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## THE IMPACT OF IDENTITY ON ORGANIZATION EFFICIENCY

*In today's turbulent world the emphasis is put on knowledge society, human resources are the key factor in productivity of an organization, and the efficiency of an organization is affected by its productivity. Human resources are an important element in stable and efficient organization that is competitive. The paper highlights the identity and the integrity of a company as the soft factors affecting organizational efficiency. On the basis of secondary analysis and field survey in 8 organizations it was identified and examined whether knowledge of a company goals and vision leads to higher workers' efficiency and thus to higher organizational performance, by using the quantitative and qualitative research methods, especially survey and interviews. The research proves that knowledge of goals contributes to the improved performance of individuals and organizations.*

*Keywords:* identity; knowledge; goals; performance; efficiency; organization.

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## ВПЛИВ ФІРМОВОГО СТИЛЮ НА ЕКОНОМІЧНУ ЕФЕКТИВНІСТЬ ОРГАНІЗАЦІЇ

*У статті підкреслено, що фірмовий стиль і цілісність компанії — це "м'які" чинники, які впливають на економічну ефективність організації. На основі вторинного аналізу і польових досліджень у 8 організаціях були виявлено і розглянуто, чи приводить знання цілей і бачення компанії до підвищення ефективності роботи і, отже, до підвищення ефективності роботи організації. Використано кількісні і якісні методи дослідження, включаючи опитування та інтерв'ю. Дослідження довели, що знання цілей робить свій внесок у поліпшення роботи окремих осіб і організацій.*

*Ключові слова:* фірмовий стиль; знання; цілі; продуктивність; економічна ефективність організації.

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## ВЛИЯНИЕ ФИРМЕННОГО СТИЛЯ НА ЭКОНОМИЧЕСКУЮ ЭФФЕКТИВНОСТЬ ОРГАНИЗАЦИИ

*В статье подчеркнуто, что фирменный стиль и целостность компании — это "мягкие" факторы, влияющие на экономическую эффективность организации. На основе вторичного анализа и полевых исследований в 8 организациях были выявлено и рассмотрено, приводит ли знание целей и видения компании к повышению эффективности работы и, следовательно, к повышению эффективности работы организации. Используются количественные и качественные методы исследования, включая опросы и интервью. Исследования доказали, что знание целей вносит вклад в улучшение работы отдельных лиц и организаций.*

*Ключевые слова:* фирменный стиль; знания; цели; производительность; экономическая эффективность организации.

**Introduction.** Since 1980s great changes have begun in economic systems and in the society their intensity is deepening, frequency is accelerating and the range is becoming global. Only businesses or enterprises that are able to prepare for these

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changes and accordingly respond to them will survive. Otherwise they will expire in increasing hypercompetition. General development trends such as internalization and globalization, intellectualization, informatization, “greening” may become opportunities if properly taken into account of strategic decisions, if no, these trends may become threats for a company. Strategic management plays the key role dealing with — vitally important goals. It is necessary to evaluate the main factors determining business environment in strategic management, i.e. customer needs, behaviour of competitors and suppliers and macroeconomic conditions. In the literature there exist many definitions and interpretations of the concept of strategic management, e.g., Michalko (2006) sees strategic management as a process of systematic implementation of all the corporate goals set in particularly serious and vitally important areas. Kerkovsky, Vykytel (2006, p. 4): “strategic management undertaken by top management or owners includes activities aimed at keeping long-term harmony between the company mission, their long-term goals and available resources and also between company and environment in which the company exists”.

The aim of the paper is to identify and verify that knowledge of company goals and vision leads to higher efficiency of workers. Partial aim is to verify the hypothesis that higher average knowledge of goals within a company will result in higher percentage of fulfilling a company's objectives, to find what knowledge of vision and goals within an organization have technical-economic workers and to find whether they understand the concept of vision at all, whether they find it important. The survey was accomplished in the companies where the actual state has been analyzed and within the research it was investigated what knowledge of goals all the technical-economic employees have across the whole organization — starting from the vision and ending with their specific goals to contribute to fulfilling, of the vision. We investigate the correlation between goals, knowledge and workers performance.

**1. Vision, goals and organizational efficiency.** Every company must constantly use and connect all its resources to achieve its goals — not only material, financial and informational, but especially related to human resources. These can be considered a key success factor for a organization because it is the people (workers) who put all other resources into motion and through them an organization strives to achieve its objectives and thus a continual development and sustainability at a market.

Organization logically seeks such approaches and human resources management tools that help it align the interests of both employees and various groups involved in the company with its goals. Or, to put differently, to improve the relationship between employees and organization and improve work performance.

One of the possible approaches is the performance management. Its aim is to connect and harmonize the goals of an organization and individual employees, increase the proportion of fulfilment of organizational goals, to make employees work not more, but more efficiently. The performance management system uses the system access, communication and motivation.

Goals setting, measuring and control is one side of success — so-called hard tools but whether an organization and its employees will eventually be successful, largely depends on the so-called soft factors, for example, the identity, the integrity of employees, company culture etc.

This way of modern understanding of labour force is followed by the authors who see the change of the current business world in the concept of productive factors. They see a man and his multidimensional potential as a basis for the new economy.

The identity and the integrity form the basis for an enterprise running, create conditions for improving business efficiency, and that's why it is important to work with this two key factors. Identity is perceived as a complex of internal and external features by which an organization is identified in the environment. It goes about own individuality, finding own "self" of an organization in the surrounding world. Identity in today's world becomes the main factor of company's competitiveness.

The integrity is given by company's cohesion and includes two opposite features of an organization. On the one hand, organizational flexibility and dynamism are given due to the fact that both employees and strategic business units have their own identity, but on the other hand, they associate their own identity with a company (total).

This new dimensions are manifested in a competition between companies in various forms, eg.:

- company image;
- company design;
- corporate culture and its internal climate;
- communications, both internal and external;
- behaviour of a company;
- company's products and dynamism of its innovations etc.

These similarities are the soft factors affecting employee' performance. Company culture together with internal climate affect communication inside a company and hence knowledge of organizational goals and vision.

This paper focuses on efficiency as a result of the activities and performance is assessed in connection with the goals fulfilling. Following the definition of Bernardino as stated by Armstrong (2002, p. 428), "performance should be defined as the result of work, because it is the most strongly associated with strategic goals of the organization, customer satisfaction and contribution to economic performance."

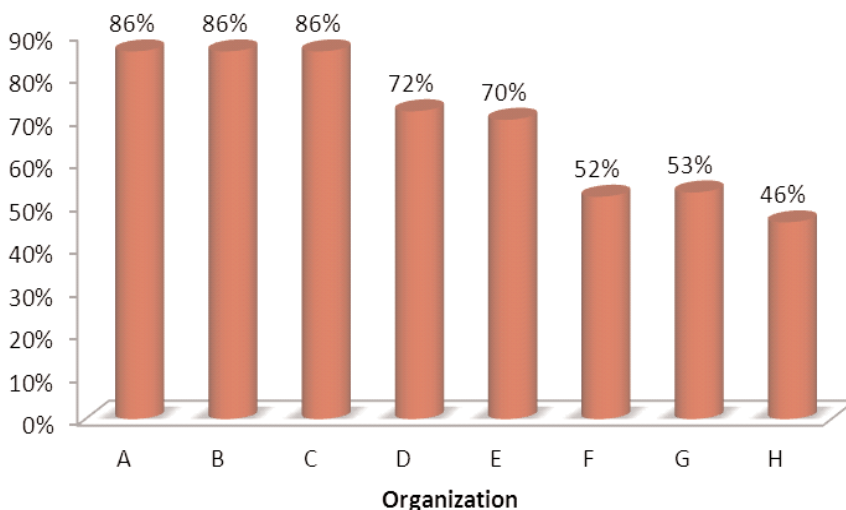
Most authors and theories would agree that management by objectives is the path that will lead to an increase of organizational performance, but also they say that there is no universal setting of this tool that would work for every company, which means that each organization must be treated individually — create correct vision, find the right strategy, set the right goals, right connection of goals across the organization and get the committed employees who take the company's goals as their own. Are current managers competent enough to fulfill such a task property? Do they have enough knowledge and experience?

**2. Vision setting.** Setting the vision is one of the basic steps to success for an organization, almost all the authors dealing with strategies agree on this. The question is how many companies set their own vision in the Czech Republic and whether employees know the vision, take the vision as their own, understand the vision? When we speak about multinational corporations we have to say that they are in this respect far more successful than small companies in the Czech Republic. We could find vision, values and strategic goals in nearly all the multinational corporations.

The literature on modern management deals with human emotions, dreams, values, integrity, unity, synergy between employees (partners) and a company. This implies the management by values or a learning organization whose principle is that employees are not only developing themselves as individuals but they all develop together so that organization reaches better and better results. Is there such an organization in practice? According to the experience of companies, it is a great success if a company is properly set in MBO, but working properly with human emotions and other soft factors is also important.

**3. The field survey of company's goals and vision knowledge.** The aim of the paper is to determinate whether knowledge of company's goals and vision leads to higher efficiency of workers — which means that if a worker knows a company's goals and vision, a greater success will be in their fulfilling.

The hypothesis was verified by using average percentage value that indicated the knowledge of the goals. The respondents were grouped by companies. This way makes it possible to compare the percentage of goals knowledge between organizations and the percentage of fulfilling the set objectives.



**Chart 1. The average knowledge of the company's goals**

The evaluation whether the employees know the company vision was performed by the configuration of management system used in automotive industry. VDA 6.1 is German automotive industry's quality requirement. The directive VDA 6.1 defines 4 standards which show how good the level of fulfilling of the company's goals is. The first is where the percentage degree of over 90% correspondent is a completely satisfactory level, none of 8 companies reach that. The second is between 80—89,99%, called mostly adequate level, in this level are 3 companies from our research. The third group is conditionally satisfactory level, 60—79,99% and this level is reached by 2 organizations. And in 3 organizations the level of fulfilling is very low, that means they are in the group under 60%, and the degree of knowledge of the company's goals is evaluated as unsatisfactory.

The result shows that the employees are insufficiently acquainted with the vision and company's goals across the organizations. There are only 3 organizations meet-

ing the requirement of average knowledge of goals. If we calculate the average in the whole, it is only 37,5% of all the organizations.

**4. A comparison of knowledge of the goals and the results of the organizations.**

Further we make the investigation in each organization comparing the knowledge of the company's goals and vision and the efficiency performed.

The comparison shows that the knowledge of the company's goals in the comparison with the company's efficiency is different in each organization. This indicates that communication is different in each of the companies and is reliant on individual managers and employees, whether they are actively interested in the goals of the organization. All lack the unifying approach "from on high" which would cover the entire company, ensure all the employees have access to these important information and mediate regular feedback. This is evident from the evaluation by VDA 6.1 that not even one company fulfills the completely satisfactory level of knowledge of the company's goals.

Furthermore we compare the average knowledge of the company goals and the average percentage of their performance in each company. Performance was determined on the basis of management assessment and the level of fulfilling of individual organizations from their internal materials.

*Table 1. The average knowledge vs. the average fulfilling*

Organization	Average fulfilling	Average knowledge
A	100%	86%
B	97%	86%
C	95%	86%
D	77%	72%
E	70%	70%
F	73%	52%
G	72%	53%
H	58%	46%

The average percentage of knowledge of the company's goals is lower than the average percentage of fulfilling in 7 organizations, only in one case the rate of knowledge and the rate of fulfilling are on the same level. Another phenomenon is that the success of performance and fulfilling is also affected by other factors than the mere knowledge of the goals and vision — the soft factors — identity, integrity, culture and the influence of managers.

The objectives (goals) should be communicated more flat, the company should ensure that in the first place technical-economic personnel has a clear understanding of the goals of the organization and its vision. Only due to the effort of these people can a company work it out.

The following figure illustrates the correlation between the average percentage of knowledge of the goals and their fulfilment.

The calculated correlation coefficient is 0,67 which represents a significant soundness. There exists a notable correlation between knowledge and performance of the company's goals. Herewith we confirm the hypothesis, because it is true that knowledge of the goals enhances organizational efficiency. Therefore, is it in the interest of organizations to find the ways to make employees acquainted with the goals and vision.

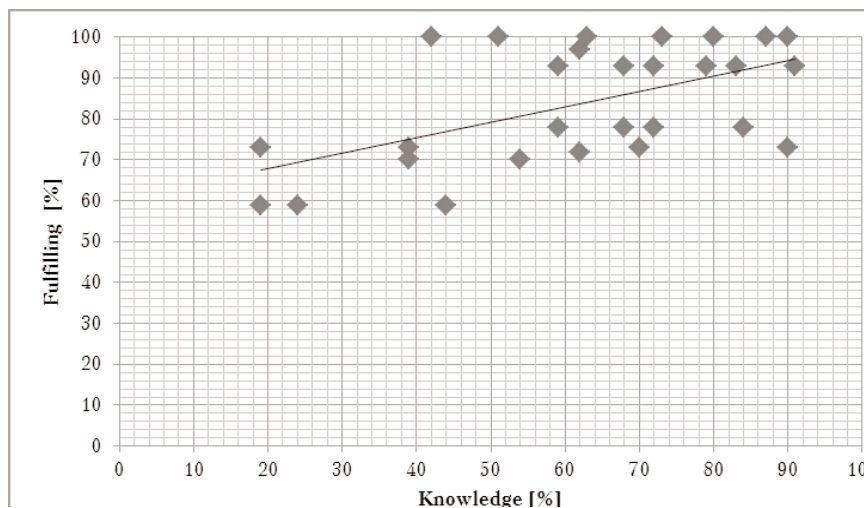


Figure 2. The knowledge of goals vs. their fulfilling (for individuals)

There are several ways which can be used to familiarize employees with the goals and vision of the organization, for example:

- information posted on the company's bulletin board;
- printed bulletin;
- using company's intranet;
- vision and goals printed on promotional items;
- regular meetings of management and employees;
- outdoor training where employees learn the vision and the goals.

The suitability of communication methods can be evaluated from several aspects, among the most important are: suitability for an organization, appropriateness for employees, financial demands and time demands.

**5. Conclusion.** The research shows that the knowledge of goals and vision contributes to the improved efficiency of both individuals and organizations. Measurable hard factors are only one part of the variables. The most important are soft factors, such as motivation, emotion, integrity, identity, effective utilization of human potential, corporate culture etc. The new concept of competitiveness has confirmed that these soft factors can't be easily measured, but they are still important for individual performance and organizations and their competitive ability at the market.

According to Drucker (2000), "to lead" means to make right things while "to manage" means just to do right things. Today's organizations are too controlled in many cases but poorly maintained, because top managers are better in setting out principles, objectives, practices and procedures than in creating structured general vision and its communication within their organization. They are therefore managers, not leaders.

Based on the research results in 8 organizations it is shown that efficiency of the organization is influenced not only by hard factors but also by soft factors like identity and integrity leading to improved competitiveness of enterprises.

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Стаття надійшла до редакції 13.03.2012