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ORGANIZATIONAL CULTURE, ITS TRANSFER AND INFLUENCE ON HUMAN CAPITAL MANAGEMENT IN THE CZECH REPUBLIC

(RETAILING CASE STUDY)

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DECLARATION OF AUTHORSHIP

I declare that the dissertation thesis under the title "Organizational culture, its transfer and influence on Human capital management in the Czech Republic, (retailing case study)" is my own personal work. Cited literature and source materials are indicated in the annexed bibliography.

Prague, 13th May 2014

…………………………………………

Ing. Lenka Šústová

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A flower isn't watered because it blooms.

A flower blooms because it's watered.

NAOMI ALDORT

***

Květinu nezaléváme proto, že kvete.

Květina rozkvétá, protože ji zaléváme.

NAOMI ALDORTOVÁ

ABSTRACT

The present thesis looks into the organizational culture of the Czech subsidiary of an international retail company and, based on the findings, it suggests a managerial style that would make organizational culture a competitive advantage. It is supposed that not only nations or countries but also companies have distinctive culture, understood as, following Schein, not just visible artefacts but also values and underlying assumptions. Also, following Martin, culture is not expected to be homogenous within the entire company, but different subcultures are envisaged across the hierarchy and various types of operations. As a result, organizational culture is not easily managed and thus (as a complex phenomenon) potentially not easily imitated which may provide a competitive advantage especially in a sector as heavily dependent on the performance of front line employees, as is retail.

Since niceties of various subcultures would be hardly traceable by a mass quantitative approach, the research was conducted qualitatively in the form of interviews with individuals from the head office down to groups of front line employees across various formats – department store, hypermarket and two small formats. The collected data were compared with freely accessible information in printed and electronic documents related to the Czech retail sector and such through which the case company communicates its cultural principles. Subsequently, the data were interpreted by the tools of the grounded theory method which consists in identifying the most important topics touched upon in interviews, gradually delving deeper into common causes of superficially disparate phenomena, boiling down to a couple of main categories.

Four topics were discussed in the interviews: employees' perception of company values and company itself, communication and transfer and management of organizational culture. The following categories were found in the analysis: management style, personal development, recognition and motivation, communication and an overlapping category company values. The organizational culture was characterized by authoritative management style with a possibility of consultancy, pragmatic, stressing effectiveness and accuracy in planning, experience and polychronicity, with high power distance and equal wage on lower positions. Since the company values expertise, an elaborate career system is established, yet those employees who don't want or who can't build their career feel neglected as if hard work was not worthy of recognition. In communication, lack of trust and reactions to the employees' feedback was perceived from lower levels which caused certain tension between the centre and the periphery.

Two remedies to the above problems are suggested: a puzzle piece approach management based on uniqueness and dignity of each human being valuing and trusting each employee on his/her own position, not only those with career aspirations. The other is recognition of leaders on all levels of the organizational hierarchy inspiring their colleagues with their example aligned with company values. Thus leaders would not have to be only on the top of the hierarchy with their influence waning down the way and culture would be present everywhere in the company at greater strength, making the employees content, motivated, feeling appreciated and their performance would improve.

Keywords: organizational culture transfer, retailing case study, trust and leadership

ABSTRAKT

Předkládaná práce se zaměřuje na organizační kulturu české pobočky mezinárodní retailové firmy a na základě dosažených výsledků navrhuje manažerský styl, který by měl napomoci vytvořit z organizační kultury konkurenční výhodu. Předpokládá se, že ne jenom národy nebo země, ale také firmy mají svou specifickou kulturu. Dle Scheina není tato kultura chápána pouze jako viditelné artefakty, ale zahrnuje i hodnoty a základní předpoklady. Dle Martinové se rovněž nepředpokládá, že by byla kultura napříč celou firmou homogenní, nýbrž se očekává, že napříč hierarchii a různými druhy operací jsou přítomny odlišné kultury. Z toho vyplývá, že organizační kultura není snadno zvládnutelná, a proto (jako komplexní fenomén) není ani potenciálně jednoduše imitovatelná, což může poskytovat konkurenční výhodu zvláště v sektoru, jako je maloobchod, který je silně závislý na výkonu zaměstnanců první linie.

Protože by odstíny rozmanitých podkultur byly těžce zjistitelné hromadným kvantitativním přístupem, výzkum byl prováděn kvalitativně formou rozhovorů s jednotlivci od centrály až po liniové zaměstnance napříč rozličnými formáty – obchodní dům, hypermarket a dva malé formáty. Nasbíraná data byla porovnána s volně dostupnými informacemi v tištěných i elektronických dokumentech týkajících se českého maloobchodu a v dokumentech, kterými společnost sdílí své kulturní principy. Následně byla data interpretována pomocí nástrojů metody zakotvené teorie, která spočívá v identifikaci nejdůležitějších témat z rozhovorů, postupného hlubšího zkoumání vzájemných souvislostí zdánlivě nesourodých fenoménů a konečném zjednodušení témat do několika hlavních kategorií.

V rozhovorech byla diskutována čtyři témata: vnímání firemních hodnot a samotné firmy jejími zaměstnanci, komunikace, transfer a management organizační kultury. V analýze byly nalezeny následující kategorie:

manažerský styl, osobní rozvoj, uznání a motivace, komunikace a kategorie firemních hodnot přesahující do ostatních kategorií. Organizační kultura byla charakterizována autoritativním manažerským stylem s možností konzultací, pragmatičností zdůrazňující efektivitu, přesností v plánování, zkušeností a polychronností s vysokým rozpětím moci a vyrovnanými mzdami na nižších pozicích. Jelikož si firma cení odbornosti, byl zaveden přepracovaný systém kariérního postupu, ale ti zaměstnanci, kteří nechtěli, nebo nemohli budovat svou kariéru, se cítili být opomíjení, jako kdyby namáhavá práce nebyla hodna uznání. V rámci komunikace byl vnímán nedostatek důvěry a nedostatek reakcí na zpětnou vazbu zaměstnanců z nižších pozic, které pak způsobovali určité napětí mezi centrem a periferií.

Na výše popsané problémy jsou navrhovány dvě opatření: tzv. manažerský přístup puzzle dílců založený na jedinečnosti a důstojnosti každé lidské bytosti, vážící si a důvěřující každému zaměstnanci na jeho pozici, ne jenom těm s kariérními aspiracemi. Druhé opatření spočívá v uznání lídrů na všech úrovních organizační hierarchie, kteří inspirují své kolegy vlastním příkladem v souzvuku s firemními hodnotami. Lídři by tak nebyli jenom na vrchu hierarchie se slábnoucím vlivem směrem dolů. Kultura by tak byla přítomna všude ve firmě s větší sílou, přispívajíc ke spokojenosti zaměstnanců, motivaci, pocitu ocenění a jejich výkonnost by se zlepšila.

Klíčová slova: organizační kultura a její přenos, retailová případová studie, důvěra a vůdcovství/ líderství

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LIST OF ABBREVIATIONS

AC – assessment centre

CSR – Corporate Social Responsibility

CZ – Czech Republic

DS - department store

EX – Express store / convenient store of the company

HC – Human Capital

HCM – Human Capital management

HM - hypermarket

HR – human resource (-s)

HRM – human resource management

KPI – key performance indicators

KSAs - knowledge, skills and abilities

M&A – merger and acquisition

OC – organizational culture

OCM – organizational culture management

PPAM – Puzzle-piece Approach Management

RBV – resource based view

SF – small format

SM – supermarket

UK – United Kingdom

INTRODUCTION

The core values of a worldwide known company are the following:

"No-one tries harder for customers"

and

"Treat people as we like to be treated"

No, it is not Google or the Southwest Airlines. Still, this UK-based Company is one of the world's top food-retailers with operations spread across continents. Present also in the Central Europe, specifically the Czech Republic, it has been the country's No. two retailer for several years. A qualitative case study of this particular international retail company aims at delving into the depths of its organizational culture (OC). For now, the name is purposely hidden with the only reference being "The Company".

The notion of culture, the "cultivation of human behaviour", carries our whole human history as it formed the breeding ground of each individual across different epochs. Nowadays, rapidly expanding multinational companies participate in the creation of its new face in the form of organizational culture.

Although it seems more tempting to continue in national culture research and follow such masterpieces as Hofstede, GLOBE, Trompenaars, Jackson and others, organizational culture has its legitimate magic, at least in its closeness to anyone participating in any kind of division of labour within international economic relations – the subject of PhD. studies of the author of the present work. Focus on organizational culture is still worthwhile at least due to (1) the not yet resolved discussion about the possibilities of organizational culture management (Smircich 1983), (2) its related ethical issues (Pioch

2007), or (3) the development of human capital through HRM; human capital being perceived as an intangible company's asset constituting a potential socially complex resource of a sustained competitive advantage - the organizational culture (Barney 1986, 1991). Furthermore the shape of and tendencies in today's international retail area, so much characterised by international mergers and acquisitions (M&A) (Moore & Fernie 2004, Myers & Alexander 2007) dealing with psychic distance (Evans et al. 2000), the issue of organizational culture transfer and the impact of OC on people management across the borders within probably different macro-cultures (Harris and Ogbonna 1998, Ogbonna and Harris 2002) and possibly different national cultures (Hofstede 1984, 2004) is earning more rational legitimacy.

The above-described issues naturally encourage a researcher to start with a macro-analysis, yet the author follows **the step by step case study approach** (Harris and Ogbonna 1998, Ogbonna and Harris 2002, Pioch 2007) in order to keep the same methodology, in the same sector – retail sector - but within a different geographical area which has already been required by others (Harris and Metallinos 2002). Thus a micro-analysis approach was chosen for this thesis. It is hoped this attitude will allow a rather adequate deep analysis which would hardly have been obtained by a superficial mass generalizing research, and so the presented work will put at least some puzzle pieces of reality to their correct places.

The aim of this thesis, indeed, is to find out how the concept of organizational culture enters into the human capital management (HCM)? And: **Whether the dealing with OC is bringing benefit to the company HCM.**

Based on the authors like Schein (2004) or Martin (2002) it is understood that an organizational culture consists of several levels. In literature, the more visible parts of organizational culture are usually called artefacts or manifestations, the lower level represents vision and values, also called espoused values, and the deepest level, lying under the more superficial ones comprises of basic assumptions explaining the reasons of people's behaviour and their lived values. Indeed, a question follows whether the visible **OC manifestations and proclaimed values are in accord with basic assumptions** underlying the employees' behavior and thus, what consequences flow for The Company.

So, if the shape of organizational culture in all its three levels is identifiable and at the same time there is an attempt to come closer to the answers of the challenges tackled by previous researchers (already mentioned Smircich 1983 and Pioch 2007), it is crucial to find **the basis of an authentic OC transfer**, by the basis meaning foundations on which the OC transfer would work properly.

Thus, these thoughts lead the author to the following two **main research questions**:

What is the organizational culture of The Company?

And

On what foundations should the organizational culture be built to help The Company achieve its vision using human capital management?

Granted that the company's aim is to achieve its vision through realizing its values by means of particular operational practices, and thus to transfer the organizational culture, the **first sub-question** comes to mind:

How to successfully transfer organizational culture across the corporate structure, from the international headquarters to individual frontline employees in foreign subsidiaries?

The focus on more hierarchical levels than just the top management is deliberate. As Dawson and Mukoyama (2006) have already declared the international retail sector has its particularities, typically high number of stores and general assistants – the front line employees. These people at each store are the first to meet potential customers, therefore having a high potential to create the company's reputation and the perception of its organizational culture by the general public. Thus, the research is focussed on the people throughout the company, who are in the front line when meeting the general public.

In the economic theory, people with their knowledge, skills and abilities are called human capital (Afiouni 2009). These people offering their human capital to a company are also carriers of an organizational culture. Thus, the logic is that organizational culture management is a part of human capital management. Of these carriers some can be then named **leaders, those** who give the organizational culture management its direction and **followers** who in some way take in the leaders' culture and participate in its creation. Based on the definition of human capital by e.g. Afiouni (2009), it is rational to assume that the carriers of organizational culture and the human capital are individualities. Thus, unified managerial attitude to all employees may not result in unified organizational culture. That is why Martin's (1992) concept of three perspective model on organizational culture is used to distinguish among possible company's subcultures and other fragmented deviations from the official integration view presented usually by the main managerial line.

Thus, **the second sub-question** develops on the previous one and reads:

How to manage organizational culture so that it is accepted and promoted /actively realized/ by individual employees?

The thesis has a **standard structure of a qualitative case study**. First, some context concerning retail in the Czech Republic is proposed; afterwards cross-section of relevant literature follows.

Then the explanation of the author's methodological approach is offered, from which the research process and design with the outline of data collection and analysis ensues. At this moment the author draws a lot on similar organizational culture studies like those of Picoh (2007) and Martin (1992, 2002) which helped the author -beginner in this realm look at the organizational culture systematically and from different perspectives. The Author used grounded theory tools which helped her to identify four core research categories. Through their appropriate saturation by relevant data it is hoped that the research would be adequately reliable.

The research was pursued in 2008 and 2009. Thus, at first glance, this fact might diminish the value of the thesis as being too old. However the aim of the thesis was to study a concept of organizational culture and its relevance to human capital management, thus the author views as irrelevant for the purpose of the thesis whether it was done one year or five years ago.

After the methodology part, the findings resulting from the data collected in the field research are presented. The thesis is concluded with a discussion on the findings in a broader context with respect to so far known literature.

1 RETAILING CONTEXT IN THE CZECH REPUBLIC

In general, retail sector has its particularities (Cimler et al. 2007) and these, set in the context of a former centrally planned economy (Groenewald and Leblanc 1998) during or rather right after the boom time of European retailing internationalization with its particularities (Dawson 2007), offer several possible clashes of various differences. Thus, the aim of this chapter is to mention significant **factors outside the organization** which may influence the people working for the case company, its observed units, i.e. **the creation, transfer and management of organizational culture**.

First, the development of the retail market in the Czech Republic after the change from a centrally planned economy to an open market is discussed. Second, the focus is on retailing particularities from the aspect of human capital management, from the economic-historical perspective, further in the opposition to the manufacturing industry and finally the retail internationalization process is seen from the strategic, cultural and psychic distance point of view.

First, the retailing internationalization is goes back somewhere into 1970's and 1980's, whereas the boom of internationalization into 1990's (Dawson 2007). For historically understandable reasons[1] retailing internationalization touched the Czech Republic first after the opening of the market in the nineties. The first half was mainly about the change of proprietary rights within the inner market[2]. The most visible **changes in the Czech retail sector** after 1989, specified by Cimler et al. (2007:266-267), were the following: *"higher initiative and entrepreneurship, better supply of*

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[1] Before 1989, the Czech Republic restricted a cross border movement of goods, services, capital and people.

[2] However, there were a few exceptions of international retail entries e.g. Kmart, Billa, Delvita.

goods and services, notable retail atomization," new store types and assortment, the total number of employees rose. While in 1990 the number of employees working in trade and gastronomy was 613 thousand, in 1999 it was 866 thousand (Cimler et al. 2007).

The second half of the nineties was characteristic of international retail chains entering the Czech market (e.g. Carrefour, Euronova (nowadays Ahold), Interspar, Kaufland, Tesco). Competition and customer care increased (Cimler et al. 2007). Following the path of European retail internationalization, this fact contributed to rapid increase of Czech retail **concentration.** The concentration started at 7% in 1993, rose to 41% in 2000, reached 53% in 2005 for the TOP10 retail organizations and only after the 2008 was stabilized at approximately two thirds of the market for the TOP10 retail companies (INCOMA Research and Moderní obchod 2009). To put it in other numbers, in 2006 there were 326 retail subjects out of 381,635 with 100 and more employees. These less than 10% of all retail subjects created 46% of sales out of which 80% were created by international retail chains, in 2006 (Cimler and Šípek 2008). Filipová (2004) showed that in the period from 1997 to 2003 the shares of sales of these subjects rose from 24% to 38%.

According to Cimler et al. (2007) the turn of the millennium was characteristic of new shopping centres equipped with food corners and amusement centres, the most favourite being supermarket **formats** but hypermarkets started to play a role too. In these years cooperation between manufacturing and trade improved. Around the time of EU accession in 2004, hypermarkets exceeded supermarkets in their turnover. The development of discount chains accelerated. However, customers gradually longed for better quality and freshness. In 2006, hypermarkets maintained 40% of turnover; discount formats represented 17% and supermarket turnover moderately sloped down (Cimler et al. 2007).

The **importance of the retailing sector** in the Czech economy could be described as follows. In 2007, trade (comprising retail, wholesale and motor vehicle sale and repair) had a 14% share in the production of GDP, which made it the second biggest economic branch in the Czech Republic right after the industry sector with one third of the GDP production. However if the view is pointed to the expenditures on GDP, different numbers come up. Approximately a half of all expenditures on GDP was created by households, whereas 63% of the households' expenditures flowed back to the retail. This fact made retail an important branch in the Czech economy. Other data pointing to the importance of trade can be read from the number of certificates issued for trade. They represented ca. one third of all business licenses in 2007 (Cimler and Šípek 2008). **The described data did not change dramatically in the three following years (Cimler and Šípek 2011).** The slowdown of purchase of mid-term and long-term products was noticed, however on contrary a minor rise up of short-term products became in 2009/2010 (Cimler and Šípek 2011). Relating the employment ratio on the national economy, trade belonged to the important employers with over 16% of all employees in Czech Republic in 2006, 2007 and 2008 (Cimler and Šípek 2009).

Second, turning to **human capital** management, the retail sector has its particularities which distinguish it from the management in manufacturing (Filipová *In* Cimler et al. 2007:60-61):

- operational employees in retailing create the **image of the retailer** due to direct contact with the customers on every day basis, which can be more strenuous than in manufacturing as the front line employees are exposed to higher psychical stress and potential health troubles through the contact with plenty of people,
- **uneven working hours**,
- high proportion of **unskilled** workers,

- high proportion of **women** among the front line employees,
- **low** average **wage** of the front line employees,
- sector **undermanning** along with relevant migration.

The above particularities of the human capital in retailing are enough to show that on the one hand the **employees** are an important component and **point of contact** with the outside of the company and on the other hand there are several interconnected factors creating difficulties when performing the work. These facts create limits to be handled within the human capital management which is not the case e.g. in manufacturing, where ordinary employees primarily do not create the **image of the company**. Working hours there might be on shifts; however, rather rarely are there unexpected strenuous events in the form of high inflow of customers into the shop at one time as can be the case in retailing.

Mentioning manufacturing sector, Dawson and Mukoyama (2006) pointed at the necessity of distinguishability between manufacturing and retailing theories when they named several differences between the two sectors. These differences were:

- the **local nature of the market** to which retailers need to respond,
- high **number of outlets widespread** throughout the country as opposed to a manufacturer with usually one or only a couple of plants,
- the **outlets themselves are** included into the **product** range,
- high **number of customers** with direct contact possibly raising up to millions,
- **large number of suppliers** which means plenty of relationships to manage,
- **cost structure** in retailing varies from that in manufacturing both horizontally and vertically,
- *"**strategic objectives** – the internationalisation process in manufacturing is driven by a search for cost reduction through*

> *relocation; in retailing the rationale to expand is sales growth – and thus business growth – via store expansion"* (based on Dawson 2007 *In* Pioch 2010:3).

The operational level in retailing does not demand **high skilled workers**. Such employees are usually at regional and central levels of retail companies. This fact is to be reflected in the motivational system and inspirational style of the management. **Women** create a specific subgroup of employees who are usually mothers of families, thus, they are not focused solely on work. Some authors (e.g. Filipová *In* Cimler et al. 2007) say the low average wage present primarily at the operational levels is interconnected with the fact of high proportion of women in this sector and not only with the lower qualification of these employees. Furthermore, the **average wage** in retail below the country's average does not attract enough people from within the Czech Republic and so **immigrants** also create a subgroup of front line employees. This might be connected with language barriers in some cases.

One type of particularities in human capital is caused by the nature of retail sector as described above. However, at the **national level** another group of particularities could be induced from the **transformation** from a closed centrally planned economy which the Czech Republic was before the 1989 to an open market in a democratic republic.

In a case study of Škoda – Volkswagen joint venture realized in the Czech Republic in 1991, the transformation processes in human resources management needed after the change of the regime were shown by Groenewald and Leblanc (1998). Although the focus was on one case company, this case pointed at the **processes functioning in the era of only state-owned companies.** Their case company was one of the biggest in the country with over 25 thousand employees in 1991. Thus, although it is a manufacturing company, this case can be used to see the way of working and living in the country of a centrally planned economy with **forced ideology**

which existed in Czech Republic for four decades. Here, people existed in particular conditions for a very long time. The following issues are mentioned, e.g.:

- very rigid labour marked,
- remuneration tariffs imposed centrally by the state with almost no hierarchical differentiation,
- directive management with poor explanation of reasons,
- promotion conditioned by political trustworthiness of employees,
- with general opinion of "customer can wait", but
- very generous social certainties.

In their case study Groenewald and Leblanc concluded that **modification of views and relations to work** was naturally **solvable** only **in long term** (stated from a four year period after the joint venture was realized). The case study of Škoda – Volkswagen joint venture showed the **behavioural stereotypes** the employees transferred from the times of command economy which were to be addressed by the new management during the transfer to customer oriented economy and were not completely solved within first four years. **How long the long term is still remains a question.**

The last point related to the internationalisation process and further international retailing as such became especially interesting in the context of this thesis dealing with a cross-border case study. There are authors (e.g. Myers and Alexander 2007) who traced European international retailers and searched for any rule which would be used in the internationalisation process. They found out intra-regional linkages within Europe and a strong flow of retail activity between markets that are geographically and culturally proximate. Their findings could raise the following question:

> Is the **psychic distance hypothesis** inspiring for the context of this thesis? (by psychic distance is meant what Evans et al. (2000:377-378) defined as: *"...the distance between the home market and a foreign market resulting from the perception and understanding of cultural and business differences. Such business differences may include the legal and political environment, economic environment, business practices, language and industry or market sector structure."*)

Concerning the question of psychic distance hypothesis, Moore and Fernie (2004) outlined an overview of empirical studies supporting the fact that the retail internationalization, especially in its early stages, advanced to geographically or culturally close markets for different reasons. However, Moore and Fernie (2004) continued that the proximity notion was rather arbitrarily stated and the **hypothesis concerning the likelihood of business success** (in terms of organizational performance) **due to choosing the proximate markets** (which were supposed to be easier to manage) were not sufficiently answered yet. Also Evans et al. (2000) listed several empirical studies which found once negative, another time positive relation between the psychic distance and organizational performance. Thus, based on literature content analysis, Evans et al. (2000) suggested a holistic framework which included other factors entering the relationship of the psychic distance and the organizational performance of international retailing operations. Among the considered factors there were:

- management characteristics, like the country of origin and experience of company employees in the foreign market,
- organizational characteristics like the size and ownership, level of international experience, retail format,
- structure and making process,
- entry strategy,
- retail offer.

Seeing the matter in the context of influencing factors entering the relationship between psychic distance and organizational performance, the analogy for organizational culture is coming into mind. **Organizational culture** notion as explained in the following pages using the concepts of Martin and Schein is a composite phenomenon which **through its components may influence** other things within the day to day operation.

SUMMARY

The broader context of the case company points to three rather rare or even unique characteristics of the submitted research:

- **Geographically uniqueness –** the study comes from Central Europe where there is no similar qualitative study, as far as the author knows. Most qualitative case studies come from Western Europe or the USA.
- The country in which the case company is situated is a **former command economy**. This has a real long-term potential to bear some particularities in the behaviour of the people who lived under that regime for several decades (as suggested in the case study of Groenewald and Leblanc 1998).
- The case company is from the **retail sector**. This sector is rather unique within cross-border case studies which are more typical for other industries. This fact is further related to the retail sector **particularities, such** as a lot of shop units in one country as opposed to production industries with usually only a few if not one subsidiary, other reasons for internationalization and expansion, a lot of host country employees etc., as discussed earlier in this chapter.

Thus first, it is assumed that behavioural stereotypes accepted during the era of centrally planned economy have influenced **a subgroup of employees** until these days. It is deduced that among such stereotypes belong:

- attitude to the customer,
- attitude to work and the time spent at work,
- expected social benefits and remuneration during state holidays and Sundays.

Second, an assumption is accepted that **sector characteristics** shape basic assumptions and subsequent values and artefacts that create the retail organizational culture. By retail specific characteristics are meant those of Dawson and Mukoyama, (2006) mentioned above in this chapter, like: *local nature of market, numerous outlets, the fact that outlets are products themselves, structure of customers and suppliers, cost structure and strategic objectives*.

Thirdly, it is assumed that organizational culture is a composite phenomenon which has rather an **indirect influence** on organizational performance through its components.

2 THEORETICAL BACKGROUND

The aim of this chapter is to give a brief overview of the discourse on organizational culture (mainly Schein 2004, Martin 1992 and 2002), how it is related to the research on national culture (Gerhart 2008, Hofstede 2006, Trompenaars and Turner 1993) and how the research on national culture impacts managing organizational culture (Adler 2008, House and Javidan 2004). Within this discourse, culture is always perceived on all its levels (artefacts, espoused values, basic assumptions) and from all perspectives in order to have the picture of the phenomenon of organizational culture as holistic as possible. For this purpose the concepts of Martin and Schein are compared.

The core of all these interconnected areas is people acting as carriers (leaders) and followers. Therefore the focus is further on leadership (management) concepts (Schein 2004, Sitkin Pablo 2005, Pettigrew 1979), especially on soft skills (Stahl and Sitkin 2005, Denton 2009). Human capital management with its added value to human resource management is also mentioned (Afiouni 2009). Afterwards the subject shifts to the question whether organizational culture can be a comparative advantage (Barney 1986, 1991).

The starting point is Schein´s definition of organizational culture.. Although there have been several definitions of culture, Schein's definition or similar is common in the research on organizational culture (see Martin 2002:57-58 for detailed comparison). In addition, his work was an inspiration for Ogbonna and Harris (2002), and Pioch (2007). Finally, the conceptual depth of his perception of organizational culture seems necessary to the author of this work when dealing with qualitative research.

2.1 SCHEIN'S DEFINITION AND FORMATION OF ORGANIZATIONAL CULTURE

Schein (1984, 2004) understands the culture of an organization dynamically - as a process in which correct answers to appropriate behaviour are searched for and evaluated in various situations by a group of people. Then, a pattern of basic assumptions stemming from the process is passed on to new members of the group. He defines organizational culture as follows:

"Organizational culture is the pattern of basic assumptions that a given group has invented, discovered, or developed in learning to cope with its problems of external adaptation and internal integration, and that have worked well enough to be considered valid, and, therefore, to be taught to new members as the correct way to perceive, think, and feel in relation to those problems" (Schein 1984:3).

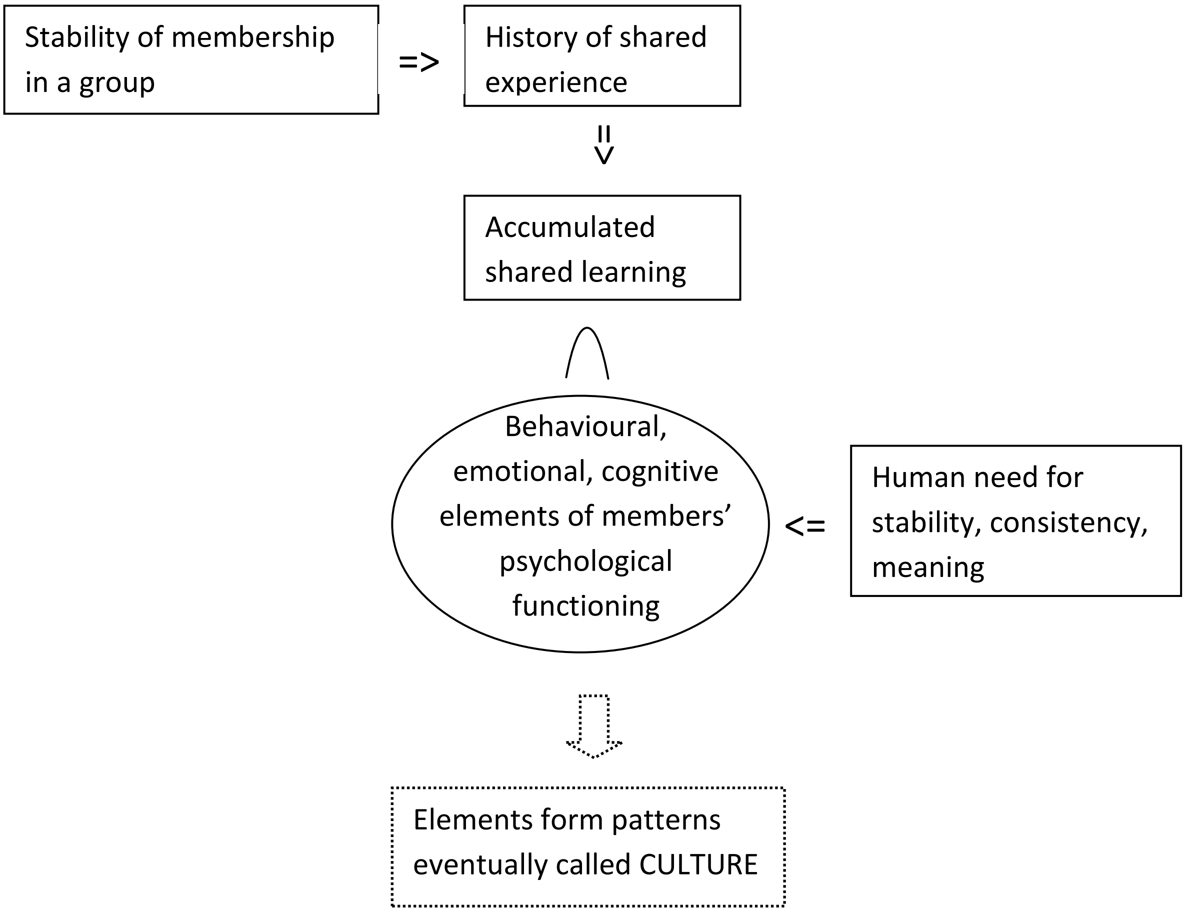
Schein's definition of organizational culture is composed of the subject "WHO" is the carrier (= "given group"), the object "WHAT" is carried (= "pattern of basic assumptions"), the mode "HOW" the object is sought/ created (= "through invention, discovery or development") and "UNDER WHICH CONDITIONS" (= "external adaptation and internal integration problems") and the purpose "WHAT FOR" to deal with culture (= "to cope with the above problems correctly"). In his definition, Schein has the carrier of culture. He explains what the carrier carries and how they are developing the culture. He does not forget about organization's internal and external conditions which come about independently of the carrier's will. Finally, Schein gives a clue that the reason of such behaviour is that the carrier considers these decisions correct.

Schein explains that the phenomenon of culture is very complex and complicated to interpret. Therefore, this is the reason for using a dynamic definition of culture. To clarify the explanation of his understanding of culture, he continues:

> *"We can think of culture as the accumulated shared learning of a given group, covering behavioural, emotional, and cognitive elements of the group members' total psychological functioning. For such shared learning to occur, there must be a history of shared experience that, in turn, implies some stability of membership in the group. Given such stability and a shared history, the human need for stability, consistency, and meaning will cause the various shared elements to form into patterns that eventually can be called a culture."* (Schein 2004:17).

Here, Schein (2004) accents the process of creating and developing culture through shared learning. **Shared learning** is the result of **shared experience** of a given group. Due to a human need for stability, elements of that shared learning may form patterns which can eventually create culture. In schematic way, the process of forming culture can be depicted as in the following Figure no.: 1.

Figure no. 1: Formation of culture.


Stability of membership in a group
=>
History of shared experience
Accumulated shared learning
Behavioural, emotional, cognitive elements of members' psychological functioning
<=
Human need for stability, consistency, meaning
Elements form patterns eventually called CULTURE

Source: Based on Schein (2004:17)

When Schein (2004) talks about a group, he does not stay at a particular level –national, organizational or occupational. In his research, he usually used organizations as examples of a group. However, when needed, he points out subcultures within organizations, distinguished basically according to occupations. And when giving examples from other researches, he also uses those dealing with culture on national level (e.g. Hofstede 2001, 1980; Hampden-Turner and Trompenaars 1993).

The notion of national culture seems to be more familiar, which is true not only of the general public. Thus, the next few lines outline the difference between the two notions and explain why the field study of this thesis prefers organizational to national culture..

2.2 CONNECTION BETWEEN NATIONAL AND ORGANIZATIONAL CULTURE

Probably the most famous scholar devoting his work to the exploration of national cultures is **Geert Hofstede**. He became known for his tremendous work (issued in several editions e.g. 1980, 1984, 2001) on IBM subsidiaries across more than forty countries. He used closed-answers questionnaires with a five-level scale and determined five, later six dimensions of cultural values explaining national culture. He understood that these dimensions did not explain the entire environment of a specific culture and that for better understanding of national culture one needed to take into account geographic, economic, demographic, historical, and other ecological factors. However, he claimed the dimension scores of various countries served for the comparison among them in at least five comparable areas.

His dimensions are bipolar and each country can be placed along the continuum between the two extremes. Thus, each country can possess an index for each dimension which explains its relative position in relation to other countries within particular dimension.[3] Determined dimensions are as follows[4]:

Power Distance – the accepted extent of uneven allocation of power and control.

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[3] Based on Hofstede's webpage information, http://www.geerthofstede.nl [access date 4.11.2012]

[4] Tabular comparison given on the example of the Czech Republic and Great Britain based on Hofstede’s research see e.g. Urbášková 2010.

Uncertainty Avoidance – based on rule orientation, employment stability and stress indicators Hofstede identified uncertainty avoidance index indicating the degree to which people rather obey firmly given rules to handle uncertain future more easily.

Individualism – the extent to which society is rather individualistic than sociable differentiates between the degree of individualism and collectivism.

Masculinity versus femininity dimension[5] – simplified it represents the degree to which society tends to prefer patterns for gender-typical emotional roles (e.g. assertiveness for masculine countries and for feminine countries typical modesty and caring for others role).

Time orientation – distinguishing between long and short term orientation: "*Long Term Orientation stands for the fostering of virtues oriented towards future rewards, in particular perseverance and thrift. It's opposite pole, Short Term Orientation, stands for the fostering of virtues related to the past and present, in particular, respect for tradition, preservation of 'face' and fulfilling social obligations*" (Hofstede 2001:359).

Natural drives – the sixth dimension dealing with natural drives denoted as indulgence at one side and restraint at the other.[6]

Several times in his books he shows that his (statistical) results are plausible for the level of the entire country, although they may vary according to region, religion, gender, occupation, generation or social group with particular access to education or profession. Thus, it can be deduced that **dimension scores are useful as starting point,** however, in particular context such results would be too narrow as there may be relatively high differences among groups of a nation and across individuals (see e.g. Hofstede 1984:73, 76, 125; Hofstede and Hofstede 2006:47-48).

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[5] Since the contemporary understanding of the words masculinity and femininity shifted as Adler (2008:57) explains, she called two poles of this dimension Career Success – meaning cultures near this side are *"focused on the career success and are rather materialistic, and Quality of Life societies which emphasize relationships among people and concern for others."*

[6] Source: http://geert-hofstede.com/ [access date 2.11.2012]

A newer work, although similarly tremendous as that of Hofstede would be the GLOBE study[7] by House and Javidan (2004). The GLOBE project came up with nine dimensions measuring the matter of state as "*it is*" of cultural practices and comparing them to cultural values as something *"what should be"*.

Although the GLOBE study continued in the Hofstede tradition, besides similarities of both works, several differences were identified in methods, analysis, data aggregation and the approach to conclusions on both national and organizational levels (Hofstede 2006a, Javidan et al. 2006a). Probably one difference worth mentioning in relation to this thesis is that the GLOBE approach used the same dimensions for both national and organizational level, whereas Hofstede (2006a) explicitly denied this approach. Smith (2006) commented on the debate between GLOBE researchers and Hofstede that both sides followed the value dimensional approach of analysing national culture and that these dimensions should be seen as rather complemental depending on what is sought in a particular study. Smith (2006) further warns that both works still entail methodological ambiguities especially when aggregating from the individual to the national level.

Other influential researchers in the realm of national culture **Trompenaars and Hampden-Turner** (e.g. 1998) approached the topic with managerial aims. Their analyses were based on a database consisting of answers to their questionnaire administered to thousands of **managers** across many countries. They understood culture dynamically (with the ability to change) and in three layers as described by Schein (later in this chapter) and, like Schein or Hofstede, they were inspired by the works of Parson (1951) and Kluckhohn and Strodtbeck (1961) when creating their seven dimensions explaining differences among groups of people. Among the observed **factors influencing dimension scores** they included: country or national culture, type of industry, religion, job or function, age of respondent, different corporations, educational level and gender. Although they present the order in which each observed factor influences the variance in value differences for each dimension, in the end it is not obvious how much the variance of the whole variance is explained by the first one, two, three or all eight factors[8]. Furthermore, if the culture of a country is stated the most influential factor out of eight in each dimension and the type of industry as the second most influential in each dimension except for the individualism/ collectivism dimension, still it does not tell the reader anything whether these two factors influence e.g. 10% or 80% of variance.

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[7] Global Leadership and Organizational Behaviour Effectiveness (GLOBE) project, in which *"[t]he 170 researchers worked together for ten years collecting and analyzing data on cultural values and practices and leadership attributes from over 17,000 managers in 62 societal cultures. The participating managers were employed in telecommunications, food, and banking industries"*, (Javidan et al. 2006).

Hofstede's observations (2006) concerning **organizational culture** are based on the results of IRIC research[9] which showed (unlike Peters and Waterman 1982) that **culture in organizations is based rather on practices** than on values which are indicated by factors like gender, age, level of education and national culture. Hofstede claims values are the basis of national, not organizational culture. He explained his results through a different nature of national and organizational culture. According to Hofstede (2006), while national culture is created in the family and close social surroundings during the school years, organizational culture is first transferred onto new members at the work place. At that time values are already firmly established in human minds (in Hofstede's words). That is why

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[8] The author of this thesis was not able to get the numerical results of the mentioned issue.

[9] The project was carried out in 1985±86 by the Institute for Research on Intercultural Cooperation (IRIC), (Hofstede 2002). It was a qualitatively/ quantitative research on organizational culture done in several organizations within two countries, Netherlands and Denmark, (Hofstede 2006).

Hofstede views **organizational culture as always influenced by national culture**.

As to the values, Hofstede et al. (1990) claim that founders and leaders are those bringing their values into organizations, however, ordinary members adopt these just on the level of practice. This should be true even when new employees are hired so that their characteristics match the type of organization. In opposition to Hofstede, Martin (2002) would argue that employees create an organizational culture at different levels despite leaders' values. These employees do not necessarily adopt those values but create their own. This means that culture can be viewed from different perspectives: the managerial integrative perspective and the differentiation and fragmentation perspective[10]. Hofstede implicitly expects that culture exists only in the integrated form which in the case of organizational culture can be regarded as rather superficial. As Martin shows, this does not have to be the only perspective.

Further, the "practices level" claim goes against the Schein's (2004) understanding of the culture of *a group* which Schein always perceives to exist at various levels, i.e. starting at a visible artefact, through values proclaimed usually in organizational philosophy (Schein 1993), down to underlying basic assumptions. **Schein understands the notion of culture in the context of an organization** dynamically as a **process of creation influenced by external and internal factors which are broader than national culture**.

So he actually opens the door for a higher possible differentiation among companies. And the differentiation can thus have more options than just four options typified by Hofstede's market, family, machine or pyramid (Hofstede and Hofstede 2006) or by Trompenaars's model of four types of organizational cultures: incubator, guided missile, family, Eiffel Tower

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[10] Martin's model of culture explained later in this chapter.

(Trompenaars and Hampden-Turner 1998).[11] Recent research supports Schein's argument that besides national culture there are other factors which have impact (probably even greater) on organizational culture. To name just a few: Evans et al. (2000), Ogbonna and Harris (2002), Gerhart and Fang (2005), Pioch (2007) or Gerhart (2008).

During the time when Hofstede was active, his work was challenged and critically analysed by several authors. However, Schein (2004) does not deal with the criticism of Hofstede's work directly. He rather concentrates on McSweeney's (2002) remark on Hofstede's **central tendency** that the model is based on the most frequent answers and therefore the results are related just to the average; and on Jelinek's (1983), Smircich's (1983) or Spender's (1998) point that a **narrow population** does not exist. Another work by Smith (2002) discusses the problem of **levels of analysis** or the validity of **cross-cultural measurement.** Williamson (2002), on the other hand, after reviewing McSweeney's article (2002) admits the valuable insight of Hofstede's quantitative research in national culture, although he agrees with McSweeney that an interpretative research would be able to explain complex dynamic interrelationships. Williamson (2002) warns that there are three dangers the reader should keep in mind when following Hofstede and similar works: (1) culture is not homogeneous and its members are not uniform; (2) individuals' values and behaviour are not predictable only from cultural data but also from other factors and (3) scores for cultural dimensions (such as used e.g. by Hofstede) are just approximate measures to cultural constructs.

Later Gerhart and Fang (2005) **re-analysed the results and interpretations** of the works by Hofstede (1980) and Hofstede *et al.* (1990) statistically using variance-explained estimates, relying not only on statistical significance tests. They came to the following outcomes: *"First, in Hofstede's data, country explains only a small share (2 to 4 per cent) of the variance in*

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[11] For synoptic comparison see e.g. Křečková-Kroupová (2009:58-64)

respondents' values. Second, contrary to Hofstede's interpretation, our reanalysis of Hofstede's own data shows that organization differences account for more variance in cultural values than do country differences" (Gerhart and Fang 2005:982). Similarly to Williamson (2002), they concluded that the analysed data could not be used for explaining the behaviour of an individual or any small group; and that these data were wise to be used only for sufficiently large samples at organizational or political level. Finally, they recommend perceiving national culture in the context of other factors – i. a. organizational culture.

Gerhart (2008) continues with his research and shows that two basic views in understanding the influencing factors of organizational culture have been designed. He compares the two main perspectives on national culture in connection with organizational culture within management literature. He observes that while one theory – **institutional theory** – looks at national culture as a constraint to organizational culture and therefore the organizational culture has to follow the environmental conditions of a particular nation, the other theory – **resource based view** (RBV) – sees in organizational culture (including human capital skills, managerial practices, etc.) a strategic tool of management and a source of sustained competitive advantage (e.g. Barney 1986, 1991). In this perspective organizational culture is viewed as a possible differential factor from other firms as it is difficult to imitate. Gerhart (2008) summarizes that in current management literature both views are present. Due to this reason and to the character of the conducted field research (a qualitative case study of one unique company in a specific environment), the author of the present thesis tends to perceive organizational culture from the resource based view (RBV), also bearing in mind possible constraints in the form of e.g. national culture. Such constraints should be rather conditions to adapt to or to be used for the benefit of a company than ones to be followed a priori/blindly?.

To sum up this general discourse on national and organizational culture, the **national culture** research goes in line of Parsons's (1951), Kluckhohn and Strodtbeck's (1961) and Hofstede's (e.g. 1980,2001) dimensions of cultural values. These works are the basis for the research like Trompenaars and Hampden-Turner (e.g. 1998), Hofstede's IRIC study or the GLOBE research (House and Javidan 2004). They all have already made inroads into cross cultural management. The first two works (the Hofstede's and Trompenaars's works) deduce classifications of organizational culture types. The third one (the GLOBE study) deduces culturally contingent leadership dimensions (Javidan et al. 2006) while the study used the same dimensions for the organizational culture classification as for the national culture classification.

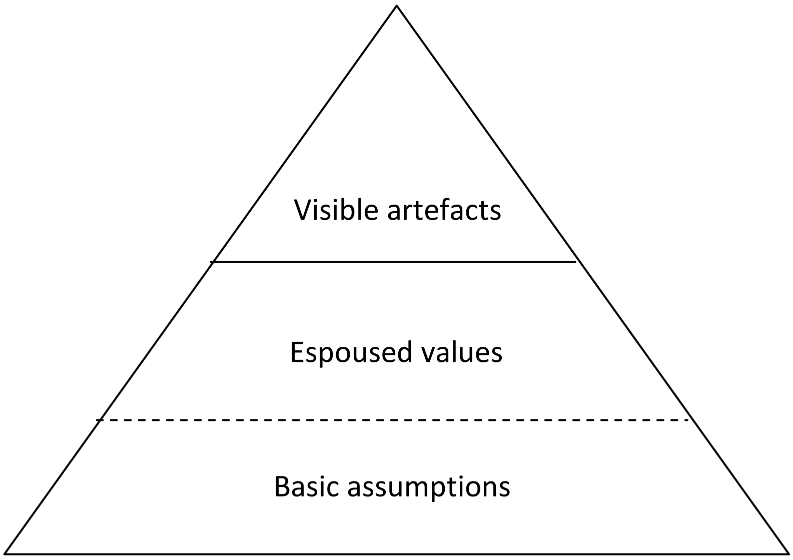
Although, how Williamson (2002) has already appreciated, Hofstede's research allowed valuable insight into quantification of national culture and its distinction from other types of culture, **these recommendations, critiques and new re-examinations led the author of this work to stay at the organizational level when analysing culture** and not to forget about possible subcultures within organization. Internal and external factors influencing a company are perceived broader than delineated just by the national culture. Further, due to the nature of the available data from the author's field research (= substantial data set for qualitative research of one organization), the thesis focuses primarily on the **literature on organizational culture (and organizational culture management) and much less** on the literature on national culture which was perceived as rather additional. The above-mentioned research also supported the author's **decision to incline to qualitative methodology** (in order to allow a deeper analysis at all three levels of organizational culture), to use the case study approach and so to continue in the tradition of e.g. Ogbonna and Harris (2002) or Pioch (2007).

2.3 THREE LAYERS OF ORGANIZATIONAL CULTURE

The organizational culture literature, which this thesis aims to continue in, borrowed some ideas, e.g. **dimensions,** from the realm of national culture. In the tradition of Schein these are conceptualized at the deepest level of the cultural **layers** and represent different aspects of the basic patterns of underlying values which belong to the partly visible part of the cultural manifestations. Hofstede and Hofstede (2006) assign Hofstede's dimensions to values which they understand as the deepest part of cultural manifestations. The following pages outline the way Schein borrowed different aspects of dimensions from the works on national culture as well as the logic of how he used them in his analysis of organizational culture.

Schein conceptualized culture in three layers. The basis of culture lies in the deepest level as mentioned in his definition of culture. The deepest level is represented by the basic assumptions of group members. This basic understanding of reality around the members can be further observed in more surfaced and visible layers. Schein calls them espoused values and the most visible layer – artefacts. Building on Drlickova and Pioch (2009) the three layers can be depicted in a pyramidal figure where the visible layer is at the top of the pyramid, the partly visible layer is in the middle and underneath the surface the basic layer of culture is situated (Figure no. 2).

Figure no. 2: Schein’s three layers of culture.



Source: Based on Schein (1984, 2004), author’s adjustment according to Drlickova and Pioch (2009).

2.3.1 THE DEEPEST LEVEL – BASIC ASSUMPTIONS

Schein based his definition of organizational culture on the notion “pattern of basic assumptions”. Schein (1984) was inspired by Parsons (1951) to develop a set of dimensions of basic assumptions. Then, following the practical research experience of Kluckhohn and Strodtbeck (1961) Schein adjusted the dimensions belonging to basic assumptions. Thus a word about the research of Kluckhohn’s and Strotbeck.

2.3.2 KLUCKHOHN’S AND STRODTBECK’S (1961) RESEARCH ON NATIONAL CULTURE

In 1961, Kluckhohn and Strodtbeck presented an impressive empirical research of five different subcultures in America. Statistically they measured five predefined value orientations consisting of: orientation of the relationship of man to nature, time orientation, activity orientation, relational orientation and innate human nature (Rosenberg 1961, Olper 1961). In their time the research was perceived as a big step toward adequate measurements in the field of culture studies. However, critique also saw insufficiencies in not testing a potential contribution of the theory the research, ambiguous refinement of the research instrument as the questionnaire allowed more interpretations of responses and just brief illustration of variables, not precise definitions were stated (Jessor 1962, Fox 1963).

Kluckhohn and Strodtbeck (1961) ranged each value orientation in three options. For time value orientation it was the options of past, present, or future and in e.g. man-nature value orientation one could choose from subjugation to nature, harmony with nature or mastery over nature (Olper 1961). Due to this approach two of the researched subcultures seemed the same at the end of the analysis, although the descriptive part spelled these out as very different. Therefore Jessor (1962) suggested continuous dimensions of the five-value orientations. The idea of continuum was then applied by Hofstede (1984) in his monumental research with several thousands of employees from IBM.

Another note accentuated by Fox (1963) was lack of inductive approach in the Kluckhohn and Strodtbeck (1961) study. This hindered the possibility of obtaining basic value orientations directly from the subcultures. Instead, they were decided beforehand (Fox 1963). All in all, despite the competent critiques, it appeared they started an era of statistically analysed aspects of culture previously absent in social science.

2.3.3 HALL'S CONTRIBUTION TO THE DIMENSIONS OF NATIONAL CULTURES

Along with the three above-mentioned authors –Kluckhohn, Strodtbeck and Parsons, Hall's ideas (1959, 1966 and 1977) are also part of Schein's conceptualization of the dimensions of basic assumptions. In the literature on culture management Hall is probably mainly known for his concept of low and high language context – in extreme points distinguishing low language context nations talking directly and meaning only what is said; whereas to understand the high language context nations correctly one has to read the unspoken context too. Here, Hall's main contribution resides in the dimension of language context, in peoples' mono- or polychromic usage of time and their attitude toward the environment they live in.

2.3.4 SCHEIN'S CONCEPTUALIZATION OF BASIC ASSUMPTIONS

In his understanding of **basic assumptions,** Schein (2004) works with the following basic **dimensions of the assumptions**. These dimensions **consist of perceiving the "nature of reality and truth", "nature of time", "nature of space", "nature of human nature", "nature of human activity", "nature of organization–environment relations", and "nature of human relationships".** That means only the dimension of space was added to the original ones by Kluckhohn and Strodtbeck (1961). The reason for this could be explained by the experience of Kluckhohn and Strodtbeck (1961) and their findings that one of their research subcultures had special attitude toward space but their model could not take it into consideration (Fox 1963).

Each dimension of basic assumptions has several aspects useful for its better grasping. In most of them Schein is inspired by other authors (e.g. by Hall 1959, Hofstede 1984, Barley 1988), however, some of them are added based on the lessons learnt from Schein's own research and experience. The following Figure no. 3 shows an overview of the aspects which Schein (1984, 2004) considers to be more or less determining the dimensions of basic assumptions in a culture. *"Furthermore, the dimensions interact to form a kind of pattern or paradigm..."* (Schein 2004:187).

The dimension of nature of reality and truth

This dimension deals with the question of what is perceived as being true and a fact of reality within certain culture. Schein distinguishes among four aspects supposed to be helpful in finding the answer. The first aspect takes into account language of the observed group and examines whether just what is said is taken as a fact or whether some level of broader **context** needs to be known in order to understand fully what is said. The second aspect differentiates between the **moralistic approach** to reality and the **pragmatic** usage of facts to deal with certain situation. The third aspect thinks of **reality in three levels** according to whether reality is externally objectively definable, depending on social relations and on consensus among members of the group, or whether reality is based on an individual experience of a person and therefore is doubtless for that person. The fourth aspect defining the dimension of truth and reality is the perception of **relevant information** which is determined by occupational background and functional experience.

The dimension of nature of time

Schein uses five perspectives in which he analyses time. Referring to the researches by Kluckhohn and Strodtbeck (1961), Hofstede (1980), Hampden-Turner and Trompenaars (1993) and others, he starts with basic **time orientation**. It means whether the organization lives in its past and from its past glories, is focussed on the present moment or prepares for nearer/ further future tasks.

Figure no. 3: Aspects of the dimensions of basic assumptions.

Dimension		
Aspect of the dimension	**Range of the aspect**	**Main Authors**
Nature of Reality and Truth		
Language Context	High vs. Low Context	Hall 1977
Approach to Reality	Moralism vs. Pragmatism	England 1975
Levels of Reality	External Physical, Social and Individual Reality	e.g. Van Maanen 1979
Perception of Relevant Information	Occupational Background, Functional Experience	e.g. Dougherty 1990
Nature of Time		
Basic Orientation	Past, Present, Near- or Far-Future Orientation	e.g. Kluckhohn and Strodtbeck 1961
Amount of Things Done at one Time	Monochronicity vs. Polychronicity	Hall 1959,1966,1977
Perception of Future, Milestones	Planning Time vs. Development Time	Dubinskas 1988
Time Horizons	Degree of "Accuracy"	e.g. Jaques 1982, 1989
Pacing, Entrainment	Ways of Dealing with Unexpected Distraction	Barley 1988
Nature of Space		
Distance, Relative Placement	Physical and Social Meaning	e.g. Van Maanen 1979
The Symbolics of Space	Values/ Assumptions Expression	e.g. Gagliardi 1990
Body Language	Expression of one's relation to a situation and people in it	e.g. Van Maanen 1979
Nature of Human Nature		
Motivation Theories	Pyramid of Needs; Theory X, Y and Z; De- and Motivators	Maslow 1954, McGregor 1960, Herzberg 1968, Ouchi 1981
Nature of Human Activity		

Attitude to Activity	Doing; Being; or Being in Becoming Orientation	Kluckhohn and Strodtbeck 1961
Nature of Organization-Environment Relations		
Attitude to Environment	Domination, Harmony, Subjugation	Hall 1966
Nature of Human Relationships		
Attitude to Building Teams	Individualism vs. Groupism	Kluckhohn and Strodtbeck 1961
Power Distance	Low Distance vs. High Distance	Hofstede 2001
Characteristics of Role Relationships	Aloof vs. Emotional; Specific vs. Diffuse; Universalistic vs. Particularistic; Status Ascribed vs. Achievable; Masculinity vs. Femininity	Parsons 1951, Klockhohn and Strodtbeck 1961, Hampden-Turner and Trompenaars 2000 Hofstede 1980

Source: Summarized according to Schein (2004)

Second, Schein uses Hall's aspect of the ability or disability to **do one or more things at once -** the mono-/ polychronicity aspect. This distinction tells apart organizations where it is valued to do one task after another and those where one needs to be flexible in switching among more tasks simultaneously. Next, the dimension of **pacing and entrainment** supplements the mono-/ polychronicity aspect. It analyses how the observed group deals with unexpected distraction and what priority the group gives to tasks suddenly needed to be done.

The perspective on future and its milestones operates in Dubinskas (1988) terminology of **planning versus developing time**. This differentiation insinuates that e.g. managers tend to plan in linear monochronic way and set external objectives which have to be met at some time. However, as Schein mentions, development teams, especially those dealing with biological processes, are rather dependant on the fact that these processes need their own time, whose length is sometimes difficult to state in advance. Therefore, the time horizon stays open in these cases.

Last, yet undescribed aspect of time dimension analyses the degree of accuracy of **time horizons** which have to be discussed among groups when given tasks. Apparently, this aspect is related to the previous one. It cultivates the idea of accurate time milestones in relation to the tasks to be done.

Nature of space

"Placement of oneself in relation to others symbolizes status, social distance, and membership" (Schein 2004:163-164). Schein, mainly inspired by Hall (1966), VanMaanen (1979), Gagliardi (1990) and others, is not interested in the meaning of space as physical on the scale of measurable distance. He rather discusses the social meaning of spatial distance and the use of space. As Hall (1966) he distinguishes among four levels of **distance** – intimate, personal, social and public distance and points out that there are different assumptions about **space** and appropriate spatial privacy in organizations.

Therefore, the layouts of offices differentiate according to **symbolic function** they communicate and behavioural norms expressed by, among other things, the layouts within the company. The remaining aspect of the nature of space – **body language**, although much subtle form of the use of space, also has an ability to express the deepest assumptions about a situation and what a person perceives as proper or correct in a given time. Schein (2004) views body language as a visible artefact able to express basic assumptions, however, to grasp its observation, interview and joint inquiry is to be added.

Dimensions of human nature and human activity

The dimension of human nature stems from several well-known **motivation theories** (stated in Figure no. 3). As described not only in primary works but also complexly portrayed in e.g. Bedrnová, Nový et al. (2002), these theories are based on several assumptions about the nature of human beings.[12] And as Schein (2004) explains, these assumptions should be shared by managers of organizations in order not to create confusion among their subordinates and to stay consistent with the company's attitude toward motivation.

Two influential theories are mentioned in the following text, namely the Maslow's and Herzberg's motivation theories. **Maslow´s pyramid** of needs says there are five basic human needs which are fulfilled in a certain order. The dynamic is that when a lower need is satisfied, it remains needed, but a higher one gets more attention and importance. The identified needs in their order of fulfillment are:

(1) *biological/ physiological needs* (air, food, shelter, sleep, etc.)
(2) *need of safety* (security, order, limits, stability, etc.)
(3) *needs of love and belonging* (work group, family, relationship)

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[12] See e.g. also diploma thesis of Drličková (2007) for field research showing the appropriateness and employees contentment of spa company motivation figures.

(4) *need of esteem*	(self-esteem, achievement, independence, status, dominance, managerial responsibility, etc.)
(5) *need of self-actualization*	(realizing personal potential, self-fulfilment, seeking personal growth and peak experiences).[13]

Herzberg´s theory elaborates on this idea in the form of conditions of a company and splits the needs into the following factors:
[1] satisfactors or hygiene factors which can satisfy only temporarily are important to allow reaching real motivators but themselves don't motivate. They are e.g.:

- work condition, (2)[14]
- salary, (1,2, indirectly 4)
- policy, (2)
- security, (2)
- relationship with the supervisor, (3)
- relationship with a subordinate, (3)
- personal life, (3)
- company car, (4)
- status. (4)

And then:
[2] real motivators - the second group of needs responsible for human motivation to work are:

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[13] Source: http://www.businessballs.com/maslow.htm [04.06.2012]

[14] For comparison, numbers in brackets correspond to the order of Maslow's needs.

- achievement, (4)
- recognition, (4)
- responsibility, (4)
- work itself, (5)
- advancement.[15] (5)

Based on Kluckhohn and Strodtbeck (1961) Schein distinguishes three types of assumptions concerning human activity. The first, **doing orientation,** is assumed by a company which grows and tends to dominate its environment. The second, **being orientation,** will be found in an organization looking for a niche in the market. In other words, it does not actively try to dominate its environment but to find a market niche to adapt to the environment, and thus to use its comparative advantage in an adaptive way. The third, **being-in-becoming orientation,** is present if one needs to fit into the social structure/characteristic qualities valued in an organization to obtain or achieve some status or position.

Assumptions about organization-environment relations

The concept of this dimension seemes to be inspired by Hall (1966) and his three options of relations: (1) domination over the nature/ environment of an organization, (2) harmony with the nature, or (3) subjugation to the environment. The result of each of these orientations is very similar to the three previous options when talking about the human action. Here, it is only pointed out that the level of these assumptions is related tolays at the core mission or basic functions of the organization. Schein advises: *"[...] when organizations examine their strategy, they should focus heavily on initial assumptions about the environment and attempt, as much as possible, to validate those assumptions before deciding on goals and means"* (Schein

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[15] Source: http://www.businessballs.com/herzberg.htm [07.08.2012]

2004:178). The condition for this is that their **assumptions about themselves** and the **environmental reality** are correct.

Dimension: "Nature of Human Relationships"

According to Schein (2004) human relationships are examined from the following three aspects: (1) work style attitude – whether it is perceived as a correct way of work to build teams (on which occasions and for what reasons), or rather to work individually; (2) *"whether power is distributed equally among the members of a society or not"* (Taskin *et al.* 2009:406); and (3) basic characteristics of role relationships with the extreme positions stated in the Figure no. 3 above. To be precise, it deals with a distinction among: first, being **emotionally** open or just strictly **rational** in a given relationship; second, the relationship being **specific** just for one/ few aims (e.g. sale relationship) or **diffused** as for example in a marriage – compounding everything of the other's life; third, no matter what relationship two actors in a situation have, the rules concerning that situation being employed in an **universalistic** way or they tend to make an exception and act in an **particularistic** way in case of mutual relation; fourth, whether it is important to have a status to obtain some position or whether it depends just on one's own endeavour and success – the **status ascribed** versus **achievable** issue; last, the degree in which **male** and **female roles** are clearly distinguished within an organization.

A few more words

As Schein mentions, it is not possible to see the dimensions of basic assumptions separately. They interact and can influence each other. Therefore, they may form a kind of a pattern.

Schein's (1984) basic assumptions are **unconscious** once they are set in an accepted pattern. The unconsciousness is developing through repetitive use of some processes which always work. And so one does not think anymore about why one is working in a certain way.

Basic assumptions create **the spirit** of an organizational culture: *"The essence of a culture lies in the pattern of basic underlying assumptions, and once one understands those, one can easily understand the other more surface levels and deal appropriately with them (Schein 2004:36)."*

2.3.5 ESPOUSED VALUES

Following Schein (2004), espoused values represent the second level of culture and usually undergo **transformation** to be shared. Schein explains that shared values come from the **leader or founder** who has some vision how to deal with certain problematic situation. If the leader's advice works and continues working in such situations, the members will adopt his advice/ opinion/ value and such value can become a shared/ espoused value. The process of adoption is usually carried out **by social validation** in which members find social consensus in what works. However, there are still areas which may not be testable and where, as a result, social consensus might not take place. Schein mentions aesthetic, ethical or moral areas. Beliefs and values in these areas are accepted to reduce uncertainty or anxiety and if they are not accepted by a member, he/she usually leaves the group.

When talking about "**espoused values**" Schein distinguishes them from so called **"espoused theories"** which on the one hand proclaim some values, though on the other these are contradicted by members' actions. Such theories might be just rationalizations or future aspirations. Espoused theories might even be self-contradictory. To recognize espoused theories from values Schein connects the second level of culture - espoused values, with the deepest level – basic assumptions, and looks for congruence between the two. This congruence does not only distinguish real espoused values from theories it can also have positive impact on the group:

"If the espoused beliefs and values are reasonably congruent with the underlying assumptions, then the articulation of those values into a philosophy of operating can be helpful in bringing the group together, serving as a source of identity and core mission." (Schein 2004:30)

2.3.6 VISIBLE ARTEFACTS

Schein (2004) explains that visible artefacts are on the surface such manifestation of human acting which can be seen, heard and felt. As *"visible artefacts* [he counts] *the constructed environment of the organization, its architecture, technology, office layout, manner of dress, visible or audible behaviour patterns, and public documents such as charters, employee orientation materials, stories*" (Schein 1984). Language, creations and products; as well as the group's climate/atmosphere are all counted among artefacts – visible demonstrations of deeper espoused values. For the purposes of this thesis organizational climate or company atmosphere are understood as another types of manifestations in which organizational culture can be observed. Thus, these notions are subordinate and not dominant nor equivalent to organizational culture.

Schein (2004:26) says artefacts are *"easy to observe but very difficult to decipher".* He warns that deciphering culture by observing and directly interpreting artefacts can be misleading as the researcher himself has his own often unaware assumptions which can be incorrectly projected into observed artefacts. Therefore, he recommends analysing the deeper (less visible) level of culture – espoused values, norms and principles of day-to-day operations which members of a group follow in their behaviour.

Martin (1992, 2002) who, among other things, systematically compared several definitions of organizational culture also belongs to the group of the researchers who incline to the opinion that culture should be perceived in all of its levels: *"the depth of a researcher's analysis of interpretations of* *manifestations can (and I [=Martin] argue should) approach the depth of understanding that Schein terms "basic assumptions"* (Martin 2002:91)."

When Martin (2002) talks of "manifestations" she uses this term for what Schein calls "artefacts". At the same time she uses the term "artefacts" just for one type of cultural manifestation - specifically for cultural forms. In sum, she distinguishes four types of cultural manifestations:

1. **Cultural forms** (e.g. rituals, organizational stories, jargon, humour, physical arrangements – including architecture, interior decor, dress codes) *"can provide important clues to what employees are thinking, believing, and doing"* (Martin 2002:65).

   Martin mentions four different types of ritual interpretations. These are (1) functional interpretation – when a ritual is interpreted according to the aim which is accomplished by performing it; (2) critical – which has critical position to the *"efforts by managers to control the minds and behaviours of employees, particularly those who labour at the bottom of organizational hierarchies*" (Ibid, p. 69); (3) managerial; (4) ambiguous interpretation.

   When interpreting stories, Martin explains the importance of the place where a story is told and suggests deconstruction of a story as a method to interpret it.

   Based on her research experience (Siehl and Martin 1988) Martin suggests *"jargons may provide a linguistic foundation for other, more complex forms of cultural knowledge"* (Martin 2002:79). She only asks whether this could be possible in a turbulent or rapidly growing company. Another linguistic cultural form, systematically belonging probably to jargons, represents metaphor. If something is not acceptable to be said directly, Martin sees here a space for using metaphors. Further, while humour may reveal a source of prejudice, physical arrangements may tactfully show wished cultural changes. However, it depends on who is indicating such changes. Martin suggests a skilled manager may be the right authority for it.

2. **Formal practices** – are written and therefore as opposed to informal practices they are easily controlled by the management. (Martin deals with structure, task and technology, rules and procedures, and financial controls i.e. pay figures, hierarchical reporting structures).
3. **Informal practices** – may be in the form of norms, practices evolved through interactions, social rules, etc. Martin explains that it is important to involve both formal and informal practices into cultural research as they may not be consistent and rather contradict each other.
4. **Content themes** – Martin differentiates between two types of content themes. Under the first type - **espoused themes**, she understands those which are publicly presented and sometimes formulated in the company's "core values". **Inferred themes** are *"inferred deductively, by researchers or employees, reflect a deeper level of interpretation* (Martin 2002:88)." The deduction can be deeper if the themes are inferred from behaviour, honest conversation or research itself.

Martin presents a more systematic approach to cultural research than can be found in Schein's works when classifying artefacts/ manifestations. She gives concrete examples and summarizes methods possibly useable for cultural research. This helps the reader or researcher – beginner to get an overview and to keep his/ her work consistent.

2.4 A THREE-PERSPECTIVE-VIEW OF ORGANIZATIONAL CULTURE

When categorizing cultural researchers, Martin (2002) talks about Schein as an Integration perspective researcher. His focus is on those elements of culture (assumptions, values and manifestations –called artefacts by Schein) which are shared and common to the members of a group constituting culture. Martin goes further and argues that culture is more complex and if a researcher decides to look at it just from the e.g. integration point of view, other facts about the culture will not be revealed.

Martin (1992, 2002) analyses culture through her **three perspective model**. The aim of this model is to give more a complex view on culture than just from one perspective. The complexity is gained through taking into account a broad range of manifestations (not just one or two) and varying kinds of patterns[16] underlying the manifestations. These are always examined through all three perspectives. This model considers not only those patterns and manifestations which are in harmony (this corresponds to the **integration** point of **view**), it also looks at those which are in conflict when adopted by various groups (the **differentiation view**) as well as *"webs of ambiguity, paradox, and contradiction* (**fragmentation [view]**) (Martin 2002:120)."

Martin argues that all three perspectives are present in an organization **at any point in time** and that they do not necessarily depend on the hierarchy level in an organization or on a functional position. They can be found **anywhere** throughout the organization. In other words, Martin says all three perspectives can be found at the individual level of analysis as well as at the sub-cultural and organizational level. It also means particular perspective is not exclusive for just one functional department but all three can be found across the company departments. As portrayed in Figure no. 4 all three perspectives are defined according to three criteria: (1) degree of consensus;

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[16] In Schein's terminology patterns are labelled as "basic assumptions".

(2) degree of consistency across manifestations; and (3) orientation toward ambiguity. All three perspectives are different from each other in each criterion. Therefore they are complementary to each other and give the researcher a wider range of insights.

Figure no. 4: Complementarity of Three Theoretical Perspectives

	Perspective		
	Integration	*Differentiation*	*Fragmentation*
Orientation to consensus	Organization-wide consensus	Sub-cultural consensus	Lack of consensus
Relation among manifestations	Consistency	Inconsistency	Not clearly consistent or inconsistent
Orientation to ambiguity	Exclude it	Channel it outside subcultures	Acknowledge it

Source: Table 4.1 in Martin (2002:95).

2.4.1 INTEGRATION PERSPECTIVE

In the *Integration perspective* organizational culture is perceived through manifestations which are in consistency, **harmony** and manifestations appear homogeneous, shared and common. From this viewpoint manifestations and patterns (basic assumptions) are in organization-wide consensus and no ambiguity is taken into account. Any collapse of unity (even a partial) is perceived as undesirable state and deterioration; and the aim is to re-establish a new consensus as soon as possible.

2.4.2 DIFFERENTIATION PERSPECTIVE

Differentiation perspective understands organizational culture **dichotomously**. It means, according to differentiation viewpoint, in any organization there is at least one “counter” culture (also called subculture) which is in direct contradiction with the principal culture of the company. Thus, the differentiation view criticizes the integration perspective of culture for seeing just the principal/main organizational culture and perceives that there are two or more subcultures within an organization which contradict each other; however, inside each subculture there is consensus and coherence.

2.4.3 FRAGMENTATION PERSPECTIVE

If used all three perspectives at once, *fragmentation perspective* allows brightening the complex view of organizational culture further. It does not take into account just harmonious interpretations or direct contradicting interpretations. It admits that there may be various interpretations which may never find any consensus among each other. This view shows that there are still areas in which clear boundaries between opinions are blurred, **ambiguous** and in constant flux. The main difference from the differentiation view lies in the attitude which is not dichotomous but multi-optional. This viewpoint understands difference as being not in two opposite options but in several different options.

When Martin (1992) explains ambiguity she distinguishes three types of it. First two are horizontal and the third can be desribed as vertical, depending on the types of particular ambiguous manifestations:

- **Action ambiguity** – ambiguity between content themes and practices,
- **Symbolic ambiguity** – i.e. ambiguity between themes and cultural forms,
- **Ideological ambiguity** – the ambiguity is present among content themes.

The above description of all three perspectives implies that there is no perception which is more appropriate than another. It rather demonstrates that each of these three perspectives adds a new dimension to culture. Where the integration perspective sees just harmony and consensus, the differentiation view clears up the sub-cultural differences and the fragmentation view points out the ambiguities throughout the organization, which can help to isolate the problem area and make sense of differences (Martin 1992). After this analysis of Martin's three perspectives her words about organizational culture do not come as a surprise:

"A cultural observer is interested in the surfaces of these cultural manifestations[17] *because details can be informative, but he or she also seeks an in-depth understanding of the patterns of meanings that link these manifestations together, sometimes in harmony, sometimes in bitter conflicts between groups, and sometimes in webs of ambiguity, paradox, and contradiction"* (Martin 2002:3).

In fact, Schein calls Martin's patterns basic assumptions. Thus for the purposes of this thesis the author understands both notions as synonyms.

2.4.4 EXTERNAL ENVIRONMENT

So far it seems that organizational culture is just about the issues inside an organization. However, both Schein and Martin take position as to the relation of the external environment to the organization. Under the head of **external environment**, indeed, both authors unify their positions, although in slightly different manner. (It is probably impacted by Schein's "only" integration viewpoint research which differs from the Martin's simultaneous three perspective model.)

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[17] By "these manifestation" meant here: aspects of working life, values, stories and jokes told, working atmosphere, relations among people, design, and offices' layout etc.

In Schein's definition of culture (mentioned earlier in this chapter) external environment was referred to in the connection with external conditions of an organization. Schein links external factors with organizational culture through **adaptational** learning process, when functioning solutions to the problems of external environment are adopted into the internal culture.

Martin, on the other hand, comes to considering external environment through dealing with uniqueness paradox. When dealing with the question: "What makes a culture unique?" she ends with the answer of **nexus approach**. It means that each company includes cultural aspects which are (1) truly unique, (2) falsely understood as truly unique, and those which are actually (3) not unique for the company and are influenced by external factors such as industry, occupation, nation, race etc. According to Martin (1992), the organizational culture is created by all these three components. Thus, the boundaries of an organizational culture embrace not only the unique ways in which the company deals with internal or external factors but also such behaviour which is common for e.g. industry or nation. Then, it might be unclear where the boundaries of an organizational culture actually lie being rather understood as blurred and in constant flux. Martin's model, similar to Schein's integration of three layers in a culture model, is not myopic and considers external environment which coexists and influences internal day-to-day organizational operations and thus the organizational culture.

Now that the two main concepts of the dissertation are outlined the chapter continues with managerial issues related to organizational culture. Although Martin (2002) says *managerial* type of interest is in research studies usually connected with integration perspective, the aim is to consider, describe and analyse all levels of an organization, so that different perspectives of culture can be ascertained and considered.

2.5 ORGANIZATIONAL CULTURE AND HUMAN CAPITAL MANAGEMENT

If there is a lesson to be learnt from national culture research and managing people in multinational organizations in the field of organizational culture management, Adler's (2008) idea of creating **cultural synergy** would be a good example. Her advice to leaders encountering people from different backgrounds is to **manage impacts** of cultural diversity rather than the diversity itself. She talks about a synergic approach which, while **respecting diversity**, bases the cooperation on commonly shared assumptions and leverages the differences. Namely, it comprises (a) definition of problems from different perspectives involved, (b) analysis of the patterns in order to find the underlying logic, (c) creation of a solution fostering organizational effectiveness without violating different cultural norms.

To make an analogy for an organization and its culture with possible several subcultures, not only in the sense of nationality but also in e.g. functional, geographical, motivational etc. sense, (like identified by Martin 1992, Schein 2004 or Pioch 2007), this **respecting synergic attitude** would also earn its justification in managing organizational culture.

2.5.1 HUMAN CAPITAL (HC) AND ITS MANAGEMENT

Inspired by main definitions of human capital, Afiouni (2009:13)[18] suggests her own definition that comprises the following components:

- *"A* ***cognitive component*** *residing in employee's knowledge, skills and abilities (KSAs)*
- *A* ***behavioural component*** *residing in employee's willingness and ability to deploy those KSAs*
- *A* ***fit component*** *residing in the alignment of the cognitive and behavioural component with strategic imperatives*

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[18] For most quoted HC definitions see e.g. Čechová 2010, pp. 18-19. For chronological order of the main HC definitions in business disciplines, see e.g. Afiouni 2009, pp. 11-13.

- *A **measurement component** assessing HC's contribution to value creation residing in the appropriateness of the alignment between the cognitive and behavioural approach on one hand, and the strategic imperatives on the other hand*
- *A **flexibility component** assessing the ability for HC to adapt to different business strategies and create value at the present and future time."*

To put it shorter, in business studies human capital means willingness of employees to deploy their knowledge, skills and abilities (KSAs) in an appropriate way in accord with the strategic imperatives of the company. The company should be able to measure the contribution of the human capital to the creation of values which should be sustainable over time.

In addition to the HC definition, Čechová (2010:19) identifies four specific characteristics of human capital. These are:

- HC is an intangible asset;
- It is inseparable from a human being, it is non-transferable;
- It cannot be consumed;
- HC is almost a non-liquid asset.

Further, stemming from the free will of a human being, human capital is never owned by the employer. It is always only hired to the employer by an employee. Due to this fact **Human Capital Management is relevant by enabling the alignment of human capital with the company's vision and mission**. As Hall (2004) puts it: "*HCM responds to the need of creating smart organizations by hiring the right people, giving them the right knowledge and providing them with ways to share that knowledge in order to benefit the entire organization*" (In Afioni 2009:16). Organizational systems and procedures should be interrelated so that such system is difficult to be imitated by competitors, if possible. The synergic effect of the interdependence within an organizational system creates the added value of human capital management as opposed to more traditional human resource management which takes care of managing people and their development as rather separated procedures with benchmark levels.

2.5.2 CONDITIONS FOR ORGANIZATIONAL CULTURE AS A RESOURCE OF COMPETITIVE ADVANTAGE

The aim of managing organizational culture stems from the idea that it could bring some competitive advantage, possibly sustained, for the given firm. In this sense the organizational culture is usually set within the context of **resource based view** (RBV) of a firm (e.g. Wernerfelt 1984; Barney 1986 and 1991) and is understood as one of the resources of an organization, thus a resource of potential competitive advantage.

Based on Barney's (1991) distinction of firm's resources, three categories of resources can be identified. These might become, but not necessarily, a source of sustained competitive advantage: (1) ***physical capital resources*** – include technology, plant and equipment, geographic location or access to raw materials, (2) ***human capital resources*** - e.g. training, experience, judgement, intelligence, relationships, insight of individual managers and workers in a firm, and (3) ***organizational capital resources*** **–** include formal planning and reporting structure, controlling, coordinating systems, informal planning and relations among groups within a firm and relations between a firm and its environment.

Barney (1986) understands the competitive advantage of organizational culture in the sense of financial performance and argues that organizational culture may influence, although not directly, the firm's performance and thus create a sustained superior performance (= economic performance above the normal level in the industry). He concludes that a firm's culture has to consist of three elements which are the conditions of possible competitive advantage ability. The organizational culture must be:

1. **Valuable** - *"it must enable a firm to do things and behave in ways that lead to high sales, low costs, high margins, or in other ways add financial value to the firm* (Barney 1986:658)." The enabling is performed through accepted values and beliefs in the firm's every-day operations;

2. **Rare** - it means that the advantage-able culture cannot be typical for a large number of firms. Here are meant historical or unique founding circumstances or unique personalities of organization founders; and

3. **Imperfectly imitable –** *"firms without these cultures cannot engage in activities that will change their cultures to include the required characteristics, and if they try to imitate these cultures, they will be at some disadvantage (reputational, experience, etc.) compared to the firm they are trying to imitate* (Ibid.)."

   How does Barney clarify the imperfection in imitating other firms? Similarly to Schein (1984, 2004) and based on other works he argues that (1) elements of a culture like values, symbols and beliefs are difficult to describe or categorize and are often **taken for granted** in the common sense of an organization. The above mentioned (2) **uniqueness** of foundation conditions can also hinder the possibility of perfect imitation by someone else. (3) **Causal ambiguity** between resource and performance can play the role as well (Barney 1991). (4) Lastly, the feature of **social complexity** of resources may also constrain imitation significantly (Ibid.). Organizational culture is an example of such a complex resource, thus difficult to be imitated or only imperfectly.

Later on, Barney (1991) adds the fourth element/characteristic of a resource which facilitates the creation of a sustained competitive advantage. It is (4.) **non-substitutability** of one resource by another. If an organization has a valuable, rare resource which is not imitable but can be substituted by another resource, then the organization may possess a competitive advantage, which is however, not sustained as the desired performance can be achieved in another way. These characteristics of organizational culture are then “contingent on the *adaptability* of cultural traits” (Gordon and DiTomaso 1992 *In* Ogbonna and Harris 2002).

Barney explains that these conditions are essential but not sufficient when striving for superior performance. He admits that other factors are also influential – e.g. strategically necessary functions of the organizational management or unique geographical advantage. In this context Carmelli and Tischler emphasize in their (2004) study the multidimensionality of the **strategic resources** used and the necessity of their **combination**, if sustained comparative advantage is to be obtained.[19]

However, the culture still plays the **“glue” role** (Smircich 1983) which is beyond the visible/countable managerial tools. Therefore, Barney’s answer to the possibility of creating a sustained competitive advantage through the organizational culture in order to obtain sustained superior performance (like the successful organizations mentioned by him are creating) lies in what Smircich (1983) called ‘admittance that culture is **not readily able of manipulation’**. If organizational culture was perfectly manageable, any other firm could use it as a tool to accrue its performance.

Thus, Smircich’s attitude suggests looking at people who manage others and at those who follow the mangers/leaders of a company. For this purpose, we shall return to Schein's concepts of creator and carrier of organizational culture and look deeper into the leadership issue within the context of organizational culture in a company.

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[19] Carmelli and Tischler (2004) identified six intangible organizational elements having impact on organizational performance. They count to them: managerial capabilities, human capital and its educational level, internal auditing, labour relations, organizational culture – meaning all three levels of culture underlying managerial practices, and perceived organizational reputation.

2.5.3 LEADERSHIP ISSUE AND SUBCULTURES IN ORGANIZATIONAL CULTURE

Although leadership literature is considered to be rather insufficient (see e.g. Evans and Pucik 2005; Sitkin and Pablo 2005), Evans and Pucik (2005) show this is not true about leadership case studies in which the importance of the leading person is highlighted. We will mention at least some authors who deal with the role of **leadership** in a company at the conceptual level. Such researchers include e.g. Schein (2004); Sitkin Pablo (2005) or Pettigrew (1979).

For Schein, concern for culture distinguishes leadership from management and control. He highlights leader's charisma when managing people, but he also admits that a set of mechanisms pursued by a leader can substitute for the charisma and thus make the followers happy to follow. His (Schein 2004) starting point is the principle of **systematicness** and **consistency of the leader**. These two principles should be present in each **mechanism** the leader uses in managing people if willing to transmit or embed culture. Under such mechanism is understood the way in which the leader communicates his assumptions and his daily behaviour in the following **areas**:

- What issues the leader pays attention to, controls and measures regularly;
- Leader's reactions to critical incidents;
- Resource allocation;
- Formal and informal deliberate role modelling, teaching and coaching;
- System of rewards and status allocation;

- Recruiting, selection, promotion and exclusion and related socialization tactics.

According to Schein (2004) all these "***primary mechanisms***" must be **consistent with each other** in order to transmit and embed culture. "***Secondary mechanisms***" such as organizational design and structure; systems and procedures; formal statements, organizational philosophy; design of physical space, buildings etc. may then articulate and **reinforce the primary mechanisms even after a change of the leader**. Secondary mechanisms are thus perceived as instrumental to cultural embedding, however, they reveal just a part of operational assumptions.

In Pettigrew's (1979) understanding of the role of leadership, he assumes that the way to a successful organization is **employees' commitment** which is earned by the energy and vision of the leader. The transmission of a vision depends on the credibility of the source – the leader – and the process of communication. Indeed, Pettigrew's assumption of the commitment is based on the same mechanism as Schein's principle of systematicness and consistency – in particular **behaviour and communication abilities of the leader**. To put it more generally, Pettigrew (as well as Schein) sees the role of a good leader at transmitting culture in his/her ability to create a reciprocal relationship between the company and its employees.

Sitkin and Pablo (2005) see the importance of a leader during an organizational change (like merger or/and acquisition – M&A) and examine it especially in the M&A context. They do not stay at the general level but use the Sitkin, Lind, and Long's (2001) **model of six dimensions** to effective leadership, each having a specific effect on the followers:

1) **Personal leadership** – communicating who the leader is – fosters **loyalty**;

2) **Relational leadership** – achieving mutual understanding so that the followers feel they know the leader and that the leader knows them – engenders sense of **trust and justice** which are important success factors at the M&A process examined by Stahl and Sitkin (2005);

3) **Contextual leadership** helps to build **community** among individuals and subgroups by creating suitable norms and structures for running a successful organization;

4) **Inspirational leadership** encourages higher **aspirations** of the followers which may affect the firm's performance;

5) **Supportive leadership** forges an internalized sense of **self-discipline** by providing different kinds of support like financial, training, emotional, procedural or developmental support; and

6) **Stewardship** raises an internalized sense of **responsibility** by balancing all the types of leadership. When effectively performed, the work/life or firm/community interests are also balanced (Sitkin and Pablo 2005 *In* Stahl and Mendenhall 2005:213-220).

The distinction among these six types of leadership has its value in understanding how different types of leadership dimensions influence the quality of relationships between the employees and the organization in various aspects. The model shows that leaders' **soft skills** can positively influence employees' interest for the organization and this can lead to better **work ethic** of the followers. However, it is also clear that these skills necessitate material/financial and procedural **support** set in organization.

When talking about leading types and qualities, it is also important to take into account the people the leader is leading – the followers. It is hardly imaginable that employees would be the same throughout the company, and thus the leader should remember specificities of the employees while leading. In his research Schein (e.g. 2004) identified **several subcultures based on different assumptions** or certain more or less developed assumptions within the observed organizations. He classified five subcultures according to the **type of differentiation**, namely:

1) functional/occupational differentiation,
2) geographical differentiation,
3) differentiation by product, market or technology,
4) divisionalization,
5) differentiation by hierarchical level.

When analyzing Martin's works (1992, 2002) one finds the same subculture differentiation as the one mentioned by Schein. In her other works (e.g. Martin and Siehl 1983) some of them are even labelled as counter-cultures to the main culture. Martin recognizes different subcultures through identifying contradicting or ambiguous manifestations of basic assumptions. However, the story does not end with the recognition of several possible subcultures within an organization.

After Schein and Martin, other organizational culture researchers have been developing the basic idea of subcultures in their empirical case studies and identifying several connections of adopting organizational culture by particular subcultures. To such studies belong e.g. Harris and Metalinos 2002, Ogbonna and Harris 2002, Pioch 2007. Concretely, these three works are worth noticing among other things for the depth of their analyses – qualitative research and incorporation of several hierarchical levels of employees into the analyses, thus gaining higher possibility to identify and analyse potential subcultures and their specifics in the observed companies.

The following example points out different attitudes of specific subcultures within a company during the cultural adaptation phase after an acquisition. In their case study in the context of Greek food retail Harris and Metallinos (2002) suggest that the cultural change after the acquisition was more successfully and favourably perceived at the level of ownership and Head Office managers, whereas toward the 'bottom' of the organizational hierarchy the employees were rather stressed (store managers) and de-motivated (shop-floor workers). Also the findings of Čechová's working paper support the idea that it is important to distinguish among organizational subcultures. In her paper she indicates *"different efficiency of human capital investment according to the target recipient group"* (Čechová 2010:10).

2.5.4 OTHER FACTORS INFLUENCING ORGANIZATIONAL CULTURE AND MANAGEMENT

Other findings concerning influential factors of organizational culture, such as those of the research conducted by Harris and Metallinos (2002) are similar (but not the same) to the findings of the abovementioned Hofstede's IRIC research ('organizational culture is about practices'). They conclude that the cultural **change occurred rather on superficial levels** of organizational culture, i.e. artefacts, and partially on the behavioural level. Actually, Harris and Metallinos (2002) observed some differences within the artefacts level as Hofstede did in the IRIC research, however, unlike Hofstede, they did not conclude this level represents the complex organizational culture.

The reaction of employees to culture management in an organization was also the focus of a case study of a UK retail company conducted by Ogbonna and Harris (2002). They identified several **factors influencing employees' reactions**. Among others also: strength of subcultures, hierarchy level position, skills and charisma of leaders, local and national labour market conditions. Pioch (2007) adds, based on her findings[20], that the integration perspective of employees depends not only on **job status** (Martin 1992, 2002) and **hierarchical position** (Harris and Ogbonna 1998 *In* Pioch 2007) but that the **length of service** and **career aspirations** of employees have also impact on cultural perspective. Like Martin (2002), she also confirms that **all three perspectives** can be found in an organization at once which may lead to **unexpected unmanaged consequences**, e.g. different interpretations of values. This finding led some authors to prefer the word cultural change to the word management.[21]

Within the M&A context, when clash of different subcultures is very probable, the literature on human resource management (HRM) has already examined several factors having **impact on organizational atmosphere, culture, perceiving of organization, indirectly on performance** or others. Through literature examination, Stahl et al. (2005) identified **consensuses** among researchers about what influences the management of M&A and its perception by the employees. These are the following **four** management areas:

1) **Post combination integration process;**
2) **Level of integration;**
3) **Personnel practices**;
4) **Assessment of organizational structure, organizational culture and HR system.**

1) Post combination integration process

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[20] Pioch (2007) analysed an acquisition in connection to organizational cultural change of an UK retail company by an US retailer.

[21] Harris and Metallinos (2002) emphasized the word "change" against the word "management" as they pointed out cultural change occurred in their observed company, however with some positive and negative unexpected consequences, therefore they did not deem appropriate to use the word "management".

When talking about the transfer of organizational culture within the post combination integration process, especially in the international context (where factors like psychic distance or national culture play some role), it is important see the harmony of culture not as a static state of things but as a **process** which is rather about successful learning and becoming (Schreyögg 2005).

Inspired by Perlmutter's (1969) "EPG stages model"[22] of international companies, Zadražilová (2007) offered another type of strategies creating organizational culture for overseas affiliates. (1) The **ethnocentric strategy** moves the company's head office managers to overseas key positions whose objective is to implement the same successful processes, decisions and management style as those in the original head office. As opposed to the first one, (2) the **polycentric strategy** gives the local management very high autonomy in their dealing. (3) In the **geocentric strategy** the organizational culture is created as intentionally differentiated and independent from the national culture of the mother country and as such it is transferred to new affiliates. (4) The **synergic strategy** retains the cultural core of the mother country but modifies the cultural concept according to the affiliate environment. The choice of the strategy should depend on the characteristics of the parent and affiliated company, costs, and cultural dimension.

Although there are not many examples of famous firms from food retailing industry, there are well known companies from other fields - e.g. Southwest Airlines in the US, HP in Germany. These grasped the process of organizational culture transfer (or also learning) and understood that to build an integrated organizational culture (or universal corporate culture, as called by Schreyögg) does not mean to unify all the systems and achieve an absolute consistency in the company around the world. On the contrary, **organizational culture** should serve as **"reference language"** by which

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[22] EPG stages model is the abbreviation of Ethnocentric, polycentric and geocentric stages model.

"general tendency in values and orientation patterns" (Schreyögg 2005:112) is reached. As Lawrence and Lorsch (1967) noticed differentiation is needed for survival of large systems. In other words, organizational culture should be transferred in order to gain commonly understood platform of symbols, rituals, values or patterns. However, it is necessary that specific systems and procedures should remain differentiated across the different environments in which the company operates.

Still, the question remains how it is **possible to achieve consistent understanding of the organizational culture** in such an international company as the one examined by the following case study. Here the literature on international human resource management and examples from around the world offer a suggestion under the key-word of "process". To develop this idea (Schreyögg 2005): Process of **screening and hiring** to select future employees who are likely to fit into the culture of an organization; **promoting from within** the company's own employees and **own management development** are among these key processes. Or, as O'Reilly and Pfeffer (2000) summarize on the basis of the example of South-West Airlines: it is important to focus on **people's potential** while maintaining **low variable costs** by high worker productivity and to **align the values with systems, structure and strategy,** with the help of **consistent leaders** who live the company's values. Such generally known attitude of a company to its employees may also possibly facilitate the positive perception of new acquired employees even after a merger or acquisition.

2) Level of integration – the higher the more attention to culture and the people issue is needed as the *"level of integration affects the emotions and attitudes of the acquired employees and may lower their commitment to and cooperation with the acquiring management"* (Stahl et al. 2005:403);

3) Personnel practices (e.g. post-acquisition rewards and job security changes) influence employee resistance and retain key employees;

The concept of **Social mix** model by Pražská (Pražská, Jindra et al. 2002) clearly portrays the variety of such practices. This model shows five areas which should be appropriately mixed in order to gain employees' positive work motivation. These include (the items right behind numbers, not in italics): (1) Level of Remuneration, *(monetary Reward System),* (2) Professional Prestige, Education and Training *(Training),* (3) Social Advantages, Negotiation with Trade Unions, (4) Social Climate *(non-monetary Reward System, Information Sharing)*, and (5) Guarantees of Job and Career Development,[23] *(Employment Stability, Job Security)*. On the example of South-West Airlines Stahl (2009) summarizes more practices which help create competitive advantage. Some of them are comparable to those mentioned within Pražská's Social mix practices (Stahl's equivalents are *in italics* and brackets), and further: *Recruitment and Selection, Flexible Deployment, Stock Ownership and Reinforcement of Corporate Culture.*

4) The importance of organizational **structure**, organizational **culture** and **HR system assessment** is elevated to the same level as the financial and strategic fit, as the human capital audit can reveal key individuals and management cadre weaknesses.

In similar vein as the above ideas of possible sustainable competitive advantage of organizational culture offered by Barney (1991) or Carmelli and Tischler (2004), Porter's (1996) view of strategy also fits here. On companies like IKEA or Southwest Airlines he shows that an alternative view of strategy resides in understanding it as an **"entire system of activities"** aligned with each other. In his opinion each good strategically positioned company has identified a few core values/ *"high-order strategic themes* [which] *can be identified and implemented through clusters of tightly linked activities"* (Porter 1996:71). Stahl (2009) categorizes Porter's idea and in his evaluation of HRM he poses three questions concerning (1) **strategic fit** – whether HRM supports strategy and business model, (2) **cultural fit** – whether HRM is aligned with the value system of the firm, and (3) **internal fit** – whether HRM is internally consistent, complementary, and reinforcing.

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[23] Author's own translation. Originally in Czech language: (1) úroveň platů, (2) odborná prestiž, výchova, doškolování, (3) sociální výhody, vyjednávání s odbory, (4) sociální klima, (5) jistota zaměstnání a vývoje kariér.

These four areas of HRM[24] are not only based on **hard factors** but comprise also soft skills of managers. According to some works these **soft factors** seem to play as important role as relatively easily measured hard key performance indicators (see e.g. Stahl and Mendenhall 2005). As already reviewed by Stahl and Sitkin (2005) the focus has traditionally been on hard factors and only recently has turned to soft ones. Further, as announced in the introduction, when dealing with culture, one always talks about its carriers, about people. Thus, the submitted work is inspired by this and its line will continue by the soft factors which are usually carried out by people, namely **trust** and **respect**.

2.5.5 SOFT SKILLS

Trust in culture seems to be an important factor influencing our (not only) economic life. To mention some examples, **first**, Denton (2009) gives several facts from within U.S. economic reality showing that companies have a lesser chance to belong among the best companies of the country when there is lack of trust among the employees, i.e. colleagues and superiors. In trusting organizations the employee turnover is lower which means lower costs of recruiting; in general such organizations get more qualified applicants, experience higher levels of customer satisfaction, greater innovation and readiness to take risks. Trusting companies spend rather than save expenditures on training and team-building and still retain some savings. **Second**, the GLOBE study, although challenged for its classification of culturally contingent leadership dimensions (Smith 2006), found a few universally desirable attributes of leaders. Among them there were typical managerial attributes concerning planning ahead, team building or people orientation, nevertheless virtues, specifically trustworthy behaviour, honesty and justness were also identified as universally desirable characteristics.

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[24] i.e.: 1) Post combination integration process; 2) Level of integration; 3) Personnel practices; 4) Assessment of organizational structure, organizational culture and HR system

To build a trusting culture in an organization pays off, as Denton (2009) shows. However, Fairholm and Fairholm (2000) accentuate how trust is gained; it takes a long time and **individual, organizational, societal** and more general **institutional and personal barriers** can hinder the development of trust.[25] Inspired by Rousseu et al. (1998, In Stahl and Sitkin 2005) this work understands ***trust*** as "a psychological state comprising the intention to accept vulnerability based upon positive expectations of the intentions or behaviour of another". As already noticed (by e.g. Rotter 1980 in Fairholm and Fairholm 2000), these expectations are not based on intelligence. Rather, the inclination of trust depends on one's experience. If this is true, then e.g. building open office lay-outs in order to bring about trusting atmosphere is going to work only in an already trustworthy climate. Moreover it could probably first then have a supportive maintaining function of trust in a company.

The findings of the research conducted by Stahl and Chua (2002) indicate that the two most important antecedents of the level of member's trust in the management of the acquiring firm were attractiveness of the acquiring firm's HR system and interaction history. Combining these results with the Fairholm and Fairholm (2002) hindrances and setting them into the Sitkin et al. (2001) leadership dimension model suggests that the behaviour and dealing of leaders in a company along with supportive HR system create an attractive place to work for potential employees.

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[25] Fairholm and Fairholm (2000) count among hindrances following factors: INDIVIDUAL – apathy and alienation, risk of trusting others, personal selfish interest, leader sensitivity to follower needs, ORGANIZATIONAL – authority structure, the lack of effective accountability mechanism, history of negative trust events, organizational structure, SOCIETAL – the general decay of moral values, INSTITUTIONAL – survival beyond effective need of the company, traditionalism, uncontrolled growth, office politics, PERSONAL – power usage, status, dysfunctional sociopathic behaviour, cynical behaviour, the enemy and the burned out employee.

At first glance the list seems to be complete – dealing according to the dimension model, paying attention to the hindrances and having supportive processes and organizational systems. Gebler's (2006) seven-level ethical organization would also support this idea. Still, the very basic soft factor – **respect/ respectful behaviour** of the leader should not be forgotten. Denton notices this, as well. In his opinion respect is one of the corner-stones of trust: *"Trust in turn is built on **credibility, respect**, and **fairness** rather than inspirational speeches."* (Denton 2009:13).

According to Kopřiva et al. (2008:15) **respect to another person** is understood ***"in the sense of unconditioned regard to person's human dignity and acceptance of his/ her dissimilarity".*** Respect is to be distinguished from appraisal respect by which *"we show that we value someone for that how s/he is and how s/he behaves".*[26] Bryson (2009) explains the appraisal respect as *"evaluation of the normative claim of another ... respect for ideas and concepts"*, whereas by the **recognition respect**, she speaks of ***"interpersonal respect, human to human".*** The recognition respect ***"means e.g. respecting the right to life of a human being because of the recognition of basic human dignity. It enables the listener to become a learner, to understand the diversity which can be present within a community..."*** It is obvious that all the leadership dimensions mentioned earlier would not work due to disrespectful attitude to employees. Leader's recognition respect or the human one at all, is the basis for creating trust among people. Indirectly, this is supported by the Stahl and Chua's (2002) findings concerning the interaction history and the idea of former experience with the company (Fairholm and Fairholm 2000). Fairness and credibility – the other two corner-stones of trust mentioned by Denton (2009) just logically fit into the morally virtuous company.

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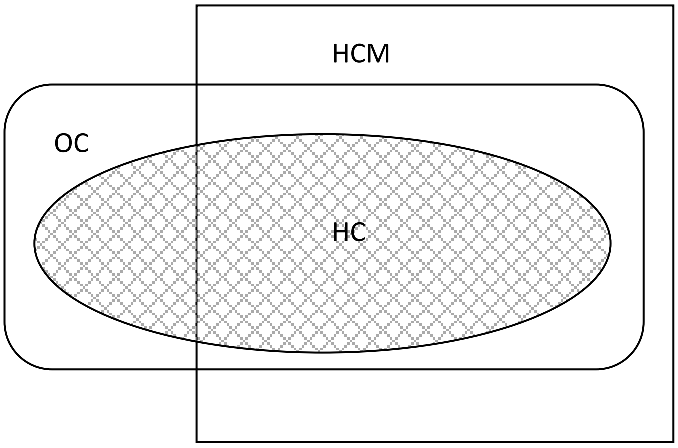
[26] Author's free translation from Czech book: Kopřiva et al. (2008:15): "respekt k druhému člověku ve smyslu ničím nepodmíněného ohledu na jeho lidskou důstojnost a přijetí jeho odlišností; uznání, kterým dáváme najevo, že si někoho vážíme pro to, jaký je a jak se chová."

SUMMARY

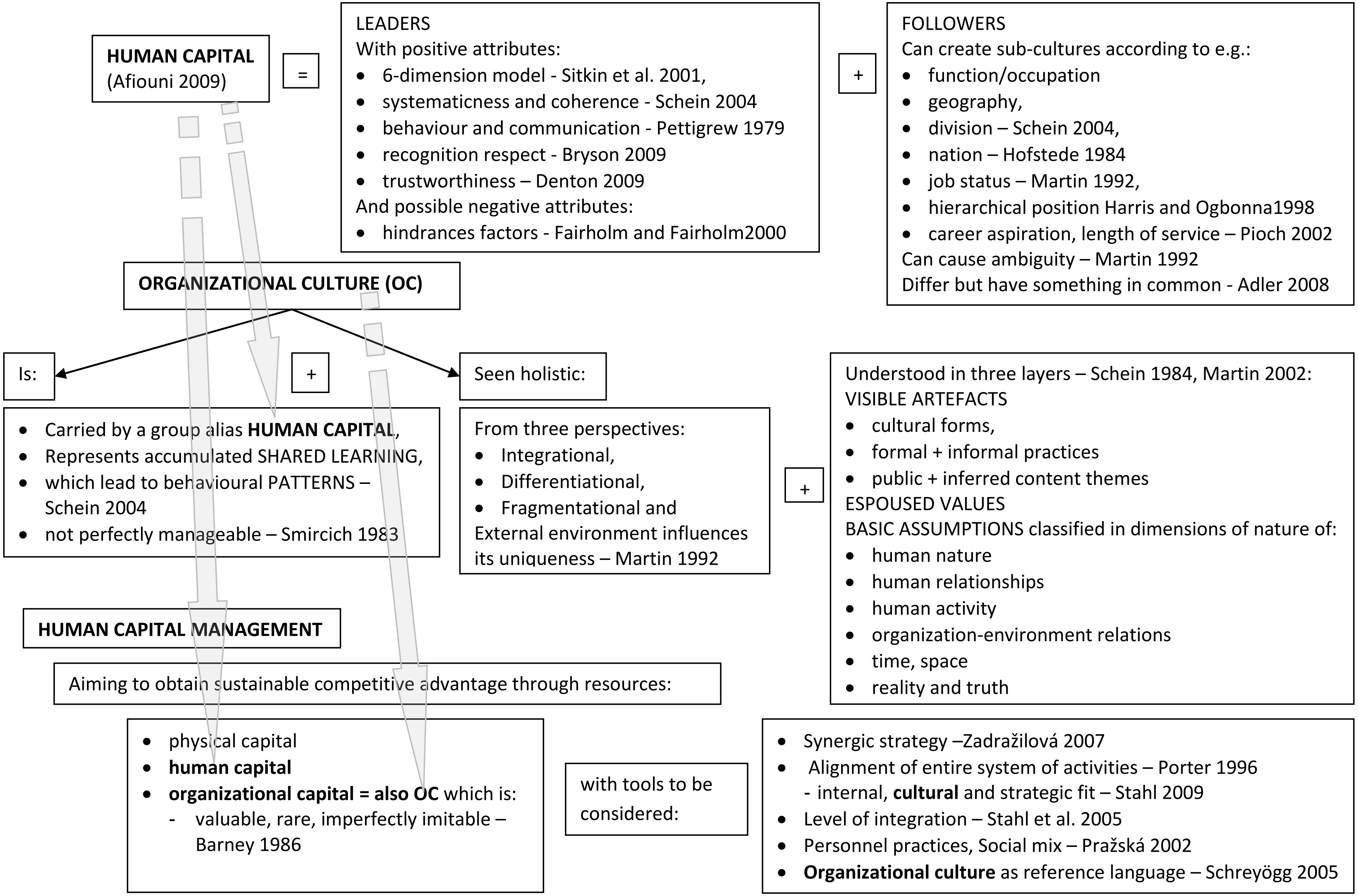
The Figure no. 6 represents the author's synthesis of the reviewed literature considered crucial for the application part of this work. The presented scheme tries to portray the reviewed concepts which were inspiring the author throughout the work. These concepts are grouped to the three main notions of this thesis, namely human capital, organizational culture and human capital management. Grey arrows inside the scheme show interconnections among these three notions. Inductively, they insinuate that human capital (HC) is a part of the organizational culture (OC) managed by the human capital management (HCM), while at the same time a part of the organizational culture is also focused on by the human capital management. Thus, they both influence the management according to their nature, however at different levels, as human capital is a unit of the organizational culture. Simplified, it is depicted in Figure no. 5.

Figure No. 5: Interrelations



Source: Author's own depiction.

Figure No. 6: Synergic scheme of literature review



HUMAN CAPITAL
(Afiouni 2009)

=

LEADERS
With positive attributes:
- 6-dimension model - Sitkin et al. 2001,
- systematicness and coherence - Schein 2004
- behaviour and communication - Pettigrew 1979
- recognition respect - Bryson 2009
- trustworthiness – Denton 2009

And possible negative attributes:
- hindrances factors - Fairholm and Fairholm2000

+

FOLLOWERS
Can create sub-cultures according to e.g.:
- function/occupation
- geography,
- division – Schein 2004,
- nation – Hofstede 1984
- job status – Martin 1992,
- hierarchical position Harris and Ogbonna1998
- career aspiration, length of service – Pioch 2002

Can cause ambiguity – Martin 1992
Differ but have something in common - Adler 2008

ORGANIZATIONAL CULTURE (OC)

Is:

- Carried by a group alias **HUMAN CAPITAL**,
- Represents accumulated SHARED LEARNING,
- which lead to behavioural PATTERNS – Schein 2004
- not perfectly manageable – Smircich 1983

+

Seen holistic:

From three perspectives:
- Integrational,
- Differentiational,
- Fragmentational and

External environment influences its uniqueness – Martin 1992

+

Understood in three layers – Schein 1984, Martin 2002:
VISIBLE ARTEFACTS
- cultural forms,
- formal + informal practices
- public + inferred content themes

ESPOUSED VALUES
BASIC ASSUMPTIONS classified in dimensions of nature of:
- human nature
- human relationships
- human activity
- organization-environment relations
- time, space
- reality and truth

HUMAN CAPITAL MANAGEMENT

Aiming to obtain sustainable competitive advantage through resources:

- physical capital
- **human capital**
- **organizational capital = also OC** which is:
    - valuable, rare, imperfectly imitable – Barney 1986

with tools to be considered:

- Synergic strategy –Zadražilová 2007
- Alignment of entire system of activities – Porter 1996
    - internal, **cultural** and strategic fit – Stahl 2009
- Level of integration – Stahl et al. 2005
- Personnel practices, Social mix – Pražská 2002
- **Organizational culture** as reference language – Schreyögg 2005

Source: Based on author's own literature review

3 METHODOLOGY

Selection of methods used in a research depends on information sought. However, selection of information which the researcher accepts a knowable depends on the researcher's attitude toward knowledge and principles of its existence.

3.1 PEELING THE RESEARCH 'ONION'

Along the ontological scale, there are two basic attitudes of perceiving the nature of social entities: constructivism and objectivism. Objectivism understands the reality as an external phenomenon which is independent from any social actor. The phenomenon under study exists whether one participates in it or not. On the other hand, constructivism is basically understood in two meanings:

1) Constructivism is referred to when *"social phenomena and their meanings are continually being accomplished by social actors. It implies that social phenomena and categories are not only produced through social interaction but that they are in a constant state of revision"* (Bryman and Bell 2007:23).

2) Second often added meaning is that *"the researcher ... presents a specific version of social reality, rather than [a reality] that can be regarded as definitive"* (Bryman and Bell 2007:23).

Continuing with the help of Bryman's and Bell's overview (2007), the epistemological part of philosophy deals with the process of cognition, its possibility and veracity. Indeed, it tries to answer the question: what shall we do to find, verify and rely on what we are looking for by sticking at acceptable research tools? Opinions vary. There are two main antithetical attitudes represented by positivism and interpretivism (or a close stream phenomenology). Positivism is more common in natural sciences, interpretivism is more accepted in social sciences.

The central difference between these two approaches is *“that the subject matter of the social sciences –people and their institutions– is fundamentally different from that of the natural sciences”* (Bryman and Bell 2007:17). Thus, in order to comprehend better the subject matter, different tools are helpful on the way of cognition. Positivism usually tests a deductive hypothesis which can be quantitatively assessed. Science should be value free (positive), not normative in the sense of ethical judgement of right and wrong under certain criteria. Interpretivism accents the social reality in which people/social actors and their institutions exist. The reason is a presumption that this social context has a meaning for the observed actors. They judge the reality around them and act while considering various institutions of the social reality. Thus the aim of interpretivism is to understand the motivations of the actors’and the stimuli which influence their points of view.

In the present work, the author inclines to the **constructionist interpretative** side of the above-mentioned perception of cognition process and existence. However, the constructionist attitude is understood in the first meaning – social actors influence and give meanings to phenomena and concepts which can change continuously. The author's inclination stems from the attitude of perceiving organizational culture – the subject of this thesis - as a phenomenon which is in an influential relationship with a specific group of people.

It would be very courageous from the author to pose as a philosophical expert and determine herself epistemologically and ontologically on solid ground. However, at least she has stated – based on the nature of the chosen researched phenomenon (organizational culture and its perception in connection with human capital) – that human behaviour and action, speeches and dialogues do exist and have consequences observable in reality. The author believes these visible elements of the observed phenomenon (organizational culture) can be researched and analyzed in a rational way.

In the present work, human beings are understood as carriers of human capital – one of the factors influencing formation of organizational culture. People are seen as complex creatures able to think abstractly and act purposefully. They may be influenced by their environment yet, they are also able to influence it back, including other people within interpersonal relations.

If this is a premise, then (the mode of researching) the author's attitude toward epistemology is derivable as follows. A deep analysis in the form of qualitative study will be preferable to quantitative mass counting of frequencies. Interpretations of the gained data will be used following rigorous grounded theory tools.

In the submitted research the author chose both **deductive and inductive approach**. Following Pioch (2007) this research was primarily based on the frameworks of Martin (1992) and Schein (1984). Thus, the aim was to test data obtained from a field work against already existing concepts – using deduction. On the other hand, the aim was also to "let the data speak" to see whether it was possible to develop any new phenomenon from them and to relate and add it (if possible) to the existing concepts in literature (Saunders *et al.* 2009). Therefore, the approach of the advanced research was also inductive. In reality, it was an **iterative process** of moving back and forth in order to develop the issues through constant comparison of the data and developing theory.

As to the research strategy, the author chose **qualitative research methods.** The main reasons were:

- Nature of the research object – organizational culture and its transfer

The object of this research was organizational culture. The author was interested in how and why the employees of the Czech subsidiary of an international retail company perceived, reacted to, transferred and/or adopted the organizational culture into their daily work-activities.

- The advantages of qualitative methods over quantitative methods in relation to the nature of the research object

The advantages of qualitative methods consist in better understanding of the context by answering how and why something happened and thus being able to *"provide more detailed information to explain complex issues, complement and refine quantitative data"* (Center for Civic Partnerships 2007). To address the research questions it would not be appropriate to use quantitative methods which rather "count" the frequency of a phenomenon, rather it would be more suitable to try to interpret interactions among people or to explain the perception of the people, although the author perceives the limitations of qualitative data such as costly and time consuming gathering, more difficult analysis and data not neatly fitting into the standard categories (Center for Civic Partnerships 2007).

The research strategy chosen was a **case study**. As Saunders *et al.* (2009:145) mention, "Robson (2002:178) defines case study as *"a strategy for doing research which involves an empirical investigation of a particular contemporary phenomenon within its real life context using multiple sources of evidence."* The reason for the case study strategy laid primarily in the intention to be able to closely examine different sub-units within the case organization. In case of this thesis the subunits were employees in different positions and formats of the organizational structure hierarchy. They were represented by front-line employees, lower-level management, middle-level management (senior team in shop units), upper-level management (regional managers) and the head office managers in the Czech Republic. Such type of a case study Yin (2003) calls a **case study with embedded units of analysis**.

3.2 DATA COLLECTION

Data sources used can be divided into secondary and primary data. The **primary** sources is information gained from interviews and focus groups, visible artefacts observed during the stay at the shop floor and in the background of the shop-unit (e.g.: employees' clothing, behavioural habits or passive internal communication style through notice boards). From one point of view The Company's sources like leaflets, employees' introductory brochures, web-sites, mission statements, annual reports, cards with company values, PR or company information articles in Czech daily press, retail journals and publicly available documents about the Czech retail market were perceived as primary source of information as these are also the ways the company presents and communicates part of its culture, or rather these sources elucidate the context in which the company operates. However, from another point of view the above documents together with other newspapers, web-pages, press releases, advertisements, manuals, transcripts of speeches, various statistics et al. (Saunders at al. 2009) should be also perceived as **secondary** sources of data as they can be found from the "researcher's desk" (Bártová et al. 2004).

The aim was **to triangulate** the primary and secondary sources, which means to use and analyse different kinds of sources in order to gain more points of view on the area under study. According to Esterby-Smith *et* al. (1991) one can distinguish among four types of triangulation. These comprehend theoretical, data, investigator and methodological triangulation. In the following research **the data collection was triangulated.** This *"refers to the use of different data collection techniques within one study in order to ensure that the data are telling you what you think they are telling you"* (Saunders *et al.* 2009:146).

The **principal themes sought** by the researcher were as follows: The Company's profile, history, values, mission and vision, social corporate responsibility activities of The Company, Ethical Code, Annual and financial reports, The Company's position in the market, recruiting and motivational processes, rhetoric of The Company's representatives on public occasions (e.g. retail summit or public discussions).

Besides the basic information about the researched company, the data collected from the above-mentioned sources were also supposed to illumine the basic cultural artefacts of the company and how they are communicated to/among the employees and to customers as well as to understand the message the studied company was presenting to the public - its employees and (potential) customers. Another task of these sources was to penetrate into the understanding of the company’s position within the Czech retail market considering the labour market; productivity of the company and the market; and in comparison to the Company’s closest retail competitors within Czech conditions. Hence, the aim was to set the **research into a broader context of retail market reality**.

In this way the author wanted to face the challenge of the grounded theory method which is that the researches using these methods are usually narrow and hardly ever exceed the “walls outside the company building”. For this purpose the author used the Corbin’s and Strauss’s (1990) suggestion of conditional matrix (described further) which is a helpful tool by not staying too narrow. Along the analysis the matrix can be used as a reminder of the relations among concepts through different environmental levels of conditions.

To be more concrete, the following **techniques** associated with qualitative research were used **to collect data** from the primary and secondary sources. According to Bryman and Bell’s (2007) terminology, they were as follows:

Participant observation - while doing interviews and waiting for the subsequent interviewee or focus group it was possible to chat with employees, **overtly observe** the working surroundings and atmosphere, looking at the notice boards or simply sitting and watching the activities going on around in the background of the shop unit/country head office. As the objects of the research were shop units the author also spent some time unknown at the shop floor of the examined shop units and pursued **covert observation** in order to dip into The Company employees' culture in behaving and to see typical interactions among the front line employees at work.

Qualitative (in-depth) interviewing – To better penetrate into the meanings of the presented vision, mission and the company's shared values **semi-structured individual in-depth interviews** were conducted. Thus, there were main areas of questions with sub-questions prepared. However, the interviewer chose the sequence of posed questions and usually added other related questions according to the situation and significance of the information learnt on place.

The aim was to address a cross-sectional sample of interviewees within the company. Individual interviews were carried out starting at the top of the organizational structure hierarchy, from the country headquarters, to the country human resource (HR) manager and then down through the regional HR managers and shop-units senior teams.

Focus groups – **Semi-structured focus groups interviews** usually consisting of 4 to 8 people were carried out with front-line employees. The interviewer was giving questions in the same order and, in several cases also accompanied by a note taker, observing also the overall reaction of the participants in the interview. The focus groups interviews were pursued at shop units among the front-line employees. The employees were chosen according to their department/position at the shop unit in order to gain the representative sample of employees within each observed unit.

Average duration of an individual interview with a manager from the headquarters or cluster level was approximately one hour. Typical duration of an interview with a person from the senior management team of a shop-unit or with one focus group was about 20 – 30 minutes. In few cases (basically only within the small shop-units) the work operations did not allow to conduct interviews in groups. In these few cases shorter individual structured interviews took place which never took longer than 10 to 15 minutes.

Partially also *Language-based approaches to the collection of qualitative data* were used. As Strauss and Corbin (1990:92 – 93) remind one should "*never take anything for granted".* This is very true about the way how interviewees talk. Their usage of the words like "always", "never", "everyone knows" etc. are so called "*red flags*" which were analyzed in order to find out how they are really meant in the context of the discussion.

During the research several qualitative methods were used. Thus, this study can be designated as **qualitative multiple-methods study** (Saunders *et al.* 2009).

3.3 DATA ANALYSIS TECHNIQUES

Several **techniques** associated with qualitative research were used to analyse the data obtained from the primary and secondary sources. The author used the Bryman's and Bell's (2007) terminology.

When all the 46 interviews were carried out, they were all word-by-word transcribed and the first transcript was corrected where necessary by the main researcher. After the transcription, analysis of the collection of primary data started. For the analysis, the tools of the grounded theory strategy approach were chosen. *"The grounded theory approach is a qualitative research method that uses a systematic set of procedures to develop an inductively derived grounded theory about a phenomenon. ... The purpose of grounded theory method is ... to build theory that is faithful to and illuminates the area under study. Researchers working in this tradition also hope that their theories will ultimately be related to others within their respective disciplines in a cumulative fashion, and that the theory's implications will have useful application"* (Strauss and Corbin 1990:24). As Goulding (2005) added, the knowledge of existing literature and theories in the field of study is perceived as a support *"to the emerging, data grounded concepts"*. At this point it is important to stress that the grounded theory was not perceived as the overall research approach of the submitted study, but just some its tools were used for the analysis.

The first reason for the decision to use grounded theory tools stemmed from the qualitative, context specific type of the collected data. For this kind of data, iterative, meaning searching procedures and interpretative approach of the grounded theory were found appropriate. The second reason was the ability of this method to explain *"a broad range of behaviours and their determinants"* (Pettigrew 2000). Thirdly, although common critiques of qualitative studies are that the analysis procedures are less structured, rely more on interpretation and are rather inductive (e.g. Saunders et *al.* 2009), that is nevertheless the nature and starting point of the grounded theory and its tools. Grounded theory has the advantage that its procedures are fairly rigid and predefined helping one quite well to overcome his/her biases (Strauss and Corbin 1990).

However, the method has also its drawbacks of which the most apparent is the time consuming nature of the analysing process and the difficulty to anticipate correctly *"an accurate time scale for the research"* (Goulding 2005). Another, even more prominent issue is the fact that this kind of analysis can at best bring only a substantive, context specific outcome. Thus, it is quite hard, if possible, to generalize the findings on a more general level (Goulding 2005). On the other hand, the submitted case study is supposed to contribute an additional database to an ongoing international research on transfer of organizational culture. Therefore, findings from this case study would hopefully be able to brighten the empirical knowledge in this field – what, in the final analysis, grounded theory tools should help to do.

3.3.1 GROUNDED THEORY TOOLS

Based on the description of grounded theory by Strauss and Corbin (1996) there are several steps to analyse data using the tools of this method. The first step is called **open coding** which refers to giving labels to the observed phenomena - events. During open coding the researcher breaks down paragraphs/sentences, examines and categorizes gained information. Grouping of *concepts* which seem to be similar is called categorizing of particular concepts into more abstract *categories*. Each category has usually several *properties* with different levels of *dimensions. "...properties are the characteristics or attributes of a category, and ... dimensions represent locations of a property along a continuum"* (Strauss and Corbin 1990:69).

On the other hand, looking beyond the properties and their dimensions, categories can be *conditions* of the existence of phenomena. Further, they might refer to a specific *context* in which the observed phenomena exist – i.e. when more conditions with specific properties along a dimension range come together. However, categories might also represent *action strategy* taken in the occurrence of a phenomenon. It can also be a *consequence* of some action (Strauss and Corbin 1990).

Strauss and Corbin (1990) mention some techniques of enhancing the theoretical sensitivity or analytical thinking when looking for proper categories and their properties/dimensions. In this sense analytical thinking is supposed to be an ability to pose correct questions which lead the researcher to think of relationships among categories in the ways which are atypical for him/her. Thus they came up with generative questions of the studied phenomenon. These techniques are e.g.:

The Use of Questioning – using basic set of questions in order to develop categories, their properties and dimensions*, i.e. "Who? When? Where? What? How? How Much? Why?" (ibid. p. 77)*

Far-Out Comparisons – comparing two different areas which are very distant from each other in order to find more properties of a studied category;

The Flip-Flop Techniques – comparison of two phenomena/concepts which are (almost) absolute extremes in their dimensions;

Systematic Comparison of Two or More Phenomena – using these techniques one starts by analysing the attitude of other researchers to a category which has already arisen in the existing literature. However, one continues asking further specific questions to get denser understanding of a category;

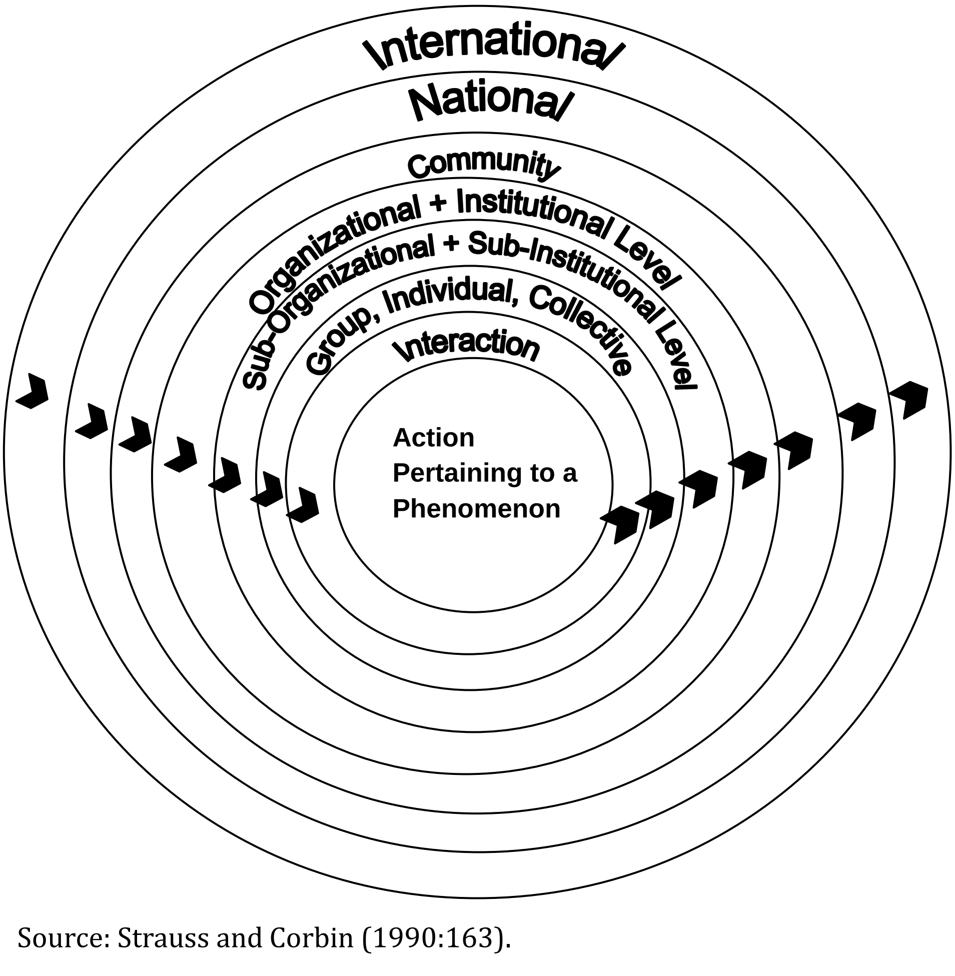
"Red Flag waving"– means being very vigilant about words indicating absolute statements of interviewees (e.g.: always, never, everyone).

The second stage of coding is called **axial coding**. The gained information is recompiled in different – systematic ways. The researcher names a searched phenomenon – event, happening. S/he purposely constructs conditions of its existence and specifies the context in which the phenomenon exists. Further the action strategy is identified together with the consequences of the undertaken strategy. All through the coding, the researcher proposes relationships among categories and looks for the evidence of these relationships.

S**everal categories might be inferred**. However, because of the complexity of reality, the researcher is usually **focused on maximum four or five of them.** By doing so, one continuously proceeds to selective coding and defines a core category – *"central phenomenon around which all the other categories are integrated"* (Strauss and Corbin 1990:116). After selecting a core category the story line needs to be clarified in order to give the central studied phenomenon a name. The story line represents analytically retold relationships among categories and the core category. A helpful outline for an analytic story could be: "*A (condition) leads to B (phenomenon), which leads to C (context), which leads to D (action/interaction, including strategies), which then leads to E (consequences)"* (Ibid. p. 124).

A phenomenon under study is not static. There is a constant flux of conditions influencing the studied area. Therefore the data from the interviews should be perceived dynamically – under process. In order to look at the gained data from a more general angle Strauss and Corbin (1990:162-164) refer to a conditional matrix (see Figure no. 7 below) which reminds the researcher of all the levels of environment in which the studied phenomenon is situated. Starting from the inside from the lowest level there are *direct actions* pertaining to a phenomenon. Second layer, so called *interaction,* refers to people which are connected to the studied phenomenon in some actions. Thirdly, the *group, individual and collective level* represents knowledge, experience, value hierarchy and/or philosophy in which the studied subject/object exists. *Sub-organizational/sub-institutional* level means features which determine specific close surroundings of the studied phenomenon. Continuing to the *organizational and institutional level* the researcher takes into account also rules, manuals, structures and history related to the phenomenon. Moving outwards the *community level* comes next. It represents the demographically specific group under study. The two most outward levels of conditions pertain to *national* and *international* ones as these also can be influential on the studied phenomenon considering history; national and international policies, rules, problems and environmental issues. Concepts are then systematically related through the different environmental levels of conditions. However, qualitative research using grounded theory approach has been criticized as being too myopic since the researchers are not able to bridge over all the levels. This is understandable to happen due to the time and cost consuming nature of this approach.

Figure No. 7: The Conditional Matrix.


International
National
Community
Organizational + Institutional Level
Sub-Organizational + Sub-Institutional Level
Group, Individual, Collective
Interaction
Action
Pertaining to a
Phenomenon

Source: Strauss and Corbin (1990:163).

During the whole process of data coding the researcher uses **theoretical sampling** – i.e. sampling (illustrating) of concepts (incidents/events) which seem to be theoretically relevant to the research question and/or "*to the evolving theory*" (Strauss and Corbin 1990). Further Strauss and Corbin (1990:176) explain what *Proven Theoretical Relevance* of theoretical sampling means: *"It indicates that concepts are deemed to be significant because they are repeatedly present or notably absent when comparing incident after incident, and are of sufficient importance to be given the status of categories."*

In order to obtain correct theoretical sampling, there are two main considerations. Firstly depending on the research question there should be a reason why a place or a group of people are chosen. Secondly the method used to data collection should be appropriate to the information the researcher is looking for.

As there are three types of data coding Strauss and Corbin (1990:176-188) distinguish among three types of sampling. With *open sampling* one looks for any concept evolving from the gained data. In axial coding *relational and variational sampling* is used. As axial coding means relating categories according to a paradigm – conditions, context, interaction and consequences, sampling in this stage of analysis serves to validate these relationships. The second aim of the sampling is to search for variations in dimensions of categories. By selective coding a *discriminate sampling* is used. This discrimination prefers those incidents which *"maximize opportunities for verifying the story line"* (Ibid. p. 187).

3.4 RIGOROUSNESS OF THE RESEARCH

As Glaser and Strauss (1967 *In* Strauss and Corbin, 1990:188) – the founders of the grounded theory say, one continues with sampling *"until* ***theoretical saturation*** *of each category is reached". "This occurs when (1) data collection ceases to reveal new data that are relevant to a category, (2) where categories has become well developed and understood and (3)* *relationships between categories have been verified*" (Strauss and Corbin 2008 *In* Saunders et al. 2009:509).

An important issue in the research strategies used is to ensure credibility, representativeness, reliability, validity, authenticity and meaning of the research. These can be obtained in different ways and are basically predetermined by the way and type of collecting data at both levels (primary and secondary data collection). Thus, a few lines are devoted to these issues in relation to the type of the submitted research.

Authenticity and **reliability**, as Bapir suggested, were ensured by recording interviews with representatively chosen people and focus groups which were subsequently transcribed. The people in the recordings were anonymised by not introducing their names. The interviews were informal. The interviewer and the notice taker were briefed how to listen actively to the employees. No pressure on answering a question was made, however non-verbal reactions were noticed. If there was a request for an out of record talk or information, the recorder was stopped for that while (this occurred three times). Front line employees were interviewed in the background and had a possibility to drink or eat and chat among each other informally. Managers were usually interviewed in their own offices, or at the place they chose in order to let them feel comfortable and be authentic. These pre-arranged interview conditions should secure the authenticity and reliability of the interviewees.

For the purposes of identification the employees' position in the organizational hierarchy and the number of years spent in The Company was noted. In the transcripts, each person has his/her own fictitious identification mark. If some reference to any relevant fact or event was made, this was cross-checked in other interviews/focus groups and looked up in available documents like web-pages, journals or statistical reports.

Credibility was attained by using grounded theory tools which have the strength to make the case study rigorous. The grounded theory tools were supposed to help the author to stay consistent during the coding process which was made preliminarily and then iteratively checked and corrected if needed. The categorization phase was also refined several times when the author was returning to both the raw transcripts and the coded worksheets. Coding and categorization emerging from the data helped to identify possible contradictions.

Further, most of the interviews were recorded on a recorder and realized by two people, the interviewer and a notice taker who also had a chance to notice speech intonations, gestures, silence and other non-verbal signs which were subsequently noted down.

Representativeness was achieved by choosing respondents representatively throughout the organizational hierarchy and in representative formats of shop units as described further.

Meaning of the research was supported by already functioning research concepts with similar research question. The research design was inspired by acknowledged research of Martin (1992), Schein (2004) and Pioch (2007). Critical monitoring of the logical sequence of steps was also carried out by the author.

Validity was tried to be obtained by the triangulation of data sources and methods (public and company's documents, observations, interviews and focus groups). This was supposed to ensure the believability and transferability of the findings and gave the basis of possible application in other contexts. Other ways of validation like using typical methods for this kind of research or support of findings by other studies were also used. Life conditions of the researched subjects were also partially taken into account. Bapir, quoting Sarantakos (1994), called this an ecological validation.

Based on Saunders et al. (2009) the level of **generalizability** of the submitted research depends on the author's ability to keep the above-mentioned features of rigorous study (validity and reliability, etc.) in required quality as well as on whether there is some relation of the submitted findings to an already existing theory.

3.5 APPROACH LIMITATIONS AND MEASUREMENT BIASES

The research approach chosen has its own limitations inherent in its nature. Collected data did not always fit neatly into the categories, it was time and cost consuming to collect all the data and still just part of them were robust enough to be analysed. The subject of the research (organizational culture) and its carriers (employees) are not exactly measurable, although real. This fact also made it very hard to stay academic enough.

The case study type of research with embedded units of analysis had the hindrances of problematic generalization, however, this might be overcome by comparing of similar studies within the Czech retailing context, if there were any. So far, the author knows only about Pioch's (2007) study which is, however, from the retailing context within the Great Britain.

SUMMARY

The accepted methodology for the submitted research was based on constructionist interpretative perception of the cognition process and existence. The qualitatively observed phenomenon was organizational culture and the carriers of this culture were people who also possessed their human capital understood in the sense that employees sell their labour to the company. An iterative inductive and deductive approach was chosen in order to let the data speak for themselves first and then to find (if possible) cross-points with the already existing literature. The concepts from the existing literature were also helpful for tabular conceptualization of the findings where appropriate.

The research strategy was a case study with embedded units of analysis. For the purposes of validity data collection was triangulated by using secondary sources in the form of different free accessible documents and articles as well as company's leaflets and documents accessible to the researcher. Primary data were collected from structured and semi-structured in-depth individual interviews and from purposely chosen representative sample of focus groups.

The data were analysed with tools of grounded theory. These included the techniques of Strauss and Corbin (1990) like different types of coding, several styles of questioning and theoretical sampling across the conditional matrix. These techniques were supposed to secure rigorousness of the research process, i.e. authenticity, reliability and credibility.

4 RESEARCH DESIGN

The following portion of the submitted dissertation thesis is the application part beginning with a chapter on research design (Chapter no. 4) describing the process of the field research and continuing with a chapter on findings and discussion (Chapter no. 5) in which the final findings are presented.

4.1 RESEARCH PROCESS

The typical process of a research using grounded theory tools can be seen in the Figure No. 8. These steps are followed throughout the process. As mentioned earlier and depicted in the following scheme by vertical arrows, the whole process was iterative within several steps. This might not be so obvious while reading the following pages.

Figure No. 8: Research Process

- ***Process → Outcomes***

1. *Preparation of research questions*

   ⇩ ⇧

2. *Theoretical sampling*

   ⇩ ⇧

3. *Collecting data:*

   → *Documentary analysis*

   → *Accomplishment of interviews and focus groups*

   ⇩ ⇧

4. *Analysis:*
   - *coding → concepts,*
   - *comparing → categories*

   ⇩

5. *Saturating categories*

   ⇩

6. *Exploring relationships between categories*

   ⇩

7. *Theoretical sampling*

   ⇩ ⇧

8. *Collecting data*

   ⇩ ⇧

9. *Saturating categories*

   ⇩

10. *?? Test hypothesis → Substantive theory*

    ⇩

11. *?? Collecting and analysing data in other settings → Formal theory*

Source: According to Bryman and Bell (2007:589) and author's adaptation.

Once the steps from no. 1 (preparation of research questions) to no. 9 (saturating categories) were iteratively accomplished, a model of discovered relationships was created within the context of the research study. Further testing of this model to create a substantive theory and analysis in other settings to suggest a formal theory should normally ensue (shown in steps 10. and 11.). However, this was not possible due to the difficulty of this task overly exceeding the scope of this work. Thus, there are question marks at these points, to show the opportunity for other researches to continue.

4.2 RESEARCH QUESTION

As mentioned in the introduction, the aim was to continue in the research of other works which qualitatively examined organizational culture, namely the concepts of Martin (1992), Schein (2004) and the approach of Pioch (2007) and, if possible, to add findings of this context-specific case study to the already existing literature. In previous chapters these concepts and studies inspired the author to conduct a research in the context of retailing industry in the Czech Republic and to look at the quality of possible interrelations between organizational culture and human capital management.

Thus, **the aim of this thesis** was to find out:

How the concept of organizational culture enters into the human capital management?

And possibly:

Whether dealing with OC is bringing any benefit to The Company's HCM.

Firstly, to be able to reach the stated aim, The Company's OC needed to be known. As the author was inspired by a deeper understanding of OC stemming from the synthesis of Schein's (2004) three layers model of organizational culture and Martin's (1992) three-perspective model, manifestations and their coherence or discrepancies with the Company's values and underlying basic assumptions needed to be explored.

Thus, the first research question was stated as follows:

1. What is the organizational culture of The Company?

The first research question was refined by the following focus areas:

- **What are the manifestations, values and basic assumptions of the OC?**
- **How is the OC created?**
- **What are the forms of the OC encountered by the employees?**
- **How to understand the Company's OC perception by employees?**

Once, the understanding of the OC was adequate, the author's focus shifted to the relation of the OC with human capital management (HCM) and a search for the foundations of the OC transfer started. Thus, possible ways of OC management were looked for. Through answering these issues, it was assumed that the research approached the understanding of a possible benefit stemming from the creation of OCM which also belonged to the aim of the thesis introduced at the beginning.

Therefore, the second research question was:

2. On what foundations should the organizational culture be built to help achieve The Company's vision by using the human capital management?

The second research question was split into two research sub-questions, as follows:

2A: How to successfully transfer OC across the corporate structure, from the international headquarters to individual frontline employees in foreign subsidiaries?

and

2B: How to manage organizational culture so that it is accepted and promoted /actively embodied/ by individual employees?

Based on author's knowledge, experience and the literature reviewed, **it was assumed** that:

- Employees are creators (called leaders) and receivers (called followers), thus carriers of organizational culture;
- These people sell their human capital (understood in its depth, e.g. Afiouni 2009) to The Company;
- Each person is unique human being and;
- Finally, the organizational culture management (OCM) is a part of the human capital management (HCM), in practice usually still denoted as HR management (HRM);

4.3 SUBJECTS OF INTEREST

Once the research question was formulated, it was necessary to frame the sample of with whom and where the research would proceed. The plan was to follow Pioch's (2007) schedule and to reach as representative group of interviewees as possible.

Thus firstly, one of the leading companies in the Czech retail market (and in the retail world) was chosen to start with. Moreover, there were other reasons for this choice:

- It is an internationally operating retail company,
- It has its Headquarters in another European country,
- It is fast expanding and innovative company not only in the Czech retail market,
- The company has already had experience as an acquirer of other retail companies.

Secondly, the plan was to conduct the research not only at the managerial level, but to go further into the organizational structure through the middle management and shop-units management to the front-line employees. The reason for this decision was to continue in the tradition of Schein (1984), Martin (1992), Harris and Ogbonna (2002) and Pioch (2007) who understand the definition of culture in three layers (mentioned in the theoretical chapter) which are dynamic and may change more or less over time due to adaptation to circumstances outside the firm or due to internal integration issues e.g. by socializing incoming members/employees. Further, several sub-cultures or even fragmented perception of the company's culture was also reflected as a possibility which may occur if the research takes into account different organizational levels. Learning from the above mentioned authors and in order to have the possibility to discuss potential issues arising at and among organizational levels in the company, the decision was made to proceed with the research at all levels:

- Head office HR management for Czech Republic –strategic level
- Regional HR management – implementation level
- Store management team – in terms of leading their subordinates according to implemented manuals and processes
- Team of store leaders - departmental leaders, section leaders or people with special roles i.e. with higher responsibility than ordinary general assistants referred to as:
- Front-line employees of stores – last two groups were usually the first employees to meet the customer.

At the two upper levels the research was conducted with HR managers who are carriers of the organizational culture in the company in the sense of coaches. Company values were transferred through these people from the home country to the Czech Republic and they were responsible for how people management/leadership was connected to the company’s vision and values – e.g. a specific entrée training cycle to be accomplished by each new incoming employee at specific level was done in connection to the company’s values and vision.

Thirdly, the company operates different **formats**. Therefore sampling was predetermined not only vertically but also horizontally across the main shop-unit formats operated in the Czech Republic. All formats were chosen within the area of Prague because of comparable external circumstances e.g. Prague’s labour market. The second reason was that it provided the researchers easier iterative contact with the units. After an agreement with the head office four units were chosen:

1) Hypermarket (HM) – one type of two big formats, with average 300 – 320 employees. This HM was unique (for the sake of the research) because it used to belong to one of eleven shop-units acquired from another well-known international retailer operating in the Czech market till 2006.

2) Department store (DS) – the other of two big formats run by the company in the Czech Republic, with average of 350 – 370 employees. This shop was unique because it used to be the biggest and the most famous department store back in 80-ties in former Czechoslovakia and approximately one third of the employees have worked there for 16 to 32 years (from the beginning of the building's existence).

3) Supermarket (SM) – one of two so-called small formats (SF), a shop-unit opened only recently at brown field, with approximately 16 – 20 employees in average.

4) Express store (EX) – the other type of small formats, newly opened smaller shop than the previous one, with the average of employees being also around 16 – 20.

4.4 PREPARATION OF THEMES

To obtain data relevant to the subject of the research, preparation of themes was needed to be done. The themes were supposed to be addressed by the interviewees in order to gain their perception concerning the research questions.

Sub-questions in the interviews were very similar to and some even the same as those of Pioch (2007), which allowed some basis for comparativeness of both studies in different contexts. This comparison could be useful for potential generalization of the research findings. During the preparation of questions the attempt was to use the knowledge from theoretical concepts concerning the organizational culture, namely Martin's (1992) three-perspective perception of organizational culture and Schein's (1984) dynamic concept of three layers of culture as well as to employ information learnt from the company's documents.

Interview questions can be divided into **four themes**, whereas two sub-area questions for each theme emerge afterwards. The division is as follows. It should be perceived as just a rough one. The actual questions would partly go across the themes:

A. Core values; employees' perception of the company's core values

- questions focused on what the company's core values are, how they are embodied in everyday operations;

- questions like: to what extent are employees respected as individuals? Is it possible to criticize, suggest? How, what? Can you rely on an upright attitude toward each employee? Why?

B. Attitude of employees toward the case company

- questions dealing with the reason why the employee works for this company, whether he/she likes the work for the case company.

- questions concentrated on what could be the reason that the case company obtained several rewards; what the work conditions in the company are, which possibilities and opportunities of development and trainings there are for each one; the atmosphere at the work place.

C. Interrelations (of units) within the company and the communication

- employees' unions and fairness of the collective contract, necessity of the unions and their importance in the company, relations between the company and union members, their effect on employees; their communication style.

- relations at the work place among colleagues, leaders, among direct superiors and their subordinates and the communication of people working in the case company.

D. Transfer and management of organizational culture

- the process of company transformation around the acquisition time – how it was perceived by the interviewees and their colleagues. How was/is information communicated?

- last, not yet mentioned, area of questions was: the main differences in working for the company before and after the acquisition – e.g. awareness of the company; employees' perception of the interactions of the company with the surrounding environment.

4.5 CONDUCTION OF INTERVIEWS AND FOCUS GROUPS

Once the documentary analysis of public web-pages or documents (like internal HR brochures for newcomers, company code of ethics, annual reports and financial statements) was processed, and all four themes of interview questions were prepared, the first recorded interview with the HR manager and the resourcing manager for the Czech and Slovak Republics took place.[27] Later on, interviews at the lower levels of the organizational hierarchy were arranged following the organizational structure: individual interviews with format HR managers were conducted; continuing with individual interviews with the store managers (called directors) of the researched shop units and their senior team consisting of deputy store managers i.e. departmental managers (in large shop units) or shift managers (in small shop units). After individual interviews in each format, focus groups interviews with about four to eight front-line employees were carried out (incl. employees from the middle management team). The following Figure no. 9 shows the descriptive statistics of the interviews[28]. The research team interviewed 115 people[29] in three months.

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[27] However, the reality is that the time to gain the date for the first interview can be counted in months. The reason was, firstly, my first contact person was too busy to appoint the interview within two months. Secondly, although my second contact person was more willing to start with my field work, summer holiday time was not appropriate time for it. Thirdly, due to the business of the head office managers, the interview was settled for the last third of October 2008.

Then, the rest of the interviews took place within the first three months of 2009.

[28] The author leaded a grant at the Internal Grant Agency of University of Economics in Prague. Thanks to this support she was able to work on the field work with a team consisting of a colleague Ing. Přemysl Průša, Ph.D. and a graduate student Bc. Aneta Urbášková. These two people participated with the author in about 35 - 40% of all interviews as interviewers or note-takers and helped a great deal with the transcriptions.

[29] The number of 115 people does not include two interviews also considered in the data analysis, conducted with two employees from the UK head office as a part of related research. Transcripts of these two interviews were provided to the author by senior lecturer Dr. Elke Pioch.

Figure no. 9: Number of employees interviewed according to formats and hierarchy

	Head Office	HM-format	DS-format	Small formats	**SUM**
Head Office	2/2	0	1/1	1/0	**4/3**
Regional level	--*)	1/1	1/0	1/1	**3/2**
Store management team (with store directors)	--	5/3	7/4	4/3	**16/10**
Store leaders	--	6/2	15/12	7/7	**28/21**
Front-line employees	--	28/16	32/24	4/3	**64/43**
SUM	**2/2**	**40/22**	**56/41**	**17/14**	**115/79**

*) "--" such position does not exist.

x/y = number of employees interviewed/number of women interviewed.

Source: Author's own research

The aim was to interview app. 75% of managers in the stores. Due to operational circumstances and the possibilities of the researchers this was not possible in the HM-format and in one of two small formats (56% were reached). However, in the other small format and in the DS-format the aim of 75% was achieved. As to the percentage of employees in focus groups, it amounted to something above 10% in the two big formats and roughly 50% in small formats. Out of all interviewed people there were seventy-nine women. It represents roughly 70% in average with marginal variance between hierarchy levels. The high percentage of women working throughout the company confirms the overall trend of the number of women working in the Czech retail sector.

4.6 CODING PROCESS, CREATION OF CATEGORIES

During and after the conduction of interviews and focus groups, analysis of the collected, transcribed and checked data followed. Approximately 400 transcribed pages from the interviews needed to be coded and conceptualized. Adhering to the grounded theory tools, the analysis started with open coding – searching for concepts arising from the collected data. **More than 60 concepts were found and labelled preliminarily.** Afterwards the concepts were grouped into more abstract categories according to the similarity of the concepts as perceived by the author. At this point categorization was crucial in order to systemize tangled information in the paragraphs and sentences from the transcribed interviews.[30] The most developed categories and concepts linked to the research theme were seen as follows:

1) COMMUNICATION – with the following concepts entering into this category:

- communication among colleagues
- communication between subordinate and superior
- between the head office and shop-units
- toward customers and suppliers
- formal and informal communication
- upward feedback and communication of front-line employees to the superior
- knowledge of upcoming changes

2) MANAGEMENT STYLE – and belonging concepts:

- operational processes of the company

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[30] For sample of coding process of the primary data see e.g. Appendix no. 3 in Odehnalova's (2010) work.

- operational processes of the company in comparison to its competitors within the Czech retail market
- retail system specific principles
- processing of customers and employees feedback
- KPI (= key performance indicators) and economising
- issues specific to the shop-unit acquired four years ago
- centralization and delegation of responsibility

3) PERSONAL DEVELOPMENT, RECOGNITION and MOTIVATION:

- company's training programs
- employee's development plan
- company politics of people pools
- benefits: financial and non-financial motivation instruments
- imbuing and adoption of company values
- employees' characters/personality
- employees' perception of the company/company atmosphere

Open coding was followed by axial coding during which the above concepts of the most developed categories were transcribed again systematically. The transcription of the texts of the interviews was ordered according to the relevance to three chosen categories. It was not clear from the beginning if there would be "only three" categories the author was interested in. The number "three" arose from various relations among the most interesting and saturated concepts complementing each other and having more abstract association to each other (named by the name of a category). I. e. during the axial coding these twelve working-categories were identified:

1 communication

2 direction

3 shop-unit operations

4 management style

5 acquisition issues

6 assortment issues

7 training and development

8 remuneration, rewards

9 remuneration and rewards policy

10 motivation

11 perception of the company

12 company values

After the identification of twelve working-categories it was realized:

Firstly, categories No. two to six are actually subcategories of one **central category** which was named **management style** due to their strong interrelation to each other. Secondly, categories No. 7 – 11 form concepts/sub-categories of **another central category labelled** "**personal development, recognition and motivation**". **Thirdly**, the category **communication** was selected. Finally, the twelfth working-category named "**company values" was reflected in all three central categories** always in a different context and in a different way. Therefore, the working-category **"company values**" was sorted as the **fourth among central categories**.

According to the grounded theory (which tools were described in the methodology chapter) selective coding should proceed. However, this could not be the case in the presented research. The researcher was only inspired by the tools of grounded theory which helped her to stay rigid in the processing of qualitative data. She could not follow the whole grounded theory due to the fact that the selection of theme was quite firmly set before the beginning of the research and that the author's aim was to continue in the path set by other researchers and scientists, mainly Schein, Martin, Ogbonna and Harris and Pioch. So, the selective coding – selection of the *"central phenomenon around which other categories are integrated"* (Strauss and Corbin 1990:116), was actually designated/selected before the research and the open and axial coding was carried out toward the predefined selection.

During the coding process it was required to preserve one nomenclature of interviewed employees linked to the extracted phenomena from the dialogues in order to be able to return to the rough data in the contexts of the interviews anytime. Therefore the marking was made systematically with regard to the format and position of the employee but with no respect to the name of the employee for anonymity's sake. Thus, any code of an employee consisted of three parts and looked like e.g.: HMF63 – where HM is the code of the format, F6 is the ordinal number of the focus group and 3 = ordinal number of an interviewee present in the focus group. However, this marking was just for better orientation within the obtained research data and will not be used in this work. The author rather inclines to similar use of anonymous identification of interviewees like the one of e.g. Martin[31]. Thus, in this work fictitious marking is used for names together with hierarchy identification as the first row of table in figure no. 9 shows.

4.7 TIMEFRAME OF THE FIELD RESEARCH

The company web-sites were analysed continuously starting in April 2008 and checked regularly for updates approximately every third month till December 2010. During this time the author noticed several volatilities of websites, not only changes of the company's web-design, but also disappearance of some of its content. Every time some change was found the author critically evaluated the relevance of the change to the research subject and made a notice accordingly at the appropriate place in the working analysis material. The changes were usually perceived as more or less durable visible artefacts (according to Schein's 2004 concept) which can be supportive hints when considering the aspects of the stability of the organizational culture in time.

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[31] Martin (1990) uses fictitious first names and real positions, e.g.: Mark - sales manager instead of e.g. HMMOO.

The first not recorded introductory interview with two employees at the head office level took place in June 2008. Here the scope of the research and the way of cooperation was negotiated. (This interview was not counted among the field research interviews). Then the first recorded field research interview at the head office took place in October 2008. The rest of interviews and focus groups on regional and shop-unit levels were conducted throughout January 2009 to March 2009.

It might be seen the submitted research is already “historic” according to the time of data collection. However, the researched phenomenon served for a theoretical analysis at certain time. Thus, it is perceived not being so important whether the research was carried out one year or five years ago. It is hoped adequate data were collected to be analysed for that particular point of time.

SUMMARY

The research process was designed in the traditional way for a qualitative case study as also shown in Figure no. 8. Firstly preparation of research questions and adequate research themes was done. Then theoretical sampling, collecting data and analysis in the form of coding and comparing the concepts and categories ensued. These steps were done iteratively several times.

The reasons for choosing particular international retailing company were several: the company operates internationally, it has its headquarters in another European country, it is a fast expanding and innovative company, usually within the top 5 if not top 3 retailing companies in a particular country. Due to the research interest in organizational culture transfer, this company was also interesting as it has already had experience with acquisitions of other retail companies.

Primary data were mainly collected qualitatively from 115 company's employees who were interviewed within 46 individual or small focus group interviews. Duration of each interview was approximately one hour when interviewing head office or regional HR managers. Focus groups of four to eight people or individual interviews with shop unit managers took usually 20 to 30 minutes. Five levels of organizational hierarchy positions were included into the research, namely: Head office HR managers, Regional HR managers, shop unit managers and a representative sample of employees across departments and all positions within observed shop units (the sample comprised department leaders and ordinary front line employees). The field research was conducted in all four formats the company operates in the Czech Republic, i.e. hypermarket, department store, supermarket and an express store.

During the semi-structured interviews and focus groups four topics were discussed: company values and how they are perceived by the employees; employees' attitude toward the case company; interrelations and communication within the company; and transfer and management of organizational culture.

During the analysis the following categories were found:

- management style,
- personal development, recognition and motivation,
- communication.

The fourth category "company values" overlapped across all three previous categories. After reaching data saturation of the central categories, exploration of the relationships between the categories was finished and the final findings were conceptualized.

5 FINDINGS AND DISCUSSION

The aim of this chapter is to answer the research questions of this thesis. What follows is a synthesis of an analysis of the interviews from the field research, documentary analysis and discussion with the literature.

5.1 THE COMPANY'S OC

Firstly, a content analysis of websites and documents understood as the most visible formal manifestations and espoused values, widely presented to different groups of company stakeholders. Secondly, basic assumptions categorized according to the Schein's concept and viewed from the Martin's three perspective model are identified. Afterwards, correspondence among the described and analyzed cultural layers is examined.

Research Question no.: 1 – What is the Organizational culture at The Company?

5.1.1 ANALYSIS OF THE COMPANY'S DOCUMENTS AND WEB-SITES

As designed in the chapters on methodology and research progress, the author started her analysis with a content analysis of websites and accessible documents. This content represents the most visible artefacts (as Schein 2004 would call them) or **formal manifestations** of organizational culture (using a Martin's 2002 notion) which are easily controlled by the management. The following topics were chosen for the analysis: general profile of the company i.e. its vision, presented values, philosophy, Corporate

Social Responsibility (CSR) in relation to The Company's stakeholders, human resource management (HRM) with focus on recruitment, application process and trainings. It is assumed that these topics shape the general perception of the company by the broad public, potential customers and employees – the focus group of the research. Furthermore, following Schreyögg (2005), hiring, promoting from within, management development are those HRM practices which should influence the consistency of OC.

Company profile[32]

The examined company[33] has been operating in the Czech Republic since 1996. Its principal mission in the Czech Republic seems to be the same as in its home country, the UK, which is to provide the greatest values to the customers and thus ensure their long-term loyalty. Further, according to the Czech web-sites, the company's vision is based on a "broad assortment, high quality and low prices of goods, professional service to customers in an agreeable environment and constant improvement of provided services." The profile web-page stresses "the company's biggest asset – its employees who do everything for the satisfaction of the customers". It is explained this is the reason for the focus on "the personal development and qualification improvement of the company's employees". The essential mission is to be visible at company stores and expressed in the company values.[34]

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[32] Information based on the company's UK and CZ web-pages in the sections like: profile, history, values or awards [5.4.2008; 2.6.2009; 16.2.2010]; and on the information from a presentation about the company at the University of Economics in Prague [27.3.2008].

[33] The main researcher decided not to name the company under consideration in order to increase the psychological distance. Thus, hints to the company in this thesis can be found in the form of "The Company" or "Name of The Company".

[34] The translation of the core values from the Czech web-page to the English language (see the next page) has been made verbatim by the author of this work. The original text in the Czech language sounds as follows:
„Nikdo se nestará o zákazníky lépe než my

- Porozumíme zákazníkům lépe než kdokoli jiný.
- Buďme energičtí a tvůrčí a mějme zákazníka na prvním místě.
- Využijme našich sil a předností k poskytování hodnot našim zákazníkům.
- Starejme se o naše zaměstnance, aby se oni starali o naše zákazníky.

These company values have been stable for a couple of years[35]. They were transferred directly from the home country. Although, the two main values are a word-to-word transcription, not all of the following sub-values incorporated in the two main values are the same. Most of them are rather adapted. The two following columns show both core values presented on the UK web-sites and those on the Czech web-sites. The expressions that are the same in both countries are in bold.

Jednejme s lidmi tak, jak chceme, aby lidé jednali s námi

- Všichni jsme jeden tým – [jméno firmy] tým.
- Důvěřujme si a respektujme jeden druhého.
- Snažme se vše dělat důkladně.
- Podporujme jeden druhého a více se odměňujme než kritizujme.
- Více se ptejme, dělme o zkušenosti, aby mohly být dále využity.
- Těšme se z práce, slavme úspěchy a učme se ze zkušeností.“

[The Company web-page, 3.6.2010]

[35] Approximately ten years have been estimated with just simplification of the language and addition of the environment responsibility dimension. The information was given to the researcher by the employees from the head office level during two separate interviews.

Core values from UK web-page:

*“**No-one tries harder for customers**:*

- ***Understand customers.***
- *Be first to meet their needs.*
- *Act responsibly for our communities.*

***Treat people as we like to be treated**:*

- *Work as a **team.***
- ***Trust and respect each other.***
- *Listen, **support** and say thank you.*
- ***Share** knowledge and **experience**.*
- *...so we can **enjoy our work**.”*

Core values from Czech web-page:

*“**No-one tries harder for customers than us**:*

- ***Understand customers** better than anyone else.*
- *Be energetic and creative and have the customer in the first place.*
- *Take advantage of our strengths and merits to provide values to our customers.*
- *Take care of our employees so that they take care of our customers.*

***Treat people as we like to be treated**:*

- *We are all one **team** – [The Company] team.*
- ***Trust and respect each other**.*
- *Try to do everything thoroughly.*
- ***Support** each other and reward more than criticize.*
- *Ask more**, share experience** so that they are further employed.*
- ***Enjoy our work**, celebrate success and learn from experience.*

At first glance, the UK core values are expressed simpler, tabular and with shorter sentences as opposed to the Czech core values which seem to be more elaborated and explanatory in their aims and missions. Moreover, the Czech core values have explained the rationale for two sub-values (introduced by the conjunction “so that”). However, there are two main clusters of core values named alike in both countries. The first cluster stresses proficiency in taking care of customers and the sub-values of this cluster develop this idea. The second core value cluster tells the reader more about The Company’s attitude toward its employees –called “the principal asset of the company” in The Company’s vision. This statement shows an equal attitude to all people. Here, the sub-values develop the core idea – the way of dealing with people – in more detail.

The UK sub-value: “*Be first to meet their needs,*” is described in more detail on the Czech web-site and split into two sub-values. Concretely, it specifies which personal characteristics are preferred, who should be the principal focus of a good employee (= the customer). Employees should rather think of their virtues and how to use them for the good of customers than to think of their less positive qualities (which seems to be the implicit message). One might have an impression this is an instruction for the proper way of behaviour rather than just a recitation of values. The last sub-value in the first cluster is different in the two countries. While in the UK values the stress is on responsible action toward communities, on the Czech side the focus remains on the employees through whom the company aims to retain its customers.

The second cluster of values mentions team work, respect and trust, support and sharing of experience. In the UK it is not further specified who is considered to be the team – whether the team in the shop-unit, some other organizational unit or the entire company. In contrast, the Czech adoption of values is already specific and labels the entire company to be the team. A completely new idea is expressed by the reference to thoroughness in the Czech version. The English version, in contrast to the Czech one, asks for listening to other people. Next, the support and thanks are mentioned only in positive context, whereas in the Czech version these are put into contrast with criticism as unwanted behaviour. Probably, in the subsequent value the expression “*ask more*” is meant to stand for the British “*listen*” as was the case in the previous pair of the British “*saying thank you*” and Czech “*giving reward*”. The second cluster ends with encouraging wish of enjoyment of the work whereas the Czech side adds the emphasis on the success and the aspect of learning “*through experience*”.

All the values in the Czech version are written in **first person plural**. Thus, the author considered which level of group this plural form refers to - the department/shift team, or store level or the Czech subsidiary, or the company as a whole. Then it was realized that the sub-value *"We are all one team – [Name of the Company] team"* can offer some answer. The values indicate the team is understood **at the level of the entire company**, in the sense it does not matter which country, format, store, or whether in the head office, all the employees are one team, they are all in the same boat. The same plural form is felt from the English version of the values; although in this case the verb form is not as obvious as in the Czech language set of values. Two other reasons support this assumption. The first stems from an interview at the head office:

> "It is interesting that those values are basically the same if you go to any country where [The Company] operates." CH, head office management team

The second reason is that in the statement of the core values there is no reference to any particular group of employees but in the document "Corporate report, 2008" environmental strategies on the world level are referred to. However, as shown later, when the talk during the interviews at the store level and focus groups came to teams in the company, the reference was usually given to the **closest work group** or a significant **differentiation of stores from the head office** was made.

Further, based on the analysis of the vision, mission and core value, the following suggestions were deduced for further research of this thesis. It is presumed that all four suggestions should be seen throughout the company as some kind of visible artefacts:

1. Following the company profile, the advantage of the company is in personal development opportunities -> it needs to be found out whether and how these opportunities are realized within the company.

2. “Professional service and improvement of services” pointed out in the company’s vision are in relation to the two main company’s core values: “No-one tries harder...” and “treat people...” -> *discover how and through which Company’s activities the vision and core values are present in every-day operations.*

3. “Trust, respect, share and support” are the words present in the sub-values -> *reveal how and why these ideas are forwarded to employees and in which way and how employees perceive them in connection to their work.*

4. “Enjoyment of work and learning from experience“-> *trace whether the enjoyment of work is present among the employees and when and how they learn from experience.*

Besides the company values, its mission and vision, the company’s web-sites explain its philosophy with focus on customer, local environment comprising the closest community and local suppliers. Further the web-pages show the Company’s interest in corporate social responsibility (CSR) in a plan called “Responsible Neighbourhood”, which has already got awards for its endeavour in the Czech Republic and some bits of the operations of human resource management (HRM).

Company philosophy, CSR and HRM

The philosophy

The company’s philosophy is to offer the best shopping in the customers´ town. The company claims to listen to their customers and regularly asks customers for their feedback. According to the answers, the company runs its operations. For the Czech Republic the main ideas for operations are as follows: low prices, customers get what they need (emphasis on quality, freshness and local products) and easy and pleasant shopping. Thanks to the employment of Czech managers, the company claimed to better understand the needs and wishes of its customers.[36] Later on, the emphasis was moved to the Company’s employees, their development and increase of qualification as the company’s resources of the satisfaction of their customers.[37]

Based on the information on the web-pages from April 2008,[38] operation Community was launched, summarized in the Plan of Responsible Neighbourhood, which embodies four areas: attention to natural environment, promotion of a healthy way of living, support of non-profit sector and an effort to become a part of community. In more detail, the company is focused on eliminating the impact of their activities on natural environment by effective use of energies and on motivating their customers to protect the environment actively. The company displays nutrition values on the packages of the Healthy Living products. They make contributions to different national and regional charities each year. In 2010, this web-site section was also partially changed and the last two areas were altered to deal with help to disabled people and building fair and upright relations with suppliers. The relationship issue seemed to be an answer to general public demand which arose at that time.

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[36] Based on the information from “Our Philosophy“: [The Company web-page, 5.4.2008] and on the information from a presentation about the company at the University of Economics in Prague [27.3.2008]. However, the part “Our Philosophy” was not present in the internet anymore on 21. October 2008.

[37] This change in web-sites, section "Profile", was noticed in spring 2010.

[38] “It concerns websites sections: Responsible neighbour and About us/Whom we help: [The Company web-pages, 5.4.2008]“

Although the whole website section of the Plan of Responsible Neighbour later disappeared (during 2009 and only a basic description of this plan remained at the logo of the plan), the activities continued further. The first area concerning the natural environment and the elimination of the company's impact on the environment was mirrored in two Czech stores built as energy-efficient houses, in the use of so far three delivery cars on alternative fuel and in the introduction of environmentally-sound bags.[39] Secondly, nutrition values written on certain packages are continuously seen on the Company's shop-floors. Thirdly, in several regions of Czech Republic, the Company developed an endowment fund which distributes its money via smaller grants to various spheres such as education, social projects or to disabled people et al.[40] Finally – concerning the community area, the company collaborates with the endowment fund "KRTEK"[41] whose mission is to support children suffering from cancer - the company organizes "run for life" actions.[42]

Corporate Social Responsibility (CSR)

The above-mentioned CSR activities were obviously related to the Company's ethical code issued by the general manager of the Czech part of the company on 26th February 2009.[43] The document listed main "rules" of cooperation with the subjects related to the company (stakeholders). The principal thoughts of this document were as follows:

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[39] From Company Press Releases on: 28.8.2007; 2.4.2009 and 17.4.2009.

[40] More about the project can be found in Czech language at: The Company web-page [10.6.2010].

[41] "Krtek" (in Czech language means "the mole") is a famous Czech fairytale character and also a mascot of the fund.

[42] 2010 was the third year of this activity and the action took place in five cities of the Czech Republic. Source: The Company web-page [10.6.2010].

[43] The ethical code was downloaded from the company web-site on 19th July 2009; however, it was not available there anymore (June 2010).

> Company manages its activities in harmony with its shared values, mission and aims towards all stakeholders;
>
> Customers
>
> The company success depends on the people, both customers and employees;
>
> The company uses simple processes to create a better place for shopping, easier for employees and cheaper for the company;
>
> Employees
>
> Employees are valued the most by the company. They share their opinions with the company and so the company realizes what its employees appreciate. Here belong: respectful behaviour, personal leadership of the manager and opportunity to grow;
>
> Employees are informed of the aims of the company and they know that reliability and working endeavour are appreciated within the company. Employees develop their qualification and individual skills in order to accomplish the Company's targets better.
>
> Community
>
> The Company's employees are supported to integrate into local charitable initiatives in order to reduce social differences;
>
> Suppliers
>
> Purchase teams are prepared to cultivate long-lasting mutual advantageous relations with the suppliers. The reason is to improve supply for customers and to keep a long term sustainable competitive advantage;
>
> Company

> "Organizational culture of the company [NAME] requires responsible behaviour of each member of its team. Commitment to pose questions, ask for help, express fear and share one's experiences related to the adherence to the Ethical code for commercial and work behaviour belong to responsible behaviour."

The Czech part of the company has already won several awards in various categories during its operation in the Czech Republic. The awarded competitions are held by financial companies which overview the financial transactions of the biggest retailers in the Czech Republic, or by civic association focused on the integration of disabled people into the labour market. These awards include: Hypermarket of the year (five times), Seller of the year (four times), Professional or Employer of the year, Energy Globe Award etc. The two most interesting ones in relation to the research were: Award for "Professional project 2005" for the company employees' courses and trainings, the company's opportunity for career development and for programs of graduates from secondary and tertiary schools; and for the equal chance – "Employer of the year 2008" – for employment of social and disabled people.

Human Resource management (HRM)

There was not sufficient information about this area of the company on its web-sites in 2008. [44] The company seeks people who are prepared to satisfy customers. It prefers team players showing initiative, focused, flexible, reliable who like to be a part of a strong socially responsible global corporation and who are interested in retail (the last item is specified for university graduates only). Neither potential benefits and rewards nor payments are mentioned on the web-sites, although the company has some system for them (Company presentation March 2008; consequent interviews).

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[44] If not stated differently, information concerning HRM is based on an analysis of the company's web-page from 5th April 2008 and a presentation given on 27th March 2008 by one of the company's director at University of Economics in Prague.

The internet option of job application does not seem to function at all. The Company advertises for both front-line employees and management group. It offers an electronic form for job applicants on its web-sites. Although there should be a database of job offers, the researcher was not able to see any offer during the two years of the work on the research (the database was checked several times during this period). As there is neither history of already offered jobs nor any updating date of the database, one cannot be sure whether an applicant missed some new opened position or whether there was no update since the applicant's last visit. However, the 2010 web-site version offers a lot of useful direct contacts to concrete recruitment centre divisions related to geographical and format clusters.

Further web-sites inform an applicant that the application process consists of two levels. If the electronic form with the applicant’s CV corresponds with what the company is looking for, the applicant is called to a 30–60-minute interview with an HR employee. If the applicants succeed, they are invited for a second interview with at least two company employees: an HR employee related to the particular position and the direct superior of the offered position. Some application processes are carried out through assessment centres (AC) – i.e. a half to one day of solving case study problems and model situations in a group of people. Psychometric tests, language or knowledge tests might be also a part of an assessment centre depending on the position applied for (web-site version, May 2010).

There are two types of training programs in the company[45]. The first type was prepared for fresh university graduates and was called “Excel”; the other one was for people with some experience in retail and with no necessity of graduation from any tertiary school. The name of the second program was “Express”.

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[45] These programs existed at least in 2009. According to the information from the company pages the names of these programs were different in May 2010. On the web-sites the researcher was not able to find out what else changed.

As written on the Company’s web-sites, each of the training programs should have helped new employees to find out which position would be most suitable for them. However, employees have already been chosen according to the needs of the Company during the application process, therefore some assumptions about the newcomer were already present on the side of the company during the training program. According to the level[46] people applied for; new employees go through one of the three types of (informally called) cycles. The usual training program was based on learning through experience; therefore the newcomer went through several departments/positions within the head office or shop-units for app. half to one year. Interviews suggested, the tendency seems to shorten the time of the “cycle” in the company.

There were also training opportunities for the employees who were interested in their own career development within the company. Several options were offered to the employees. They could attend internal or out-sourced trainings. Internal trainings were based on shared international experience of the company in its home country (company web-site May 2010)[47]. When employees finished the training course, they got the information from their superior or a HR manager what was needed to know for the position. Once they were ready, the company gave the employees the opportunity to participate in a related assessment centre. If the employees passed and there was some position available, they could move horizontally or vertically within the company (interviews information 2009).

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[46] Head Office level; regional level, distribution and logistics level; and store level are distinguished within the company. As the research was mainly interested in employees facing the company customers in their every day work, just Head Office, regional and shop-units training programs were discussed during the research.

[47] However, based on the information from interviews this was typical just for the head office and regional levels, not for the store level.

All in all the company web-sites look very factual with the emphasis on company strengths in the areas of social responsibility (philanthropy, charity, local community and ecology), development programs and awards in these areas. There were neither personal employees' stories to be found there, nor any employees' quotation, as other international retail companies usually state on their web-sites. The 2010 web-site version was more synoptic and user-friendly. In comparison to the older versions new was the company slogan "You won't get lost with us"[48] in the "*about the company*" section. However, on the main homepage designated for customers one found the slogan "You'll save with us".[49] Here, the difference to the UK web-site was in the UK well-known slogan "Every little helps" which was present throughout the UK web-sites whether the particular site was about the company itself or about its products. In this state it was as in 2008 as during the whole research.

5.1.2 COMPANY'S BASIC ASSUMPTIONS ACCORDING TO SCHEIN'S CONCEPT

Although the research design was not supposed to find the answers to all dimensions and aspects of Schein's concept of basic assumption, the data came across some of them. Thus, the following pages show those twelve aspects which were identified from the research data and so they can approach the Company's organizational culture according to Schein's integration perspective. Where appropriate, Martin's differentiation view is mentioned in certain dimensions too.

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[48] In Czech original: "S námi se neztratíte". [The Company web-page, 21.6.2010]

[49] In Czech original: "S námi ušetříte". [The Company web page, 21.6.2010]

APPROACH TO REALITY

The company's approach to reality was markedly **pragmatic**. This was readable throughout the hierarchy basically in the understanding of the organizational values and their application in operations. To show it on two main company values, managers expressed that these values were important in order to retain customer who gave the employees living or work.

> "The company's value is clear and has the correct direction – to gain the loyalty of customer." MD, Store management team
>
> "I am here because I like the job, because I want to earn money and support my family. The customer is here who actually supports me. So, only then I can tell that all we do we do it for the customer but we also do it for ourselves." MO, Store management team

PACING, ENTRAINMENT

In dealing with unexpected situations the mainstream was to do what the superior said with the possibility of **consultancy**. The person with the responsibility in the particular issue (usually at some managerial level) had the right to disagree with a more experienced subordinate. There was a space for expressing ideas and posing questions by subordinates, however, the solution was in the hands of the responsible with no need to take into account the skilled subordinate.

The **subordinates' perception** of such a situation was usually **negative**, although the reactions differed – some swore for a while and then did what they had to, others did it annoyed and for one interviewee it was even a reason to change the format and position within the company. However, once an **explanation took place**, employees took the unexpected change easier. **Showing respect** in these obviously stressful situations helped people to cope with the concern and stay loyal to the company.

> "There are lot of changes. Employees got already used to it. It is not needed to persuade them anymore, but explain them why something is the way it is." MO, Store management team

> "My district manager is experienced in operation, he can estimate, what is realistic and what is not." MC, Store management team

> "My heads of department have been here not for a half year or one year but for e.g. 10 years and they know the shop. It means, I draw on some of their experience and we always find a way. Not always it is a compromise, of course, I promote what I need to. But I take into consideration what they tell me… because it is actually always the truth. So I communicate with them." CS, Store management team

NUMBER OF THINGS DONE AT ONE TIME

From the nature of the industry the need of dealing with multiple tasks at a time is common. Thus, the ability of **polychronicity** is reflected in the need of flexible and resilient people working at the company. Often, especially front line employees talked about the need of leaving unfinished task and switching to another task with no certainty when they would be able to return to the first task. However, this did not seem to be agreeable for all:

> “One thing is to take care of customers wholeheartedly when they come, on the other hand, simultaneously to go about the work in the background. Here sometimes happens that certain things cannot be finalized.” 54, Front line employee

PERCEPTION OF FUTURE, MILESTONES

This aspect of time dimension distinguishes basically between planning time and development time perception. In the observed company the distinction of this perception went **along the personal career aspirations and the length of working for the company**. Even though personal development session took place app. each half a year or year, only the people aware of career possibilities and with aspirations to them were systematically **planning ahead**. Employees with no such aspirations and new employees just buying into their current position were rather open to any future milestones or not thinking about them at all.

TIME HORIZONS

At first sight, it seemed the proportion the higher in the hierarchical level **the longer time horizons** are perceived as **accurate**, applied here again. However, unexpectedly, throughout all researched hierarchical levels it was observed that the perception of the accuracy of time horizons was directly proportional to being better informed. People with more information had more understanding toward requests to meet demanding objectives difficult to achieve or were more lenient towards time delays in different issues.

Concerning operational challenges, these were perceived accurate within half-year horizons. Individual development was usually counted in three months. However, due to very rapid expansion of the company, more and more people had to shorten trainings to one to two months. Among shop unit management a half year was understood as an accurate time horizon for setting basic operational functioning of a shop unit.

A dichotomy in the accuracy of time horizons was observed when comparing who the time horizons set. There were several cases where a **conflict felt from the lower levels** toward the head office management was significantly present. While the head office management perceived the everyday operational needs (clean towels, soaps, pencils, functioning bread slicer, appropriate assortment etc.) were met **sufficiently promptly**, the lower one went the more people were either perceiving long delays in meeting these needs or they were frustrated about the length it took to address a particular need and expected no change anymore.

> "You can tell your suggestion but I have not noticed yet if something has changed." 48, front line employee

Different importance was given to set targets. Interconnectedness among the hierarchical levels and appropriate understanding for concrete focus was missing.

THE SYMBOLIC OF SPACE

Orientation to performance and economizing were felt from the symbolism of space in the background. The rooms were rather multifunctional, used as open offices for management crew, directors and some head offices were divided just by glass walls. Background space at shop units allowed just what was necessary for the preparation of employees to go to the shop floor. This was even more felt at small formats where each loop was functionally used for e.g. some board or performance table. A real rest area was usually missing. However the company canteen served for this purpose, if present. The assistants, especially those at small formats, had just their table in a corner of the stock exactly between the delivery point and the door to the shop floor.

The layout of the background, especially of the small formats, evoked closeness and interconnection of all positions, frequent possibility of informal talk and equality of people – it did not matter whether one was a head of a section or a general assistant, they both got (if at all[50]) just the necessary equipment they needed for their job, not according to their ascribed position. Functionality of the background areas was valued and used accordingly; agreeable spaces just for their beauty were not identified during the stays at the company.

This symbolic of space pointed to the usage of space as a **"leveller" between hierarchical positions in the sense that nobody could have more room than another** and this assumption was observed also

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[50] Author´s notice due to complaints about missing pencils, print paper, hygiene tools etc.

metaphorically in equal wages within one class of employees. As shown later, this kind of remuneration was not perceived accurate by several types of employees.

MOTIVATION THEORIES

The dimension of human nature pointed out a human's motives for work adopted also by the managerial theory. Martin's (1992) integration perspective helped to see the prevailing orientation on **advancement** and **achievement** as important motivators within The Company. Thus, it had precise universal training and development plan for its employees in the parent country as well as in a host country. The orientation of the company to advancement and achievement was well known. The same applied to a more **consultatory** management style than at other competitors on the Czech retail market. In terms of motivators this would stand for a particular rate of recognition – another motivator. A *satisfactor* inferred from the interviews was **job security**. **Relationships** with colleagues were more dependent on people, although existing throughout the hierarchical levels too.

> “I think everyone has an opportunity here and actually there are several development plans here so that you can go higher.” ST, Store leader
>
> “A great difference is made by details and they are in your competence. There is freedom in details in the company." FF, Store management team
>
> “Perhaps, it is a strong player when opening a lot of new stores.” F4, Front line employee
>
> “You have the certainty of a job. That it won’t collapse as fast as some smaller company. And that is it.” F9, Front line employee
>
> “The firm doesn’t collapse. We won’t lose the job.” F6, Front line employee
>
> "Despite the chaos here, I like it as far as good collective is here. Then it is simply great." ES, Store leader

Confirming Herzberg's findings on **salary**, understood as an indirect motivator in terms of **expression of personal appreciation**, this was true throughout the organization and especially about the subgroups at the front line employees' level. These employees truly searched for recognition and self fulfilment at their work and these motivators had a potential to motivate them, however if missing, to motivate them not to work well or also to de-motivate them.

From Martin's (2002) differentiation perspective a significant subculture group was identified. Namely those front line employees who found their **self-actualization at** their **current position** and did not have further career aspirations. For these employees the development program was lathery and they were rather **searching for recognition** for their work done.

> "If I did not enjoy my work, I would not work at retail." P1, Front line employee

> "Team work looks the way that someone comes from the upstairs, you are here at soft line and there comes that miss, she shifts everything and asks nobody. She doesn't understand it and this is not motivation." "She jumbles up the shop floor and goes away." "They don't appreciate the human work here." F2 and F3, Front line employees

Another subgroup of people was found in one of the two bigger observed stores. During the recent management **changes and refurbishment** of the unit the front line employees were sceptical, disinterested, felt lack of information and feared their future. This state was joined with **deprived motivation** and expressed in prevailing negative answers.

Fragmentation perspective revealed two sporadic opinions about possible work de-motivation of employees. The first one occurred among store management and leaders. Individuals saw obstacles in **higher rate of trainings** for them as compared to the trainings for the general assistants. They preferred spending more time with their subordinates at shop floor to work with them instead of some trainings separated from their people.

> "This is a problem of [The Company]. E.g. we - heads of sections are sent to different trainings. This is sometimes already counterproductive. Rather,

> the training should be for our employees, as we couldn’t have been devoted enough to our employees." SV, Store leader

The second objection concerned accentuation of the company's foreign origin. While the English origin of the company often attracted people to come to work there, some scattered voices expressed it as an overmuch distance to think about it as a motivation or satisfaction factor for everyday operations. They preferred to accentuate the importance of the **domestic part** to mentioning it as a part of the foreign company.

> "Here our employees do not mind we are some transnational organization with residence in England. Even, I would tell it is a bit de-motivating that it is not said that when a part of [The Company] is in the Czech Republic, it is not said it is a The Czech [Name of The Company]." SV, Store leader

> "Personally it is not anything important for me that I work for a big foreign company. It does not change anything on my work." P2, Front line employee

> "The name of the company doesn’t matter to me." HL, Store leader

ATTITUDE TO ACTIVITY

The Company’s formal line definitely valued the **“doing orientation”** – it expanded rapidly and tended to dominate its environment. For several years it has been among the first top five of retailers operating in the Czech Republic. It was the first company in the Czech market to return to reusable shopping bags and to introduce self-service cashiers. The doing orientation was reflected in that that The Company also expected it from its employees in the sense of calling for their pro-activity within The Company’s principles. This comprised active attitude to personal development and willingness for trainings and improving one's abilities, dealing with operational challenges, e.g. internal competition for seeking economizing tips. This attitude was also found within the visible manifestation artefacts of organizational culture - management practices.

The parent company forwarded different packs of experience and time-proven manuals/policies and asked for their implementation in other countries expecting something like: "we give you the best way; with just a few adjustments it should work for you too".

> "...and then a specialist in whatever country would be able to make use of that operating model and shape it for their country and their relevance." RR, UK Head office management team

However, this is just one side of the coin. Allowing the differentiation perspective, it revealed inconsistency of The Company in the activity attitude, namely also the presence of **being** in **becoming** orientation – meaning one's stylization or concretely demanded stylization trying to **fit into the valued qualities.** It was seen especially (1) at the store level. There, employees not interested in career development but satisfied with their current position were missing the personal esteem in the form of some formal motivation program at the same importance level as the formal training programs serving besides the company aims also the personal self-actualization.

Further, another (2) manifestation realized in **demanded stylization** was found at several layers. To name just one example of few: on the side of the head office in the parent company, as opposed to the Czech subsidiary at the head office level, the appropriate criterion of adjustment was perceived differently, when implementing parts of a operating model into the country-specific conditions. Here the basic assumption of valuing longer field experience was more relevant for the UK side than the argumentation from the subsidiary.

> "Sometimes, I have a feeling that the opinion from our side that our argument is not valuable enough stems from their long time experience in retail. The company is [was established in] the year 1918, great tradition. So they have a feeling that we are still amateurs who have just started. It seems we have been accused that we a priori avoid something that we actually have not tried." OD, Head office management team

Further, an interesting phenomenon was discovered that an inconsistency in behaviour existed within the same people who were adopting company values in kind of fitting to them *(the being in becoming orientation)* and at the same time transporting them dominantly to lower levels *(the doing orientation)*. And simultaneously, expecting the doing orientation from their subordinates in actualizing The Company's values in the operational activities whereas requiring the *being in becoming orientation* when adopting them.

ATTITUDE TO THE ENVIRONMENT

The nature of organization-environment relations was complementing the company "doing" orientation of human activity. Therefore, sometimes it was hard to distinguish whether some investigated text was referring to one or to the other basic assumption or whether they were overlapping in a particular text. The company's attitude to environment was definitely **domination**. The head office controlled centrally e.g. cost items, required reports, happiness of customers through employees' approach etc.

> "It is constant progress of getting feedback and adjusting the viewpoint of the people at the shop floor ... It is still about the leading manager or director, how much he goes down to those people at the shop floor and makes sure they do as they have to and makes efforts to persuade, explain." DD, Store management team

> "At which position one starts depends on to which position one applies for and what the needs of the company are." EH, Head office management team

The organization did not wait until some other retail organization in the Czech Republic came with any philanthropic or CSR activity. This company tended to lead in these areas too. Another example of company domination could be found in that as more and more retail customers were starting to prefer smaller units to big hypermarkets, the company belonged to the **market leaders** expanding in the form of new small format stores.

Martin's differentiation perspective revealed more of the depth concerning the company domination. From the dichotomous point of view domination was complemented with **acceptance of managers' domination** on the part **of front line employees** - shop assistants. They usually did not internalize the requirements about satisfied customer. They felt? subjugated as the company management was perceived as dominant subject giving rules, principles:

> “...We have to smile at customers, although they yell at us. However, I am satisfied here.” P2, front line employee
>
> "As I understand, a shop unit does not have the subjectivity to order goods which are missing. The Head office decides this for tens of tens shop units. Those up there [At Headquarters], they do not see it well. They come to stop by, but a little. I perceive it rather as control if everything is at place and in order." 53 and 54, front line employees
>
> "We accommodate to customers. But identification with values, that is hard. The reason: here values are enforced rather than to lead us so that we identify ourselves with the values."12, Front line employee

ATTITUDE TO BUILDING TEAMS

Team work was the typical work style at the organization. However, the team was understood at the store or department level. During all interviews the understanding of the team as the whole company was perceived only at the head office level. The integration point was that if there was any reference to a team, it was referred to the **closest work group** of that person. And it did not matter whether a manager or a front line employee was speaking. Only once within all interviews, there was a hint to the need of team work between departments:

> “[The Company] has the main principle that we are as one team. Here it is all about team work. Each department must communicate with the other department. At least it should be so.” FM, Store leader
>
> "The team - but yes. We around our manager, our team who is going to the new shop we do have a fellowship relation for real." AT, Store leader

High importance was given to the team for different reasons. Team was understood as a conditional factor of how The Company's values were absorbed, whether the person stayed working for the company, a collective binding factor, or whether the everyday activities went well.

> "Department communication depends on the team. Here we are a good one. How many times I wanted to quit, but the team is good and we accommodate to each other." 92, Front line employee

> "Teamwork is important and essential. Mostly it works. Someone is easier to deal with someone less." A1, middle management

> "In each section it works somehow. Each section has its own form of communication and among each other too." HZ, middle management

The most heard of sub-culture within the shop units was the **differentiation from the head office management**. As mentioned in the Findings chapter, this fact was identified as **tension** between the head office and the store level through the open coding analysis. There was a definite distinction: "we – ordinary people from shop units versus them – the head office". It seemed the distinction stemmed from mutual misunderstanding and lack of appropriate respect to individual work toward the lower levels of hierarchy.

> "We can suggest something, but still it goes through the head office and there it stops again." 51, Front line employee

> "I don't like narrow-mindedness. And I don't like non-connectedness of the head office with premises. It means that the head office has certain ideas which however absolutely don't correspond with the reality at the shop unit level. I am sorry that the premises have no possibility to influence or forward information." NR, Regional management team

POWER DISTANCE

As mentioned in the theory part, the power distance dimension should clarify the rate of equal distribution of power among group members. Power distance tended to be rather in the **high power distance** area of the dimension continuum in the company. This deduction was based on the following and similar interview examples:

> "Rules are given. They are tested and there is no reason thinking up something new. There is an opportunity to speak to the direct superior and he speaks directly to the head office and either it is accepted or not." FM, store leader

> "I think, management cannot say anything about the assortment, the head office does it." 23, front line employee

> “One of the limitations can be also the fact that the company is big. So, there must be more people having an opinion in order to our bosses understand some change is needed.” EH, head office manager

Thanks to **integration perspective** it was seen how unequally the power is distributed. This higher power distance emerged in given rules, in the way of admittance a change, in responsibilities for money and costs and competences for rather "details".

The **differentiation view** revealed two main attitudes of dealing with given power, namely (1) those employees in management positions who shared problems to be solved with their subordinates but then decided on their own and (2) those managers who did not share the solving process of a problem and also decided on their own. If there was any sharing, it mostly occurred informally at coffee breaks or at regular meetings. The sharing consultative management style connected with informal communication during the breaks was typically associated with smoother acceptance of company rules by subordinates and subjectively more receptive followership.

> "And then, there are a few - colleagues and me who ask for their view point.” EH, head office manager

CHARACTERISTICS OF ROLE RELATIONSHIPS

From the integration point of view the characteristics of role relationships could be identified as **universalistic attitude with particularistic elements** typical for uniqueness of an employee searched by company especially present during the hiring and training process. Calling for **diffuse relationships** among colleagues was readable throughout the hierarchy. At the front line employees' level expectations for more **emotional relations** was felt. It was quite common that the work motivation to work for The Company was positively influenced by the generally **status achievable attitude** throughout the company. Any notable distinction between male or female roles was not identified to be present.

> "Mr. Manager who hired me, asked whether I liked this position not the other. So I took it and I am satisfied." ES, Store management team
>
> "After agreement with my former manager, he took me to this shop unit." S2, Front line employee
>
> "The leader should know how much his subordinate can handle and should not give him more work load than is bearable." 21, Front line employee
>
> "I left the former company. Being there on higher position was more for merits than for what you knew." MO, Store management team

5.1.3 ORGANIZATIONAL CULTURE CREATION

If Basic Assumptions were identified according to Schein's and Martin's concepts, now the OC creation, forms and employees' perception were mainly grounded in the field research data and afterwards linked to the known literature.

Creation of organizational culture can be understood in **two ways**. The first way would be the **formal line**, which gives the sense of framework, provides manuals and recommendations for the application of the vision and company values in employees' trainings and everyday operations. The second line of organizational culture creation would be **personal contribution** of employees.

The first, **formal line** (meaning the main values and vision) has already been set up for several years. Initially it was reportedly compiled according to the experience collected from employees directly at the store level several years ago, as said in the interviews. Then the main framework, or rather changes to it, was announced and explained the applying of changes en masse at the international level meeting at once. The uniformity of values in the whole company is represented by two following quotes from the head office level in both countries, the Czech Republic and the UK.

> "They are the same for the whole International Business. These values are the basic mission anywhere: in Great Britain, in China, Europe." CH, Head office management team

> "...the core values will be the same in every single country..." RR, Head office management team in UK

Afterwards, the implementation in the Czech Republic was rather gradual than revolutionary. This was caused partially by the nature of the international retail chain operations (a lot of units throughout the country with enormous number of employees, and practically non-stop opening hours), partially by the type of implementation. The Company values were forwarded to the front line employees at the initial trainings and further at the company trainings during which the aim was to translate the values into the everyday operations.

> "Girls from the training department take each value as the main keyword and try to adapt it to practical examples which means it should be linked to something more tangible than just the philosophy..." OD, Head office management team

The second line of organizational culture creation, the **personal contribution** was (a) very openly carried out by the employees at leading positions, meaning positions under which any subordinate directly appertained. (b) However, the modus operandi of the nearest employee's collective "taught" the newcomer e.g. how things were perceived, what was valued or what the correct behaviour was. (c) In the end, the nature of a concrete employee played also a role of what, why and how was adopted.

> "It takes the newcomers some time to buy into the values. But I think, that the collective of experienced employees, besides the already mentioned trainings and meetings with superiors, help them to buy into it." DL, Store management team

> "It depends on the collective and then on the personality of a person - how much demands are placed on them, how prized they are or how they are motivated by the leader." FT, Store leader

5.1.4 FORMS OF ORGANIZATIONAL CULTURE

In this section the findings on when and how employees encountered organizational culture (OC) are summarized. There were several channels through which employees encountered the organizational culture. One channel was **communicational channel**, another one was through formally established **management practices** and the third was the **behaviour** of the employees themselves. All three channels were interrelated as they all were carried out by the same employees. Thus, the distinction should be taken rather indicatively than strictly.

The **communicational channel** could be either perceived toward the **general public** which included also potential employees. Here belonged commercial and job offerings leaflets, shopping atmosphere at company stores and assortment and price contentment of customers, press releases, company web-sites, company image gained through dealing with the company stakeholders in commercial and socially beneficial activities and similar. These general public ways of The Company communication were continuously influencing the employees' self-esteem and their perception of The Company.

The following quotes on how general communication channels like shopping atmosphere and perception of job in a retail chain influence the attitude to one's job. Different perspectives are to be found here as well:

> "Yes, I wanted to work directly at [The Company] because I already liked [The Company] from my hometown."A1, Store leader

> "It's a stigma to work for [The Company]. To work in [The Company] is a synonym of only laundry or cleaning. It depends on where you live; people ask whether this can be withstood." 21, Front line employee

Another quote demonstrating how The Company is perceived by a group of its stakeholders:

> "We can choose, for now there is not a wide job offer for graduates such as five years ago and there is interest. Of course, elite schools do not want to cooperate with us, but rather B-schools do." NR, Regional management team

Besides the general public communication form, **internal communication** throughout the hierarchical levels within the company also belonged to important ways of how employees encountered the organizational culture and how feedback was realized. The internal communication comprised **formal** channels of communication like "The Company Viewpoint" questionnaire, employees' personal helpline, individual development interviews, and regular meetings of departments or of the whole shop unit. Then there was an **informal** communicational channel too. Informal dialogues between superior and subordinate took usually place during (cigarette/coffee) breaks or directly at the shop floor along the work.

The internal formal communicational channel fell under the **management practices**. Besides those mentioned in the previous paragraph, other HR practices can be added too: reports system, following the key performance indicators, thank you cards, internal competitions of the best cost reduction solutions, wage and benefit system etc.

The last recognized way of encountering the organizational culture was **behaviour** of employees. The behaviour underlined the more tangible forms of organizational culture (e.g. managerial practices) and through it other employees were getting the real taste of the culture and starting to sincerely believe it or not.

The above forms of OC were identified as channels through which the OC of The Company is spread among its stakeholders. Thus, these **channels can be tools usable for the OC transfer and management**. Different attitudes toward culture i.e. positive and also negative by different stakeholders can have plethora of reasons as already mentioned in the chapter on retailing context. Among them the average wage in retail, necessity to work on holidays and weekends for many retail positions can cause unattractiveness of this sector to alumni of "A" schools but also to general public. However, internal communication channels (behaviour of managers and managerial practices) have also power to influence the perception of The Company's OC with an impact to public. It is assumed that the word spread on how managers behave and realize routine practices influence the picture of The Company too.

5.1.5 PERCEPTION BY EMPLOYEES

During the field research and analysis four features of the perception of organizational culture were identified. The distinction should be taken rather indicative as there are interrelations among these features.

(1) Firstly, **discrepancy between company values and practices** was found. Generally, while the proclamation of customer service was the most essential according to company vision, yet low costs, economizing and mass profit or sales and relations among these indicators were the most important performance indicators followed and used as decision criteria. This was obvious in the ways of decision making in hiring and firing the employees, in low prices leaflets communication, the way in which The Company contracted a security service company and how the company preferred handling company's losses to customers' losses, in assortment variety and type of products in different quality levels. Also the leaders' behaviour was compared through the optic of proclaimed values by the front line employees.

> A notice to the value: Understand customers better than anyone else: "...but at the end of the year it is economizing and there are not people in the store who would advice." FT, Store leader
>
> "...of course, you do not choose targets of wage costs or company targets; those you get. You should share responsibility for delivering, and either you have means for it or you don't." EPA, Regional management team
>
> A note to the value: Trust and respect each other: "It has already not been for long time. They even don't say hello in the elevator." F2, Front line employee

This first finding of discrepancy indicates problems *"in bringing the group together, serving as a source of identity and core mission"* (Schein 2004:30). Further, the author assumes this might be a **basis for more sub-groups creation**, and then differentiated attitude in HCM toward them should be recognized. Thus, these findings point that the organizational culture is not integrated throughout The Company but rather differentiated and fragmented in certain cases. Thus, the findings of the research confirm the **presence of three perspectives** within The Organization as conceptualized by Martin's (1992) model.

(2) Secondly, **knowledge of and relation to the particular store** was perceived differently by different employees according to the format and hierarchy level. At several hierarchy levels the importance of correct perception and understanding of differences in locality and format were mentioned. From this fact several problematic issues were recognized. For example mutual understanding between the head office, regional office and store units; information (and feedback) asymmetry; potential genius loci of a particular store; different customers expectations of particular store formats; the problem of workload; assortment quality; or ways of appreciations. All these things contributed to **tensions between hierarchical levels**.

> "There's a two-way communication, so we again do not want to create things that are e.g. unusable for premises. So we always listen to the feedback and try to do things that make sense." RH, head office management team

However, from several resources (especially within the two bigger formats) it was pointed out that rather a mass closed-answer questionnaire of the company was usually taken into account than **individual complaints or suggestions**. This discouraged employees to stay interested in company's activities especially at the lower hierarchical levels.

> "The time of feedback does not have to be prompt due to business. And information is forwarded through many layers." AO, Regional management team

> "The feedback from there back here, [that is] what happened with it, if someone took care of it, is simply not here. The backward flow of information is missing here a bit, this disturbs." MH, Store management team

> "Headquarters are the biggest stranglehold. There are lot of problems with goods, assortment. Customers do not find here what they were used to, they scold assistants. But she cannot do anything about it. We cannot do

> anything about it because we cannot influence it. It is always the same. We feel as nobody would listen to us. A manager writes it down, a director writes it down and always the same. ... It should be central, but only something. Though not to centrally deal with what the assortment should be like. I think it is bad." V2, Store leader

The following quotes show inappropriateness of **assortment** or ways of finding solutions according to the expectations of store locality/customers' format as sources of employees' disappointment.

> "Before the acquisition, people used to come here for specialities which we made. Nowadays, we do not make them anymore. We have no storage for them. So people stopped coming here. They [store management] even wanted to keep it that way, but it was not possible. In short, now it is done quite differently." 24, Front line employee

> "Anytime there are problems in the supply of goods and quite often some things that are sought are missing." 54, Front line employee

Further visible way of disappointment was demonstrated through the perception of **workload**:

> "It is still more tasks, but we are fewer. They are not much interested if people are able to manage all this here, what they invent for us." 15, Front line employee

> "Here, every negative thing stems from people overload." 21, Front line employee

To sum up, the different relation and knowledge of particular store along the hierarchy levels caused further tensions in the superior – subordinate relations leading to poorly tolerated workload by employees, inappropriate assortment at shops or discouraged employees. Thus, these carriers of culture worked at The Company with negative experiences or left it. This fact

negatively influences the stability of membership – (according to Schein 2004) a condition for culture creation or preservation.

(3) Thirdly, a feature quite interrelated to the previous one, perception of **lack of trust** throughout The Company. Employees perceived this lack in several different ways, e.g. the amount of administration and paperwork, the rate of competences, the possibility of influencing any change, negative experiences, again behaviour of leaders, and insufficiency in informal communication.

> "When I came to this district, people were afraid to talk, they didn't want to talk. It took them 3 months to start to talk. Now they aren't afraid anymore and are prepared for common meetings. Those people have a lot of good ideas." EPA, Regional management team

> "The Head office constantly requires from us more and more administration. At moments I already do not know whether it is about selling or paperwork. They need some evidence all the time. Sometimes I think, they could trust us more." MA, Store management team

> "At the position where I am it is supposed you pay money for well done job which brings something to the company. And a supposition that we are so stupid that we would not estimate it well, this is out of way. You have to let go part of your competences to the people as I am because I see the people working. The director can hardly direct all the employees when they are 400 here. He doesn't see them at the activity." FF, Store management team

(4) Fourthly, the **emphasis on career aspirations and the perception of egalitarian evaluation** were important factors influencing the employees' organizational culture perception. Performance stimulation was based on employees' career aspiration which made The Company a competition leader in the Czech retail labour market appreciated by an important sub-group of employees. On the other hand, the fact that the company either inherited or

employed also people giving higher emphasis on **enjoyment of job content** and regular payroll security, satisfaction in this regard was rather underestimated. Another tension was found in not well-perceived pay and remuneration of new coming employees and those working at the company at the same level for more years (that would mean app. for seven, ten or more years). Longer working employees in the company perceived the gradual **reduction of the status** of work in retail units. This was especially true for the front line employee's level in the department store which was unique in that that approximately one third of its employees had worked there between seven to twenty years.

> "Lately, I've found we are not taken as people but as pieces [meaning things]. Resources? Human Resources. Anyone is hired to work here (temporary workers), people who have no clue about it. It has lost its prestige." F11, Front line employee

> "What decided was that The Company is a big company and I know that if I am capable, The Company will allow me to grow. These things work here." ED, Store management team

The employees' perception analysis shows the existence of sub-cultures (Martin 2002) which do not find complete self-esteem and realization, acceptance or understanding within the Company. Thus, these perceived shortcomings lead to dissatisfaction and lower the loyalty and commitment of these employees. Here, The Company would have gained more solid basis (in the sense of motivating people to take responsibility for the company’s success) if the organizational culture had had inherent the realized respect toward **the uniqueness of its employees** and **incorporated a - for employees - inspirational idea beyond The Company frontiers.**

Adler (2008) gives an example[51] of an (as she calls it) inspiring process which motivated employees of Norske Skog Company for "much greater stake than merely the success of the company." However, the author of this thesis suggests that besides the inspiring process an inspiring idea must have been present, otherwise, the process would have been flat, neither interesting nor inspiring for the people. Thus both, **an inspiring idea should be actualized through an inspiring process**.

Furthermore, **the uniqueness** (in the best case) **of each one employee** should be taken into account when implementing the idea through the inspiring process. As written in the literature review, Barney (1986) already mentioned four conditions for OC being a resource of competitive advantage. Among them the condition of imperfect imitation is present which comprises also the feature "uniqueness". So who else, if not company employees should be respected as and represent unique individuals with their unique skills and knowledge, when realizing the company's common inspiring idea - vision?

Indeed, the question remains how this could be done. In the following management part, the author suggests a managerial approach which could do it, namely the **puzzle-piece approach management**.

5.2 FOUNDATIONS OF OC TRANSFER AND MANAGEMENT

Continuing in the research findings, the topic turns from OC perception and content to OC transfer and management formulated in the second research question:

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[51] After one merger the employees were asked to engage in idea of: "How to improve the world for their children". And their children were invited to brainstorm on the question: "What does global cooperation mean and could mean for the society, companies and individuals?"

Research Question no.: 2 – On what foundations should the organizational culture be built to help The Company achieve its vision using human capital management?

The research question no. 2 comprises two sub-questions:

2A: How to successfully transfer OC across the corporate structure, from the international headquarters to individual frontline employees in foreign subsidiaries?

and

2B: How to manage organizational culture so that it is accepted and promoted /actively realized/ by individual employees?

5.2.1 THE TRANSFER OF ORGANIZATIONAL CULTURE

In the following sub part, firstly, the system of transfer is described; secondly, the focus is turned to the factors influencing successful transfer.

Transfer of organizational culture was realized throughout all levels within The Company. The UK head office worked out main values and presented them at The Company's international mass conference through the Chief executive. Further, manuals on the implementation were forwarded to the Czech Republic. Here, at the head office level the hiring HR team shared the tasks in terms of time and subject and forwarded the standards, commands, processes etc. to regional HR teams. Regional teams of each format were then responsible for the real implementation at stores with regard to time, region and particularities of the format. Concerning the category of people and company values, especially HR managers pursue particular routines in stores. It meant that the HR management line took care of the issues of people and values; however the other category of managers (customer service managers, departmental managers or store director, etc.) took responsibility to deliver targets for particular activities reaching into their areas. The aim was to take them intact; however, amendments were made when there were obstacles from the Czech legislation. On the other hand, the more you were to change the detail, the greater the possibility of adaptation if the adaptation from lower level was discussed with the direct superior first.

> "It is individual whether something is adopted exactly as it is in the UK. The performance management process is actually set up so that it can be applied completely intact." OD, Head office management

> "Regional teams are here for managers to assist the directors of units. These teams can decide what should be forwarded to units, and what can be taken out of the administration to fill by themselves. We are the support, the filter." EPA, Regional management team

> "In agreement with the director, my boss, I have a free hand, if he agrees with the operating director or regional director. It is being solved continuously. If we need something, it possible." DL, Store management team

The research findings (as also shown in the three chosen quotes above) suggest similar results to those mentioned by Gamble (2010)[52], namely, that a transfer, however supposed to be unified, is carried out with **amendments on certain OC layer** (artefacts, values or assumptions) in a specific retail context. He proved it by several factors among which the most prevalent seemed to be the local labour market, understood more narrowly to a local area than the whole nation. Gamble (2010) noticed transferred practices were understood as differentiation points **– a potential of competitive advantage**. They were chosen deliberately according to the experience at home and from expatriates which changed with their new experience. Moreover transferred practices also changed the behaviour of the competition.

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[52] Gamble researched transfer of organizational practices within the retail sector from Japan to China. Among others he found that although concrete practices were the same in the host country, their meaning was different. They were rather ceremonially adopted than really internalized. Thus, he called the practices transfer – hybridization.

His findings correspond with those found in this Czech retail case study. However, thanks to the field research throughout more hierarchical levels on the Czech side, it was found that the level of knowledge about local shops was inversely proportional to the hierarchical layers. Where - according to a format - the organizational structure was flatter, the understanding of the shop unit was better. Here, the small formats lead. And the **department store** format gained a **special status** concerning the acceptance of some amendments after some experience of this type of format was attained by the UK company management. Although, the aim was initially to join this format to the hypermarket format and commands set more strictly were functioning there e.g. concerning content of product range and layout.

Also, due to the uniqueness of this format for The Company, the transfer of knowledge flew already from the Czech subsidiary to the UK at the time of the research. This situation pointed to the fact how **experience,** also a part of the Company's values, was **valued** and accepted at the higher, cross-border levels of The Company. And the way the Czech suggestions were accepted by the UK counterparts created examples of valued **patterns of behaviour** for the Czech subsidiary managers:

> "Often we find ourselves that we cannot justify many things before the top management in Britain. E.g. the priority is currently hiring part-time employees due to the flexibility and operation. And it is really up to us how to manage it. But ... if we have no possibility to meet this target, we create alternative solutions such as addressing students, retirees... But these

> segments of potential part-time employees have their own characteristics ..." OD, Head office management
>
> "In terms of creativity I feel well as department stores in The Company do not have any history anywhere worldwide. ... And there is room for my creativity. Therefore I say that what we are doing now is very important, because we will be a model also in the future. If The Company considers that it will open department stores in other countries, the know-how goes from us. It is quite a big benefit. ..." OD, Head office management

Building on the findings presented in the working paper of Průša and Drličková (2010) the researched department store had its special peculiarity. About one third of its employees had worked there for at least ten and more years (up to 30 years), many of them still remembering "the old times" of the previous regime: the status of the shop assistants, assistants with vocational school/trainings for this job who at that time knew a lot about their assortment and most of the products were in shortage. They knew when new limited delivery came and could hold a product under the counter for chosen people. Also these practices at that time of retailing could contribute to shop **assistants' status and their self-worth/importance**.

The findings in the department store reminded those of the Groenewald and Leblanc (1998) case study mentioned in the chapter on retailing context. In the particular department store of The Company a **subgroup of employees** was constituted whose **modification of views and relation to work** was changing very slowly in time, if ever. Although the behavioural stereotypes at work were longer, time had already changed. The change, even after such a long time, did not occur completely at the levels of espoused values and basic assumptions.

During the research these employees were still talking about those times with nostalgia, comparing it to nowadays customers' behaviour and to "work-younger" colleagues' knowledge of the assortment. At that time the way their department looked like was their own visit card. Thus, they were proud of it, especially in this premium location. The working pace was quite different as more people were working at the place. The continuous trend of diminishing the number of employees on the floor was going on till the days of research during which the people were expecting a new change due to the rebranding of the department format.

Amendments were feasible to pursue in the case of the relatively new format for The Company – **the department store**. However, in case of hypermarkets this was seen as almost impossible. As perceived by employees, small formats i.e. supermarkets and express stores had an advantage due to flatter hierarchy and more informal mode of work as less people were working in one shop. They know each other better in comparison to the people in hypermarkets.

In order to determine a **successful organizational culture transfer**, it is crucial to decide what is taken as success. Is it in terms of financial return and profit? Or is the aim of a successful organizational culture transfer to unify all company's fractions? It is assumed by the author, the answer would be somewhere in the middle. Then, the findings suggest the importance of factors like the role of **leaders throughout the hierarchy, giving trust and respect** to others, while trust and respect should be incorporated in the formal operation system underlined by such basic assumptions and also pursued personally by leaders.

The importance of leaders positioned throughout the hierarchy is given by the need of individual personal respect to each employee. Employees are not and by nature cannot be uniform. Thus, **recognizing the uniqueness of people** can bear fruit to all sides (leaders, followers, different sub-groups). However, in this way fast company expansion (as The Company had) can be counterproductive.

Further, the findings suggest if the transfer is understood in a broader environment of a company, like the researched international retail company, then the employees’ experience, industry conditions, country particularities and national culture stereotypes should be also taken into account. In this sense a successful transfer and implementation of an organizational culture can be again timely postponed and adopted in different way as it was before in other context. Thus, in Gamble's (2010) words, **transfer hybridization** comes into being. The author of this thesis would add here to Gamble that **hybridization occurs** not solely at the level of practice (artefacts/manifestations) but already **at deeper levels of organizational culture** (i.e. values or assumptions), although manifested through visible practices realized only e.g. ceremonially and not internally by employees.

5.2.2 ORGANIZATIONAL CULTURE MANAGEMENT AND ITS REALIZATION

The research showed The Company had a positive assumption about the possibility of management and transfer of its organizational culture. As Porter (1996) suggested, The Company had an interlinked system of framework, activities and processes whose aim was to refer to the Company's vision and values. The system was called **The Company's Operating Model** unifying basic core processes at all operating levels and in all operating formats, i.e. at the international and national level according to an operating country or cluster of countries from the international headquarters, through host country head offices and regional teams, with respect to stores throughout all formats but still representing The Company as one subject. However, remembering Stahl's (2009) categorization of strategic, cultural and internal fit of HRM and using the terminology of Gamble (2010), the problem of hybridization of the perception of OC and its embodiment by individual employees arose.

There were formal tools developed to manage and forward espoused values throughout the above-mentioned organizational and hierarchical levels. These tools of **core processes** were divided into five **categories**, namely: customer, finance, operations, people and community. Each category was given several particular targets according to the geographical region, format of operation, store, department and individual employees which were monitored on a regular basis. This "**Steering wheel**", as called in The Company, reminded Doyle's behavioural company model[53] (e.g. in Doyle 1994, 1998 or tabular in Soukup 2001) which Drličková (2009) compared and partially analyzed in The Company.

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[53] The aim of Doyle's company model is to reconcile the company's stakeholders' expectations according to three interrelated criteria: (1) balanced representation in the organization, (2) defined vision and values, and (3) balanced scorecard with targets for all particular organizational levels and in all categories of core processes.

At the strategic level, Drličková (2009) showed a functional mechanism set, however, only the completed qualitative data analysis of this paper revealed deficiencies in The Company's attitude to some targets of the five categories which caused an unbalance perceived by different sub-groups of employees. The following presented findings of the conducted field research cannot be understood as a complete analysis of all realized targets. The research came across those targets, dealing mainly with human capital and its management, as this area was identified as mostly connected to the organizational culture management and transfer.

From the **financial perspective** the following targets were identified in the field research: (1) the target of **sales growth** – visible through the high rate of expansion in form of acquiring and building lot of new stores in the Czech Republic[54], (2) **profit maximization** – very strong orientation on profit maximization identifiable by high pressure on economizing (among others e.g. internal competitions on economizing suggestions), highest expansion rate of the smallest express stores with the highest profit margin among formats or the emphasis on improved quality of customer service in the rebranded department stores during the time of research. Both targets had very clearly defined criteria.

The most visible **operation target** was (1) the **efficiency** of sales, logistics and storage. At stores level this was tangible in the effective utilization of every square meter both at the shop floor and in the background. The second (2) operation target (having probably an impact on the quality of the assortment offer, however) was **purchase for less**.

> "… [Yes, the textile] is of good quality but it is sold under price, because, as it was written there, those who manufacture it are poorly paid. Thus, they can afford such a price, but it's a quality product." F3, Front line employee

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[54] In 2008 (the numbers for 2010 in brackets) The Company had 59 (71) hypermarkets, 6 (6) department stores, 42 (47) supermarkets and 6 (25) express stores in the Czech Republic (Cimler and Šípek 2009, 2011).

> "Worse is the electronics, plastics. It all comes back, that's all from Asia what the company has here. We see the complaints that they are not quality products." F4, Front line employee

The **customer category** targets could be split into two areas. The first (1) area was easily measured **"hard" factors** like: average purchase, number of customer visits, market share, queues at the checkout, monitoring competition in indicators as prices, rank or average purchase. The second (2) area were so called **"soft" factors** like company image, customer services or products quality. It was typical for store management and upper levels that the employees understood the connectedness of company values and the processes based on them. On the other hand, on some occasions this undermined confidence in superiors and increased the front line employees' perception of insincerity, seen e.g. at the company's public appraisals with which employees did not usually identified themselves.

> "Basically everything we do should have one aim, concretely to provide the best services to customers. And we use a lot of ways and means to it. And one of the ways in our area is to take care of people so that they provide the best services to customers and to "treat employees as they like to be treated". [the sentence of the company values was used by the employee]" CH, Head office management team

> "... linking values with practical tasks, which the company proclaims. E.g.: problems at the checkout we say - the customer must leave happy, even if the cashier was right." MH, Store management team

"Especially keep smiling [on customers] even though sometimes they are arrogant." A2, Store leader

In the **community category** the analysis defined just one realized and followed target, concretely the preference for healthy and "green" solutions for customers. However, the question of the degree of the impact still remains e.g. in employees. To quote one of them:

> "The Company presents itself as a company that seeks to address the environment, recyclable jute bags, limits the issuance of plastic bags - because people have been taking them as trash bags. We have a healthy food program, a competition on energy savings runs inside the company. Individual stores compete with each other in The Company. So trying to improve at least the details that can be done in comparison? with how its size devastates the environment. … Now there is a tendency to build small shops one only runs into and shops, but the effort is thus." NR, Region management team

The **employees' category** and its identifiable controlled targets were: (1) appointment of the **best people** – through external and internal candidates (however, there were examples of inconsistency with the realization of this target):

> "…you receive senseless commands like: I had to explain why I had such a structure, and I had to lay off 21 people in October. I submit sales arguments, I submit fluctuations, submit the sickness, I submit that we are waiting for Christmas. … Sales are starting to grow stronger slowly; I told to my superior... it is a bad decision that I simply do not agree with that. He said: " yes, we have a problem."We should not have delivered wages in this period [in sense of having high personal costs], but we'll have Christmas. And I have prepared store... The director looked at me [and said:]… you are right, but will you deliver that? ...I did it. In November, do not forget, the 17th November 20 people to recruit - command..." EPA, Regional management team

(2) People **training and career development** – through trainings, assessment centres and mentoring, shadowing or sharing experiences. This point seemed to be very thoroughly revised and a leading motive of the human capital management of The Company.

> "Within my internal development I was in one shop unit actually as a head of a section and a manager in training. After one year I came as a shop manager here." ED, Store management team

(3) Company **values sharing** – for gaining the customer loyalty. This target was translated rather pragmatically than from the moral point of view.

> "Even if we don't like it, we just must respect the claim; even if the customer brings the product damaged, when we think he himself could have broken it." ES, Store leader

(4) Gaining of employees' loyalty, acceptance of responsibility –The Company and this paper found out separately that **employees valued career opportunities, support and attitude of superiors, interesting job and adequate workload, and trust with respect** as facilitators of their loyalty and acceptance of responsibility.

> "As an option, [The Company] won because I've always heard about its good attitude to its employees. Concerning the salary it is roughly the same everywhere. And when I talked to people, [The Company] really won as an employer who is possible to live with. Certainly therefore, I heard it from others." ED, Store management team

> "If you show people you are not interested in the communication then you will get to know nothing and I am paid for collecting suggestions to be implemented. If I did not receive these data, I would be dead." FF, Store management team

Following the target of gaining employees' loyalty was markedly noticeable within The Company. However, again one cannot talk about balance in all the mentioned criteria valued by employees.

Almost all employees consented that the system of carrier opportunities was well developed but the **job content and adequate workload** did not seem to be completely grasped by the management system. They were rather perceived in connection to informal channels of organizational culture like informal communication, personal attitude and support of the direct superior but also through the trust and respect built in the company's system and of colleagues. Although formal feedback on these issues was regularly realized in form of questionnaires or forums, people felt **disappointment** from inadequate subsequent feedback of superiors to employees' systemized feedback (not meaning primarily the direct superiors, but rather the upper levels).

> "The possibility of suggestion is here for sure - every week at a meeting with employees. And else, it is not a problem to come to me or any other manager or head and personally talk to him. The possibility of change is here. An employee can come to the superior, or now a competition goes on. So it is not a problem." DL, Store leader

> "Our management is dependent on higher management and there the communication stagnates. They are not able to do anything about it and there it ends." V9, Store leader

In the end, to compare The Company's Operating Model to the concepts of Doyle (1994), Porter (1996) and Stahl (2009) on how organizational culture has a potential to bring a comparative advantage, inconsistencies within the realization of The Model can be found.

Doyle's condition of **balanced scorecard** with defined vision and values is not met. While in values (1) the orientation on customer is emphasized, in reality the strong pressure on profit maximization, sales growth and efficiency are the determining factors. Concerning the second main value (2) orientation on employees, this is done rather in selective way than for balanced content of all stakeholders. Trainings and career opportunities for those with aspirations are prevalent, however, care for self-evaluation, respect and trust for those willing to stay at their positions is not adequately appreciated.

Using Stahl's (2009) **concept of HRM fit** to (a) strategy, (b) culture and (c) internal HRM fit, further discrepancies can be seen. (a) Within the operational targets of The Company's Operational Model, purchase for less is strongly emphasized and at the same time The Company faces quality problem in certain assortment ranges. (b) Cultural fit has also its deficiency when employees perceive insincerity in the requirements of the official management line on employees in relation to customers (e.g. concerning return policy or advertising leaflets). Another cultural fit discrepancy is apparent when, on the one hand, trust and respect are proclaimed and on the other loads of administration work and reports are required within the HRM. (c) Internal HRM fit also does not occur at least in one thing - while front line employees are asked for feedback disappointment from backward feedback and steps for possible change is perceived.

Interestingly, when combining Porter's matrix (1996) with Stahl's (2009) conditions for fit, it can be stated that while the official supportive managerial manuals are aligned with the core activities, the described discrepancies are rather observed in soft factors, like the way something is required or rationalized. Thus, this finding points out **the importance of leading employees' characters and their behavior**.

Further, The Company had a formalized system of **connecting managers with front line employees** during their work at shop floors on a regular basis. The aim of this formal system was to keep the managers updated with the situation at stores level about the use of new technologies, store logistics, to build cross-hierarchical teams and trust, respect and understanding for each other, to help in rush hours and seasons and to understand the nature of an everyday retailing. Nature of the retail sector was an influencing factor in management possibilities and employees' performance.

> "It is very demanding and it is a great experience and I always admire those people we have in operation who do it the whole year." CH, Head office management team

> "Many people are starting, but few people can stay. It is a strenuous place, a lot of work, somebody always asks for something. You have to be nice, hello, goodbye, and not everyone can handle it." 53, Front line employee

> "[Our values] are our aim. Of course, every country has a lot of opportunities and retail is a very challenging sector in which employees are working. Though, there is an aim. On the one hand, the customers focus, on the other hand the employee focus." CH, Head office management team

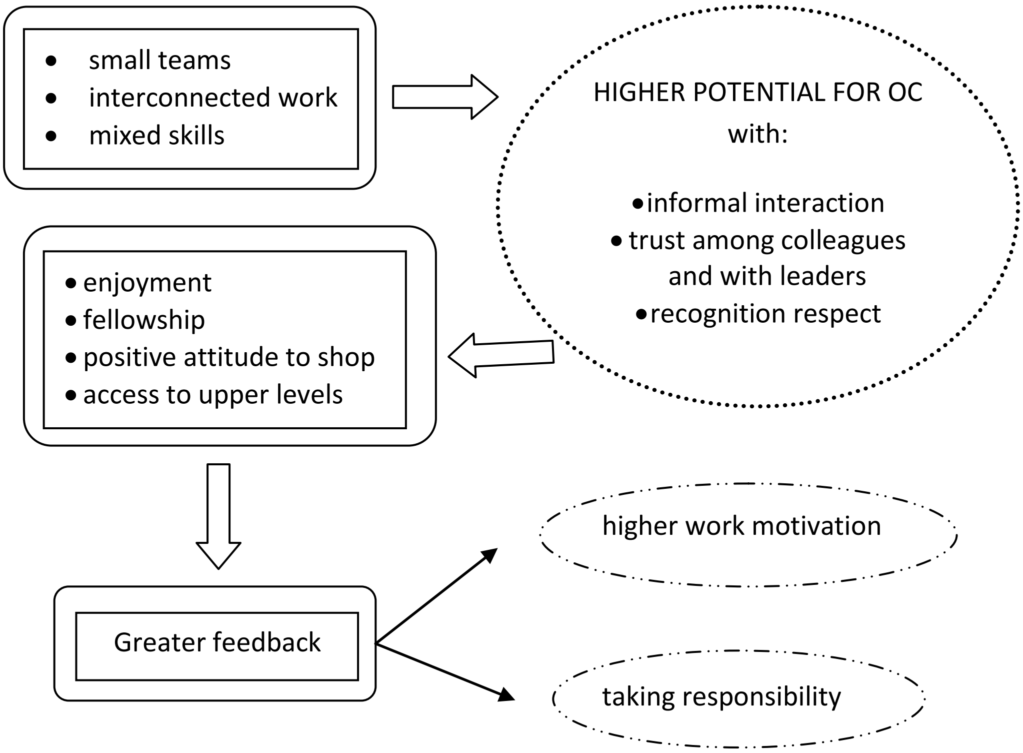
It was interesting to notice how the employees' perception described in the first research sub-question supplemented the perception of **unbalanced emphasis** of particular targets in the five categories. The Company very openly followed the vision and values in its practices, processes, manuals etc. However, this was not done equally in all the dimensions of the core process categories. There were clear hints that some targets were followed more preferably, like financial key performance indicators, several types of costs reductions, sales margins rates, career development etc., to less preferred ones, e.g. (adequate work load, trust and respect).

However, there were **leaders** throughout the hierarchical levels who were admired, respected and gladly followed by front line employees. These leaders came closer to people within **informal talks** during which they took their time to listen to their people on a very often and regular basis. These leaders talked about mutual need of such conversations which get along both sides and still the company could gain of it.

Comparing the findings according to formats with distinction between the big formats (department stores and hypermarkets) and the **small ones** (i.e. express stores and supermarkets), small formats had a competitive advantage due to **smaller store teams**, **closer informal interconnection of**

their work and **mixed skill** needs of each employee at the shop floor. These predispositions created a higher potential for greater informal interaction, trust and recognition respect (Afiouni 2009) among colleagues and with leaders. As shown in Figure no. 10, such inner organizational culture (OC) had a higher potential to provide enjoyment of work, perception of fellowship, positive attitude to the shop unit, simpler access to upper level employees and thus more real (also informal) mutual feedback within the hierarchy which was less complex and flatter than those of bigger formats. These factors were seen as important for work motivation and taking responsibility.

Figure no. 10: Small formats' reality and potentials



small teams
interconnected work
mixed skills
HIGHER POTENTIAL FOR OC with:
informal interaction
trust among colleagues and with leaders
recognition respect
enjoyment
fellowship
positive attitude to shop
access to upper levels
Greater feedback
higher work motivation
taking responsibility

Source: Author's own depiction

The figure above also explains why **only aspects of organizational culture can be managed, especially in the respectful recruitment, development and dismissal system of new employees.** The results support Smircich’s (1983) hesitation about its complete management. Obviously, the reason rests also in the soft nature of the carriers and creators of organizational culture. Porter's (1996) and Stahl's (2009) matrices of a well-aligned system of formally managed activities is one supportive feature, although in the case of The Company inconsistencies were found. Moreover, when a stressful situation arises, it depends very much on **soft factors** like personal characteristics of each interested side – especially leaders (but also informal leaders), people's experiences, learnt stereotypes, attitude to others what will be done in that particular situation within the fast changing retail. There is a plethora of stressful situations at each hierarchical level faced by retail employees, like delivering target costs, rate of part-time contracted employees, with no other assistant at the shop floor being nice to a demanding customer and at the same time to lay out all incoming goods, balance of company and personal life needs, and these are not all examples.

In connection to the above-mentioned results it is suggested that with the balanced six-dimension model attitude of a leader (Sitkin, Lind & Long 2001) founded on a respectful attitude already during the recruitment and the crucial first year of a newcomer can accrue the possibility to manage organizational culture in the right direction. **The dismissal system**, however, should also go in line with such recruitment and development system, as the word of mouth can cast a shadow on the company's reputation. The proposed way has the aim to develop the ideas given by Schreyögg (2005) or O'Reilly & Pfeffer (2000) who emphasise a recruitment system which takes into account personality traits of the people being recruited – and the author of this thesis adds: **unique people** who in best case are **virtuous candidates**.

5.2.3 TRUST, RESPECT AND LEADERSHIP

As already indicated above, the research data were revealing **trust as a sensitive factor** in human interactions at The Company and in reactions toward The Company system of practices. Thus, the author more and more realized the trust issue was helping to complete the understanding of OC and its adoption by employees within the organizational culture management (OCM).

After the identification of behavioural reaction to OCM, a search for the reasons for these reactions was started. Initially, a lot of suggestions were coming out of the data. They were: disappointment, positive feedback, regular feedback, career possibilities, pragmatic thinking, lip-service, required routines, lack of responsibilities and competences, human nature pro-activity etc. However, it was realized all these examples have already been followed by more inherent factors, namely giving trust and respectful behaviour of leaders.

Throughout The Company, the data **revealed the following examples of the absence or defects in trust** (1) among colleagues and (2) within the superior-subordinate relationships. Lack of trust was identifiable through different manifestations (three examples follow):

Firstly, there were several senior team managers across store formats who, independently from each other, mentioned **inappropriateness of administration**. They perceived it as a **manifestation of lack of trust** toward subordinates which was already built in the company's processes and mechanisms.

> "Head office constantly requires from us more and more administration. At time I already do not know whether it is about selling or paperwork. They need some evidence all the time. Sometimes I think, they could trust us more." MA, Store management team

Secondly, manifestation of insufficient trust was perceived through the **perception of too high power distance** between hierarchical positions. Managers (at shop and regional level) who described this type of dissatisfaction felt it as an **expression of limited trust and respect** in them and in the people who hired them.

> "The hours are given, what we can do is to make their life more agreeable by our attitude and treat them as I would like them to treat me." ED, Store management team

Thirdly, at the **front line level,** especially the employees of the **department store,** perceived negatively the company's understanding of fairness. Employees working here for many of years (especially those employed over fifteen years[55]) felt unfairness when their salaries were equalled to the salaries of the new-coming (with their words) "not experienced" employees.

> "There is one disadvantage here, and that is when someone has his 100% somewhere else than the other, both get the same, so the motivation is not big." FF, Store management team

These three examples suggest at least three types of HR processes, [(1) amount of obligatory administration, (2) managers' power distance, and (3) misleading understanding of salary fairness], which caused disaffection of certain groups/sub-cultures (Martin 2002) within the company. Considering Schein's (2004) basic assumptions about the human nature and connecting it to Herzberg's theory (e.g. Bedrnová, Nový et al. 2002) it suggested an impact on employees' working motivation.

On the other hand, across all the observed hierarchy levels, people appreciated their current or some former superiors (within The Company) as **aspiring or trustful leaders** under whom there was pleasure to work. This was also true about some new coming employees who perceived their closest leaders as unexpected positive surprise for them, not found in previous employments.

> "Compared with my former work I have very good experience with the manager here. Actually, she is interested, asks about the problems, gives advice, helps. I was very kindly surprised." ST, Store leader

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[55] This was a special case of the department store in which almost one third of employees had been working for fifteen/ twenty years and more, many of them at the same hierarchical position for several years (information based on several interviews during the research).

Also, there were employees who based their interest in The Company on the feeling of dishonesty from other field competitors. Employees had had previous experience with other food retailing companies through their own employment or shopping, or through word of mouth from their friends or family.

Once the trust matter was revealed as a factor connected with organizational culture management and transfer, the research logically continued toward a search for **carrier of trust** or rather a **facilitator for trust transfer**. The obtained data were pointing very clearly to the company leaders. In this research inspired by Pettigrew (1979) and Schein (2004), leaders were understood those people who facilitated positive reciprocal relationship between the company and its employees using their soft skills such as behaviour and communication abilities.

The research data showed **trust was playing a mediation** role **between** employees/**potential followers and their leaders.** First when trust was established people were more open, willing to share their opinions and inspired for their work.

Employees usually understood their **closest and direct superiors as potential leaders.** Through these people (their behaviour and especially personal communication) the Company's **vision and mission was transferred** to everyday working surroundings and thus was tangible for ordinary employees. Front line **employees were looking at the company's attitude and perceived the company's image** through these direct superiors or other superiors coming in touch with them on a regular basis.

> "Thanks to my director I've learnt a lot. She was able to lead me to the right way. Within a half year I have worked with her she led me further than if I were a director of a small unit. My superior is demanding on me, so I took her view on retail and I am also demanding on my people here." MO, Store management team

> "Those, who advocate it, do not behave like that. We are educated by someone else, not this management." F1, Front line employee (talking about company values)

On the other hand, the **interaction was both sided**. Superiors and especially those denoted by other employees as leaders were gathering useful information for the operation from their subordinates.

> "If you show people you are not interested in communication then you will get to know nothing and I am paid for collecting suggestions to be implemented. If I did not receive these data, I would be dead." FF, Store management team

If there was direct personal **gathering information** from front line employees at higher management level too, managers perceived positive outcomes from organizational key performance indicators resulting from e.g. The Company's inside questionnaire. This was the case of **small formats functioning.**

> "... I established a lamentation wall and gave them all my telephone number so that they could call me anytime and tell me feedback and complaints..." EPA, Regional level

> "A Head should always have time for his subordinate of any level - stores, heads of sections. Blindness can be dangerous, meaning avoiding information from individual employees." EH, Head office management team

After all, it was possible to state that the company's leadership was not based on sole one leader somewhere at the top of the company but on **more leaders** present throughout the hierarchy of the whole organization.

As shown in the scheme of **trust model of the spiral effect** (Figure no. 11): the research approach revealed **trust was an antecedent of a good**

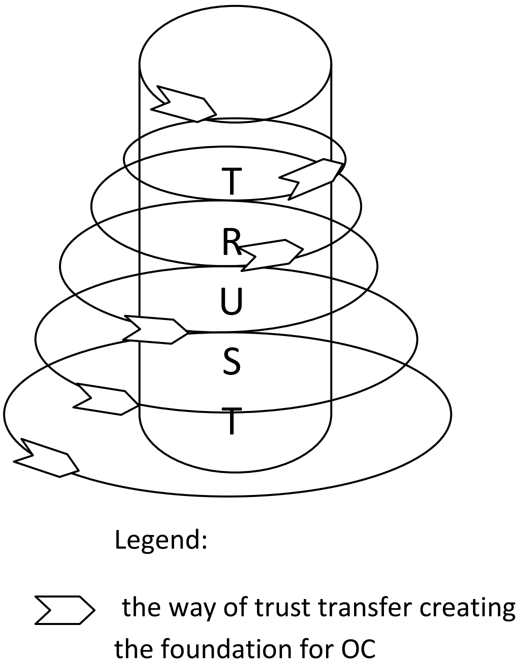
superior – subordinate interaction and a good HR system establishment.

To start at the beginning in time (the spiral top in Figure no. 11): when establishing an organization, one could imagine founders were looking for employees or partners to whom founders gave their trust about their ideas and who would actively share founders' vision. **Founders first had to give trust** to their people (in the Figure: the first arrow at the top shows the direction of trust flow – downwards), so they were able to forward it to their further subordinates (the increasing size of diameters represent higher number of employees at lower hierarchical levels). **The level of given trust creates the foundation of people's OC.** Subordinates could not give more trust to their subordinates than was given to them personally informally and through their formally given power and responsibilities just from the nature of the work relations. And vice versa any subordinate could not give more trust back to his/her superior than was initially given to him/her. **The keystone of OC – given trust - could be traced backwards through formally given power and responsibilities and informally through superior – subordinate interaction.** Once the organization is as big as it needs to formulate a formal HR system, the HR system could only get as much trust as is already present in the company. Indeed, the **HR system** could be a **supportive formal carrier of trust** (thus the supportive OC mechanism – Schein 1984), whereas this function is allowed only by human and in such amount in which it was incorporated by the people responsible for the creation of the HR system. This spiral effect of trust goes hand in hand with the Sitkin's and Pablo's (2005) 6-dimensional leadership model, which specifies the leaders' soft skills in order to reach better work ethic of followers but they also point out to material support necessary too (here understood e.g. the HR system).

Then, in bigger organizations it could seem HR policies were antecedents to trust. And this is true somewhere in the middle of the trust forwarding process. However still, the **first movers remained human beings**. And thus their abilities to incorporate trust into the formal HR language of the company played a crucial role.

The described logic is portrayed in the following **trust model of spiral effect** (Figure no. 11). The roll represents a company throughout which trust based on respect, credibility and real fairness (Denton 2009) is present both in HR practices, and in leaders' behaviour and personal communication (Pettigrew 1979). Through this cultivated environment the realized willed behaviour patterns - i.e. organizational culture - are forwarded from the upper levels down to the lowest hierarchical levels (shown by arrows in the scheme) within the company.

Figure no. 11: Trust model of spiral effect



Source: Author's own depiction

Based on the author's literature review, the research has been developing mainly two points: consideration of **sub-cultures** (Martin 1992, 2002; Schein 2004) and several **factors influencing the transfer** and adoption of organizational culture (e.g. job-status – Martin 1992; hierarchical position – Harris and Ogbonna 1998; career aspiration, length of service Pioch 2002; management activities and alignment Porter 1996, Stahl 2009). Although **trust as a soft factor** came also into consideration, no mention of trust or the basis of trust as antecedents was presented. This is where the author would like to continue.

It is suggested that **trust with its basis – recognition respect are the antecedents of any other factors influencing the OC** in terms of creation and transfer. Further, although sub-cultures are important to be distinguished, each **unique person within a sub-culture should be approached with respect** as a human being and accepted with his/her character, abilities, skills and **thus be integrated to the mission of the organization**. Therefore focus on people’s potential, alignment of values and system/strategy (O'Reily and Pfeffer 2000) and the process of screening and hiring and own management development (Scheyögg 2005) remains very important but the basic soft factors should be added by leaders.

To resume the basis of trust, Fairholm and Fairholm (2000) pointed out that inclination to trust is dependent on mutual experience and Stahl and Chua (2002) added interaction history too. However, to gain the trust inclination, mutual experience and interaction had to be realized with **recognition respect** as e.g. defined by Bryson (2009). Adler (2008) came to a notion of synergic respective attitude when considering more nations dealing together (as they all have at least something in common). And from another point of view also Čechová (2010) pointed to different efficiency of HC investments according to the target recipient group. Thus it seems that in an OC transfer, **respecting differences**[56] is an important assumption for gaining trust in a company and adopting the OC afterwards. This seems reasonable, but the author of this thesis went further.

5.2.4 PUZZLE-PIECE APPROACH MANAGEMENT

The uniqueness of individual employees is needed to be respectfully recognized within the management dealing with human capital of which organizational culture management is also a part. Such attitude of leaders translated into the "managerial language" the author calls **puzzle-piece approach management (PPAM)**.

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[56] Meaning respecting differences of employees' groups (Schein 2004) or denoted as OC sub-cultures by Martin (1992).

Within the puzzle-piece approach **each employee is respected by the leader firstly for being a human being with unique characteristic features**, knowledge, skills and abilities. Thus, each person in a company represents metaphorically one puzzle piece of a jigsaw puzzle. Each puzzle piece has its precise place where it fits. The position is determined by its shape and complementarity to its neighbouring pieces within one sub-group and to the pieces of collateral sub-groups (or sub-culture, as called by Martin).

A puzzle piece belongs to a group of either corner pieces, edge pieces from left side, right side, top or bottom, of the pieces in the middle, part of e.g. sky in the puzzle picture, or the ground of the puzzle picture etc. **The classification of a sub-culture of which particular person is a member can be identified from different angles – geographically, hierarchically, qualitatively, according to intensity of features he/she possess, etc.** However, this is still "only" a classification, after which the respectful approach to that particular unique person comes into the question together with **bearing in leader's mind how that one person (with his/her human capital) can be incorporated into the realisation of the company's vision**.

Actually, the puzzle-piece approach management is a development of the above-mentioned Adler's (2008) example how inspiration goes beyond motivation.[57] It is in fact the idea and strategic process she described developed into normal every-day operations. Namely, the PPAM has not its aim to line up and plan precisely what everyone has to do, on the contrary, the aim is to approach the human capital through this type of management as when composing a jigsaw puzzle, i.e. **leaders should know the aim and meaning of the work of each unique person directly subordinated to**

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[57] She argued that a leader "chose a process that inspired everyone to give their very best" in that he included "the perspective of children" to reach collective responsibility for the "type of world they would pass on their children". Adler (2008:192-199)

them; and leaders should have the ability to **recognize which position and work content** of that particular person would **suit and develop the person's uniqueness**. Through the person's uniqueness which leader helped to implement into a suitable position, the whole organization gets closer to the company's vision. By the notion **"suitable position"** we mean where the particular uniqueness can be further developed in coherence with the company's vision. Thus, the leaders throughout the company allow their subordinates to **develop organically** (not prescriptively) **the main vision and company values.** The author assumes that in this way an organizational culture would be less imitable and more valuable and rare (according to Barney 1986 conditions of organizational culture being the company's competitive advantage).

Preconditions to the functioning of PPAM are those mentioned in the literature review, concretely **Adler's (2008) cultural synergy** when the focus is on managing impacts of diversity while respecting the cultural diversity. Namely: definition of problems from different perspectives to understand the logic of basic assumptions and creation of effective solution with respect to different cultural norms. However, these conditions presuppose functioning of two more conditions, thus the author adds:

- **Inspirational idea mutual for all** – a basis for possible implementation of people's uniqueness in company's operation, and
- **Basic recognition respect** (as described by Bryson 2009) creating mutual trust – also an important factor in mergers and acquisition management (Stahl and Chua 2002).

Although trust and respect forwarded to others through one's own behaviour are truly candidates for a basic assumption dimension of human nature (in the concept of Schein 2004), still due to the nature of this thesis the findings and their importance for especially front line employees should be seen just in the context of the Czech retail sector.

5.2.5 EFFECTS OF CONTEXT

The accomplished case study was specific for the retail sector. Thus, the presented model should be seen in the context of the retail sector and the factors influencing people in retailing. This fact was reflected at two levels: (a) at the level of the Czech retail sector – in relation to The Company's main competitors; and (b) at the individual level - the characteristics of recognized leaders.

The nature of the Czech retail sector and particularly the labour market of the Czech retail sector influenced the shaping of management and transfer of organizational culture of The Company. The Company possessed an **absolute advantage as opposed to its other direct competitors** in the field. The advantage was in The Company's attitude to people in the way of strong emphasis on development and career opportunities which promised their **self realization**. This element was a great attiring stimulus for many potential and current employees with career aspirations. However, this did not correspond to all types of the people on the Czech retail labour market or in The Company. A sub-group of people with **no higher career aspirations** was identified. And a second sub-group, typical for the Czech retail sector nature, was identified: a subgroup of people with **no other option** due to their own capabilities and/or education. These latter two sub-groups were not in focus of the work motivation mechanism in the researched case company. Further, according to the interviewees' opinion there was no such stimulation within the Czech retail sector at all. It seemed that the current competitors' human resources or human capital politics did not offer any adequate stimulus for these people either.

Among the **qualities of recognized leaders** belonged: believing in good vision of The Company, resilience and ability to overcome some injustices and inconsistencies within the system while still believing it. These people had usually personal and sincere interest toward their subordinates, valued The Company for good ideas and the attitude incorporated in the system (with regard to some exceptions) toward dealing with its employees as opposed to other competitors in the Czech retail sector. They sensitively (although in several ways, authentic for each one) perceived the importance of respect, trust and just fairness toward each person they were working with and were able to take into account the uniqueness and concrete needs of their subordinates in their decision making.

It is suggested that a competitive advantage of a managed organizational culture resides in its ability to be a **tool for** directing, controlling and leading the **soft skills of leaders**. It is suggested that organizational culture management (OCM) has a potential to help to **identify and find possible leaders** important for the transfer of the company’s vision and mission and its application in everyday operations crucial for a coherence of the company’s existence. It is concluded that OCM could serve to identify whether the **soft tools** used by the HR or human capital management are **consistent**; meaning the consistency throughout the hierarchy levels, i.e. at the strategic, implementation and also operational level.

If the unity throughout OCM, based on trust, respect and leaders' behaviour is reached, the result are content employees, which should be mirrored in the performance level of employees afterwards and hard key performance indicators thoroughly followed by other company stakeholders.

The challenge only remains in practical incorporation and ability to adhere to the set of OCM values under the pressure of the real retail context.

SUMMARY

The Company had elaborated a system of tactics, practices and manuals on how to transfer and manage the culture within The Company's HR management throughout all managerial levels –strategic, implementation and operational.

The vision of The Company was proclaimed to the general public through the company's values in which orientation to loyal customers through "best" employees was expressed. Although The Company declared very strongly **the unity** of all its subsidiaries at the international level whereas the local needs of each country should be taken into account, the bare wording of the Czech company values differed a bit from that of the UK version.

After a closer look at both (the UK and the Czech) versions of values and their comparison, the **Czech values** evoked more directness and less suggestions and spirit of enjoyment of work. The Czech values were more complicated, concrete, not letting people to be active in understanding them. These values thought of more options how to behave better, so they evoked a critique and bad experience of employees' behaviour. The core notions of the values were trust and respect to employees, thus it is suggested that a simpler version of values, more similar to that of the home country would better declare the importance of trust and respect of The Company toward its employees.

The main Company's **web-sites' motifs** were (1) personal development opportunities, (2) customer orientation achieved through The Company's employees and offer, (3) respectful attitude to all people, especially to employees, and (4) emphasis on enjoying work and sharing experience. Although the orientation to all four motifs was present in The Company, as the above field research data analysis revealed, there were several **inconsistencies** found. The inconsistencies emerged both in The Company's own human resource (HR) practices and perceived in different ways by the employees e.g. in The Company's set attitude or through the behaviour of leaders.

From the **integration perspective** The Company's mainstream of **basic assumptions** are: high power distance, pragmatic handling, authoritative management style with a possibility of consultancy, experience and time polychronicity are valued, relative accuracy of long-time horizons is counted in month or "trimesters", every piece of space is effectively used, at lower levels only hierarchical salary distinctions not corresponding to the expertise of individuals. As seen in innovations, The Company values doing-orientation, it is a dominant market player. Team work with flexible and resilient people is a norm here. Advancement and status achievement with self-actualization within The Company vision is appreciated. Relationships were mainly perceived as diffuse and emotional, universalistic in obeying the rules, however with particularistic elements on certain occasions.

The differentiation view revealed several sub-cultures. On the **managerial positions**, managerial approach without consultancy and rather directive style was found, acceptance of the dominance of superiors, fitting into the valued qualities - thus being in becoming orientation was adopted. For the **frontline level subgroups** acceptance of manager's dominance and high power distance was prevalent, the team was perceived as the closest working group meaning the people in particular department, on a night shift, or a particular shift at small formats. At the front line level a subgroup of people with no career aspiration was present too. **Motivated newcomers or people within the first half year** on a certain position were searching for appraisal recognition, self-actualization at the position with no concrete plans for career aspirations; these usually came after mastering the position and closest interactions. Obvious **dichotomy between "The head office" and particular shops** could be seen in the way which targets were seen as important. Higher amount of information converged opinions of people, however knowledge of the shop, its history and customs of loyal customers were also to be taken into account. **According to a format,** subgroups like veteran shop assistants giving importance to job status were found in the department store; more flexible and easy learner groups were found within small formats.

On the types of sub-cultures it can be seen that a **certain person** could simultaneously **belong to several sub-groups** according to different aspects of basic assumptions.

The fragmentation perspective had the uniqueness of people In mind. There were a few voices understanding the basic approach to reality to be moralistic or others with more paternalistic opinions than The Company mainstream was.

In The Company, typical **organizational culture creation** was implemented gradually through formally set (usually HR-related) mechanisms and personal attitude rising from the leaders' nature, employees' nature and the closest work team nature – e.g. a particular shift at the store level. Based on organizational culture (OC) creation, the OC **forms** were then identified as follows: (a) the communication channel appointed toward general public and toward the internal staff which had an informal and formally defined form, (b) managerial practices, and (c) behaviour of employees.

According to a format and hierarchy, **employees perceived**:

- especially front line employees perceived some discrepancies in company values and its practices,
- lack of trust caused by inadequate administration and power distance perceived from the lowest positions up to the regional level,
- knowledge and understanding of particular store location or the Czech retailing context which ended in some kind of tension between the centre (e.g. the head office) and periphery (e.g. a particular store) typical for two bigger formats,
- on the one hand an elaborated career opportunities system, on the other inadequate equal evaluation for endeavour, less emphasis on job enjoyment and content which had tendency to end up in perceived lowering of the status of front line employees;

The **organizational culture transfer** in The Company valued experience and through the experience new patterns of demanded behaviour were adopted. In this respect one format (the department store format) had a unique position as it represented "news" for The Company. It was found that a successful organizational transfer was based on trust, respect and leaders' behaviour. This was not met consistently. Hybridization occurred in the OC transfer.

The **organizational culture management** (OCM) was inherent in so-called “steering wheel” which was realized through The Company operating model identifying core processes, incorporated in five main categories (finance, operation, customer, community and employees). Within each category, several targets were followed. The "wheel" should represent the balance and interconnectedness of the targets within the categories. Although, again, the system was very thoroughly worked out, several types of disappointments were found among the employees. The findings support the importance of leading employees' character and their behaviour in order to achieve an inspiring OC. Small formats had an advantage to other formats because of more informal interaction present which was supplemented by leaders giving trust and respect to their subordinates. A flatter hierarchical structure was one of the supportive factors.

Through employees' reactions, the following cornerstones of employees' reactions to organizational culture management were set, namely trust, respect and behaviour of the direct leaders. I**nconsistency in trust and respectful attitude** was mirrored in lack of trust, perception of high power distance from subordinates and negative understanding of fairness.

On the other hand, direct (also informal) **trustful leaders** had potential to be mediators of organizational culture transfer and management. Through these people, other employees perceived The Company’s vision and created their attitude to the image and mission of the Company. In the best cases, the (especially informal) interactions of leaders and their followers helped to gather information important for the store operation.

Based on the findings of the field research, a **trust model of spiral effect** was suggested. In the model it was supposed that leaders with respectful behaviour and ability to forward their trust to the subordinates through their own communication, behaviour and set of HR practices, are the antecedents of successful OCM and transfer.

Puzzle-piece Approach Management (PPAM) was suggested as a suitable managerial attitude to align employees with the company’s vision. **Preconditions** for the PPAM are seen in an **inspirational mutual idea** and basic recognition **respect to the uniqueness** of each employee.

However, effects of the **environment context** were admitted as influential factors. In the Czech retailing context of the labour market an absolute advantage of The Company was perceived in contrast to its direct competitors in the way how **career development opportunities** were established. This meant an important attractive stimulus for a substantial group of potential employees. Albeit other important subgroups, like employees with no career aspirations and those with no other job options were not addressed.

It is supposed that the **competitive advantage of OCM** resides in its potential to be a tool for monitoring soft skills of leaders and identifying new potential leaders. It could be used as a benchmark for soft tools in human capital management and for control of consistency between the vision and managerial practices. All this could make the employees more content and indirectly improve the organizational performance measured in key performance indicators. A challenge remains in incorporation and ability to adhere to OCM values in everyday retailing reality.

CONCLUSION

The author hopes **the main contribution** of the submitted work is in a suggestion of managerial possibilities of organizational culture (OC) as already asked for in other works like e.g. (Harris and Metallinos 2002); namely the suggestion of the Puzzle-Piece Approach Management (PPAM). The PPAM is built on a OC founded on trust and respect and should provide managers – leaders with a way so that their subordinates – followers adopt the Company's vision and take the responsibility toward its fulfilling through self-realization their own uniqueness.

Further **contribution** of this thesis is perceived in its focus on (1) retailing sector due to its particularities (Dawson and Mukoyama 2006); (2) several hierarchical levels from company's top management to the lowest levels represented by general assistants – the front line employees; and (3) due to the qualitative nature of the research not as common for this geographical region as it is in Western Europe or in the USA.

Aims of the thesis

The first partial aim of the work was to find out how the concept of OC enters into the HCM. Based on literature review OC partially belongs under the HCM because of **common carriers** of them - people. Further, a field research is supposed to show on what foundations the OC is based, how it can help to **find employees' own place and mission within the company or their own status corresponding to their position**. Herewith it is agreed with Schreyögg (2005) or O'Reilly & Pfeffer (2000) that coherence of recruitment practices with company values is important for choosing adequate employees. Furthermore, the author adds the **dismissal system** also needs to gain the attention of managers through HCM, especially **in the**

Czech retailing context where employees from the shop floor levels usually move among the retail chains operating in the Czech Republic.

Building on Pioch (2007), who has pointed out an often mentioned supposition that uniform perception of an OC is necessary as **a condition of gaining comparative advantage**, especially in the context of the internationalisation of International Retailing, the research results show that in the company under scrutiny **integrated perception of OC** is out of question, similarly to the results of e.g. Harris and Metallinos (2002), or Gamble (2010). Thus the author suggests taking the non-existence of **solely integrated perception of OC in the retail specific context** as a fact, not as a condition of possible comparative advantage of OC. This approach will liberate from unrealistic expectations that thousands of employees would be uniform. On the very contrary, the author suggests **the PPAM managerial approach based on sound foundations of OC, concretely on trust and respect** (see Figure of Spiral trust effect, no.11), allowing each individual to excel in his/her own unique way within the framework of the company's organizational culture.

Shifting to the second part of the **aim of this thesis**: "**Is dealing with OC bringing benefit to the company's HCM?"** it can be answered in the light of the research findings. OC has very probable potential to create a sustainable competitive advantage when seen as one of the company's resources (Barney 1986, 1991) especially in the retailing context where *"strategies and operations are easily imitable"* (e.g. Pioch 2007:226).

The first type of added value of OC is the OC reference language, as Schreyögg (2005) called it. From the field research it is to be deduced that OC can be used as a tool for **OCM of soft skills' direction and leading.**

Secondly, the sustainability of OC as a competitive advantage consists in a unique **added value of each unique person who is a part of the culture,** including its potential sub-cultures, and the ability of (also informal) leaders who can inspire their followers (similarly as Adler 2008 mentioned) for the vision of the company on everyday basis. Thus, it is suggested that leaders have to be respectful (meaning the recognition respect as conceptualized by Bryson 2009) and virtuous people who are able to give their trust to others in everyday operations as the spiral model depicts. Similarly, the GLOBE study also names several virtues as desirable for the characters of leaders, however, that study only stops at trustworthy behaviour and does not pose the question whether such behaviour is based also on respect or not. Furthermore, the here proposed PPAM could give some idea of how both recognition respect and giving trust can be operationalized.

Still, the author supports Martin's (2002) point referring to the importance of **knowing deeply** different company's **subcultures,** eloquently made in the next example quotation:

"If top management announces a restructuring of a firm, deep knowledge of various subcultures may help organizational members predict which subcultures will resist, which will cooperate enthusiastically, and which will try to remain aloof from the proposed changes." (Martin 2002: 152-153)

Under the notion "knowing deeply" the author understands knowing not only the integrating characteristics of each subculture, but also the nuances of the subculture caused by unique people involved.

The leaders' virtuous characteristics with deep **knowledge** of **subcultures** (in best case down to an individual unique employee) are especially needed if The Company possesses a subsidiary store belonging to top 2 in former command economy where there are employees still working who remember and compare the **occupational status** with those times. It is just a little observation supporting Hofstede's (2006) point that some aspects of cultures change very slowly. However in opposition to him this observation suggests an impact of such subcultures already at the level of organizational culture, not only at the national level as he suggested.

Answers to the research questions

Thus, taking into account the uniqueness of each employee, in answering the first research question: "**What is the OC of the researched company?"** one cannot omit Martin's (1992) three perspective model (of integration, differentiation and fragmentation view) to describe the organizational culture adequately. With the use of grounded theory tools (Strauss & Corbin 1990) four saturated categories were found which helped to (1) understand the formal and informal channels of creation and adoption of OC; and to (2) see the discrepancies and coherence between The Company's values, OC manifestations and underlying basic assumptions (Schein 2004).

Using Martin's (1992) terminology the sub group of new coming **employees can grasp the company's vision through manifestations of their closest team.** In the researched company the most important manifestations seem to be the informal and formal practices of the closest work team underlined by ratio of values and basic assumptions. Thus, as opposed to Hofstede (2006) the author suggests that considering organizational culture is relevant on all three cultural levels – manifestations or, as called by Schein (2004), visible artefacts, the espoused values and basic assumptions which underlined the more visible layers.

Indeed, based on the case study, the following **aspects of organizational culture in The Company** were identified: (a) discrepancies in company values and its practices, perceived especially by front line employees; (b) lack of trust was perceived through inadequate administration and power distance– especially present at shops level; (c) tensions between periphery (a shop) and centre (the head office) due to different amount of information and knowledge of the particular shop; and (d) precisely elaborated career opportunities system while inadequate evaluation to those staying at particular position causing a tendency to lower the status of a shop assistant. As described in the findings chapter, several sub-cultures arose then, whereas one person could actually be a **member of several sub-groups,** based on the PPAM concept.

Beside other subcultures mentioned in the findings chapter, the three most visible were probably employees with higher career aspirations, those with no career aspirations and a subculture of employees with no other option. Based on a deep knowledge of these groups in their motives, nature, attitude to activity and other basic assumptions of Schein's concept (2004) underlying each culture (i.e. also sub-culture) taking adequate respectful steps on behalf of The Company and its leaders and using them according to the PPAM, it is suggested less **tensions** between periphery and centre would be perceived in terms of inadequate workload, required administration, deterioration in occupational status etc.. This is a lesson to be learnt throughout different levels of the organizational hierarchy from studies on national culture like: Zadražilová's (2007) synergic strategy; Adler's (2008) synergic respecting attitude toward national cultures; or Trompenaars's reconciliation approach concretely analysed for the Czech and Slovak culture by Křečková Kroupová (2009).

While differentiation with sub-groups and fragmentation views existed in The Company, comparing the presented findings with those of other researchers in the retailing OC realm, some hints to **retail sector macro-culture** arose. Elements of it would be suggested as follows: importance of local labour market (Gamble 2010), strong customer service orientation *"taken seriously, but refracted through the sub-cultural lens and transferred* *into the sub-group's belief system"* (Pioch 2007:226) and, it is added, informal relations at the workplace.

Recalling the debate on what the factors influencing the follower's integration view on organizational culture are (see e.g. the Synergic scheme of literature review, Figure no. 6), the author rather calls for better **deep understanding of the context in** which such subcultures exist. For someone it might be easier to manage more similar people than lots of different subgroups or fragmented views. Not that recognition factors are not important, but instead of a continuous search for more and more classification characteristics, **in praxis, managers/leaders need to be deeply familiar with the surrounding their people/potential followers live and work in.**

Answer to the second main research question of the submitted thesis: **"On what foundations should be built the OC to help achieve the researched company vision by using the human capital management?"** is actually only an implication of what has already been said, depicted in the trust model of spiral effect.

The trust model of spiral effect (Figure no. 11) sheds an interesting light on Stahl and his colleagues' studies (Stahl and Sitkin 2005, Stahl and Chua 2002). Their findings come from the realm of mergers & acquisitions (M&A) and see trust and justice as important success factors of M&A process. They suggest attractiveness of HR system and interaction history as influential antecedents of the level of members' trust. The here proposed findings suggest that taking into account a longer period of the company's existence (not only the time of merger or acquisition) trust based on recognition respect (Bryson 2009) is the first driver for creation of an attractive HR system and a possibly positive interaction history. So the here proposed spiral effect model elucidates the **meaning of trust in time**.

Logically, the second research question was divided into two sub-questions. First of them was:

How to successfully transfer organizational culture across the corporate structure, from international headquarters to individual employees in foreign subsidiaries?

In the perspective of the Czech retailing context, special qualities of leaders are desirable for organizational culture transfer.

Firstly, the findings point out that formal organizational culture management as a part of human resource management practices within The Company is only one influential factor of successful transfer of organizational culture. Beside the professional qualities as knowing and adequately responding to the **retail nature** and issues of a **particular subsidiary**, leaders should possess ability to forward trust in the way they **behave** and know to **informally communicate** with their colleagues (potential followers) in respectful attitude. Such leaders' behaviour and communication helps to **gather more complex information** from the front line employees who are the first to meet the company's customers. In this sense HR practices serve as the contextual support for such attitude. First then the organizational culture has potential to play the glue role, as Smircich mentions (1983), or to be the reference language (Schreyögg 2005).

Secondly, due to typical characteristics of retail chains, concretely **lots of employees** at the very bottom of the organizational structure having rather physically strenuous work with little intellectual challenge, being at the same time very visible representatives of the organizational culture to customers, it is seen to be important that **culture leaders are along the whole structure,** even **among the front line employees.** It is suggested that

ordinary employees inspired by OC achieve higher **work motivation and take higher responsibility** for their work. To inspire ordinary employees, OC needs to be built on **sound foundations** as described above. Figure no. 10 depicts the reality and potentials of small formats, where the transfer seems to be easier put into reality. It is suggested that flatter organizational structure with small teams and employees of mixed skills in the end are more **likely to reach an informal working atmosphere.** This, along with trustful and respecting inspired leaders can instil enjoyment of work, fellowship and positive attitude to the shop or the company which are perceived to be necessary for work performance.

The second sub-question concluding the field research was: "**How to manage organizational culture so that it is accepted and promoted/actively realized/by individual employees?"**

The answer to the final question lies in the cornerstones of the suggested Puzzle-piece approach management (PPAM). They are: (a) common basis which serves as a supportive aim to the company's aim, (b) an inspirational idea which captures hearts and (c) given trust (in the sense of giving freedom within certain area) which enables individuals to realize themselves in a way proper to them and in coherence with the company's vision.

If the well-known success proposition of diversification is taken into account (but now in connection with people), and the author adds trust is given to others in order to give up controlling everything too, then the outcome should be success in the form of satisfied customers and empowered employees enjoying their mission within the company vision.

For retailing, the inspiring ideas could be i**mportance of customers' health or the loyalty to the stakeholders of the supply chain** from manufacturers to suppliers to customers. It is obvious that the idea or common vision is always connected with quality. Quality of product, quality of services – they both tell about the **quality of relations** among the stakeholders. The measure in which the company leaders are able to transform the desired quality into their dealing with others, behaviour and communication is crucial for reaching the quality of the set up vision.

Thus the main idea consists in the fact that any suitable company vision is based on **the ability to deal with others with respect** which is a basis on which company's visions and values are to be built further. If this primary basis is not achieved in the relationships among the stakeholders, one cannot aspire to achieving further secondary values. The author deems this implication an evidence that the existence of basic assumptions needs to be perceived already at the level of organizational culture, not as high as at the national one, as already suggested by Hofstede (2006).

However, as in composing a jigsaw puzzle, a leader cannot expect being always in control and plan ahead. The leader has only one fixed point – the mentioned basis. On this basis the correct places for individual employees – "the puzzle pieces", are searched, although in addition to the original game, the PPAM has a potential of a comparative advantage. Individuals composing the puzzle picture are not static; together with the leader, "the first mover", they can participate in putting all pieces together by adopting the leader's approach.

Potential limits

As a potential limit it can be observed that the author does not extensively deal with the **influence of national culture** in relation to organizational culture or intercultural management. The author does not want to declare here it has no impact. Although the author agrees with some challenges to the impact of national culture on organizational cultures posed e.g. by Gerhart and Fang (2005) or Williamson (2002), the author **acknowledges the impact** of national culture on the organizational culture cannot be completely denied. However, as several objections suggest (e.g. Evans et al. 2000 or Gerhart 2008), **there are also other factors that seem to be more influential**. This is also supported by Martin's (1992) finding of the existence of subcultures which are very tangibly present also in the observed company. If national culture was such an influential factor, no differentiation or fragmentation perspective would have been identified within the Czech Republic subsidiaries, but it was. Thus, the author decided not to devote more space to the potential impact of the national culture than it is discussed. In the data, the only hint to national culture as influential factor was found at **one sub-culture** in the department store, namely the **veteran shop assistants,** idealistically recalling "those good old times".

Further Recommendations

The completed field research provides **two recommendations for further research.** The first recommendation is **a deeper analysis of marketing mix,** specialized on the assortment influenced by the organizational culture and its management in an international retailing company. Organizational culture management was perceived within all managerial categories of the observed company, but the assortment (its quality and layout) of a retailing company is a dominant element at the meeting point of the potential customer and an employee.

The second recommendation for further research would be to pay more attention to **possible macro-culture of the retail sector**. The submitted case study offers some common elements of possible retailing macro-culture; however, a few more retailing case studies are needed to confirm these suggestions.

Recommendations for education would be in the application of the PPAM within the practical trainings to the subject of Retail Management in the way that the teacher – a founder of a fictitious organization would, following the principles of PPAM, first inspire two students for a retail project and give them adequate responsibility to forward the idea within their own capabilities. Further, together they can inspire more students according to the necessity of the project. This step presupposes simulation of assessment centre of students at the beginning in order to get to know better the characters and features of the students. The inspirational idea could be e.g. to organize a public discussion with scholars from the retail area on current problem or to redesign assortment in some small retail unit in order to better match the expectations of regular customers.

For the managerial praxis of the researched company, it would be **recommended** to focus firstly on small formats and continue in flattening the organizational structure (as The Company allegedly began at the time of the field research). And the following steps would be **suggested to achieve the PPAM of crucial managers and leaders**: (a) to lean on the main values of the OC vision (satisfied customer and employee); (b) identify inspiring leaders throughout the organizational structure; (c), analyze and categorize support material and processes with them in personal dialogues according to importance; (d) together with them, identify hindering factors of OC realization; (e) through one's own behaviour and communication, show the others how the jigsaw puzzle is made up in a real company with respect to all shades of each organizational subcultures and their unique members and; (f) do not expect everyone will understand the rules identically, on the contrary, inspire the employees rather to develop their own unique skills and capabilities in coherence with the company's vision, incorporated in the values.

In the end

Based on Afiouni's (2009) understanding of human capital, it is suggested that if this understanding was used in the business reality rather than just the perception that people are resources, which seems to dominate human resources management, it could also help to enhance respect to employees and thus the perception of people's dignity at workplace. This could lead to real fulfilment changing one's job to one's mission.

In the end the question still remains whether trust and respect can be taken as another aspect of basic assumption on human nature, or whether these features are just specific for retail or business as such. Based on the author's experience it is supposed that respect among any people and trust as its fruit are both adepts for basic assumptions on human nature and their relationships.

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