

Organizational Culture: A Link to High Performance

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Affidavit

I hereby affirm that this Bachelor's Thesis represents my own written work and that I have used no sources and aids other than those indicated. All passages quoted from publications or paraphrased from these sources are properly cited and attributed.

The thesis was not submitted in the same or in a substantially similar version, not even partially, to another examination board and was not published elsewhere.

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Abstract

This study explores the notion of Organizational Culture and its link to high performance of employees. It engages in proving how a good established culture in a company can have a positive effect on the employees and their performance, therefore making it competitive and profitable. It uses examples of companies as Southwest Airline, Zappos, ABN AMRO and Heineken Slovakia to show different approaches to cultures and either their success or fall. As well as a survey has been conducted to see the opinions of regular employees on company culture and its influences and how it affects not only them but the company too. This paper's goal is to bring a deeper inside to the readers about how company culture represents an important part in an organization and prove its effectiveness on the prosperity of a business as it is a still misunderstood and undepreciated concept in the eyes of a majority corporations and leaders.

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List of Abbreviations

SWA- Southwest Airline

CEO-Chief Executive Officer

EBIT-Earnings Before Interest & Tax

Introduction

The topic of organizational culture is a matter which is discussed and written about for a very long time. Researchers and authors often put emphasis on this subject for organizations to better understand their internal structures and how it influences the company overall. Company culture is the way how certain things are perceived and dealt with. Such an establishment teaches the group how to exist and behave within the space and brings understanding to the processes. (Schein, 1988)

Organizational culture creates values, beliefs and attitudes which make the employees more engaged towards the strategy and goals. It is an approach which is proven to bring effectiveness into the firms and as well bring competitive advantage. (Desphande, Webster, 1989) Corporate culture has three levels which are central to understand its presence in a company. It involves Artifacts, Values and Assumptions. As well companies are distinguished into four different categories of firm culture which affects the internal treatment of employees, how power is distributed within the company and what are the approaches of delivering a goal. These are distinguished into a: Clan Culture, Market Culture, Adhocracy Culture and lastly Hierarchy Culture. (OCAI online, 2017) Organizational culture has been proven to have influences in many departments of a company as well its high regard on the performance of employees. To understand the influence, the information on how culture is a link to high performance has been derived from the book "The High Performance Organization: Creating Dynamic Stability and Sustainable Success" written by Linda Holbeche. It shows how creating a good environment with clear values and goals can have a great impact on how employees carry out and understand their work. It provides an understanding on the importance of establishing such a space due to the constant changing of today's business world, the leader's lack of understanding this concept, implementation and damaging consequences if not properly established and followed. The ways to achieve it and why it has an influence on the staff when it comes to its work. It displays how companies which put a high emphasis on their culture were followed with a long

lasting success and understand the root of what made them so competitive and innovative.

To provide a higher understanding of the link between culture and performance, a chapter named "The Fish Smells from the Head" gives examples of companies with different leader approaches, culture and how it influenced either their success or fall. The first two companies are Zappos and Southwest Airlines. Both companies are very well known for their high profitability and great customer service. However, without the good established organizational culture the accomplishments would not probably be so great. Their employees are the number one concern and the purpose of the leaders is to create them such an environment where the staff can feel safe, understood, trusted and empowered with own decision making. Leaders of Southwest Airline and Zappos go above and beyond to make the workers happy and appreciated and understand that once the good establishment of work place is achieved, the rest will follow in profits and service. (Sadri, Lees, 2001), (Morrisey, 2008). The next example is of a Dutch bank called ABN AMRO. The information brought in this subchapter is from the book "The Perfect Prey: The Fall of ABN AMRO, or What Went Wrong in the Banking Industry" written by Jeroen Smit. It brings the insight of how one of the greatest banks in Europe collapsed not just in the market but in the culture as well once a new CEO was appointed. How lack of proper communication, empowerment, trust and being led by a leader with egoistic approaches can lead a business after a long and profitable history into a point where it cannot be recovered by its own and the only solution is an acquisition by another company. The last example is the one of Heineken Slovakia and its fluctuation in organizational culture. The information on this subject provided the former HR Manager Roman Kollár PhD. It shows how the proper formation and change in organizational culture could help a company during the economic crisis to rise in profits despite the other beer companies falling in the market. It proves how internally unified organization can be innovative, motivated and successful against the odds of a falling market and how once this internal happiness cracked, brought the business into a slower pace with goals that could not be delivered and mistrust from the side of the employees towards the corporation. A qualitative research to show the connection between organizational culture and high performance has been conducted by a survey where the questions were designed in such a manner to

identify what kind of culture is the individual experiencing in his or hers opinion and what type of performance it is delivering.

The hypotheses are:

H1-Organizational Culture is linked to performance

H2- Properly designed organizational culture leads to high performance

H3- Improperly designed organizational culture leads to lesser performance.

From those results, it will be evaluated who described the company as high performing and their conclusions about the culture questions and the companies which performance needs improvement and how their answers reflect the culture context. In today's world, the subject of culture is highly researched and talked about. It shows its positive effects as well as proving its effectiveness internally and externally. However, even though it is a phrase well known to the companies and leaders it is not properly grasped and understood by them. The lack of emphasis on culture is global and within most organizations. The misinterpretation may be that the image of it seems like a lot of additional work which may cause the disinterest of such an establishment. However, in the paper it will show how it is quite the opposite. The purpose of this paper is not only to individually understand the concept better and explore the advantages of organizational culture but to prove what influences it has on the employees and how it is a great part of a strategy in order for a business to prosper. It ought to provide a guideline, how it can lead performance and the business overall into a certain direction. The examples provided should mostly bring clarity to the leaders to understand the true meaning and causes of it and the accuracy on the responsibility they should possess as the head of the company.

1 Theoretical Framework

1.1 Organizational Culture

Organizational Culture as an approach has been used for a sufficient amount of time. It is a concept that has become more important in the business industry. The notion of organizational culture is to set patterns that establish the norms and responsibilities within a social group. In every firm there are different types of people with a variety of attitudes, beliefs and behaviors. (Denison, 1996) These differences may be problematic and will cause an issue in the working environment if they are not dealt with. Measuring culture is very difficult due to its abstract core. There are many variables that would need to be considered in a research to bring the real understanding of the ideal work setting without losing the true nature of this subject. (O'Reilly, 1999) Culture is "a pattern of basic assumptions, invented, discovered, or developed by a given group, as it learns to cope with its problems of external adaptation and internal integration, that has worked well enough to be considered valid and, therefore is to be taught to new members as the correct way to perceive, think, and feel in relation to those problems." (Schein, pg.7, 1988) Culture has a set of rules that need to be followed and most of the members do not mind following them because of the belief in the same values and assumptions which have been practically created together as the group has been formed. There are things that must be followed in a group in order to make it work. That is why culture can be perfectly interpreted and transformed into an organization because the concept is the same. There are people who are working together, need to

collaborate and help each other in order to make the company efficient and as well to rise not only as a group but as a one human being as well. (Schein, 1990)

Organizations form groups in order to attain the desired target of outcome which the company is supposed to and wishes to achieve. Every person needs a sense of belonging and the establishment of firm culture provides direction on how to behave, what to expect and how to act in situations. It can have such deep meaning that it becomes a normal part of an attitude without the need of controlling it and therefore has big effects on how the organization is run. It has a strong influence on the team that if any changes occur, or it is not created in such a way where the employees can relate to it, may cause disturbance within the company. (Schein, 2010) It is an approach which can create great effectiveness in a firm and thus creating a competitive advantage, greater profit and is a good vessel for the business growth. (Denison, Mishra, 1995) Culture emerges from the vision the organization possess thus this vision represents some type of guideline to the system and structure. Organizational culture represents whether there is trust in a company, if people have the opportunity to contribute and share their ideas as well as proper communication when problems occur. It is a great responsibility of the leader to foster such an environment and understand what are the internal needs first and later tend to the external ones. (Bass, Avolio, 1993)

1.1.1 Three levels of Organizational Culture

Through the investigation of many papers and theories on organizational culture, one can see the often mentioning of the levels of organizational culture such as Artifacts, Values and Assumptions.

Artifacts

Artifacts are the first things that can be detected. It is the way of communication, how documentation is prepared, the concentration of feelings and the overall first impression of the whole environment and its production. (Schein, 1990) Artifacts is a

complicated level due to the fact that even though certain aspects seem normal and have been encountered with before, it yet does not mean that they can be approached accurately. The understanding of the history of their creation is a very important part. However, artifacts are not unchangeable and may experience changes when a new trend comes and thus the organization follows within the direction of those influences. (Strati, 2005) Every artifact in an organization represents; aesthetics, symbolism and instrumentality. They create emotion; the way they smell or look, how they help to accomplish a goal or what they bring out in the environment. Even these aspects may cause disputes and set the tone of the place. People put importance on tangible things and even an inappropriate set of furniture or bad management of records may change the view on the organization. There is no precise map yet to explain how it is possible that even artifacts can change attitudes in the organization but the fact is that they are part of the puzzle which creates a company culture. (Rafaeli, Vilnai-Yavetz, 2004).

Values

In every organization, there are a set of values and norms that should be followed. The important task is to bring the employees to acknowledge those values as one of their own so that there is a same line of how the accomplishment of the goals is going to be carried out. The trouble with values is that it can be very tricky to define what are they supposed to be and how are they translating the message of the firm. Most importantly, it must be defined in such a way that the employees feel that it has purpose and they can sync themselves with those ideas. (Somers, 2001) Values are the key to making the employees committed to the vision and loyal to the company. Therefore, one step that does not correspond with the whole idea could have damaging consequences due to the fact that values are one of the things that the employees and company share together (Finegan, 2000). Values as well help the organizations to be innovative and strengthen its performance. Their role is to make a bond and serve as a pillar. There are three levels within the original concept of value in a company and that is value profile which serves as a guideline to how the employees behave in certain situations. Next, is value congruence which is how the employees perceive the values and share them with their colleagues and the last is

value-practice interactions which explores how the company practices align with the company values (Khazanci, Lewis, Boyer, 2007).

Assumptions

Assumptions are feelings and beliefs that are understood without thinking about them or analyzing them. They are already written in our heads as something that does not need to be explained. It is the way how we automatically translate certain occurrences without the urgency of deep evaluation. In organizations, it is important to reveal what assumptions are held inside so that it builds the culture around it and find a way to connect the company with those beliefs. (Shein, 1990) A very different set of assumptions can create a conflict in the environment and if it is not understood and worked on, it could cause unnecessary disputes. To figure out the assumptions, one must look at the group of employees and not just the ones who are highly motivated and perform the best. People do not operate as individuals, they have influencing factors all around them which are as well their colleagues. (Peca, 2000) Companies often work on a dominant ideological basis with forcing on the beliefs to the employees however, even though they are forced, it does not mean that the workers will eventually align with them and understand their meaning therefore, causing a disturbance in what the company beliefs and what the employees do. (Peca, 2000)

1.1.2 Types of Organizational Cultures:

The studies on culture also mention four types of company culture such as Clan Culture, Market Culture, Adhocracy Culture and finally Hierarchy Culture, which will be described more in detail below.

1. Clan Culture.

The focus is very internal and the emphasis is put on interaction between the people in the firm. This collaboration eliminates individual work and takes in on a level where the communication resembles to a family one, it is very team oriented with the emphasis on loyalty. (OCAI online, 2017) It gives a lot of space to the workers to make their own decisions and take responsibility concerning what might be the next best steps for the firm. What makes this type of organizational culture different is that it gives the employees the freedom of growing and learning in their environment without being tide down as many other companies tend to do to their workers. (Tharp, 2009)

In order, to have this way of collaboration it must be properly communicated and well participated by the leaders as well to set the example. It must be understood that the top leaders do not have the control over everything and must let their employees make substantial choices themselves. This way of organization does not only have an advantage internally but externally as well because if employees are happy than the customer service is influenced by this factor and therefore more clients are satisfied with the way their product or service is carried out. (IEDP, 2014)

2. Market Culture.

This approach is completely different due to the fact that it is very goal driven, leaders give the tasks through pushing the employees and creating a very competitive environment. It is an organization that is extremely focused on the external successes and the key driver is to be different and be the best on the market. (OCAI online, 2017)

The way of thinking in such an organization is that employees are workers who just must do what they are told, be pressured into doing their job quickly and effectively and must obey the decisions that come from the top management, ergo do not have the possibility of empowerment. These organizations are in need of control. As well, the most important relationships are the external ones because in the mind of this approach it is believed that those connections will bring the most profit and good reputation. (Tharp, 2009) Having a market oriented culture has the advantage that it

is very task directed. Such a formation has a very good information about their competitors as well as their customers which allows them to adjust to the current needs. However, one must be very sure if this type of culture is appropriate for the company because of its very regulating nature. (Shaw, 2010)

3. Adhocracy Culture

This is an environment which thrives on modeling new ideas in an aggressive way where risk taking is much appreciated and most importantly encouraged. It is similar to the clan culture where individuals have the opportunity to make their decisions. (OCAI online, 2017) Goals of such an organization is the development of new ideas that could translate into their products or services. It may have a chaotic rhythm due to its constant need for innovation however, it as well provides a lot of space for growing which is a motivation driver for many employees. Nothing is more important than being unique, above all with progress and constantly gaining new ways and resources for future differentiation. (Tharp, 2009)

4. Hierarchy Culture

A culture set of rules and procedures that are the determinants of what is going to be done and how it will be carried out. No space for personal decision making and innovation. (OCAI online, 2017) These organizations are as well in need of control and the top management makes the crucial decisions that are later on communicated to the employees. It is a very hard position for the managers due to the fact that once they do not recognize the threats or possibilities, it creates a problem in the system. The goal is to create processes which do not cost a lot of money and run accordingly to the plan. Manager's ability to predict certain events is one of the top tasks which will determine the faith of the company. (Tharp, 2009)

1.2 Organizational Culture and Its Influence on Employee Performance

This subchapter provides information from the book "The High Performance Organization: Creating Dynamic Stability and Sustainable Success" written by Linda Holbeche in 2005.

In today's world innovation has a very fast forward speed which forces organizations to be one step ahead from their competitors. It is a task which is very hardly achieved and often experiences fall. It is not only because of a bad chosen strategy but many organizations lack to understand the relationship between the change and how it may affect the employees. It is hard to adjust and once the organization does not take into consideration what it might do to its workers and makes a modification which would shift organization in such a way that would make the people dissatisfied due to the loss of the identity of the place where they have been working so far it can have very damaging consequences. It is a difficult position because without differentiation most likely the firm will decay and with it, it could ruin the performance and bond between itself and the workers. Employees may live through many changes. Whether it is new technologies, merger or acquisition it still has an impact where they have to acclimate, learn new skills and get used to that the way they were working is not going to be the same. In many cases it causes them agony and as well stress due to the fear of losing their position. Especially in merger or change of an owner, it would bring a new culture that would have to be adjusted to.

To guide through the transformation is a task which requires a big deal of empathy, communication and understanding the view of the employees. As well as it has to properly explain again the goals, values and mission. In many cases the process of development causes employees to lose the concept by which the company is driven.

There is a pattern in organizations where lack of success is blamed on the workers therefore lots of firing occurs and micromanagement which even more decreases the productivity. Nowadays there seems to be an increase in awareness that there is a relationship between how the employees are taken care of and how it reflects their performance. It involves the environment they work in and whether they experience that their opinions matter and are taken into account when certain determinations occur. In many cases, staff today experiences the treatment from their employers as someone who can be replaced, rather than being treated as an asset that is cherished. It has to be set in such a way where the workers enjoy going to work. It strongly depends on the leadership of a company whether it considers the employees as a cost or as a part of making the firm great. The thinking of sticking to plans that brought success in the past, creating strategies only by the board and taking care of the external sources must come to an end. The number one focus should be to tend to the needs of the employees and from that the performance will follow.

When the managers work with the employees hand in hand the way the goals are achieved are together and are from the perspective of the employees that have to achieve them. Thus, their insight in decision making is important because they know where they stand with their capabilities and what the rhythm of their team work is. This encouragement to have a say in the determination is what makes them motivated to work toward that goal together. Since the organization shows trust in their views it would be like a mirror where the employees have trust in the organization which is one of the strongest factors of high performance and would drive the above and beyond effect where the workers would be willing to go. Most of large corporations are drastically losing trust from their employees. High performance strives from engagement rather than strategy. The employees must feel the drive to take the extra step and that is only achieved if they have the space to show their abilities. Culture is the way to high performance. Most of the organizations that occur in the listings as the top achieving companies showed that they are highly focused on their internal environment. They have high image and therefore more applicants are interested and especially motivated to work for them. Their focus is to strengthen the people bond. Studies prove that organizations who

have been leaders of the market for a very long period have their success thanks to creating a good climate in the firm and that is how they dominate comparing to their competitors. A good establishment of culture enables the change in strategies and innovation to have a positive impact on the firm and less likely results in failure as opposed to the organizations who only order and command. These companies do not change their absolute purpose. It is normal to develop new strategies and sometimes beliefs but the bottom line is to not lose its face. Such companies put effort into picking out the right people who would fit into the concept based on their personality, life values and beliefs where the skills are a less important factor. It is that element which drives the profit.

Many companies face pressure coming from the side of shareholders when they are not fulfilling the expectations. Many times it is them who suggest the layoffs since they have no connection to the employees and merely see them as either performing or not. Such final decisions creates disruption in the flow which the people work in and therefore has an impact on performance. Over some time, companies got into a habit where the shareholder's opinion values the most and the urge to satisfy their wants is what drives them. Hence, adjusting the company according to them and not according to what the company and employees actually need. Every company says that they are customer oriented that they wish to deliver the best product or service and that is the priority. However, there is only a small percentage of those who actually work for it. Many care just about the profit and is translated to them as success. However, being truly customer oriented has proven that it strengthens the culture and that strengthens the employees view of the company due to the fact that they experience their work is truly focused on being the best for their customers and that their only purpose is not just to make the company richer. It is one thing to say the employees come at the first place and the other to actually make them believe it and create space where they feel their work is being acknowledged. Workers who feel are empowered are more loyal than the ones who do not have the opportunity to speak their mind and progress. The mission of a company should be to bring someone that understands and lives the values without having in the corner of the mind, if it does not go well this person can still be fired. The task should be employing a person who fits the culture and then

train them to have a good knowledge on what is expected from his or her work. To retain this person as long as possible.

To achieve success there is a need to first establish the right body. When an organization has a personality and the employees share this personality, it eliminates the fact that they would work against their natural perspectives and beliefs, therefore the collaboration and work performance creates a uniformity. A uniformity is created where everyone tries to do their best and not just because of the money but because it fulfills their purpose as a good worker. As anyone who is dissatisfied, there is no drive to do something better which causes to have just the work done with less to no effort. Every human needs a purpose and some are leaders and some prefer to be led to achieve it. The leader's responsibility is to create such a space where it is not a trouble to come to work and do the work above average with interest. To inspire the cause in the eyes of the employees without it being forced. The employees themselves want to work in a company which is top and acknowledged as one of the best and are willing to go above and beyond to contribute in such a manner which would help it to rise even more. However, it cannot be done if someone is not taken accountable and a part of the whole vision. Many leaders mistake leadership with dictatorship. A leader is merely a boat whose responsibility is to carry the people on the water but they have to put their effort and action to get it into the final destination. To trigger them to work hard but not push them and humiliate them into doing it. A proper leader praises the workers who achieved the goal, and criticize themselves when something goes wrong. In most of the cases it is the other way around and again resulting in low performance and layoffs. In order to be high performing an organization needs the employee to be committed. The only way to make people engaged is to tend to their needs and listen to their suggestions of improvement. "Creating sustainable high performance is fundamentally about culture-building." (Holbeche, pg.25, 2005) The employees cannot feel caged with ignorance on what is the whole mission and strategy for improvements.

Organizations tend to hire people with the right skills regardless if they are a fit to the culture. It is a way of saving costs on training. However, with technology and

strategy improvements even the staff and top managers that were hired before need to have a new additional knowledge to the changes. Therefore, training is inevitable one way or another and that is why the primary focus should be first on the attitude because skills have to be and can be trained. Shared values are another aspect that cannot be taken lightly. It presents how should things be managed and what approaches should be taken when dealing with a certain situation. These values are not only representation of the company to the eyes of the workers but to the customers, investors etc. It is a root that provides meaning hence having an impact on the performance. It is more efficient when there is a relationship between the work of an individual and with his or hers ambitions to grow. What employees often experience from the senior management is their tendency to ignore or eliminate their contribution to the company's goals or not taking into consideration that they have a life outside work and therefore it is preventing them to have a work-life balance. Another disturbance which causes low performance is micro management. Surveys show that employees mostly experience a block and unpleasant feelings in their job because of their boss. Managers have a tendency to create such goals which would look good on their behalf and therefore making themselves a good name as a leader however, did not take into consideration the employees view and thus, in many cases this results in increased workload, less motivation, confusion on why this task is important and consequently, has a negative impact on their productivity.

In a culture where there is a practice of criticizing and giving blame on the staff, it is common that the employees are afraid of asking for suggestions on their work or seek counselling when a task is complicated and misunderstood. Hence, this approach makes them fail, knowing that it will happen and therefore they are waiting how bad are going to be the consequences of their poorly achieved work thus, making them stress and worried. However, it was not the fault of the worker but the bad work of the establishment of the culture in the organization. Trust must be achieved from top to the bottom and vice versa. Managers should not be afraid of giving the decision power to the staff, however it cannot be mistaken to burden them too much and therefore causing a burn out. It seems as a very complicated process to achieve such points and that is probably one of the reasons why

organizations do not put too much effort to establish such a culture, however, just because it seems this way it does not mean it is true. To put an effort to create such a climate actually makes the flow of the organization much easier and as well less costly. Not only would it decrease the costs of employee retention but as well customer retention. Not to mention the great impact on profit. It is all about creating the right and clear conditions and having great empathy. To understand what are the reasons employees feel a certain way and what demands they have in order to change those feelings. More and more researchers over the years conclude and explain how the culture has a positive linkage on high performance. It is a topic highly discussed and often written about due to its proven causes. Authors many times encourage senior managers and leaders to modify their cultures if they are struggling. Usually the causes are a big gap between what the employees want from their leaders and what the leaders actually deliver to their subordinates. The usual origins of this gap is that leaders are promoting one thing they want to see in the company but do not follow the own rules they have established. As well there is bullying, an absence of listening, intolerance and higher involvement in personal goals rather than the organizational ones as well as small to none proper communication. Another improvement would be to give more space to females to take the role of a leader, however it is still an issue in today's world to give such a power to women due to prejudices. Employees all over express the desire to have more females being part of the members of the board to bring more empathetic view. This type of differentiation would bring good collaboration and insight. It is due to the fact than an aim of a leader should be to conduct such a place where people will be happy that they are a part of and intentionally want to contribute. Where they are taken into account as adults who have a say in what is going to happen to them and what should be the ways of how it should happen therefore, making them engaged and bring the best versions of themselves to the work environment. On the other hand, delivering quite the opposite opportunities to staff causes lack of commitment, motivation and failures to perform the tasks. In order to get on the right track, it is important to give the Human Resource department the space to control and analyze these approaches and take their advice on how it should be carried out and what should be the way. Another mistake which many organizations make is that this department is getting a small space into decision

making as well as receives small credit. This division is the one which is responsible for how the values are perceived, taken into account and how the people feel about it. In many cases the suggested improvements for employees wellbeing by the HR department is usually not on the top of the list by the company and many times is over-looked.

The world is changing and with it as well the market, competitiveness and structures. In order to have an advantage and be high performing it is crucial that the leaders understand where the success actually lies and how it should be approached and achieved. In order to strive, the leaders must shift the thinking of gaining the biggest profit possible and transform it into employee orientation as well as customer. To create such an environment where it is a pleasure to work with clear statements, space for employees opinions, growth and especially trust. The path to prosperity lies within the proper and good establishment of organization culture where once achieved, it will follow into a high performance.

2 “The Fish Smells From The Head”

2.1 Southwest Airline’s Successful Approach to Organizational Culture

Southwest Airlines is the biggest low fare airline company in the world. One of the reasons why this company has such a success and has been profitable for every year of its existence not taking into account the year when they were starting, is not only because they have a simple and clear strategy but because it is consistent with its culture as well. The employees are known to be very committed toward the goal of the organization. Due to the very clearly communicated values and norms which employees can identify themselves with, on many occasions it helped them to react in a very proper way when it came to hard decision making. Southwest’s approach to culture has been a worldwide example and help for organizations who suffer to grasp the concept. (Chatman, Cha, 2003)

One of the founders and a former CEO of the company, Herb Kelleher has always put a lot of emphasis on creating a culture that would understand what the company is trying to achieve and in what way. He wanted people who would be happy to do their job and picked them in such a manner so that they would not have to control their decision making but that they would fit the purpose in such a way that they would trust them when it comes to decisions. Their approach is to have fun at work and relate to colleagues as friends that they can have confidence in. People are associated as family and if there are any individual celebrations or grievances Southwest wants to be part of it either by showing support or rejoice for that person. (Sadri, Lees, 2001)

The potential employees are thoroughly looked at to see if it is the culture-fit. They undergo many evaluations and even if they have the skills but not the personality they are looking for, they will not be accepted. SWA has a big pool to choose from because of its good employer reputation. (Pfeffer, Veiga 1999) Such an approach is very successful in the customer eyes due to the fact that SWA values customer satisfaction however, number one priority of the firm are their employees. The employees have a sense of empowerment and since it is very encouraged that they highly contribute with their ideas, it gives them a feeling of belonging and being acknowledged. Punishment for bad deeds is not practiced at SWA on the contrary, since they encourage self-action it is only explained what would be a better approach in the future. The top management mostly values the opinion of their employees and want them to be part of the improvement. Not many companies give such an acknowledgement on the opinion of the employees and that is one of the reasons of their success. Employees at South West are the most valued asset. (Pfeffer, 1995) The freedom given to the staff created many examples that show a successful customer orientation coming from the employees. Such as; driving a customer to a destination because they missed their flight, paying for a ticket because they could not afford it, taking care of them at their own home and many other stories which are exemplary. The next aspect which made SWA famous is their joyfulness. Many flights are spiced with jokes or some type of performance from either the flight attendants or even the pilots. Former CEO Herb Kelleher is known for his playfulness at their company barbeques or other events. There are no

restrictions to creativity at this company in fact it is highly applauded for workers to be themselves and bring out whatever they would like. Many videos are on youtube.com where viewers can see how much fun it is to fly with or work for Southwest Airlines. (Milliman, et al., 1999).

However, it cannot be mistaken that employees do not have respect and can work as they please. It is deeply fostered that the workers are hardworking and help colleagues with other responsibilities. In return, the employees have a great variety of rewards they can choose from. (Gittell, 2004) Many researches have approved that the way SWA treats its employees had a great impact on their profitability. The only time it was not profitable is when the company was beginning its journey. It is constantly named as one of the top companies to work for in the United States, as well as having one of the highest customer satisfaction. These accomplishments are thanks to the clearly identified values and mission which the company possesses and which their employees completely understand and work by. For all their existence they have not changed their purpose. They want to have an airline that is affordable and a happy place for their customers with lots of energy. The idea is not forced on to the employees. Even the top managers behave in the same manner and set the example. It is important that every unit shows this commitment. Most importantly, the customers can feel and experience their mission therefore, everything is on one page and there are no confusions on what to expect. (Miles; Mangold, 2005) Herb Kelleher's power to understand these concepts have brought him praise from managers around the world. Due to his constant care toward the employees, he always inspired trust in them. Even though he is no longer the CEO, he made sure that his replacement would have as much empathy and commitment towards the employees. (Gittell, 2004)

This organization proves that once the goals, values and mission are created and communicated precisely, it has a great impact on the employees and on their performance. Culture of a company is the key that drives the motivation, commitment and team spirit. It must be understood that in order to have a healthy environment the employees must feel trust from their superiors and most importantly it has to be consistent with the designed culture otherwise it will fall

apart. That is why Southwest Airlines has the same culture and values for all this time of their existence because that was its guideline when it came to hiring, work ethic and decision making. As Mr. Kelleher once notably said “you don’t hire for skills, you hire for attitude. You can always teach skills.” A concept that unfortunately many managers do not grasp.

2.2 Zappos’s Successful Approach to Organizational Culture

Another company which built its success on company culture is Zappos. It is an online retailing organization with its origin in the United States. Even though the company is not particularly big in number, it possesses admiration due to its emphasis on building great culture which reflects on its customer satisfaction. (zapposinsights.com) The CEO Tony Hsieh, did not want to go by the corporate example and therefore, during the first years there were no written values for the company. Mr. Hsieh did not want to force the values onto the people because it could bias and destroy the true environment. However, after several years it was proposed by the employees to write a document which would contain the values. Everyone brought their input on what should the company have and from that point forward they have not changed. Since it was the employees who wrote the values they were the ones who believed in them and followed them. (Burkus, 2012)

Zappos goes beyond when it comes to a culture fit. Every new-comer who is finished with their training is offered an amount of two thousand dollars plus the wages they earned to quit and now the sum has even been increased to four thousand dollars. From that they can see who truly wants to work there and who is only there for the money. Only a very small percentage accepted the offer, around 3 percent. (McFarland, 2013) In the eyes of the CEO, it is a way of protecting the culture the employees have built together. As Southwest Airlines, Zappos also emphasizes on having an environment where people trust each other and treat themselves as family. Since there is such a team spirit it reflected incredibly on the customers as well. Most of the customers continuously order products from the website and due to the satisfaction they bring, Zappos does not have to invest much to marketing

thanks to word of mouth that the satisfied customers provide. Before Zappos, The CEO Tony Hsieh had a different company which he sold due to the lack of emphasis on the company culture. As many other firms, it was hiring for skills and not really for the attitude. This is what drove him to step into a new business with a mind that will focus on creating a great organization culture. (Morrisey, 2008)

The vision was to bring the best customer service and going overboard comparing to their competitors. For example, Zappos has the shipping free of charge in the United States and also their return policy accounts to one whole year. Or having a hotline available 24 hours, 7 days a week. Customers are truly important and instead of trying to get them off the phone as quickly as possible the CEO encourages the employees to make an emotional connection with the caller because it is more personal than an email. Many of their competitors have a policy for employees to get off the phone with the customer as soon as possible and then evaluating them how did they handle it. In Zappos, it is quite the opposite. The employees are free to talk on the phone as they see fit. One customer talked on the phone for more than six hours straight. Another example of their above and beyond approach is when a rep found out that there was a death in a customer family, he or she has send flowers to the grieving party without any consultation with the superiors. Even if someone calls to the center and asks about something which is not related to their products, the employees would still happily help. (Hsieh, 2010)

The values of Zappos include having fun, being creative, treat each other as family and have a strong connection with the team. Interview questions are designed specifically to see if the person possesses the attitudes and beliefs that they cherish in the company. (Kopelman, et al., 2012) Mr. Hsieh understands that engagement in a company lowers the chances of people quitting and doing major mistakes while working and that their focus in work is pure and committed. It has a great impact on the profit the company makes as well. Zappos too is making the listings of top companies to work for in the United States. Employees can associate themselves with the company and love working for it. Mr. Hsieh in every occasion explains that culture was the one thing most important to build and the rest will follow. There is a constant encouragement for the employees to be the master of their work and to

bring every idea forward. One can see many connections when it comes to the business approach of Zappos and Southwest Airline. Both companies wish to have the best customer service in the industry but their primary focus is on the employees and how to make them happy, high performing and engaged. Many misconceptions exist where the top management believes that building such culture is too time and money costly, however it is quite the opposite. (Perschel, 2010)

These are the ten core values that Zappos has been following ever since they were established by the company:

- “1. Deliver WOW Through Service
2. Embrace and Drive Change
3. Create Fun and A Little Weirdness
4. Be Adventurous, Creative, and Open-Minded
5. Pursue Growth and Learning
6. Build Open and Honest Relationships With Communication
7. Build a Positive Team and Family Spirit
8. Do More With Less
9. Be Passionate and Determined
10. Be Humble”

(Hsieh, 2010, pg.2)

Humbleness is one value very deeply explored in a potential employee. It is something that is lacking in today's corporate world and perhaps that is why big companies who associate value with egoism have such a problem to create a good environment. (Hsieh, 2010) Once the culture is on the right path everything else will need less effort because the employees will deliver the goals that have been set. It does not take too much to get the results but the realization should be that firstly the employees must feel safe and happy and that will mirror on the quality of a product or service in the eyes of the customer.

2.3 ABN AMRO's Fall in Organizational Culture

This subchapter provides information from the book "The Perfect Prey: The Fall of ABN AMRO, Or What Went Wrong in the Banking Industry" written by Jeroen Smit in 2010.

ABN AMRO is one of the biggest banks in the Netherlands, with a present number of approximately 22 000 employees. (ABN AMRO, 2015) However, before its takeover by the consortium of Royal Bank of Scotland, Fortis and Banco Santander in 2007 and then later on by the Dutch Government, it used to be one of the greatest banks in Europe with more than 100, 000 employees. Its history goes back in time more than 190 years with its first origin. Later in 1991 it gained its official name which was acquired from the merger of Algemene Bank Nederland (ABN) and AMRO bank. The bank was thriving until it made a bad decision of placing Mr. Rijkman Groenink as a CEO of the company in the year 2000.

Mr. Rijkman had a great plan of change for the bank with the ambition to get it on the list of the top five banks in Europe. Even without proper figures or foundation to carry out such a project nobody contradicted the determined CEO. With the hope of moving forward it was as well suggested that the culture in the firm should be adjusted as well. The idea was to change the patent of blaming others for certain failures and start to take personal accountability for actions. The board agreed that in order to achieve certain level, the employees must learn to work together more. One of the qualities a leader should have is not only to possess skills and experience but as well to have the ability to communicate with people, show empathy and listen to their suggestions. Mr. Groenink was known for his isolation towards the employees and his view of them was more in the number of units they represented and their work action. He even chose a new approach to board meetings which exchanged the twice a week talks into a twice a month sessions. As well, the CEO rearranged the communication of clients even the very valued ones with the managers and placed it as a responsibility to the lower levels of the employees. Not only he created a void between the organization and the clients but as well this new system cut the managers from their subordinates, therefore losing the communication on the procedures that went on at the top level of the company.

The whole new reorganization of the bank started to concern the people of the board and lower level employees due to the fact that it mostly focused on the acquisitions that would bring a lot of money and stopped concentrating on the client. Mr. Groenink was pleased by his work and tried to push it harder. Since his lack of skills in the human department, it was not a concern that the employees started to feel as if they are in everything alone and that the board was always only fighting, telling their opinions but never listened to any other solutions. It started to look like a battlefield rather than a collective work. Everyone was losing focus on what is actually the goal. A consultant called into the scene said that in order to make a business goal successful, the employees must understand what it is about. Everyone has to have the same language to communicate properly and that will reduce the fighting. It was explained to Groenink that because he is the leader, it is his duty to spread the message and share it constantly within the workers but to him that was uninteresting and unfulfilling work. Instead he placed it onto the shoulders of someone else. The interesting part about this case is that Mr. Groenink once in his interview, talked about the future of the company and that he would hope that it was still " open, honest, unpretentious and transparent organization. That the organization now has an atmosphere that is fun to work in and that together we achieved a balance between work and our private life."(Smit, pg.169, 2010) It is a bit ironic due to the fact that he saw mostly the employees as machines that need to bring the most value and once they do not, in his eyes are useless but speaks in plural about a balance between private and work life. He even made a speech once that whoever thinks they are doing everything they can for their job are mistaken and have to push themselves more. However, the CEO did not walk the talk and many complained that he seemed lazy and went earlier home while others stayed at work at night. In many meetings Mr. Groenink was not prepared and have not gone through the documents that consisted of the agenda the board needed to talk about therefore, unnecessarily prolonging the sessions. The CEO wanted a hard working environment while sending an opposite message from himself. The managers were even forced against their will to give a bad evaluation to their subordinates. Mr. Groenink openly expressed that he wanted to delete the environment of not feeling pressured that used to be before and to create a shock for their employees if even

small costs exceed. His specialty was not to consider others solutions if he already came to his own conclusion.

After certain calculations a decision has been made that they need about 8,500 employees at certain positions to leave the bank. They send out a letter to a specific category of employees which implied that the company cannot assure if the employee is fit for the organization and therefore they are offering a severance stimulation package to the ones who would willingly go. If they would not select this solution then they would be later on a selection for matching place and if they would not show that they are of any use to the company then they would become a part of a mobility organization. The ending of the letter showed sympathy that it is a hard choice to make but hopefully it would not affect the performance at work and the employees would still try to give their best at the workplace. The employees were very disappointed and felt a betrayal from the part of the bank which practically informed them that their hard work is not looked at with gratitude. The workers were furious and even more so when Mr. Groenink implied that he does not care about the people that " from now on the bank is focusing on creating the value for its shareholders". (Smit, pg.204, 2010) At the end, Mr. Groenink blamed the managers for how it was handled and how the people behaved. After everything the employees heard, thousands of them selected to use the package resulting a total number of 6,673 employees leaving the company. Managers saw this letter as a big mistake because it caused a complete demotivation and grievance and possibly losing many employees who were very qualified and successful in their work. After it was over, in an interview for a Dutch journal the CEO said "Now it's clear who's leaving and who's staying, we're seeing an atmosphere emerging in the spirit of We, the stayers, are loyal and They, the leavers are profiteer's. (Smit, pg. 212, 2010)

All these incidents were just creating more intense environment. The bankers were already so frustrated that a team building activity in Morocco was organized to help them deal with their issues. They were sent into a desert to complete certain tasks which should have helped them to get back together. Mr. Groenink was given a sword which represented that he was the leader. They were divided into teams of eight with four members in one division. Everyone was trying to cooperate and work

together. In the first task which should have been completed most teams stuck close together once they saw that Mr. Groenink was nowhere to be seen. They were starting to get worried, went more slowly so maybe he could catch up. Once they arrived to the camp, he was already sitting there with a happy face because he was the first one to arrive. To him, competition was very important and always needed to be the best no matter what. The next occurrence which shown his lack of team spirit was when two of the jeeps got stuck into the sand. Every division tried to help, he just passed by them without stopping or offering any kind of help. It was pleasing that once again he was going to win. That was not however the only problem that occurred on the desert. When the only female member of the whole group offered to help to fix the problem with the car, not only was her help refused due to the fact that she was a woman but because she was a junior and from wholesale. One would think that in such a sophisticated and successful corporation these kind of prejudices would not appear especially not at the top management. Overall, some may have found again a connection but the final result was not what it should have been.

Many consultants were called and explained that workshops are not the way to strengthen the firm and eliminate its issues but that the problem lies in the whole culture and that is what needs to be fixed. Mr. Gronenink had coaching with the same message that he cannot think only analytically but need to listen and have empathy to create trust. He knew that was not his strength however, did not do anything about it to change it. An employee survey result showed that most of the workers had no hope and trust in the bank. Everything came into an end in 2007 when ABN AMRO had to be taken over by the consortium of the banks because it could not hold its own anymore. Mr. Groenink preferred and pushed for a different bank to acquire ABN AMRO but they did not listen to the CEO. Even Employees did not strike, they were quiet even though they knew that many jobs will be lost. Mr. Groenink was disappointed that they did not show any fury that it is not the Dutch spirit. One may speculate but if people do not have any hope and trust in the company they work for, they probably do not have any drive to fight for it either. The CEO lost his position and in his last speech where he talked about how he was happy what they have built together, that it was a pleasure to come to work and regrets that he will not be able to offer a support for the ones that will lose their job,

nobody offered any applause. Out of awkwardness one person started to clap and the rest followed however, it was not honest because his message did not represent how it worked in the company and there was never support from his side, neither a good working environment.

After such a short period of time arrogance, self-accomplishment, lack of leadership skills and empathy could destroy a bank with a long history and high standard. The bad company culture of ABN AMRO was a big factor in its fall. The endless fighting, apparent dictatorship and small focus on employees brought the bank to a crossroad where one way or another it would lose its independence.

2.4 The Fluctuation of Heineken Slovakia Organizational Culture

Heineken is a worldwide company with a history dating from 1873. It is one of the biggest beer companies in the world with approximately 77 000 employees. Even though the name associates itself with one beer brand, Heineken owns more than 250 international, regional and local brands. (Heineken.com) However, Heineken as any other company must develop and adjust, not only in trend and technologies but in its culture too. This subchapter is derived from a conversation with the former Human Resource Manager of Heineken Slovakia Roman Kollár PhD. It will focus on Heineken Slovakia and its needed change when the beer market started to decrease when the economic crisis hit in 2008.

Once the company saw what the economic crisis is doing to the market, they knew a reorganization and a new plan had to be made in order to stop the falling. In figures below, where the first figure (page 36) shows the Slovak Beer Market and its volume sold and the second figure (page 36) represents Heineken Slovakia EBIT development, one can see that the market was declining every year from 2008 to 2010. On the other hand, Heineken was rising and profiting due to its new and improved approach to organizational culture. They had a meeting with people where it was explained that due to the bad situation, they will not be investing into anything as well as the wages will not be increased, but they came up with a project called The Gerlach Vision. Gerlach is the highest mountain in Slovakia which

represented the top where the company wanted to get with their numbers. Each year, the tables showed a marking how it is getting closer to the top of the mountain in a chart. Thanks to this vision, many innovations came from the side of the employees which made them rise incredibly and the people were very satisfied as well making them the second best employers in the country. Until 2012 their EBIT was rising around ten to fifteen percent. In order to get this vision at the right track, it was important to make an assessment of the current culture that was making the numbers. To understand what the people are doing and what are the principles of the existing culture. From that point forward, it was communicated how it should look to get the different numbers that were set as a goal.

Mr. Kollár explained, it can never be done in a way where only the strategy is created. For example, if a firm is making 10 million euros and wants to make 20 million euros, the board cannot just come up with a strategy that they see fit and then hand it over to the employees. The culture that is currently making the numbers has to be explored and from that derive what kind of culture could make the 20 million. In order to improve, the structure must be changed. Are those the people that fit the culture? If not they have to be changed. Is the wage alright for them or not? Many other questions must be risen and examined to exactly see where it all lies. Dr. Peter F. Drucker once said that "culture eats strategy for breakfast." Core values are very important in an organization and according to them, the employees should be picked out. Values cannot be taught at that point of life, they must be inside already. Not everyone fits every culture and therefore the employees who are supposed to be invested in a firm that wants to be high performing must be on the same page with what it wants to accomplish and how. It is not difficult to write the core values. A board or just a general manager can figure out what is important and what the values should represent. But that is not how it should be done. The more important part is the way of how to get those values implemented and how they truly fit. It is not only up to the top managers to create them. In order to make the values meaningful and successful, the insight of other employees is very essential because they usually have a different view than the managers.

Therefore, Heineken did a session of three days with forty employees to brainstorm what should be the values, mission and vision. Each day represented one task to figure out. Even though, it was very difficult to coordinate such a mass of people and create the final look of these aspects, the fact that it has been done with the people and gave them power to help to improve the culture is what made the Gerlach Vision such a success in the company. It also shown who had an interest in making the improvement and who did not care to talk about those tasks during the sessions. In such difficult times it is essential to bring the people together and make them work together which The Gerlach Vision did. Communication is the way to get people to understand the situation and the goals that want to be achieved. Heineken was showing even small victories and each year providing the staff with the results of improvement. It brought out the feeling in them that they are doing their job well which made them motivated to continue in such a manner. Even when the board made a mind map of what kind of communication channels they should use, it still was not a final decision and waited for the employees to give feedback if it is appropriate and what could be improved. One of many communication channels Heineken made was a twice a year road show to every of their brewery, office or any type of physical place where they had their employees, to show them the results. A very emotional and team spirited film was made about the company to encourage the vision and prove its meaning.

From year 2009 till 2012 The Gerlach Vision created a great purpose and made the people united, high performing and the company very profitable. It shows that even though experiencing crisis it could still move high in charts. Unfortunately, in 2013 Heineken Slovakia started to decline not only in selling units but as well in the eyes of its employees. To explain the decline, one must understand the change the top management of Heineken Slovakia experienced. During the years when the company was prosperous the board was very united and uniform. However, there was some tension between the sales manager and the marketing manager resulting in the marketing manager's decision to leave the company. The sales manager left the company as well after a short period of time. The board chose to bring a woman into their team to be in charge of marketing however, the one who they hired could not carry out the job therefore, it resulted in an unsuccessful and damaging result. The

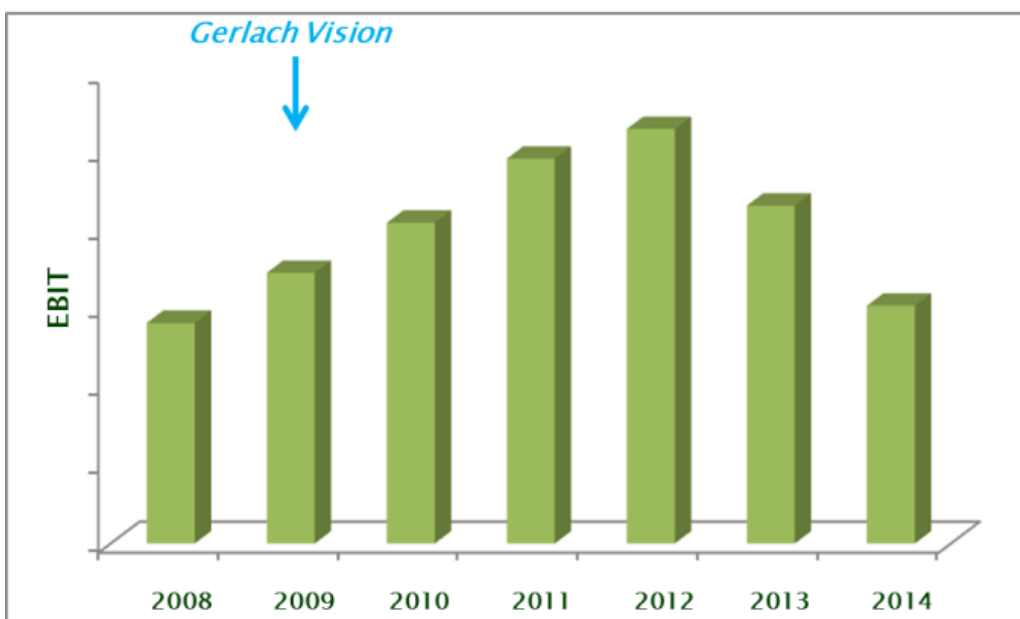
next candidate chosen for the job was again a step back for the company and did not fit the team. As if it was not enough, the financial manager was placed into a different country which resulted in changing the board structure once again. The general manager was no longer a manager of just Heineken Slovakia but Heineken Czech Republic as well. It was a very difficult and exhausting task. All these factors made the board to lose its uniformity and brought bad decision making into the company process. In addition, the Heineken headquarters gave a higher profit goal for Slovakia due to the fact that they were doing very well. It was a big mistake and the employees felt betrayed by the board that they could not protect them from the corporate's orders and became some kind of their mannequins. The corporate Heineken gave them such goals for 2013 that it could not have been managed. These are all the reasons that made Heineken fall in the market once again. In 2015 they still made a big amount of profit however, it was not the number that the corporate wanted and therefore they associated this substantial profit as a failure. The top managers lost motivation in their job and in the eyes of their employees they lost credit as well. When comparing the data of Heineken's engagement survey from 2011 to 2013 one can see not only a decline from employees at a lower position but a very big drop from the managers too. The organization culture was experiencing a bad time. The general manager was replaced by a new one who came with a new vision called The Phoenix. Even though, Mr. Kollar is not working for Heineken Slovakia anymore, he is still in contact with the current leader of the company and explains that it is experiencing a very good time with the new set goals and vision.

One can come to a conclusion in this example how it is important to not let ego run the company but to take opinions of the employees and work toward a goal together. Even when the market was experiencing crisis, Heineken was still able to rise from that event and have a very profitable and high performing company. It is not just about the money but the way people view the company and how they feel inside it.

Slovak Beer Market



Heineken Slovakia EBIT Development



3 The Influence of Organizational Culture on Employee Performance

3.1 Questionnaire Findings

Company culture has the ability to be perceived in many ways, and there many markers indicating a healthy or unhealthy environment. Understanding company culture requires honest feedback from employees, but this can be difficult as employees often fear reprisal or retaliation from vindictive superiors. Therefore, an anonymous survey was created which asked for employee thoughts on a variety of factors, from the general profitability of the company, to views on interpersonal relationships, team pride, company culture, the understanding of goals and level of contribution. These results shed light on the multi-faceted nature of company cultures, and the different ways they are created, maintained and influenced.

Demographics

In order to begin identifying the key ideas of how a company's culture is viewed, a survey was conducted amongst working professionals in Eastern Europe and abroad. The survey, conducted online, included 142 responses. Of these, 41 were male and 101 were female, with ages ranging between 19 and 70. Eighty-seven people were located in Slovakia. Two individuals were located in Asia—South Korea and Hong Kong—while the remaining represented various regions in the West. The geography of respondents is important because the surrounding culture which may affect attitude towards the work environment and other employees. This was taken into consideration when analyzing the results. A wide and varied representation of various levels of a company existed in this survey. There were six entry level participants, 34 part time workers, 39 intermediate level employees, 21 middle managers, 19 upper

managers and 23 executive level individuals. Reported company sizes ranged from one to 12,000. The vast majority of these companies were reported as international, with the average number of employees at around 750.

How does the employee engagement look in companies?

Most individuals reported an overall positive opinion of their company and a positive engagement beyond merely fulfilling the job. One hundred and seven individuals reported that they intentionally contribute to the company's strategy, and all reported positively that their company's goals made sense. All employees had recently taken a company survey regarding their engagement and commitment. When asked about whether or not they remembered the company engagement survey, only 55 of 107 people responded that they remembered anything of it. However, when considering the 35 individuals who reported that they were only interested in getting their job done, 27 of them reported they did not remember taking this survey. Levels of engagement and commitment were lowest amongst entry level and part time workers. Of the 40 people in these two categories, 31 of them did not remember taking the engagement survey and only half expressed any intentional commitment to company goals. It is possible that this lack of commitment is reflected by their halfway status in the company. They are not investing effort in the company as the company has not invested in them. Conversely, executives and management comprised a group of some 63 individuals. Of them, 40 remembered the survey, and 56 expressed intentional commitment. Intermediate level employees expressed qualities of both categories. While 31 out of 39 individuals expressed intentional commitment to the company, only 12 individuals remembered taking the engagement survey.

What kind of relationship and opinion people poses towards their co-workers and work?

Only entry level and part time workers reported experiencing a formal work culture. Their responses to later statements were also consistent with the profile of individuals who were not fully inducted into a community. It is likely that the former group has not had the time to develop relationships with his or her coworkers, while the latter is not around enough to receive adequate exposure to the more informal elements of company culture. These demographics typically expressed lukewarm engagement in company goals, agency and the ability to learn and grow. Likewise, they were far less likely to view coworkers as friends, and far more likely to report work relationships as strictly professional. A higher percentage of individuals who reported "work only relationships" stated they were just trying to get the job done, and expressed more neutrality regarding work culture importance. Conversely, almost everyone who agreed that their coworkers were friends also reported that work culture was "very important." Some responses contradicted themselves, however, noting a work only relationship but also agreeing that coworkers were friends. This may have skewed the results. The survey reveals that most individuals saw their coworkers as some sort of friend or acquaintance beyond work. The only groups which consistently saw peers in a solely professional light were part time workers and executive level individuals. People who answered only in the affirmative regarding statements about work culture were more likely to report an intentional contribution beyond simply getting their job done. Likewise, almost everyone who reported that work culture was unimportant also reported merely wanting to get their job done. Nobody in this group remembered survey. This group was comprised of seven part time workers, two entry level workers, four intermediate workers, three middle managers and one upper manager. Although here existed mostly part time workers, the presence of upper management suggests that there are other features than simply the lack of exposure which may inhibit the development of relationships between coworkers. Nobody answered "strongly disagree" in regards to understanding their work culture. However, the eight individuals who answered "disagree" also responded negatively regarding community, performance and their coworker relationships, suggesting a discontent with their work culture rather than a lack of understanding. This group consisted of

three part time workers, two middle managers and two upper managers. Most of them disagreed that there was any link between culture and performance, and only one reported any intentional contribution beyond simply getting the job done. Here, too, suggests that a lack of interpersonal relationships might exist in these offices.

Finally, strong leadership seems to affect company culture. Thirty-two people reported their company's leadership as "very strong" and of that group, 27 noted that company culture was also very important. Similarly, 26 people reported intentional contribution. This pattern was not easily reversed, however. Thirteen people reported there was not a strong leadership present. This did not seem to impact views or opinions about work culture. Most agreed that there was a link between company culture and performance, and thought that company culture was "important" or "very important." However, most reported negatively in regards to agency, room for growth and that there existed a learning environment within their company.

What can be the influence of formal vs. informal culture?

People who reported negatively in other categories agreed that bad culture affects performance; however, many felt that work culture itself was unimportant and did not see coworkers as friends. This is peculiar because it suggests that two different ideas or definitions of "work culture" exist. The first might refer to formal organizational culture, official policies and methods imposed from the top down. The second might involve the spontaneous, informal culture which arises as a result of the unique combination of personalities within the office. This is the type of culture which sees coworkers becoming friends and carrying on relationships outside of the office. This survey shows that these two culture can and do very easily operate independently of one another. A formal culture is more readily affected by the strength of leaderships, clarity of goals and overall company performance. As shown, a strong leadership positively affects informal company culture, while a poor leadership seems to primarily affect a company's formal culture in a negative way. Although it is difficult to glean an accurate picture from only 142 responses, it is possible that a company can simultaneously have both a toxic formal culture and a functioning informal culture. Whereas a formal culture will be throttled by poor

management as a result of its top-down nature, an informal culture can still thrive if the ability of coworkers to network and intermingle remains intact. Although not definitive, a group of six individuals seem to have fallen into the category of a poor formal culture and a healthy informal one. These six individuals had similar responses across the board: they “strongly agreed” their coworkers were friends, but felt they had poor leadership, no room for growth, little agency and a tepid view of their company’s leadership in the market. Despite this, all six individuals also rated their contribution levels as high, generally expressed pride in their team and felt that work culture was very important to their success. Despite poor command at the helm, they were nonetheless committed to their team.

This survey shows that organizational culture is affected by many aspects, ranging from the competence of leadership to the ability of employees to network with one another. What was revealed in this survey is the idea that more than one culture exists in a work environment, and that these cultures affect different aspects of a company’s performance. Likewise, it was shown that both formal and informal cultures are affected by different elements because of the nature of their origins. An experienced culture organizer thus can learn to take advantage of this trait in order to promote an environment which fosters healthy interpersonal and professional development and therefore enhancing the engagement that people put to their work.

3.2 The Relationship between Organizational Culture and Performance

To see the link between organization culture and high performance, one must look at every aspect which was represented in the paper so far, to evaluate the results of the survey and see how many people represent and work in such an environment which was described. The survey respondents were filtered in a manner which should represent a community that has a well-established culture. Only 29 respondents out of the total 142 matched every criteria from which nineteen were female and the rest ten male. Out of all the 29 respondents 17 of them had a position in either upper management or on an executive level and the rest 12 were

either a part-time worker or on an intermediate level position. This sample represents a company which is high performing and makes profit or is balanced. Every single one company has an informal structure as well as intentional contribution from the side of staff and everyone agreed with a good customer service. The leadership is strong and has provided the employees with goals that make sense. Not only these people work in a learning environment but associate their colleagues as friends and have a pride to be a part of it. All of them strongly agreed that growth is possible for them and that the organization clearly communicates its values, beliefs and norms. These employees have clear directions on how to carry out the job and who to ask for help once struggling occurs. They have strong belief that culture has an influence on their performance and see it as a very important part in an organization. However, this was a sample that fit all the criterion and logic for what makes a good established organizational culture.

Once filtered the low and medium performing companies the results showed 57 responses with this match. 40 out of them were on a lower or medium job position and 38 stated that they intentionally contribute to the company strategy. Most of them do not remember the engagement survey and 15 revealed that their customer service is not good. Twenty six of the respondents disclosed that the company is not a market leader and thirty showed that the leadership is weak. 11 part-takers of the survey declared that they do not completely understand the organization goals and 20 of them do not believe they have a learning environment. More than a half agreed that their relationship with co-workers is on a work-related or neutral basis. 17 stated they did not have pride in their team or viewed the team neutrally, neither proud of it nor completely disappointed. 18 testified they did not have a space to grow in their work and 17 communicated they were not given proper information to make correct decisions in their work. Out of this sample, 21 participants do not have good understanding of the informal processes and structures in the company ergo do not understand the values, beliefs, norms etc. A minority of these individuals do not believe or have a neutral opinion there is a connection between culture and performance and only one "strongly believes" it does not affect their or the colleagues performance at all. This person was on an executive level position therefore, a leader who stated this. However, only six expressed that they neutrally

feel about company culture and only one expressed that it is “not important” to that person. Overall, 129 employees revealed that they either “strongly agree” or “agree” that bad culture will affect their and other workers performance and 125 that organizational culture is “important” or “very important”.

To see the relationship, one can see from these results that mostly high managers view their company as a well-established one. Therefore, leaders who control the culture, nurture and take care of the environment state that it is a good one, that the employees are provided with all the necessary information and it is an environment where employees can rely on each other and move forward. As mentioned in the chapters before, it is a responsibility of a leader to establish such a culture that works in the eyes of the employees and often the high managers themselves do not understand the concept properly and do not know the true meaning of creating such a space. There are many executives which believe they are doing a great job but mostly because everything is carried out by their personal perception how it is supposed to be done and if there are any failures it is usually blamed on the employees. The problem also occurs due to self-profiting and taking more care of personal ambition than the organizational one. Since the survey was not conducted in a specific company and the answers are very versatile, it is not possible to link the responses of the managers with the lower level positions and therefore, cannot view if the leaders expressed the true nature of the culture in a company and if their subordinates would see it in the same way. However, when it is took into consideration that mostly the higher positions fit the ‘perfect’ criterion of a good culture and it is a well-known fact that organizations do not put too much emphasis on the culture, it could prove there are different point of views from the top management and the employees who do not possess the power in a company.

It was necessary to look at everyone who associates its company performance as high to see the link between high performance and organizational culture. Overall 85 people said that the company was high performing and the majority expressed that co-workers were friends and have an informal structure. There was a good mix of levels of position therefore, opinions from every department is taken into consideration. Only a very small amount of employees occurred who do not put too

much effort into their work. Most of them are happy with the leaders and understand the goals, values, what is expected of them and how to achieve it as well as having a strong belief towards the theory of culture and its impact on performance. Therefore, even though their responses may not have been completely positive in every part, still most of the cultural facts matched together. When the sample which had a low or medium performance is taken into consideration, there were mostly employees who did not have the most powerful positions and most of their answers resembled to the ones of an unclear and poorly established culture. It were all companies which did not communicate their purpose and probably put high pressure on employees who do not completely understand the processes in the organization. Most of them expressed that culture has an effect on the performance and believe a firm culture is an important part. Since most of the answers were negative on the internal structures and the companies were low or medium performing one can see a link between the ones who are high performing and how their answers looked concerning the culture in the firm and the ones whose performance is not on a high level and how their culture is settled.

Conclusion and Managerial Implications

This study engages to understand the meaning and effects of organizational culture and how it influences the employees and their performance. To understand this type of relationship, it examined different numbers of studies, looked at organizational culture and performance of companies such as Southwest Airline, Zappos, ABN AMRO, Heineken Slovakia and lastly a questionnaire was designed to see the correlation. Such examples provided the liberty to acquire a deeper meaning on the importance of establishing a good organizational culture. The purpose of this research is to not only gain the knowledge about corporate culture but to explain the power it can have on the employee performance. The aim is to prove the relationship between the two variables.

The research examined a number of papers and theories available on organizational culture. It engaged in the purpose of such an establishment in a company and what kind of consequences it can have on employees and the company's well-being as well. The main idea of organizational culture is to accept the fact of having a diverse community with different values, attitudes and beliefs therefore creating such rules which would be appropriate for the community. (Denison, 1996) These patterns help the individuals to understand the internal structures, how to act in certain situations and what message they should pass on, whether to new employees or to customers. (Schein, 1988) It explains what the employee's needs and wants are and what approaches can be taken to create or improve such an environment. As well, it strengthens the internal bond with the external one and create a greater commitment from the side of the employees and leaders as well. Once the internal design of an organization is on a satisfactory level, it can create such a situation where the norms are no longer controlled by the individual due to its purposeful meaning and has them subconsciously embedded in mind which has a positive impact on the processes of a company. (Schein, 2010)

Corporate culture is a tool, which can make change easier in a company due to the constant improvements and modifications in the business world. Major occurrences which have an impact on performance are acquisitions, new partnerships and other forces which are prone to big modifications therefore, the adjustments of concepts, internal and external structures. This often causes a disturbance on notions which misleads the employee on what is actually the vision and mission of the company. Any shift may encounter a disruption in productivity however, a well created culture in a firm can ease the pain and frustration which usually follows with great changes. What employees need in order to go above and beyond in their work is the sense that their presence matters and the work is valued. There is a need of empowerment and being part of decision making especially when it involves their faith and responsibility in the company. This as well shows trust which is another component concerning productivity. Employees work better once the goals and values are clearly communicated, if the company is well focused on them and its customers rather than just thinking of the profits. (Holbeche, 2005)

The paper gives examples of four different companies: Zappos and Southwest Airline built their success on their organizational culture. The number one priority are the employees who are treated as part of a family, highly empowered and chosen in such a manner where the skills are less important than attitude. The hiring firstly involves a culture-fit due to the fact that skills can be trained. These two companies, thanks to good established approaches are in their field's one of the best in customer service (Sadri, Lees, 2001), (Morrisey, 2008). They support the meaning and importance of creating a strong internal environment. ABN AMRO, was the opposite case where the lack of value put on the opinions of the employees and the members of the board by the CEO could destroy a renowned bank. The misconception by many leaders where their power and assumptions are the key for the business to strive resulted into a decay of trust, performance and goal achievement. It displays, how even a long prospering business cannot be saved by its history and prestige once there is an internal disturbance. The last company was Heineken Slovakia which presents how the modification of culture can bring high performance when the beer market was experiencing a decrease due to the economic crisis which emerged in 2008. The establishment of a new vision, which was not only constructed by the members of the board but the employees input as well, has brought the organization rising success and prosperity. Once the internal dissatisfaction started to rise due to the constant change of top management and designed goals which could not be achieved, the performance started to decrease as well as the trust from the side of the employees. All of these four companies bring clarity on the leadership and internal processes and how it creates a relationship with the overall performance.

To test these concepts, an empirical research conducted by a questionnaire was designed for employed people in such a manner where the questions should reveal the culture of the company they work in and what is the performance. There were overall 142 responses and answers filtered with the aim to see whether there is a relationship between organizational culture and performance. To better understand the following statements for proving the relationship there ought to be a reminder for the reader of the hypotheses introduced at the beginning:

H1-Organizational Culture is linked to performance.

H2-Properly designed organizational culture leads to high performance.

H3-Inproperly designed organizational culture leads to lesser performance.

Overall, eighty five individuals expressed that their company is high performing where the majority said that they work in an informal structure and associate their colleagues as friends. As well most of them intentionally contribute to the company strategy, have pride in their team, can learn from one another, are empowered and have a good understanding of the internal structures such as values, beliefs, norms and goals. They believe in their leaders, understand their work and have a strong opinion that company culture could have an influence on them and their colleagues. Additionally, they conclude that culture in an organization is an important part of business. If we move onto the companies with medium or low performance, out of the whole 142 sample 57 respondents associate their company in such a manner. More than a half stated that they intentionally contribute to the strategy however, they expressed that the leadership is weak. Some part expressed that they do not completely understand the goals of the company as well as they do not belong into a learning environment. More than a half declared a strictly working relationship with co-workers or on a neutral basis. There were more negative or neutral responses regarding the pride in the team compared to the ones in high performing organization as well as the experience of not being empowered. There was as well an occurrence of answers where the respondents testified that they were not provided with proper information to make correct decisions about their work and in addition, do not understand the internal structures of the company. A small amount does not believe or have a neutral opinion that there is a connection between culture and performance however, the majority believes company culture is an important part of an organization.

From these results it can be concluded that there is a relationship between Organizational Culture and performance. High performing organizations answered questions about their culture in a positive regard whereas the lesser performing companies experience struggling in the internal environment.

Limitations

This research however experiences limitations. Firstly, even though those were answers from normal employees it could have been clearer if the questionnaire has been conducted in specific companies which are different from one another with employees from every level which could show how the top management perceives the culture and how the lower level employees perceive it and that might have brought a better understanding of the correlation. Furthermore, it only explores performance on an internal organizational level without asking about external forces which may had an influence on the employee performance. As well, even though the survey was anonymous and insured the respondents of confidentiality the answers could be biased and dishonest. Additionally, a greater number of respondents with more specific questions could strengthen the answer on the topic. Moreover, the information on the four companies may involve some bias because only the ones who are involved in the internal environment of the company truly understand what is happening there and usually if experiencing some misfortunes it is not talked about in depth externally.

Even with the limitations involved, this study possesses information which bring contribution to the research and literature on Organizational Culture and its positive influences on business due to the clarification of certain aspects which are still misunderstood or misinterpreted to this day. It explored the meaning of Organizational Culture and how big of an impact it can have on the prosperity of the companies. It gave an importance to establish such an environment to make the organization high performing and to be more involved internally, since employees are the key to a success of a business. Therefore, it urges leaders, managers and companies overall to think critically about this subject.

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Appendices

Appendix 1

Questions Used In the Online Survey:

1. What is your gender?

- Male
- Female

2. What is your age?

(Open answer)

3. Which country are you from?

(Open answer)

4. Which level is your job position?

- Part-Time worker (you are not fully employed at your job)
- Entry Level (bottom level, you are supervised and are assigned least complex tasks due to lack of experience)
- Intermediate (It is an in-between level, where you have skills to work on more complex tasks, and have competence in some things but you are still supervised)
- Middle Management (A middle manager is a link between the senior management and the lower levels of the organization)
- Upper Management (you are responsible for making the primary decisions within a company)
- Executive Level (you are appointed and given the responsibility to manage the affairs of an organization and the authority to make decisions)

5. How many workers approximately does your company employ at your location (not globally)?

(Open answer)

6. In your opinion your company is:

- High Performing
- Medium Performing
- Low Performing

7. My company makes:

- Profit
- Balanced
- Loss

8. My company is:

- International
- Domestic

9. My your company is:

Formal- Meaning, where people come together and accomplish a common objective, have a formal relationship and the creation only comes from the top management

OR

Informal- Which as a formal organization has people to accomplish the goals but in addition has a system of a social relationship, where its workers interact, meet and associate with each other and the members are a part of creating the ideas.

10. Do you just try to get your job done (despite the company strategy) or in a way that intentionally contributes to the strategy goals?

- Just have my job done
- Do it in a way which contributes

11. Do you still remember the result of your company's employee engagement survey?

- Yes
- No

12. My company is good in customer service

Strongly agree, agree, neutral, disagree, strongly disagree

13. My company is one of the leaders in its market

Strongly agree, agree, neutral, disagree, strongly disagree

14. My company is strong in its leadership

Strongly agree, agree, neutral, disagree, strongly disagree

15. I understand my company's goals and the link between my own work and the company's objectives.

Strongly agree, agree, neutral, disagree, strongly disagree

16. I work in an environment where people learn from each other and teach each other

Strongly agree, agree, neutral, disagree, strongly disagree

17. Relationship with my co-workers is strictly professional

Strongly agree, agree, neutral, disagree, strongly disagree

18. I relate to my co-workers as friends as well

Strongly agree, agree, neutral, disagree, strongly disagree

19. I am proud to be a member of my team

Strongly agree, agree, neutral, disagree, strongly disagree

20. I am given the space to grow in my work

Strongly agree, agree, neutral, disagree, strongly disagree

21. I have the appropriate amount of information to make correct decisions about my work

Strongly agree, agree, neutral, disagree, strongly disagree

22. I have a good understanding of informal structures and processes at the organization (e.g. its beliefs, values, norms etc.)

Strongly agree, agree, neutral, disagree, strongly disagree

23. When something unexpected happens in my work, I usually know who to ask for help

Strongly agree, agree, neutral, disagree, strongly disagree

24. I see a linkage between a company's culture and the employee's performance

Strongly agree, agree, neutral, disagree, strongly disagree

25. I believe that if there was a bad company's culture, it would affect mine and my colleague's performance

Strongly agree, agree, neutral, disagree, strongly disagree

26. How important is company culture to you?

Very important, important, neutral, not important