

**MODEL RECOMMENDED VALUES OF CORPORATE CULTURE  
FOR INDUSTRIAL COMPANIES IN SLOVAK REPUBLIC**

Petra URBANOVIČOVÁ, Justína MIKULÁŠKOVÁ, Miloš ČAMBÁL

SLOVAK UNIVERSITY OF TECHNOLOGY IN BRATISLAVA,  
FACULTY OF MATERIALS SCIENCE AND TECHNOLOGY IN TRNAVA,  
INSTITUTE OF INDUSTRIAL ENGINEERING AND MANAGEMENT,  
ULICA JÁNA BOTTU 2781/25, 917 24 TRNAVA, SLOVAK REPUBLIC  
e-mail: petra.urbanovicova@stuba.sk,justina.mikulaskova@stuba.sk, milos.cambal@stuba.sk

**Abstract**

*The main objective of the paper is to describe the recommended values model of corporate culture and supporting business performance for industrial companies operating in the Slovak Republic. This model was developed on the basis of research results within the STU Project to support young researchers entitled “Changing the potential of the company’s success using the principles of spiral management and its impact on corporate culture”. The current paper is a part of submitted VEGA project No.1/0348/17 “The impact of the coexistence of different generations of employees on the sustainable performance of organisations”. This model will be the basis for defining corporate values and developing or changing corporate culture for the companies operating on or coming (from abroad) to the Slovak market. The characteristic features of the value model are simplicity, complexity and applicability. This model takes into account the current situation on the Slovak market. The values of this model have a different level of significance given and each value is defined by the specified principles.*

**Key words**

*Values, Value model, Multicultural company, Corporate culture*

**INTRODUCTION**

In the current turbulent and constantly changing market, when we reach the bottom line of natural resource use and business performance determined by financial indicators, companies try to focus their attention to non-financial aspects of business. Companies are looking for the ways to increase business performance and value through non-financial factors. Companies are beginning to take the path not only of hard approaches to achieving the goals and success, but also of soft approaches to which corporate culture is indispensable.

The roots of corporate culture reach to the history when a first company was established. Corporate culture can be implemented either spontaneous or for the purpose. Within corporate

culture, businesses also set their corporate values to characterize the core business principles and preferred business rules. If the values are set correctly, they help achieve the desired level of employee performance and thus achieve the business goals.

Of course, the values reflect the preferred corporate culture and also reflect the culture of the country in which the company operates. There arises the “problem” of multicultural societies. In the cases, where a foreign company establishes a subsidiary in another country and encounters two (or even more) cultures, a parent company often seeks to “push” exclusively its values brought to the new market and does not accept the culture of the country to which it comes. This fact was one of the main reasons for the research carried out within the STU Project to support young researchers entitled “*Changing the potential of the company’s success using the principles of spiral management and its impact on corporate culture*” and the paper is a part of the submitted VEGA project No.1/0348/17 “*The impact of the coexistence of different generations of employees on the sustainable performance of organisations*”.

The aim of the research was to determine the degree of multicultural environment in the industrial sphere in the Slovak Republic, to determine the preferred values in building the culture of companies and, based on research results, to create a model of recommended values for industrial companies operating in Slovakia.

## **THEORETICAL BACKGROUND**

The performance of company is mainly generated by the performance of its employees. Through their work, activity and access to work, employees achieve their stated goals, and thus the required performance of the whole company. Recently, the importance of building and developing corporate culture is growing by comparing empirical data with financial indicators. Corporate culture is a strategic management tool for organization, supporting the achievement of business and other performance goals. It is becoming an increasingly important added value to products; it is also a determinant of relationships with business partners, a sign distinguishing the company from others. It is also a tool for managing and motivating employees (Uriga, 2010), (Armstrong, 2007).

The problem encountered by international companies in finding a suitable strategy for building corporate culture is to find an effective corporate culture in subsidiaries. The question, according to Lukášová (2010), is whether or not the management concepts applied in their own country should be implemented in foreign subsidiaries (Shein, 2010).

### **Corporate Culture**

Culture can represent the values, modes of behaviour and thinking connected to the historical, geographical, social or cultural background of a nation as a whole or a nation in terms of the sum of ethnic groups living in the same territory, but it can also represent the values or attitudes of social groups, sometimes referred to as minicultures or subcultures (Gyurak Babel'ová, Vaňová, 2014).

Corporate culture has no single definition. It covers several mutually connected business spheres. Corporate culture is present at every place in the company. Despite various definitions, individual definitions of corporate culture share the following characteristics (Kachaňáková, 2008):

- Patterns of basic assumptions under which employees of companies are managed,
- Values that guide employees in how to behave (admissible/inadmissible behaviour in specific situations),
- Symbols that make the corporate culture visible externally; through symbols it is presented to employees and to the public.

Řezáč (2009) defines corporate culture as a “*set of assumptions and beliefs, values, standards of behaviour and attitudes that are unique and shared, creating a specific business style for each company*”. It acquires its forms in the non-material area (management methods, organizational structure, and way of presenting products) as well as in the material area (appearance of company buildings, products and advertising). Corporate culture is one of the “soft components” of business, primarily affecting the human factor and social relationship both inside and outside the company. Corporate culture significantly affects the performance of employees and therefore the performance and competitiveness of a company.

## **Multiculturalism**

Nowadays, when we experience a modern wave of immigration in Europe, which raises contradicting opinions, we come to a significant concept of today – multiculturalism. Multiculturalism is defined as the development of friendly environment and mutual respect for coexistence of different ethnicities, religions and nationalities. These different groups of people are equal to each other and their coexistence brings about the mutual enrichment of all the groups involved. However, this is an ideal model, which, as we have seen many times, does not work perfectly, and therefore we are confronted with the conflicts that stem from the differences of nationality, religion and ethnicity. We focused on multiculturalism in industrial companies in the Slovak Republic.

## **RESEARCH OBJECTIVES AND METHODOLOGY**

The main objective of the research was to build a system of corporate values based on the analysis of multicultural industrial companies operating on the Slovak market with regard to the needs, behaviour and values of the Slovak employee. In the first phase of the research (based on the information from the Finstat.sk website), we built a database of industrial companies operating on the Slovak market. In the second phase, we developed a questionnaire consisting of three sections:

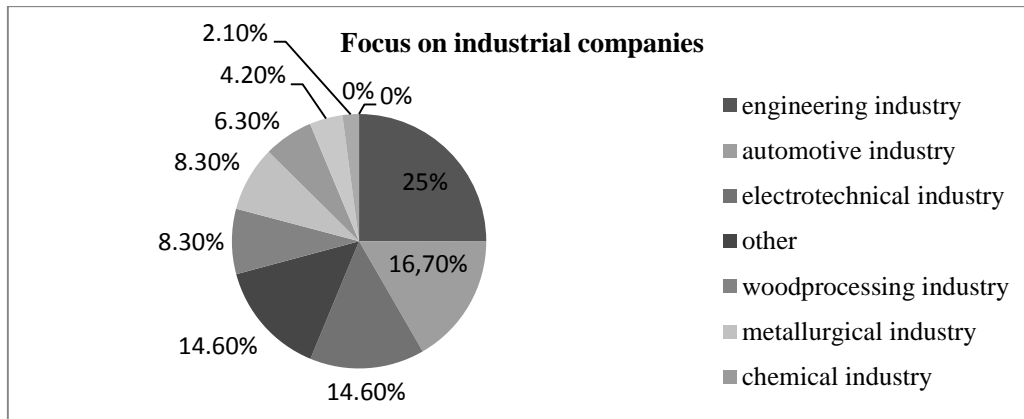
- Basic information about company,
- Corporate culture,
- Multiculturalism.

The questionnaire was developed using the Google forms application which is available online and also allows for reporting and evaluating the data collected. The questionnaire was distributed electronically to companies.

The target group of research was industrial companies operating in Slovakia. The research was conducted in the months March – May 2017 in the Slovak Republic, covering all companies from the database, which represented the total of 500 companies and the return rate was 10%.

## **RESULTS**

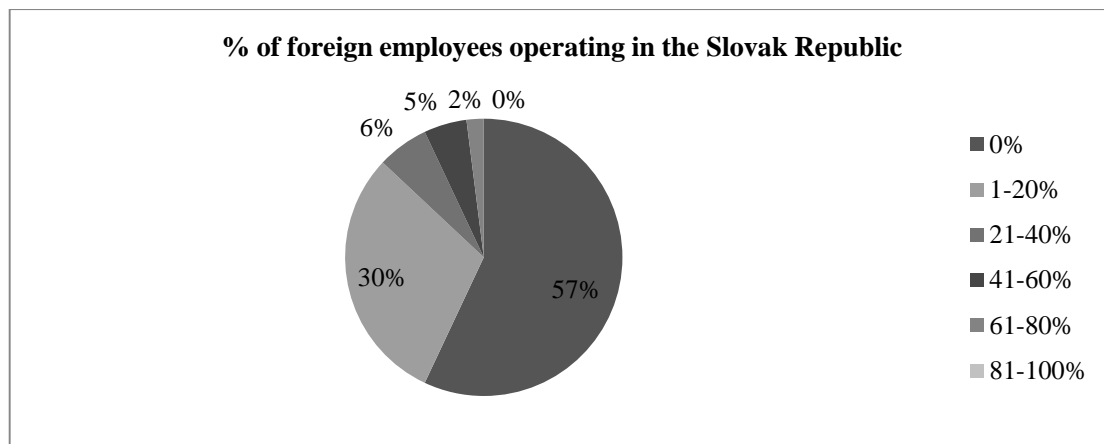
The questionnaire survey involved 25% of companies in the engineering industry, 16.7% in the automotive industry and 14.6% in the power industry. A full overview of the involved industrial companies and their focus is displayed in Graph 1.



**Graph 1:** Focus of industrial companies involved in research

More than a half of the respondents (55.1%) have their registered office abroad and 36.7% of the companies were exclusively Slovak companies with a parent company in Slovakia. As the research was also related to multiculturalism, we mapped how many foreign employees operate in the Slovak Republic (Graph 2).

Up to 57% of respondents do not employ any foreign employee, 30% employ foreign employees in the 1-20% range. Similarly, foreign executives reported very similar results, with 59% of the companies not holding the leading positions of any foreign employees, and 29% employing foreign leaders in leadership positions in just 1-20%.



**Graph 2:** Percentage representation of foreign employees in companies in the Slovak Republic

Representative research participant is a company with the following characteristics:

- Number of employees in the company is 365 (classified as a large company),
- Company has a parent company in abroad with the registered office in Slovakia,
- Company was established after 2000.

According to the research results, almost 75% of companies have typical management centralization with prevailing strict rules, procedures, standards and plans. As much as 63% of companies have elaborated the Talent management rules. Nearly 94% of companies are typical for teamwork, while 80% use project-based approach to problem solving: both internal and external employees are accepted for projects. Individualism (in work situations) is preferred by 71% of companies, but rivalry and conflicts do not occur in 80% of companies in the workplace. In our research, we focused on corporate culture, mainly on corporate values that are required and preferred by employers in the companies operating in the Slovak Republic.

We divided the preferred business values into two groups – primary and secondary (Table 1). Primary values are the values that a business should build and apply within its corporate culture, if company wants to be successful. Secondary values support primary values, they are equally important in terms of business performance and success of the company. In evaluating, we used only the values that were rated by at least 40% of respondents in the survey. Furthermore, we calculated the percentage of individual values in the “primary values” group and the percentage of individual values in the “secondary values” group.

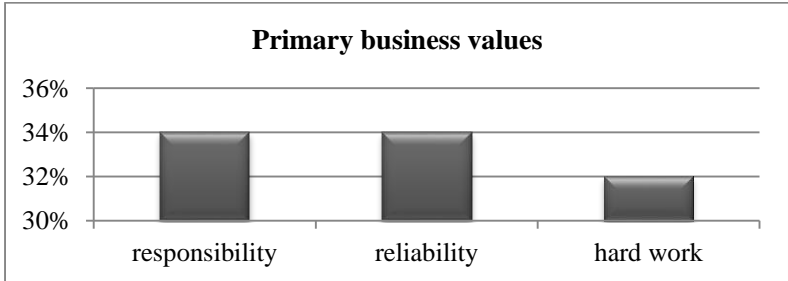
**Table 1:** Primary a secondary business values

Primary business values	Secondary business values
1. Responsibility	1. Responsibility for results
2. Reliability	2. Teamwork
3. Hard work	3. Honesty

The primary values were defined as follows:

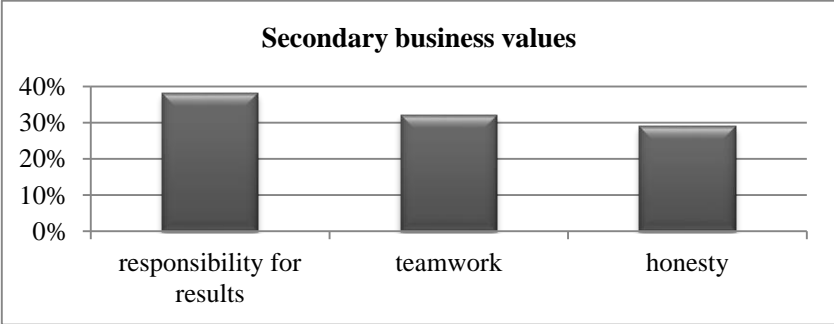
- **Responsibility** – determines the general ability of an individual to adhere to the principles and rules of work, as well as to approach their tasks in order to meet the expectation and goals of the organization,
- **Reliability** – a character mark that includes keeping to the deadlines of tasks, but also other activities related to performance of work,
- **Hard work** – the ability of a person to perform work tasks with a high commitment, effort, while the employee is aware of the importance of his/her role fulfilled within the organization.

From the primary values, the percentages of the individual values are balanced, the responsibility and the reliability are 34% and the hard work is 32% (Graph 3).



*Graph 3: Primary business values*

Secondary values are more volatile (Graph 4).

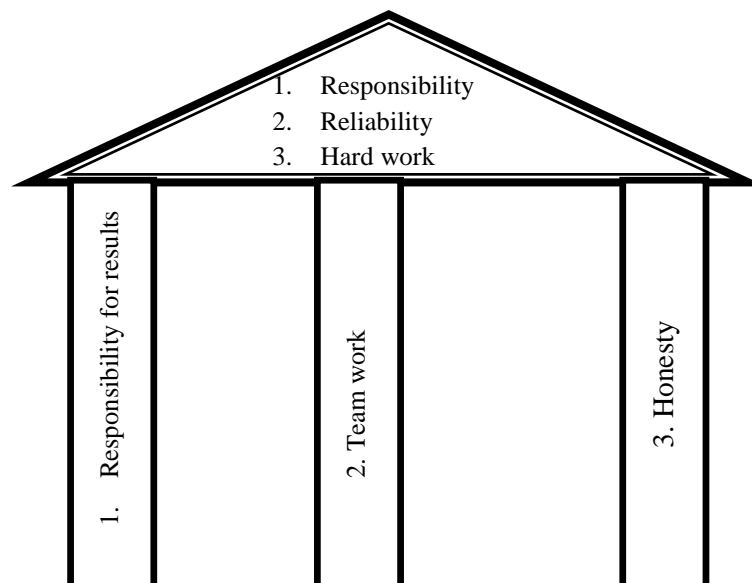


*Graph 4: Secondary business values*

The definition of secondary values is:

- **Responsibility for results** – determines the ability of the employee to become aware of the tasks, activities, products, services he produces within the organization (= final output on his work),
- **Teamwork** – characterized by a shared effort to achieve goals and perform tasks within a working group, involves sharing information in a group with the aim of achieving success as a team (neglecting personal profit),
- **Honesty** – property of the person who is a leader according to the moral principles and values that he has inherently and which are naturally governed (fulfilling the promise, speaking the truth in every situation).

Based on results from the research of preferred values in industrial companies operating in the Slovak Republic, we designed the “*The recommended values model*”, which consists of individual primary and secondary values. *This model is in the shape of a house, the roof of the house representing the primary (main) values and the individual pillars that hold the roof are represented by the secondary (supporting) values.* In the conveyed meaning, this “house” represents a company. If the industrial company wants to be stable, efficient and successful, it should confess the above mentioned values not only primary, but also secondary ones. The model will be solid only if all values are in line and fit to each other (Fig.1). The recommended values model can serve companies as a model of what values should be respected and, at the same time, those can be required from their employees, in order to build an optimal corporate culture in companies operating in the Slovak Republic.



*Fig. 1 Model of primary and secondary values recommended by the companies (own)*

In the next step, the individual values from the value model were elaborated into the specifying principles, i.e. the pillar on which the value is built, in other words, the value is transformed into the enterprise environment (Table 2).

**Table 2:** Contextual principles of primary and secondary business values

Primary values	Secondary values
<p><b>The principle of responsibility:</b></p> <ul style="list-style-type: none"> <li>- Perform the tasks on time and in full,</li> <li>- Be aware of your weaknesses,</li> <li>- Follow the rules.</li> </ul> <p><b>The principle of reliability:</b></p> <ul style="list-style-type: none"> <li>- 100% readiness,</li> <li>- Keep up your promises,</li> <li>- Willingness and commitment to perform work tasks.</li> </ul> <p><b>The principle of hard work:</b></p> <ul style="list-style-type: none"> <li>- Give to work necessary attention and time,</li> <li>- Keep holding on,</li> <li>- Delivering solutions,</li> <li>- Strenuousness.</li> </ul>	<p><b>The principle of responsibility for results:</b></p> <ul style="list-style-type: none"> <li>- Improving processes and activities,</li> <li>- Interest in the quality of own products and activities,</li> <li>- Awareness of common goals and results.</li> </ul> <p><b>The principle of teamwork:</b></p> <ul style="list-style-type: none"> <li>- Superiority of team goals over individual goals,</li> <li>- Sharing information,</li> <li>- Respecting team members,</li> <li>- Exploiting the talent of individuals.</li> </ul> <p><b>The principle of honesty:</b></p> <ul style="list-style-type: none"> <li>- Tell the truth,</li> <li>- Do not desire things,</li> <li>- Admit your own mistakes,</li> <li>- Recognize the truth of the opposite party,</li> <li>- Help in hard situations.</li> </ul>

In addition to these values, companies have defined the values such as *passion, unstopability, simplicity, distinction, leading people by example, accepting and delegating responsibility, rule and discipline, family environment or RTC = respect & trust & courage.*

Values that companies consider as important are *correct relationships in workplace, sacrifice in the interests of results, quality team, cooperation between departments and greater autonomy.*

## CONCLUSION

The aim of this article was to present the results of the research focused on corporate culture, business values and multiculturalism in the industrial companies operating in the Slovak Republic. It was carried out within the STU Project supporting young researchers entitled “*Changing the potential of the company’s success using the principles of spiral management and its impact on corporate culture*”, and the paper is a part of the submitted VEGA project No.1/0348/17 “*The impact of the coexistence of different generations of employees on the sustainable performance of organisations*”.

The results of the research show that 57% of participating companies do not employ any foreign employees, and therefore they cannot be considered multicultural companies. Up to 30% of companies employ foreign employees who represent only 1-20% of the total number of employees. Within the monitored companies, therefore, the level of multiculturalism is low. However, more than half of companies involved in our research have a parent company abroad, and it is therefore possible to predict its significant impact on the subsidiary.

The most important part of the research is the identification of the primary and secondary values of the company and the development of “*The recommended values model*”. The values that companies should build are *responsibility, reliability, hard work, responsibility for results, teamwork and honesty.* We have defined these values and described how an industrial company should behave in order to apply these values. By focusing on the application of the main values

will ensure development of the right conditions for achieving the required level of employee performance and competitiveness of the entire company.

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## ORCID:

Miloš Čambál            0000-0002-4855-0277