THE INFLUENCE OF A STRONG CORPORATE CULTURE ON THE COMPANY´S POSITION IN A COMPETITIVE ENVIRONMENT

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Abstract

The heart of every organization is corporate culture. Like this important organ of the human body, corporate culture can be strong, weak, and show signs of malfunctioning. If a person's heart fails, his life ends, if a company's corporate culture fails, its entire functioning within the competitive environment is threatened. A strong corporate culture is usually identified by the mission, values, motivation and loyalty of employees and customers. A weak corporate culture manifests itself in low morale, increased turnover, insufficient innovation, talent loss and a bad reputation. The content of our contribution will be how corporate culture can positively and negatively influence the functioning of the organization and what all can have an impact on these facts. Changes in the business environment are associated with changes in the setting and priorities of corporate cultures. Currently, completely new and specifically focused corporate cultures are emerging that are innovative and progressive.

Keywords: *corporate culture, company´s position, employees and customers, strong identity*

1. INTRODUCTION

Corporate culture forms the heart of every organization, both manufacturing and service-oriented. This heart can be strong, weak, or it can show signs of insufficient functioning. Corporate culture was and is considered an important factor in the success and sustainability of the company in the business environment. It is defined by set values, which are, for example, ethical, moral, social, economic, social character. Nowadays, values associated with social responsibility are being talked about more and more often. However, it must be said that there are different views and value priorities within the global economic space. These differences are part of the corporate cultures of companies operating in a competitive environment. Corporate culture has two dimensions, external and internal. Both influence each other and build on each other. It is practically impossible for a company to profess different values in its internal environment than those it subsequently declares externally. Therefore, it is essential that its employees identify with the company culture in the first place. A positive attitude of own employees to the company culture can deepen their loyalty and engagement, on the contrary, a negative attitude can lead to employee turnover, frustration and burnout. Some companies are aware of these facts and their effort is to do everything to ensure that their imaginary heart beats correctly and, if possible, for as long as possible. However, there are also companies that do not take enough care of their "health" and sooner or later this will affect their position in the competitive environment. The business environment is currently undergoing turbulent changes. New technologies and new work procedures are used, in work and personal life the emphasis is on the so-called work life balance, branding of the company is being built. Part of the arrival of new employees, with new skills and demands, are new social expectations. All these facts significantly influence innovations based on the emergence of new corporate cultures. Currently, we have already noticed the emergence of completely new corporate cultures that are progressive and focused on human potential. Although the building of corporate culture is an area of management that is described in literary sources, its dynamics and new requirements within a constantly changing environment mean that it is necessary to pay constant attention to it and to investigate how it affects the performance of companies and their overall position in the environment in in which they want to establish themselves in the long term.

2. RESPONSIBILITY FOR CORRECTLY SETTING THE COMPANY CULTURE

If we want to discuss whether the corporate culture is set correctly, we must pay attention to all entities that participate in its creation, implementation and its adaptation to the environment in which the company is located. It can be said that corporate culture is a mirror of its creators and promoters. It is logical that the company culture contains the actors' own values and attitudes, and given that a whole range of subjects participates in it, it is a very lively mechanism that is influenced positively and negatively by their moods, values and abilities. The very hierarchy of individual participants who participate in the corporate culture and are also responsible for its successful functioning can be divided, without claim to completeness, as follows (Schein, E. H. (2010). *Organizational Culture and Leadership*. 4th ed. San Francisco: Jossey-Bass. ISBN 978-0470190609.):

PARTICIPANTS	**ROLE AND RESPONSIBILITY**
Company founder (owner)	The initial setting of the company culture in line with the company's own vision and mission, the contribution of one's own values and ideas about the direction and benefit of the company for society and individuals
CEO (top representative, general director, senior employee in a senior management position)	He is a co-creator of corporate culture in the sense of his own example, positive attitudes and the ability to coordinate its direction in relation to the external and internal environment, he supports initiatives that could help to improve it, he is responsible for creating a good name and observing all moral and ethical principles aimed at social responsibility
Intermediate management	Managers' own identification with the company culture, maintaining and strengthening it by their own example, the ability to properly motivate employees to fulfill the set goals and the ability to adapt to changes that need to be made for a better functioning of the company culture
HR (Human resource)	Starting from the company culture and its values when recruiting employees and their adaptation process. Ensure training and development of employees in terms of the applied company culture, design and implement programs supporting the company culture and its specifics (e.g. activities aimed at improving the working environment, team building activities, support of the innovative potential of employees...) participating in ensuring the detection of feedback on the impact corporate culture within the internal and external environment
Executive level employees	Acquaintance and identification with the company culture in connection with one's own beliefs and individual values and expectations. Transferring these values to one's own work performance and spreading the good name of the company not only in the work environment but also in the non-work environment
Third parties (various institutions, suppliers, customers, external experts, consulting firms, entities located in the environment in which the company does business...)	Identification with the company culture and its values based on own experience. Spreading the good name of the company in the environment in which these entities operate. Tolerance towards possible company failures that are not related to its corporate culture and transparent attitude in crisis situations.

Table 1. Hierarchy of participants of creation and responsibility for corporate culture
(own processing, Nováková, R. 2024)

From the previous table, it is clear that tasks and competencies in relation to corporate culture change in the organization and are very specifically focused. However, corporate culture can also change in line with new trends in the business environment. An effective change in corporate culture must be based on the following facts:

- Regular evaluation of company culture
- Creation of feedback mechanisms that will provide information on employee satisfaction, but also on the ability to create a good name for the company in the external environment
- Monitoring trends, e.g. In the use of new technologies, in new social expectations of new generations entering the labor market, but also in monitoring trends in the expectations of customers and society
- Ability to respond flexibly to crisis situations and behave transparently towards own employees and the environment.

3. FACTORS CAUSING IDENTIFICATION AND DISIDENTIFICATION WITH THE COMPANY CULTURE

If we start with the fact that a well-set corporate culture means the successful functioning of the company in its business environment, it should be the priority of competent managers to create such preconditions for its functioning, so that there are no reasons why someone would not identify with such a corporate culture. Nevertheless, there are a large number of examples in practice where corporate culture was the reason for serious problems that led to the collapse of companies. Such an example is e.g. the ENRON company, where part of the corporate culture was the promotion of unethical behavior and the pressure on employees to show high profits at all costs. These facts led to a financial scandal and subsequent bankruptcy. UBER was also considered a company with a bad reputation and a bad working environment before 2017. We could go on like this. (Schein, E. H. (2010). *Organizational Culture and Leadership*. 4th ed. San Francisco: Jossey-Bass. ISBN 978-0470190609.)

However, it is important to focus on those for whom a well-set corporate culture has helped to achieve better results and a better position in the competitive environment. For all of them we can mention e.g. the Netflix company, which is currently one of the leaders in the entertainment industry. The company emphasizes freedom and responsibility, supports transparency, open communication, innovation... Another positive example is Zappos - an online retailer of shoes and clothing. This company is known for its value-oriented corporate culture focused on teamwork, continuous learning and improvement. Among the production organizations, Toyota is in the forefront, which is known for its so-called "Toyota Way", the essence of which is the application of the KAIZEN philosophy with an emphasis on quality and continuous improvement and on the support and participation of employees at all levels of the organizational hierarchy

The question then is why some employees can identify with the company culture and others not?

There can be many reasons, but the most important ones can be their personal values, ideas about the work environment, management style and individual preferences.

REASONS FOR IDENTIFYING WITH COMPANY CULTURE	REASONS FOR NOT IDENTIFYING WITH COMPANY CULTURE
Value match	A mismatch of values
A supportive work environment (open communication, positive workplace relationships...)	Negative work environment (unethical practices, toxic environment...)
Development and support (consulting, possibility of growth, proper motivation, appreciation of positive work results and initiatives...)	Lack of opportunities for development and insufficient support
Positive example and approach from superiors	Negative examples from superiors, non-compliance with the declared values and culture of the organization

Table 2. Reasons for identifying and not identifying with company culture (own processing, Nováková, R. 2024)

3.1. Differences in the values of employers and employees in different parts of the world

In different parts of the world, there are not exceptional differences in the values of employers and employees. Historical cultural, economic and social factories have the main influence, which subsequently influence the character of corporate cultures. We can identify the key differences as follows:

1. Approach to work and work-life balance

In Europe, especially in countries such as Sweden and the Netherlands, corporate cultures aimed at supporting the balance between work and private life prevail, flexible working hours and longer parental leave are encouraged.

In the USA, corporate cultures are focused on high work performance (e.g. the culture of American hawks), on long working hours, the balance between work and private life is not such a priority.

In Asia, it is common to emphasize long working hours and building a career at the expense of family and personal life.

2. Hierarchy and power distance

In Europe, the emphasis is on a low power distance and equality between employees and managers prevails, in countries such as Sweden and Denmark it is completely normal for the so-called open communication.

In Asia, with a focus on China and India, a high power distance and significant hierarchy are common, and decision-making is often centralized.

3. Values associated with social responsibility and sustainability

In this case, the values can differ significantly even in individual regions such as Europe and Asia. In several developed European countries, emphasis is placed on high environmental sustainability and social responsibility, and these efforts are also supported by legislative measures and green policies. Despite this, there are EU member states that introduce these efforts into their corporate cultures only very slowly and under the threat of sanctions.

These approaches also differ significantly in the US and Asia. Due to the fact that more emphasis is placed on economic growth in the USA, the interest in the environmental field can be in disharmony. In Asia, the main protagonist of the advanced introduction of values focused on social responsibility and sustainability is primarily Japan, other countries give priority to rapid economic growth at the expense of social responsibility. In many underdeveloped regions, basic human rights are even seriously violated.

4. Cultural and religious values

Cultural and religious values play an important role in the creation of corporate culture. Religion and traditional cultural values centered on families and communities play an important role in the Middle East. Strong family ties, personal relationships, and loyalty are the domain of Latin American countries.

5. Access to innovation and risk

Innovations and their introduction are naturally associated with an increase in risk. In Germany and Switzerland, a more conservative approach to risk is promoted, as the emphasis is on quality and precision. However, even these approaches are differentiated and depend on the industry in which a particular company operates. In the US, corporate cultures are based on a relatively high dose of risk. The reason is enormous support for innovation and a dynamic business environment. Different approaches to risk and innovation are also noted in Asia. In general, however, we can state that countries such as China is very quick to adopt innovations.

6. Individualism versus collectivism

If under individualism we imagine personal independence, self-realization and individual achievements, then we identify with most Western European countries such as Germany, France and the United Kingdom. On the other hand, many Asian countries such as Japan, China, South Korea emphasize group harmony, collective achievements, family ties and traditions.

(Elkington, J. (1997). *Cannibals with Forks: The Triple Bottom Line of 21st Century Business*. Oxford: Capstone Publishing. ISBN 978-1841120843.)

4. MODERN FORMS OF COMPANY CULTURES

Remote-first culture
• **Description**: Remote-first culture prefers remote work as the basic work model. Companies that embrace this culture design their processes, communication tools, and workflows with most or all employees working from different locations.
• **Advantages:** Flexibility for employees, wider access to talent, reduced office costs, greater emphasis on performance than attendance. (Larson, B. Z., Vroman, S. R. a Makarius, E. E. (2020). *A Guide to Managing Your (Newly) Remote Workers*. Harvard Business Review)
Holacracy
• **Description**: Holacracy is a system of organizational management where authority and decision-making are decentralized through self-managing teams. Instead of a traditional hierarchical structure, employees are organized into circles that have a certain degree of autonomy.
• **Advantages:** Increased flexibility, faster decision-making, higher employee engagement, improved adaptation to changes (Robertson, B. J. (2007). *Holacracy: The New Management System for a Rapidly Changing World*. HolacracyOne.)
Agile Culture
• **Description:** Agile culture is based on the principles of agile development, which include an iterative process, rapid response to change, collaboration and continuous improvement. These principles apply not only to software development, but also to the entire organization.
• **Advantages**: Greater ability to respond to market changes, better collaboration between teams, faster development of products and services. (Highsmith, J. (2019). *Agile Project Management: Creating Innovative Products*. Addison-Wesley. ISBN 978-0321658395.)

Culture of Transparency
• **Description**: In this culture, emphasis is placed on openness and transparency in all aspects of the organization's functioning. Information, decisions and processes are made available to employees at all levels.
• **Benefits:** Increased trust between employees and management, better informed decisions, higher engagement and responsibility. (Edmondson, A. C. (2019). *The Fearless Organization: Creating Psychological Safety in the Workplace for Learning, Innovation, and Growth*. Wiley. ISBN 978-1119477242)
Purpose-Driven Culture
• **Description**: Purpose-driven culture focuses on a strong sense of purpose and mission that goes beyond just profit goals. Companies with this culture have clearly defined values and goals that inspire and motivate employees.
• **Advantages:** Higher employee satisfaction and loyalty, better employer branding, positive impact on society and the environment. (Collins, J. C., & Porras, J. I. (1994). *Built to Last: Successful Habits of Visionary Companies*. New York: Harper Business. ISBN 978-0060566104.)
Flexibility Culture
• **Description**: This culture allows employees to flexibly choose their working time, place and work methods. Flexibility is a key element that helps employees find work-life balance.
• **Advantages**: Increased employee satisfaction and productivity, less turnover, better adaptation to the individual needs of employees. (Hill, E. J., Grzywacz, J. G., Allen, S., Blanchard, V. L., Matz-Costa, C., Shulkin, S., & Pitt-Catsouphes, M. (2008). *Defining and Conceptualizing Workplace Flexibility*. Community, Work & Family, 11(2), 149-163. DOI: 10.1080/13668800802024678.)
Learning Organization
• **Description**: In this culture, continuous learning and personal development are a priority. Companies support and invest in the continuous education of employees through trainings, workshops and other educational initiatives.
• **Advantages:** Higher innovation, improved skills of employees, ability to adapt to new technologies and market conditions (Senge, P. M. (1990). *The Fifth Discipline: The Art and Practice of the Learning Organization*. New York: Doubleday/Currency. ISBN 978-0385517256.)
Employee Well-being Culture
• **Description**: This culture places great emphasis on the physical and mental health of employees. Companies implement programs and initiatives to promote healthy lifestyles, work-life balance, and mental well-being.
• **Benefits**: Increased productivity, lower absenteeism, higher employee loyalty and satisfaction (Pfeffer, J. (2018). *Dying for a Paycheck: How Modern Management Harms Employee Health and Company Performance—and What We Can Do About It*. New York: Harper Business. ISBN 978-0062800923.)

5. CONCLUSIONS

At the end of our contribution, we can only state that corporate culture is alive and changing and a mechanism based on values and principles related to business ethics and morals. These are based on a set of principles and norms that govern the behavior of individuals and groups in the internal and external environment. An important part of the corporate culture must be transparency, responsibility, justice, emphasis on the protection of employees, customers and the environment, correct relations with third parties and interest in the collective welfare.

As long as these values and principles remain only in the theoretical or at the ascertainment level and do not become part of everyday practice in companies, so we will constantly encounter failures, losses of good name, high turnover, inefficient management, low loyalty of employees and customers and dissatisfaction at all levels.

Adapting to changes is a basic principle of Darwin's theory of evolution, and therefore adapting to changes in the context to new forms of corporate cultures is part of natural development and a prerequisite for the continued survival of companies in a competitive environment.

ACKNOWLEDGMENTS

This article was financed by the internal grant IGA KEM-2024.

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