CORPORATE CULTURE INFLUENCE ON INDUSTRIAL ENTERPRISE PERFORMANCE

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Abstract: Present environment full of turbulent changes in all fields of social life influenced by globalisation and world economic crisis, creates completely new conditions for activities of industrial enterprises. In order to make enterprises capable to secure their long-term sustainable development, it is necessary to optimize their efficiency significantly. Key factor of enterprise efficiency optimisation in stated setting is the integration of all enterprise systems, processes and sources. To secure the practical application of differently constructed models of industrial enterprise performance management, it is necessary to pay systematic attention to corporate culture. This article deals with identification and description of the key stages within the process of corporate culture optimisation in industrial enterprises.

Key words: performance, corporate culture, sustainability, competitiveness

1. INTRODUCTION

Present environment full of turbulent changes in all fields of social life (society, economics, people, technologies,...) influenced by globalisation, world economic crisis and natural disasters, creates completely new conditions for activities of industrial enterprises. In order to make the industrial enterprises capable to respond on the stated changes and secure their long-term sustainable development this way, it is necessary to optimize their efficiency significantly.

Within the industrial enterprise praxis, it is possible to notice the growth of applying the differently constructed models of staff performance management. Application of them usually leads to permanent “overloading” of specific staff groups what preferentially endangers health (psychical and physical) and so the efficiency of the staff. Finally, from the long-term point of view, it also endangers the efficiency and competitiveness of given enterprises.

In addition, satisfying solution of this problem is complicated to find also because of the fact that the growing influence of globalization does not refer only to macro-economic environment, but it also influences significantly the in-plant processes. By this reason, it is necessary to regard the multicultural aspects while designing the models of organisation performance management. [1]

Nowadays, the above mentioned reasons are crucial why to pay attention to corporate culture (CC). Thus, corporate culture becomes the key factor of industrial enterprise performance optimization. It is the appropriate CC that enables human resources to activate the other resources of an enterprise and so optimize their utilization.

2. PRESENT STATE OF KNOWLEDGE IN THE FIELD OF ORGANISATIONAL PERFORMANCE

2.1 Organisational performance and labour performance

When using and explaining the term “performance” (in connection with human resource management in enterprises, it is regarded as „labour performance“), it is possible to find different approaches by
many different authors. However, it is still possible to identify two main directions of understanding. The first approach (classical theory of human resources management) regards labour performance as a result of an individual’s activity, team or whole organization; it means labour performance is the amount of work done by a certain time unit. [2] With regards to this kind of understanding the term “performance“ connects it with the results of employee’s behaviour, meaning that the evaluation of the performance will be focused on the past more than on planning the future. [3]

The second approach (new concept of human resources management) understands the term labour performance in much wider context. It refers to the level of task performance, forming the scope of employment of a certain employee. Therefore, it means not only the amount and quality of work, but also the behaviour, willingness, approach to work, absence and injuries frequency, relationships with people in connection with work and many other characteristics of an individual that are considered as significant within the context of work performance. Labour performance is then a result of connection and mutual relation of its basic elements:

- competencies – knowledge, abilities, skills and attitudes as personal characteristics of a given employee,
- task understanding – it is conditioned mainly by effective bidirectional communication between the manager and employee,
- effort – is a reflection of motivation. [4]

When defining the term „labour performance“, we come out of the premise that it is a more general and long-term expression of labour performance referring to a certain employee. [5]

2.2 Organisational performance management

The term “organizational performance management” is understood as constant, continual process of identification, measuring and development of individual performance of the staff in accordance with strategic goals of organization.[6] To reach the required organizational performance, many different performance management models have been created recently. In spite of the fact that it is possible to identify different approaches, all of these models contain one clear element and that is the individual employee, employee with his abilities, skills, knowledge, attitudes, inner motivation, effort to work and willingness to deliver certain performance and reach certain level of performance. Following the aforesaid, it is obvious that if an industrial enterprise wants to reach the required level of its performance from the long-term point of view through the performance of its employees, it also needs to deal with the quality of labour conditions, attractiveness of labour standards, level of labour climate etc., it means individual attributes of CC.

3. RESEARCH FOCUSED ON THE FIELD OF ENTERPRISE PERFORMANCE MANAGEMENT

In the period from 2010 – 2011 was carried out the research by the Institute of Industrial Engineering, Management and Quality at the Faculty of Materials Science and Technology in Bratislava with seat in Trnava. The aim of this research was to analyse contemporary state of management performance practical application in conditions of the Slovak industrial enterprises. The research was carried out on the sample of 300 industrial enterprises
of different size (14% small, 79% medium and 7% large enterprises), which are active in the territory of the Slovak Republic. Following the results evaluation, this key knowledge was identified in the field of real application of performance management in the conditions of industrial enterprises:

1. majority of industrial enterprises (86%) of respondents think that performance management has a positive impact on the performance of enterprises;
- 58% of respondents think that performance management enables staff to understand the strategic goals of enterprise;
- 69% of respondents think that performance management improves the abilities of line managers to manage people effectively;
- 74% of respondents think that performance management helps individuals to improve their abilities and enables them to develop their careers;
- 79% of respondents think that performance management has a positive impact on the individual performance of an employee.
- 50% of respondents think that it has a positive influence on wellbeing of staff while fulfilling their tasks.

2. 62% of respondents stated that the enterprise they work for carries out staff performance management. However, only 23% of them chose (from given answers) those activities that really belong to the performance management process (e.g. 29% respondents consider only evaluation interviews as employee performance management).

3. only 43% of enterprises have established a „functioning“ model of performance management (mainly large companies, with majority of foreign capital).

Fig. 1. Influence of performance management on enterprise particular areas

Fig. 2. Enterprise performance management model utilisation

Following the interpretation of the mentioned (and further) data gained from the research, it is possible to state that:

- enterprise performance management presents significant presumption of its long-term sustainable development and competitiveness,
- in spite of this fact, enterprise performance management in conditions of the Slovak Republic is not realized systematically (industrial enterprises know and partially carry out the activities belonging to the performance management process, but on the other hand, they do not utilize them as complex and the ties between them are not realized explicitly),
- when individual enterprises manage their performance, performance management is often applied in a wrong way, mainly in the field of creating the conditions for systematic formation of human potential, supporting his positive relation and loyalty to enterprise and motivation to reach high performance.

For reasons given, it is obvious that the key presumption of effective application of industrial enterprises performance management nowadays is optimisation of their CC focused on reaching high performance of their employees.
4. PROPOSAL OF SYSTEMATIC APPROACH TO CC OPTIMISATION

On behalf of reaching the required level of enterprise performance by means of corporate culture optimisation, following key stages of this process were specified:

a) Corporate culture audit
b) Defining the philosophy of corporate culture change
c) Focus of corporate culture change
d) The corporate culture change process itself.

a) Corporate culture audit
First step in the process of corporate culture change is its audit that will enable the knowledge of in-plant situation, opinions, attitudes, values and expectations of employees. When auditing the corporate culture, it is necessary to decide between the internal or external audit.

The internal audit is usually carried out by a project team directly subjected to enterprise management. As a source of information is especially used enterprise information and control system. However, from the employees as well as whole enterprise point of view as more suitable is regarded the external audit. It is usually carried out by a team of specialists who are able to utilize in practice many different theories and methods regarding the character of particular situation in enterprise. Information that needs to be gained from employees is often of discreet character. Moreover, external audit will guarantee anonymity of individual responses during the data collecting and after the termination of the research.

b) Defining the philosophy of corporate culture change
Subject matter of a change is a shift from initial state to the final one. In case of corporate culture change, the initial state is the situation when the ideas, approaches and values shared and developed by employees are not in compliance with the ideas, approaches and values presented by management of the enterprise in the interest of reaching the required performance. If corporate culture audit identifies (or more precisely confirms) such a state, it is necessary to define essential heading (or philosophy) of the considered change. Philosophy of corporate culture change should unambiguously come out of the defined vision, mission and “key messages” of corporate strategy.

c) Focus of corporate culture change
Direction of CC change is, to a high extent, dependent on individual circumstances, character of conventional culture and other effecting factors. In spite of that it is possible to identify elementary focuses of change in industrial enterprises: on customer, innovations, team work etc. [7] Nowadays the focus of change is on reaching the required performance of enterprises.

d) The corporate culture change process itself
The process itself of shift from the initial state to the final state of corporate culture change should consist of following stages:

- **Defrosting of conventional corporate culture**
  It involves doubting of shared but at the same time unwanted ideas, approaches and values.

- **Sorting of interests and attitudes**
  It is mainly realization of those connections, ties, chances, risks and forces which are on the side of change and those which are against it.

- **Influencing**
  It is targeted influence on conventional culture to dismantle everything what is not wanted and preserve and strengthen everything what is necessary and suitable for further building.

- **Harmonization**
  It is searching for the maximum possible number of integrating elements in the features of strategically necessary CC.
**Development**

It is monitoring of the harmonic state between approaches and values declared by people and those that are required for further prosperity of enterprise.

**5. CONCLUSION**

In present conditions of turbulent market, the competitive advantage of enterprises is based mainly on full utilization of knowledge, abilities and skills of their employees. Through them, it is possible to utilize effectively all other resources of enterprise and by that reach the required goal – long-term sustainable performance and competitiveness of enterprises. This goal is not possible to reach effectively without the fundamental change in the field of CC approach, because it is the culture of each enterprise that can be either resource of its strength and carrier of its competitive advantage or it can become a brake for development of enterprise, or even the source of its destruction.

Enterprises have now understood that performance management is the key presumption of sustaining their competitiveness. However, if enterprise performance management is about to bring the expected contribution, its application in the conditions of real practice needs to be realized as complex and system.

From the point of view of further research, the mentioned problem is significantly dynamic. In near future, it will be necessary to solve the field of enterprise performance management also from the view of multicultural aspects, because the growing influence of globalization does not refer only to macroeconomic environment, but it significantly influences the processes within each enterprise and so their performance, too.

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**6. REFERENCES**


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