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THE ORGANISATIONAL CULTURE IN ENTERPRISES WITHIN THE CONTEXT OF SUSTAINABLE DEVELOPMENT – THE EXAMPLE OF THE CONFECTIONARY PRODUCER “ODRA” S.A. BRZEG

1. Introduction

Food processing companies play an important role in the agro-food system and in local sustainable development. Food processing, creating jobs and creating more value added than unprocessed agricultural products, can often be found in more urbanised areas. However, it may contribute to rural development when contracting resources from its surrounding areas. Furthermore, as many industrial activities it may negatively influence the environment.

Company culture is an important factor in the operation of a company. The way in which people work makes it possible to get more out of the human capital available in a firm. It is a condition for obtaining success, and may positively influence financial results and in turn the wages of workers and the wealth of citizens. Furthermore, the social aspect of personnel management and creating a friendly climate within the firm for workers and satisfying their needs should not be underestimated. The literature in this field confirms all these ideas. This raises the following question: is the importance of the human factor and aspects of culture appreciated by managers? If so, how does this influence the functioning of an enterprise and its environment? Is organisational culture important for sustainable development?

This article is an attempt to answer this question. In order to do this, research was carried out in the confectionary producer “Odra” S.A. The

following were used as research tools: a questionnaire, an open-ended interview with the director of personnel, as well as my own observations.

2. Organisational culture

Due to the fact that there are various ways of understanding the concept of organisational culture and several ideas of this concept can be found in the literature, it seems useful to give a brief description of this concept.

Organisational culture is treated as a concept which is similar to the following ideas: organisational climate, organisational ideology, the prestige of an organisation and the personality of an organisation. Due to the common ground between these ideas they have been treated as similar in the literature, despite there being subtle differences. The most commonly used of these phrases are organisational climate and organisational culture.

Organisational climate is defined to be "the collection of norms characteristic of an enterprise defining appropriate behaviour of employees, which results from their objective functioning organisational processes, as well as the subjective reaction of employees to this collection. Both of these together define the framework for the actions of employees in a given organisation [Potocki, 1992, 33]."

One can thus say that this climate reflects acceptance of the dominant tradition within in an enterprise. French et al. [1985] state that the climate of an organisation is "a relatively stable collection of feelings, by which the members of a given organisation define the traits and attributes of their firm [Armstrong, 1998, 89]." The first definition lays stress on both the objective and subjective character of organisational climate, the second lays stress on the its subjective nature. For this reason a differentiation has been made between organisational climate and organisational culture. According to this definition organisational culture is assumed to have the wider meaning. For this reason it is also easier to define organisational culture.

Articles in the literature, which investigate the role of organisational culture in forming the behaviour of members of that organisation and in such a way influencing how the organisation functions, have become a direct cause for investigating these relations in practice.

3. Confectionary Producer "Odra" S.A. Brzeg

The history of the enterprise began in 1864 when the Fabryka Wyrobów Cukierniczych i Czekolady "Piasten" (Piasten Confectionary and

Chocolate Factory) was founded. Up until 1939 the factory produced chocolate and, on a limited scale, sugar. After World War II the factory started to produce sweets. In 1993 the enterprise, functioning under the name of Opolskie Zakłady Przemysłu Cukierniczego (Opole Confectionary Production Plant), was privatised. It is one of the first firms in the sector to become transformed through leasing into a worker's cooperative and changed its name to Przedsiębiorstwo Wyrobów Cukierniczych "Odra" Sp. z o.o (the Confectionary Production Enterprise "Odra" ltd.). In 1998 the firm was transformed from a company with limited liability into a joint-stock company. "Odra" employs 723 people, of which 524 are production staff and 162 administrative staff. The other 37 employees are managers. This employment structure has been relatively stable and since 1997 there has been no fall in employment. A certain variation can be noticed, but taking the number employed at the beginning of 1997 as a seasonal baseline, employment has slightly increased (Table 1).

Table 1. Changes in employment – "Odra" S.A.

Date	Employment level (equivalent no. of full-time positions)	Dynamics of employment (1997 = 100)
01.01.1997	672.70	100.00%
01.01.1998	746.70	111.00%
01.01.1999	720.45	107.09%
01.01.2000	672.70	100.00%
01.01.2001	731	108.60%
01.01.2002	724	107.63%
01.01.2003	713	106.10%
01.01.2004	701	104.21%
31.12.2004	734	109.11%
14.04.2005	723	107.48%

Source: Author's own calculations based on the internal records of "Odra".

During my studies it became apparent that there are seasonal changes in employment related to the cyclic nature of demand for confectionary. Thus the firm has created a data base of workers willing to work on a seasonal basis. These are the workers taken on at peak periods of demand, who on finishing their term of employment do not permanently leave the firm. In the way the enterprise has ensured the high quality of "seasonal" workers, due to the knowledge of these workers about the production processes and the principles of the firm, their loy-

alty and attachment, as well as the local social and economic development resulting from these workers having a steady or seasonal income. It should be stressed that 28% of the employees of "Odra" are inhabitants of villages surrounding Brzeg and the work they have ensures they have medical insurance and social aid, as well as aid in the case of "acts of god", such as the flood of 1997, which is of great importance to them. Such an employment policy is a very positive influence on the economic and social aspects of sustainable development of the surrounding urban and rural areas.

The structure and dynamics of employment indicate that the firm recognizes the needs of workers well, as well as being aware of the relationship between satisfying the needs of workers and the quality of their work and their level of engagement in carrying out their duties. Among the needs of workers which can be satisfied by an employer, the following are regarded as being the most important: job security, raising one's professional qualifications, knowledge regarding the important decisions made within a firm, good social conditions within a firm, as well as payments from the social fund. My studies show that these needs have been recognized by the directors of the firm and are satisfied within the framework of the firm's personnel policy, which also lays stress on the high quality of goods and services, customer satisfaction and productivity, which were identified as areas of extreme importance for the firm.

The satisfying of the need for security is supported by salaries, which are a major tool of material encouragement. In the firm studied the average salary in 2004 was 2 708.5 zł. This average salary has steadily increased since 2000, except in 2003 when there was a small fall. This is of special importance in "Odra", since there is no great difference in the level of the salaries of managers and other workers. Because of this, there is no atmosphere of dissatisfaction, nor division into "those at the top" and "those at the bottom".

A wide range of means not connected with salaries for motivating employees is employed in "Odra" including:

- permanent medical care and check-ups,
- constant improvement of working conditions (the elimination of burdensome, harmful and dangerous factors, renovation of working areas, introducing machinery which satisfies ergonomic demands),
- foreign excursions for excellent workers,
- presents given on the firm's anniversary,
- christmas packages for employees, their children, as well as for pensioners and those on sickness benefit, who were employees of "Odra",
- concerts, festivals, integration meetings, recreational events
- prizes in the form of *e.g.* a day off,

- a system for giving loans,
- aid for those living in difficult circumstances,
- financial aid for winter and summer vacations,
- diplomas presented to workers on the occasion of important events in the private life of a worker.

In addition, training courses aimed at widening a worker's qualifications and/or gaining new professional skills are used to motivate the employees. It can be stated that the firm places particular stress on gaining knowledge, improving skills and developing competence. Employees may continuously raise their qualifications thanks to training programmes and financial support for workers wishing to study, in certain cases such costs are paid in full, as well as granting study leave.

The process of training and developing employees is clearly well thought out. It is adapted to the needs of the firm and workers. In connection with this it covers the following areas:

- planning the need for training at the level of the firm as a whole according to the goals of the enterprise and the expectations of the workers,
- identification of the needs for training in particular departments of the firm, in order to meet the demands of these departments,
- choice of workers to take part in training courses,
- assessment of the effectiveness of courses.

The range of training courses carried out within the firm is very wide, covering management, marketing, finance and book-keeping, information technology, foreign languages, as well as sales, production and technical courses. These are courses realised both "at the workplace" and "outside the workplace". The following type of courses are organised at the workplace: training of workers by their superiors, rotating the roles of workers, given workers important tasks to carry out, managing a group or taking part in important meetings. The method of creative thinking is a generally used method of team work and group solving of problems in "Odra". It should be mentioned here that as a result of employee participation in team work in 2002, 41 ideas for rationalising work in "Odra" were put forward, mainly in the field of management. Courses "outside the workplace" are carried out by training in schools of higher and further education, adult training courses, conferences, seminars, internal and external workshops, including courses organised by specialised firms.

Moreover, the assessment of the effect of training courses is a crucially important element in the process of training employees, both from the point of view of the firm and of workers. This enables the gathering of information necessary to make decisions regarding e.g. the choice of the form of a training course, the range of training courses and the

choice of firms offering courses. Assessment of courses may also answer the following questions: What gains do such courses bring the firm? How has the behaviour of workers and their effectiveness changed? What social and cultural values has a worker adopted as a result of training?

One can thus put forward the following conclusion that creation of opportunities to develop, not only at the level of an individual, but also at the level of a team, aids in the formation of an organisational culture characterised by a friendly atmosphere, building up team spirit, engaging workers in important matters within the firm and mutual tolerance.

An important element in the culture of an enterprise is the method of assessing employees. Every year each employee carries out self-assessment and determines their goals for the coming period. This is followed by the assessment of workers by their direct superiors, who after this assessment talks to the employee about the results, which enables discussion, clarification of any discrepancies in these assessments, highlights problems that have appeared in realising previously set goals and ways of achieving the goals set out for the outcoming period. The principles of this system are known to the employees and accepted by them. Informing employees and discussing with them about the results of these assessments allows them to identify their strong and weak points and motivate them to continually develop themselves.

"Odra" places great stress on communication. Information is passed on to workers in the form of material made generally available to employees, announcements, meetings with management, as well as directly from immediate superiors. This information is in clear, understandable language. It should be noted that communication between management and production workers is two-way. Information regarding the policies, strategies and goals of the organisation are passed on from management to production workers, whereas production workers pass on to the management information regarding problems that appear during the realisation of tasks and propositions for increasing the efficiency of processes within the firm. Knowledge, abilities and personal attributes are the bases of the authority of the managers of "Odra", while loyalty, responsibility and level of engagement are important traits of production workers. This is in line with the culture observed within the firm.

The organisational culture within "Odra" is also reflected in the opinion of employees regarding the firm they work in. When asked about the strong aspects of the firm, employees mentioned the skilled workforce, modern technology, competitive price of their goods, ability to change the range of products, convenient location of the firm which also enables expansion, the lack of negative effects on the environment and the pleasant atmosphere. No weak points of the firm were mentioned. Although

this does not mean that there are no disfunctions within the firm or problem areas, this positive view of the workplace is a positive effect of the personnel policy adopted by the firm. These opinions and the clearly friendly atmosphere within the firm indicates the firm's strong organisational culture, which is attractive to both employees and people outside the firm.

This conclusion is also supported by research on the level of employee's satisfaction carried out by such specialist firms as the Hay Group and Instytut Zarządzania i Pracownia Badań Społecznych (the Institute of Management and Laboratory of Social Research). The results obtained by these firms indicated the high level of worker satisfaction. In the first study this indicator was 90.26 pts. (on a scale of 0 to 100) and in the second 85.27 pts. The opinion of respondents was expressed with respect to various aspects of the working of the firm on a five point scale and the nearly all the responses gave at least 4 pts. This indicates that the level of worker satisfaction with the firm is very high and is one of the most important factors influencing the general level of satisfaction gained from work [internal information from the firm].

"Odra" carries out many activities aimed at increasing the level of satisfaction of its employees. The following are among the most important of these activities:

- the use of many means of motivating workers (both material and non-material),
- involving employees in creating the firm's strategies and personnel policy,
- ensuring that all employees have opportunities and the same, good working conditions and are treated fairly,
- developing the abilities, knowledge and competencies of employees and creating opportunities for employees to develop both at individual and team level,
- helping employees to increase the effectiveness of their work (a consequence of the assessment system used),
- improving working conditions,
- creating conditions which increase the level of engagement of workers, as well as their innovative and creative abilities,
- identifying needs in the field of communication and improving communication within the firm,
- expressing recognition to employees, in order to maintain the level of engagement of workers and develop their competencies.

The studies carried out in the firm show that these are not just declarations by the management, but policies which are effective in practice based on the motivation and self-assessment of employees, as well as

trust in them. These policies have brought the expected results in the form of a permanent, well qualified workforce, which realises the goals of the firm.

The activities of the firm have been noticed outside, which is reflected in the fact that it has obtained almost fifty important prizes and distinctions over the past five years. It is sufficient just to mention a few of these:

- laureate of the programme and emblem "Inwestor w Kapitał Ludzki" (Investor in Human Capital) organised by the Institute of Management and Laboratory of Social Research based in Sopot under the patronage of the Minister of the Minister of Industry, Jacek Piechota, in 2002;

- Lider Zarządzania Zasobami Ludzkimi (Leader in Management of Human Resources) – prize (2003) and distinction (2004) awarded by Instytut Pracy i Spraw Socjalnych (Institute of Employment and Social Security). The 4th edition in 2003 was carried out under the patronage of the President of the Republic of Poland, Aleksander Kwaśniewski. The prize was awarded for successes in the field of management of human resources;

- "Lew wśród pracodawców" (Lion amongst Employers) – first prize awarded in 2002 and 2003 by ING Employee Benefits to firms who show the most care to their employees in the form of non-salary payments;

- "Przedsiębiorstwo Fair Play" "Fair Play Enterprise" – a title awarded by the Krajowa Izba Gospodarcza (National Enterprise Chamber) in 2001, 2002 and 2003 for promotion of the ideas of fair play in business;

- a high ranking according to "Gazeta Biznesu" (Business Gazette) in the years 2001–2004 for medium-sized and large enterprises which achieve good financial results, are dynamically developing and are reliable financial partners. This ranking is carried by Intercredit and the publishers of Puls Biznesu (Business Pulse);

- the "Biała Lista" (White List) certificate – "Odra" was placed on the "white list" of reliable, honest and fair playing businesses in 2003. The appearance of a firm on this list is an indication of the high quality of its products, ability to reach clients, care for the natural environment and creating appropriate conditions for employees;

- "Firma przyjazna środowisku" (Environmentally Friendly Firm) – first prize in 2005.

The prizes and distinctions for activities in the field of managing human potential are not only the result of an analysis of the company's financial results or effectiveness. For example, the organisers of the Investor in Human Capital programme, apart from detailed research on

investment in human capital through training and development of employees, the range of training courses and their frequency, also placed great emphasis on the organisational culture of a firm. This fact is not surprising, since organisational culture, just like organisational climate, is not a new subject of interest and had its place in management theory at the time when the concept of *human relations* was developing, when the importance of the means of human interaction in the effective functioning of an organisation [Sikorski, 1999, 231]. Interest in this field continued to grow in the 1980s, when attempts were made to analyse the success of Japanese businesses [Ouchi, 1981] and also research the links between organisational culture and the carrying out of duties by workers in the USA [Peters and Waterman, 1982].

4. Organisation culture and sustainable development

At present the range of research on organisational culture is wider and does not just concern the relationships between a firm and its workers, but also between a firm and its environment. Such an approach seems to be entirely justified, when we realise that organisational culture is a mechanism determining the process of workers developing skills and abilities, which to a significant extent leads to the development of a firm, which in turn influences local development in economic, social and environmental terms (Fig. 1). The scope of this influence may vary. However, in general one may talk about the positive effect of organisational culture via economic results of the firm on sustainable development at local level, of which "Odra" is a good example. Furthermore, if company culture expresses something more than the profit motive, it may positively influence the way in which people act in the surrounding area and strengthen social structures. Of course one medium-sized firm cannot cause sustainability, but can contribute and provide an example for other business.

"Odra" is an example of influencing economic development is through stable, but yet flexible, employment, which is particularly important in the case of small towns struggling with a high rate of unemployment and the problem of firms going bankrupt. As the results of the study show the level of employment at "Odra" has hardly changed over the past eight years and the firm has provided part of the inhabitants of Brzeg and the surrounding area with a steady income. This undoubtedly has an influence on social development. "Odra's" social fund is allocated to, among other things, cultural and social activities. Employees together with their families take part in sporting events and competitions, as well as festivals, they support the local basketball team "Cukierki"

(Sweets) Odra Brzeg. The presence of the firm's health clinic and check-ups provided by the firm are also a positive influence on social development. Care for employees and the resulting building of a sense of security has created an image of "Odra" as a firm which is attractive to people and active in the social life of the local community. Due to the profile of its activities, "Odra" is a welcome sponsor of the many types of charitable activities in which it often takes part. Moreover, its environmentally friendly activities were rewarded this year, when "Odra" was recognized as an environmentally friendly firm.

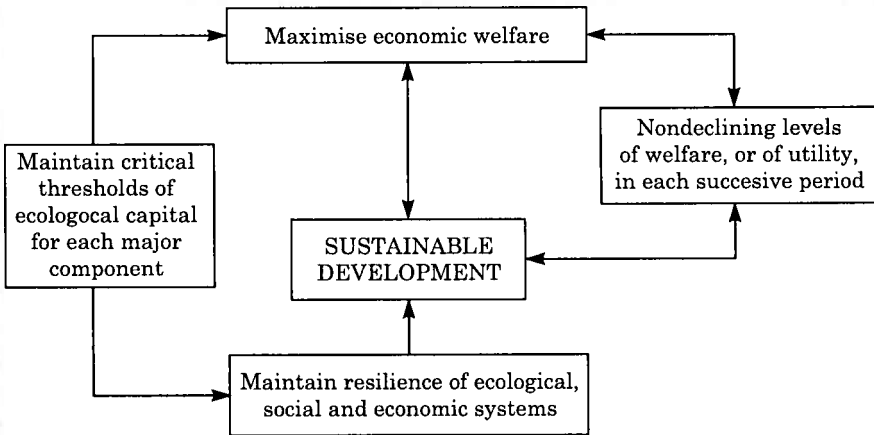


Fig. 1. Schematic representation of Sustainable Development

Source: Rao, 2000, 91.

In summary, one may state with confidence that "Odra" is a good example that the importance of the human factor and cultural aspects have been acknowledged at a practical level. Moreover, this seems to have a positive influence on the functioning of both local development and the firm itself, in this way promoting local sustainable development in its three major aspects: economic, social and environmental. Positive influence on rural areas by way of employment may be strengthened by contracting of locally-produced agricultural products. This is an issue for further research.

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