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CORPORATE CULTURE AS A FACTOR OF QUALITY INCREASE AT A TRANSPORT COMPANY

The article is dedicated to the importance of corporate culture, its formation and implementation and also deals with the research made on a Slovak transport company. A new model is proposed for corporate culture in the analyzed company. Corporate culture is affected by permanent confrontation with business priorities, as well as by external environment dynamics.

Keywords: corporate culture; transport company; quality.

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КОРПОРАТИВНА КУЛЬТУРА ЯК ЧИННИК ПІДВИЩЕННЯ ЯКОСТІ РОБОТИ ТРАНСПОРТНОЇ КОМПАНІЇ

У статті доведено важливість корпоративної культури, її формування та впровадження на прикладі словацької транспортної компанії. Для компанії, що аналізується, запропоновано нову модель корпоративної культури. Продемонстровано, яким чином на корпоративну культуру впливає нестиковка бізнес-пріоритетів та динаміки розвитку зовнішнього середовища.

Ключові слова: корпоративна культура; транспортна компанія; якість.

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КОРПОРАТИВНАЯ КУЛЬТУРА КАК ФАКТОР ПОВЫШЕНИЯ КАЧЕСТВА РАБОТЫ ТРАНСПОРТНОЙ КОМПАНИИ

В статье доказана важность корпоративной культуры, её формирования и внедрения на примере словацкой транспортной компании. Для анализируемой компании предложена новая модель корпоративной культуры. Продемонстрировано, как на корпоративную культуру влияет нестыковка бизнес-приоритетов и динамика развития внешней среды.

Ключевые слова: корпоративная культура; транспортная компания; качество.

Introduction. Today performance and success of transport companies at the global markets depend not only on traditional indicators but also on corporate culture. Companies with strong corporate culture are more "readable" for their employees who know what is and what is not tolerated in, corporate culture also represents for external entities that it adheres certain specific cultural norms and would not certainly do specific undesirable actions. The issue of corporate culture from the perspective of Slovak companies is insufficiently developed, so the article intends to provide insights into some aspects of corporate culture development.

Literature review and theoretical framework. Corporate culture can be defined as an *atmosphere or climate prevailing in a company as a reflection of its human resources*. In literature we can meet various definitions of corporate culture. M. Armstrong defines corporate culture as a set of accepted beliefs, attitudes, norms and values existing in a company. Z. Sigut (2004) presents corporate culture as internal rules of game that affect thoughts and actions of employees.

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Corporate culture has a multifactor conditionality and is strongly dependent on the culture of the environment. It is formed with the emergence of the company and its creators may be the founders of the company or senior managers as well as employees with distinctive personality. Corporate culture can't be prescribed, but its development can be influenced in order to achieve company's objectives. Company management has to realize the current status of corporate culture, know and understand rules and possibilities how to influence its development as well as plan its changes (Cihovska, 2001).

One of the most famous theorists dealing with management and organization, E.H. Schein recognizes **three levels of corporate culture**, namely: *summary of basic ideas, social norms and standards of behavior, system of symbols*. **Basic ideas** of company's employees include their relations to the outside world, their ideas about human nature and character, their desires, unfulfilled goals and so on. This level of corporate culture remains in a spontaneous, unconscious form and represents a broad spectrum of views. The second level of corporate culture is **social norms and standards of behavior** originating in the company. These are a product of corporate ideology, established principles or rules. They are conscious and somewhat affected by businesses. The third level of corporate culture, according to E.H. Schein, is the **system of symbols**. This system consists of speech (verbal and nonverbal component), forms of social relations, ceremonies, rituals, clothing, logo etc. Symbols are evaluated as conscious and specifically affected components of corporate culture, which are visible and registered.

The company may focus its attention while changing corporate culture on:

- *staff;*
- *management.*

The link between the values professed by an employee and his/her behavior is not always straightforward. Despite knowing a certain human and also his/her value system, we can't know exactly how he/she will behave in a particular situation. It is therefore important to put emphasis on the overall system of personal work. Focusing on *management* – managers are perceived as makers of corporate culture, who represent for employees certain patterns and symbols of corporate culture. Company management leaves deep marks in corporate culture that affects and determines the ability of employees to behave properly with customers. One way of improving the quality of management and therefore increasing competitiveness of Slovak companies in a changing competitive environment may be cultivation management. M. Mikusova and P. Horvathova (2012) state in their publication: "The ability of management to predict and prevent crises is their important quality in ensuring the operations of the organizations".

Formation of corporate culture must be based on business ethics. A. Putnova and A. Seknicka (2007) consider the following basic components of moral culture of the entrepreneur:

- 1) *moral wisdom;*
- 2) *culture of moral feelings;*
- 3) *competence, professionalism and sedulity;*
- 4) *culture of behavior and actions.*

They also state that the level of moral culture of an entrepreneur depends on the culture of personality, affected by family and school. Expression of the quality of moral culture of an entrepreneur should be:

- 1) *honesty in any behavior both within a company and externally;*
- 2) *elimination self-enrichment at the expense of company or coworkers;*
- 3) *respect of interest for company development.*

Many companies indicate in their mission that their business activities will be developed in line with high morals and responsibility, but in practice we often come across low level of moral culture of companies and entrepreneurs. Effort of companies to cooperate in accordance with ethic principals is often represented only theoretically. However, we consider ethical behavior as one of the prerequisites for company's success and for its long-term survival within business environment (Putnova and Seknicka, 2007). William Gibb Dyer established 6 major causes of violations from ethical behavior of an individual within corporate culture through their research of integrity failures in various enterprises:

1. *Ignorance of ethical standards or underestimating their importance.*
2. *Strong situational pressures for unethical behavior of individuals.*
3. *Indecision and inefficiencies of direct superiors.*
4. *Unethical behavior of immediate colleagues at a workplace.*
5. *Ignorance or failure to address ethical transgressions by company management.*
6. *Enormous orientation of individuals for personal gain.*

The abovementioned reasons can generally document the internal pressures (1 and 6) as well as external one (2–5), all of which modify (complain, distort) moral decisions of individuals. Any form of pressure restricts the autonomy, which is a necessary condition for free ethical choice. If employees are unable or do not have the freedom to decide how to act, then the extent of their manipulation is directly proportional to the quality of decisions. Another danger for positive development of corporate culture, which has moral impacts, is the existence of certain "braking" barriers that arise in the intra-life of the company. It is an experienced work practices and defined roles, high group cohesion, unclear priorities and isolation from external influences. These general barriers which brake the development of corporate culture can be a matrix for certain type of employees' behavior in the workplace that can directly destroy corporate culture. The most serious of these barriers is the so-called harassment. From the moral point of view such behavior is not only unacceptable, but for corporate culture it is also very dangerous (Chlebkova, 2012). Corporate culture that is built on fixed moral foundations is a prerequisite for positive company climate. Within it there occurs the cultivation of interpersonal relationships in the workplace, to the flourishing of work ethics, streamlining communication and managerial work. All of these save costs associated with control activities and solution of ethical conflicts. It is a priority that can create a company profile and build it an important position not only at the market but also in the minds of people.

Implementation of corporate culture. Basically, it is a process in which goals, norms and values of a company become part of individual hierarchies, goals, norms and values of individuals or groups of employees. Among the key factors important for the implementation of corporate culture we need to mention the following:

1. *Awareness* – primarily information openness of companies (their vision, strategic plans, the performance results and other areas affecting the formation of corporate culture). Resources for the transmission of information in a company are meetings, company's magazine, intranet, internet, call centers etc.

2. *Personal example of management* – if managers do not keep the established rules and standards of behavior, then corporate culture is threatened.

3. *Company's documents* – written clearly defined standards of corporate life. This concerns strategic programs, workshops, organizational charts and company's plans from the financial plan through production, personal plans to education and social plans of the company (Hraskova, 2012).

Subject of the research. Analysis of corporate culture of the company "Železničná spoločnosť Slovensko", a.s. (Slovak Railway Company, joint stock company). The main activity of the selected transport company, in our case Slovak Railway Company, is to transport passengers by state railways. The company focuses its marketing efforts on the application of its transport capacity at the national and international markets. A part of its transport is within state social policy practiced for public interest and a part of transport (EC, IC trains) is carried out on the commercial basis. Research and analysis of corporate culture of the selected company is considered very difficult, because it can't be based only on specific, easily identifiable characters, through which a company presents its culture outside, but it is necessary to come out from what is inside human potential. Keys to understanding the corporate culture of the examined company may be the official goals and company mission, which show how the company would like to speak in public. As a part of the analysis of corporate culture of this company, we found the following:

Železničná spoločnosť Slovensko, a.s. set the goals as follows:

- long-term financial stability and growth;
- stabilization and growth of the current market share in the economic environment of Slovak Republic and the EU, competitiveness at domestic and international transport markets;
- to ensure continuous improvement of customer satisfaction and improve performance of the company;
- to create a positive image that attracts creative and talented people;
- to focus on the core activity with the use of outsourcing for service activities.

Mission of the company *Železničná spoločnosť Slovensko, a.s.*: "By providing quality and reliable services oriented on the needs of travelers, we will build an efficient transport system in Slovakia with its connection to the rest the world. We will create an environment of trust and openness both outside and inside of the company, through which we will be perceived by our customers as their partner on the road".

Vision of the company *Železničná spoločnosť Slovensko, a.s.*: "We are creating a new mobility that shortened the distance between people. People satisfaction which we receive for our alternative of individual transport is a measure of our success. We help people to reach their goals safely and comfortably, while we seek solutions enabling usefully spend the time needed to travel. Along with bus transport we help regions to build an efficient transport system that supports the mobility of the population on their way to work, for culture, education, other services and is available to each inhabitant of the region with respect to the specific social conditions. We will use

the occasion to promote cross-border cooperation with partner railways and will contribute to the development of Euroregions".

Philosophy of the company Zeleznicna spolocnost' Slovensko, a.s.: "The basic philosophy of our company is to satisfy customer needs by increasing the quality of transport services".

"Zeleznicna spolocnost' Slovensko", a.s. is currently using largely authoritarian management style that represents its corporate culture and which is based on organizational structure. The requirement for professionalism is provided by education of its employees while its corporate culture lacks loyalty of employees to their business. The main weaknesses of employees' behavior which conduct first contact with customers and which customers most perceive include: incompetence, lack of interest, unwillingness, indifference, cold, insensitive approach, ignorance of foreign languages etc. *As the main reasons for change in corporate culture of "Zeleznicna spolocnost' Slovensko", a.s. we consider first of all:*

- corporate culture of the company does not correspond to changed conditions in the environment;
- between the established corporate culture and strategically necessary culture of the company there is a discrepancy.

The change of corporate culture of the company "Zeleznicna spolocnost' Slovensko", a.s. must be carried out under the following principles:

- the company must make clear it about itself and consider what it has;
- determine its values and priorities, focus on the right administrative staff;
- cultivate trust, purposefulness, continuity, mutual support, does not promise, but act, openness.

Discussion. Based on the research of the corporate culture for the company "Zeleznicna spolocnost' Slovensko", a.s. we can observe that in the analyzed company's corporate culture is not strong enough and it is important to propose changes to develop it and thus enhance the company competitiveness. Changes in corporate culture must relate especially to the work of the first contact employees and managers. The company should promote ethical aspects of work and fair treatment of employees and thus increasingly develop business activities in line with high morals and responsibility. Determination of key ethical values of corporate culture defines the moral character of its activities. Management of "Zeleznicna spolocnost' Slovensko", a.s. plays a key role in the process of change due to they with their attitudes and beliefs have the greatest chance to influence ideas, attitudes and values of its employees, whose results of work are the closest to customers. It seems evident that it is necessary to keep on training managers and other employees while it is also appropriate to use the services of outside consultants. Changes of corporate culture in "Zeleznicna spolocnost' Slovensko", a.s. should lead to changes in employees' behavior which will enhance company performance so it will become the best in its sector. The goal should be to take a leadership position at the market in quality of service, range, reliability etc.

Based on the facts identified by the research it is appropriate in the process of selection of new employees to take into account not only knowledge but also social competence of jobseekers. This specific requirement stresses the set of standards ISO 9001:2000, which in principles of quality management specifically state: "To help

ensure the future of transport company and the satisfaction of stakeholder management of the company should create a corporate culture involving employees who are actively looking for opportunities to improve performance, processes, activities and products". Employees of the company must undertake the proclaimed corporate values such as respect, not only to customers but also to colleagues, and be willing to listen to others. All company's standards, regulations and rules should therefore be closely linked with each other to have a common influence on the work and social behavior of employees. Some of these measures can be transferred immediately to the company life, but the implementation of others may be a longer perspective. The change of corporate culture is possible only as a result of long-term systemic action. The third level of corporate culture is the system of symbols of "Zeleznicna spolocnost' Slovensko", a.s. These symbols can be evaluated as conscious and purposefully affected component of corporate culture, visible and registered. Attempts to change corporate culture often concentrate on the system of symbols, because it is not difficult to change them. This type of change is usually carried by external companies and in our proposal this part of corporate culture will not be discussed. However, it is necessary to harmonize the symbols of corporate culture with new desirable individual value profiles and further stabilize this linkage.

For the change of corporate culture in the case of the analyzed company the best way is to use the concept that seeks the company as "*biosystem*". We consider the suitability of the mentioned concept in the analyzed company mainly because it pays attention to the balanced development of both components – social and knowledge-based capital. The development of knowledge capital supports quality enhancement for a range of services that would contribute to improving the image of "Zeleznicna spolocnost' Slovensko", a.s. as a carrier, who is changing dynamically and offering services with high added value. The importance of developing social capital for "Zeleznicna spolocnost' Slovensko", a.s increases proportionally to the speed of changes the corporate sector is facing. Company management needs to achieve and maintain competitiveness in the field of human resources by constant care for its employees in education and personal development. "Zeleznicna spolocnost' Slovensko", a.s couldn't perform only professional retraining of their employees, but it also must take care of their professional growth and change the mindset of the first contact employees. If customer orientation becomes a part of the corporate culture, then it will be right to state that corporate culture has become one of the major success factors of "Zeleznicna spolocnost' Slovensko", a.s at the global market. Effective management of change requires the creation of supportive and collaborative culture and elimination of traditional rivalries. It assumes at least a basic level of organizational capabilities and cooperation of all employees.

Proposing a new mission for "Zeleznicna spolocnost' Slovensko", a.s.:

"Our mission is to:

- provide comprehensive transport services of high quality at a reasonable price with the goal of long-term customer satisfaction;
- be a partner of our employees, impart them to work with enthusiasm, reliably and responsibly, to jointly reach ever higher goals".

Proposing a new vision for "Zeleznicna spolocnost' Slovensko", a.s.: "We want to be the top transport company satisfying customers from Slovakia and Europe by servic-

es of the highest quality. We want to be the company that achieves profit through maximum customer satisfaction with respect to public interest".

A new philosophy for the company: "The basic philosophy of our company is comprehensive customer satisfaction achieved through our transport services of exceptional quality". New philosophy has to be implemented in all structures and levels of the company. We propose to inform all employees of the company about the new corporate philosophy. The process of clarification of new philosophy should proceed hierarchically descending from top management to ordinary employees. It seems crucial to release this pillar of corporate identity at all workplaces, but also on the website and the intranet portal.

A new system of commonly accepted values for the company "Železničná spoločnosť Slovensko", a.s.:

- provides quality services to customers (going beyond the expectations of customers);
- correct relationships with customers;
- professionalism and competence;
- marketing orientation;
- autonomy and responsibility;
- ethical approach in business;
- positive relationship to the environment;
- protection and safety at work, respect to employees;
- care for redundant employees;
- good relations with Slovak Republic Railways and with the company "Cargo Slovakia" a.s.

The company undertakes to follow values and principles by releasing them in relation to all stakeholders – customers, business partners, employees and public in general. The company must declare the values inside translated into all systems and structures, from evaluation and remuneration, through organizational structure, to company equipment. Company and all its employees must really believe in these principles and follow them.

Within the proposed change of corporate culture of the company "Železničná spoločnosť Slovensko", a.s. should:

- improve personnel selection and retraining of the first contact employees (loyalty to the company, assertive behavior of employees, empathy and active knowledge of at least one foreign language);
- implement the institute of the test client that would help to identify employees with the largest reserves in the behavior with customers;
- improve the environment for customers and employees;
- ensure modernization of the company's wagonage;
- emphasize the cleanness of trains and other public spaces;
- strengthen the protection of public order in trains;
- consistently collaborate with railway police;
- exactly schedule the trains;
- enhance operations in marketing and advertising;
- suggest new offers of commercial discounts, build customer centers.

"Zeleznicna spolocnost' Slovensko", a.s should try to ensure customer feedback after the end of a transportation service (receive complaints and suggestions) and they should also motivate customers for further transport. When the company's management will take seriously the process of building corporate culture that supports high performance of the company, then the first results may show after a few months.

Conclusion. The process of corporate culture change starts when the behavior of employees is not appropriate which is ultimately reflected in company performance. It is necessary for the company to realize that only good corporate culture has a positive effect on employees and on the overall corporate identity, which can't be achieved in one day, but is the result of long (and never ending) process. If a part of the contents of corporate culture becomes a customer orientation then corporate culture of the company is one of the major success factors. It is clear that a set of standards ISO 9001:2000 is a very effective tool to improve the work of transport companies through the implementation of quality management system.

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