

## **FUTURE EMPLOYEE PREFERENCES IN THE LIGHT OF ORGANIZATIONAL CULTURE**

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### **Abstract:**

The purpose of the authors is to review and examine the gap between the aspirations and reality regarding organizational culture of those already employed and those seeking employment. Present article outlines the research results of the aspirations of university students regarding the organizational culture of their possible future workplaces and how they can be related to the reality of labour market supply. A quantitative research approach was applied in studying the problem and a variety of measures were utilized to identify the “dream job” of students. Results of the empirical study show that there is a significant discrepancy between the organizational culture preference of prospective employees and the corporate cultures the labour market can offer. It is therefore clear that a change is required for/amongst stakeholders. On the one hand, institutions should consider the labour market environment when planning learning outcomes and on the other hand, companies should act carefully during the recruitment process and consider candidates’ aspirations regarding their organizational culture preference. The research was confined to one country which limits the degree to which the findings are extendable. Based on the research findings the challenge for higher educational institutions is to improve the university program structures in order to equip students with skills that enable them to succeed in the prospective organizational cultures. This is the first study addressing the gap between the organizational culture preference of the next generation of intellectuals regarding the culture of their future workplace and the culture of organizations.

*Keywords: change management, organizational culture, changing preferences.*

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## INTRODUCTION

It is widely recognized that in today's globalised world the productive operation of all sectors of economy depend on the value creating ability of people. Higher education institutions and workplaces are scenes of major importance of value creation.

The authors aim to review and examine the gap between the aspirations and reality regarding organizational culture of those already employed and those seeking employment in Hungary. First the theoretical background of the empirical study will be outlined then the research methods, those involved in the research will be reviewed. Last the research results along with the limitations and possible future research directions will be summarized and also the main conclusions will be drawn.

## 1. LITERATURE REVIEW

### 1.1. Corporate culture

Corporate culture became a significant part of management studies in the second half of the 20th century (Hofstede, 1980; Kunda, 1993, Gregory, 2009). It is a complex task to define corporate culture. On the one hand the term culture is widely used on the other hand a major part of culture itself is intangible (Schabrack, 2007). The most general definition states that culture is the sum of all tangible and intangible values created by mankind (Schein, 2010). An organization is a social unit based on the shared activities and co-operation of many. It is established to achieve a specific aim, it possesses a well defined structure and the members of the organization follow set rules in their activities which are manifested in human behaviour and relationships (Chikán, 2004).

Most of the organizational culture definitions are two-fold. First, they include some kind of a list of factors describing culture. Second, definitions also include information about how those factors function (Karahanna, 2005; Horváth et al, 2005; Szabó & Csepregi, 2009).

The above described duality is manifested in Schein's definition: "Corporate culture is a pattern of shared basic assumptions that the group learned as it solved its problems that has worked well enough to be considered valid and is passed on to new members as the correct way to perceive, think, and feel in relation to those problems. The manifestation of the basic assumptions must be well-formed in order to be accepted by all members of the organization. Moreover, the assumptions also have to be passed over to new members of the organization as the proper way of detecting, reasoning and understanding organizational issues" (Schein, 1992, p. 12.).

The many approaches of organizational culture can be divided into two groups (Bokor, 2000). One emphasising operation (function based) the other focuses on the factors which define organizational culture (content based). The most relevant category of organizational culture of the content based research is value (Hofstede, 1980; Quinn, 1981, Rohan, 2000). Value preference determines behaviour in most situations. Some of the organizational culture research compares organizations along value preferences (Hofstede, 1980; Trompenaars, 1998; Cameron et al, 2006).

## 1.2. Competing Values Framework

The empirical development of the Competing Values Framework was completed by Quinn and Rohrbaugh (1981) who simply wanted to find the most important criteria and factors of effective organizational operation.

As a starting point, Campbell's list of 39 effectiveness indicators was used. It allowed the comprehensive description of organizational effectiveness (Campbell et al, 1974). Some of the 39 indicators corresponded; as a result clusters could be created. Four clusters or dimensions were finally established indicating the four types of organizational culture (Quinn & Rohrbaugh, 1981; Cameron & Quinn, 2006). During the research the realization that organizations are complex, dynamic and contradictory systems played an important role. In these systems leaders must harmonize expectations of competing values (Quinn & Rohrbaugh, 1983).

There are organizations which can only become successful if they are flexible and there are some which have to be stable in order to become successful. This very fact provided the base for the name of the model. Similarly, there are organisations which are effective if they focus more on their internal processes and others should focus on their customers (Quinn & Spreitzer, 1991; Cameron et al, 2006). As a result the four organizational culture types (clan, hierarchy, market, adhocracy) were defined along two axes (internal/external focus versus stability/flexibility).

The *Hierarchy* form of organization can be characterized as a formalized and structured place of work. As a result it is considered predictable and secure. This type of culture is held together by rules and formal regulations. Effective leaders are good coordinators and organizers. The long-term concerns of the organization are stability, predictability and efficiency. Meeting previously set expenditure targets, deadlines and low costs are the key to success. Examples of a hierarchy culture are McDonald's, Ford Motor Company and various government agencies (Cameron – Quinn, 2006).

The *Market* type of organization places a major focus on efficiency. Generally employees are competitive, leaders are authoritative, result-oriented, have high expectations and urge competition. The organization is held together by the shared values such as reaching common goals. External positioning, like being renowned and successful, is a common cause. In the long run, they focus on competition, tangible results and goals. For them, it is crucial to become market leaders and meet the challenges. Philips and GE are typically market organizations.

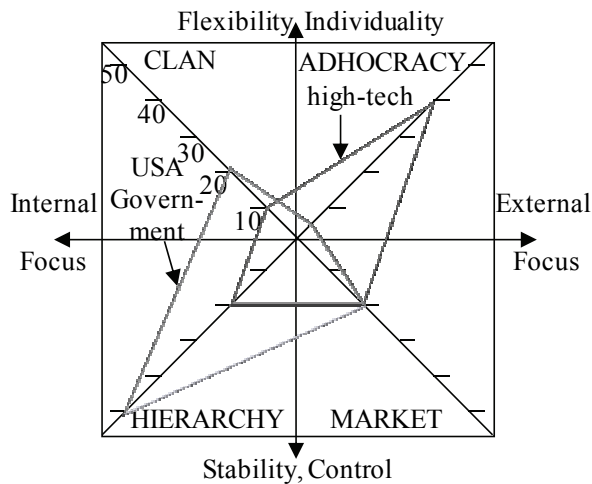
The *Clan* form of organization is an accommodating workplace where people share a lot. It is like a big family. Leaders are treated as mentors who often step into the role of a caring parent. Team work and loyalty are principal values. High levels of loyalty and traditions hold the organization together. Long term personnel development, openness and trust are valued. Sensitivity towards customers is considered as success. In a fast changing and turbulent environment, when the uncertainty of decision making is high and it is not easy to plan ahead the values should be shared by all employees in order to operate the organization effectively. The People Express Airlines is a typical clan organization (Cameron – Quinn, 2006).

*Adhocracy* puts an emphasis on dynamism, being adventurous, and creativity. People stick their necks out and take risks. Leaders are innovative and risk-oriented. The glue that holds

the organization together is commitment to experimentation and innovation. In the long-run, new challenges, tasks and possibilities are considered inevitable. Success means producing unique and original products. NASA is typically an adhocracy.

The competing values framework provides the basis for a organisational culture typology defined by Cameron-Quinn. Their assessment method allows researchers to compare organisations and also by focusing on selected values of the various dimensions organisations can change their culture. The Cameron - Quinn model, as we know it today, is the outcome of a several decade long research. (Figure 1).

**Figure 1:** Organizational culture dimensions by Cameron-Quinn



Source: Cameron & Quinn, 2006. pp. 35.

The four culture dimensions can be found along the four quadrants. Figure 1 shows a predominantly adhocracy organisational culture of a high-tech production company and a governmental institution with hierarchy culture profile.

### 1.3. The change of organizational culture in the light of organizational life-cycle

Researchers working with the competing values framework believe that time is also a crucial factor in the model. According to them, organizations in the early life-cycle stages mostly have adhocracy culture (formal structure, formal rules, strong charismatic leader with a vision). As organisations develop and become more and more successful the adhocracy culture become complemented by the clan culture (family orientation, togetherness, self-identification with the organisation). The organisation satisfies the emotional as well as the social needs of members.

But with the growth of the organisation the need for change is inevitable. As a result of the organisational growth there might be an aspiration to create formal structure and regulated processes. There is a need for order and accountability so the organisational culture can shift towards the hierarchy profile. This change usually causes some insecurities in employees who perceive a less personal and friendly atmosphere which results in lower level of employee satisfaction. (Cameron & Quinn, 2006). On the whole, the hierarchy organisational culture is complemented by the elements of the market culture where competition advantage, achievement and external relationships are important. Mature and highly effective organisations establish sub-units or segments which cover all four organisational culture types.

## 1.4. Measuring organisational culture

The competing values framework provided base for a questionnaire (OCAI - Organizational Culture Assessment Instrument), that allows the quantitative definition of organisational culture. It includes six statements that apply to the four culture dimensions.

The six groups of questions are the following:

1. dominant characteristics of the organization: what the general perception of the organization is
2. organizational leadership style and approach: it affects the whole of the organization
3. management of employees or the style that characterizes how employees are treated and what the working environment is like
4. organizational glue or bonding mechanisms that hold the organization together
5. strategic emphases that define what areas of emphasis drive the organization's strategy
6. the criteria of success that determine how victory is defined and what gets rewarded and celebrated.

To characterise the individual dimensions 4 statements were created to each of them. Respondents are asked to divide 100 points over four alternatives that correspond to the four culture types. This method measures the extent to which one of the four culture types dominates the present organisational culture. The higher the score the more dominant a certain culture type (Cameron & Quinn, 2006).

## 2. RESEARCH METHODS AND RESULTS

In our research the OCAI questionnaire was used and analyses were carried out through primary and secondary data. During the research, we asked full-time undergraduate students from 11 higher education institutions from different regions of the country except the capital. The actual data collection took place in 2009. During this phase we aimed to maximise the number of respondents in order to exceed the required minimum to enable analysis from several angles, and the creation of appropriate subsets as well. During the sessions when the paper based questionnaires were filled in, supervision was provided only to ensure anonymity, not to make sure that the forms are properly filled in, so we expected some error margin. To ensure anonymity, respondents filled in the forms in groups and placed the sheets in an envelope themselves. In the end, for analysis, we could use 95 % (1427) of the total 1500 questionnaires. The 35.1 % (501) of the analysed respondents were male, 64.9 % (926) were females. 58.2 % (830) of the students were between the ages 18 and 21, 40.6 % (580) between 22 and 25 and over 1 % were older than 25 years of age. Our secondary database is from the inquiry of 500 Hungarian company leaders.

### 2.1. The desired organisational culture of future workplaces (“demand”)

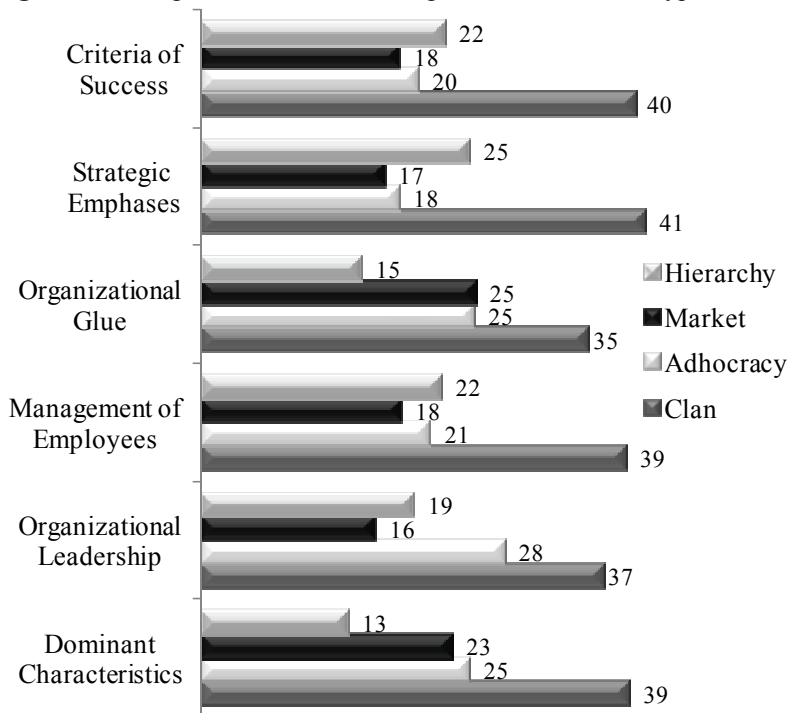
95 % (1427) of the 1500 questionnaires filled in by university students were valid and could be used for further analysis.

By analysing the results the dominant organisational culture was determined. We found that the majority of students (75.5 %) prefer the clan organisational culture as a future workplace. The least favoured one was the hierarchy type of organisational culture. There was not much difference between the market (9,2 %) and the adhocracy (9,4 %) culture types. These results do not change in the light of gender or age.

Taking into consideration that the clan organisational culture is like a large family, a friendly workplace and the leader acts as a parent it is understandable that most of the students would prefer that culture type. Although, students also find it important to work at a place where personal development is possible. This reflects the students' commitment to studying and the fact that they study full-time.

The least favoured organisational culture type was the hierarchy, where operation is determined by formal regulation. Young adults rather wish to work for a company where freedom is granted even if it results in a less security. We get a clearer picture if we look at the distribution of the 100 points among the four culture types (Figure 2).

**Figure 2:** Average Score for Desired Organizational Culture Types of Students



As Figure 2 indicates all six aspects reflect a clan culture preference. The sequence of culture scores of organisational characteristics corresponds with the students' preferences so there is a harmony in the choice of dominant organisational culture. Yet, in case of the "Organizational Leadership", the "Management of Employees", the "Strategic Emphasis" and the "Criteria of Success" the hierarchy culture type reached higher average scores than the market and the adhocracy. In these areas students prefer family atmosphere along with well-defined leadership, management, strategy and effectiveness. Guidelines are essential for students at the start of their professional career.

Summarizing the above results we can state, that students wish to work at companies where the organisational culture is predominantly clan. The divide between the other three culture types is less clear.

## 2.2. The present dominant culture of organisations („supply”)

Current study aimed at the analysis and comparison of the desired organisational culture of students ("demand") and the dominant culture of organisations ("supply"). The determination of current organisational culture of companies was not the aim of our research but as a

secondary source we did use some research results (Bognár, 2010; Szentes & Gaál, 2008). The respondents of those questionnaires were mostly micro businesses (26 %), and medium size businesses (25 %), and a low proportion is small size businesses (18 %) and large companies (21 %). More than half of the sample was from the processing industry (41 %), and from commerce (25 %).

By using our research results we would like to reveal the relationship between the desired organisational culture of students and the current organisational culture of companies.

**Figure 3:** Ratio of desired and existing organizational culture types

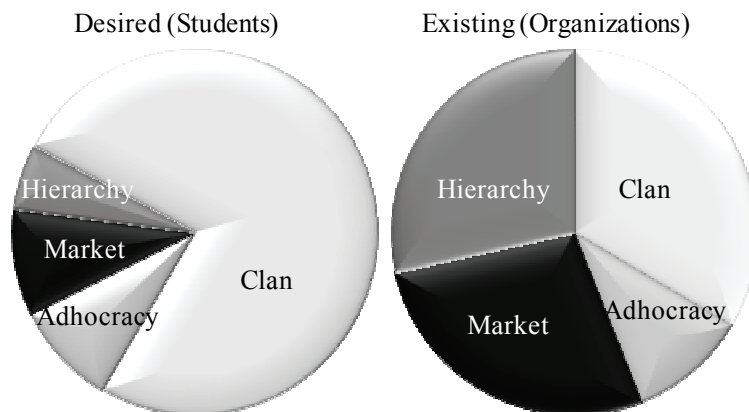


Figure 3 show that the demand (students) and the supply (companies) sides of the labour only correspond somewhat in the adhocracy organisational culture. University students clearly prefer clan organisational culture while only 33.5 % of Hungarian companies offer supportive, family-like atmosphere. Current organisational cultures are dominantly hierarchy (28.5 %) which is characterised by rules or market (27.5 %) characterised by performance-orientation.

It is the task of higher education institutions to provide knowledge and skills which allow students to respond well to challenges raised by workplaces. One of the most important tasks of institutions is to ensure the professional and personal development of students. This helps those entering the labour market to meet the challenges and become successful in flexible, performance-oriented organisational cultures (adhocracy, market).

The two-tier Bologna-system of higher education offers the opportunity to use and deepen the general knowledge and skills acquired at Bachelor level later at Master level. The increase of the proportion of practical training and the participation in project and team-work could contribute to the self-confidence of students which leads to decrease their desire for the protection of the clan culture.

### 3. CONCLUSIONS AND FUTURE RESEARCH

It is a real challenge for companies to make a shift towards the clan organisational culture. In coming years and decades companies must prepare for the demands of employees in the areas of empowerment and involvement, and Human Resources Management in general. The involvement of employees and the supportive leadership attitude helps to create a family-oriented, friendly atmosphere which eventually leads to higher commitment and loyalty of employees.

Not only companies but also higher education institutions have to face challenges in relation to the discrepancy of supply and demand of organisation culture on the labour-market. It is especially true if we consider the weakening financial roles of governments. It means the number of students who will have to make serious financial sacrifices in order to study. As a result the demand to see return sooner rather than later is higher.

Students and their families often have to forsake other important things in order to pay tuition fees which result in the need of a direct return on their investments. This means on the one hand that with a degree in their hands students want to find jobs which are right for their qualifications and on the other hand they want to enjoy their work. So, it is an absolute necessity to find a workplace that has corresponding organisational culture to their personal values and expectations. University graduates should find challenges that when met offer them a sense of achievement, otherwise they leave their jobs. In most cases it means that they leave not only the company but also their country and they try their luck in a foreign land. We disagree with those who believe that higher education institutions should stop students to work abroad but certainly they have a major role in teaching students skills and knowledge that prepares students to work for companies of all types of organisational cultures.

The research was confined to one country which limits the degree to which the findings are extendable. In the light of our results future research should focus on the mapping of those set of tools which helps organisations to change their culture to a more desired direction. Our study provides background for the enhancement of correspondence between the desired and current organisational cultures. But it is important to emphasise that in order to carry out a successful change process committed leadership and professional support is necessary.

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