

UNIVERSITY OF LJUBLJANA  
FACULTY OF ECONOMICS

MASTER`S THESIS

**CONTEMPORARY CHALLENGES TO CORPORATE CULTURE  
IMPLEMENTATION IN A GLOBAL ENVIRONMENT:  
THE CASE OF COMPUTER SCIENCES CORPORATION  
IN THREE DIFFERENT REGIONS**

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DIMITAR KARAPANDJOVSKI

## **AUTHORSHIP STATEMENT**

The undersigned Dimitar Karapandjovski, a student at the University of Ljubljana, Faculty of Economics (hereafter: FELU), author of this written final work of studies with the title Contemporary Challenges to Corporate Culture Implementation in A Global Environment: The Case of Computer Sciences Corporation in Three Different Regions, prepared under supervision of Assistant Professor Matej Černe, PhD.

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## INTRODUCTION

Corporate culture is amongst the key activities within a company in the process of defining its identity, but at the same time in differentiating itself from the competitors. By definition, corporate culture is “a pattern of shared basic assumptions that the group learned as it solved its problems of external adaptation and internal integration that has 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“(Abu-Jarad, 2010, p. 430). Many scholars refer to it as a personality of a company that is incorporated into the everyday activities and operations. Despite its core values that lead the process of gaining internal corporate culture, it is also established through the external world by offering its services to clients, creating an image on social networks, participation in review sites, level of customer satisfaction and so forth (Banish & Nawaz., 2003).

All of these external figures can be added additionally when measuring the level of success of the corporate culture. However, one of the key goals is to successfully establish an internal corporate culture that will be standard for the entire corporation. Amongst many other activities that will be described in detail in the further analysis, creating a successful corporate culture includes employees adapting to the culture (Abu-Jarad, Yusof & Nikbin, 2010). This helps the company to maximize its capabilities by having qualified and dedicated employees. It can potentially lead to the offering of premium services to its clients, building strong brand recognition and desirable work place for current and potential employees (Abu-Jarad et al., 2010).

There are several levels that have to be elaborated before the corporate culture reaches its success and establishes incorporated values across the entire organization. Starting with a company’s mission or vision statements, continuing with the management structure and leading the people, we come to the next stage where ethical culture is established. Finally, through activities, employees are the ones that have to be constantly motivated, trained and respected. In one word, corporate culture deals with every segment of the organization, including power structures, control systems and reward systems, which sometimes can be very challenging for the organization. Thus, according to Sinclair (1993), managers view the organizational culture as both a source of problems as well as the basis for solutions.

This is a starting point for establishing and working on organizational changes. This leads us to the fact that corporate culture is a complex set of factors that affect the successes, but at the same time the failures of the organizational change efforts (Nussbaumer, n.d). Several positions on organizational culture and change had originated due to the existing challenges, such as the optimist approach, the pessimist one and the relativist one (Quinn, 1985). The optimist position, however, is often under criticism for relying on very inexperienced ideas of culture and organizational change. The pessimist position can be

criticized of lacking relevance to practice, while the relativist one is recommended as the most realistic position for the perspectives of corporate culture and change.

- **Research aims and objectives**

For the purpose of establishing the concept of common corporate culture within three different regions, the master's thesis puts recognition on the impact of the corporate culture theories on the everyday performances within the companies. More precisely, by standardizing the processes on a global level, companies are expected to integrate their values and core ideas into the shared services across their global locations and shared services centres. The importance of understanding a company's situation and suggesting appropriate implementation is of crucial importance, especially in companies that face phases of reorganization, transfer of services and operations in completely new regions. The goal of the master's thesis is to provide reliable and valid constructs of corporate culture practices and to design a research framework that would enable the identification of corporate culture practices for companies within different regions across the globe. Such analysis will be the core for establishing successful corporate culture implementation. For this purpose, the first part of the thesis is theoretical, which will be used as preparation for practical analysis. In the second part, relevant literature will help to determine how the theoretical framework affects companies and which steps need to be followed in order to maximize benefits of having standardized and well-developed corporate culture. Thus, in the research below, it is crucial to describe the pattern of corporate culture elements, which will be used later as a frame for analysis in the empirical part.

The main thesis is the following: **Corporate culture philosophy helps companies to establish standardized company values, performances and beliefs in regard to the operations of its shared services centres in three different regions: Asia, Europe, and the United States.**

- **Methods and data collection**

This is a single case study analysis (Yin, 2010). The master's thesis is focusing on only one company, but three different regions of its shared services centres. As already described, two key parts from the master's thesis consist of theoretical background of corporate culture, and empirical analysis as the second part. Nevertheless, as stated above, the thesis consists of other additional parts that are important for the entire analysis. Testing to what extent corporate culture affects companies through the lenses of CSC will bring a set of recommendations in the end of the thesis. In order to understand the significance of corporate culture, its complexity and the way it affects the case study, it is important to represent CSC ongoing projects and acquisitions that lead towards a greater need of establishing a standardized corporate culture.

As per the method of reasoning, a deductive method will be used. The thesis is starting with a theory of corporate culture, while it establishes a framework for implementation. The idea is to put forth a proposition based on a theory and test it in CSC to suggest principles for corporate culture implementation in the regions. The thesis will give a chain of reasoning why such ideas should be implemented, as the suggested ideas are tested in order to prove their validity. For this purpose, a company`s situation is firstly described, and later on linked with the findings from the theoretical framework.

Primarily, the data collection process will be maintained through direct interviews with Team Leaders, Senior Managers and the Director of CSC Europe`s Corporate Shared Services (hereinafter: CSC). The structure of the questions will first direct the general organizational culture of the shared services centre and specific actions that have been performed in order to improve performance and standardize processes. Other data will be gathered though CSC`s corporate documents so that the situation of the core corporate culture is presented.

The purpose of the research is to apply recommendations for corporate culture theory on the CSC case and to analyse to what extent corporate culture affects a company`s performance, especially when a company is facing a critical period of transformation via the opening of global shared services centres in different regions across the globe.

- **Structure of the Master`s Thesis (MT)**

The MT is divided into three parts. The first part deals with the subject of corporate culture, with a major focus on the existing literature. It emphasizes key concepts and definitions, corporate culture elements and current academic material available on this topic. The second part of the MT explains the roles of regional and national cultures within organizations, with a major focus on the existing types of cultures, their preferences and foundations. Such a distinction will help to analyse results and provide recommendations in the last chapter of the MT. The third part deals with the description of ongoing limitations and confrontations during the research, as well as within the entire study of corporate culture. Key theories by important scholars and researchers will be explored and their viewpoints will be listed as part of the ongoing limits in the research. The fourth, and last, part deals with the empirical analysis of the case study of Computer Sciences Corporation. It emphasizes a company`s overview and its corporate culture/strategy, and it deals with providing specific examples on corporate behaviour based on multiple interviews conducted within the company. Based on such analysis, the research provides result analysis, on which concrete recommendations will be given. The purpose of the recommendations is to determine the weak spots of the existing corporate culture within CSC and to provide solutions for current issues, difficulties and confrontations in the process of establishing a healthy, ongoing and accepted corporate culture across regions.

# **1 CORPORATE CULTURE**

The need to improve corporate culture is growing constantly, and today this discipline is very well-recognised across the world. Many scholars, as well as global management boards, have highlighted the need to improve corporate culture through various mechanisms within the organizations. If the correct approach is selected, this will lead to an improved quality of customer services on one hand, and satisfied employees on the other. Despite various contemporary concepts and approaches to corporate culture, many examples show that this is a very challenging process, especially in the way of choosing the appropriate methods for assessing and changing culture. In many cases, with this process it takes years for change to occur, multiple people and teams to be included, as well as ongoing efforts for measuring the performance based on the corporate culture to be implemented.

Few key elements of the corporate culture involve self-assessment for the purpose of identifying areas of weakness, and to emphasize good practices. This means that corporate culture improvements should be built on the concept of performing current practices even better than now. Such an approach includes a revision of human resource policies, appraisals, recognition and support. Nevertheless, apart from this approach, it is crucial that timely feedback is provided to/from the staff.

In other words, a long-term commitment is essential in order to improve the corporate culture or change it completely. The initial stage is portraying current weaknesses, framing a concept and strategy to be presented to the groups/employees, and creating an action plan. Moreover, the need for change must be mutually accepted by all the resources in the company, where they will be able to manage their time according to new changes and expectations, manage their skills, as well as providing financial support. Therefore, a key challenge is the fact that there is no 'one size fits all' in the process of achieving this goal, but this includes appropriate leadership styles, expressive engagement of staff, effective team work and communication, as well as concern expression and a method of providing and suggesting proposals (Schein, 2010).

## **1.1 Concept and Definitions**

Common corporate culture involves every segment of the organizational functions within a certain company. For example, it emphasizes the relationship of the employees and the efforts towards their unification for the purpose of creating a workplace that offers a sense of unity, mutual understanding and promoting better communication with less conflict. Owning and constantly developing a shared corporate culture is the core base for promoting equality by ensuring that nobody is discriminated at the workplace, everyone is treated equally and everyone is striving towards accomplishing the shared goal of the company (Porter, 1985).

Basically, the concept of corporate culture has become popular in the early 80s, and ever since then, there seems to be little agreement on what corporate culture actually is. Scholars like Maanen (1979) define organizational culture as the observable behavioral rules in human interaction, while Deal and Kennedy (1982) describe the dominant values in an organization. However, one of the most common definitions of organizational culture includes shared values, beliefs, or norms (Beyer & Trice 1987; Tunstall 1983; Wilkins & Patterson 1985; Martin 1985; Barney 1986; Kerr 1991; Chen, 1994). Finally, Yanagi (1994, pp. 847-859) stated that organizational culture can be defined as “philosophies and values shared by the members of organizations and their behavioral patterns for translating them into practical actions” (Pawlus, n.d). For the purpose of the research, it must be noted that corporate culture is a coherent system of assumptions and basic values, which distinguish one group or organization from another, and at the same time it includes strategies for both, external adaptation and internal integration of the company.

For some, the corporate culture focuses on behavioral rules in human interaction that are considered as dominant values in one organization (Pawlus, n.d). Apart from emphasizing meaning of the consistent perception within an organization, such as shared values, beliefs, or norms, given the fact that organizational culture can be defined as “philosophies and values shared by the members of organizations and their behavioral patterns for translating them into practical actions” (Quinn, 1986, p. 21). This definition can be closely linked to a specific case study analysis.

For example, speaking of the main challenge within corporate shared services centers, it must be noted that it is of great importance to establish a clear system of assumptions and basic values, which distinguish one organization from another. This results in the need of establishing a strategy for coping with its internal problems, as well as its external adaptation, internal integration within the regions, and so on. The next step after such an accomplishment is to stabilize the behavior within various regions across the globe. Nevertheless, even though the thesis recognizes the significance of corporate culture in the process of unifying various regions on a global level, especially for multinational corporations; this does not mean that such a strategy cannot be used for SMEs or any other businesses that are limited in their size, market share, customer segments, etc.

Speaking of elaborating and sustaining corporate culture, such a concept is an ongoing process, dynamic and evolving, but definitely not static. The improvement must not stop even though the level of the desired corporate culture is achieved. Therefore, according to Morgan (1986, p.131), “culture must be understood as an active, living phenomenon through which people create and recreate their worlds”. It changes over time and becomes more embedded into the so-called ‘*out-of-awareness*’ functioning of an organization, where individuals have a crucial role to play in shaping and refining the culture. This directly confronts with the idea that organizational culture and practices are created by the

leaders themselves, along with their power to take the most decisive functions of the company.

Thus, one of the limitations and something that lacks from the existing research on this topic is the process of implementation of a standardized corporate culture on a local and global level (Stok, Markic, Bertoncelej, Mesko, 2010). The focus is not always put on the broader external societal and cultural context to which the organizations are entitled. This means that local cultures affect the corporate cultures of the shared services of the companies and therefore, on one hand, some aspects of the culture may be nearly universal, but others may be characteristic for specific regions in the world (regional culture).

## **1.2 Literature Review**

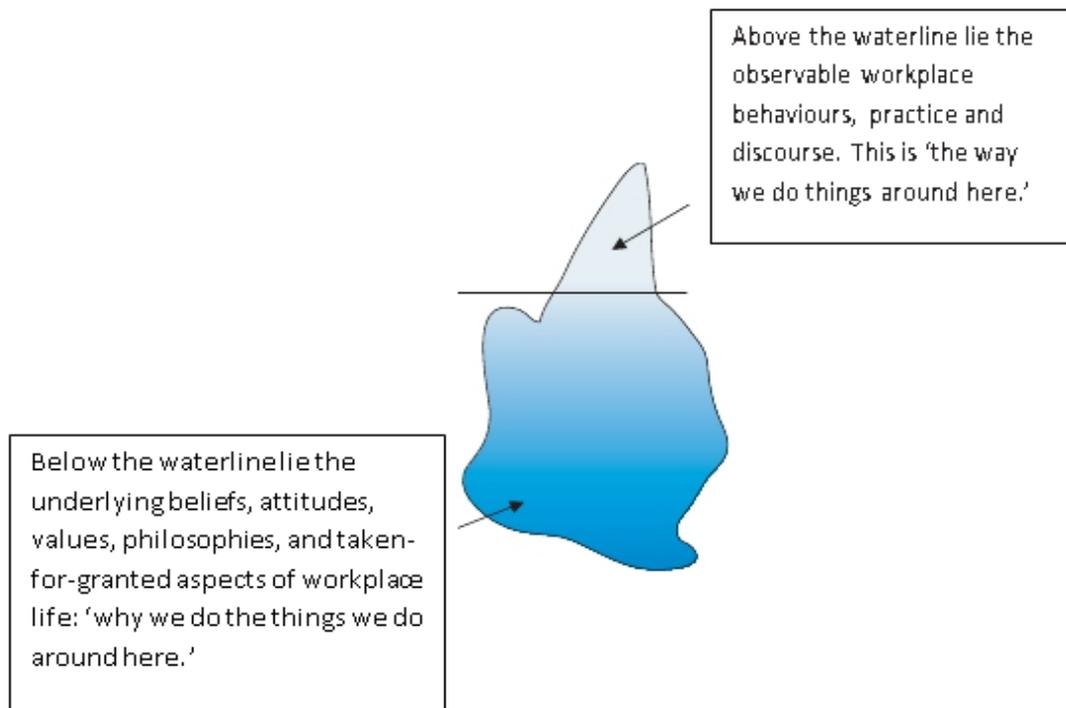
The attempt to find a commonly accepted and agreed definition for corporate culture is not a simple and straightforward task. Getting back to the theory by Kroeber and Kluckhohn (1952), they have highlighted multiple definitions of culture, which additionally complicates the attempt to find a unified definition of what (corporate) culture is. According to Westrum (2004), the topic of corporate culture involved multiple and diversified approaches, as there “appears to be no common understanding about what culture is”. On one hand, Hatch (1997) argues that corporate culture might be the most difficult of all organizational/corporate concepts to define, while Bellot (2011) argues that, “this does not necessarily mean that organizational culture is a weak concept, but this divergence is indicative of a continually developing body of research”.

The most commonly agreed upon approach is that corporate culture is representing the way things are done within one organization; and what personality is to the individual, this is what culture is to an organization. According to Braithwaite (2005), there is an analogy of an iceberg, and the model is shown in the figure 1.

Below the waterline represents the approaches why things are done in a certain way in one organization, while above the waterline is something that is visible not only to the inside levels of the organization, but to the outside environment. Thus, this represents the way things are done within one company.

Furthermore, according to Schein (1996), corporate culture is “The pattern of shared basic assumptions- invented, discovered or developed by a given group that has worked well enough to be considered valid and, therefore, to be taught to new members as the correct way to perceive, think and feel”. Thus, there can be three levels distinguished in regard to the corporate culture levels:

Figure 1: The Iceberg Model of Culture



Source: Indiana Department of Education, *Office of English language learning & migrant education*, 2016.

Level 1: The physical and visible manifestations of the corporate culture values such as representation through dress codes, team building, ceremonies, occasions, rewards, rituals, etc.;

Level 2: Corporate beliefs and values which are set by the management;

Level 3: Assumptions, which are unspoken beliefs, values and expectations.

All of these levels are directly interconnected with the nature of the organization, as well as the channels from where the origins for corporate culture come from. Therefore, it must be noted that even within a certain organization (especially an international and global environment), there are multiple layers of subcultures which differ from each other. For example, different people with different positions determine the extent to which corporate culture will be shared and practiced. Schein (1996) divides these groups into:

- Operator culture - A group of people who work directly with the customers, and are in the front line in the process of delivering products/services;
- The engineer culture – A group of people who design the processes by which the organisation delivers its products/services and internally maintains itself;
- Executive culture - Those responsible for the strategic survival of their organization. These people are usually among the top management roles.

It is crucial to differentiate these roles, but also to maintain a unified corporate culture that would be applicable to all and will be reinforced across multiple teams in the organization. However, one of the biggest challenges is to make a difference between the concepts of 'corporate culture' and 'corporate climate', as there is a lot of literature about this, and academic debate on the differences between these two concepts. The latter, corporate climate is actually described by many researchers as a manifestation of an existing corporate culture. Additionally, within certain cultures, group cultures have been shown to be more desirable than other more traditional hierarchical cultures; while according to Peters and Waterman (1982), the biggest challenge is to understand that people's greatest need is to find meaning in their working lives. This is closely linked to the patterns of corporate culture in terms of to what extent people are valued within an organization, in what way they are appreciated, and how they are acknowledged. Thus, according to Van Maanen (1979), it is crucial to approach corporate culture from the perspective of observing behavioural rules in human interaction. On the other hand, Deal and Kennedy (1982), praise corporate culture as dominant values in an organization, while others as a consistent perception within an organization (Robbins, 1998).

In order to summarize various approaches and different definitions, organisational culture can be defined as "philosophies and values shared by the members of organizations and their behavioural patterns for translating them into practical actions", Yanagi (1994, p. 2). Furthermore, according to Schein (1989), culture is a coherent system of assumptions and basic values, which distinguish one group or organization from another and orient its choices. Therefore, corporate culture is a unification of different types of basic assumptions, which, on one hand, can be discovered by the discourse of the work; while on the other, they can be developed by certain teams in various situations. This means that whenever a group is facing a challenge or an issue, regardless if it is from the external or internal environment, they have come up with a new perspective, thinking or suggestions. This is part of the process of developing a corporate culture based on various occasions and occurrences during the work day. As long as these approaches have worked well enough to be considered as valid, this means that other team members will be taught that this is the correct way of thinking and behaving. This is part of Schein's approach on a coherent system of assumptions and basic values.

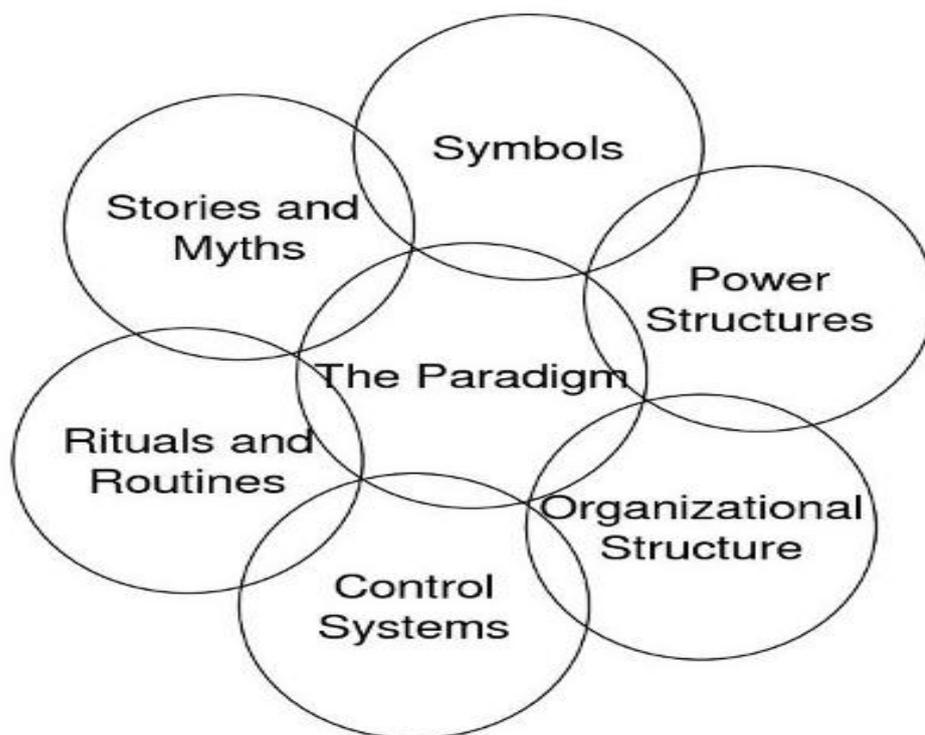
Speaking of different perspective, organisational culture might be seen as 'a means of stabilising behaviour' (Graves, 1986, p. 11). This view is also supported by Kramer (1974) and Foy (1974), who considered organisational culture as the link that, holds organizations together. In other words, it is a powerful means by which employees and all participants in the organization communicate between each other and unite their efforts in the improvement process. To some extent there is a danger that they could create a ring that would split insiders from outsiders, but this cannot be necessarily taken as a negative approach. Differentiating between insiders vs. outsiders actually shows that insiders are aware of their corporate culture and they are able to present it in front of the outside world, as one unique and unified approach. Such approaches are closely linked to the view of the

organisational culture as part of shared assumptions, priorities, meanings and values – with patterns of beliefs among people in organizations (Frost, Moore, Louis, Lundberg & Martin, 1985).

Still, there are several approaches to corporate culture in the process of solving issues. As already mentioned, some people perceive it as a guideline and need in the process of solving issues which have emerged from situations that people encounter within organisational settings, while another approach sees corporate culture simply as a way in which people deal with problems when they occur. Therefore, another differentiation about defining corporate culture pops up. For example, some scholars and researchers perceive corporate culture as a metaphor where organizations are like cultures. Thus, they try to understand the attributes of a culture that might be relevant to organizations. This is similar to generalization of cultures across the world, or nations, continents, etc. On the other hand, others see organisational culture as an ongoing and living thing that can be examined in terms of variables (independent and dependent). This is closely linked to other things such as performance, satisfaction, and organisational effectiveness (Frost, et al. 1985).

Johnson (2001), for example, offers a model called the cultural web (see figure 2), which is outlining multiple elements of corporate culture.

Figure 2: Cultural Web



Source: G. Johnson and K. Scholes, *Exploring corporate strategy text and cases* (4<sup>th</sup> ed.), 1997, Prentice Hall, London, Fig. 2.10, p. 69.

The paradigm is in the centre of the cultural web and it represents a set of assumptions that are shared and, in many cases, taken for granted by the organization. Starting with **rituals and routines**, they represent "the way we do things around here" and point out what is valued, appreciated, respected within the organization. **Stories and myths** are representing an organization's tradition that has been shared among employees in regard to common perception of past events. Based on these assumptions, in many cases such an approach is reinforcing beliefs and they are passed on to newcomers. The next element are the **symbols**, which are the symbolic elements of the organization such as titles, infrastructure of offices, dress codes, and so on. Following the next element, **control systems** are intended to promote certain activities by rewarding correct behaviour, setting up goals and monitoring performance throughout the year, mid-year, quarterly, etc. The **organizational structures** are the following element that represent the formal structure of an organization; while **power structure**, as the last element, is representing more powerful groups that are most likely to be entitled to shaping the entire concept for the paradigm. In many cases there is a high risk and limitation within organizations, and this happens when the main targets that are required for change are also those who hold the power. There can be various objections due to the power structures and inconsistency with the desired cultural web. However, as long as it is based on this framework, the corporate culture is mapped as a whole, and there cannot be an issue in determining its compatibility with the organization's corporate strategy.

When determining various approaches to corporate culture, in many cases there is a disagreement as to where corporate culture originates, if there is a single corporate culture or many cultures, how cultures can be managed, if every organization has a culture, how cultures can be studied and which approach should be used. One of the simplest explanations about the concept of corporate culture is the fact that many people perceive it as "the way things are done in one organization". This is not relevant for a discussion because with such a statement, many key values and elements of the corporate culture are missed. There are various concepts and processes which are based on shared assumptions, corporate beliefs, principles and standards. Thus, it needs to be addressed through the lenses of shared form of know-how about: patterns of corporate behaviour, shared meanings and symbols, which initiate interpretation and understanding of how to act within a certain organisation. Having strong and well-determined corporate culture means that each employee is going to be integrated in the interpretation and understanding of how to act within an organization. In other words, according to Organisations @ Onepine 2003, corporate culture is the heart and soul that determines how a group of people will behave, while there are collective beliefs that in turn shape an employee's behaviour.

Furthermore, one of the key benefits of the corporate culture is the fact that if a proper and functioning culture has been established within an organization, it will also provide competitive advantage. In other words, one of the roles of corporate culture is to differentiate the organisation from other competitors and to provide a feeling of identity for

its members/employees. Nevertheless, it must be noted that this process is always dynamic, in progress, and evolving, but definitely not a static one. This is claimed by Morgan (1986) that “culture must be understood as an active and living phenomenon through which people can create and recreate their worlds”. Additionally, Schein (1989) has stated that corporate culture is a dynamic process that changes over time and it becomes more rooted into the ‘out-of-awareness’ functioning of an organisation. Both of their views indicate that individuals who work in an organization have one of the crucial roles in the process of shaping and refining the corporate culture. Also, it must be noted that corporate cultures are created by the leaders within organizations. Thus, this might be one of the most decisive functions of leadership, and a message that needs to be shared and accepted by the other members in an organization. As long as there is an organisational excellence by enforcing corporate culture, it means that the function of leadership is working well in the process of creation and management of the desired culture. Therefore, management plays one of the key roles in its framing and establishment. This role will be elaborated later on in the following chapters.

To summarize, there are multiple views and arguments proposed by scholars and researchers regarding corporate culture. It has been noted that there is an ongoing growing interest in the topic, but on the other hand, there seems to be little agreement in literature in determining what corporate culture actually is. Thus, there are different definitions and perspectives on this topic. Chapters below will analyse concepts and elements of corporate culture in order to frame the ground for the empirical analysis in the second part of the master’s thesis.

### **1.3 Key Elements of Corporate Culture**

As already stated, corporate culture is an ongoing activity that is actually a never-ending process within organizations. It is of crucial importance that the culture is understood and interpreted as a very important activity for the management, the academic world and the external consultants. It influences strategic development, effectiveness and productivity, as well as enforcing constant learning at all levels within the organizations. Local cultures are also important here and must be taken into consideration for the purpose of determining what organisations are capable of, what are the possibilities and/or the limitations. It has been noted that corporate culture is based on a set of attitudes and shared values that have increased their meaning over the last decades, and they have the power to enhance an organization’s competitive advantage and effectiveness. Therefore, many scholars have proposed that managers have to be aware of an organization’s culture because it makes a difference in the future prospects of an organization. This means that an important portion of managerial tasks is to frame, apply and extend the corporate culture across various layers and teams in the organization. According to Smircich (1985, pp. 58-59), every manager needs to take corporate culture into account as it influences an employee’s

commitment to work and their identification with the whole organization, as well as their sense of involvement in the work assignments.

Regardless whether the organization is willing to make a change or not, there have been plenty of examples showing that overlooking organisational culture imposes high risks on the organizational performance. According to Beer (1980), the role of having a strong corporate culture is a critical force to be considered if an organization is willing to make and implement changes. This implies that one of the key elements of corporate culture is to enforce commitment, productivity, and profitability. It is one of the keys for changes that imply major commitment, control and productivity (ibid). There is a very high risk towards an employee's performance and the entire organization, if corporate culture is misunderstood and underestimated. Some of the common consequences are failures to accomplish individual and organisational goals. For this reason, it is very important that managers and researchers in this field suggest that an examination of cultural issues on an organisational level is absolutely essential for a basic understanding of what goes on in organizations, how to run them, and how to improve them (Schein, 1989, p. 30).

Emphasizing meaning and elements of culture is a topic which is of great importance to people who are responsible for managing an organization. The nature of the corporate culture affects, to a great extent, the way in which an organization functions, as well as levels of effectiveness and achieving goals. Below are some of the key elements and roles of the culture that have to be understood in order to gain results and serve its purpose:

- Determining responses that an organization will make to new problems and challenges. Corporate culture facilitates change or, if it is not enforced properly, it can be an uncertain block;
- Determining the kinds of people who are attracted to the organization and who will be successful in it;
- Determining what counts as important in the organization and will give a clear direction for creating planning schedules, trainings, and management development programs.

In case of failing to understand, enforce and manage corporate culture, this can lead to a lot of time being wasted on unconnected activities, and even lead to conflict between different levels in the organization. If managers and all members in an organization are not in a position to enforce and control the culture, this might significantly affect the organization's subsidiaries, departments and functions. There is a high risk that these entities could take on their own culture and create a mess in the organization. On the other hand, elements of the corporate culture do not impose that there cannot be any differences in culture between groups within the same organization. This is acceptable to some extent, as long as there are core values applicable to all and these are vital to the success of the organization. These values should be identified, accepted and shared by all members within an organization. Such a process includes framing clear and defined values that are of crucial importance to the organization. One of the biggest challenges is to get people to understand and commit themselves to these values. As long as there is a risk of failing to understand how culture

works, according to Schein (1989, p. 48), it is as dangerous as failing to understand gravity and the atmosphere in the biological and physical world.

### **1.3.1 Management techniques**

In order to maintain a common and shared corporate culture, there should be strong leadership roles that will help a smooth corporate culture change towards a mutually accepted and recognized culture within a certain organization. According to Wellman (2009), there are three leadership roles that need to be applied in order to drive such effective changes:

- Role 1: Managers should recognise the existence and influence of organizational culture because it must be brought in front of each employee and entire groups in order for people to see and understand how it affects their daily activities;
- Role 2: Management should have a clear and persistent vision of what corporate culture should be and what is the list of changes that have to be applied in order to drive changes. The vision has to be understood by management at all levels, and afterwards spread across the teams and departments in the organization;
- Role 3: Management should directly manage culture where they would constantly use performance assessments and employee surveys to evaluate progress and direction. Goals settings and evaluation are extremely important, as well as the use of incentives whatever is suitable. Additionally, using managers as mediators between various cultures within the organization is a step that needs to be followed closely. Thus, management had to be dedicated to create a corporate culture where knowledge sharing is crucial and perceived as most beneficial not only on an individual level, but also on a team level. As long as company and management have a shared vision, incentives, tools for measuring performance, they must foster an atmosphere of trust. With such an approach they can make sure that individuals have faith in the vision, mission and principles of the knowledge exchange. Managers must also tie cultural differences that exist between different teams and find a way to overcome any potential conflicts.

In any case of leadership style, it must be considered that driving a corporate culture change is a very difficult process, which in many cases it is likely to meet various resistances. Some actions and practices within organizations are historically dependent and related to everyday practices. Thus, many managers face objections and confrontations whenever they try to enforce something brand new and fresh in the business. Nevertheless, despite all difficulties, managing and maintaining corporate culture simply has to be done.

### **1.3.2 Shared values**

Values should exist in each organization, and one of their main purposes is to help members of the organization to determine what is right or wrong within certain situations,

acts, groups and people. If set up correctly, values should reflect a company's core objectives, standards and goals and set up the limits of right or wrong. Some members link values with the mission or philosophy of an organization. Therefore, values are listed among the deepest layers of corporate culture because they refer to an organization's basic assumptions, beliefs that employees hold about the workplace, themselves and the outside world, as well as their relationships with each other and the entire nature of the organization where they work. Despite the fact that values can be determined as a unified force within an environment, it must be noted that, for the sake of the organization, organisational or corporate cultures should be distinguished from national cultures. In fact, corporate cultures might be strongly influenced by the cultural values and perceptions, but the truth is that cultures should be manifested in symbols, rituals and values; while corporate cultures should be manifested through mutually shared practices. Chapter 2 below elaborates the role of local cultures in the process of building and maintaining corporate culture in organizations.

### **1.3.3 Work ethics**

Work ethics and compliance within global environments have been some of the greatest challenges to the goal setting for corporate culture. There are multiple challenges, and some of the most crucial ones are a) fostering a culture of ethical conduct in all operating countries on a global level; b) engaging a global workforce in the process of understanding and adopting its corporate shared values; c) meeting and coping with a variety of legal and compliance obligations that might exist in all respective locations on a global level.

Apart from such challenges, it must be noted that global ethics compliance tools and rules exist in different forms and certainties. For example, such relations include basic human interactions such as respecting differences, honesty in communication, no individual preferences and interests that might harm the corporate environment, as well as expectations that each employee will stay loyal, maintain credibility. In every segment of the organization, regardless if it is local or global, there must be professional standards that are based on tolerance of differences in gender, religion, race. What might be additionally challenging is the extent to which there is appreciation for the unique values, and curiosity for the upcoming unknown occurrences. As long as individuals and groups are not ready to experience new boundaries, as well as working with other professionals who have their own ideas and perceptions, it is very unlikely that a corporate culture with strong ethics would work. For the purpose of establishing and maintaining a strong and respective business ethics conduct within global environments, several guidelines must be taken into consideration:

- Promoting a global corporate culture and ways in which an organization is creating an ethical environment. This process should follow a high level of business behaviour in all global operations, at the same time respecting local workforce's customs and traditions.

One of the most successful ways of establishing such a culture is to enforce global principles based on corporate values, while at the same time such a policy would allow local policies to be entitled along with their cultural traditions. There are multiple advantages of this approach. On one hand, global principles will strengthen values the company pursues to promote in its corporate culture, as well as comply to universal standards of business conduct. On the other hand, local policies would demonstrate respect for cultural differences among its global workforces, and local employees would appreciate such an approach. If we, for example, take the case of sharing gifts, there might be a global policy within the organization on a global level that no gifts are allowed between co-workers and other layers of the organization with the partners. This would potentially affect the integrity and honesty of the business relations. Nevertheless, it must be considered that in some locations such policy might work and be totally acceptable, while in other locations business gifts are seen as a legal and customary sign of respect (Asian culture). Therefore, in this case, the distinction between global principles and local ones should be applied to many business practices throughout the company's global operations. This would lead to the balancing of global principles and local policies and will show respect to each local group within the global environment.

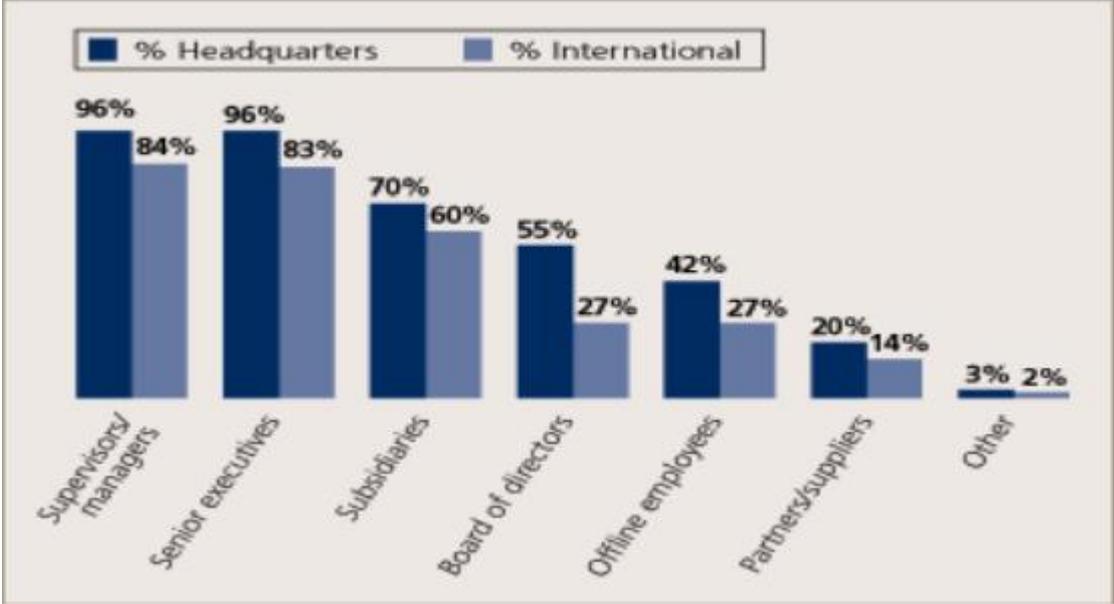
- Demonstration of sensitivity toward local traditions. This approach should show that companies allow their international business units to increase their global ethics code of conduct with local policies as needed. This is related to various legal approaches, as well as customs, public holidays, etc. In order to develop them, multiple parties should be included such as local managers, the human resources department, the legal department, financial and audit. This would bring and shape acceptable policies to local employees, and people would be happy that their local cultural differences are respected.
- Engaging global employees when conducting ethics and compliance. This process is spreading a company's principles and policies only under the condition that the company is entitling and inspiring employees to feel that they can contribute to these policies. They would like to feel as if they are owners and guardians of the company's values. Such an approach demands developing local leadership and engaging employees through continuous education, communication and tools that would smoothen knowledge and skills needed in their specific roles. This would mean actively engaging local workforces that would develop local ethics and compliance leadership; that would educate all employees; and that would build a culturally responsive corporate culture.
- Educating all employees in their native language. This is an important tool that would allow employees at every level to get clear and precise information in the process of understanding laws and regulations that apply to their jobs. This would also mean understanding corporate values that need to be adopted in the workplace. Therefore, educational efforts must help all employees to learn how to respect not just the laws that are affecting their jobs, but the inspiration of their behaviour to conduct ethics and

corporate culture. In global environments, some of the most effective education tools are online courses that can at the same time reach employees living in different time zones and living in different cultures. Therefore, employee education of the global workforce must be finalized by engaging local cultures and respecting local customs.

All of the above mentioned guidelines and prospects, represent an approach that should be followed within organizations, at least in the initial stages of framing the shared values, goals and direction with which the organization is willing to develop its corporate culture.

In addition to these guidelines, it must be noted that there are certain ethics and compliance risk management practices. Many organizations with global operations are facing bigger challenges in controlling and mitigating risk in their international locations compared to their headquarters. Specific findings included results where corporate culture has been performed better in headquarters than in their international locations.

Figure 3: Ethics and Compliance Educational Programs which Multinational Companies Reach



Source: D. S. Olaru and E. Gurgu, *Ethics and integrity in multinational companies*, Review of International 116 Comparative Management, Spiru Haret University, Bucharest, Romania, p. 116.

The figure is measuring levels to which supervisory managers, board of directors and senior executives are able to control and lead the corporate culture within the subsidiaries, along with the offline employees, their partners/suppliers and other entities related to the operations of an organization. For the purpose of preventing differences of perceiving corporate culture across regions (headquarters and other international locations), organizations must consistently provide more education for employees at their international locations than for those at their headquarters. One of the biggest challenges is the inconsistency of educational programs which can be measured by the study results.

Therefore, each organization must strive to strengthen its efforts in matching their ethics and compliance management processes throughout its global international operations.

## **2 ROLE OF REGIONAL AND NATIONAL CULTURES**

While analysing and determining factors that influence corporate behaviour, importance should be given to a broader extent such as societal, cultural, religious and other contexts which surround organizations. Most of the cultures influence the social life of individuals and groups, as some aspects of any culture contain universal roots such as friends, family bonds, children, etc. Other cultures are very much linked to their regional roots and practices (regional cultures), while others are representing the characteristics of a specific nation (national cultures). Cultures which represent shared values and practices within an organization on a daily basis are representing the organisational/corporate culture. This is because they are linked to a specific set of common goals, rules, behaviours, shared practices and expectations within one organization. Despite an organization's shared values and beliefs, it must be noted that it is largely influenced by the already mentioned types of cultures: national, regional, etc. For this reason, corporate culture has to be analysed in a broader perspective, considering the connections between cultural themes on regional, national, and individual levels.

If analysed well and understood, national cultures can be the source of solutions to the organization's problems in different countries, but also in restructuring management style theories in respective countries. This means that various national cultures have different favoured ways of constructing organizations and different sources of employee motivation. Therefore, according to Hofstede (1997), there are six independent dimensions of practices that are influenced by national cultures:

- Process-oriented versus results-oriented;
- Job-oriented versus employee-oriented;
- Professional versus parochial;
- Open systems versus closed systems;
- Tightly versus loosely controlled;
- Pragmatic versus normative.

The types of organizations based on these dimensions are determined partially by the sector, business or industry in which the organization is engaged. Also, it is important in which country/region the corporate management is located in. For example, Japanese-led multinational companies differ from American-led multinational companies in regard to managerial approaches, process orientation and segregation, common goals and expectations, and other corporate segments.

Such differences lead to decisions about how corporate cultures can and cannot be managed. Therefore, especially within international environments, it is crucial how both

national and organisational culture differences are handled at the same time. To some extent, corporate cultures are manageable while national cultures are entitled to given facts to the management. Being able to integrate these facts into shared corporate cultures across borders is the key to keeping multinationals together. According to Hofstede (1991), if we refer to culture as the collective programming of the mind which distinguishes the members of one human group from another, it would mean that culture is not a property of individuals, but of groups. In this respect, multinational organizations must be aware of country boundaries, which are usually cultural boundaries, while national cultures are taught from birth. For this reason, based on such preferences people are able to determine what is good or bad, and what is proper and civilised behaviour in the respective country. For example, there are various approaches to how to act towards foreigners, colleagues, family members; how to address somebody, whether to look them in the face, when to invite them for a dinner, and so on.

Therefore, many researchers, while studying corporate culture, noted that an organization's structure is a cause for its culture, where certain structures create certain types of corporate cultures. According to Handy (1991), there are four organisational cultures that are very easy for people to understand. Based on these cultural models, corporate culture can be easily determined and framed.

## **2.1 Role Culture**

This is perhaps one of the most common and widely recognised cultural types, simply because it is based purely on the job position and the role within an organization, instead of people's personalities. Another name for this type of culture therefore might be a traditional hierarchical structure or bureaucracy. Key elements are closely linked to processes controlled by various procedures, strict role descriptions and imposing authority. Things are coordinated in a hierarchical way, where instructions are coming from the top, while the job position is central. One of the very limited benefits of this corporate culture is that, in many cases, such an environment is predictable, stable and consistent. On the other hand, some of the key weaknesses are related to an inflexible environment, slowness of reaction and slow adjustments. This is because such a culture is highly structured with detailed job descriptions for each role. Due to these characteristics, the focus is objective and implies restrictive measures. This leads to suppressing individual attempts to provide suggestions and improvements in case something does not work well. For this reason, individuals and groups who work in such an environment do not require too much thinking and efforts in the work place, while change is relatively slow. In another word, such an approach is very limited because it is mostly lead by fear. This is the biggest constraint to progress, success and change.

## **2.2 Task Culture**

Unlike the role culture, this culture is dedicated to a continuous and successful solution to problems. Performance evaluation is dependent on results and problems solved. In such a culture there is also a structure in place, but that structure is flexible and capable of being shaped and reformed depending on the nature of the task. Therefore, the power structures in this type of culture are mostly coming from connections. In this regard, this role model is likely to be like a small team approach where such small environments are closely cooperating together to deliver a project. The major focus is put on results, problem-solving on certain issue, and finally getting things done successfully. In such relations, individuals are working in conditions where they have control over their work and they work with pleasure. Due to fact that such a culture is based on mutual connections, the power and respect come from individual knowledge instead of ranking or job position. The source of power is coming from multiple positions and it is mostly dependent on the existing tasks. One of the limitations of such a culture is the danger that it might successfully work within small companies and environments. On the other hand, it is quite hard to maintain a global corporate culture with such an approach. Nevertheless, it does not mean that this is impossible for multinationals. Most of them are segregated according to regions, countries, departments, smaller teams, etc. Such a structure should enforce interpersonal relations and task orientation.

## **2.3 Power Culture**

This type of culture is similar to a metaphor like a net which is ruled by a spider. Those people who are in the net of the spider are dependent on a central power which is coming from the radius of the centre. It means that in this type of culture the authority and the influence come from a central figure or a group (mostly a management group). The most interesting characteristic about this type of culture is the fact that the waves of spreading the message do not radiate out from this centre. Instead, this approach uses a link sideways across the organisation where the power originates from the top person. Additionally, personal relationships with that top individual matter much more compared to any formal title or position within the organization.

In this corporate culture, one of the benefits is that such a structure is able to move quickly and to respond to changes and external threats. Such capability is not gathered by formal methods but by the selection of individuals who are given high and key positions and who are therefore able to determine in advance what the director would do in a certain situation. Thus, in such cases there is no need of conformist systems. One of the limitations, however, is the fact that such an approach is mostly suitable for small enterprises; and once they grow in size, it is quite hard to keep up with the same pace of a power culture. One of the alternatives is that this culture might create subsidiary webs.

## **2.4 Person (Star) Culture**

In this type of culture, the key figures are individuals. Individuals take the central point, while any other structure (even if it exists) is irrelevant. Other structures exist only to serve the individuals within it. In this type of culture, individuals are the only concern and there is no super-ordinate objective. One very good example of such an alignment is an organization where certain individuals – mostly experts in their fields (solicitors, academic researchers, consultants), have gathered together in order to share a common interest. These educated individuals are pursuing a common goal, and thus they might use a common office, despite fact that they generally operate independently.

Such individuals in most of the cases have very strong values about how they work, which at the same time makes them very difficult for the organization to manage. According to them, the organization exists only so they can achieve their purposes, for example universities, medical practices, and so on. Therefore, it is very difficult to establish a unified corporate culture within such a group of individuals.

## **3 CHALLENGES, CRITIQUES AND ONGOING DISCUSSIONS IN THE CONTEMPORARY CORPORATE CULTURE LITERATURE**

### **3.1 Measuring Corporate Culture**

One of the biggest limitations within the study of corporate culture is the attempt to determine valid and applicable measurement tools in order to help to understand, set up, measure and manage culture within organizations. Bearing in mind that corporate culture is very important for management, consulting services, and for the academics, so far there have been multiple tools developed using a variety of qualitative and quantitative approaches to measure corporate culture.

Speaking of qualitative measures, it's possible that they have a slightly bigger advantage in the assessment of certain features of a corporate culture. This mostly relates to people's attitudes, levels of satisfaction, etc. The many tools used to measure the corporate culture show that there is big diversity in regard to the dimensions and development of corporate culture. According to Graves (1986, p.33 ):“if we assume that we can understand a man by the company he keeps, then a good way to understand a company is by the people it keeps”.

Therefore, one of the tools for measurement is to measure the way groups of people from different companies react to the same incentive. It is expected that people from different organizations will act differently, which basically shows that a classification of the groupings can be done. Even within a single company, if people react differently to the

same situations, it means that a unified corporate culture does not exist. On the other hand, it is not certain that each group within the organization will react in the same way, and this is mostly because of the levels and roles within the organization. At the lower levels, people can stay almost unaffected by changes in culture, while at senior levels that culture plays an important part of the corporate activity. This is basically the level where a company's legacy becomes a crucial factor within the daily business life. Therefore, in the process of measuring corporate culture, one of the most suitable and reliable sources to be investigated are these people with senior positions. They are more entitled to a maintenance of discipline and motivation in order to achieve corporate goals and share the message with lower layers in the organization.

### **3.2 Sharing Corporate Culture across Borders**

Building a corporate culture across different regions within a multinational company is a very big and demanding challenge. Over the past decades, these companies have been striving to establish a strong global corporate culture. One of the most demanding challenges for an organization is to have the ability to maintain a common corporate culture. Despite such goals, having a strong global culture is not really a rule by default, but in many cases it is an exception of a very successful organization. In the process of global expansion of companies, corporate culture often delays the desired progress. In many cases it remains oriented towards headquarters instead of being shared globally and successfully across regions.

One of the greatest limitations is that organizations very often approach corporate culture creation and maintenance to a global environment as a one-way process, mostly dominated by corporate headquarters. In many cases, such practices are labeled either as cultural transfer or culture broadcasting (Ibid). This means that all fundamental values are originally set up by the corporate headquarters, which, from the very beginning, implies that they fail to reflect diversified cultural impacts.

Second limitations are the thoughts that global culture can be either weak or strong within given organizations. This is a very straightforward approach that focuses only on certain classifications, rather than focusing on capturing the complex cultural patterns in the multinational corporations. In some cases, some regions might function very well, and they have their own strong culture distributed across their ongoing, recurring and ad hoc operations.

In order to avoid such misunderstandings, the process of categorizing corporate culture can be divided into the following dimensions: a) the degree to which core values and practices are shared throughout the corporation, b) the degree to which core values are mapped, and c) the existence of an ongoing process that settles core values with local certainties. Therefore, there are four principal patterns of global culture (Taylor, 2010):

- **Spearhead Culture** – This is a culture of organizations, where they have preset core values that are expressed and shared by the corporate headquarters. By such discourse, the employees within various regions perceive these values as purely bureaucratic and formal, instead of really following their purpose. In extreme cases, employees are not even fully aware of such values. Therefore, if any changes are coming from corporate management, it might cause frustrations and loosing of interest between the groups instead of perceiving them respectfully. The greatest limitation of such a culture is the fact that these values are set up in a way that local values and needs of the groups are omitted. This allows organizations to perform a controlled operation and to integrate acquired businesses in a fast way; but on the other hand, unless there is mediation between the global and local values, then all these values are not serving their purpose.

- **Outpost Culture** – The majority of multinational companies that operate on a global level are having very strong spots of maintaining local cultures, in the entire cultural fragmentation in such a global environment. These “exceptions” of strong cultures are the successful organization’s subsidiaries that are led by local managements. Even though these specific individual cases might work well, the truth is that sharing the success story is limited due to fact that global organizations are widely fragmented. Thus, there is no process that would share a subsidiary’s strong corporate culture with other units on a global level.

- **Disoriented Culture** – Such a culture is relevant to an organization which is going through changes in the business environment. This is mostly because of worldwide competition, corporate restructuring, mergers or acquisitions, migration of activities across regions, etc. In times of such dramatic and crucial changes, the biggest threat is that neither corporate headquarters nor subsidiaries would have a sense of corporate and strategic direction for the organization. This can highly affect the employees, who can lose the trust of local and corporate management; and they might be questioning where the organization is heading. Such concerns might influence the performance and the turnover of the employees.

- **Global Culture** – An organization that is enforcing a strong global culture is actually maintaining a set of core values that are shared worldwide across teams. Such values often reflect a consolidation of shared values drawn from the company’s global operations. They are subject to a strong global culture and serve as a measurement that guides operations worldwide. Having common and shared values like these is not an indication of omitting local differences. On the contrary, respecting local knowledge is the key driving force for success. These core values are always determined as parameters where local interpretations take place.

Based upon the types of spreading global culture described above, it is important to mention that the relationship between corporate culture and cultural blockades is highly

complex. It has been shown that there might be a big cultural gap between an organization's headquarters and its subsidiaries. This highly affects mutual interactions between teams and individuals, while at the same time it is affecting the perception and attitudes towards the global organization. In such a scenario, employees and individuals start behaving opposite of the expectations set up by the corporate culture. The commitment to the shared values and goals is endangered, and this is mostly because there is a discrepancy between local and corporate cultures. Therefore, one of the crucial elements is the fact that corporate culture is shaped by the national and/or local culture. This might indicate that values rooted in national and/or local cultures and their organisational subcultures attended by the values of a global corporate culture may produce tensions. For these reasons, one of the most challenging tasks for each multinational corporation is to implement a corporate culture in multinational subsidiaries across the regions worldwide.

### **3.3 Measuring Organizational Performance**

Measuring corporate/organizational performance is one of the most challenging things within an organization, especially because there are cases where some organizations succeeded in their vision, while others failed. Whether it is a for-profit organization or an NGO, the performance is always one of the crucial indicators for progress. With a proper way of maintaining and recognizing factors and scenarios that influence organizational performance, managers and corporate leaderships would take necessary steps in order to improve performance. It was already mentioned that each culture is entitled to its shared values, ideas, customs, people, etc. This indicates that not only nations or regions have their own culture, but each organization has to have its own corporate culture. According to Stewart (2007), there is a positive relationship between corporate culture and performance, and profitability is one of the most important corporate goals.

As long as the company wants to make improvements, it must start examining the organization's corporate culture. If we consider that some of the strongest elements of corporate culture are the attitudes of the employees, then the role of the individuals and their beliefs is crucial for success. They are the ones who are building and spreading the culture. Some of the positive examples of strong corporate culture are statements like: "Good employees are highly rewarded here" or "We are an amazing team and we enjoy working in this environment". Therefore, if management wants to start initiating improvements in regard to the corporate culture, they need to start with the evaluation of the working culture within regions. Based on (Stewart, 2010), an organization's cultural norms strongly affect all groups and individuals who are involved in the organization. Such norms are more or less invisible, but if an organization is striving to improve performance and profitability, norms are one of the starting points that managers should look into.

On the other hand, many researchers, like Wilderom and Berg (1998), have argued that instead of aiming towards a strong culture, researchers and academics should make an effort to reduce the gap between an employee's preferred organizational culture practices and their perception of the organizational practices. These two approaches are totally different and unfortunately, much of the negative performance is based on the fact that some people only listen to the desired corporate practices, without actually enforcing them during work. For such reasons, many researches have different opinions on performance. According to Barney (1997), performance is an issue among organizational researchers; while Javier (2002) claims that performance is equivalent to the set of 3Es (economy, efficiency, and effectiveness) of a certain program or activity. Furthermore, according to Daft (2000), organizational performance represents the organization's ability to accomplish its goals by using the resources in the most efficient and effective manner. Similarly, Richardo (2001) has defined organizational performance as the ability of the organization to achieve its goals and objectives through the employee network.

In order to determine which factors have influenced organizational performance, it is important to look at the economic tradition that is actually emphasizing the importance of external market factors during the process of determining organizational performance. The other part has to be analysed through a behavioural and sociological paradigm; organizational factors and the level to which they fit with the organizational environment is the major factor of success. These are among the most important streams that would help researchers to analyse the determinants of organizational performance. The economic model has included the following elements:

- Industry and sectors in which the organization competed;
- Competitive position relative to its competitors;
- The quality of the corporate resources.

On the other hand, the organizational model of corporate performance is focused on organizational factors such as:

- Human resources policies;
- Corporate culture;
- Organizational climate;
- Leadership styles.

One of the major challenges is to determine to what extent economic factors represent variance in business returns and performance, and to what extent this is a result of organizational factors. The research below is mostly focused on the organizational factors that determine corporate performance as they determine performance to a greater extent than economic factors indicated by Trovik and McGivern (1997).

## **4 CASE STUDY**

A case that will be analyzed in the MT is the Computer Sciences Corporation (hereafter: CSC) case. Through the analysis it is expected that an appropriate framework for corporate culture implementation will be suggested. A company's core objectives will make sure that the values, practices, internal integration, external adaptation to the environment and many other aspects are performed in the same manner on three different global locations. The reason for choosing the three locations, Asia, Europe and the United States is the fact that the company's shared services have been going through a phase of moving the workload from the main branch in the U.S., to various shared services across the globe. Therefore, the justification for the topic selection is the fact that these newly established locations have to comply with the global corporate culture of the company. This will lead to the unification of the corporate culture on a global level, reaching employee commitment and also, gaining competitiveness in international markets.

The analysis represented in this part will set the ground for establishing links and values that will hold any organization together. It should establish the chain of activities and standardized processes that will positively affect the performance of the organization involved in recognizing corporate culture. In other words, there is a huge need for separating the insider values from the outsider goals of the company.

### **4.1 Corporate Shared Services (CSS) Approach**

It is important to analyse and emphasize the meaning of the CSS approach. This is because the case study is focusing on the analysis for three different regions, Europe, the Americas, and Asia-Pacific. The subsidiaries in these regions are CSS.

By definition, Shared Services is a business model that allows resources to be leveraged across an entire organization, which at the end results in lower costs with agreed upon customer-service levels (Janssen, 2006). In most of the cases, CSS is a separate business unit created within an organization for the purpose of delivering a set of services to both: operating business units and the corporate functions. Additionally, CSS enforces an attitude of a business model which views the rest of the organization as their internal customers. Predominantly a service organization, CSS roles and accountabilities are delivering values that would balance cost and service levels. It should also identify ways of further leveraging the operating model that is built on three primary capability levels: a) People, b) Process, and c) Technology (Janssen, 2006).

One of the broader images and ideas for CSS is to gain efficiencies beyond consolidation through a methodology of continuous improvement that results in more efficient and standardized processes. On one hand, headquarters and centralized services are deeply focused on compliance and control; on the other hand, CSS have created value creation

through a leveraged model and managing on agreed service levels. Some of the key benefits of CSS models are the following:

- Economies of scale and lower costs;
- Standardization of processes and learning by best practice examples;
- Enables coordinated transformation of front, middle and back-offices;
- Operating and centralized units can focus on their operations and external customers, while they rely on CSS for support;
- Operating and centralized units can focus on their strategy, while they rely on CSS for statutory compliance, controls and information;
- Flexibility – CSS can be sourced through multiple delivery channels and/or geographic locations;
- Scalability – CSS delivery model can be scaled for both acquisition/geographic and service scope expansion with relatively low incremental costs (Peeriosity for Shared Services, 2016).

## **4.2 Company Overview**

CSC was founded in April, 1959 by Nutt and Jones who invested \$100 and named the company Computer Sciences Corporation. Nutt was providing technical direction and Jones was handling the marketing strategies. Two years later, a significant contract was signed with NASA in order to support the Jet Propulsion Laboratory's Flight Operations Facility.

In 1964, revenues reached \$4 million, and the employees numbered 230. The main reason for those numbers since the very beginning was the sense of the founders that they should invent and offer something very new, useful and unique on the market. This was the case with the U.S. government, where Nutt and Jones were aware that it was the largest computer user that time. As a result, they formed two IT divisions engaged in communications systems engineering and systems management for the U.S. Defense Communication Agency. With this they started to form extensive capabilities in the design and development of communications-based computer systems. Therefore, CSC has become a major supplier of IT services. It took a leading role in computer and communications systems. Today, CSC remains one of the largest computer services corporations in the U.S. federal government market.

CSC leads clients on their digital transformation journey, providing innovative next-generation technology solutions and services that leverage deep industry expertise, a global scale, technology independence, and an extensive partner community (CSC, 2016). CSC employees help commercial and international public sector clients solve their toughest challenges by modernizing their business processes, applications and infrastructure with next-generation technology solutions. As a company, CSC offers a range of innovative

business solutions to help solve a client`s complex industry challenges (CSC, 2016). List of services offered to clients include:

Figure 4: CSC Solutions for Clients



Source: CSC, *What we do?* (2015) Retrieved Aug 20, 2016, from <http://www.csc.com/solutions?ref=nmntop>

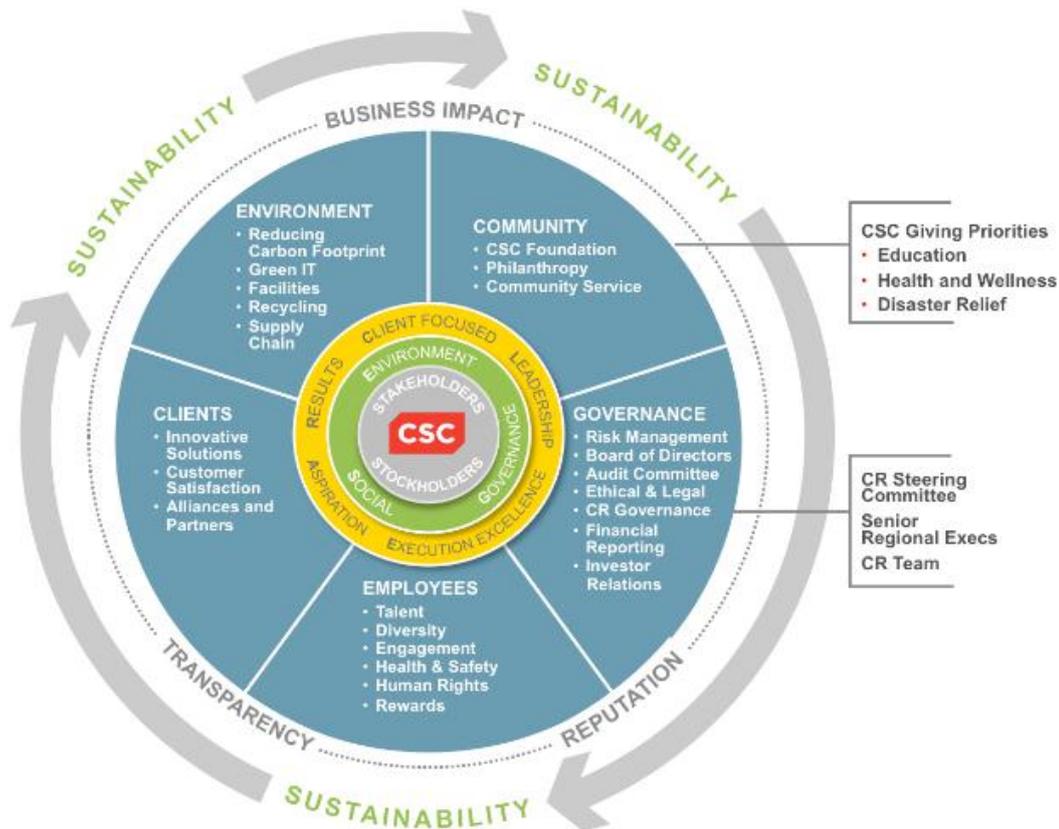
The company is focused on two major industries:

- 1) Public Sector (Governmental services) and
- 2) Commercial Sector (Banking, Insurance, Automotive, Chemical, Healthcare, Energy, Consumer Products, Financial Services, Utilities, Manufacturing, etc.).

### 4.3 Corporate Culture and Strategy

CSC values diversity of every employee and the unique perspectives they bring to the organization. Diversity at CSC does not only include age, race, sex, sexual orientation/gender identity, genetic information, disabilities, and ethnicity, but also jobs and functional roles within the company, the markets and client services, geographic locations, educational background, and whether one joined CSC independently or through an acquisition or an outsourcing arrangement. By valuing these differences, the organization demonstrates its commitment to treating everyone with fairness and respect (Our Mission and Values, 2016). Additionally, CSC is committed towards maintaining the highest standards of corporate governance, which, according to the company, they are essential for sustainable success and long-term shareholder value. Below is the company's governance, framework and strategy circle that is key for establishing an effective and sustainable corporate culture.

Figure 5: CR Governance, Framework and Strategy



Source: CSC: *CR Governance, Framework and Strategy*,(2015) , Retrieved Aug 15, 2016, from [http://www.csc.com/cr/ds/31889-cr\\_governance\\_framework\\_and\\_strategy](http://www.csc.com/cr/ds/31889-cr_governance_framework_and_strategy)

Based on the Corporate Responsibility (hereinafter: CR) Program figure presented above, CSC is committed to a diverse and inclusive corporate culture, and it embraces diversity not only because it is the right thing to do for our people, but because it is good for business. Also, individual differences create a dynamic workplace, which is needed in order to deliver the best solutions to clients. What is very much appreciated in the company is the energy, creativity, talents and insights of the diverse global workforce across various regions. According to the CEO, the company's strength lies in valuing differences, encouraging input from all perspectives, and uniting teams around common goals. The corporate culture enforced in the company encourages employees to embrace their identities and the diverse cultures represented by colleagues, clients and local communities. Therefore, creating an inclusive and enriching environment that attracts and retains the best people is a mutual team effort and asset to the company.

To summarize, CSC's CR programs and initiatives are at the heart of CSC. The company has earned many corporate and regional acknowledgments, which underscore the significant progress made throughout the company's ecosystem over the past years. Various corporate achievements are an important differentiator for CSC. CR is a means to demonstrate our commitment to operate ethically, and contribute to the company's bottom-line results while improving the quality of life of employees, local communities and

society at large. CSC's noteworthy CR standing is important to the company's clients and partners, who increasingly request information on CR programs as part of the tender process. Corporate sustainability credentials help to secure the company's position as a trusted brand and leader.

## **4.4 Corporate Values**

- **Environmental Sustainability**

As part of the corporate culture within the CSC, it is the CSC's global environmental sustainability strategy that sets key environmental objectives and targets, aligned to business goals. Progress is reviewed annually with the CR Steering Committee, to define a strategic direction and set a policy for the program. In the CSS regions, local senior executives drive agreed-upon environmental priorities, supported by regional specialists and coordinators and the global CR office. Aligned with top environmental priorities, CSC's targets relate to energy consumption, waste production, management systems and external rankings. The company has identified these focus areas by analysing which issues are the most critical for environmental performance, considering stakeholder expectations and emerging trends from international policy development and sustainability rankings.

- **Employee Spotlight**

CSC is working on redesigned Employee Resource Groups (hereinafter: ERGs) to address the changes in demographics and the needs of the workforce. ERGs is a tool that directly strengthens business by jumpstarting the ability to recruit and retain the industry's most skilled IT professionals, support employees in reaching their maximum potential through improved mentoring and succession planning, and accelerate revenue growth. This tool is used in all regional subsidiaries and CSS locations. This shows a unified corporate culture approach in the recruitment process on a global level.

In terms of focus on employee training and development, the company is using several tools and approaches:

- CSC abilities first – The goal is to build a dynamic network of CSC employees with disabilities in order to foster professional development and harness IT innovation for a more inclusive workplace.
- CSC pride (people representing inclusive diversity everywhere) – The goal is to create a global community of employees with a shared commitment to raising awareness of LGBT issues throughout CSC, and promote CSC as an LGBT-friendly organization. This is a message spread across teams on a global level, which is one of the most debated topics in the last decade. In this regard, the company needs to be careful and aware of the local preferences of the cultures in countries where there are more closed societies compared to

the Western ones. For example, such a strategy cannot be shared in the Arab world or other traditional countries that are bound to religious practices and customs.

- Women in leadership – The goal is to implement ongoing programs to attract, retain, support and motivate women throughout their careers as CSC supports an increasingly global and diverse client base. One of the major achievements is the celebrated CSC’s women leaders by creating a multimedia Google+ campaign that encouraged employees to share inspiring profiles of female engineers, healthcare executives, scientists and other industry-best experts.
- Investing in people - CSC program is making significant investments in programs that empower the people of CSC to master next-generation technology skills, maximize their long-term professional development and thrive in rewarding careers.
- On-demand learning - Through the CSC University learning management system, employees benefit from an anytime, anywhere access to thousands of training assets, tailored to their specific job roles and career paths. Employees learn within and across four colleges — Leadership, Sales, Client Delivery, and Technology — that align both with their professional interests and with CSC’s primary business functions. Through online courses and books, executive summaries, videos, simulations, mentoring sessions and more resources now available in 21 languages, professionals across the globe can learn in the ways that work best for them, whether self-directed or with an instructor, during travel or at the office and using laptops or smart devices.
- Career growth, accelerated - Newly launched MyCareer@CSC portal provides all employees with robust resources and tools to accelerate career progress, bringing together skill taxonomies, clearly defined career tracks and learning paths in one intuitive framework. The CSC Leadership College supports people managers globally with the resources, learning and collaboration they need to build and motivate high-performing teams.
- Strength in diversity - Through a dedicated Global Diversity Team, targeted diversity-related recruitment, and awareness and leadership programs, CSC promotes an inclusive work environment, offering all employees access to exceptional opportunities to contribute, develop and realize their potential.
- Future-ready skills - More than 10,000 CSC technologists have completed individual development plans that are enabling them to hone skills in next-generation solutions across big data and analytics, cybersecurity, the Internet of Things, DevOps/ automation, mobility, cloud and social media.

All of these programs and tools are spread globally across teams, regardless if it is a centralized branch of the company or the CSS on a regional level. This means that the corporate culture is approaching the same target audience across the globe. As long as each employee is entitled to the programs above, and the local management shares the updates with them, then the company is enforcing a successful and coordinated corporate culture across various regions.

## **4.5 The Company`s Mission and Values**

The mission of CSC is to be a global leader in providing technology-enabled business solutions and services, and the company is dedicated to maintaining its CLEAR Values (Our Mission and Values, 2016):

- Client focused - Deep understanding of clients to whom all of CSC is committed to deliver exceptional service and value;
- Leadership - Lead from the front, displaying the organization`s integrity and using facts to support straight talk. CSC creates an environment for positive change built on collaboration and trust;
- Execution excellence - Insist on excellence in all CSC does for clients and the company itself, striving always for recognition among the leaders in the industry;
- Aspiration - Aspire individually and collectively to be more tomorrow than today;
- Results - Accept individual responsibility for commitments and expect to be accountable for results.

According to current president, Mike Lawrie, CSC`s values are the core of what the company is. This is bringing everyone together as one unit, for the purpose of serving clients, shareholders and other parties. CCS values unite the global CSC community, and one of the major focuses is put on exceeding cultural differences and the organization`s geographic separation. Taken together, these values remind that an ethical, honest, inclusive and transparent workplace is critical to the company`s long-term success.

Finally, the company`s goal is to become one of the world`s largest independent pure-play IT services companies. It strives towards becoming a strategic partner that leads clients on their digital transformational journeys, an innovator that is highly differentiated in the marketplace and creates growth opportunities for people, clients, partners and shareholders.

## **4.6 Management and Leadership Styles**

The Board of Directors is elected by the stockholders in order to manage the business of the company. The Board oversees the company`s senior management, to whom it has delegated the authority and responsibility for the day-to-day operations of the business. Directors have a duty to act in good faith and with a view to the interests of the company, they are expected to attend all meetings of the Board and the Board committees upon which they serve, and all annual meetings of the company`s stockholders at which they are standing for election or re-election as directors (Corporate Governance Guidelines, 2016). Directors should spend the time needed and meet as frequently as necessary to properly discharge their responsibilities. Appendix 1 represents current CSC Leadership (Management and Board of directors, CSC 2016).

- **Open Dialogue**

One of the key values in CSC is the fact that integrity starts with a commitment to ask questions, raise concerns and engage in an open dialogue. Due to a high appreciation of working in teams, employees are depended on each other to speak up when there is an issue. CSC has an Open Door Policy (CSC Ethics Standards, 2016), which promotes an environment of open communication between employees and all levels of management. This means that each one is encouraged to speak with immediate managers about questions or concerns about anything affecting or occurring in the workplace. Other than managers, there are several other available channels for communication at CSC to which employees may express ethical concerns, including:

- Department or function head;
- Local Human Resources managers, or an HR representative at a higher level;
- CSC's Ethics and Compliance Office, reached by email;
- CSC OpenLine, the company's confidential resource for seeking ethics advice and reporting misconduct.

#### **4.7 Code of Business Conduct**

CSC's Code of Business Conduct is an enduring reminder to all employees, for the corporate values and the standards by which the organization conducts its operations and business affairs. These standards address CSC's deepest beliefs and make reference to many of the most important business conduct policies. Each individual is responsible for individual actions and the ethical choice is always the best choice. The company's code sets expectations and offers direction on ethics and compliance and it is a good guide when some of the business choices are not clear. It basically gives realistic examples of situations that may occur in the work environment, which resources to consult for help and what recommendations on appropriate actions are given. According to the company's business conduct, as long as each individual understands responsibilities and follows the principles of the Code, there is a space for building a global community and a culture of high integrity for CSC. As long as there is a culture of high integrity, the business is strong.

CCS Code applies equally to all CSC directors, officers and employees around the world, as well as to subsidiaries, business partners, suppliers, agents or others acting on the company's behalf.

When it comes to ethics, all employees are expected to lead by example, while being accountable for their own actions. This means that the company policy is that ethics touches everything that is done in the company, as well as all decisions made. When the path forward is uncertain, the company management steps up to the challenges and acts with responsibility in service to a culture of high integrity. In this respect, managers play a

special role in ethical leadership and are the most effective resource for detecting and helping to resolve ethics and compliance-related issues. According to the company's policies, a manager is often the first person to be contacted in terms of a concern in the work environment. Employees rely on their managers for guidance and support when navigating difficult or confusing situations, including ethical ones. Therefore, managers have the following unique responsibilities to help ensure the company's ethical success:

- Act always as a model of ethical behaviour;
- Encourage employees to speak up by voicing concerns and reporting issues;
- Communicate a positive message about commitment to ethics and compliance;
- Promote values, the Code of Business Conduct and compliance with policies and the law;
- Actively support ethics and compliance awareness and training programs;
- Commit to open communication;
- Listen and respond fairly to employee concerns;
- Find satisfactory and complete resolutions to ethical issues;
- Escalate concerns when additional assistance is needed.

Additionally, CSC has a dedicated Ethics and Compliance Office (hereinafter: ECO) responsible for developing ethics training, awareness tools and programs, as well as for helping business units implement ethics programs and for investigating reports to help resolve concerns. The ECO is responsible for administering the Code and is a reliable resource available to anyone who has a question or concern or who wants help with topics discussed in the Code.

## **4.8 Future Prospects and Goals**

Ahead of CSC's proposed merger with HPE's Enterprise Services unit (Sheridan, 2016), CSC have been working to understand current company cultures and more importantly, the kind of organizational leadership we want to build together after the transaction closes. One of the first steps in this process is the Culture Survey that was completed by colleagues from both CSC and HPE-ES.

Based on this survey, CSC and HPE-ES employees are nearly 100 percent aligned in their aspirations for the new company. In other words, nearly everyone wants the same things such as embracing similar values. These values include:

- Being customer-focused, ethical and collaborative;
- Want to preserve and replicate certain organizational strengths, e.g., focus on ethics and service to others;
- Desire greater focus on people, professional growth and organizational trust;
- Value improving customer focus and accountability;

- Want to be competitive, well organized and efficient;
- Strongly believe in the potential opportunities for the newly formed company.

### **Similar cultural profiles**

Along with similar cultural profiles, there are areas that require continuous improvement, such as overall organizational health, that will help drive performance over the long-term. Both organizations identified opportunities for post-close change that will focus on establishing corporate culture within the new company, including:

- Improving engagement between the leadership team and the rest of the organization;
- Replicating pockets of excellence and existing strength throughout the organization with all employees;
- Building on the optimism of relatively new employees (less than three years) who have higher scores and views on elements that contribute to organizational health.

### **Focus on values, ethics and excellence**

People at both CSC and HPE-ES also expressed views on their current values, and their desired values going forward. Currently, both organizations have a clear focus on ethics and service to others, and seek continuing improvement with regard to client focus and accountability. Employees from both organizations aspire to focus more on people, namely professional growth and organizational trust. Finally, there are actions that can be taken during integration planning to ensure greater success. For example, focusing on ongoing efficiency commitment, ensuring clear communication channels with the clients.

## **4.9 Result Analysis**

This chapter is based on interviews conducted with Team Leaders, Senior Managers, Employees and the Director of CSC Europe's Corporate Shared Services located in Prague. Questions have been retrieved based on the theoretical elements for corporate culture (see appendix 1). The analysis will be matched with the theoretical part, where it will be determined whether the theories listed in this part are applied to the CSC case. Additionally, based on the company overview chapter, the major goals, objectives and shared values of CSC have been shown in regard to its corporate culture. The challenge is to match these pre-set and official values and to test whether they are really applied across CSS regions, or they are just official written documents that are only shared online and on paper by the corporate management.

#### **4.9.1 Enforcing diversity and networking**

Speaking of corporate diversity, it has been shown that it is a valuable asset of CSC, while each individual is committed towards creating a working environment that reflects diversity and attaches its strength. This has been confirmed by the various perspectives and backgrounds of the people working in the regional offices across the world. There are not only local people in these offices, but they are coming from different neighbouring countries, different continents and regions. This approach shows that diversity serves to strengthen successful collaborations, share new ideas, propose solutions and dedicate itself to obtaining corporate results. Therefore, CSC is able to provide an excellent client service, which is a result of the company's diverse culture and corporate environment with working conditions where everyone is welcomed and treated fairly.

Therefore, it has been confirmed by the local employees that they can feel their commitment towards maintaining an environment with a diverse global workforce, fostering an inclusive corporate culture and respecting differences. Each employee is happy that there is a diversified set of different cultures and nations. This is strongly supported by the local leadership, by fostering a culture of strong employee networks and communities, recognizing and rewarding superior performances, as well as promoting corporate responsibility through the ethics and compliance programs. An important role is also maintained by the local HR department, where they are dedicated towards connecting people and investing in diverse partnerships and alliances. They are focused on recruiting diverse talent pools and building next-generation talents that would aim to deliver even more superior results. Therefore, the commitment to growth is providing resources for professional growth, while at the same time it is embracing diversity, common principles, practices and individual competencies.

Employees have recognized that they value the fact that CSC offers strong networking opportunities, both inside and outside the office. They appreciate the emphasis on having a pleasing balance between work and private life, as well as striving to build bonds between employees. What is very much appreciated and enforced in the regional CSS across Europe, Asia and the United States is the collaborative environment that encourages teamwork and synergy to help the company to grow, both as an organization with shared corporate culture and as individuals. Several examples show that CSC is on a good way to enforce its shared corporate culture on the basis of respecting diversity, employing talented resources and maintaining a healthy work environment via various team-buildings and events.

For example, CSC organizes corporate events that provide an opportunity to network with colleagues from different departments and regional offices. Despite fact that CSC is a global company with diverse offerings across multiple industries and sectors, each individual has been encouraged to foster communication between employees from

different backgrounds. At corporate sports events between regions, CSC is bringing current employees, interns and new hires together outside of the office. There are also intern events where CSC recognizes that the transition from university to the corporate world can be frightening to current students and recent graduates. Therefore, the company offers several intern social events throughout the course of the summer that encourages networking between these young professionals. They can facilitate connections within the CSC intern program to help interns grow together. Finally, there are volunteer events where CSC takes pride in corporate social responsibility. Many volunteer opportunities have been offered that enable employees to give back to the community and make a difference in the lives of others. Such events help to foster relationships with the surrounding community and to make sure that CSC as a global corporation is using its global presence to make a positive impact on societies, the environment and other segments.

In other words, it is a success that the company is celebrating diversity and rewarding passion of employees by letting them speak up in a business culture. CSC's corporate culture encourages open and supportive relationships across the board, where each individual's opinion and suggestion is taken into consideration.

#### **4.9.2 CSS current practices and examples**

The working environment in CSS of CSC is very much team-focused, where support, cooperation and communication within such a dynamic environment are key factors for success. The nature of CSC CSS's on regional levels indicates that keeping strong bonds as a team will provide the desired results to internal clients, which are CSC headquarters and other offices that are not part of the CSS. Therefore, great focus is put on maintaining supportive collaboration between employees, where management is directly included in framing, communicating, enforcing, monitoring and measuring the performance. In this process, apart from communicating the core values as per the corporate culture in general (listed in the previous chapter), local management is the key driving force for respecting and maintaining local preferences and habits. For this reason, the mixture of corporate and local preferences actually defines the core values of the corporate culture maintained in the CSS across the world: Prague – Europe, Chennai – India, Texas – U.S.A.

- **Working environment**

The working environment within the CSS on a regional level entitles flexible work options, where core hours are 6 in total (09:30 – 15:30). The remaining hours apart from these can be personally managed and maintained, depending on the workload and the tasks for the respective day. This means that the entire corporate culture of the company is providing employees with such a benefit on a global level. The only exceptions are the local contact

center teams, which basically need to have fixed hours due to the customer support offered at any time.

As part of the corporate culture, the company is providing health and lifestyle benefits where various sport cards are distributed to the employees. This is done at every level of the organization, regardless of the position (apart from the people who are on probation or on notice to leave).

In regard to career mentoring, the CSS culture maintains personal development plans, as well as education assistance to all employees. This is additionally explained in more details in the next subchapter. This corporate culture allows employees to develop themselves and to pursue their personal topics of interests within the organization where they work. For example, CSS at all regional levels is maintaining a program called “Fiscal Year Goals and Objectives”. These goals are compiled from 3 sets of sections: 1) Goals applicable to all employees in CSS on a global level that come from Corporate (regardless of the position or the location), 2) Goals applicable to the respective department and role, and 3) Goals which are related to individuals – these are determined by the local management, based on the strong and weak preferences of the individuals. These sets of goals are distributed on a yearly basis, while they are monitored by the local management on a mid-year basis. In this performance evaluation, each point is discussed separately, and feedback is provided on the accomplished levels. Exceeding and meeting all expectations means a potential salary increase and promotion to another role.

Finally, each CSS is maintaining its regional magazine (for Prague this is *CSC Leaks*) where all success stories, practices of the employees, teambuilding, appreciations, promotions and SLAs measurements are represented. This shows great respect for the local cultures, local employees and management as many interesting stories are presented in each monthly edition.

- **HR department**

CSC’s regional HR plans are closely linked to the company’s business goals, undertaking environmental scans, conducting gap analyses, setting HR priorities, measuring, monitoring, and constantly reporting on progress. The company ensures that each new employee understands these core values and beliefs of the company. However, understanding is not enough, but complying with such policies is more important since this will affect the practical situation of the company. Thus, CSC prepares workforce planning guidelines in order to develop a HR / workforce plan. Establishing HR priorities will help achieve business goals and measuring, the monitoring and reporting on progress.

The workforce analysis comes with the employment data and characteristics such as sex, average age, occupational groups, skills/competency profiles, and so on. Also important

are the internal workforce trends such as retirement eligibility, vacancy rates, turnover, and so forth. HR team makes predictions and estimates about the salaries of the employees, the benefit programs, etc. Therefore, the company conducts an internal scan which will be primarily focused on identifying the factors within the department that might affect the HR's capacity to meet local departmental goals. They tend to establish a practice where each department can be able to identify internal opportunities and challenges. For example, sales of the sales department, products of the production department, and so on. It will be important for the new regional offices that CSC builds on its strengths and minimizes challenges and risks. The plan for such identification is to focus on the following features:

- Changes in legislation
- Changes in funding and budget
- Changes in leadership and priorities
- Health and safety regulations for the workforce
- Employee engagement with the corporate culture
- Management practices and leadership styles

On the other hand, the external scan is also important. CSC focuses on identifying those external factors that may affect workforce capacity, given the known operational needs and emerging issues. It considers the opportunities that exist and which can be advantageous to the department. It also enables the department to identify risks or potential risks in the external environment, so that the department can identify specific strategies to manage those risks. For example, this may include:

- Current workforce trends
- Demand and supply of certain professions in the cosmetic industry field
- Current and projected economic conditions
- Migration patterns

Based on these preferences, CSS HR departments are entitled to analyse internal and external factors that influence selection of employees and building a capable network of dedicated individuals.

- **Local leadership and management**

CSC aim and goal in regard to the communication and leadership strategy is based on the assumption that corporate communication, public relations and the communication between management is practiced as part of the strategic management function. The company tends to achieve a balance between the commercial imperatives and the socially acceptable behaviour in the business. This refers to the identification and managing of issues that might be part of the every-day activities of the company. For example, most organizations have an annual strategy development process linked to its budgeting cycle, and this differs from organization to organization. It also defines a company's corporate strategy; and the communication strategy of CSC is important because it should provide

the link with lower-level communication plans that are developed in order to achieve the long-term and short-term goals of the company.

The strategy starts with the communication themes that are developed as broad messages and they represent what the organization wants to communicate in regard to specific strategic priorities. CSC has an open communication environment, where all members of the organization will be encouraged to share feedback, ideas and even criticism at every level. Leaders who are committed to open communication should be able to build an environment of trust that can be the foundation for ongoing success. Speaking of internal communication, all employees feel free to share ideas, in order for them to be directly involved in decisions that affect their day-to-day work. The company does not want to exclude people, as they understand that getting feedback and ideas from every level is the core of every business improvement. In other words, they are going to build a two-way communication that will be neither from the top-down or the bottom-up only. They expect that such communication will be results-driven, as employees will know how to do their jobs effectively, to interact with customers effectively and to serve as ambassadors outside of the organization. On the other hand, communication with clients is also included in the communication of the corporate strategy.

At the moment, CSC is using a democratic style of managing and leading people. This style draws on people's knowledge and skills, and creates a group commitment to the resulting goals. It works best when the direction that the organization should take is unclear, and the leader needs to tap into the collective wisdom of the group. This is done in the separate offices across various regions. For example, there are biweekly 1 to 1 meetings held by the managers and the employees in the teams. Progress, current issues, ideas and suggestions are discussed at every meeting. Based on this, each employee has the chance to contribute and share ideas. Such practices are also done in team meetings (as per teams within departments). During such meetings, various topics are discussed, and a log for the discussed topics is tracked by the team leader/manager. Finally, there are management meetings, as well as governance calls with the corporate managers. On these governance calls, directions are coming from headquarters, and each director of the CSS is included, along with the top managers. These directions are then shared with the local teams, and there is always room for improvement or slight modification based on local preferences. Nevertheless, this does not mean that the corporate directions that represent the corporate culture of the company are not respected. They are enforced, but at the same time, great attention is given to the local needs and wants of the employees in order to stay motivated and satisfy the clients.

- **Decision-making**

Corporate decision-making happens at various levels in organizations, and can be top-down or bottom-up. The difference between these two styles of decision-making is that the

top-down decision-making is done at the higher levels of the hierarchy, and the decisions are passed down the corporate ladder to be implemented. On the other hand, bottom-up decision-making is done by giving autonomy to the middle managers and the line managers to make decisions based on the existing conditions and circumstances in their teams. In many organizations, what we see is a top-down decision-making in the realms of policy, strategic focus, direction in which the organization has to proceed; and bottom-up decision-making about the day-to-day running of the teams. Therefore, middle management is often called the “sandwich” layer because they have to implement the decisions made above, and at the same time have to decide how to run the teams, and have to communicate them to the lower levels as well.

In the case of CSC, the research data shows that organizational structure has been formed under the principle of a top-down decision-making process. In recent years, however, with the new CEO, the bottom-up decision-making process is becoming more frequent in the organization. It is worth mentioning that not only middle-level managers should be included in this process, but the employees should be engaged as well. This will show that they have the right to raise their voice, to suggest ideas, to bring up any deficiencies or concerns. By receiving such feedback, the organization will also be able to follow what the current employees think and what they expect from the management. Thus, final decision-making should be done by the management; but, at the same time, the employees must be taken into consideration.

- **Conflict resolution**

At the moment there is a very efficient process of handling conflicts. Based on the management’s feedback, there is a specific strategy incorporated on a recurring basis when situations with issues happen. Each level manager does not handle conflicts independently according to his/her own approach, but it is in line with the corporate culture. Additionally, regular training is provided to the management and leadership positions on a quarterly basis. The idea is to make it clear that managers are here to support the employees and be able to drive out inefficiencies through a specific plan. For example, regarding conflict resolution, it is important that managers are not siding with Person 1 over Person 2, but that they have made a decision according to:

- List both sides’ viewpoints
- List all possibilities
- Modify suggestions, combine if possible
- Pros / cons (timing, effectiveness, result-oriented)
- Make decision and communicate clear actions
- Summarize action plan and commit to results
- Make prevention for future
- Measure performance after agreed plan
- Follow up on pending situations and unresolved cases

- **Training and development programs**

CSC is maintaining an approach that people should receive high quality trainings before they start working for the company, as well as during the entire employment in the company. This is part of CSC`s corporate strategy, when focusing on employee`s training and development. According to CSC statistics back in FY15, CSC employees completed more than 600,000 hours of professional development training through the company`s virtual CSC University, and approximately 1.5 million total learning hours. CSC`s global graduate program has delivered resources and mentoring to help more than 1,000 new college graduates develop professional skills and succeed (CSC, 2016).

CSC virtual University is an online platform that offers various courses, training and tests for each employee. In the regional CSS, a mechanism is set that there should be at least 15 hours of work-related training for the respective year. The development plan is set up by the employee according to her/his interests, and then it is reviewed and approved by the manager and/or team leader. The performance is measured on a mid-year level. Additionally, CSS regional offices are preparing courses for accounting (only for the financial departments), where senior workers are presenting basic principles and theories, as well as the company`s approaches on various examples, struggles and unique situations. Employees have the opportunity to take the test as well as propose topics that can be covered in the following sessions.

## **5 THEORETICAL GROUNDS VS CURRENT PRACTICES**

This subchapter will emphasize the link between the theoretical backgrounds and approaches determined in the first chapter versus the practical findings in the second part of the master`s thesis – the empirical part. The goal is to determine whether the theories established are actually compatible with reality, and which of them are applied to the case study of CSC. Based on the existing theories, the theoretical contribution provides ground for a broader discussion of whether theories can be applied in the practical corporate world and to what extent they can be enforced.

According to Schein (1996), there are three subcultural corporate layers that determine the nature of the organization:

- Operator culture – A group of people who work directly with the customers and are in the front line in the process of delivering products/services;
- The engineer culture – A group of people who design the processes by which the organization delivers its products/services and internally maintains itself;
- Executive culture – Those responsible for the strategic survival of their organization. These people are usually among the top management roles.

The case of CSC indicated that the corporate culture identified within the CSS is a mixture of the above types. It is **operator culture** because certain teams are entitled to positions where they directly communicate with customers and they are in the front line. Second, the **engineer culture** is a mix between the corporate guidelines and the local guidelines based on local preferences. Third, the **executive culture** is maintained by the local management, while at the same time, the instructions are partially given from the corporate headquarters. Such approaches show that the maintenance of the corporate culture within a global organization cannot be as simple as determined in the theoretical framework, due to its diversity and a various mix of approaches. Nevertheless, this does not mean that the theory is not applicable. It means that the theory is providing a direction to how the company can be analysed and approached. It is also beneficial for setting up a brand new corporate culture for new organizations.

What has been proven as accurate for CSC as an organization is that it is important to differentiate the above-mentioned roles, and to maintain a unified corporate culture that would be applicable to all and will be reinforced across multiple teams in the organization. Despite the need for establishing a corporate culture, the corporate climate is an important segment and it is strongly represented in the CSC. Due to fact that corporate culture is accomplished with local preferences, according to multiple researchers (Denison, 1996) it is indeed as a manifestation of an existing corporate culture.

Furthermore, (Frost, et al. 1985) emphasized the differentiation between insiders vs. outsiders. It has been stated that this relation actually shows that insiders are aware about their corporate culture and they are able to present it in front of the outside world, as one unique and unified approach. Such approaches are closely linked to the view of the organisational culture as part of shared assumptions, priorities, meanings and values – with patterns of beliefs among people in the organizations. In the case of CSC, the goals and vision of the company are represented to all regions on a global level, and local management strongly enforces these messages on a recurring basis. Therefore, employees are able to represent the company in the same approach via shared assumptions, priorities, meanings and values. Additionally, Frost has indicated that, on one hand, corporate culture is perceived as a metaphor where organizations are like cultures. Thus, they try to understand the attributes of a culture that might be relevant to organizations. This is similar to the generalization of cultures across the world, or nations, continents, etc. On the other hand, others see organisational culture as an ongoing and living thing that can be examined in terms of variables (independent and dependent). This is closely linked to other things such as performance, satisfaction, and organisational effectiveness (Frost, et al. 1985). In the case of CSC, the corporate culture cannot be seen as a subject of generalization, but it is a dynamic approach that to some extent changes each year. Core values are shared by the corporate, but based on CSS preferences, they are modified each year/mid-year in order to achieve superior results.

The next theory mentioned is the one that observes the principal patterns of global culture, according to Taylor, 2010: “Instead of aiming towards strong culture, researchers and academics should do an effort to reduce the gap between an employee’s preferred organizational culture practices and their perception of the organizational practices”. Based on interviews with the local management and employees within Prague CSS (see appendix 2), this has been proven in the case of CSC as accurate because local management is entitled to enforcing actual cultural practices instead of sharing only the perception of such culture. More than 70% of the employees (author’s contribution) are aware of the framework on a corporate basis, but all of them are also aware of the practices which are linked to the desired culture. This means that each decision or requirement presented to them is justified with a briefing on how this strategy is linked to the corporate culture.

Furthermore, Hofstede (1997) has indicated that there are six independent dimensions of practices that are influenced by national cultures:

- Process-oriented versus results-oriented;
- Job-oriented versus employee-oriented;
- Professional versus parochial;
- Open systems versus closed systems;
- Tightly versus loosely-controlled;
- Pragmatic versus normative.

In the case of CSC, such divisions cannot be done as they are not visible in any of the CSS. This is because the company is not splitting the above differentiations as such. For instance, it cannot be concluded that CSC is process-oriented instead of results-oriented. On the contrary, both processes are valued equally, and one cannot be enforced without concluding the other. Thus, this theory is not applicable to the case.

The next theory is one according to Graves 1986, where he states that one of the greatest limitations is that organizations very often approach corporate culture creation and maintenance to a global environment as a one-way process, mostly dominated by corporate headquarters. He indicates that all fundamental values are originally set up by the corporate headquarters, which from the very beginning implies that they fail to reflect diversified cultural impacts. This is not accurate in the case of CSC, as it has been stated that there is a program called “Fiscal Year Goals and Objectives”. These goals are compiled from 3 sets of sections: 1) Goals applicable to all employees in CSS on a global level that come from Corporate (regardless of the position or the location), 2) Goals applicable to the respective department and role, and 3) Goals which are related to individuals – these are determined by the local management, based on the strong and weak preferences of the individuals. This approach indicated that, at the first level of corporate goals, they are set up by headquarters. All the remaining categories are subject to local management enforcement and measuring. Therefore, Graves’ theory is inconsistent with the current practices of CSC. The company does not fail to reflect diversified cultural impacts.

Finally, Johnson (2011), with his cultural paradigm, has determined several assumptions that are shared and, in many cases, taken for granted by the organization. Starting with rituals and routines, they represent "the way we do things around here" and point out what is valued, appreciated, respected within the organization. Stories and myths are representing the organization's tradition that has been shared among employees in regard to common perception of past events. Based on these assumptions, in many cases such an approach reinforces beliefs, and they are passed on to newcomers. This is very true for CSC, as such values are shared between employees, and are immediately shared between the groups, including the newcomers.

The next element is the **symbols**, which are the symbolic elements of the organization such as titles, infrastructure of offices, dress codes, and so on. This is not really applicable to the case of CCS, as not every office has a dress code. In headquarters, they always wear smart clothes, but this is not the case in the regional CSS. This represents inconsistency with the image representation in front of external groups, partners and clients. Following the next element, **control systems** are intended to promote certain activities by rewarding correct behaviour, setting up goals and monitoring performance throughout the year, mid-year, quarterly, etc. This is exactly the case with CSC, and such a system is used as a unified part of the measuring and monitoring performance.

Finally, the last element is the **organizational structures** along with the **power structures**. Johnson (2011) states that, in many cases, there is a high risk and limitation within organizations and this happens when the main targets that are required for change are also those who hold the power. There can be various objections due to the power structures and inconsistency with the desired cultural web. This is not the case with CSC because there are multiple layers where even upper managers are evaluated and their performance is monitored. Therefore, everyone in the organization is entitled to accept and act according to the shared corporate goals, objectives and changes.

## **5.1 Future Prospects**

CSC's goal and corporate culture policy is to continue bringing innovative solutions to clients and prospects in the process of partnering to lead their digital transformations. Each individual and groups within the company are expected to work to continuously improve delivery performance, so that clients will want to expand their relationships with the company. These approaches are setting the grounds and frames of a unified and commonly shared corporate culture.

CSC's corporate culture transformation journey continues, with a constant focus on innovation, client satisfaction, and delivery excellence objectives remaining in clear focus. At the same time, CSC drives a strong culture of integrity with which the company is achieving objectives, and the conduct of affairs matters as much, if not more, than the

results themselves. Real and sustained success depends on CSC`s collective commitment to the highest ethical standards, backed by a reputation for honesty and integrity with clients and employees.

## **5.2 Research Findings**

The research done in this master`s thesis suggests that even though there is a global pattern of culture, there are still some local management practices that link to the corporate goals, but are enforced via characteristics that are approachable for each department. Therefore, even within one region, one office and one CSS center, there are multiple approaches by the local management. This does not mean that they don`t follow the corporate culture, but that they are enforcing it through different channels and approaches. It shows that the creation of global corporate culture requires breaking away from the headquarters-centric mindset, where focus is placed on drawing on cultural capabilities that exist across the global operations. Additionally, it has been shown that incorporating diverse cultural values is among the key factors for success.

As a result, global culture cannot originate from a single corporate center nor can it be spread by a single group such as the human resource departmental function. Therefore, CSC has identified and established multiple cultural hubs around the globe, by incorporating a diverse set of organizational entities. The employees and the local leadership are key driving forces while maintaining a strong global organizational culture.

The research has shown that by establishing cultural centers, CSC is able to connect cultural capabilities from different geographic locations and across functions, individuals and groups. The risk is that these cultural centers or hubs need to be recognized and unitized across the organization. The identification in CSC is done through local groups where they share common values, practices and explore potentials across organizational boundaries. These local groups are very dynamic and they might influence not only personnel changes, but also strongly affect the company`s strategic objectives and changes.

Two key things in terms of local culture are important in the case of CSC: On one hand, local cultural hubs are entitled to the values of a global organizational culture, but on the other hand, they have the desire to engage in a process of localizing and sharing those values with other parts of the company, mostly through social events and daily cooperation on a professional level with other regions. Only with such cultural work, CSC is able to identify core values that must be shared across global operations, and learn to elaborate their meanings in different cultural contexts. This is definitely not a weakness of CCS or a risk that the desired global culture might leave the core values. On the contrary, as long as cultural preferences and values are respected and they fit the organizational values, there must be a way to align these two sets of values and incorporate them in the everyday practices.

Finally, systematic approaches are very important within CSC, but there is one thing that has to be sorted before putting those approaches into practice. It is the dialogue among people in an organization and the mutual understanding. It has been shown that employees learn to work together in teams and they are able to understand each other's points of view. There always has to be a balance between their ideas and this is strongly respected by CSC's leadership, where the participants are engaged in a meaningful conversation, and at the same time search for deeper understanding and meaning.

### **5.3 Recommendations**

Some of the key improvement steps in enforcing corporate culture are related to the following proposals:

- Team building and open communication improve the work environment. Supervisors and managers demonstrate leadership skills every day, starting with guidance and sharing a vision for the upcoming projects/tasks. They also provide full expertise and support for the team and he/she should lead by example. This enforces teamwork and increases communication, because poor communication is the root of many work problems. When co-workers fail to communicate, organizational efficiency breaks down and time must be devoted to correct avoidable problems. Part of this is organizing team events, encouraging socialization outside of work, showing flexibility in working hours in return for extra hard work during busy times.
- A career path and a growth plan are needed in order to share key result areas: common vs shared goals for each employee.
- Appreciating employees - Supervisors and managers should first and foremost be self-motivated, and this will need to involve people from the team, to trust them and give them responsibilities. Afterwards, they should be able to discover potentials in individuals from the team. Even when there is a negative feedback, it should be addressed in a constructive way.
- Workshops between employees and supervisors - These kinds of workshops should bring a positive approach of having a great team in the organization. Teams love the idea of being empowered to help find a solution. Therefore, instead of complaining, workshops should channel their energy in a more productive way once they know that their suggestions would be heard. This will help the supervisors and the managers to split tasks according to similarity, deadlines and current capacity of people. It will lead to a more efficient environment and will raise the morale.

### **CONCLUSION**

The research has shown the major patterns and elements that determine the extent to which corporate culture affects the company's performance, especially when a company is facing a critical period of transformation via the opening of global shared service centres in

different regions across the globe. Key strong and weak spots of the existing corporate culture within CSC have been highlighted; and there have been some solutions to current issues, difficulties and confrontations in the process of establishing a healthy, ongoing and accepted corporate culture across regions.

The proposition of the master's thesis: "Corporate culture philosophy helps companies to establish standardized company values, performances and beliefs in regard of the operations of its shared services centres in three different regions: Asia, Europe and the United States", shows that this statement is partially true. This is mostly because despite the fact that CSC has established strong and clear corporate shared values, the emphasis is put on the local teams and leaderships. They are maintaining their own way of sharing the goals that are set up by the corporate headquarters.

It has been shown that there is no single organizational model that would be the best fit for all companies across the globe. This is not only because of the local cultures and personalities, but additionally because of the rapid growth in emerging markets as well as global communications. In many cases, the success in one organization depends on the business models and practices established across the offices on a global level.

Another factor that influences the fact that there is no model that fits all are the individual histories that are very different. The idea is that they operate relatively consistently across countries but many individuals find it hard to adjust their preferences to corporate needs, given the company's fairly standardized business models. Additionally, as global companies grow bigger and more diversified, the efforts to standardize common elements of essential functions can clash with local needs. This also might be a cost-related issue, as many global companies are entering developing markets, where standards and regulations are not yet set up properly. Thus, there might be additional costs in the process of complying with global standards and of coordinating managers across various geographies.

Finally, all elements, approaches and practices from the results analysis chapter can be used as an indicator that determines levels of enforcing and exercising corporate culture. Measuring the performance and extent to which corporate culture is enforced within organizations has been one of the biggest limitations within this research and across existing literature. The results of the analysis have not shown concrete tools for measuring corporate performance, but based on the elements analysed and practical examples listed, it is visible how corporate culture is framed and spread across teams. In CSC's case, this is done through local leadership and management. They are following a pattern given by the corporate, but at the same time, they are aware of the cultural preferences of the local groups.

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## **APPENDICES**

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## **Appendix A: List of Abbreviations**

CEO – Chief Executive Officer  
CSC – Computer Sciences Corporation  
CSS – Corporate Shared Services  
CR – Corporate Responsibility Program  
ECO - Ethics and Compliance Office  
ERGs - Employee Resource Groups  
HPE ES - Hewlett Packard Enterprise  
HR - Human Resources  
IT – Information Technology  
NASA - National Aeronautics and Space Administration  
NGO – Non-governmental organization  
US – United States

**Appendix B: CSC Executive Leadership Source: Management and Board of Directors, CSC 2016**

 <p><b>Mike Lawrie</b> Chairman, President &amp; Chief Executive Officer</p>	 <p><b>William L. Deckelman Jr.</b> Executive Vice President &amp; General Counsel</p>	 <p><b>Stephen Hilton</b> Executive Vice President &amp; General Manager, Global Infrastructure Services</p>
 <p><b>Dan Hushon</b> Chief Technology Officer, Vice President &amp; General Manager, Cybersecurity</p>	 <p><b>Paul N. Saleh</b> Executive Vice President &amp; Chief Financial Officer</p>	 <p><b>Jim Smith</b> Executive Vice President &amp; General Manager Global Business Services</p>
 <p><b>Gary Stockman</b> Chief Marketing &amp; Communications Officer</p>	 <p><b>Erich Windmuller II</b> Chief Information Officer</p>	 <p><b>David Zolet</b> Executive Vice President &amp; General Manager Americas Region</p>

## **Appendix C: List of Questions Addressed to Local Management of CSS Europe, Prague 2016**

1. How would you define the term “corporate culture”?
2. Are you familiar with CSC’s corporate culture? If yes, please describe its values, ideas and vision.
3. How often is this term mentioned in your regular meetings with the management?
4. Who is enforcing the values and framework for the desired corporate culture within the company?
5. Do you believe that corporate culture is equally spread across regions around the world?
6. How does such a strategy personally affect you?
7. Apart from global corporate culture, do you believe that local preferences are evenly represented in the corporate culture?
8. Would you like to change or to suggest something to the current corporate culture?
9. Is there any current mechanism so that you can measure corporate culture?
10. Lastly, do you believe that corporate culture is helping to maintain superior working results in such a dynamic environment, offer effective solutions to issues, and represent the company in the best way possible to its stakeholders and clients?

## Appendix D: Results

Questions have been given to regular employees in Prague Shared Service Centre and management levels.

11. How would you define the term “corporate culture”?

- a) Habits, traditions, common goals and shared values within one organization that adapt to local preferences
- b) As part of guidelines and rules given by corporate management
- c) I don't know

More than 70% of the management had chosen answer a, as they are fully dedicated to maintain and share common goals to the employees. However, only 50% from the employees believe that this is answer a, while the rest is aligned that answer b is the most suitable. Some of the new comers 5% had given answer c.

12. Are you familiar with CSC's corporate culture? If yes, please describe its values, ideas and vision.

- a) Yes. It has CLEAR values as described in its mission and vision statement.
- b) It's vision is to become global IT provider to many companies and businesses
- c) I am not familiar
- d) Both, A and B

More than 80% had answered with answer d, as CLEAR values of CSC are mentioned in each presentation, email, meeting and corporate gathering, while the vision is written on every corner of the office, website and on every corporate platform.

13. How often is this term mentioned in your regular meetings with the management?

- a) Several times a year
- b) Almost every meeting
- c) Never

Management had answered that they tend to mention it every meeting, but not too much as it might lose its sense after some time. They are more focused on auctioning and maintaining certain practices as part of the corporate culture, instead of emphasizing the message too often. While the other employees had agreed that this term is mentioned several times a year.

14. Who is enforcing the values and framework for the desired corporate culture within the company?

- a) Management
- b) Management and employees
- c) Corporate headquarters in USA

More than 80% of the employees and the management level believe that the correct answer is b, as in the CSS the most critical thing is the team work and mutual cooperation. The rest 20% are the ones who are convinced that these “rules” come from the corporate headquarters in USA and they are not important to the development of the company.

15. Do you believe that corporate culture is equally spread across regions around the world?

- a) Definitely yes
- b) Partially
- c) I don't know

This answer is divided into 50% answering b and the rest 50% answering c. This is because the CSS Prague is not familiar with the remaining habits of other CSS across the world. Even despite fact that governance calls are held each week, still not each CSS has the visibility about the way how other CSS across world function.

16. How does such a strategy personally affect you?

- a) It does not affect me
- b) It helps me grow, motivates me and make us work as a team
- c) I don't know

More than 60% believe that such strategy affects them in regard of maintaining their local preferences, as well as personal aspirations such as growth, motivation and team work. Therefore, most of the people had answered with b.

17. Apart from global corporate culture, do you believe that local preferences are evenly represented in the corporate culture?

- a) So far, yes
- b) Maybe, to some extent
- c) I don't know

Speaking of Prague as CSS, majority of the employees and the management believe that so far local preferences are aligned with the corporate culture, but to some extent. This is because many of the guidelines coming from the corporate management are locally adjusted according to the goals of the departments and roles of the people.

18. Would you like to change or to suggest something to the current corporate culture?

- a) I don't understand it well and I would not change anything
- b) It works very good and I like it
- c) Nothing

Even despite fact that employees claim that they know what corporate culture is, less than 50% had answered with answer b. Most of the employees had said that answer a is the most suitable as they do not feel eligible to suggest any changes, unless they are related to their roles and teams. On the other hand, more than 50% of the management had chosen answer a as they are every day dedicated to strengthen results and achieve goals.

19. Is there any current mechanism so that you can measure corporate culture?

- a) No
- b) I don't know
- c) Team work and company`s representation in front of stakeholders and other parties

More than 80% have answered that there is no such mechanism to get accurate results how the corporate culture can be measured.

20. Lastly, do you believe that corporate culture is helping to maintain superior working results in such a dynamic environment, offer effective solutions to issues, and represent the company in the best way possible to its stakeholders and clients?

- a) Sure, at any times
- b) If maintained well, yes.
- c) No

The answer to this question is b as majority of the employees and management of CSS Prague believes that as long as the corporate culture is maintained well, the results are superior.