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SELECTED CULTURAL DIMENSIONS DETERMINING A SHIFT TO THE KNOWLEDGE ECONOMY IN SMALL AND MEDIUM-SIZED ENTERPRISES**Abstract:**

Corporate culture has recently been an increasingly discussed topic. Experts and enterprises themselves are increasingly dealing with how to arrange it so that the employees were motivated to higher performance, loyalty to the company without any additional cost. All of these factors contribute not only to a higher salary, or other financial or non-financial benefits, but among the most important factors is included correct setting of corporate culture. The paper deals with research in small and medium-sized enterprises, which was carried out with the support of a research project funded by the Grant Agency of the University of South Bohemia in České Budějovice called "GAJU 039/2013/S - Human resource management of small and medium-sized enterprises". This paper presents one of possible approaches to cultural dimensions of Geert Hofstede (1999, pp. 34 - 44) and directs their application to corporate culture in small and medium-sized enterprises. The authors attempt to highlight those dimensions of corporate culture which are desirable not only for the comfortable relationships between employees and managers, but especially for the most effective utilization of knowledge in the enterprise, which is a prerequisite for entry into the knowledge economy. This is unambiguously connected with the maintenance of competitiveness (with the assistance of innovative approaches) in today's dynamic and increasingly more aggressive global market. These desirable dimensions include: small power distance, which can be expressed by the cohesion between subordinates and superiors; collectivism, which opens the way for cooperation and teamwork; femininity, opening an atmosphere of trust in interpersonal relationships and care about the quality of life and environment; weak uncertainty avoidance (acceptance of changes and risk), which allows easier coping with the discontinuous changes of the global society; long-term orientation, which is associated with the investment and sustainability perspective in business. The main aim will be to determine the status of cultural dimensions of corporate culture, which will subsequently show the path of the shift to a knowledge economy.

Keywords:

Corporate culture, Cultural dimensions, Human resource management, Small and medium-sized enterprises

JEL Classification: M14, M12, D80

Introduction

The close of the twentieth century can be associated with the end of the positivist-scientific paradigm, which had come to the top of the “industrial” world from the economic point of view. It is thus possible to observe an emerging paradigm of the new “post-industrial” world, where apparently the basis for the economy will not be founded on land, money and resources, but intellectual capital (Holátová & Krninská, 2012, p. 57).

Gibson (2000, p. 126) states that the world is entering a “new economy” – “the knowledge economy” – associated with the use of human and intellectual capital, which emphasizes the ability to put knowledge into a new context, together with understanding and skills as the driving forces of change, innovation and competitiveness.

Armstrong (2010, p. 36) indicates that in the process of globalization, the importance of human potential and the development of “human capital” are increasing. The development and use of full human potential with its knowledge and skills emphasizes the creative way much needed for the solution of discontinuous changes, which the globalizing world of the third millennium presents.

Corporate culture and its management in today’s society is becoming a global trend, which helps maintain the competitiveness not only in the local market, but in the global environment. Desirable corporate culture is a crucial factor in the successful development of the enterprise and, according to Krninská (2002, p. 87), corporate culture will be a primary element of modern management for the future knowledge society, contributing to control and motivating employees to the process of self-knowledge, self-development and self-realization. By this developmental stage the individuals spontaneously enter into the process of lifelong learning (both professional and personal), developing their creative skills necessary for the knowledge society.

The corporate culture is a model of basic and crucial ideas and values that were found or created, exposed and developed, within which it was possible to cope with problems of external adaptation and internal integration and which proved that they are seen as generally valid (Bedrnová & Nový, 2007, p. 132).

According to Hofstede & Hofstede (2005, pp. 15 - 46) we perceive values as a general trend to differ some facts from other states, and thus it is possible to define the heart of the culture. Values are associated with feelings that have a specific direction, a positive or negative aspect, and indicate what surrounds a human in the categories of “good or bad, true or false, beautiful or ugly, rational or irrational,...”; they provide the possibility of orientation in the world by the fact that the social reality is structured in terms of importance and corresponding hierarchy. Cultural dimensions according to Hofstede (1999, pp. 34 - 44), Hofstede & Hofstede (2005, p. 23), based on similar contradictions, will be described in detail in this study.

For an easier understanding of the different indexes and cultural dimensions that are included in these indexes, the authors present a simple overview, taking the bold dimensions, which are, according to the authors, desirable for corporate culture in the knowledge economy.

Table 1: Overview of the indexes of contrasting cultural dimensions with relevant values

Name of index	Value of dimension	
	Lower than 50	Higher than 50
Power distance (PDI)	Small distance	Big distance
Individualism vs. Collectivism (IDV)	Collectivism	Individualism
Masculinity vs. Femininity (MAS)	Femininity	Masculinity
Uncertainty avoidance (UAI)	Acceptance of risk	Uncertainty avoidance
Long-term vs. Short-term orientation (LOT)	Short-term orientation	Long-term orientation

Resource: Krninská, Duspivová (2013, p. 143)

Power distance (PDI)

With large power distances (the value of the index is close to 100), superiors and subordinates consider one another as existentially unequal. It is felt that the hierarchy of power is based on this existential inequality. Enterprises centralize power as much as possible and in the smallest number of hands. From subordinates it is expected that they will do what they are told. There are a lot of managers, organized into hierarchy of multiple levels of people reporting lines of subordination and superiority. The firm's pay systems exhibit large differences in salary between the top and the base of the enterprise (Hofstede & Hofstede, 2006, p. 54).

In a situation of small power distance (index value = 0), the subordinates and superiors are viewed as existentially equal. The hierarchical system just means inequality of created roles, because it is necessary. These roles may change, so the person who was a subordinate yesterday may be the boss tomorrow. Organizations are decentralized, hierarchical pyramids are flat and the number of superiors is limited. The range of salaries between the top and the base is relatively small. Subordinates expect that decisions concerning their work will be discussed in advance with them, but they understand that it is the superior who makes the decision in the end (Hofstede & Hofstede, 2005, p. 57). **Small power distance** is a desirable state of the corporate culture on the way towards the knowledge economy and allows all employees to contribute their ideas to the development of the enterprise.

Individualism versus Collectivism (IDV)

The employees in individualistic society (the index value for strong individualism = 100) are assumed that they are acting in accordance with their own interest, and that the work should be organized so that their interest and the interest of the employer match. It is assumed that employees act as "economic people" or at least people who have both economic and psychological needs; in any case as individuals who have their own needs.

In collectivist culture (value of index IDV = 0) the employer never accepts only the individual, but a person belonging to a certain group of "we." The employee shall act in accordance with the interests of this group, and they may not always agree with his (her) individual interests: self-denial is normally expected in this society (Hofstede & Hofstede, 2006, p. 71). **Collectivism** is a desirable state of corporate culture in the

knowledge economy, opening up the way of cooperation and teamwork, because an individual gives his or her unique individual abilities for the benefit of society.

Masculinity versus Femininity (MAS)

Enterprises in masculine societies (the value of index MAS = 100) emphasize results and try to reward fairly, i.e., to each employee according to his or her results. Organizations in feminine societies prefer to reward people on the basis of equality, i.e., to each person according to his or her needs (Hofstede & Hofstede, 2006, p. 75).

In a masculine society men are socialized in the direction of assertiveness, ambition and competition. When they grow up, it is expected that they will seek to advance a career. Women in a masculine society are divided into those who want a career, and the majority who do not want this (Hofstede & Hofstede, 2005, p. 81).

In a feminine society (value of index MAS = 0) gender roles overlap and from both men and women are expected moderation, solidarity, concern and care for the quality of environment and of life generally (Nový, 1996, p. 26). **Femininity** is a desirable state of corporate culture for the knowledge economy as it opens the care for mutual interpersonal relationships, quality of life and the environment.

Uncertainty avoidance (UAI)

In an environment in which people avoid uncertainty (value of index UAI = 100) there are a number of formal laws and informal conventions that determine the rights and obligations of employers and employees. Here you will also meet with many internal rules and measures relating to the execution of work, but in this case power distance is also applied. If the power distance is big, exercising the power of superiors to some extent replaces the need for regulations. Chance must be left to the least possible space. (Hofstede & Hofstede, 2006, p. 254).

Having small uncertainty avoidance (value of index UAI = 0), the enterprises are more likely to cope with the opposite of that, the horror of the formal rules. The rules are implemented only in cases of absolute necessity. Small fear of the uncertain, acceptance of changes and risk is a desirable state of the knowledge economy, as it allows for easier dealing with the discontinuous changes of global society (Nový, 1996, p. 142).

Long-term versus Short-term orientation (LOT)

In the short-term orientation (LTO = 0), if exaggerated, the personal peace and stability can discourage from initiative, risk-taking and willingness to change, which rapidly changing market conditions require upon the businessmen. Self-protecting, if exaggerated, may hinder progress in what he (she) was doing (Hofstede & Hofstede, 2006, p. 278). Short-term orientation may be associated primarily with the aim of maximizing immediate profit.

In an environment with a long-term orientation the family and the work are not separated. The values of the LTO pole (LTO = 100) support business activity. Endurance and reliability in monitoring any targets are significant advantages. Organizing relationships by status and respecting this order reflects the Confucian

emphasis on unequal relationship pairs. A sense of harmonious and stable hierarchy and complementarity of roles allows easier meeting of requirements of the business role. Thrift leads to savings and releases the capital that can be reinvested (Hofstede & Hofstede, 2006, p. 112). **Long-term orientation** of corporate culture is desirable for the knowledge economy and is also linked with long-term prospects of business activity.

Considering short-term orientation (LTO = 0), extreme personal peace and stability can discourage from initiative, exploration risk and willingness to change, which requires from the entrepreneur to rapidly change market conditions. Extreme protecting one's own face can slow progress in what he (she) was doing (Hofstede & Hofstede, 2005, p. 126).

Methods and Resources

The aim of this paper is to approach the issue of corporate culture in small and medium-sized enterprises. The main objective is then the identification, analysis and evaluation of the selected dimensions of corporate culture in selected small and medium-sized enterprises within a defined region, and outlining their importance for the shift to a knowledge-based economy.

The paper was supported by the Grant Agency of the University of South Bohemia in České Budějovice GAJU 039/2013/S "Management of human resources of small and medium-sized enterprises", based on the data obtained in this project through a questionnaire survey, which focuses on human resource management and its detailed aspects including a corporate culture and also on data obtained from cooperating with students and their theses and course works which include VSM 94 questionnaire (Hofstede, 1994).

The structured questionnaire "Management of human resources of small and medium-sized enterprises" (hereinafter referred to as the structured questionnaire) was completed by managers, owners, directors or personnel managers of selected small and medium-sized enterprises. The questionnaire included identification of the business, such as company name, identification number, sales area of products and services, participation in a chain store, foreign connections, outsourcing etc. It included questions on human resources management, for example whether a company creates a strategy in the field of management of human resources, whether it has a spokesman, how many employees it has (including the number of managers or the number of women employed in the business). Enterprises also had to evaluate the process of human resource management compared to other processes (e.g. marketing, sales, production, quality control, etc.). In the questionnaire there were also questions about financial and non-financial benefits, internal and external communication, strengths and weaknesses and problematic areas of human resource management and, last but not least, the questionnaire included questions on the corporate culture. In these matters, it was checked how important for managers are building the corporate culture, comments of ordinary employees concerning management and business operations, employee relationships based on trust and openness, and employee satisfaction. Next, the managers had to choose one of the two words that would express their conception of corporate culture. These terms have been selected according to the opposing cultural dimensions of G. Hofstede (Hofstede, 1994) and will be specified in the following sections of this paper.

The structured VSM 94 questionnaire (hereinafter referred to as VSM 94) was filled both with executives (managers, owners, directors, personnel managers) and employees of the same small and medium-sized enterprises as the structured questionnaire. VSM 94 was evaluated according to the methodology for data processing of VSM 94 (Hofstede, 1994). According to this methodology, individual indices of the dimensions take values from 0 to 100, but it is not an exception that it takes lower or higher values. Individual indices imply two contradictory cultural dimensions; the first one is achieved when the results range from 0 to 50 and the second dimension is achieved when the results range from 50 to 100, see Table 1. According to the authors the middle values (about 50) are in a grey zone, also called the transition zone, where it is not clear which dimension the company adheres to. For this reason, the intervals of evaluation are distributed as follows: $(-\infty, 40)$ for the first cultural dimension, $(41, 60)$ for the so-called grey or transition zone and $(61, \infty)$ for the second, opposite cultural dimension.

The above mentioned questionnaires were completed in 105 small and medium-sized enterprises of the South Bohemian Region. The entire sample of businesses was composed of 32% of micro-enterprises (enterprises with 1-9 employees), 40% of small businesses (businesses with 10-49 employees) and 28% of medium-sized enterprises (enterprises with 50-249 employees). (These categories of enterprise sizes defined by the number of employees were determined by Commission Regulation No. 800/2008). 14% of businesses have been operating in the market for one year to five years, 16% of enterprises were established six to ten years ago, 46% of the businesses have been operating in the market for eleven to twenty years, and 24% have operated there for more than twenty-one years. The surveyed SMEs had a wide variety of business forms, mostly limited liability companies (64%), tradesmen (16%) and joint stock companies (13%). The remaining 7% were cooperatives, limited partnerships and public companies).

For the purpose of this paper, the surveyed enterprises were divided by business activities according to CZ-NACE Classification of Economic Activities, but in a simplified form. These activities include trade (29% of surveyed companies), services (30% of surveyed companies), building industry (8% of surveyed companies) and production (34% of surveyed companies). Economic activities were further divided in more detail. Trading enterprises were classified into wholesale and retail, service businesses were divided into companies dealing with transport services, economic consulting, installation, repair and installation, information technology, real estate, cleaning and security. Building industry companies engaged in construction of buildings, architectural and engineering services and structural engineering, and other engineering. Production companies were divided on the basis of the commodities they produce, such as wood, electronics, energy, metals, food, machinery, textiles and agriculture. Other chapters of this paper will divide businesses in a simplified form - trade, services, building industry and production.

Results and Discussion

As mentioned above, two questionnaires were filled in by 105 small and medium-sized enterprises. As can be seen from Table 2, for the majority of enterprises the questions concerning corporate culture are significant. Building a corporate culture is the most important and very important for 55% of corporations, while a little important and

unimportant for 10% of corporations. Most surveyed companies (61%) consider the comments of ordinary employees relating to management and company operation to be the most important and very important, suggesting a small power distance (see next chapters). 89% of executives of surveyed small and medium-sized enterprises find relationships between employees based on trust and openness important, which suggests a tendency to the desired cultural dimension of femininity, while it is considered a little important or not important only by 2% of them. The same number of companies consider employee satisfaction to be important as in the previous issue.

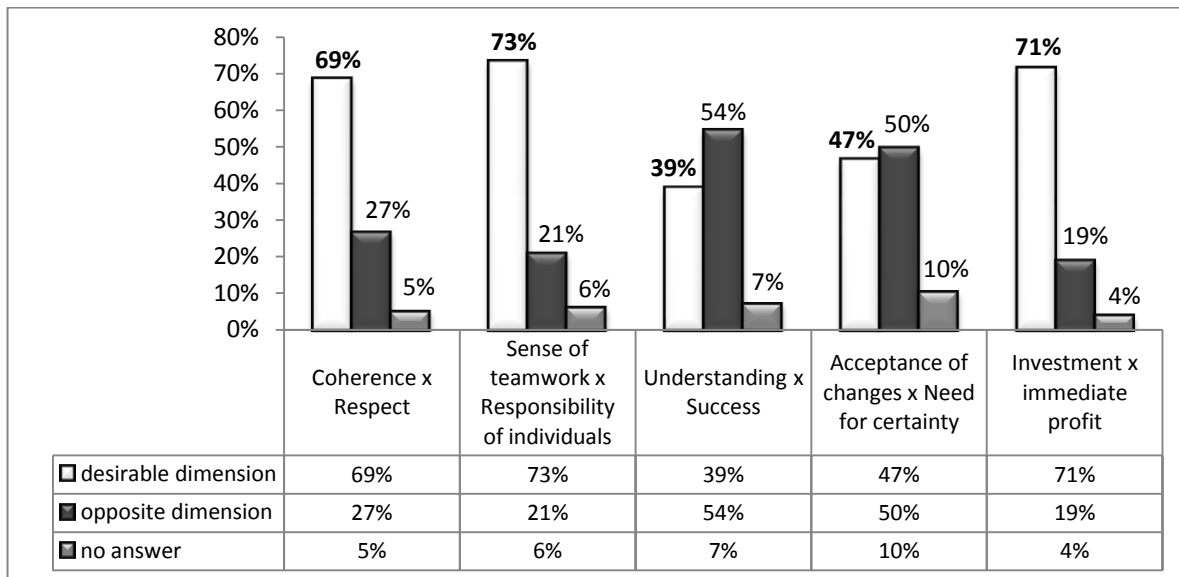
Table 2: Percentage distribution of SMEs in assigning importance

Verdict	Answers				
	The most important	Very important	Slightly important	A little important	Not important
Building a corporate culture is for our company	14%	41%	34%	9%	1%
Comments of ordinary employees to management and running of the company are ...	10%	51%	29%	9%	2%
Relationships between employees based on trust and openness are ...	30%	59%	9%	1%	1%
We consider employee satisfaction ...	30%	59%	9%	1%	1%

Source: the authors' own research

The surveyed SMEs were supposed to tick one of the two options, which would characterize their opinion about what the corporate culture in their company should be like. These options were carefully chosen, while one of the options expressed a desirable cultural dimension and the other one the opposite. For the power distance were chosen "coherence" for the small power distance and "respect" for the large power distance. Next, it was a "sense of teamwork" for collectivism and "responsibility of individuals" for individualism. The other desirable dimension includes femininity, for which the term "understanding" was chosen and its opposite was "success". For the desired dimension of weak certainty avoidance the term "acceptance of changes" was chosen and for the strong certainty avoidance the term "need for certainty" was chosen. For the important long-term orientation the word "investment" and the word "immediate profit" was chosen for the short-term orientation.

Figure 1: Percentage distribution of SMEs within the selected terms



Source: the authors' own research

As can be seen from Figure 1, 4-10% of surveyed SMEs weren't able to choose from the list of possible answers. Having to decide to which extreme to incline to, these businesses were not able to choose in one case of the five (out of five pairs of opposite terms they didn't tick one answer of the two presented in a pair, but they ticked the other four), therefore it is possible that the company representatives weren't able to choose one of two characteristics of the corporate culture, as both the meanings were significant for them. For this reason such businesses could be classified in the transition zone, in between the cultural dimensions.

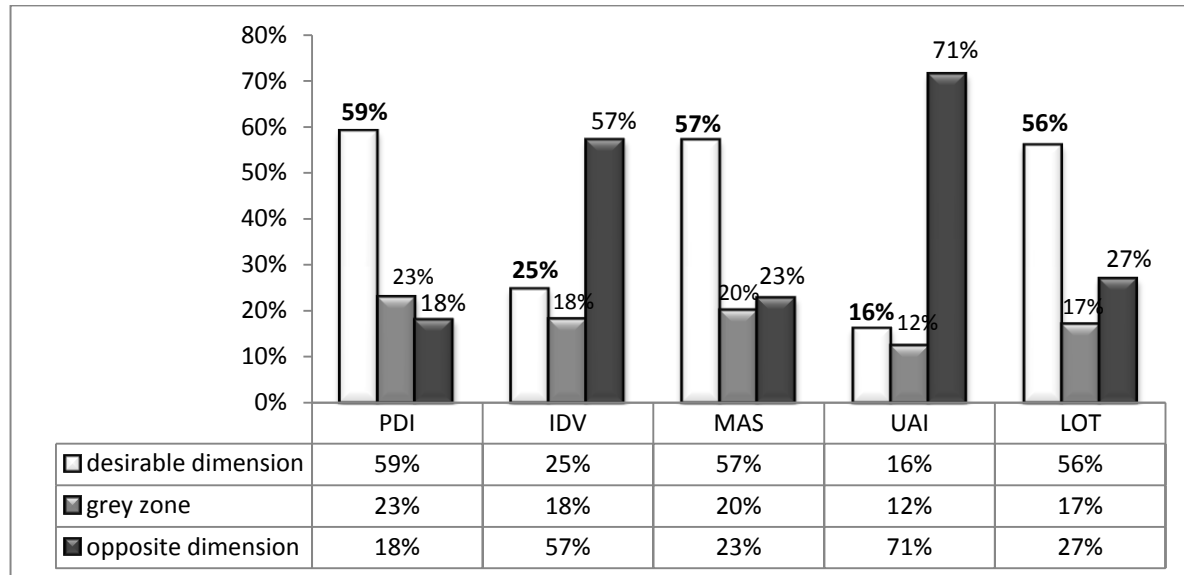
The results also show that the majority of surveyed SMEs prefer the consistency to respect, the teamwork to responsibility of individuals, the investments to immediate profit. These preferred terms may be considered as the desirable cultural dimensions of shifting to the knowledge economy. As regards the other two cases, most businesses prefer the terms included in the opposite cultural dimensions, specifically they prefer success to the understanding and certainty to the acceptance of changes. Here the differences are not so striking as in the previous cases.

The selection of these statements does not exactly reflect the cultural dimensions appearing in firms since there exist many aspects of cultural dimensions and within this research it was possible to choose only one, so these results are considered only as a kind of probe into the attitudes and preferred values of business representatives and a future direction of possible extension of this research.

Figure 2 shows the results obtained using the VSM 94, which show the current condition of small and medium-sized enterprises. Here it is noticeable that in this research sample clearly prevails the cultural dimension of small power distance (59%), femininity (57%) and long-term orientation (56%). Within the power distance and preference of long-term orientation it comes to consensus between attitudes of leaders of the small and medium-sized enterprises and the real situation in the company. In contrast, companies more incline to individualism, although the question of whether the company inclines to collaboration was responded positively by 85% of them. Absolutely clear is the inclination to the cultural dimension of uncertainty avoidance, to which 71% of surveyed small and medium-sized enterprises incline and

which is related to problems with adapting to changes of the globalized society, avoiding the uncertainty and fear of risk-taking, but also blocking the path to the knowledge economy.

Figure 2: Percentage distribution of SMEs in particular cultural dimensions and their intervals



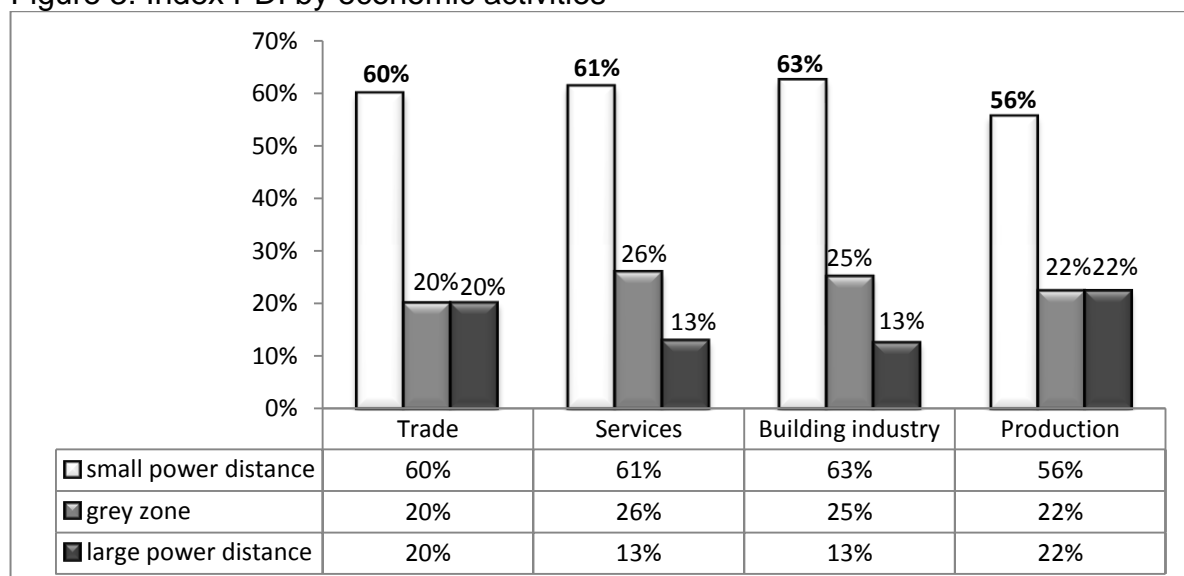
Source: the authors` own research

In the following subsections, each of the indexes and their relationship to the cultural dimensions in relation to the distribution of business activities will be discussed.

Power Distance Index (PDI)

Power Distance involves a degree of tolerance of unequal distribution of power, which manifests in power distance in management hierarchy. At the same time it is not much about an actual objective distance, but distance subjectively perceived and tolerated (Krninská, Duspivová, 2013, p. 144).

Figure 3: Index PDI by economic activities

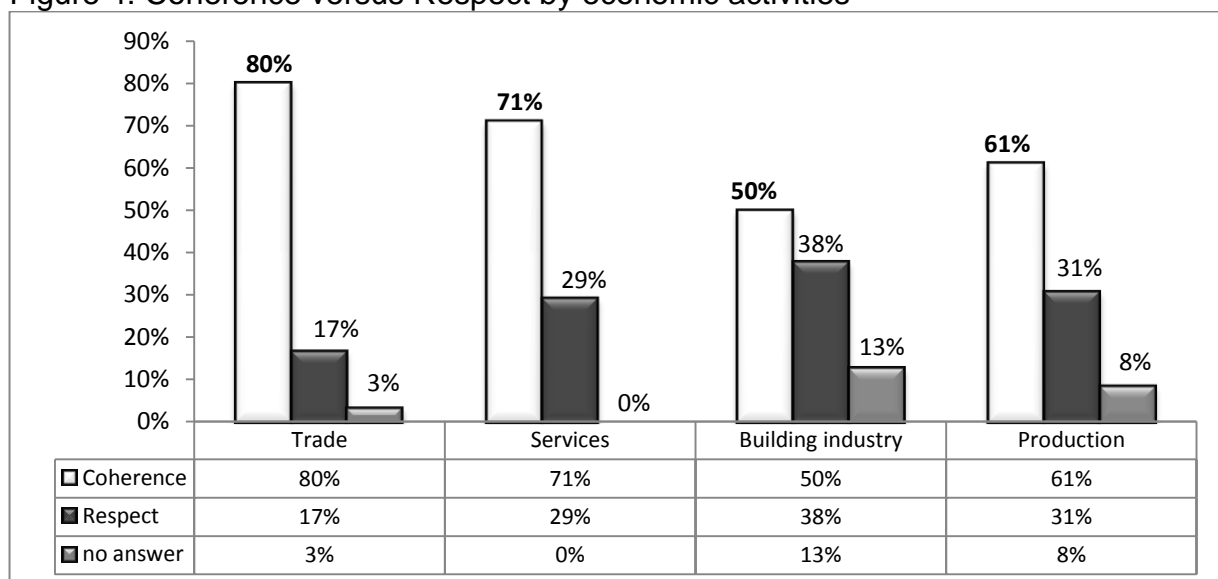


Source: the authors` own research

Figure 3 shows that small and medium-sized enterprises, regardless of the economic activity, currently tend mostly to the small power distance (desirable dimension), and about a quarter (ranging from 20 to 26%) of the companies find themselves in the transition zone, when they can lead up both to the small and to the large power distance. It should be emphasized that the figures relating to the indices by VSM 94 (Hofstede, 1994) correspond to the current state of the actual cultural dimensions in the examined small and medium-sized enterprises (Figure 2, 3, 5, 7, 9, 11), while other figures depict a selection of properties what a corporate culture should be like according to the ideas of chief executives (Figure 1, 4, 6, 8, 10, 12).

Figure 4 more or less confirms the results mentioned above, namely that the majority of surveyed enterprises of all economic activities tend rather to the coherence (most noticeable difference between acknowledging coherence or respect is evident in the trading enterprises and the service enterprises). In building industry and production companies the term coherence prevails over respect, but the term respect is important for more than 30% of the surveyed companies. It may be due to the specifics of building industry, for during manufacturing and constructing an order has to be set (working procedures, directives, etc.) and the employees should show respect to this.

Figure 4: Coherence versus Respect by economic activities



Source: the authors` own research

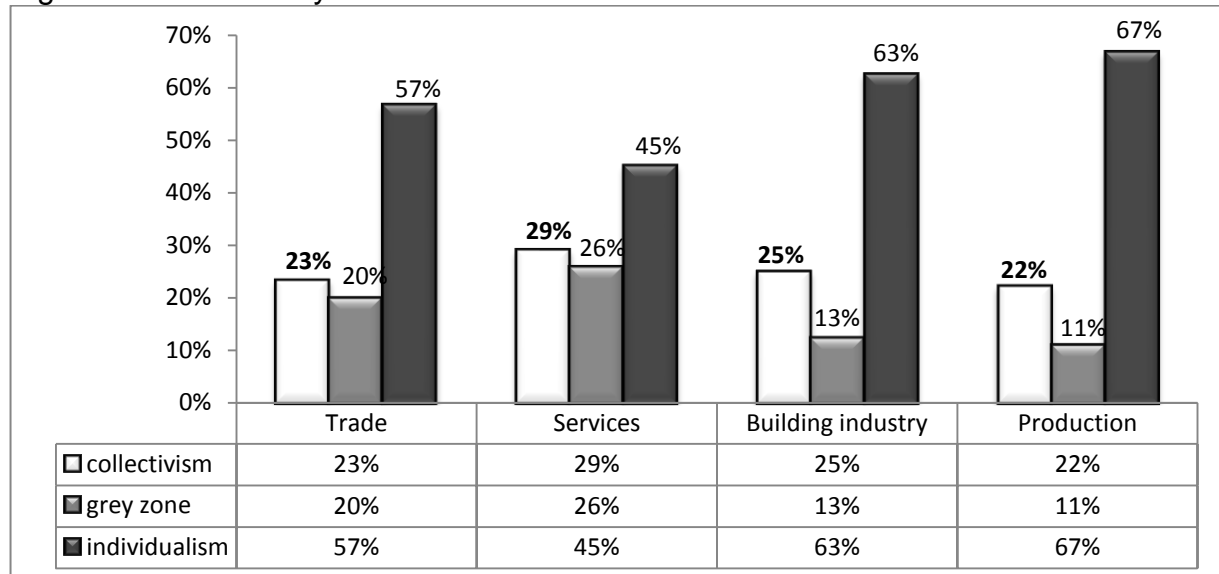
Individualism versus Collectivism (IDV)

Collectivism is typical of societies in which people are integrated into strong, cohesive social groups, societies, communities. Throughout life this membership is providing them with social protection in return for their great loyalty. The group is always a primary goal, and influencing an individual takes place more or less through control and intense pressure (Krninská, Duspivová, 2013, p. 147).

Emphasis on the individual, personal freedom, independence and responsibility is distinctive for individualistic cultures. Organized social formations play only a

secondary role. Individualism is typical of the community in which relationships between individuals are free: it is expected that everyone cares for himself and his family. (Nový, 1996, p. 36).

Figure 5: Index IDV by economic activities

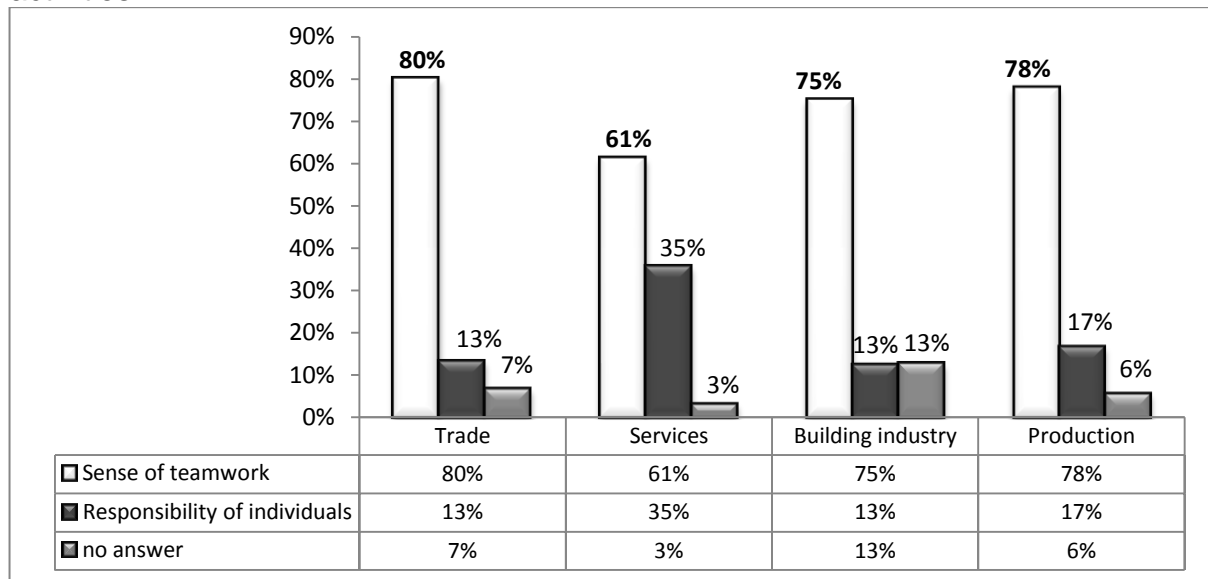


Source: the authors`own research

While dealing with the dimension of power distance, the companies have tended to approach the cultural dimension which is shifting the company to the knowledge economy, in this case it is just the other way. Figure 5 indicates that most businesses, regardless of economic activity, tend to individualism, therefore, the real current condition is based on the performance of individuals rather than on desired teamwork. Enterprises providing services find themselves in the transition zone to a greater extent, but even so these results are surprising because, for example, the building industry is a field in which employees should work together as the work of each individual influences the work of others and the individualistic culture would thus have no place to exist.

The question whether the company implemented teamwork was answered 100% positively by responsible leaders of construction companies, 87% positively by leaders of companies providing services, 83% positively by responsible managers of trading enterprises and 81% positively of responsible managers of production companies. Figure 6 highlights these results, but does not correspond to the actual state of corporate culture given in Figure 5. Most executives prefer teamwork prior to responsibility of an individual, but this difference may exist due to the fact that these responses represent an ideal of how a corporate culture should look like according to the responsible leader, but not how it really works in the company.

Figure 6: Sense of teamwork versus Responsibility of individuals by economic activities

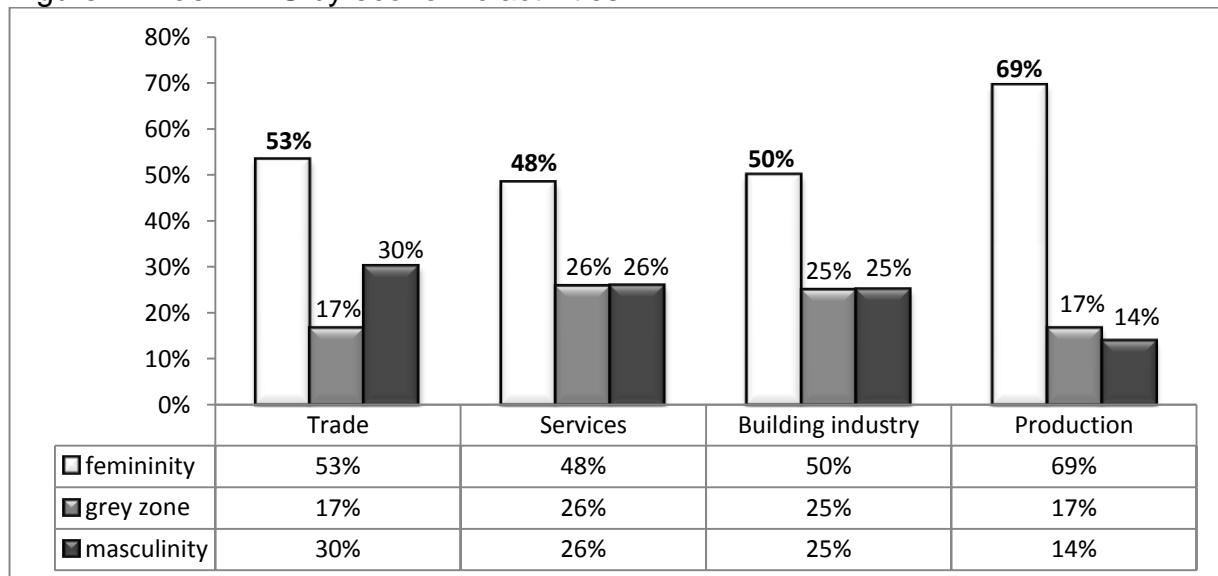


Source: the authors` own research

Masculinity versus Femininity (MAS)

As mentioned earlier, masculinity is the opposite of femininity. In a masculine society gender roles are clearly distinguished, while in a feminine society these roles overlap (Nový, 1996, p. 24).

Figure 7: Index MAS by economic activities



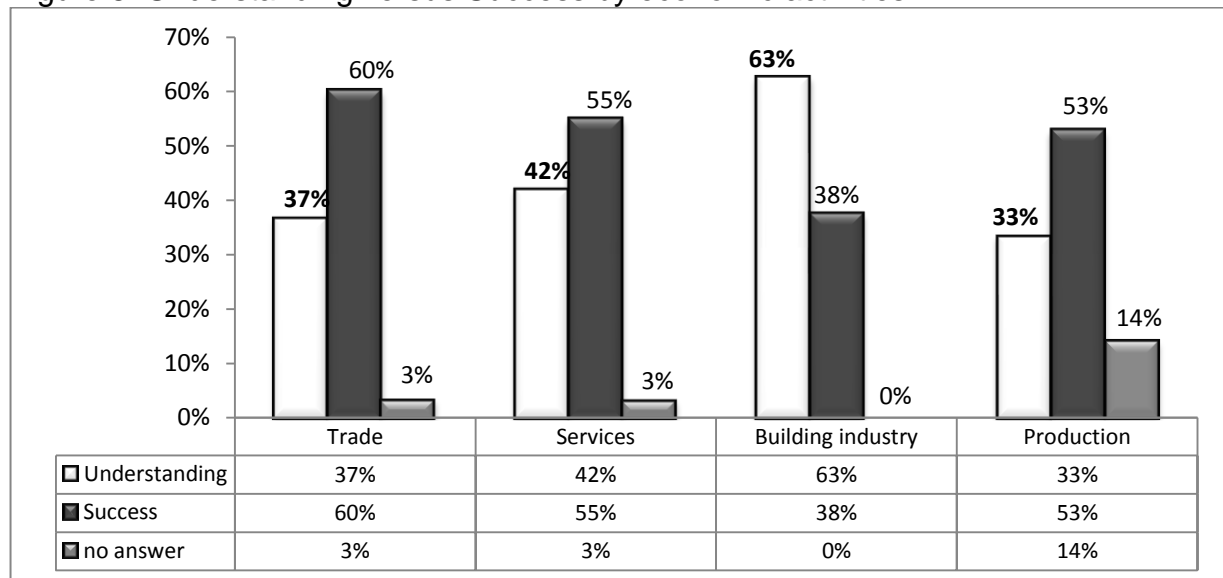
Source: authors` own research

Figure 7 shows that 69% of production companies tend to femininity. Other economic activities incline to this cultural dimension at 48-53%. These results are supported by answers of the staff to the question whether the relationships between employees based on trust and openness are important. More than 80% of companies in each economic activity responded positively (i.e., they are very important and the most

important for them). This view was expressed by 81% of production companies, 88% of building companies, 91% of companies providing services and 96% of trading enterprises. These responses could become an initial incentive for the change of a mindset of managers even in those companies that do not really tend to femininity and then it could even change the corporate culture towards the shift to the knowledge economy.

Figure 8 points to the fact that changing the mindset of managers will not be as easy as it could seem in the previous paragraph. Executives are opened to relationships based on trust and openness, which shifts them closer to the feminine society, but unfortunately in most cases they prefer success for their business (which is a masculine feature) over understanding (a feminine feature), but the fact is that understanding in the company may promote success. The only exception is building industry that prefers understanding at 63%.

Figure 8: Understanding versus Success by economic activities

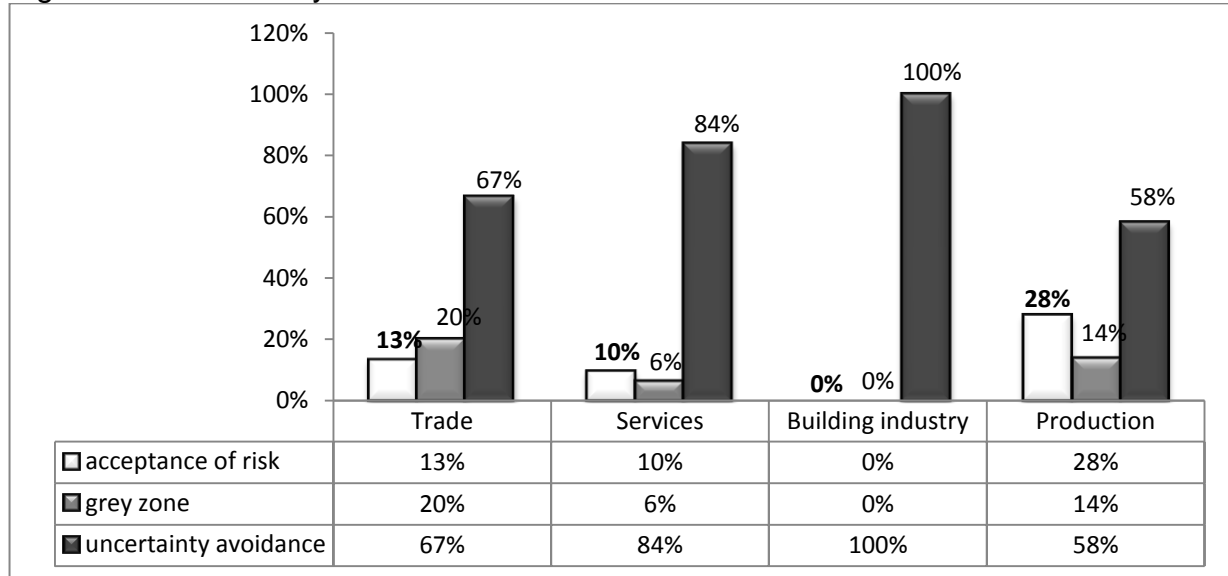


Source: the authors`own research

Uncertainty avoidance index (UAI)

This is a level of concern about the uncertainty where members of society feel threatened by uncertain, unknown, ambiguous or hard to read situations and the question is to what extent they are willing to accept change associated with risk. Great effort to avoid the risk and the uncertainty is usually associated with an extraordinary effort to plan and to program procedures and individual steps of the management process, to process detailed schedules and time studies, precise norms, standards and rules, and all of it in sufficient detail, thoroughly and bindingly, so that the risk of failure was minimal, or even excluded (Nový, 1996, p. 135).

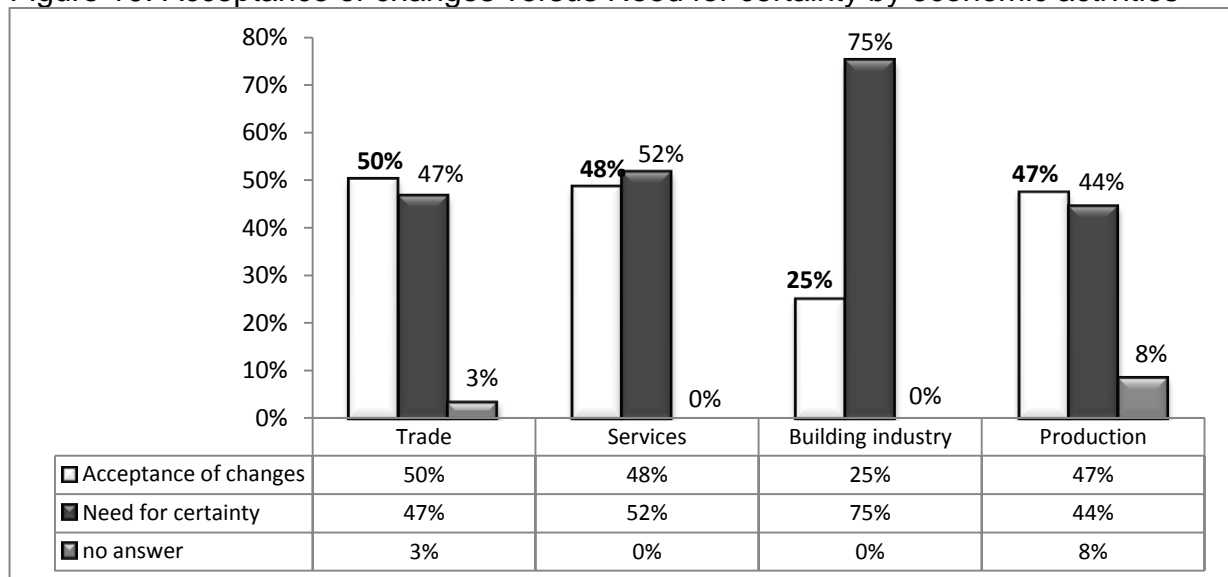
Figure 9: Index UAI by economic activities



Source: the authors` own research

From Figure 9 it is evident that currently only a small portion of all surveyed SMEs assume ways enabling them to compete in today’s turbulent market, in other words, making them able and willing to accept changes and the risks associated with them. Specifically, this applies to 28% of production companies, 13% of trade companies and 10% of the companies providing services. Conversely, all the surveyed firms from the building industry have a need for certainty and do not willingly accept changes. These results are also emphasized in Figure 10, where the representatives of enterprises (mainly building industry companies) prefer the need of certainty prior to accepting changes. As regards other industries, the willingness to accept changes and the need of certainty are balanced and the results are about 50%.

Figure 10: Acceptance of changes versus Need for certainty by economic activities



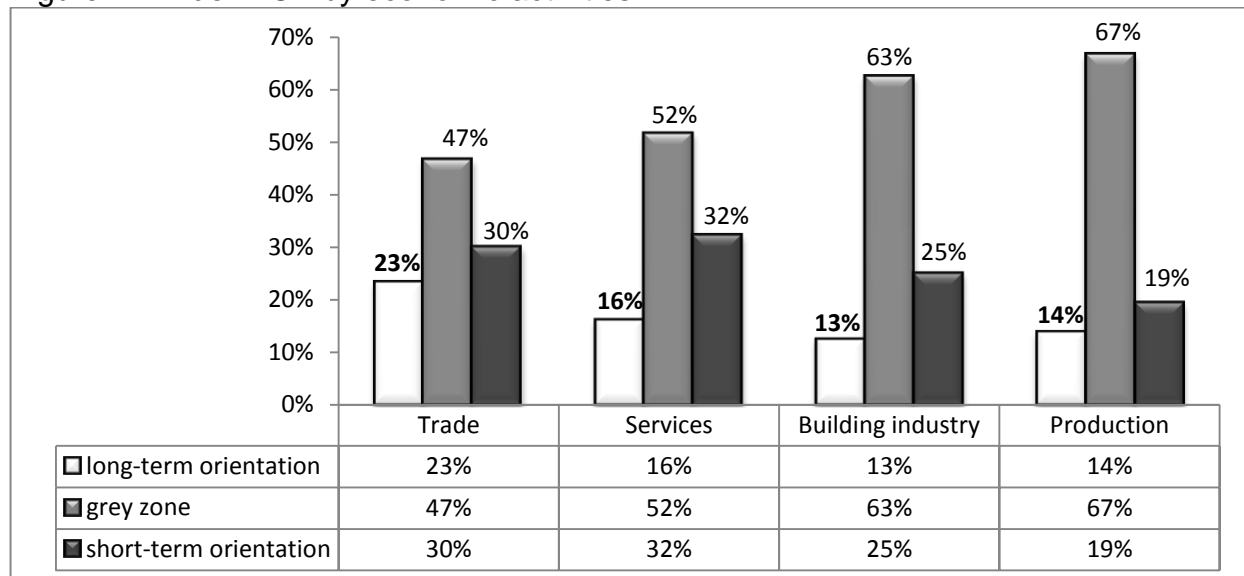
Source: the authors` own research

Short-term versus Long-term orientation (LOT)

In the short-term oriented society the emphasis on the present and near past and all activities associated with these time periods are crucial. In the social field these are specifically respect for the traditions, fulfilling social responsibilities and focus on activities that bring maximum momentary or short-term effect (Krninská, Duspivová, 2013, p. 149).

In the long term oriented societies there is a greater readiness to engage in activities that bring effect in a longer- or truly long period (long-term investments, personal perseverance, and thrift). The long-term orientation is characteristic for the communities which are through their activities focused on the effects in the long term, where values focusing on future return are supported and promoted (Nový, 1996, p. 149).

Figure 11: Index LOT by economic activities

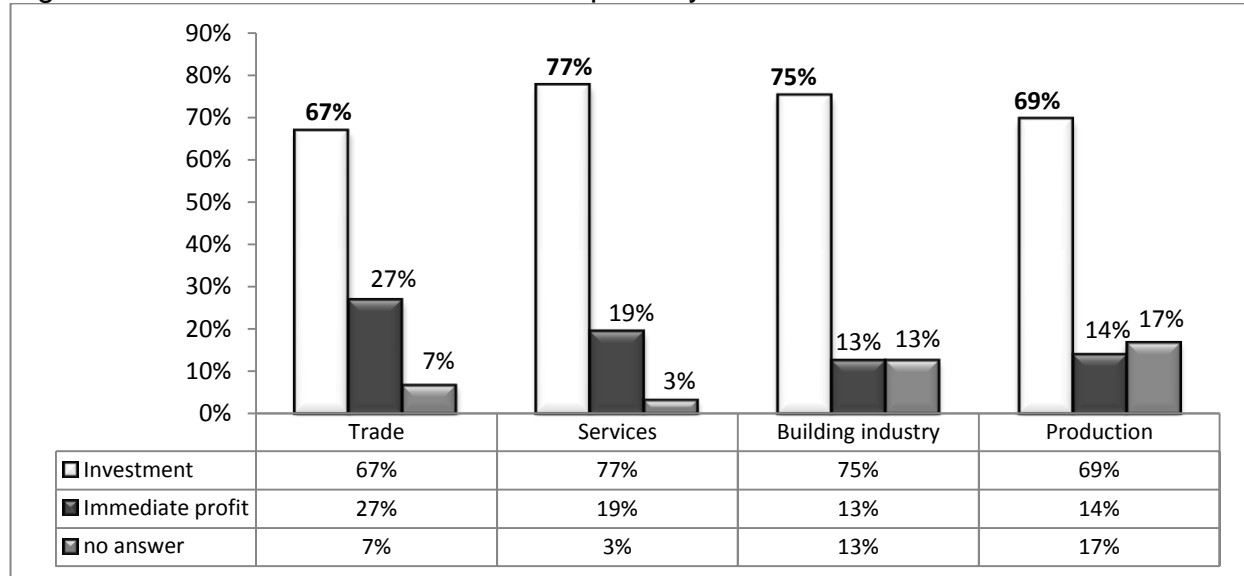


Source:the authors` own research

Figure 11 shows a completely new layout of desired (long-term) and the other (short-term) cultural dimension preference. As shown above, the majority of enterprises in all economic activities do not strictly tend to one cultural dimension, therefore they acknowledge characteristics of both dimensions, but they do not prefer either one. And all the monitored economic activities prefer in more cases the opposite cultural dimension prior to the desirable one, therefore there is a preference of the short-term dimension compared to the long-term perspective.

A positive fact is that despite an inconclusive inclination to the long-term cultural dimension, the executives of the surveyed SMEs prefer in most cases (67-77%) long-term investments to immediate profit (see Figure 12).

Figure 12: Investment versus Immediate profit by economic activities



Source: the authors`own research

Conclusions

Corporate culture is increasingly becoming an essential part of the management of all enterprises, including the SMEs. For managers, it is essential to learn ways of identifying and securing the state of the corporate culture and then getting to experience in managing it towards the desired cultural dimensions in a way so that they can lead their companies to the entry into the knowledge economy, since today's competitive market begins to build on the use of knowledge.

These desirable cultural dimensions are small power distance, femininity, collectivism, accepting changes and taking the risks, and long-term orientation. The surveyed SMEs tend to the desired cultural dimensions only partially, this affiliation never being perfect.

The strongest inclination evidently belongs to the cultural dimension of small power distance, where the absolute majority of all economic activities tend to this desired dimension. Furthermore, all economic activities incline more to the desirable femininity than the opposite masculinity. These dimensions are essential for entry to the knowledge economy, but are not the only ones that companies should acknowledge and follow.

The other preferences include the long-term orientation. Unfortunately only a small percentage of all businesses of the surveyed economic activities tend to it, most of them are situated in the transition zone and do not clearly prefer neither the short-term nor the long-term orientation. However, a possibility appears, looming in the minds and values of responsible executives, how to step on the path of investing rather than prioritizing the profit and thus switch to the knowledge economy.

The cultural dimension of collectivism is acknowledged by exactly one quarter of the surveyed companies, and more than a double incline to the individualism. One could say that, although most of the companies tend to the individualism, a greater number

of the companies apply teamwork (87%) and 73% of executive managers prefer teamwork over the duty of the individual in their concepts. This could lead to the return to cultural fundamentals and old cultural traditions of the Czech Republic, associated with the collective spirit and thus relatively quickly leading to the knowledge economy.

The longest path of companies to the knowledge economy is determined by the cultural dimension of accepting changes and risk perception. Only a small number of surveyed enterprises are willing to accept the changes with all the risks that these changes bring along. The need for certainty is nowadays absolutely prevalent (considering the investigated companies of the building industry, it is even one hundred percent). It may be due to recent and ongoing crisis in this sector. But it is more than obvious that in today's global, turbulent society full of rapid changes, companies must orientate themselves in these changes, and if these changes are easy to take, they will gain a major advantage over the others on the market.

It can be concluded that in most cases the companies incline to two desired cultural dimensions - small power distance and femininity. The executives tend to prefer them in their perceptions and values. The two desirable cultural dimensions are primarily supported by values and perceptions of managers, while the current condition is not yet corresponding to these values (long-term orientation and collectivism). As regards the last desirable cultural dimension, a stronger preference has been found (acceptance of changes and risk perception) neither in the current state of the corporate culture in the companies nor in the perception of values and ideas of responsible executives in the surveyed small and medium-sized enterprises.

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