

Strategic Aspects of Organizational Culture of Czech Companies

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It is generally accepted today that corporate culture is a factor that significantly influences companies' performance: it may, on the one hand, be a source of strength and provide a unique competitive advantage, but, on the other, it may also be the reason why the company lags behind and its performance decreases. It may also hinder the company's efforts at implementing its strategy.

The beginning of a systematic research into the relationship between corporate culture and company's effectiveness dates back to the late 80s and the early 90s when studies by Denison (1990) and Kotter and Heskett (1992) were published. At that time, researchers were mainly interested in the impact of the strength of the corporate culture on the organisation's performance, the relationships between the character of the company's external environment and the content of the corporate culture, the consistency of prevailing attitudes, values and management methods in the company. In the 90s, the focus shifted mainly to the relationships between corporate strategies and the corporate culture, and to searching for effective methods for changing the corporate culture in the context of purposeful reshaping of corporate strategies and culture in accordance with the changing situation on the markets.

Nowadays, the emphasis is placed not only on the need to respond to the turbulent market environment, but also on the need to respond to the growing globalization and the phenomena that accompany it (see, e.g., Kita 2001). Issues that come more and more to the limelight are those of cultural differences (at both the national and the corporate levels) that influence the effectiveness of

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management in international corporations and the success rate of such forms of cooperation as mergers, acquisitions or strategic alliances (see Hall 1995).

Contemporary Czech managers become increasingly aware of the importance of corporate culture and its influences. In their efforts to control it, however, they concentrate mainly on the quality of behaviour in their organisations (the way customers are being treated, the encouraging and strengthening of proactive attitudes of employees, etc.) rather than focusing on the building of the type of corporate culture that would be targeted to help support the company's strategic objectives, i.e. on the analysis and building of culture at the level of shared values and managerial approaches.

They find it difficult to identify key attributes of corporate culture in their companies, and to assess the level of "cultural risk" in their organisations because – disregarding their own experience – they have a very limited basis for comparison. The reason is that very little has been known to date about the character of culture in Czech companies with regard to their tendencies in strategic behaviour and the effectiveness of their operations, or what values companies prioritize in the current "transformation" period. The present study responds to the topical need for research in that area.

1. The aim of the research

The aim of the research was to delimit the content of the organizational culture of Czech manufacturing companies on the level of values which are held in the organization with view to the anticipated impact on strategic behaviour of the company.

2. Methodology

The research was based on a questionnaire consisting of 39 organizational values, each of them formulated as a brief statement. Using a scale from 1 to 9, the respondents' task was to evaluate the level to which the individual values are

considered in their companies as important. The scale reflected the rising importance of a value: 1 was used to denote a marginal importance of the value in a company, 9 was used to denote a high importance placed on the value.

The sources for the preparation of the sample of organizational values were the previous foreign researches of organizational values, primarily Quinn' and Rohrbaugh' Competing values model (Cameron, Quinn, 1999, Howard, 1998) and the researches into the typical Czech features of organizational culture carried out by Ivan Nový and his team (Nový, Shroll-Machl *et al.*, 1999).

3. Sample

The research was carried out in 54 Czech manufacturing companies. Out of this total, there were 13 engineering companies, 6 textile companies, 5 chemical companies, 5 construction companies, 5 electrical engineering companies, 3 foodstuff manufacturing companies, 2 pharmaceutical companies, 2 construction material manufacturing companies, 2 software producers, 2 timber-trade companies, 2 mining companies and 7 other companies.

As the organizational culture was researched on the level of organizational values and with respect to the strategic behaviour of the company, which is primarily defined by the opinions and behaviour of its management, the research was carried out on the representatives of the top and the middle management. The number of such respondents varied in relation to the size of the company: the questionnaires were filled out by 2-3 managers of companies with less than 50 employees, by 4-8 managers (depending on the size of the company) of companies with 51 to 1000 employees, and by 8-14 managers of companies with more than 1000 employees. The total number of respondents was 336. Out of this number, there were 269 men and 67 women.

Owing to the sensitive character of the research topic, all the respondents from each company filled out the questionnaires at the same time in the presence of the researcher.

4. Results

The data obtained on the basis of the value questionnaire were statistically processed using the methods of factor analysis and cluster analysis.

4.1. *The results of the factor analysis*

The results of the factor analysis are provided in Table 1. It shows that 4 relatively consistent factors were extracted.

Factor No. 1 includes primarily values directed to the order within the company ('to take care about the precision and punctuality', 'to have clear "rules of the game" in the company', 'to respect agreed procedures'), mutual cooperation ('to work in a mutual collaboration', 'to cooperate in a mutual way', 'to pass on knowledge and experience'), quality ('to be precise and faultless', 'to take care about the details and perfection') and reliability.

Factor No. 2 loads primarily on the values concerning the support and care directed at the employees inside the company (care about the relations and the social atmosphere within the firm, about the employees and their growth and development, etc.) but also outside the company, i.e. on the support of the region and the concern for the environment.

Factor No. 3 is characterized by its orientation to competitiveness, victory ('to be the best', 'to beat the competitors in the market', 'to expand in the markets') and results ('to achieve maximum results', 'to be directed towards performance and success', ...) in connection with innovative attitudes ('to experiment', 'to try new things', 'to develop new and original products').

Factor No. 4 loads on the values of a 'bureaucratic' character - 'to have organizational norms in written form', 'to respect the company hierarchy and procedures', 'to use standard and established procedures', 'to comply with rules', 'to respect agreed procedures', 'not to risk, to use the tested').

Factors Nos. 3 and 4 are partially contradictory – the values of 'to experiment, to try new things', 'not to risk, to use the tested', 'to be creative in solving problems' and 'to constantly learn something new' load on both factors to a varying degree. However, they have different polarities.

Table 1. The results of the factor analysis

Values	Factor 1	Factor 2	Factor 3	Factor 4
To respect the company hierarchy and procedures	0,197	0,045	0,115	0,674
To experiment, to try new things	0,064	0,196	0,528	- 0,347
To provide employees with the opportunity of professional development and growth	0,257	0,570	0,301	- 0,137
To beat the competitors in the market	- 0,010	- 0,079	0,598	0,119
To have clear "rules of the game" in the company	0,469	0,185	0,103	0,333
To compete with one another	0,042	0,113	0,465	0,108
To fulfil obligations	0,515	0,060	0,158	0,006
To have high goals	0,158	- 0,012	0,674	- 0,077
To take care about the social atmosphere and relations	- 0,009	0,758	0,051	0,031
To be precise and faultless	0,563	- 0,209	0,278	0,028
To work in a mutual collaboration	0,575	0,288	0,079	- 0,109
To have organizational norms and rules in written form	- 0,021	0,093	0,035	0,716
To expand in the markets	- 0,021	0,121	0,606	0,022
To provide employees with the opportunity to participate in decision- making	0,183	0,497	0,180	- 0,274
To be directed towards performance and success	0,254	0,022	0,584	- 0,117
To behave in a responsible manner to the region and the city	- 0,159	0,490	0,088	0,273
To have the latest, top technologies	0,013	0,185	0,323	- 0,007
To use standard and established procedures	- 0,091	0,123	- 0,205	0,643

Table 1. The results of the factor analysis (cont.)

Values	Factor 1	Factor 2	Factor 3	Factor 4
To respect each individual	0,338	0,631	- 0,025	- 0,107
To be the best	0,302	- 0,083	0,704	- 0,140
To comply with rules	0,234	- 0,010	- 0,005	0,654
To share a comradely spirit with colleagues	0,368	0,511	- 0,132	- 0,020
To be able to improvise	0,009	0,168	0,058	- 0,266
Not to risk, to use the tested	- 0,046	- 0,023	- 0,320	0,475
To pass on knowledge and experience to one another	0,640	0,332	0,066	- 0,150
To achieve maximum results	0,309	- 0,161	0,643	- 0,042
To behave morally	0,377	0,484	0,027	- 0,022
To pay regard to details and perfection	0,604	- 0,069	0,189	0,028
To develop new and original products	- 0,034	0,152	0,551	- 0,175
To cooperate in a mutual way	0,665	0,285	0,009	- 0,082
To build certainty and stability	0,326	0,321	0,206	0,038
To be creative in solving problems	0,320	0,252	0,168	- 0,429
To pay regard to precision and punctuality	0,659	- 0,056	- 0,002	0,245
To respect agreed procedures	0,498	0,093	0,066	0,462
To be tolerant to mistakes	- 0,141	0,478	- 0,082	0,020
To keep on learning new things	0,279	0,382	0,390	- 0,290
To arrive at agreements	0,290	0,332	0,020	0,213
To take care about the company environment and the employee's satisfaction	0,152	0,689	0,073	- 0,059
To be responsible towards the environment	- 0,002	0,461	0,169	0,255

4.2. The results of the cluster analysis

The analysis was carried out for five clusters, using the hierarchical cluster analysis. It employed the "Within group linkage" method on the squares of Euclid distances of factor polarities from the factor analysis. The results of the analysis are listed in Table 2.

Table 2. The values of individual factors for the particular clusters

	Cluster 1	Cluster 2	Cluster 3	Cluster 4	Cluster 5
Factor 1	0,700	0,420	- 0,115	- 0,438	- 1,266
Factor 2	- 0,209	1,127	- 1,183	0,136	0,415
Factor 3	- 0,136	0,579	0,604	- 1,044	0,818
Factor 4	- 0,724	0,420	0,742	0,295	- 0,913

Cluster No. 1 is characterized by a high level of the factor of order, quality and cooperation. The factor of competitiveness and orientation towards results and innovation is on a middle level and the factor of control, stability and bureaucracy is on a low level.

As a result, this refers to a type of corporate culture which places the highest significance upon the constructive cooperation of employees in order to ensure smooth operation, reliability and fulfilment of obligations of the company. Companies with this type of culture probably do not operate on the basis of aggressiveness and rivalry but want to acquire their position in the market through their respectability and reliability. People and relations, as well as the victory over competitors and the expansion in markets, are neither unimportant nor primarily important for them. They place the reliable operation of the company and the quality of production, which can be attained through order and cooperation, above all.

Cluster No. 2 can be described as a constellation of higher levels of all factors with the factor No. 2 being dominant. Factor No. 2 is directed towards sup-

port and care. Everything is thus considered as important and the care about people and the support of the region are primary.

Cluster No. 3 is characterized by a high level of the factor of competitiveness and orientation towards results and innovation. At the same time, the factor of control, stability and bureaucracy retains a high level, while the factor of order, quality and cooperation is on a middle level and the factor of care and support is on a low level.

Taking into account the fact that the contents of factors No. 3 (competitiveness, orientation towards results and innovation) and No. 4 (stability, control and bureaucracy) are partially contradictory, it seems that the members of the cluster hold contrary and inconsistent organizational values, with the lowest importance ascribed to people and their development and support.

Cluster No. 4 is characterized by a less marked prevalence of the levels of factors No. 4, i.e. the factor of control, stability and bureaucracy and the factor of care and support (with a slightly higher and middle levels). The members of this cluster ascribe a lower importance to the values of order, quality and cooperation and very low importance to the care and support of both people and the region.

Cluster No. 5 is characterized by a marked recognition of the values of competitiveness and orientation towards results and innovation (factor No. 3). At the same time, there is a high orientation towards support and care (factor No. 2) and a very low level of both the factor of order, quality and cooperation and the factor of control, stability and bureaucracy. This probably refers to a type of culture which is strongly directed towards results. It provides people with freedom and the opportunity to be creative in attaining the results, and considers them to be an important value and source of success.

As regards the representation of respondents from individual companies in the particular clusters, the results have shown that the situation with all the respondents being represented in a single cluster occurs in the case of only five companies. It may therefore be assumed that such companies are likely to have a strong and clear-cut culture with managers really sharing certain values and

perceiving the culture within the company in the same way. On the other hand, there were 10 companies whose respondents were scattered over four or five clusters. This indicates that the culture (measured on the level of organizational values) of such companies is very diffuse and, as a consequence, it is perceived rather heterogeneously. The answers of respondents from the remaining companies were primarily concentrated into two or three clusters, with one of the clusters usually being more or less prevalent. As regards the cluster No. 3, i.e. the one involving contradictory values, it turned out that, apart from five companies with a prevalence of answers in this cluster, the members of this cluster are mainly only individuals who perceive the corporate culture differently from their colleagues.

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