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THE COMPARISON OF THE ORGANIZATIONAL CULTURE OF AN AUSTRIAN AND A HUNGARIAN CHEMICAL ENGINEERING COMPANY

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Summary: In this study we compared two very similar sized company's corporate culture, which are both active in the chemical equipment manufacturing market. The comparison is based on interviews of the corporate executives and the analysis of the data gathered by questionnaire of Competing Values Model.

Based on this data we found, that the Hungarian company's corporate culture shows duality, because the manufacturing department shows dominantly hierarchical organizational culture, while among white-collar workers in the enterprise market type is the dominant culture. In the case of the Austrian company's corporate culture is hierarchical uniformly across the entire organization. Both company's corporate culture is significantly different compared to that described in the literature characteristic to the country. We clearly found the effects of the Austrian and Hungarian national cultures in the organizations however, even more strongly the effects of the strict and uniform EU regulations of the investigated industrial sector. These regulations seem to drive the two company's corporate culture in the same direction.

Keywords: national culture, organizational culture, Competing Values Framework

1. Introduction

In the daily operation of small and medium sized enterprises (SME), especially in Eastern Europe, most managers cannot seem to find time to deal with organizational culture issues, but this does not mean that it does not exist. Organizational culture develops from the foundation of a company and it is influenced by external factors like national culture, industrial sector and technology and by internal circumstances for example company size, management strategies, decisions and style. It is a continuously changing aspect of an organization, in which managers can instantiate changes to better suit their business strategy. (Bakacsi, 2004, p. 223)

2. Literature review

It has been proven in previous research that national culture has a vast influence on the organizational culture of an enterprise (Kertai-Kiss, 2014). National cultures have been studied extensively in the past decades. Among the numerous literatures on the subject the Hofstede and GLOBE researches (Szabó & Reber, 2007) provide widely accepted information.

Several research aimed to measure the differences in the national cultures and organizational cultures of Hungarian and Austrian companies (Szóke, 2014), but all of these use data from several industrial sectors, from manufacturers to service and consulting companies. The information on the cultural aspects of these companies are therefore also influenced by the differences of the organizational cultures, which can be attributed to different industrial sectors. Also these researches considered only the cultural aspects based on the answers of the

general managers and not that of the different managerial levels or departments of the organization.

In these general researches of the organizational cultures of Hungarian companies we find that the Hierarchy culture type is dominant, Clan and Market culture types are equally represented and Adhocracy culture type can be found only in 10-16% of the investigated companies. (Costa & Bogdány, 2013; Gaál et al., 2010; Bognár & Gaál, 2011)

The national cultures of the ex-socialist Eastern-European and West-European countries are converging since the fall of the iron-curtain and due to globalization. (Dittrich, Makó & Stojanov, 1996)

In the literature concerning the Austrian companies an interesting comparison was made between the Austrian and Australian construction firms, which showed that in this sector the dominant culture type is Market. (Lorenz & Marosszeky, 2004)

3. Methodology

The empirical research was carried out by comparing the organizational cultures in different management levels of two similar companies. Both of these companies are middle sized enterprises which supply specialized equipment for chemical-, mainly pharmaceutical manufacturers. Although they are similar in size, turnover and number of employees, they are not competitors, as they operate mainly in their homeland markets. Due to these similarities we expected the results of the comparison of the organizational cultures to be less influenced by other factors than national culture. Of course the differences between the management styles and historical development of the two investigated companies are remaining to be influencing factors.

The cultural diagnosis started with structured interviews with the managers of each company, which provided qualitative indications of the similarities and the differences of the organizational cultures.

As a more quantitative approach we choose to diagnose of the corporate cultures of the enterprises also by the Competing Values Framework of Cameron and Quinn. (Cameron, & Quinn, 1999, 2006). This model describes the organizational cultures in two main dimensions which are:

- internal vs. external orientation, and
- flexibility and dynamism vs. stability and control.

The different approaches of a given organization towards these values allow the categorization of the companies into four culture types, which are called Clan, Adhocracy, Market and Hierarchy. 'Clan' represents values that emphasize an internal, organic focus, whereas 'Market' identifies opposite values that highlight an external, control focus. The former concentrates on employees and teamwork, whereas the later enhances productivity and achievement. Also there is another contrary because 'Adhocracy' shows values that underline an external, organic focus, whereas 'Hierarchy' stress internal, control values. The former means real intention to creativity and entrepreneurship, whereas the later expects predictability and regulation.

Cameron and Quinn (2006) also published the questionnaire of the Competing Values Framework, which they called Organizational Culture Assessment Instrument, which was used in Hungarian and German translation in our study. The peculiarity of this instrument is that it measures the currently experienced and also the preferred culture dimensions, culture types. This allows managers to express if they are not aware, as in most cases, to systematically define the right cultural dimensions for their business strategy.

4. Results

Based on the openly available information of the Hofstede Centre (Hofstede, 2014) and the results of the GLOBE study one can summarize the differences and similarities of the national cultures in Hungary and Austria. We find that in many aspects the two cultures are similar.

Based on the Hofstede model (Hofstede, G. & Hofstede, G. J. , 2005) there is a gap between the optimism of the two countries, Austria being explicitly more optimistic. Similarly individualism is more characteristic of Hungary. Interestingly enough while according to the Hofstede model Austria has lowest Power Distance Index globally and Hungary is in the middle range, the GLOBE study places both Hungary and Austria in the middle range based on the measured the power distance.

The investigation started with structured interviews of both general managers. The relevant answers showed that the Hungarian company is externally oriented. The results also supported the data of the Hofstede Center that in Austria Power Distance is lower as in Hungary.

The questionnaire was filled out by 43% of the employees of the Hungarian and 26% of the employees of the Austrian company. In both organizations the general managers and all of the middle managers answered, which allowed a distinction of the answers based on management level, therefore we analyzed the data in 4 groups:

- General manager level,
- Middle management level,
- Office workers' level (engineers and administrative staff),
- Blue collar workers.

In the Hungarian company we found that Market and Klan culture is dominant in the perception of the general manager and the Hierarchy type is more and more important in the lower levels of the organizational structure. At the level of the blue collar workers the Hierarchy becomes the dominant culture.

In the Austrian company we found that Hierarchy is the dominant culture throughout the entire organization.

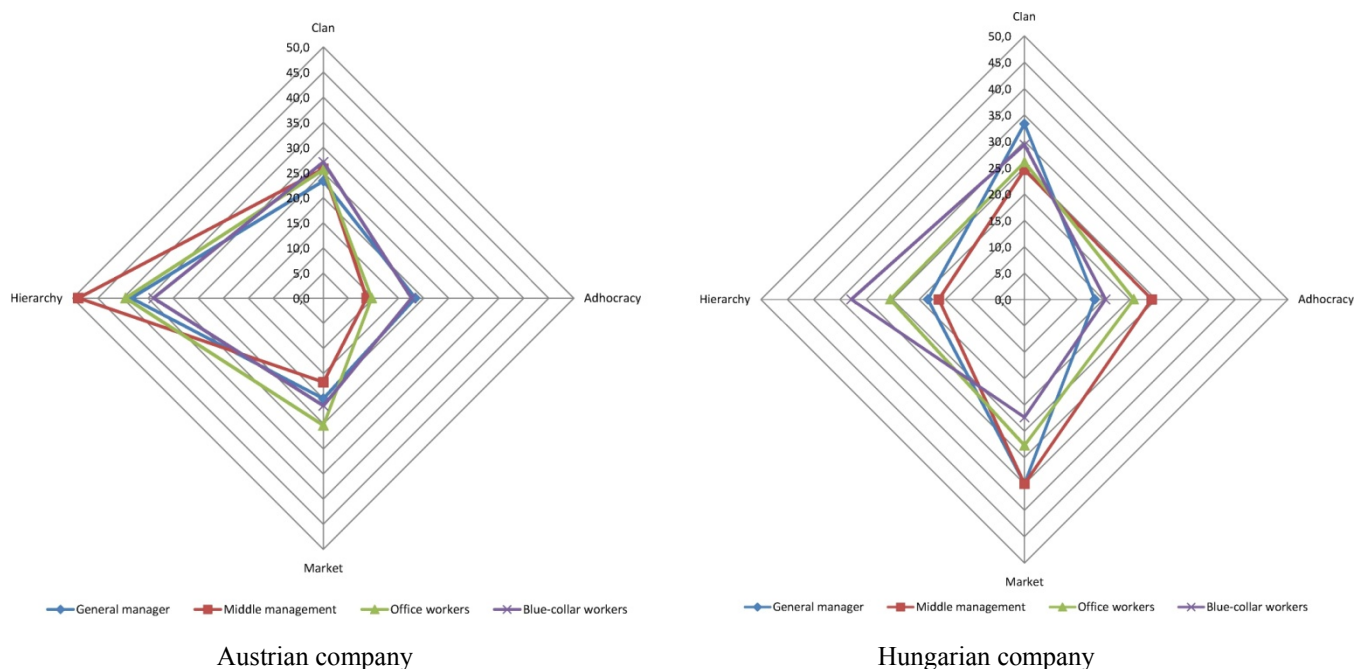


Figure 1: The perception of organizational culture in the different levels of the two companies

Source: own results

The comparison of the "preferred" culture types lead to the realization, that in the Austrian company a more market oriented and in the Hungarian company a more internal orientation and control would be ideal according to the employees. This means that the differences in cultural dimensions of the two companies will be reduced to a minimum, if the desired changes take place.

It is important to mention that the study was conducted based on voluntarily answered, anonymous questionnaires. This resulted in 43% of the employees of the Hungarian and 26% of the employees of the Austrian company participated in the study. Further investigation in similar companies of this sector in both countries would be useful in order to validate the results of the study.

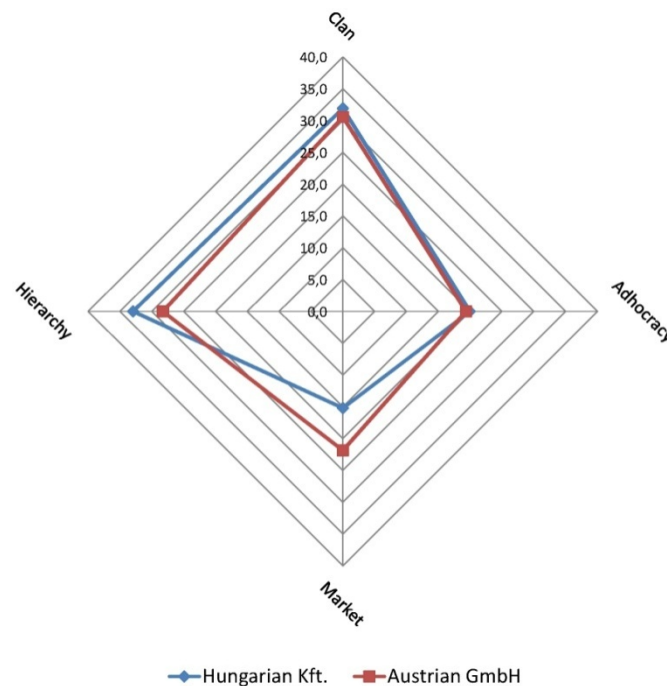


Figure 2: Comparison of the preferred culture dimensions
Source: own results

5. Conclusions

This is a work in progress research and, even with partial results, they allow some speculation and inferences. First, it is interesting to note that the investigated two companies do not show the dominant culture types, which would be characteristic of similar companies in their countries, although a hierarchy type of organizational culture is typical in German speaking countries.

Second, it is important to note that these companies have a quite simple organizational structure. Considering that the companies studied are partially owned by their general managers, it is expected that the influence of the managers' personal character is even more influential than in bigger organizations.

The most important finding is however, that in this EU wide uniformly regulated sector the Hierarchy type of culture is imposed on the manufacturing departments and this sectorial character is more influential than the differences in the national cultures of Hungary and Austria.

Further investigation in similar companies, possibly in other culturally more diverse countries would reveal more evidence of the influence of national cultures on the organizational culture.

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