IRINA ĎAĎOVÁ | 9

Corporate Culture Management – Applying Hofstede´s Principles on Company Ipesoft Ltd.

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Abstract: The corporate culture should be built on values. Most companies have declared certain values, but whether the company go along with these values is demonstrated by the daily practice and business results. Mainly through the interplay of business strategy, the level of interpersonal relationships and communication between managers and employees, the satisfaction and loyalty of customers and partners, it is very important for the company to know if company´s corporate culture is really functional. This article discusses the importance of corporate culture and building a strong corporate culture because such culture has a direct impact on business success and is concerned with corporate culture research conducted in the successful Slovak IT company - IPESOFT.

Keywords: corporate culture, corporate culture management, corporate culture research

JEL Classification: M14, M21

1. INTRODUCTION

The aim of the author's work with this topic and the company IPESOFT was to identify selected corporate culture. Mostly to determine the values of the members of this corporate culture and the company itself, identify the strengths and weaknesses of the company culture and identify areas for improvement based on the views and attitudes of the company management and its employees. Based on these findings applying Hofstede's principles to effectively manage corporate culture and build a strong one.

2. CORPORATE CULTURE AND CORPORATE CULTURE MANAGEMENT

Armstrong years ago focused on the importance of corporate culture and claimed that "Corporate culture is a set of shared beliefs, attitudes, beliefs, standards and values existing in organizations. Although this has not been explicitly formulated anywhere, it, in the absence of direct instructions, forms the way in which people interact and interacts, and has a profound effect on the way they do their work. " [1] Brown says that it is "A pattern of opinions, values and learned ways of dealing with situations, based on experiences that have arisen throughout the history of the organization and which are manifested in their material aspects and in the behavior of members." [2] Pfeifer and Umlauf corporate culture see as „ a collection of ideas, attitudes and values within a company that are generally shared and maintained for a relatively long time." [3] Another author thinks that "The culture of an organization is an intricate system of goals, intentions, aspirations, ideas, rules, opinions, attitudes, values, standards, symbols, beliefs, customs, traditions and material conditions of the organization." [4] Professor Hittmar says that „Corporate culture is a reflection in employee behavior towards customers, as an enterprise treats to its´ employees, its employees behave externally. " [5] Another authors define corporate culture this way „The corporate culture expresses a certain character of the company, the overall atmosphere, the inner life influencing the thinking and behavior of the employees of the company. We are also talking about the practices and rituals used in the company and the values that appear in the general patterns of conduct and conduct of all workers ." [6]

The definition of the corporate culture by some authors differs. However, most of them agree that corporate culture should be built on common values. Geert Hofstede should be named as an expert on corporate culture and he defines it as „... collective programming of thinking, that distinguish members of one group or category of people from other.“, meanwhile author mostly appeals on *the importance of corporate culture management* (qualified management of corporate culture, strategy and strategic decisions in the field of corporate culture, focusing on key members of corporate culture, designing and managing the necessary changes in corporate culture and, above all, continuous monitoring, analysis, and corporate culture management). [7]

The content of the corporate culture represents the basic assumptions and rules of conduct that are accepted internally in the company and presented in the external environment of the company. When talking about a positive corporate culture in connection with the success of a company, it is most often assumed that a strong corporate culture stands behind the company´s success. That culture should be the one in which all managers tend to share values and to observe the same standards, and where employees accept them equally. [8]

A strong corporate culture should be characterized by the following criteria:

- *attention* - the culture has to clearly show to all culture members what action is required, acceptable and friendly,
- *extension* - the organizational culture system has to be as extended as possible in the area of the social system (ie it should be as much as possible accepted by employees),

- *embeddedness* - a strong corporate culture is expected to have a high level of identification with corporate values, patterns, standards. [9]

A strong corporate culture has the following advantages:

- 'increasing solidarity and identification of employees with the enterprise',
- there is clear guidance on staff behavior even in difficult situations,
- deciding and implementing the project plans are accelerated,
- participatory internal corporate governance is increasing,
- communication is improving,
- conflict situations are reduced,
- control demands are reduced,
- increases motivation and loyalty,
- increases the competitiveness of the business on the market by clearly presenting it to the outside,
- increases stability and reliability. [9]

3. METODOLOGY

Obtained information mentioned in this article come mostly from empirical research in company IPESOFT spol. s. r. o. Analyzed data were obtained from primary and secondary sources. Primary data are from an empirical survey of corporate culture management in company IPESOFT spol. s. r. o. and secondary data were selected from the company´s internal documents.

Data gaining and processing

For processing issue of organisational culture management of IPESOFT were applied following methods:

- *analytical methods* - managerial analyses, content analysis,
- *comparative method* – comparison of qualitative data results from the survey,
- *empirical research* - questionnaire method, research focused on the corporate culture of IPESOFT,
- *statistical evaluation* – used in the quantitative evaluation of the primary survey,
- *historical method* - used to investigate the origin and evolution of the facts in time

It was focused mainly on getting relevant information (opinions, attitudes) from managers and employees. The data were processed by deduction and comparison methods mentioned above. Conclusions from the analysis were then formulated by induction. By formulation of recommendations and conclusions was used logic and creativity.

4. THE EMPIRICAL RESEARCH OF IPESOFT CORPORATE CULTURE

The object of exploration was company IPESOFT spol. s. r. o.. The company has been operating in the Slovak and international markets for more than 20 years and has become one of the leading suppliers of leading IT solutions for energy and industrial companies. The solutions are based on IPESOFT D2000® technology and provide executives at all management levels with a powerful decision support tool in the form of accurate, up-to-date and high-quality production process information. The company provides employment to 85 employees.

The the survey aimed to examine and define the current state of the corporate culture of IPESOFT, as well as to identify positive and negative trends and impacts in the examined corporate culture.

The research in IPESOFT was conducted in the form of semi-structured interviews with CEO and selected managers (HR and marketing). And also it was complemented by the questioning of employees.

5. MAIN FINDINGS OF THE RESEARCH

The company management agreed that *company IPESOFT has a culture, but it is not a culture*.

According to the manager´s subjective assessment, the following determinants have the highest impact on the corporate culture of IPESOFT: company history, the inertia of established culture, management interests, and employees' interests.

An important part of the research was the questioning of employees in the form of an *electronic questionnaire*. The *main conclusions* of this questioning are as following:

- the most important values of employees include: family security, happiness in life, love,
- the least important values are a business risk, cleanliness in the workplace, transfer of know-how to younger colleagues,
- money as a value has also been ranked in the top ten rankings,
- employees are most motivated by financial evaluation, which can be defined more as a hygiene factor or stimulator,
- interpersonal relationships in the workplace and the collective can be defined as real motivators
- employees are also motivated by the content and usefulness of their work, interesting projects, personal development, and recognition,
- employees prefer teamwork,
- the research confirms the existence of subcultures in the company, and the common features of comparing subcultures are following: tapping, friendly relationships, good team, joint non-work activities, friendly relations, colleagues trust each other, and the success with colleagues from other departments is moderate.
- in general, the subcultures of a company are not significantly different, the differences are not significant, and the specific signs, expressions, and preferences of culture are based on a set of values, personal qualities and life attitudes of individuals.
- according to employees, the culture of IPESOFT consists of employees, employee-customer relationships and the environment.
- according to the majority of employees, in IPESOFT liberal style (team leaders) is domintant,
- IPESOFT's culture is characterized by a specific vocabulary that is known only to the employees of the enterprise and relates in particular to the disgusting terms and names typical of the company's product solutions,

Symbols: using company´s specifi dictionary, having casual dress code, friendly greetings, high willingness to communicate and help others, telling jokes

Heroes: owenrs of the company, who are also founders, traders, consultants, analytics and architects

Rituals: officialy: celebration of world children´s day, christmas party, celebration of St. Nicolaus, all staff presentations, Breakfast with IPESOFT

Company´s values: economic project result, applied attitude to customrs and employees, friendly enviroment, know-how built on hight quality individuals

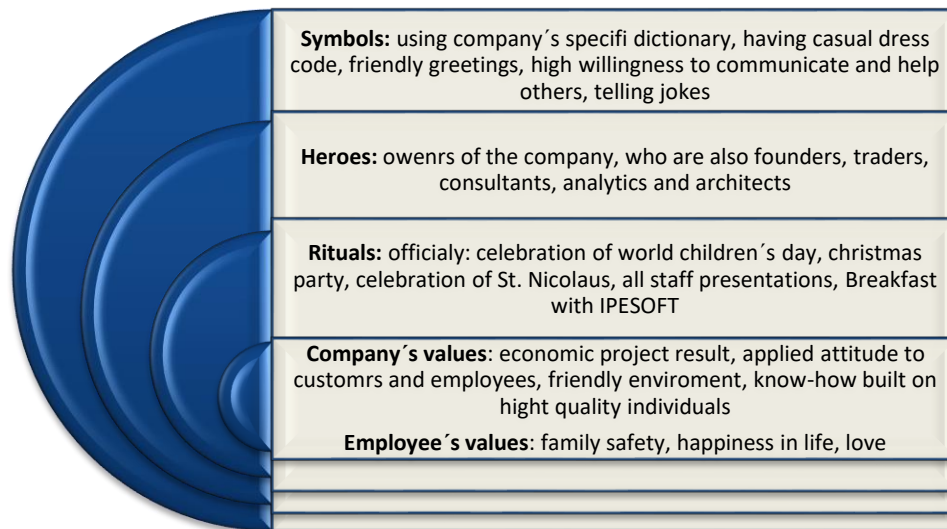**Employee´s values:** family safety, happiness in life, love

Figure 1 Summarization of IPESOFT company culture by G. Hofstede´s model

- the word IPESOFT associates to 70% of respondents following: their work, employees, successful Žilina enterprise, team, D2000 technology, blue color, logo, and slogan,
- employees´ satisfaction with the existing corporate culture is average, with suggestions made by employees for improvement, in particular: adherence to set rules and transparency, employee interest and motivation, communication and management guidance.

6. CONCLUSION

The main conclusions of the analysis and the results of empirical research aimed for selected steps of corporate culture management according to G. Hofstede are in detail described in the following table.

Company IPESOFT will for sure implement steps bolded in the table as the author of the research and management od the company has agreed that these activities are the most important for the improvement of the IPESOFT corporate culture.

This method of operation should be generalized and should be applied in the companies with a similar corporate culture management situation and business life phase.

Table 1 Main steps of corporate culture management for IPESOFT

Establishment of corporate culture management
Retraining of corporate culture management to gain power and expertise in the field
Performing a corporate culture analysis by an external consulting agency
The analysis of corporate culture by external consulting agency should focus on problem areas identified on the basis of this empirical research
Modifying the current strategy for the needs of corporate culture management
The values of the company should be identified by all employees in the same way, employees should be familiar with the values, which should be reflected in particular practices and behavior
The company should focus more on its´s employees than customers
It is necessary to eliminate the current main reasons for employee´s dissatisfaction (preset remuneration system, also make changes in communication between management and employees)
The changes mainly refer to attitudes and thinking of employees
The change of strategy should only occur on the basis of unexpected unfavorable development of set partial tasks in the field of corporate culture management
Different management approaches need to be chosen for different subcultures
Increasing employee´s motivation
Establishment of change management
Focus on change activists
Focusing on employees holding back changes and seeking ways how to increase their satisfaction and motivation
Structural changes in the corporate structure
Process changes
Establishment of control mechanisms for managing corporate culture changes
Integration of corporate culture into HR strategy
Changes in recruitment and integration processes
Changes in HR management processes
Improve communication between HR and employees
Regular monitoring of corporate culture
Carry out repeated diagnosis of corporate culture after 5 years

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