Marek Siemiński

The Corporate Culture of Industrial Enterprises

Olsztyn Economic Journal 3/1, 10-19

2008

Artykuł został opracowany do udostępnienia w internecie przez Muzeum Historii Polski w ramach prac podejmowanych na rzecz zapewnienia otwartego, powszechnego i trwałego dostępu do polskiego dorobku naukowego i kulturalnego. Artykuł jest umieszczony w kolekcji cyfrowej bazhum.muzhp.pl, gromadzącej zawartość polskich czasopism humanistycznych i społecznych.

Tekst jest udostępniony do wykorzystania w ramach dozwolonego użytku.

MUZEUM HISTORII POLSKI

OLSZTYN ECONOMIC JOURNAL
Abbrev.: Olszt. Econ. J., 2008, 3(1)

DOI 10.2478/v10021-008-0002-y

THE CORPORATE CULTURE OF INDUSTRIAL ENTERPRISES

Marek Siemiński

Department of Organization and Management
University of Warmia and Mazury in Olsztyn

Key words: corporate culture, culture of high and low uncertainty, typology of R. Harrison and Ch. Handy.

Abstract

In the article the problems of corporate culture were shown. Using a questionnaire especially prepared for this study, original documents from the companies and literature, the main culture types of Warmian-Mazurian enterprises were characterized. On the basis of achieved results it was confirmed that the behaviour typical for a power culture dominates in the surveyed companies. The level of uncertainty tolerance were described as medium.

KULTURA ORGANIZACYJNA PRZEDSIĘBIORSTW PRZEMYSŁOWYCH

Marek Siemiński

Katedra Organizacji i Zarządzania
Uniwersytet Warmińsko-Mazurski w Olsztynie

Słowa kluczowe: kultura organizacji, kultura wysokiej-niskiej tolerancji niepewności, typologia R. Harrisona i Ch. Handy'ego.

Abstrakt

W artykule przedstawiono problematykę kultury organizacyjnej. Wykorzystując kwestionariusz ankiety własnego opracowania, dokumenty źródłowe z badanych przedsiębiorstw oraz dokonując krytycznej analizy literatury, scharakteryzowano typy kulturowe dużych przedsiębiorstw produkcyjnych Warmii i Mazur. Na podstawie uzyskanych wyników stwierdzono, że w badanych przedsiębiorstwach dominują zachowania charakterystyczne dla kultury władzy. Poziom tolerancji niepewności określono na poziomie średnim.

Introduction

At the beginning of XXI century, globalization has been the main feature of conditions in which companies operate. Trade has so far been associated with only service to the local markets, both supply and demand, but is opening to international markets. Obtaining a permanent competitive advantage is becoming the key issue to the success of enterprises, and corporate culture is increasingly becoming an important tool to achieve it. E.H Schein (PIMPICKI, http://oin.uwm.edu.pl) wrote, "It is likely that the only important thing which managers should do is the creation and maintenance of proper corporate culture". Schein (Bjerke B., 2004, s. 60) also claimed that, "A specific form of leadership apart from "administer" and "controlling" is the creation and management of culture".

The first research on corporate culture was conducted by Hawthorne E. Mayo from 1924 to 1933. E. Jaques first presented the idea of corporate culture in his classic book entitled "The Changing Culture of a Factory" in 1951, but a boom in research did not occur until the beginning of the 1980's. The dynamic increased interest in corporate culture was caused by the search for sources of success which took place in the Japanese economy. This interest was caused by the search for the origins of the crisis which took place in western European countries and the United States in the late 1970's.

Comparison analysis has shown that the main factor which differs among the above-mentioned countries was the way of managing people. Exceptional care and value hierarchy were noticed to be the main reason for Japan's success. It was the time when the meaning of culture was noticed and underlined (CZERSKA 2003, s. 10-11, KOŹMIŃSKI, PIOTROWSKI 1999, s. 297-298). According to T. Peters and R. Waterman (PETERS, WATERMAN 1982, s. 75-76), a strong and coherent culture is an essential part of a perfect company.

Anthropology, psychology and management are the main scientific fields engaged in understanding corporate culture. Due to the various opinions on causes, there is no one commonly accepted model and definition of corporate culture. L. Smircich (JEMIELNIAK, www.hrm.pl) in 1983 distinguished two basic approaches to understanding corporate culture: either as a basic metaphor in the organization or as a variable. Treating corporate culture as a basic metaphor shifts the emphasis from physical analogies to the sphere of intellectual conception and avoids, at least theoretically, the dangers of simplification caused by the unaware acceptance of machine metaphor or organism.

In the concept of corporate culture comprehended as a metaphor, the events which take place in the organization are described with references and analogies to other social organisms, for example tribes and families. The organization is perceived as a subjective phenomenon, and the aim of the

research is to recognize behaviour patterns, symbols and beliefs. The corporate culture understood as a variable leads to another division: as an independent variable or as a dependent variable. The culture perceived as an independent variable is expressed first of all as nationality factor, and as a dependant variable is considered to be one element of the organizational system.

The methodology of the research

The main objective of the research was the identification of profiles and types of corporate culture in Warmian-Mazurian industrial enterprises. The article shows only a small part of the research undertaken in the study entitled, "The Social Potential of Enterprises and Local Government Units" by the Department of Organization and Management.

The article presents the empirical results concerning the theoretical aspects of corporate culture. Furthermore, it explains the important role of norms and values in the process of management and the awareness of managers in the proper handling of culture.

The corporate culture is treated in this article as a dependent variable to shape some of the elements. Corporate culture is defined as a set of sensible rules of behaviour, established and developed by the group, used to cope with the problems of internal integration and external adaptation, which thanks to good cooperation shows the new members of the group the way of thinking and feeling in aspect of problems mentioned above (SCHEIN 1997, p. 22).

The research was conducted on nineteen large industrial companies (section D, according to the European Classification of Activity). A large company was defined as an enterprise which employs more than 250 workers. The research embraced more than 40% of the population of large companies in the region. The research tool was the authhor's own questionnaire which comprised the following: diagnosis of culture profile; evaluation of value influence and attitudes connected with the socialist system inflicted on employees; identification of norms, values and key attitudes towards company success; and identification and evaluation of tools and techniques which shape the corporate culture. Primary source materials were also used such as the salary statute, behaviour codes and good practice codes. Most of the researched companies employ no more than 499 employees (68,4%), while only a few companies employ more than 1000 employees (10,5%).

The results of the research

In the literature we distinguished a large number of criteria which differ in the classification of corporate culture. The most common classification which we found was proposed by R. Harrison and Ch. Handy (ANISZEWSKA, GIELNICKA 1999, p. 40-41), which identifies:

- The authority culture (the club culture)- Zeus is the patron god, and the symbol is a spider web;
- The role culture (the function culture)- Apollo is the patron god, and the symbol is a Greek temple, representing the strength of the organization which resides in its pillars. It resembles a strong and stable structure in which each pillar fulfils its mission;
- The task culture (the intention culture)- Athena is the patron god, and the symbol is a task web;
- The personal culture (oriented to the individual, the existential culture) – Dionysus is the patron god, and the symbol is a bunch of grapes.

A matrix was used to present the profile of the corporate culture of surveyed companies according to the rules of R. Harrison and Ch. Handy. The scale for the level of centralization was from 1 to 5 – 1 meant a high level of centralization, and 5 meant a high level of decentralization (axis X). The scale on the Y axis described the level of organization formalization, 1 meaning a low level and 5 meaning a high level.

Based on the conducted research it was established that in the surveyed enterprises the authority culture was dominant. The level of centralization for the whole population was a 2.8, and the level of formalization 2.9 (Fig. 1).

The results indicate the advantage of authority culture, but with only a small margin. So, analysing the results, we find answers typical for other types of corporate culture. We must remember that pure forms of specific types of culture were not observed in the research, because they were only theoretical assumptions. In practice we can only say that some of the values and norms have an advantage over the other types of profiles.

The managers of the surveyed companies present the key role of the management unit in achieving the companies' goals. According to the managers, the minor employee is powerless, so they should be totally subordinate to the higher authority. One reply in the research described the authority culture by explaining that, "the role of employee is to carry out managers' decisions, execute their commands, and above all avoid active participation in the decision process". Active participation is something unnatural, and the decision process is assigned to the upper managers. In the culture of authority the managers are obliged to have full knowledge in all aspects of management, and employees must be submissive and follow orders. The managers are ready

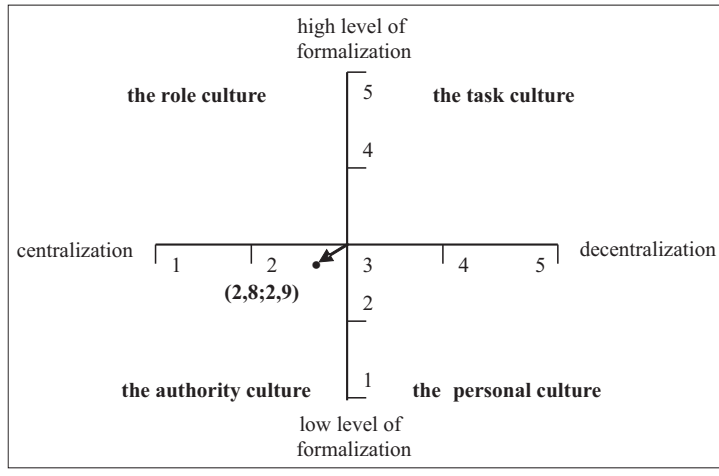

Fig. 1. The profile of corporate culture according to the R. Harrison and Ch. Handy typology

to listen to the employees' problems and find the best solution. However, managers believe that the employees should propose new ideas, which would not be blocked even if there were no good conditions to implement them. Such a reply causes some dissonance because on one hand employees must only follow orders, but on the other hand they should initiate new ideas in the work place. The author thinks that the challenge of market attitude and managers' aspiration to keep control are key factors in a company's success.

The next feature typical for authority culture is constant fighting for the highest place in the company hierarchy to achieve the dominant position in the branch. In the authority culture each employee should aim to the highest level of influence, and remember not to surrender to other people's influence. Satisfying one's own interests is the basis of survival and development of an organization. Managers feel that their behaviour influences the position of the enterprise, despite intense competition in the market. According to the surveyed companies, showing emotion, particularly by the manager, is inadvisable partly because it is considered to be a sign of incompetence. Changes are not generally considered to be a threat. In the authority culture, the position of the employee and their decision abilities depend upon their position in the organizational hierarchy. In the surveyed companies, much emphasis is put on the independent decisions made by upper management. This kind of behaviour is typical for the authority culture, because the source of authority in the organization is access to restricted resources, mainly information.

The next factor which indicates the authority culture is concentration on the tasks, not individuals. Authority culture is designed to focus on solving

problems and not care for people. The employees are treated as instruments, elements in the realization of company goals. Often in literature the authority culture is a symbol of unethical behaviour of the managers.

To sum up, the majority of researched companies an advantage have an authority culture, but only with small margin. In the next few years we can expect the cultural norms to slowly evolve in Polish companies. On one hand, it could be caused by the process of globalization; companies in these surroundings have to compete in hostile markets. On the other hand the conscience of managers is also changing, proved by a study entitled, "The Head Manager Surveys – CEO challenge 2006" (WACH 2005, p. 8-15). According to the surveyed managers, in 2002 human resource management was the least important problem in the companies, mostly restricted to dismissal of employees caused by reductions in costs. In 2006 for many head managers employees' loyalty, commitment as well as satisfaction played key roles in the company. The authors indicate opening of the European labour markets and wage emigration of many young and experienced employees as some of the most important reasons for the changing the attitude.

In the study, also the typology presented by Cz. SIKORSKI (1999, p. 17) was used, which concentrates on the uncertainty level evaluation. Organizations with a high tolerance to uncertainty are characterised by the ability to be effective when there is a lack of information. They are designed not to avoid risk and are for changes. This kind of organization is more flexible. The rapid changes in the surroundings are treated as a source of potential market opportunities, and the incomplete information is treated as a natural state. The culture of high tolerance to uncertainty is connected with increasing emancipation among employees, and finding support and stabilization in their knowledge, abilities and professional experience.

The culture of a low level of uncertainty tolerance was formed in Polish enterprises due to a long, collective experience with a centralised economy. Past ways of operating were impossible to carry out in current social-economic situations, thus causing an intensification of conformist behavoir (STACHOWICZ, MACHULIK 2001, s. 148-208, SIKORSKI 2006, p. 84-121). The worsening financial results and growing competition from new enterprises indicated the need for obvious changes. It was also obvious that companies need the verification of existing value systems.

To conduct the identification of culture in the surveyed companies, according to the typology mentioned above, a combination of marks was used, which describe the most important elements of organizational behaviour. According to the M. CZERSKA (2003, p. 32-34) the following factors was used:

1) Attitude towards changes and experiment.

2) Right to risk.

3) Ways of solving problems.
4) Relations between superior and subordinates.
5) Relation between surroundings and organization.
6) The employees' attitude towards the organization.
7) Applied evaluation criteria.

Point ranged between 1 and 5, indicating the degree of potential absorption of changes which occurred in the organizational environment. The high level of this factor means higher potential level of uncertainty tolerance.

1) The attitude towards changes and experiments – the first criteria is the objective of perfection in making constant, recurrent tasks, according to the common rules, and also openness to the experiments and the search for the market expectations. On one hand changes are suspected as disturbances in the daily activities, inducing reluctance and resistance. On the other hand, changes are perceived as an opportunity and challenge for the organization, which employees accept and actively participate in finding solutions. In the surveyed companies, the right to submit new ideas is not restricted only to the higher managers and implementation of new things do not cause disturbances in daily activities. The respondents disagree with the claim that changes lead to worse operating conditions. The resolute rejection of the belief that new ideas are useless and not worthy of implementation because they will be blocked indicates a culture of uncertainty tolerance. The results suggest that in company politics the element of searching for new solutions plays an important role. Answers concerning the role of line workers in the process of management suggest that in most companies the search for new solutions and avoidance of schematic behaviour is reserved the head managers. The average mark for the first criteria was 3.5.

2) The right to risk is the second factor which defines the cultural level of uncertainty tolerance. In a culture of high uncertainty tolerance the employees participate in the decision-making process. In the culture of low uncertainty tolerance each decision is made by higher managers, leading to much pressure for the directors and intense control. According to the managers, the line employee is passive and should submit to the higher authority, fulfilling the orders of the managers and not participating in the decision-making process. Active participation is something unnatural, as decision making is reserved for the higher authorities. The opinion mentioned above does not favour employees taking the imitative. In most cases they are perceived by the head managers as individuals incapable of independent activities. Employees are expected in case of "troubles" to report to the managers, who show them the right solution. The employee cannot demonstrate independent thinking, even in the extent of their own duties. To sum up, the managers in the surveyed companies are not prone to risk transferring their rights to their subordinates. The total result for the second criteria achieved a mark of 2.6.

3) The next factor helpful in culture diagnosis is the way of finding solutions for organizational problems. In an organization of high uncertainty tolerance, team methods for finding solutions are used. These types of activities are aimed to increase the level of quality in making decisions and facilitation in implementation. Also of importance are the greater degree of employee satisfaction, the level of self-evaluation and identification with the company as a result of being self-responsible for its future. The managers of the surveyed companies insensibly approach to the idea that decisions made by team effort are worse than that made individually, but they do not associate aspiration with cooperation as a weakness. The average mark achieved was 3.7.

4) The forth criteria, which was involved in the analysis was the relations between superiors and subordinates. In a culture of low uncertainty tolerance tight hierarchical and formalized relationships are typical. The subordinate has no possibility to discuss orders with the manager. The interest of the employee in the decision-making process is worthless. The former criteria mentioned above indicate that in the opinion of the managers, the superiors should make most decisions. However, the respondents do not agree with the opinion that in the company only formal relations should occur between workers. Because the factors for the role of head managers in the decision-making process were considered earlier, only the evaluation of the degree of relationship between manager-subordinate was involved. The average mark for the formalization criteria was 3.0.

5) The next criteria appealed to relationship with the environment. The perception of the organization as a open unit, operating in a changing environment is typical for the culture of high uncertainty tolerance. The organization plays a game where there are no losers. The managers have no doubts that their company operates in competitive and rather attractive markets. Another important fact according to the surveyed managers is that initiatives made by companies are significant, despite the great influence of the environment, but on the other hand they carefully evaluate their possibilities to influence the environment. Besides, the environment was evaluated as a dangerous, and each false step may cause many problems. The average influence of the criteria was 2.9.

6) The last but one criteria was the evaluation of the employees; attitude towards the company and place in the value hierarchy. In an organization which characterises low uncertainty tolerance, the typical situation is lack of loyalty and feeling of alienation of employees, which could incline them to realize their own expectations, which may not be identical to the company;s interests. The labour in that kind of situation is most often treated as an unpleasant ailment, a duty which must be fulfilled. The managers do not agree with the statement that no personal engagement in realization of the duties

should be demonstrated, because it could be used against the employee. It could testify the identification of one;s own success with success of organization as a whole. On the other hand, the ground for survival and development of the company is ,according to the surveyed managers, the realization of their own interests. The average mark was 3.2.

7) The last factor, which was analysed, and which influences the level of organization openness to changes is evaluation of the employees, teams and organization as a whole. In the culture of low uncertainty tolerance, accordance with the defined rules and procedures is most important, however in the culture of high uncertainty tolerance the basic criteria of the evaluation is effectiveness of activities. In the opinion of the managers it is difficult to indicate the synonymous sources of the evaluation. Most often it is an indirect system, between a reward for the keeping procedures and achieving the specific results. The comparatively low emancipation of employees and participation in company activities do not favour more pronounced rewarding results. The average mark was 3.0.

To sum up, the level of uncertainty tolerance was diagnosed as a mark of 3.1 in the range between 1 and 5. The results mean that the surveyed companies characterise medium level of uncertainty tolerance.

Conclusions

The corporate culture determines the behaviour of the employees in the company. Without consciousness of its role, managers are not able to fully take advantage of the possibilities residing in the employees and organization. The implementation of a restructurization programme and new strategies and the concept of total quality depend on an organizational value and norm system. Without culture support, achieving objectives effectively way will not be possible. The conducted surveys indicate the low consciousness of culture among the head managers. It may lead to a weakening of the competitive potential of the surveyed enterprises.

On the basis of empirical studies and conducted analysis, the large industrial companies was diagnosed as having an authority culture. This type of the culture is most often connected with the autocratic style of management, applying numerous rewards and punishments, centralised structure in the shape of the pyramid or spider web. The most important value is the desire of authority, domination and control over other members of the organization and environment. The structure and decision process are perfect for decisions made in an environment of high risk, however the level of participation of employees is slight. Often employees are treated as instruments, only fulfilling

orders, and not interpreting them. The indication on this type of culture was slight, which means that we could expect other types of behaviour typical for other cultures.

Identification of the level of uncertainty tolerance among surveyed companies was established with the use of the key differential criteria. The indicator of the uncertainty tolerance level achieved a mark of 3.1, which means the average level of acceptance for new occurrences.

The respondents are not fully aware of the culture influence on the daily functioning of the organization. They declare the knowledge of the implication as a result of the organizational value and norm system, but in most cases it does not reflect daily practice. The internal cohesion of the strategy and culture is the key factor to being competitive and achieving success in business, which nowadays is characterised by competitiveness and globalization. The lack of ability to consciously shape cultural patterns may prevent the realization of the company objectives or in the extreme case become a reason of bankruptcy.

Translated by JEFFREY TAYLOR

Accepted for print 18.11.2007 r.

References

ANISZEWSKA G., GIELNICKA I. 1999. *Firma to ja, firma to my. Poradnik kultury organizacyjnej firmy*. Ośrodek Doradztwa i Doskonalenia Kadr, Gdańsk.

BJERKE B. 2003. *Kultura a style przywództwa*. Oficyna Ekonomiczna, Kraków.

CZERSKA M. 2003. *Zmiana kulturowa w organizacji. Wyzwanie dla współczesnego menedżera*. Difin, Warszawa.

JEMIELNIAK D. *Kultura a organizacja* (www.hrm.pl).

KOŹMIŃSKI A.K., PIOTROWSKI W. 1999. *Zarządzanie. Teoria i praktyka*. PWN, Warszawa.

PETERS T., WATERMAN R. 1982. *In Search of Excellence: Lessons from America's Best-Run Companies*. Harper & Row, New York.

PIMPICKI K. *Kulturotwórcza rola przywódcy* (http://oin.uwm.edu.pl).

SCHEIN E.H. 2004. *Organizational Culture and Leadership*. Jossey-Bass Publishers, San Francisco.

SIKORSKI Cz. 1999. *Kultura organizacyjna wysokiej tolerancji niepewności*. Organizacja i Kierowanie, 1.

SIKORSKI Cz. 2006. *Organizacje bez wodzów. Od przywództwa emocjonalnego do koordynacji demokratycznej*. Wydawnictwo C.H. Beck, Warszawa.

STACHOWICZ J., MACHULIK J. 2001. *Kultura organizacyjna przedsiębiorstw przemysłowych*. Studium kształtowania się postaw i zachowań menedżerów w procesach restrukturyzacji. Wydawnictwo Zumacher, Kielce.

WACH S. 2005. *Śmiały krok w nowy rok*. Personel, 12.