Czech University of Life Sciences Prague

Faculty of Economics and Management

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Diploma Thesis

THE INFLUENCE OF VZP ČR'S CORPORATE CULTURE ON ITS WORKFORCE.

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Declaration I declare that I have worked on this diploma thesis titled "The influence ČR's corporate culture on its workforce" by myself with the usage of specialised Is and other sources stated in the bibliography, which is a part of this thesis. Prague, 7 March 2011 Veronika I		
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Bc. Veronika Jindrová

The influence of VZP	CR's corporate cul	lture on its
W	orkforce.	

Vliv firemní kultury VZP ČR na své zaměstnance.

Summary

The aim of this diploma thesis is to find out current corporate culture of the General Health Insurance company of the Czech Republic and to identify whether company's workers are influenced by the existing corporate culture. The determination of the company's corporate culture is based on various theoretical concepts, the most used concept is the Senge's learning organisation.

The various analyses were used for construction of practical part of this diploma thesis. PEST analysis was used to scan company's milieu and SWOT analysis to scan internal and external environment of the company's corporate culture. Necessary parts for completing diploma thesis were personal interviews, questionnaire, document analysis and observation.

The corporate culture of the VZP ČR positively influences its workers. The culture of the company is created by workers and reflects widely accepted norms, symbols, values and behaviour specific to the company. Numerous trainings and education programmes further develop the skills and knowledge of employees.

Key words

VZP ČR (General Health Insurance Company of the Czech Republic), corporate culture, symbols, values, motivation, motivation programmes (TMA, PUMA), trainings, learning organisation, communication

Souhrn

Cílem této diplomové práce je zjistit jaká je současná firemní kultura Všeobecné zdravotní pojišťovny České republiky a rozpoznat zda jsou zaměstnanci firmy ovlivněny stávající kulturou. Firemní kultura vychází z různých konceptů, nejpoužívanějším konceptem této práce je Sengeho učící se organizace.

K vypracování praktické části diplomové práce byly užity rozmanité typy analýz, PEST analýza ke zjištění prostředí podniku a na prověření vnitřního a vnějšího prostředí byla použita SWOT analýza. Nedílnou součástí diplomové práce byly osobní rozhovory se zaměstnanci VZP, distribuovaný dotazník, analýza reklamních dokumentů a pozorování vybraných aspektů.

Firemní kultura pojišťovny positivně ovlivňuje své zaměstnance. Firemní kultura je tvořena zaměstnanci a odráží všeobecně uznávaná pravidla, symboly, hodnoty a chování, které jsou pro pojišťovnu specifické. Četné školení a školící programy dále rozvíjejí znalosti a dovednosti zaměstnanců VZP.

Klíčová slova

VZP ČR (Všeobecná zdravotní pojišťovna České republiky), firemní kultura, symboly, hodnoty, motivace, motivační programy (TMA, PUMA), školení, učící se organizace, komunikace

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List of abbreviation

VZP ČR/VZP – General Health Insurance company of the Czech Republic

BAM – Business activity monitoring

PUMA - Potential, Utility, Motivation, Attractiveness

CAP – Central adaptation process

TMA – Talent management academy

OPZ – Personal affair division

OSK - clients' service department

OZP – Department of health care

EO – Economic department

PO – Law division

PDI – Power distance

VAI – Uncertainty avoidance

MAS – Masculinity

IND - Individualisms

1 Introduction

The General Health Insurance company of the Czech Republic (VZP ČR) is the biggest insurance company and possess the highest share of customers. The company was formed in 1992 and since than it belongs to primary pillars of health service system in the Czech Republic. The VZP ČR is a legal body, acting under its own name in law relationships and is responsible for them. A clearly defined structure of the company helps to define the tasks that employees do, the allocation of responsibility and authority, the roles that employees play and the relationships between them.

The external environment is seen as having significant impact on organisational behaviour. The company is strongly affected by political, economic, social and technological factors. The Czech Republic is indicating unstable and quickly changing political environment. The recent crisis of health care service caused by mass notices of hospital doctors brought new challenges and questions to the national health care system and also to the company.

The internal environment of the company can be defined as a corporate culture, that may be understand as a collection of traditions, values, policies, rituals, norms, beliefs and attitudes. The corporate culture is powerful and reflects the meanings and understandings that is typically attribute to situations, the solution applied to common problems, that helps its employees quickly react to job challenges and increases company's adaptability. The VZP's corporate culture is very dynamic, reflecting modern requirements, enabling its employees the possibility of further education and their skills development. The company supports the concept of learning organisation, where it learns from its own experience and is able to adapt quickly to the changing environment.

2 Objectives of the thesis and methodology

2.1 Aims

The aims of this diploma thesis are to find out current corporate culture of the General Health Insurance Company of the Czech Republic (VZP ČR), and to identify whether company's workers are influenced by the existing corporate culture.

2.2 Hypothesis

The corporate culture positively affects the behaviour and performance of the workers, as they are supposed to go through numerous trainings of further skills development. This hypothesis will be tested by the questionnaire distributed to the workers at the Czech-Moravian Highlands' regional branches.

2.3 Methodology

For the purpose of this diploma thesis several theoretical concepts of corporate culture were compared and used as a foundation for analysis of VZP's corporate culture. PEST analysis was used to find out about company's milieu and SWOT analysis to scan internal and external environment of company's corporate culture.

Methodological tools used for construction of this diploma thesis' practical part were personal interviews, questionnaire, document analysis and observation.

Questionnaires were distributed in Czech language to the employees of VZP in Vysočina region via e-mail connection. Questionnaire aimed at several topics: (1) corporate culture, (2) motivation according to Herzberg theory, (3) communication technology, (4) rituals and symbols, (5) corporate ethics and standards, (6) workers' commitment, (7) education and training. Respondents were separated into four groups according to sex and work position (women, men, managerial and ordinary workers) and cross-relationship analysis of groups' answers was conducted.

VZP workers in regional branch in Jihlava and territorial workstation in Havlíčkův Brod were interviewed according to semi structured questionnaire. Prepared questions were aiming at the company's corporate culture and awareness of those being asked about this topic, details about the company, programmes for employees' motivation and training,

and other. Several questions have arisen from the situation during the interview; answers to these are included in topics of: (1) educational plan for employees of VZP, (2) care about employees, (3) trade unions, (4) and valuation of employees which are definitely parts of the VZP's corporate culture.

The promotional documents available to all policyholders of the company were analysed. Important criteria for this analysis were graphical style, used pictures, appropriate application of words and language, and missing or present recommendation.

Corporate culture was researched also by covered observation without workers' knowingness. Basic criteria for this research were external and internal appearance of the VZP's buildings, notice boards and appearance of workers.

3 Literature overview

3.1 Introduction to the topic

There exist many definitions of the corporate culture. Corporate culture is usually defined as a collection of common attitudes, values, ideas, and norms shared in the company. This concept also covers regulation of attitudes, acting and behaviour of workers through usage of rituals and symbols. Based on this point of view individuals, groups and corporations develop own, original and non-confusing ideas, values systems and model of individuals' behaviour inside the company towards its external environment. Complex of norms, values ideas and thinking characterise behaviour of workers in all levels of organisation.

"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 you perceive, think, and feel in relation to those problems."

(Schein, 1997)

Schein believed that cultures begin with leaders who impose their own values and assumptions on a group. The culture of a group can be defined as the shared basic assumptions of what was learned by the group as it solved its problems of external adaptation and internal integration.

Te culture by Schein was defined as customs and rights; it contains norms, values, behaviour patterns, rituals, and traditions. Culture implies structural stability and integration. Different cultures make different assumptions about others based on own values.

The company's culture of each organisation reflects the national culture which is given by the national traditions, and they also reflect the regional culture. The culture of each organisation is given by its differentiated development.

Hofstede said that the national culture is a holder of basic social models of behaviour which affect certain form of the corporate culture.

Schein recognised three levels of the corporate culture; these were complex of basic ideas, social norms and standards, and symbols' system. Every worker has own individual

ideas about their existence in the company; these ideas are formed, specified and shaped to a certain standards of behaviour. The types of symbols used in company's culture are usually oriented to the behaviour of workers.

3.2 The definition of a national culture

3.2.1 Influences of national culture on the organisational behaviour

The environment in which most organisations exist is permanently more dynamic and turbulent. A quick change affects workers and organisational behaviour; influencing factors are internationalisation and globalisation.

Geert Hofstede stated four cultural aspects which affect culture; it is power distance, individualisms/collectivisms, escape from uncertainty, male/female factor.

- Power distance represents the social distance between the people of different social strata or status. In countries with high power distance is typical autocratic management and high dependency of subordinates.
- Individualisms is an extent in which is the individual dependent on a group (collectivisms) or is initiative during decision making, problem solving and engagement into productive activities. (USA individualistic, Asian countries collectivist)
- Escape from uncertainty expresses the attitude of people to obscurity in the society
 or in the country. In some cultures the people want to be more managed and are
 unsatisfied with any change particularly not explained one. The people who are not
 feeling well in uncertain situation, can be predisposed to the stress and anxiety and
 therefore work less effectively in the organisation.
- Male factor is the most complicated factor which expresses values of the "male jobs" such as: assertiveness, competitiveness and focus on the outcome. Values of the "female jobs" are usually seen as: being more willingness, sensitive and awareness of equal opportunities.

According to Hofstede, the culture means civilisation, improvement of thinking (education, art and literature) in the narrow sense. The culture as a software of thinking has much wider sense

Culture is a collective phenomenon people share; the people who live in the same social milieu are differentiated from the others. The culture remains in unwritten rules of the social interaction. The culture is learned, not inborn, it is based on our social milieu.

3.2.2 Symbols, heroes, rituals and values

Different cultures show themselves in a distinct way. Cultures may be defined by different symbols, rituals, values, and heroes. **Symbols** are words, gestures and objects and have specific meaning for those who participate in the particular culture. The symbols consist of particular worlds of language or jargon, dresses, hairstyles, flags and characteristics of social status. **Heroes** are individuals either alive or dead, either real or imagined having the characteristics highly valued in the certain culture. **Rituals** are collective activities which are socially essential but pragmatically useless for reaching the targets. The core of every culture are **values**, they are feelings of positivity or negativity. (Bad towards good, prohibited towards allowed, moral towards immoral, paradox towards logical, etc.)

3.2.3 The dimension of national cultures

Alex Inkeles and psychologist Daniel Levinson formulated general problems which impact the function of the society or groups inside the society and for individuals in these groups. Examples of some problems are: the relationship with authority; self-conception of individual in the society and also perceiving masculinity and femininity; coping with aggressively, conflicts and feelings.

"Dominant and homogenous culture appears as vital characteristic of excellent abilities. The more powerful the culture is the more market oriented is; less needed are written directives' collection, organisation schemes or rules in society. In these societies workers on lowest levels often know what they are expected to do."

(Peters and Waterman, 1982)

3.2.4 Differences between the organisational and national cultures

Organisational cultures are learned while entering the job, they remains mainly from practice and are more on the surface. Organisational culture can be recognised by symbols, heroes, rituals and values.

Performance of the organisation should be compared by its targets; top management should be focused on the strategy creation based on the organisation targets. The strategy, culture, structure and management are mutually affected.

A lot attention is devoted to symbols while changing the culture of the organisation. Symbols are easily recognised; it is brand-new name, logos, uniforms, motto and billboards; they belong to fashion sphere called "organisation identity", however, they count as the most superficial part of the culture.

National culture defined by Hofstede is affected by four dimensions stated below and summarised by Nový into the table.

VAI – effort to avoid risk and uncertainty (High effort to lower uncertainty x high toleration and riskiness)

PDI – power distance (low x high)

IDV – extent of individualisms, power of individual (individualisms x collectivisms)

MAS – prevalence of masculinity or femininity (masculinity x femininity)

Cultural dimensions	German countries	Skandinavian countries	Developed roman countries
VAI	XXXX	XX	XXXXX
PDI	X	X	XXXX
IDV	XXX	XXXX	XXX
MAS	XXXX	X	XXX

(X - low extent, XXXXX - high extent)

Table 3 - 1: Cultural dimensions

[14] NOVÝ I. *Podniková kultura a identita*. Praha: Vysoká škola ekonomická v Praze, 1993. ISBN 80-7079-159-4.

3.3 The definition of a corporate culture

Culture is a common phenomenon on the company level. Each group has its own norms, opinion and rules of behaviour which operate their activities. Educational systems, media, history and political events form national culture which also shapes the corporate culture.

Organisational culture is a highly discussed topic in the latest years. Each culture consists of shared values, such as beliefs and norms which affect workers in the

organisations. Charles Handy, in the book "Gods of Management" tried to classify four different management cultures which can be defined within all organisations. Formation of culture depends on number of aspects including company history, ownership, organisation structure, critical business incidents, technology and environment. Management cultures are symbolised by ancient Greek gods, these are Zeus, Apollo, Athena and Dionysus. Cultures should change over time; tasks change as the organisation grows or as people change; many problems in organisations come from the attempt to go on doing tasks as they used to be done.

The first culture discussed by Handy is the club or **Zeus** culture represented as a spider web. Web consists of lines radiating outward from centre which represent divisions of work based on functions or products, and lines encircling which represent power and influence. Zeus culture is excellent for speed of decision and represented by patriarchal tradition; most frequently is used by small entrepreneurial organisations (political groupings, investment banks, broking firms). Zeus culture is effective when speed is more important than the correct details. This culture is cheap to run while trust is cheaper than control procedures, and empathy costs nothing. This culture has more empathy in individuals than committees and can either change very rapidly and adapt or "fail to see the need for change" and die.

The second culture Handy discussed is the role or **Apollo** culture typified as Greek temple, stereotyped as portraying bureaucracy in its purest form. The pillars of the temple represent the functions and divisions of the organisation. The pillars are joined at the top by pediment, the heads of the functions and divisions join together to create a board, management committee, or director's office. Apollo culture is composed of order and rules; it also looks to the past in order to predict the future based on hypothesis that tomorrow will be like yesterday. According to Handy Apollo culture functions well in a steady-state environment; examples of such culture are life insurance companies, civil service, state industries, and local government; this type of culture finds it extremely difficult to change rapidly.

The third type of organization is the task or **Athena** culture visualized as lattice. The management is concerned with continuous and successful solution of problems; company should first locate or find the problem after that company gives appropriate resources to solve the problem and waits for the results. Power is derived from the

expertise required to complete a task or project and lies at the interstices of the net. Athena culture can anticipate and adapt to change quickly; this culture is based on expertise and up-to-date information which makes organisations' expensive; life of this culture is short.

Last type of culture discussed by Handy was existential or **Dionysius** culture visualized as a cluster of individual stars loosely gathered together in a circle. The organisations exist for independent individuals to achieve their goals; employees work as professionals who lent their services to the organisation; the Dionysius culture rejects formal hierarchies, examples of such culture are universities and professional service companies. A manager is considered the lowest status in such organisations; this culture is becoming more prevalent in the society.

Handy's model helps consultants and managers to recognise different cultures within the client organisation and eliminate slack or inefficiency.

Nový defined corporate culture as a unity of common values of ideas, norms, and behaviour; these are registered as a form of social contact between workers and also as habits, customs and rules. The organisation should be considered as a cluster of method of the management and assertion of the organisation into the market economy. Efforts of organisations towards their maximum efficiency lead to the bureaucratic form of management in the organisations. Bureaucratic mechanisms is a perfectly working machine which can be defined as accurate, fast, continuous, strict subordination and austerity; bureaucratic management is more accurate and cheap.

Company develops its own, original and unmistakable ideas, value systems and behaviour of employees towards external environment to cope with problems, adapt to changing environment and manage inner integration.

System of symbols	Intentional, possibility to influence
Forms of social interaction, way of	Visible, but meaning of symbols must be
speaking, rituals, logos, clothing	explained and interpreted
Social norms and standards of	Partially intentional and to a certain extent
behaviour	can be influenced
Principles, rules, standards, company's	Just partially visible for external observer
ideology, line of behaviour	
Basic ideas, possible action	Unintentional, spontaneous
Relationship to outer world, imagination	For external observer invisible
of people' nature and why they behave as	
they do, who and what is carrier of the	
truth	

<u>Table 3 – 2:</u> Symbols, norms, ideas

[14] NOVÝ I. *Podniková kultura a identita*. Praha: Vysoká škola ekonomická v Praze, 1993. ISBN 80-7079-159-4.

A conception of the corporate culture in total assumes that it affects internal organisation, management and behaviour of co-workers.

3.3.1 Tools of corporate culture

The corporate culture can not be either prescribed or directed, or precisely measured. It is abstract idea which covers same behaviour of people in one company that can be observed for a long-time. The culture can be affected either directly or indirectly through different tools.

The corporate culture is fashionable and contains unique combination of used management tools for different companies. Management tools are hard (rational management and intuitive tools) and soft (are difficult to measure and notice; examples are business climate, enthusiasms, and high identification). The corporate culture can be indicated as character and personality of the company.

Crucial tools of the corporate culture are symbols; examples of symbols can be myths, stories, rituals, logos, schemes, honour, ceremonies, material rewards, and architecture

3.3.2 Corporate identity

The corporate identity is a strategic concept of inner structure, function and outer presentation of specific organisation in the market environment. It reflects specificity, originality and non-interchangeability with other organisations oriented similarly. Corporate culture is the ground of the corporate identity; elements of corporate identity are corporate communication, corporate design, and corporate behaviour. It is very important to use all available communication tools to maintain a good corporate communication towards own employees and outer environment. Crucial is the communication with customers, information about products, company's activities, economic results and current position of the company. Corporate design interprets outer, visually perceivable company's artefacts; these are important while building the strong corporate identity. Typical style of the company is given by stable rules, norms and models of behaviour which should correspond with the form and content of the corporate behaviour.

3.3.3 Corporate ethics

Corporate ethics covers all material and proceeding norms based on a dialog between people who are connected with the company. It covers facts such as the truth, objectivity, equality, freedom of individuals, justice and is classified to independent tools of human behaviour coordination in the economic sphere.

The firm's culture is inner atmosphere typical for the firm. The factors of culture are accepted values, ideas about own job, attitudes towards co-workers and innovations; all factors are grounded in the human thinking and behaviour and are therefore called soft components. The corporate culture is recognisable; however, it can not be measured.

The company's characteristic is its memory, what is talked about in company, what is still remembered, what is known even it is not talked about.

Functions of the company can be divided into internal and external. External function is focused on adaptation of the company into the changing marketplace and image of the company. Internal function of the company is based on assertiveness of the company's strategy and integration inside the organisation.

3.3.4 Determinants of the corporate culture

Corporate culture helps the company to fulfil its functions by efficiency, rentability, profitability, economy, etc. The culture consists of determinants which can be divided to

internal and external. External determinants are ecology, legislation, political preferences, social system, economic system, market position, speed of market feedback, and level of science. Internal determinants cover the size of the firm, firm wealth, legal form of the firm, firm strategy, firm history, management power, and employees. Other types of division may be to susceptible (level of employees education, legal form of the firm) and unsusceptible (national mentality, age of the firm).

Factors of the management such as management systems, company's strategy and conception, organisational structures and processes, way of centralisation and decentralisation, informal structures and processes, and informal network of company's contact and communication embedded characteristic into every corporation.

A strong corporate culture is determined by the clarity and explicitness, popularity, and is confirmed in company's patterns and norms of behaviour.

3.3.5 The dimensions of corporate culture

The external environment develops a model of how assumptions begin and continue; essential elements of the external environment are mission and strategy, goals, measurement, reaching goals and consensus, and correction. The culture is multidimensional and multifaceted; it reflects the group's effort to cope and learn.

The internal integration and its management comprise of the common language, distribution of power and status, rewards and punishments, and developing of intimacy, friendship and love norms. Every group must learn to be a group; groups must reach a consensus.

Reality, truth, time, space, human nature, activity, and relationships all these develop shared assumptions about more abstract general and deeper issues. The culture covers all aspects of life. Leaders create the corporate organisational cultures by their beliefs, values, and assumptions; learning experiences of the group members also help to create the culture. Leaders deliver ideas to groups by the socialisation, charisma, acting, doing, and exuding confidence.

Through organisational development the culture grows and changes; for building an effective organisation the common goals, language, and procedures for problem-solving should evolve.

3.3.6 Factors of corporate culture implementation

Šigut (2004) wrote that implementation of the corporate culture is affected by factors such as knowledgeability, company's documentation, managers' own examples, personal management system, and education system of the company.

Knowledgeability; workers should be familiar with the company's vision, targets and strategic business plans, outcomes of management, and sponsoring; the knowledge is transformed through meetings, company's magazine, intranet, internet, extranet, booklets and conferences.

Managers' own examples maintain the specific rules and standards of behaviour and acting.

Company's documents form the specific written norms of the company's existence; the examples are strategic programmes, social and financial plan, work and organisation rules, etc.

Personal management system shows the characteristic of prevailing management style in the company, personal development of workers and transmission of values inside the company and towards its external environment.

Company's educational system; the aim is to ensure the harmony between professional-qualification structure of workers and needs of the company. The educational system should be purposive, planned and coordinated by the company; goals of the educational system are gaining new skills, maintaining and widening of old skills.

Importance of the corporate culture is increasing in current world economy. Increasing globalisation minimises the differences between the national cultures; based on this point of view examination of cultural differences is anachronisms. Existence of certain differences between the cultures is a reality.

Thinking and behaving of workers is influenced by the corporate culture, but also by the national culture and social environment. The differences in national values are well explained by Hofstede.

3.4 Learning organisation

In latest years the most important development was considered in a concept of the "learning organisation", which aims at development of individuals; the organisation finds knowledge of practical experiences and easily adapts to the changing environment.

The personality of every individual affects the attitude and motivation, which is based on motivation stimuli; it may also affect the style of leadership and behaviour towards the organisation.

Learning is very important for both the company and for the individuals. Building flat hierarchies leads to the strengthening of authority; decision-making is processed on the low levels of hierarchy; increased usage of team work, individuals should be taught in context of the group. The beginning of twenty-first century brought increased difficulty of tasks, which lead to necessity of individuals to adapt and develop (new technologies).

The "learning organisation" is considered as the organisation, which is learning from its own experience and is able to adapt to the quickly changing environment.

3.4.1 Transformation of vision in corporate mission

The vision must be oriented to the future and cover long-term organisational plan for the management and the workers. The mission must set milestones on the way leading to the realisation of vision. The mission must be concentrated on the organisation from inside (best workers, skills and qualification of the workers) and outside (customers, competitors). The mission must express the feeling of urgency which corresponds with real threat of competition and opportunity appearing on the market. Mission must lead to the concrete outcomes which were identified by the workers and they should make sure these outcomes were achieved. To make the mission viable, the whole organisation should be identified with it otherwise it will not be supported by the workers.

The motivation of workers is number two in its importance following management of workers, and is one of the most difficult tasks of managers. Poor management is the most common complaint of unsatisfied workers. To increase the motivation of workers it is vital to create the opportunities for personal and group goals formation, responsibility, expression of recognition and reward.

3.4.2 Open exchange of information and communication

Information is vital for the organisation. Information from the outside world helps the organisation to create an idea about the needs of customers and about the efficiency and intention of competition. Inside information indicates the inefficient areas or newly created opportunities.

Senge asserts that the only competition advantage that company can gain comes from the ability to learn faster than the competing organisation. Companies should change the way of thinking; they should left out stereotypes and adapt quickly to the changing environment to affect positively their future development. Expression of the learning organisation is Senge's five disciplines; these cover mental models, personal mastery, commonly shared vision, team learning, and system thinking which integrates all four mentioned before.

The core of learning organization is based upon five "learning disciplines":

- <u>Personal Mastery</u> learning to develop our personal capacity, and creating an organizational environment which encourages all its members to develop themselves towards the goals and purposes they choose.
- Mental Models continually clarifying, and improving our internal pictures of the
 world, and seeing how they shape our actions and decisions. Mental models are
 images, stories, and assumptions that are carried in minds of people or institutions.
- <u>Shared Vision</u> building a loyalty in a group, developing shared images of the future we seek to create.
- <u>Team Learning</u> transforming conversational and collective thinking skills, so that groups of people can reliably develop intelligence and ability greater than the sum of individual members' talents.
- <u>Systems Thinking</u> a way of thinking about, and a language for describing and understanding, the forces and interrelationships that shape the behaviour of systems. System thinking helps to see how to change the systems more effectively.

Learning in the organizations means the continuous testing of experience, and the transformation of that experience into the knowledge which should be accessible to the whole organization, and relevant to its core purpose.

The learning organisation should be built from three crucial elements; these are guiding ideas, innovations in infrastructure, and theory, methods, and tools (mental models). Guiding ideas start with vision, values and purpose of the organisation. Theory, methods, and tools help to improve the capabilities which characterise the learning organisations, such as aspiration, reflection, and conversation. Innovations in infrastructure mean improvements of the resources availability to support workers; these improvements cover time, management support, money, information, etc.

Shared vision spreads through the personal contact; the organisation depends on its informal networks and communication channels where people talk easily and freely, informal network can be strengthen by electronic mail and conferencing. Each stage of shared vision should help to build both the listening capacity of the top leaders and the leadership capacities of the rest of the organisation, so that they can move together to the next stage. There are five stages of shared vision according to Senge (2006), telling, selling, testing, consulting, and co-creating. Telling is when boss knows what the vision should look like and the organisation will follow it. People should be informed directly, clearly and consistently; truth about current reality. Selling is when boss knows what the vision should be, but needs the organisation to "buy in" before proceeding. It keeps channels open for the responses; support the enrolment, not manipulation; focus on the benefits, not features. Testing, when boss has an idea about what the vision should be and wants to know the organisation's reactions before proceeding. The testing provides as much information as possible, it tries to improve the quality of responses; it protects people's privacy; it combines the survey questionnaires with the face-to-face interviews, these are the test for motivation, utility and capability. Consulting is situation when the boss is putting together a vision, and wants creative input from the organisation before proceeding. Consulting uses the cascade process to gather information and disseminating results. Co-creating is when boss and members of the organisation build shared vision together through a collaborative process. Co-creating starts with personal vision and treats everyone as equal; it seeks alignment and not agreement; it focuses on the dialogue and not just the vision statement.

Next step from the shared vision effort is the team learning; collective ambition gives the team members serious reason to learn together. System thinking is an essential tool for making shared vision a reality. Members of the organisation need strategies for pursuing the vision. The team learning is intellectually, emotionally, socially, and spiritually a challenging discipline.

3.4.3 Corporate culture of learning organisation

Šigut compared five Senge's characteristic of learning organisation with eleven EU characteristics.

Senge	EU
System thinking	Learning approach to strategy
	Participative formation of politics
Personal mastery	Apprise
	Formative accounting and control
Mental models	Internal exchange
	Flexible rewards
	"allowable" structures
Shared vision	Employees as "scanners" of milieu
	Education among companies
Team learning	Atmosphere that support learning
	Possibility of personal development for all

<u>Table 3 – 3:</u> Comparison of Senge's and EU characteristics of learning organisation Source: [20] ŠIGUT Z. *Firemní kultura a lidské zdroje*. ASPI, 2004. ISBN: 80-7357-046-7. Table 5, page 58

Senge's five disciplines were already discussed; let discuss eleven EU characteristics of learning organisation now.

- 1. Learning approach to strategy shaping of politics and strategy which is intentionally structured as learning process.
- 2. Participative formation of politics
- 3. Apprise employing of information technology, information is available to employees.
- 4. Formative accounting and control specific feature of information focused on the finance flow.
- 5. Internal exchange
- 6. Flexible rewards variation of the material and immaterial rewards.

- 7. Allowable structures allow higher flexibility, structures change as a result of systematic experimentation, it improves effectiveness and efficiency.
- 8. Employees as "scanners" of milieu workers scan the market situation, monitor the customers and the competition.
- 9. Education among companies shared ideas within the companies.
- 10. Atmosphere that support learning
- 11. Possibility of personal development for all

Senge's approach is more general, the methodological basis for learning organisation. Learning organisation is a part of the company's strategic management; it is certain type of corporate culture.

3.4.4 Workers development

The development of workers represents one of the most important parts of learning organisation. Strengthening of the corporate culture is based on criterions for employment of new workers, for promotion of workers, for reward distribution; the culture also affects behaviour of managers in critical situations and casual situations; main aspect which affect the company's culture is deepening of communication, formal and informal exchange of information.

3.5 Group and organisation structure

3.5.1 The structure of groups

According to Charles Handy a group is defined as any groupings of people who perceive themselves as the group. Schein specified the group in psychological terms, according to him the group is a number of people who affect themselves mutually, perceive oneself as the group.

Formal groups are purposely formed to fulfil collective function of the company and reach specific aims of certain department. The main aim of the company is coordination of work activities and departments are task oriented. Objectives are determined by the management same as the rules, relationships and behavioural norms. Formal groups are vital part of the corporate structure.

Informal groups create a collection of individuals which mutually influence own behaviour and benefits their common fulfilment of own needs.

Hawthorn's studies showed that in the groups within the organisation can also the informal unwritten rules of behaviour and norms evolve.

NO ONE IS PERFECT, BUT TEAM CAN BE.

3.5.2 Organisation structure

Centralisation; authorities are connected by the top management. The advantage is that the decisions will be consistent and manager's work on the low-levels is simplified. The disadvantage of centralisation is that the company can become a typical example of helpless bureaucracy which slows down the decision-making process and employees think their level of responsibility has decreased below the needed level.

Differentiation in the organisation structure means the concentration of diverse levels of authority. Horizontal differentiation splits the organisation into specialized part. In vertical differentiation the organisation is focusing on the production of one production area. The company with vertical differentiation is often defined as an organisation with fewer workers than horizontal one.

Integration means coordination of different levels of hierarchies (vertical and horizontal integration).

Specialisation is an extent in which roles of different specialist in the organisation are incorporated.

Formalisation is an effort of the organisation to create and apply written rules and work procedure.

Extent of management is focused on an amount of workers who directly purvey messages to the manager. According to practical reasons is should not be more than 100 workers; with the increased amount of workers to be managed, it is becoming more difficult to coordinate; a good sample of a group is usually around ten to twelve people.

Bureaucracy's key part is rationalisation which involves several organisational aspects such as: hierarchical structures, clearly defined procedures, rules and responsibility of workers, the power of managers to decide based on the position in the organisation, motivation of workers to reach the target.

Human factor is widely neglected in many organisations. The function excellence depends on willingness and motivation of workers. Workers are valued by their ability to manage, their motivation, organisational structures and systems (receiving enough information), and by creative attitude of management (critical valuation of outcomes).

While impacting the organisational culture it takes minimally five years before considerable outcomes are seen. Organisational culture is a product of ability to lead and motivate people, organisational structures, systems and creative attitudes of management. Organisational culture is a long-term process and some managers are discouraged to monitor short-term goals of the corporate culture.

3.5.3 Models of organisation

To have the company well organise, the manager should answer two questions: (1) Who is responsible for what? And (2) Which rules and methods should be used to reach the targets? Answer to the first question may be conditioned by the cultural norms - power distance; answer to the second question cultural norms – uncertainty avoidance. Remaining two dimensions are individualisms and masculinity; they affect predominantly thinking about people in the organisations rather than about organisations themselves. (Czech republic – VAI 75, PDI 55-60. Source: [13])

Owen James Stevens noticed the difference between the cultures. The Aston's study between the years 1961 and 1973 represented quantitative evaluation of key factors of different organisation structures. Organisation structures are differentiated by the two dimensions, the concentration of authority and orderliness of activities.

Max Weber and his theory of bureaucracy, in his concept the truth authority lie in the rules. The power of superiors is strictly defined. The model of organisation can be compare to the perfectly working machine which works based on the rules.

Frederic Winslow Taylor focused his study on the efficiency. His theory was never put into the practice, but we can find there some factors of current "matrix organisation" where employee has two or three superiors from them one is usually focused on the productivity and second on the technology.

Henry Mintzberg summarized the concept of organisational structures, according to his conception the organisation consist of five different parts: Operating core (workers), Strategic top (top management), Middle line (hierarchy between the two mentioned previously), Technostructure (employees purvey thoughts), and Supportive workers (employees purvey services). Most organisations show one of the five typical configurations: (1) Simple structure – the most important part of organisation is its strategic top and mid-point of coordination is direct supervision. (2) Mechanical bureaucracy – the main part is technostrucutre and coordinated mechanisms of standardise

work process. (3) Professional bureaucracy – its main part is operating core and coordination is maintained by the standardisation. (4) Divisional type – main component is the middle line coordinated and maintained by output standardisation. (5) Adhocracy – the core component contains supportive workers and coordination is reached by help of mutual adjustment.

"Organisations formulate its behaviour to limit behavioural variability and based on that they can foresee and control it...to coordinate activities...to maintain machine homogeneity which leads to effective production...to maintain politeness towards customers.."

(Hofstede G., Hofstede G. J., 2005)

3.6 Motivation theories

3.6.1 Theory and practice of motivation

Motivation is a state of individual's mind which explains his/her behaviour. An important role within the motivation plays culture as a collective programming of thinking.

The founder of motivation theory was Sigmund Freud, however, he was not cited in the connection to management. Classic motivation theorists are Americans, such as Maslow – hierarch of human needs, McClelland theory of executive motivation, theory of work motivation is contribution of Frederic Herzberg (motivators are work of its own, performance, understanding, responsibility and promotion). Another classical theory of motivation is theory X and Y of Douglase McGregor's. The theory X stresses that people have inborn aversion to work and when they can they avoid it. These people have to be pressure to work by punishment and supervision to maintain the targets. The theory Y says that people are looking for responsibility and focusing on reaching the organisational targets.

3.6.2 Job motivation

Based on the Locke's (1968) theory of cognitive motivation are motivation and performance high, if the individuals have specific aims, which are accepted and performance is subjected to feedback. He identified four possibilities how the aims affect

the behaviour: regulation of attention, mobilisation of effort, encouraged persistence and support of the strategic development.

Bureaucracy inside the organisation makes it often difficult to determine the aims and therefore trifle away potential motivation effects of processes, such as management by objectives. With an increased emphasis on the team work may individual aims and rewards disrupt or work contra productively in the organisation.

3.6.3 Porter and Lawler's model of expectation

Important is a character of relationship between workers' satisfaction and their performance. The performance leads to the two types of rewards, first inner (sense of aiming the outcome or awareness of higher responsibility), second external (income, work condition).

3.6.4 Other motivation theories

In the <u>Maslow</u>'s hierarchy of needs is implicit tendency; that individuals will strive to achieve higher needs, if their lower needs were fulfilled. If the low-levels' needs are satisfied, it will no longer serve as a motivator.



Figure 3 - 1: Maslow's hierarchy of needs

Source: Brooks, 2003.

Alderfer (1972) has adjusted Maslow's model to the work conditions, he stated three categories of needs: the existence, the relatedness and the growth. The needs may be activated simultaneously in comparison to the rigid Maslow's hierarchy model, individuals

can be motivated simultaneously by all motivators (money, friendship, learning of new skills).



Figure 3 - 2: Alderfer's hierarchy of needs

Source: Brooks, 2003.

<u>Lawler and Suttle</u> (1972), based on their research they deduced that it is possible to reduce the hierarchy to two levels, physiological needs and higher needs.



Figure 3 - 3: Lawler and Suttle's hierarchy of needs

Source of three hierarchies: [2] BROOKS I. *Firemní kultura. Jedinci, skupiny, organizace a jejich chování*. Brno: Computer Press, 2003. ISBN 80-7226-763-9.

Herzberg's (1968) "motivation-hygiene" theory, based on inner and outer motivation factors affects the understanding of what people motivates. Hygiene factors are recognition, responsibility, interesting work, achievement and advancement. Between the motivation factors belong money, colleagues, working conditions, supervision and company policy.

3.6.5 Motivation and job structure

The job structures should be built and created in the way they enrich the individuals by increased responsibility, reached personal progress, and work targets.

Increase of individual responsibility	Sense of responsibility and personal challenge, space for personal and professional grow.
Control removement	Increased freedom of acting, room for personal development and recognition expressing reliance.
Special tasks assignment	Delegation of reliability and interesting job, possible personal grow and reaching of targets.
Implementation of new tasks	Increase of work attractiveness by variability, challenge and higher responsibility implementation.
Creation of natural work units	Formation of groups, members are pleased to cooperate with colleagues, they are more compatible.
Authority strengthening	It is form of appreciation, decreases possible non-satisfaction of individuals.
Provide a direct feedback	Potential for appreciation and room leading to the further professional growth.

<u>Table 3 – 4:</u> Motivation and job structure

Table source: [2] BROOKS I. *Firemní kultura. Jedinci, skupiny, organizace a jejich chování.* Brno: Computer Press, 2003. ISBN 80-7226-763-9.

It looks there is no universal motivation theory to be used. The motivation is difficult, dynamic and culturally affected concept.

3.7 Corporate culture and management processes

Management processes are composed of coordination, integration and motivation.

Coordination leads to the harmonisation of individual parts of the organisation; the aim is to reach superior targets, the need to utilize common and limited resources the best. Coordination uses the instruments such as plans, directions, programmes, etc. It purveys motivation basis for behaviour of co-workers in the organisation.

Integration is the specific form of elements connected together into the unit of one system. The necessity of integration comes out from differentiation of the system.

Motivation stimulates the co-workers by initiation, strengthen performance and job helpfulness. Alderfer introduced model ERG for motivation, this acronym stands for Existence (physiological being, certainty, and security), Relatedness (social relationships) and Growth (development of individuals, self-actualisation). Based on the ERG structure the strong corporate culture can affects all three levels and initiates the individual motivation factors as well. Herzberg theory based on motivators such as job success, responsibility, possibility of job career and self-development; and hygienic factors such as management style, work condition, interpersonal relationships, material reward and certainty of work position also link to the field of the corporate culture.

Communication inside the company is vital connection between the employees and managers, and it is an important part of motivation. The communication should be two-sided and often provides feedback from managers to employees.

3.7.1 Attitudes

Attitude is a predisposition to act by certain manner; it has its origin, stimulant, and effort.

The origin of attitudes is grounded in the dominant individuals characteristic, their temperament, interest, custom; self-realisation, personal growth, recognition, promotion, fame; honesty and loyalty; corresponding education and practice.

Stimulant react to action (own initiative) and reaction (answer to external activity).

Effort covers combination of the work qualification and honesty to the company's interests (high and low), by combination of those four types of effort arise – the owl (high qualification, high honesty), the fox (high qualification, low honesty), the sheep (low qualification, high honesty), and the donkey (low qualification, low honesty). The owl type

is reliable, wise, trustworthy, independent, highly critical and demanded. The fox type is professional, self-seeking, and unreliable, own profit is the main criterion. The sheep type is characterised as the loyalty to authority, reliability, and trust. The donkey type is characterised by low reliability, unpredictability, and is often stubborn.

3.7.2 Instruments of change

The direct instruments of change are easy to be seen; examples of these instruments are education and training, change in the organisational structure, change in the used technology, change in the personnel, change in the management processes, planning, control, development of qualification, cultural change, etc.

The indirect instruments appear vicariously in the period of time. The indirect instruments cover management of co-workers, counselling, personal example, presentation and support of other attitudes and norms of behaviour, different kind of communication, openness, and usage of inter-company media to support the new culture such as the newspapers, bulletins, boards, videos, etc.

3.7.3 Education and training of managers

Managers are those who can affect others by their opinions and attitudes. The managers should be able to create and develop ideals and values; spread ideas; comprehend and influence attitudes, interests and approaches; clarify meaning of things; and ability to learn and study.

3.7.4 Development of culture by concerning the skilful people

Skilful people have abilities which have the potential to change culture to the right orientation. The teamwork is a work of group on the tasks for the practical use; the team as a whole should be able to work on the tasks from the different stand points, the team should produce ideas, work patiently on details, and overcome conflicts. The teams should be crated by people full of ideas, talents and corresponding abilities. The team roles based on work style preference are divided to nine team roles (Brooks, 2003); these are specialist, monitor evaluator, plant, team worker, completer finisher, shaper, co-ordinator, implementer and resource investigator.

3.7.5 Valuation of performance and Management by Objectives

Every organisation in all different cultures depends on job performance of the workers. Monitoring of subordinates' performance is in all programmes of management development from the lowest level up to the top level. There often exists formal programme of performance evaluation in the organisations which requires repeating of written and/or oral valuation of superiors.

The management guru, Peter Drucker, developed performance evaluation to the method called Management by Objectives; it is based on the philosophy of feedback. MBO reflects American values based on low VAI and not high PDI.

The parallel trend was the "organisational development" during which managers and other members of the organisation are simultaneously trying to learn and handle actual problems.

3.8 Strong culture

The company will have a strong corporate culture, if it fulfils the criterions such as: Pregnancy, Popularity, and Confirmation. Pregnancy of the company means that each parts of the corporate culture must be clearly and understandably delegate which type of behaviour is required (collections of values, standards and symbols). The popularity states that the company's culture should be extensively well known in the social system. The confirmation expresses the extent of identification and internalisation of individual company's values, models and criterions of behaviour. When corporate culture is an inseparable part of everyday's behaviour of all or at least most of the co-workers then we can talk about the strong corporate culture.

Strong corporate culture	
Pros	Cons
Clear and transparent view of company	Tendency to secretiveness of company's
	system
Non-conflicting communication	Insist on tradition, lack of flexibility
Finding quick solution and decision	Blocking of new strategies
Quick implementation of innovation	Collective attempt to avoid criticism
Lower amount of formal principles and	Enforce conformity
lower requirements to control	
High certainty and confidence of co-	Difficult adaptation of new workers
workers	
High motivation	
Low fluctuation	
Considerable identification with	
company and loyalty	

<u>Table 3 – 5:</u> Identification of strong corporate culture

Table source: [14] NOVÝ I. *Podniková kultura a identita*. Praha: Vysoká škola ekonomická v Praze, 1993. ISBN 80-7079-159-4.

3.8.1 Corporate culture and its change

The culture is highly "human" and common phenomenon which exists in the rich international, national and organisational contexts. Schein claimed that it is vital to know how the existed culture is understood, before it can be changed. According to his studies, the culture was understood as an adapted study process. Cultural changes should be directed by one or two senior head officers, who work in the human resource management department.

Brooks and Bate said that it is vital to know own culture, than we can change it.

Meek formulated the culture as a complex which can not be manipulated; the culture should be understood as an organisation, not as something what organisation has.

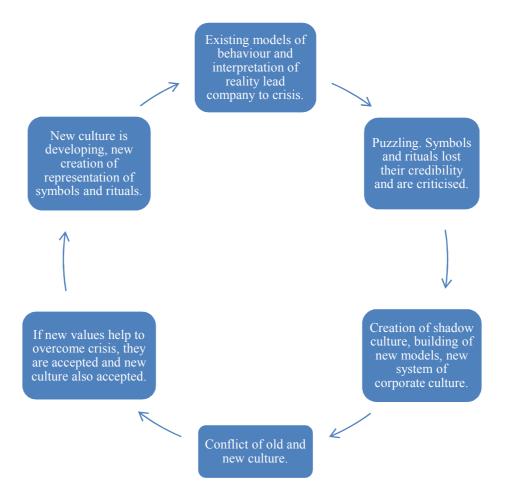


Figure 3 - 4: The cycle of corporate culture

Source: [14] NOVÝ I. *Podniková kultura a identita*. Praha: Vysoká škola ekonomická v Praze, 1993. ISBN 80-7079-159-4.

A change of the corporate culture can happen in two approaches "bottom up" and "top down" (Pfeifer, Umlaufová 1993). By usage of the top down approach workers think they are manipulated, there exists suppression of individuals' initiative. The problem connected to this approach is to get to the lowest level of organisational hierarchy. Usage of bottom up approach places the workers into new roles and circumstances; the corporate culture is formulated by the initiative ad hoc. This approach deepens the distance between the organisational management and the core of the organisation.

4 Characteristics of the company and its corporate culture

4.1 Introduction of the company

The General health insurance company of the Czech Republic further just VZP CR/VZP was established by the act no. 551/1991 coll. with the effect from 1. 1. 1992. The VZP CR works under the acts no. 48/1997 coll. about the public health insurance and no. 592/1992 coll. about the general health insurance collection. The VZP CR is a legal body, acting under own name in the law relationships and is responsible for them. With 6.5 million clients the VZP CR is the biggest health insurance company in the Czech Republic and has the highest amount of contractual health institutions. Since 1992, when the company was formed, it belongs to the primary pillars of health service system in the Czech Republic.

4.1.1 Organisational structure

The hierarchy of the VZP CR consists of Head office, regional branches, territorial workstations and offices. Current director of the VZP CR is a MUDr. Pavel Horák, CSc., MBA since 2006. Authorities of the VZP CR are <u>administrative board</u> which consists of 10 members appointed by the government and 20 members appointed by the Parliament chamber, and <u>supervisory board</u> comprised of 3 members appointed by the government on the finance minister proposal and 10 members elected by the Parliament chamber.

- 1. Headquarter of the VZP CR strategy, unification element, methodical leading of other VZP's components, centralised management.
- 2. Regional branches 14, decentralised management.
- 3. Territory workstations 71, decentralised management.
- 4. Offices 141 customers' workstations with full operation and 44 customers' workstations with partial operation.

The structure of regional branch is composed of: the director of regional branch; secretariat; 3 departments – clients' service department (OSK), department of health care (OZP), economic department (EO); 3 divisions – division of information and

communication technologies, personnel affair division (OPZ), law division (PO); and one inner control office.

Every part of the company is obliged to follow obligations and inner rules in everyday's activities. Inner rules are the obligatory behavioural norms for workers of the VZP.

4.2 External analysis of the company's milieu

PEST analysis scans the external macro-environment in which the firm operates and is expressed by the political, economic, social and technological factors. These external factors are beyond the company's control and are sometimes presented as threats. The acronym stands for **Political** (Political factor covers issues such as the tax policies, regulations environmental and protection, employment laws, government organisation/attitude, consumer protection, political stability and others.), **Economical** (Economic factor targets the issues of taxation, inflation rates, stage of the business cycle, consumer confidence, unemployment policy, government spending, economic growth and so on.), Social (This external factor covers the problems of income distribution, demographics, population growth rates, age distribution, lifestyle changes, education, fashion, living conditions, health consciousness and others.) and Technological (Technological factor aims the changes in information technology, internet, mobile technology, etc.) factors. This analysis was composed in mid-February 2011, since then some information may appear outdated.

4.2.1 Political factor

The National Health Service is one of the most complicated and important sectors; especially these days (February 2011) when many journals, magazines and newspapers are trotting out the slogan of health care crisis. Doc. MUDr. Leoš Heger, CSc. is the nineteenth minister of the National Health Service (since 1989). Ex-minister MUDr. Tomáš Julínek, MBA set up the law reforms of Czech National Health Service, which appeared to be unacceptable for the parliament (lower chamber) and it was criticised not only by the opposition but also by the government. Current minister Heger (and also previous minister Filipová) believes the law reforms prepared by Julínek were precise, but also too strict and open. Heger is supported in coalition government by the majority and his proposals of

reforms are cautious, however, currently he faces a huge protest of hospitals' doctors who are dissatisfy with the level of their income payments.

Hospital doctors (3,800) have given notices in December 2010. The deadline for notice period is the first of March. Heger still believes that most of these doctors will take back their notices and return back to their work, but he also considers possible crisis scenarios. Heger had negotiated with the Czech Medical Chamber (ČLK) and with the Medical Trade Union Club (LOK). Every negotiation was tough and did not bring any clear agreement. Provisional consensus is based on slight increase of the doctors' income. Two milliards were found in the system from the cancelation of 10,000 hospital beds. Further changes for the national health care will be present, the doctors' overtimes should be cut down and everyone has the possibility to pay for the above-standard health care.

The situation for the health care system was not anyhow easy after November 1989. Different documents about the population health status devastation were gathered. The Czech Republic's unified structure of the National Health Institution disintegrated and tens of new independent health service institutions were established. It was the General Health Insurance Company at first, established in 1. 1. 1992, followed by the other health insurance companies (in compliance with the act no. 280/1992 coll.). The Czech Republic has developed a system which needs to be reformed now as the previous system was. The politicians and other authorized persons should pay an attention of high importance to the precise formulation of laws and implement them carefully. The dominant role of our state is without doubt the integration into the highly developed EU countries.

Health insurance in the Czech Republic is based on the principle of solidarity. Everyone who is by the law participant of the general health insurance system has the right to receive certain level of health care standard which is guaranteed by the law without the consideration of amount paid on the insurance. The participation of patients on the health care is currently in the Czech Republic at the lowest level in comparison to other EU states; this situation will change in the near future as the evolving situation around the national health care indicates. Patients participate to the health care by approximately 9%, but it covers around 20% to 25% in other EU countries.

Each citizen and employer of the Czech Republic must pay an obligatory insurance tax of 13.5% out of the salary, this rule was established at the creation of the health insurance system and since that nothing has changed. The amount of collected money has

increased through the time thanks to the inflation development over the years. The number of gainfully employed is decreasing which results in a lower income into the health insurance, payments from the state for non-employed (children and seniors) will rise. Current system of health care financing, which is based on income taxation, will lead to an unbearable increase of tax burden on the workers above all.

Taxes in the Czech Republic are divided into direct and indirect. The taxation of personal income has change from the progressive to flat tax of 15%. The taxation of legal entity income is as well uniform for all in the level of 19%. Value added tax has changed since the first of January 2010 when the level of tax has increased to 10% for reduced rate and 20% for base rate. Excise tax can reach 50% of the product price; under this tax are commodities such as tobacco, alcohol, and petrol; this tax is a main source of the national budget income.

4.2.2 Economic factor

First half of 2008 was indicated by high oil prices which led to the decrease of real GDP and increased consumption prices, all this resulted in the world economic crisis in autumn of 2008. Industrial production in the Czech Republic has decreased by 17.4% and the value of new orders fallen by 30.2% in November 2008.

The level of unemployment has shown a strong increasing trend since 2008, the unemployment rate in the beginning of 2011 is approximately 9.7% according to original methodology based on all registered workers being consider as unemployed (The level of unemployment according to ILO definition was estimated to 7% at the end of 2010; all workers aged 15 to 64 actively searching the job position). The number of women unemployed is higher than number of men unemployed in relation to education. Men have on average higher salary than women within all categories of work and education.

The level of inflation, which is expressed by the growth of average yearly index of consumption prices, was 1.5% at the end of 2010. GDP was estimated at the value of 3 628.1 milliard Czech crowns; with comparison to previous year the level of GDP has risen by 2.3%. The growth of economy was indicated mainly in the second half of the year 2010 by slowly increasing development of industrial sector and market services. The development of GDP was negatively influenced by the reduction of government expenditures. The demand for goods and services was influenced through the whole year by many internal and external impacts; those were: the development of photovoltaic

energy, unfavourable climatic changes for agricultural sector, cancelation of accelerated amortization of transport devices, economic steps toward the reduction of budget deficit, and others.

In 2010 the VZP has collected about a milliard more than previous year on the health care insurance which was 139.8 milliards Czech crowns. The growth of income from the health care insurance is also expected in year 2011. The VZP is expected to spend 140 milliards CZK on the health care in 2011; possible increase in expenditures will be covered by the held reserves carried forward from the "fatty years". The plan for the year 2011 is to maintain the incomes and expenditures in balance.

4.2.3 Social factor

The Czech Republic is facing a growing population; over past twenty years the population has increased by more than 0.2 million, this increase was caused by the migration and also by the recent baby-boom. The population of the Czech Republic is not only growing but also aging; women on average are expected to live slightly longer (80.1 yrs) than men (74.2 yrs), however, for both male and female life expectancy is higher than it used to be. According to data from the Czech Statistical Office the structure of population is changing. Whole population is distributed into three categories according to the age: 0-14, 15-64, and 65 and more. Structure of those categories is changing over time; in the year 1989 the first category was composed of 21.7%, the second of 65.8%, and the third category of 12.5%. However, twenty years later the structure of categories looks differently the first is comprised of 14.2%, the second of 70.6%, and the third of 15.2%. A visible and sharp decrease of young people in the structure within the population is alarming as well as an increase of pensioners.

The population of the Czech Republic is not only aging, but is also more predisposed to be ill than before and suffers the difficult health diseases. Past twenty years brought sharp increase in diabetes, cancer and other diseases. The lifestyle of population has changed as well as the quality and accessibility of health care and preventive activities has increased too. Precious health care service is expensive and its every improvement leading to an average life extension and quality improvement causes the growth of expenditure. Mentioned issues may support the speculation that the health care payment may cause problems in the near future.

4.2.4 Technological factor

The technological factor scans the external environment which is represented by the worldwide accessible information and communication technologies. Information technologies are implemented very fast, increased penetration of new technologies such as the mobile phones and the internet information is frequently seen. Increased speed in the processes enables to run a business in the real time as the result of information development on a worldwide scale the distance effect is disappearing. Information system of the VZP CR reflects the enduring trends in information technologies' development which brings the company a superior tool in communication system. Communication system based on the information technologies consists of three parts; these are inner part (Intranet), outer public part (Internet), and outer partners' part (Extranet). Intranet comprise of information vital for the employees' work and job fulfilment. The official web sites of the company are placed on the internet; the web page contains information for widest public. Extranet is used for registered partners on the base of the principle of maximal securing transfer to the VZP CR's documentation and receive information about its processing and other related data.

Usage of communication technologies in the e-health care can limit useless repetition of similar examination, prescription of the same medical drugs to one patient by several doctors, and other useless things. Through this control VZP can gain up to eight milliards CZK yearly; the whole Health Insurance System may obtain five to thirteen milliards, this money can be utilized for seriously ill people.

4.3 Strategy of the company

The entrance of the Czech Republic to the EU meant opening of the markets towards the Europe and towards the world also. This opening can also be characterised by the globalization, quick development of information technologies, radical approach to time management at manufacturing and services, organisation's transformations, and new philosophy of HR at the competing environment. The competitiveness of the company is dependent on the company's abilities to quickly react on the continuous market environment changes; this means transition from the old-style and traditional economic systems of planning and management of company's activities to the new process oriented systems which is more flexible.

4.3.1 Corporate culture

The culture is becoming more complex one in the globalised world; however, Hofstede saw differences between cultures, but they are minimising now. Employees obtain specific experiences from the practices, training and participation in adaptation. The growth of efficiency and control of competition increases self-confidence of every worker.

There does not exist one universal corporate culture which would be suitable for every company. Corporate culture can be characterised as a sum of relatively stable visions, approaches and values shared in the company, which help to outer adaptation and inner integration of workers, who share common norms, values and style of acting and behaving. It can also be presented as a system of values which dominate in the management style and workers' motivation. Every company should have its own and specific culture which influences the company's strategy and supports maintaining of company's targets. If the corporate culture is appropriately set, it has a positive influence on workers and also customers feel well in the company's environment and are likely to return.

Symbols of the VZP cover diverse abbreviation, slang, way of dressing up and position symbols which are known just to the workers of the organisation.

Heroes are real or imagined people who serve as the model of ideal behaviour and as tradition holders. Hero serves as the model of ideal worker or manager.

Rituals are socially essential activities and expressions. Rituals are informal activities, formal meetings, norms of message writings, planning, and information and control systems.

The deepest level of the corporate culture is presented by **values**. They reflect themselves to the work morale, to the workers unification with the company and to the complete company's orientation. The values should be shared by all workers.

Based on Handy's identification of the corporate culture (Zeus, Apollo, Athena, and Dionysius), it is supposed that the culture of the VZP lies between Apollo and Athena culture. VZP's organisation structure is based on the division of the organisation, bureaucratic form; stabilization of workers/social security, specialised positions, clearly defined tasks and the efficiency depend on communication and co-operation of workers (APOLLO). Nowadays, company is continuously moving towards the ATHENA culture, the company is creating co-operating teams which are structured according to specialized

knowledge; the company is becoming more flexible, creative and adequately react to the quickly changing competitive environment.

The culture helps to identify, cultivate, guide and further develop the potential of workers. Building of suitable corporate culture is a long-term process, same as for building good brand name and good position of brand among customers. Important is the ability to react flexibly based on the market requirements and customers needs. Corporate culture is considered as the reasons for the company's success or failure. Correct usage of the corporate culture can become a powerful tool of job motivation, reduction of workers fluctuation and increase of job efficiency.

4.3.2 Learning organisation

The most important concept in the organisation is becoming the "learning organisation", which focuses on workers development and organisation itself easily adapts to the quickly changing environment. Corporate culture of the VZP CR supports learning. The five Senge's learning disciplines has been applied to the VZP CR.

Personal mastery, its practical use helps the company to manage problems with regards to their connections and relations. The solution of tasks in the company starts with the problem or aim definition; this is followed by information collection and their evaluation; further step is to find out alternative solutions which are attainable; search for the right answer or optimal method is applied before the final evaluation of the taken decision.

Mental models are composed of subjective and objective conditions for workers' development. Subjective conditions are based on communication style, feedback, difficult challenge, and anticipation of the expectation. Objective conditions are connected with shared corporate culture and are link with company's philosophy, plan of development and behavioural preparation of the company to its further development.

Shared vision is connected with efficient usage of change tools which are directed towards the learning organisation.

- Strategy and organisation (training of workers).
- Systems and processes (team work, communication, workers' valuation, efficient HRM, qualified workers).
- Function fulfilment (experience exchange, work and time management).

- Results (acceptation and development of corporate culture, education of individuals in teams).
- Feedback (efficiency of resources invested into education of workers in the company).

Team learning, team cooperation and participative way of leading, greater integration of workers; all this indicate advanced corporate culture.

System thinking is tough progress during which are investigated processes and phenomenon understand comprehensively in inner and outer connections.

The benefits of learning organisation are regular valuation of employees with connection to development trainings/seminars, career development, financial and nonfinancial rewards, strengthening of motivation programmes and selection of workers able to be learned and to learn others.

4.3.3 VZP's visions and missions

- Be a strong and stable partner to its clients (6.5 millions in the CR).
- Maintain quality services which correspond to health insurance.
- Maintain quality health care in all contractual health workstations.
- Cover all health care which is drown by customers in the CR an EU countries without reference to their social position.
- Support introduction and implementation of new diagnostics', examinations' and treatments' methods and techniques (screening examination, mammographic screening, etc.).

5 Investigation of the company's corporate culture

5.1 Questionnaire

A questionnaire which was distributed to the employees of VZP is in the supplement of this diploma thesis. The questionnaire was distributed just to the regional branches at Vysočina region, because of high diversity of regional branches in the Czech Republic. However, corporate culture is same in the basis of the company, it is slightly different in every separated regional branch due to many aspects, such as strong manager, greater interconnection of workers and friendly working environment. There are five territory workstations at Vysočina region, one in Havlíčkův Brod, second in Pelhřimov, third in Třebíč, fourth in Žďár nad Sázavou and fifth in Jihlava (it is also regional branch), all of them consist of 187 workers. A total 65 answers were received to the questionnaire, which denotes a representatively statistical sample. The questionnaire is composed of 13 open and multiple choice questions.

The first question aimed at <u>personal diversification of employees</u>. In total of 65 answers, the respondents were mostly females (55) and male responses (10) were scarce. The structure of female/male responses also corresponds to the structure of the company; company's front office staff is mostly composed of females. The degree of workers' education correlate with the work position in the company; workers with university degree poses managerial position, some managerial positions are also represented by workers with lower than university education, but this handicap is compensated by work for the company for many years (loyalty worker). Concentrating on the loyalty workers, the graph below records how many workers stayed with the company for a long time. To make a bar chart more transparent the time scale stability of workers was divided into five-year periods, and it indicates the high loyalty/commitment of workers with the company (some of them have been working in the company since its creation). Commitment of key workers increases the long-term productivity and outcomes.

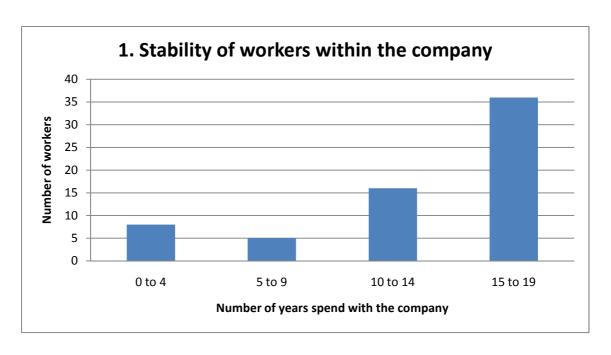


Figure 5 - 1: Stability of workers within the company

The second question was aiming at the awareness of workers about the corporate culture. Workers were different in answers, but some of the answers have appeared more than once. The percentage will not sum up to one hundred, it only indicates the frequency of similar answers. The most frequent answers were saying that corporate culture is about administering of work, good relationships with co-workers (30.8%) and pleasant working environment (21.5%); professional acting of the company to its clients and its external milieu (27.7%); all these are connected through usage of suitable communication style (25.2%). The core of the corporate culture is sum of values, norms and tradition which manage company's impacts on internal and external environment (25.2%). Six percent stands for opinions of loyalty, behaviour according to ethical code, benefits and valuation of the job done, and constellation of the VZP values (responsibility and reliability, professionalism, efficiency, cooperation, and dynamic). There were only few answers supporting the notions that the strong corporate culture is based on the motivation of employees and therefore affecting their fluctuation; support of employees' training and further education is inseparable part of corporate culture; employee valuation; up-to-date management of the company; appearance of documents, logos and advertising objects; and team thinking certainly play their role in the corporate culture.

<u>Corporate communication</u> is a significant tool for management and development of workers' potential. What is the typical communication channel used in the VZP? The

data supported by the questionnaire clearly indicates face-to-face communication as highly used type of the channel. Workers prefer personal contact, because they solve problems at the place of working. The second mostly used communication channel is e-mail, one of the most frequent tools used for communication not just with colleagues but also with the outer world recently. Electronic communication was tightly followed by the phone contact; both channels can solve work issues quickly. However, letter did not receive any points and therefore is considered not to be used as a communication tool between workers; it is vital communication channel while contacting the clients of VZP. The company has set standards for the e-mail, letter and for phone communication channels. All communication channels characteristics involve the place of territorial workstation, department of the employee, and employee name. The letter correspondence has strict rules of being official and having certain standards of writings. The e-mail communication except being official and containing the full address also has to have an object in the heading plus a short sentence below which states: "We save not just health, useless printing destroys trees." the usage of such channel is speeding up the communication process. However, the rules are clearly determined in the VZP standards, except 3 answers no one else knew these standards exist, but they have common awareness of writing official documents. Set rules and principles of correspondence reflect the corporate culture of the VZP; the level of communication build positive picture in the eyes of customers.

Corporate culture affects work satisfaction and has stimulation function on the performance strengthening and the efficiency of employees. The question number four was devoted to find out which <u>factors motivate employees</u> to a higher performance, the Herzberg's motivation and hygiene factors' theory was used. Motivation is an inseparable part of the corporate culture. In the graphs below employees are separated into ordinary and managerial workers in order to find a difference between their motivator and hygiene factors affecting their overall performance. Numbers from one to five indicate what motivate employees the most (no. 1) and the least (no. 5). The analysis starts with the hygiene factors (figures 5-2 and 5-3). Ordinary workers are mainly motivated through their work recognition, which is followed by responsibility and work achievement. It is a good sign for the company that workers are encouraged through these hygiene factors, not just because employees are highly satisfied but also the productivity of the company increases. Hygiene factors of managerial workers stand in position of work achievement in the first

place, recognition on the second and work as a challenge is occupying the third place. Managers are considered as more pro-active players in the company. Both, managerial and ordinary workers have agreed that the career and professional promotion motivate them the least.



Figure 5-2: Motivation to higher performance, hygiene factors, ordinary workers

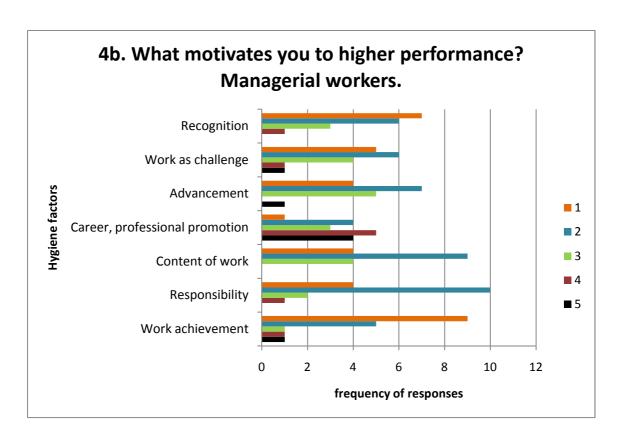


Figure 5-3: Motivation to higher performance, hygiene factors, managerial workers

Figures 5-4 and 5-5 summarise the responses of ordinary and managerial workers on motivator factors in the VZP. Ordinary and managerial workers have also agreed on the most motivating factor in the company, this represents salary and bonuses (money) and the least motivating factor the style of company's management followed by the rules at work. After long consideration the second highest score of managerial workers is considered the relationship with co-workers. Colours in the graph of managerial workers indicate their increased concentration on the hygiene factors. In comparison, ordinary workers are indifferent to choose between the hygiene or motivator factors. Right after salary and bonuses; relationship with co-workers, benefits (luncheon vouchers, pension insurance, etc.) and working conditions scored high in the ordinary workers' preferences.

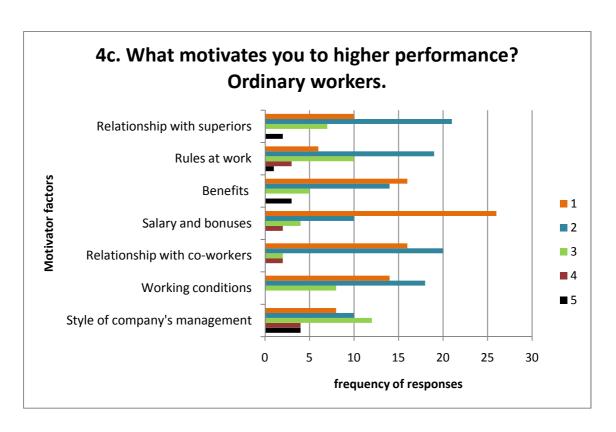


Figure 5-4: Motivation to higher performance, motivator factors, ordinary workers



Figure 5-5: Motivation to higher performance, motivator factors, managerial workers

The figure 5-6 below exhibits high participation of employees in the **company's trainings** by both – males and females. Most of the VZP's workers took an active part in the optional trainings.

Question number six in the questionnaire focused on which trainings were attended willingly and unwillingly and why. Participation in the language courses were mentioned the most, it is an optional training which anyone can attend and deepen own knowledge; the only problem is that the company usually supplies English courses, because the demand for German language courses is scarce. Employees gladly took a part in IT, IS, and MS Office trainings; these trainings increase the quality and efficiency of workers, it speeds up the document processing and lowers time spend on the computer (trainings are useful and helpful in practice); the trainings in computer techniques develop workers' abilities and proficiency. From MS Office courses is Microsoft Excel evaluated as the most contributing tool for the VZP workers. Next highly appreciated course was aiming at the communication skills, the gained learned skills are used by all workers to help communicate with the customers efficiently. The most willingly attended course was the one concentrating on the executive code that is needed for specialised workers at this problematic. Sporadically mention courses that were willingly attended were the courses of assertiveness, management academy, psychology, law directives, time management (highly appreciated), burn out, the course for offering benefits to customers, and other courses specific to the job fulfilment. Between the unwillingly attended courses the management academy scored high as it was considered boring, long, and useless with low possibility to be used at VZP's everyday performance and supplying low feedback to the employees. Some employees mention assertiveness and burn out training as too theoretical and unspecific, and unprepared with poor clarification of overall problems. New training of electronic record service (ESS) was considered to be unprepared, with overall underestimation of the whole system.



Figure 5 - 6: Participation in VZP trainings

Questions number seven and eight in the questionnaire were devoted to the **abbreviation investigation**. For the purposes of these questions workers were divided into four groups, according to sex and work position (women as ordinary workers, women in managerial position, men as ordinary workers, and men in managerial position). Following question focusing on the abbreviation explanation clearly displayed their underestimated knowledge. OPZ abbreviation stands for one of the department in the company, CAP is central adaptation process (involving of the new employees into the VZP), and TMA is talent management academy (for talented workers). Women in the managerial position respond that the usage of abbreviation is adequate in 55% and it is used excessively in 45%. However, the usage of abbreviation was considered to be used excessively by nearly one half of respondents, more than 70% of all women in the managerial position knew the abbreviations' meanings.

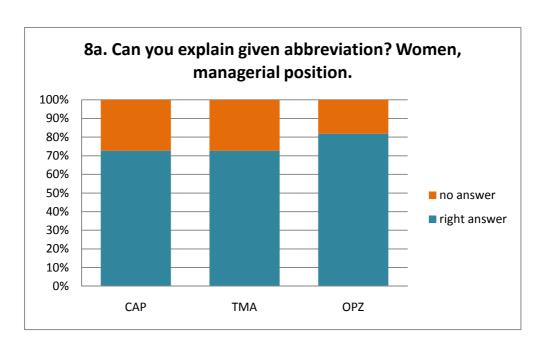


Figure 5-7: Abbreviations' awareness, women in managerial position

Women who possess ordinary position perceive the usage of abbreviation as adequate by 68%, the notion than abbreviations are used very little is supported by 2% and by 30% represents the opinion it is used excessively. However, the adequate usage of abbreviation scored high, the knowledge did not correspond to such notion. Less than 30% knew the abbreviation CAP, more than 50% knew the TMA abbreviation, and the knowledge of the OPZ abbreviation as the only one corresponds with the opinion of their adequate usage.

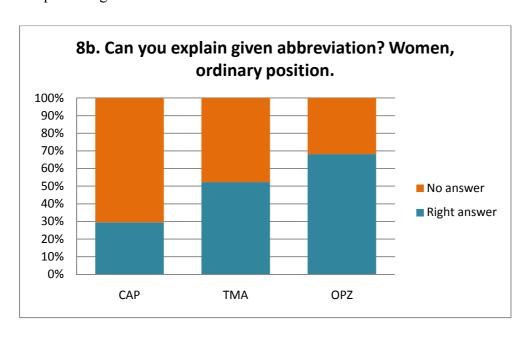


Figure 5 - 8: Abbreviations' awareness, women in ordinary position

Men in the managerial position were separated into two equal parts (50%, 50%) for adequate and excessive use of the abbreviations. The awareness of TMA and OPZ abbreviation scored more than 65% in both, but CAP abbreviation accounted just slightly over 30%.

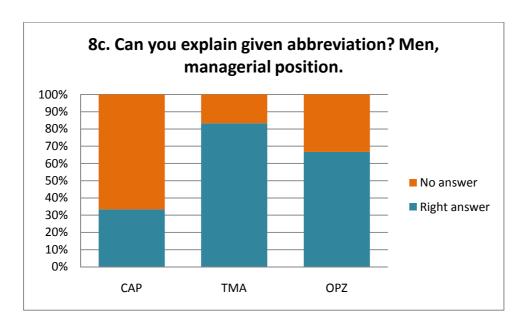


Figure 5 - 9: Abbreviations' awareness, men in managerial position

Men occupying ordinary position agreed totally on adequate usage of abbreviation in the VZP, however, the responses to the eighth question did not correspond to such notion completely. TMA and OPZ accounted both for 50% and CAP abbreviation just for 25% which was the lowest percentage between all four divided groups of participants.

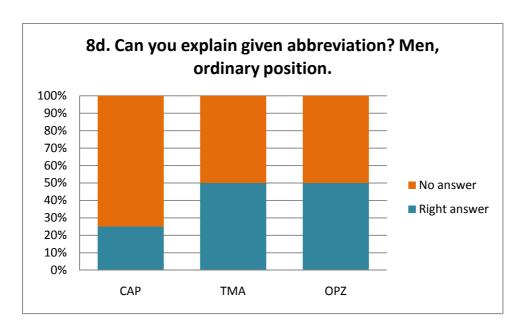


Figure 5 - 10: Abbreviations' awareness, men in ordinary position

All four figures (from 5-7 to 5-10) are surprising. It was suggested, all employees knew the departments' name of the VZP; the questionnaire finding was surprising and turned the suggestion down. A very low awareness of the CAP is also amazing; the programme is running for two years and several brochures were published. Comparing those graphs, a visible difference is in comparing workers in managerial and ordinary position; managerial workers are more aware of abbreviations' meaning.

The company has a written short code about <u>clothing standards</u>. It is prohibited to wear slippers, vests exposing 9/10 of the body, and too casual (loose T-shirt and shorts) or painted or tattered clothes. The clothes should cover more than 60% of everyone's body. First Friday in every month is left free to choose any type of clothing to make employees happy. From the conducted research it is obviously seen that the majority of workers do not know about any standards and dress upon their own consideration. Only twelve percent of employees knew about those standards, this amount is quite surprising.

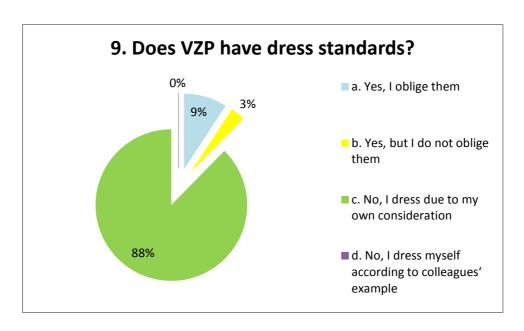


Figure 5 - 11: Awareness of dress standards

It is considered vital to have a <u>strong and charismatic manager</u> who is able to deliver own personal example with the expected attitudes and norms of behaviour to other employees of the VZP. The managers are trained in many VZP's courses aiming soft skills, such as communication skills, assertiveness, burn out, dealing with difficult customers and other psychological topics. The pie chart below gives the VZP certain possibilities of having skilful and dynamic managers. The eleven percent of surveyed people agreed on having dynamic managers and 83% said there are some. The strong and dynamic VZP's managers can possibly affect the corporate culture through a suitable employees' management by developing own ideas and values.

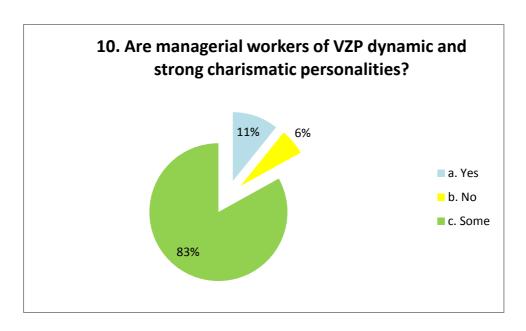


Figure 5 - 12: Dynamism of managerial workers

The majority of workers do not have any <u>learned rituals</u> specific to the VZP as the pie chart below visibly indicates. The seventeen percent of workers have written some interesting rituals which will be delivered. Rituals concerning the work standards such as telephone calls, calling the groups of payers by the company's terminology, and documents writing were mentioned by one half of respondents. The other half of positive answers was represented by social activities of employees' informal groupings (Christmas party, health march). The rituals of informal grouping are regarded vital for higher performance and satisfaction of workers and it also increases the personal interconnection.

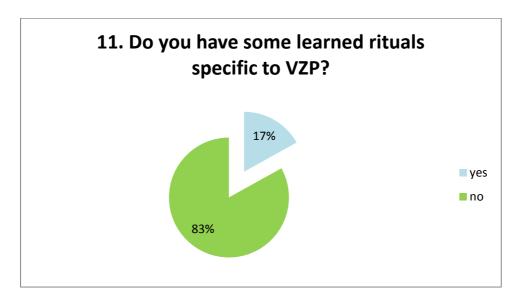


Figure 5 - 13: Rituals in VZP

The researched data supports the idea of <u>values</u> being <u>created</u> by the workers (the frequency of answers 80%) and followed by the top management. The responses were divided to male and female, and the interconnection between them was estimated. The answers did not differentiate very much (indicated in two graphs below); women have supported the idea of top management creating the values by 14%, however, men answers occurred in 10%; values created by the organisation were supported by 10% of male responses and 4% of female responses.

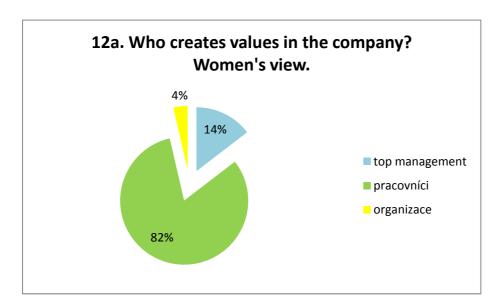


Figure 5 - 14: Creation of values, women's view

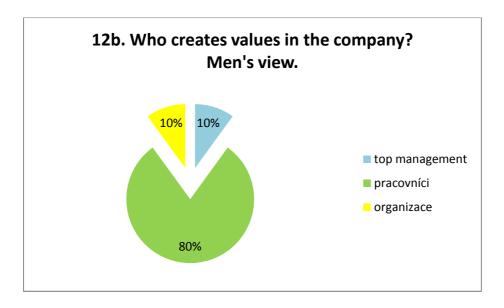


Figure 5 - 15: Creation of values, men's view

The familiarity of co-workers ease the communication process in the company, it also provides workers with the pleasant internal environment and motivates them to a higher performance. Calling co-workers by their first name strengthen the personal relationships between them. The below pie chart is clear with indicating that almost everyone calls co-workers familiarly, which connote a tight connection of workers.

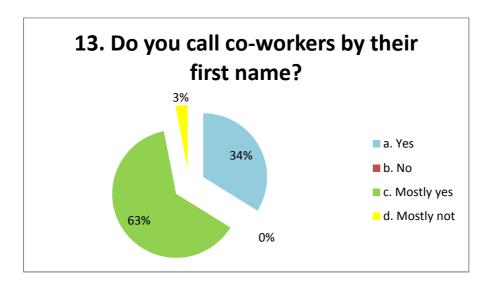


Figure 5 - 16: Familiarity of workers

5.2 Interview with workers, observation and document analysis

Information gathered below were obtained during the semi structured interviews with the VZP's workers, the document analysis and also covered observation of external and internal milieu of the company. Expression of the corporate culture is the most obvious in the outer appearance of buildings, interiors, graphical image of advertisement materials and also in the prescribed clothing.

The buildings of all VZP's regional branches are well maintained; the exterior of buildings is not unified as it is not possible; the interior of buildings is partially unified by its structure. The entrance of every VZP's building starts with the vestibule where information and notice boards are, the vestibule is followed by counters, where customers are served by the employees of the company. The room with counters is equipped except the furniture with the advertisement materials and official documents. When someone

wants to contact a worker of the company personally, he/she has the possibility via telephone (internal connection) because in the vestibule are phone contacts.

The advertisement materials have had unified appearance; the cover used to be light blue with a logo of the company, and with a picture and heading of the topic about which has been written inside. The topics are always hitting the hottest health subjects. The diseases definition or the other healthy subjects are the core topics of the promotional documents and are followed by the possible diseases treatment and further recommendations. The new advertising materials look more fashionable with the new graphic and design style, colours are not unified anymore, but other things have remained the same. The usage of new graphic style is eye-catching; the leaflets are pocket-sized that is very attractive, they are written as educational series for the customers concerning healthy lifestyle.

Employees of the company are usually well dressed. However, the outcome of questionnaire found out that employees are mainly not aware of any clothing standards in the VZP, regardless employees dress properly based on their own consideration. Workers of the VZP are dressed very formally (examples: suits, two-piece suits, jackets, dresses, etc). Several regional branches have implemented certain parts of clothes being the same (red coloured scarves and ties; red is a corporate colour) to draw up uniform prescription of the workers' appearance.

5.2.1 Trainee adaptation

To find and choose quality employee is a complicated and financially difficult process which does not end with signing a work contract. The company must concentrate on a central adaptation process (CAP) through which new employees will better orientate in the work environment and will be prepared to make expected performance as soon as possible. Govern adaptation brings contribution not just to the trainees but also to the whole company; the company can avoid premature leaving of qualified workers and also find out those who are inefficient.

Main task of personnel manager, super-ordinate managers and also the nearest colleagues is to integrate trainee into the collective and infect him/her by the corporate culture, help him/her to find own place, introduce him/her to the team of co-workers and train him/her quickly. The central adaptation process started to function in second October 2009; it offers the unique form of entrance training and will refer to all new employees

from all parts of the VZP (Head office, regional branches, territorial workstations, and offices). The obligation of every trainee is to familiarise oneself with inner directives of the employer. The VZP's inner directives consist of the work code of the VZP CR, the ethical code, the work catalogue of the VZP CR, and the collective contract and its annexes and supplements.

According to the personal interview with a person who passed the trainee adaptation process, it does not work perfectly due to its inappropriate preparation and missing feedback to employees, although this may be caused by short run of this process and is expected to improve in the near future.

5.2.2 Company's educational plan

Employees of the VZP have to pass adaptation process training (CAP), security and health protection at work (BOZP), and fire protection training (PO). The employees spend whole second day on training at the Head office which will consist of five content modules. The trainees will learn all vital about the company, corporate culture, strategy and valuation, and they will also establish their new work contacts. Corporate culture and internal directives are introduced to the trainees at the regional branches. Internal directives cover ethical code of the VZP; the code specifies desirable behavioural standards to the workers, clients, public, and to the state executive authority and local authority. Trainees can further join the optional educational seminars focusing on soft skill and deepening of language skills. Trainees have to enter the compulsory training focusing on specialised position of every employee; training of front line staff, training of managers, training of psycho-social and communication skills for the managers and the pro-client's workers, training of audit workers, etc. The worker employed for the long-time has an option of entering seminars concentrating on the time management, conflict management and expertise plan of education. The valuation of employees is based on the valuation dialog, during which the manager gets a feedback from the employee and also the possibility for planning a future personal development.

5.2.3 Motivation Programmes

5.2.3.1 Project BAM

The BAM abbreviation stands for Business Activity Monitoring. The company should monitor business activities which bring implementation of basic solution Business Intelligence to the company's environment. This project is focused on getting the right information at the right time. The project's main contribution is the building of data store including relevant technological infrastructure. The BAM processes huge amount of data stored in the diverse application systems in the short time. The important operational and strategic decisions must be realised based on actual, exact and easily available information. A complex solution known as the Business Intelligence can create unified cohere overview on whole organisation; it brings to the organisation the flexible and accurate processing of business information; it quickly identifies new opportunities and risks and is able to react promptly on them; it optimises the business processes and influences the outcomes in a real time.

5.2.3.2 PUMA programme

The PUMA abbreviation stands for Potential, Utility, Motivation, and Attractiveness. This programme is intended for the development of talented employees.

<u>Potential</u> – the programme helps to identify workers with the high potential and perspective for the company, strategic projects etc. The programme trains employees, who may become the key workers for the company.

<u>Utility</u> – the programme will increase work productivity, decrease fluctuation of perspective workers, reduce expenses on selective procedures; it will help to workers' motivation. The talented employees are becoming natural authorities at the company and team leaders.

<u>Motivation, development</u> – the programme contributes to the motivation of talented employees mainly by the possibility of their abilities development.

<u>Attractiveness</u> – the programme contributes to build the VZP's reputation as an attractive employer on the work market, improves corporate image and shifts the perceiving of the VZP's corporate culture and values on the market.

5.2.3.3 TMA

The TMA abbreviation represents Talent Management Academy and is composed of five vital abilities: responsibility, personal integrity, communicativeness, management of changes and the team-working.

Management of changes – the employee searches and proposes occasions for activities improvement, he/she is able to explain the change and can plan its progress; he/she forecasts the risk and consider this in a plan; he/she perceives the conditions from surrounding environment; in the period of time he/she values benefits which the change brought.

<u>Communicativeness</u> – the employee efficiently reacts on condition changes, is able to change inure stereotypes, experiments during the problem solving, is flexible in all activities.

<u>Personal integrity</u> – the employee actively promotes the company, approves and fulfils the strategy of the VZP, and is responsible.

<u>Responsibility</u> – the employee has the sense for duty: conscientiously fulfils tasks; is cautious to risk; considers the consequences of own acting in advance; bears the responsibility.

<u>Teamwork</u> – the employee willingly cooperates with others, can work in the collective, shares own experience and knowledge with others, actively participates on the group tasks, creates positive environment in the group, helps others, is responsible for the team outcomes.

5.2.4 Care about employees

The needs of VZP's employees can be transmitted into the model of Maslow theory (the hierarchy of needs). Every stage of the hierarchy is explained below, starting from the bottom and moving up step by step.



Figure 5 - 17: Transmitted Maslow's hierarchy of needs

5.2.4.1 Work and living condition in the workplace, flexible work hours

The Czech legislation obliges companies to maintain the health protection of employees while working with respect to possible risks; informs employees while entering new job position which health organisations will provide them with the preventive health care; provides trainees with the rules and regulations vital for safety condition and health protection while working.

5.2.4.2 Social benefits in the VZP

The employees' benefits play a significant role in the motivation and reward of company's workers. The aim of VZP is to have loyal and motivated workers; the organisation therefore guarantees its workers advantageous food tickets and other wide range of social benefits (contribution to the pension supplementary insurance and the private health insurance; gives presents to employees in cases of their life or work anniversary; personal account – defray activities, swimming, exercising, benefits for vitamins, glasses, health footwear, etc.). Based on the questionnaire data, social benefits are appreciated by the VZP's ordinary workers.

5.2.4.3 Valuation and feedback

The usage of valuation in the VZP is valid since 2008 (new reward system is fairer than the previous one), it brings benefits to everyone in the company. Valuation increases the productivity and effectiveness of workers. It is the tool for open communication between the manager and the team workers; it brings the clarity to common expectations and helps to reduce intuitive valuation. It effectively distributes a reward to the employees. To reach better outcomes every worker should do his/her own job in the most efficient and the best way, however, this is not possible without a quality feedback and appropriate motivation. Workers are valuated twice during the adaptation process of trainees (CAP), and then once per year.

5.2.4.4 Training and development

Training in the VZP can be either individual or collective. The principles of training are effectiveness, transparency, equality, continuity, high quality of training, and workers' cooperation. The effectiveness of training leads to the improvement of knowledge, skills, productivity and brings inner satisfaction of workers. The VZP's trainings are transparent; the workers are therefore always well informed. The training is secured for every employee and keeps the lifelong principle of education. The VZP cooperates with professional institutions, educated lecturers and the company also trains own lecturers to maintain high quality and professionalism of trainings. The training would be pointless without the employees own initiatives and self-motivation. The types of training seminars were already discussed in the company's educational plan.

5.2.4.5 Inner motivation

Inner motivation increases the satisfaction of employees. Satisfied employees fulfil the tasks on time, provide high quality job, and support the teamwork; they are keen on doing new tasks and feel higher degree of satisfaction from their fulfilment, they are friendly to their colleagues and customers, they have no problems with the work attendance, and are motivated to the self-development and self-confidence.

5.2.5 Trade union

The trade union's major task is to maintain the salary, work and social requirements for the VZP employees. The trade union in the VZP consists of 28 basic organisations at

regional workstations unified under the name "The organisational board of unions". Every member of the trade union is obliged to pay the membership fee (1% of absolute salary) and to attend the membership meetings. Being a member of the trade union has several advantages; such as recreation, sport projects' organisation, social and economic consultancy, and free law consultancy. The trade union's member account for 14% of all VZP's employees (06/2009); every employee may become the member of the trade union just by filling up an application form.

5.2.6 Professionalism inside the company

Professionalism, quality, helpfulness and politeness are the VZP CR's credos. Visions of the company are broken down into the consecutive specific steps. The four consecutive steps are professionalism of the top managers and the top workers, corporate culture of personality, corporate culture of environment, communication and information sharing.

Professionalism starts with the targets identification and the steps definition that lead to their fulfilment. The subordinate workers must be given certain responsibility, opportunities and expectation of fulfilling the targets. The determination of time schedule for the target fulfilment must be clearly set.

The employees should know each other in the company to be able to cooperate, therefore the informal meetings and the inter-department meetings should be organised. The VZP's workers are asked to remove their anonymity in relation in and out; they should be identified at the workplace while acting with clients. Every employee is responsible for the decision making, acting and result.

The workers' offices are not cloakrooms, cafeteria or warehouse; every worker has to cultivate his/her own work environment, remove the unimportant and replenish the pleasant things. Common spaces create the company's face, they should therefore have a required appearance.

A Fundamental problem is seen in passing the compact information to the subordinates. The workers agree with the usage of intranet and sharing of the environment. The trust of workers should be deepened in a sense of having the possibility to change based on information and obtaining the responsibility.

5.2.7 Professionalism outside the company

Professionalism outside the company is devoted to the relationship of the VZP with its clients (doctors, policyholders). Vital parts of the outside professionalism are the environment, technical facilities, and knowledge and skills. All these parts have significant influence on the company's understanding and professionalism of its workers. The realisation of certain parts is time demanding and others are completed in a short period. It is recommended to implement the steps which lead to fulfilment of the VZP's targets at first.

The VZP is trying to unify the outlook of buildings, their exterior and interior. The orientation in the buildings is unified and made as simple as possible. Territorial workstations have widened their time accessibility; opening hours were enlarged based on the clients' requirements.

Technical facilities of the VZP consist of software programmes needed for the job fulfilment, PCs and printers, and portal of the VZP (Internet, Extranet, and Intranet).

The workers have required qualification acquired by the education and trainings and they develop it even further. Every worker should possess the communication skills; there are many forms of communication (letters, e-mail, face-to-face) for which are set certain standards.

- Telephone communication. To answer external calls, the employee introduces himself/herself by a full name and the whole name of the company. Employee introduces himself/herself by the full name and the department name while answering internal calls.
- ➤ MS Outlook and e-mail communication. Every employee, who is missing for more than 3 days, has to redirect his/her correspondence to other colleague to ensure a prompt reply to the customers. Every employee should use unified signature while sending the e-mail; e-mail consists of the full name, position, address of the company (regional branch) and telephone number. Employees ought to prefer the e-mail or MS Outlook communication while contacting colleagues in order to "save useless printing which destroys trees".

6 Results

To summarise findings of the questionnaire, observation and workers' interview, the SWOT analysis is used to review those and results are discussed beneath.

Streng	ths	Weakn	esses
>	Stability of the company and its	>	Building of suitable corporate
	dominant position in the market		culture is long-time process
>	Motivation programmes	>	Complicated inner system of the
>	Well prepared educational plan		organisation
>	Developed customer service	>	Regional differences in corporate
>	High commitment of employees		culture (rituals, symbols and
>	Creation of values by workers		company's colour)
>	Organised communication channels	>	Worsening reputation of the
	(quick access to information -		company
	intranet)	>	Underestimated role of rituals
>	Unification of workers with the	>	Low preparedness of several
	company through shared values and		trainings – too theoretical
	symbols	>	Low-level of employees' awareness
>	Specialist skills		about company's abbreviation
>	Competent appearance of workers	>	Trainee adaptation is not fully
>	Orientation of the company towards		applied
	the concept of learning organisation		
Oppor	tunities	Threats	5
>	Further development of workers'	~	Aversion of workers to study
	skills and potential		continuously
>	Widening of trainings' range and	>	Inability to react flexibly on the
	their development		market requirements and customers'
>	Increased job efficiency		needs
>	Openness to changes, search for	>	Missing motivation to be further
	new approaches, increased		educated and therefore develop own
	flexibility		potential
>	Rising of efficiency and profitability	>	The company is facing an

of the company

- > Participative management
- > Career development
- > Team cooperation
- ➤ Reduction of workers fluctuation based on their gain professionalism
- New graphical style of VZP's leaflets
- Regular valuation of employees with clear feedback

unfavourable demographical development

- Rapid political changes
- ➤ Poor relationship management (handling with relationships)
- New and immature implementation of rules, procedures or acts
- Underestimated orientation on its clients
- Slow implementation of reform steps
- Tiredness of workers missing motivation
- Undervaluation of factors which motivate employees (work achievement)

The workers of the VZP CR are well informed about the existing corporate culture. Corporate culture of the VZP CR is steadily transforming, but still it reacts slowly on quickly changing environment. The corporate culture is well prepared and lot about this topic is written in the company's documents; it presumes workers' information about the company's events, not only acceptation of the company's strategy and aims, but also sharing the vision, mission, values, workers' motivation and their appurtenant with the company. The direction towards the concept of learning organisation lies in the empathy, and creation of impacts and dynamics; it is positively influencing the workforce of the company; workers' potential is becoming more flexible and variable, morale improves as well as the productivity, performance and work's efficiency, and the fluctuation of illness decreases. The learning organisation supports social learning and initiates the development of knowledge and abilities of all employees; it is also used as a tool to acquire the above standard competitive advantage in the market and to reach the targets.

Recommendation to the corporate culture or undertaken opportunities may positively influence the impact of the corporate culture on the company's workers.

Following the concept of learning organisation will develop the employees' potential and skills. The workers' own initiative and participative management would lead to the employees' cooperation, openness towards the changes and increase of the workers' responsibility for their job to be done; all these result in efficient information exchange inside the corporation as well as the increase of efficiency and profitability of the company.

The company should be aware of possible threats and diminish the company's weaknesses to improve the company's corporate culture to the highest possible level of efficiency.

7 Conclusion

The VZP CR is a big institution with complicated relationship outside as well as inside. The corporate culture projects an image of the company and penetrates to its essence; it is way of presenting the firm towards the customers, employees, company's partner and communities in which the company participates. The company is identified by its mission, norms, core values and symbols, all of these are necessary assets which define a modern company.

There exist petty local specifics of the corporate culture in the company, however, these were not reflected in respondents' answers due to the regional investigation.

The culture of the company affects the employee's performance, motivation and satisfaction. The culture encourages to a long-lasting above-standard work engagement and opens the options to the considerable work success, personal satisfaction, career fulfilment and employee's growth using the employees potential in the strategy fulfilment and reaching the company's aims.

The company offers its employees numerous job opportunities which may be difficult and costly to realise out of the organisation. The workers' commitment with the company increases the long-term productivity and outcomes. Loyalty employees work more individually and increase their responsibility, while working on the company's assignment they are willing to take it as their own. It is very important to know the right motivation for the workers, giving them certain responsibility to become the best workers. The company's motivation programmes help the workers to develop their potential. The concept of learning organisation to which the company inclines tends to be very useful, employing number of learning programmes, self-education, key skills and abilities, and qualifications.

A quickly changing political and economic environment affects not only the overall performance of the VZP but also the inner activity of the company and therefore the corporate culture. Released information from the questionnaire reflects high commitment of the workers, employees' awareness of the corporate culture, communication and technological facilities as a tool for management and development of the worker's potential and a shortened time period spend on the processing, the motivation of workers

affecting their satisfaction, and the numerous training and educational programmes helping employees to develop their skills and knowledge.

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9 Supplements

Questionnaire

Good morning/afternoon, I am Veronika Jindrová, student of Czech University of Lifesciences in Prague, faculty of management and economy. With your kindly help, I would like to found out detail information about corporate culture of the VZP CR. Acquired information will be used just for the purposes of this diploma thesis creation and will not be published anywhere else. **Thank you for your time!**

1.	Personal	informa	ation:

- 2. What do you imagine under the term "corporate culture"?
- 3. What is the most frequent type of communication between the co-workers? (Are there any standards for that type of communication, which one? Give an example.)
 - a. E-mail
 - b. Letter
 - c. Phone call
 - d. Personal contact

4. What motivates you to higher performance? (assign number from 1 to 5 to the given examples; 1 – motivates me the most, 5 – motivates me the least)

Work achievement	Style of company's management
Responsibility	Working conditions
Content of work	Relationships between workers
Career, professional promotion	Wage and bonuses (money)
Advancement	Benefits (luncheon vouchers, pension
	insurance, etc.)
Work as challenge	Rules at work
Recognition	Relationships with superiors

5.	Do yo	u have the possibility to be educated in fields of IT, IS, languages, and
	others	? Did you take an opportunity to participate in those "trainings"?
	a.	Yes. What kind of field?
	b.	No.
6.	In whi	ich training did you participate:
	a.	Willingly and why?
	b.	Unwillingly and why?
7.	How d	lo you perceive the abbreviations usage at the VZP?
	a.	It is adequate
	b.	It is used very little
	c.	It is excessive
8.	Can y	ou explain the abbreviations: CAP, TMA, OPZ?

9. Does the VZP have dress standards?

- a. Yes, I oblige them.
- b. Yes, but I do not oblige them.
- c. No, I dress due to my own consideration.

d.	No. I	dress	mvself	according to	o colleagues'	example.

10. Are head-workers in the VZP dynamic and strong charismatic personalit

- a. Yes
- b. No
- c. Some

11. Do you have any learned rituals which are specific to the VZP? Which ones?

12. Who creates values in the company?

- a. Top management
- b. Workers
- c. Organization

13. Do you call your co-workers by their first name?

- a. Yes
- b. No
- c. Mostly yes
- d. Mostly not