lot in today's business (Năstase & Barbu, 2011). As Bennis (1994) explained, there are few key elements to be taken into account for designing and developing such new business model. We can see in the figure 1 which are these "key drivers" with a strong impact in successful knowledge- based enterprises.

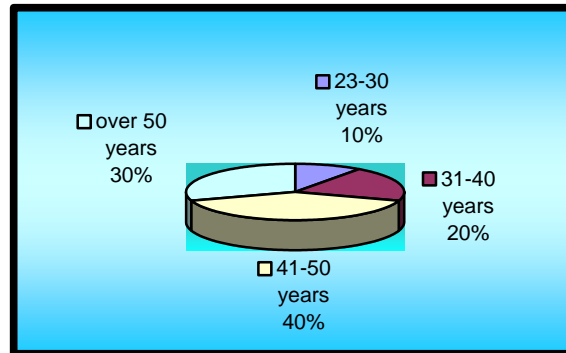


**Figure 1 Key drivers for a new organizational model  
(Adaptation after Bennis, 1994)**

### **3. Empirical survey on some specific values concerning the organizational behavior of managers and the leadership competences**

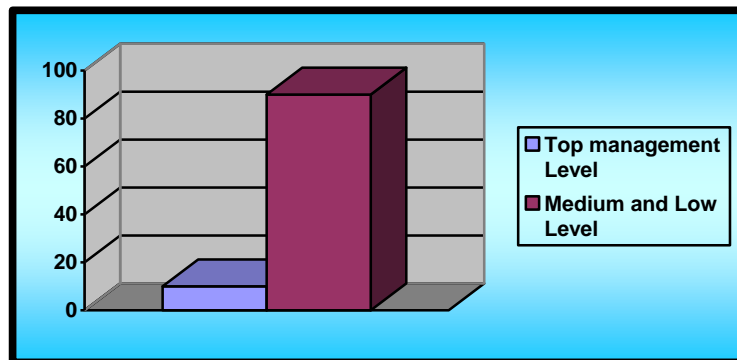
The main purpose of this survey was to study the organizational behavior in some multinational companies located in Romania and to get some recommendations for building a more effective managerial team in a knowledge society. Organizational behavior has been analyzed from different perspectives taking into account the main core organizational values. The questionnaire was applied to 40 persons from the multinational companies located in Romania having in mind the identification of the ethical profile like one of the most important parts of the organizational behavior. As we can see in figure 2, the structure of the sample was the following: 32 men and 8 women and on the age categories, the

structure was: 23-30 years – 10%; 31-40 years – 20%; 41-50 years – 40%; over 50 years – 30%. Depending on the last school graduated, it is notable an average importance for the university studies 85%, post university 10% meanwhile college studies 5% respectively. Which concerns the experiences of the questioned people, it is remarkable that the most of them 55% have 15 years experience followed by the category of those with experience between 5 - 14 years experience – 20%, and the rest of the investigated people with less then 4 years experience ( between 1- 4 years) – 25%.



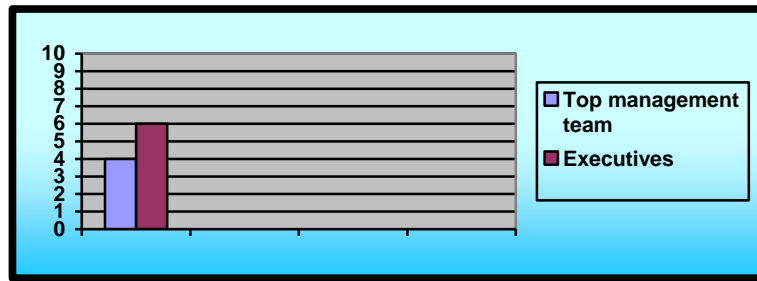
**Figure 2 The structure of the sample on the age categories**

As was mentioned above and also in the figure no.3, we included the representatives from all three organizational levels: top and medium management level and low level of the multinational organizations involved.



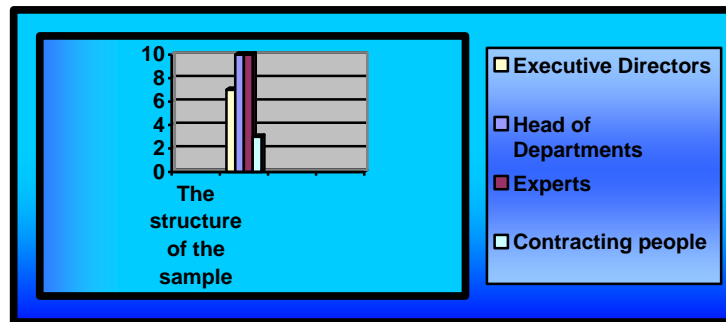
**Figure 3 The distribution of the persons on the organizational hierarchy**

The figure 4 details the structure of the management group: 10 persons from the top management level – 4 medium level directors and the rest of 6 were from the low level.



**Figure 4 The structure of the group at top management team and executives' level**

The figure 5 presents the structure of the group from the medium and low levels: 30 persons: 7 executive directors, 10 head of operational departments, 10 experts and 3 contracting people.



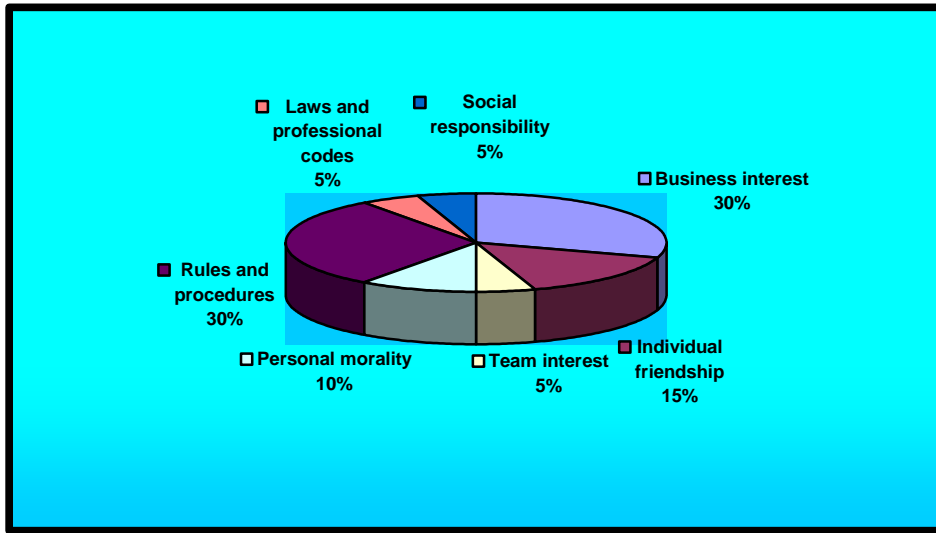
**Figure 5 The structure of the group at medium and low levels**

In our survey, we considered the following factors influencing ethical behavior: the personal profile - family influences, religious values, personal standards, and personal needs; the needs of the management team - supervisory behavior, peer group norms and behavior; policy statements and written rules; the business environment.

It is found (see figure 6) that, in general, most of the people from the management level which have been questioned, feel a strong influence on their ethical behavior coming from the last two factors. On the opposite part is the opinion of the people from the executive level, who consider that their ethical behavior is influenced by other factor related with the first one and their organizational values supported by all of them.

The main values considered in our survey were: business interest; individual friendships; team interest; social responsibility; personal morality; rules and standards procedures; laws and professional codes. Concerning the understanding of ethical values and organizational behavior through our survey, we

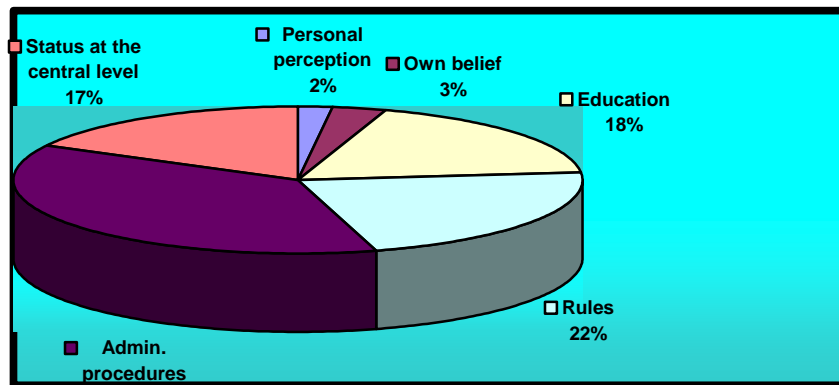
discovered that more than 80% of the investigated people don't know anything about the ethical values and organizational behavior.



**Figure 6 Values that influence the organizational behavior**

As we can see in figure 6 it has been identified the following percents for each factor considered that influence the organizational behavior inside the investigated multinational companies: business interest – 30%; individual friendships – 15%; team interests – 5%; social responsibility – 5%; personal morality – 10%; rules and standard procedures – 30%; laws and professional codes – 5%.

More than 90% of the people involved in the survey mentioned that both categories of values are strongly influenced by the following factors: personal perceptions, own belief, education, rules, administrative procedures and the status in their multinational organizations. (see figure 7).



**Figure 7 Main factors that influence the organizational behavior**

All the managers from the top level considered the first and the second factors like the most important for influencing their ethical behavior. The rest of the investigated people appreciated that their ethical values and the organizational behavior are strongly influenced by the administrative procedures, organizational codes and strategies, which had the highest rank followed by rules and education. Only 5% from the medium level considered that their ethical behavior is influenced by their personal perceptions and beliefs. As is demonstrated by the survey there is an important difference between the top and the medium level from the prospective of ethical values like a component of the organizational behavior. More than 90% of the investigated people declared that they feel ethical values and follow them in their daily activities because they understand how important are in their relations with others and for the image of the organizations they are working for.

As is demonstrated by our empirical research, people look at their leader and say, 'should I follow this person?' One very important attribute is the integrity. The survey results show up the fact that leaders lose legitimacy, the entire basis of an effective body comes down – fairness, equality and long lasting values, if the integrity of one leader or another is affected by an inappropriate behavior. Following the results of our empirical study, credible leaders challenge the process by experimenting and taking risks in their work as a means to finding new and better ways of doing things. They inspire a shared vision among employees by envisioning the future and enlisting others to bring about that vision. They enable others to act by fostering collaboration and strengthening others. Around 30% from the people investigated, especially the managers have different initiatives and represent a model for the others by setting the example and helping people achieve "small wins." Half from the total number of the investigated managers are credible leaders encourage the heart by recognizing individual contributions and by celebrating accomplishments. That means an organizational behavior based on ethical values and morality which is very much appreciated. Most of the subjects considered that ethical behavior is absolutely necessary when leaders attempt to implement changes that are transformational in nature.

The survey pointed out that there are 2 categories of leadership competences at the management level: one category called soft skills and the second called strong/technical skills. It has been demonstrated that there are some critical leadership competencies confirmed like a baseline for promoting ethical behavior inside the investigated multinational organizations: understanding other departments; understanding the clients expectations and their environment; building relationships and networks; managing change; managing the public; managing the media; influencing, motivating, developing, retaining talent and creative human resources; managing conflict and dealing with problem employees.

According to the survey results, "Many managers are so focused on their work that they don't see their connection with other departments and also to the local or regional market as a whole." Leaders need to fully understand how their departments: (1) fit into and support the multinational organizations and (2) enable their jurisdiction/agency to serve stakeholders.



We conclude that the organizational behaviors and the performance expectations are strongly influenced by the leadership knowledge, skills, attitudes, and abilities individuals. We try to group these leadership competences into three broad categories: self, working with others, and performance, although some competencies overlap categories. Together, these leadership competencies are keys for effective results.

Most of the investigated people mentioned that there are some special principles and codes containing the main ethical values, but the problem is how to create an internal mechanism for taking them into account. Most of them told us that nobody explained or trained them about what is the difference between rules, legal framework, ethical values, organizational behavior and how could be possible to integrate all of this in their organizational behavior. Majority of our individuals pointed out that there are no internal mechanisms related with ethical standards for a multinational company.

Another important conclusion identified by us during the survey was that there is no clear definition of the employees rights and obligations and because of that they feel frequently injustice, especially concerning their rights. They know the obligations from the job descriptions, but most of these documents are very similar. Therefore, most of them have the same rights and obligations.

Related with the decision making process, the surveys identified that there is a low level of consultations even every person appreciated it very much. Usually, the dialog between the managers and their technical and economic staff is most of the time informal and with the person who is working at the low level is very poor. Most of the time, people from the medium and low level are involved in the policies implementation not in the decision-making process. In this context the organizational behavior is not part of some of the multinational organizations working life. The employees are interested in having an ethical values system and they want to follow them together with the management team.

#### **4. Main steps toward an effective organizational behavior in the knowledge-based society**

Rethinking leadership, management process, purpose and perspective is a daunting but achievable goal. As many specialists agree, managers who want to turn their companies into knowledge-based organizations need to focus on **several key actions**:

**1) Define the organization's mission and purpose in terms of knowledge.** As we know mission defines the business, the needs of covering their products and services, the market in which it is developed and the public image of the company. With other words mission why does the organization exist in a knowledge based society. Thinking from that perspective the content of the mission is changing and the companies has to adapt itself all the time.

**2) Define the organization's industry and position within it in terms of knowledge.** The most important thing that competitors have in common today is

similar knowledge, not products. For example, a pharmaceutical executive who understands his/her industry in knowledge-based terms would have an eye on food-processing companies making cholesterol-lowering food spreads. An executive in the photographic-imaging industry would realize that consumer-electronics companies might know more than his own company about how to make the next generation of digital cameras.

3) **Formulate strategy with knowledge in mind.** A knowledge-based organization defines its strategy based on what it knows as well as what it makes. It finds strategic leverage points where knowing more than competitors provides a competitive advantage. It also recognizes that knowledge imposes limits on what the company can successfully execute. Capital One's core expertise, for example, is in micromarketing and targeted risk analysis, not in selling credit cards. It built its strategy of individual financial risk management based on its superior knowledge of statistical modeling and experimental design. It explicitly recognized, however, that it could not compete as well in markets (those involving lending or insurance, for example) that were not susceptible to the development of proprietary databases that could be statistically analyzed to support rapid-cycle experimentation.

4) **Implement knowledge processes and structures that directly support the company's strategic knowledge requirements.** Knowledge management has gotten a bad rap lately, but much of it can be attributed to the fact that most knowledge management initiatives are not focused on strategic knowledge. An organization that defines its strategy in terms of knowledge and identifies the strategic knowledge leverage points will know where to focus its efforts, get a long-term return on its investment, and best the knowledge management efforts of competitors.

5) **Transform the company into a strategic learning organization.** An organization's ability to sustain a knowledge advantage is based on its ability to learn. Successful companies look for opportunities to experiment and learn in knowledge domains they consider strategic. It's also important to involve customers, trading partners, suppliers, consumers, interest groups – in short, anyone who can help the business to create the knowledge it needs. Finally, learning can be fostered by treating the company's strategy as a hypothesis and then testing it. Capital One, for example, views every market, every product, and every process as an experiment to be measured, tested and improved.

6) **Segment the company's customers and markets not only on the basis of products and services but also according to how much can be learned from them.** While companies like Capital One and Lincoln Re look to exploit what they know with familiar customers who offer incremental learning opportunities, they also actively seek market segments that they know little about. New customer segments are the most important source of learning and future strategic opportunities.

7) **Treat the cost of learning as an investment, not an expense.** Managers should evaluate investments in learning as options for future action

rather than sunk costs according to traditional analysis. A customer taken at a loss is a good investment if it provides significant learning for future market opportunities or keeps the company in the game long enough to learn more about an opportunity. Knowledge-based organizations understand the economic as well as strategic value of learning.

8) **Rethink the business model.** A company making the transition from selling primarily physical products or services to knowledge-based ones will see the economics of the business radically change. IBM, which makes most of its money today selling its knowledge, will recommend competitors' products if that is in the best interest of its clients: The multinational companies know that their knowledge have even more value for clients if they consider their customer needs most of the time.

9) **Take human resource management seriously.** The knowledge-based multinational organization recruits employees and develops their careers based on the knowledge it needs to compete and execute the company's strategy. It builds and relies on social capital as a key motivator for knowledge creation, exchange and application. And it rewards creativity, risk taking, experimentation, imagination and even failure when it generates important lessons learned.

10) **Reinforce the organization's mission via coordinated internal and external communication.** A large part of being a knowledge-based organization is being perceived as one. Thus some companies invested significant resources in communicating to its employees the substance of its new knowledge-based perspective. The others actively cultivated and managed its external image as a knowledge-based organization via pieces in its annual report, articles in trade and scholarly journals, speeches by executives, and more.

## 5. Conclusions

The steps outlined here are not easy to accomplish, of course. Managers that try to implement them will need to employ both imagination and effort to make their organizations truly knowledge-based oriented. But it's especially important for those running businesses that sell knowledge-based products or services to make this effort; there is great danger in coasting along and missing out on opportunities. On the other hand, any company can find a significant and sustainable competitive advantage in becoming a real knowledge-based organization. The paper could be a good framework for the managers who decide to start the organizational changes of their organizational behavior for becoming more productive and profitable in a new context of the knowledge based society.

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