Can Tho University Journal of Science

website: sj.ctu.edu.vn

Study on corporate culture of Vietnamese enterprises: An approach of denison's model

Chau Thi Le Duyen[1], Thach Keo Sa Rate[1], Nguyen Quang Tuong[2], Nguyen Thi Ngoc Hoa[1] and Nguyen Pham Tuyet Anh[1]

[1]*College of Economics, Can Tho University, Viet Nam*

[2]*Unilever Viet Nam*

*Correspondence: Chau Thi Le Duyen (email: ctlduyen@ctu.edu.vn)

Article info.

ABSTRACT

This study was conducted to identify the elements that constitute corporate culture, applying Denison's organisational culture (DOC) model. The study uses the following data analysis methods: descriptive statistics methods were used to determine the enterprise culture's strengths and weaknesses and the DOC model to assess corporate culture. The results show that the corporate culture scale of the studied business is made up of 12 factors: empowerment, team orientation, capacity development, core values, agreement, coordination and integration, creating change, customer focus, organizational learning, strategic direction and intent, goals and objectives, and vision. The results show that the studied enterprises achieve consistency when building a long-term vision and mission, and stable objectives. According to the DOC model's calculation formula, core values, agreement, coordination and integration are also significantly promoted in the studied enterprises' corporate culture.

1. INTRODUCTION

Building a corporate culture of enterprises in Viet Nam faces certain shortcomings and difficulties; businesses do not pay much attention to this activity.Building corporate culture is an urgent issue, helping companies achieve higher business efficiency (Mobley et al., 2005). It can be said that enterprises in developed countries have focused on building a corporate culture very early and considered it as a weapon of competition (Schein, 1984). The establishment of corporate culture is the spiritual foundation that creates corporate value (Mobley et al., 2005). This activity is also an essential endogenous resource for the enterprise's sustainable development (Denison & Spreitzer, 1991). It is an intangible asset that cohesion among business members (Nongo & Ikyanyon, 2012). The building of corporate culture also contributes to promoting employees' efforts and creativity,

contributing to the growth of businesses in particular and the economy in general (Mobley et al., 2005).

Corporate culture plays a vital role in the development of each economic type. Building a corporate culture contributes to creating a unique identity for each firm (Mueller & Thomas, 2001) and a brand impression in the customer's mind (Zain et al., 2009). To have a strong and influential culture in each organization, the enterprises have to tackle the following questions. Are all employees in the business sharing the same view of the company's goals and strategies? What are the core values of the businesses? And is there a consistent view of these values? Do people put their whole mind and conscience with their organization? How is the definition of success? How to deal with consensus as well as a disagreement? What behaviors are considered mistakes? To what extent are adaptations to

the environment and corporate initiatives? (Zain et al., 2009).

2. LITERATURE REVIEW

According to Mobley et al. (2005), culture is a shared set of shared values, beliefs, attitudes, thoughts and principles of action by all the community members. Culture points out the pathways for social behavior, and it is sometimes hard to discern its influences.

There are many research models and assessments of the corporate culture. In particular, Denison (1996) has developed the Denison's organizational culture (DOC) model with 12 corporate culture indices divided into four groups, which are being used to evaluate corporate culture for businesses worldwide. The DOC model consists of the aspect of involvement including empowerment, team orientation, capacity development (Denison, 1996);

the element of consistency including core values, consensus, cooperation, and integration; adaptive aspects including creating change, customer focus, organizational learning (Denison & Spreitzer, 1991) and mission aspect including strategic orientation, target system, vision (Denison et al., 2004). The traits and the model's indices are presented in terms of two underlying dimensions, flexibility versus stability and an external versus internal focus. Flexibility is affected by adaptability and involvement. External focus is influenced by the aspect of adaptability and mission (Denison et al., 2004). Involvement and consistency affect the internal focus. Stability is affected by two factors of mission and consistency (Denison & Mishra, 1995). Denison's corporate culture model proposes a 60-item questionnaire with 12 indices for measuring corporate culture to assess the organizational culture's strengths and weaknesses.
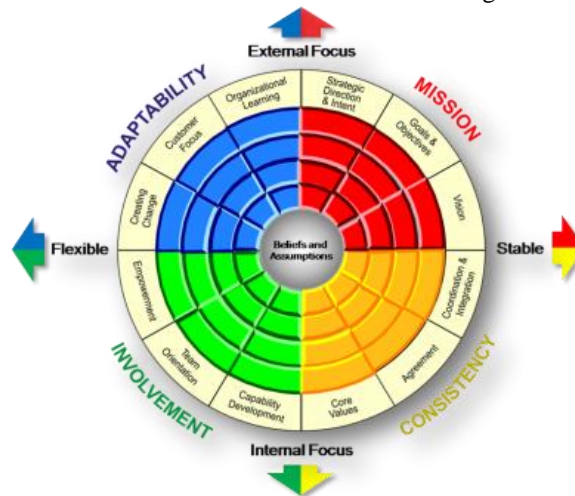

Figure 1. The Denison Organizational Culture Model

(Source: Denison and Neale, 1999)

* Core beliefs and assumptions

At the center of the model is core beliefs and assumptions about the organization and its environment. Every employee in the enterprise has specific thoughts in their business, partners, the customers, the competitors, and the business field. These underlying beliefs and assumptions can be linked to the behaviors that determine corporate culture (Denison & Neale, 1999).

The four traits component indices

(i) Mission: The mission is located in the fourth quarter frame. It is a guide for businesses in the long term.

Vision: The organization has a shared view of an organization that they want to be in the future. It demonstrates the core values, captures the employees' hearts and minds in the organization, and guides the work.

Strategic Direction and Intent: It is a way to create a distinctive mark of the enterprise, clearly orient and convey the business's goals, and indicate the individual's ability to contribute to the business's goals.

Goals and Objectives: There needs to be a clear link between the company's vision, mission, and strategy so that every individual can rely on it to complete their work (Denison & Mishra, 1995).

(ii) Adaptability: It is the transformation of the requirements of the external environment and the actions of the business itself. Adaptability is in the position of the second frame.

Creating Change: Organizations can create adaptive ways to meet changing needs. It can understand the business environment and respond to modern change trends and predict future changes.

Customer Focus: The organization understands and responds to its customers and predicts their future needs. It is driven by the extent to which the organization has an interest in responding to their customers.

Organizational Learning: Organizing the reception, translation, and interpretation of signals from the environment into opportunities to encourage innovation and enhance knowledge development capacity (Denison, 1996).

(iii) Involvement: Forming human resources and creating a shared spirit of ownership and responsibility throughout the business. The greed is in the frame of the third part.

Empowerment: Individuals have the right to initiative and the ability to manage their work. This creates a sense of ownership and accountability for the organization.

Team Orientation: Values are based on collaborative work toward the common goal that employees feel accountable to each other. Organization bases on a team to get things done.

Capacity Development: The organization continually invests in developing the skills of its employees to remain competitive and to meet ongoing needs (Neale, 1999).

(iv) Consistency: Defining values and systems is the basic foundation of culture. Consistency is in the fourth quadrant position.

Core values: Members of the organization share a set of values that create a sense of identity and a clear expectation.

Agreement: Members of the organization can reach agreement on important issues, including the degree of agreement and the ability to reconcile differences when they occur.

Coordination and Integration: The organization's various functions and units can work together to achieve common goals. The boundaries of an organization do not hinder the completion of the work (Neale, 1999).

The personality of corporate culture

(i) Flexibility and Stability: To distinguish a flexible organization (left half) and a stable one (right half). Political involvement and adaptability will emphasize the flexibility and change of an organization. Mission and consistency will emphasize the stability and direction of the organization.

(ii) External and Internal Focus: To distinguish an external organization (upper half) and an internal organization (lower half). Adaptability and mission will focus on extroversion, organizational relationships, and the external environment. Involvement and consistency will emphasize inwardness, addressing the organization's internal dynamics but not the interaction of the organization and the external environment (Denison & Neale, 1999).

3. RESEARCH METHOD

3.1. Data collection method

There are many methods for verifying corporate culture, in which the DOC model is a commonly used model to assess corporate culture when businesses want to have improvement measures for higher efficiency. Therefore, the DOC model was used to verify corporate culture because its evaluation is not too complicated and can be applied to different types of enterprises (Denison, 1999). Specifically, the studied enterprise is a state-owned enterprise. It has been transformed into a one-member limited liability company and is interested in building corporate culture and improving businesses' efficiency performance.

Secondary data is collected through financial statements and the business performance of the studied businesses. Primary data were collected by direct interviews with questionnaires and direct exchange for information. A 5-level Likert scale was used to collect data from 40 business employees who are the business's overall staff. All observed variables were interviewed based on the original text of the DOC model.

3.2. Data analysis method

The statistical method of descriptive analysis describes the topic's research subjects, including gender, age, marital status, education level, number of years of work, staff departments in the research sample. The relationship between factors in the whole is tested using cross-tabulation analysis (Cross-tab), a type of independent testing. This test

is appropriate when two research factors are qualitative or discrete quantitative variables to examine the relationship between the two characteristics in the study. Besides, descriptive statistical methods are also used to identify indices in the DOC corporate culture model.

4. RESEARCH FINDINGS AND DISCUSSION

4.1. The current status of enterprises' awareness of corporate culture

According to the statistical results, there is not much difference in the number of employees

selected for the survey in each department. The surveyed staff are present in a number of departments in this enterprise, in which the administrative organization staff accounts for the largest number, 35.0% with 14 employees, followed by the staff working in the accounting department is 25.0% with 10 employees, and the staff in the planning department of the issue and the staff in the awarding room is 12.5% with 5 employees.

Table 1. Sample descriptive statistics at the studied enterprise

Departments	Number of employees	Percentage (%)
Financial and Accounting Department	10	25.0
Sales Department	4	10.0
Planning and Issuing Department	5	12.5
Administration and Personnel Department	14	35.0
Rewarding Department	5	12.5
Security Department	2	5.0
Total	40	100

Source: Data analysis results, 2019

Table 2. External focus of corporate culture

External focus of corporate culture	Frequency	Percentage (%)
Unified interior architecture	4	10.0
Company activities or events	15	37.5
Company slogan or logo	14	35.0
Featured Products	7	17.5
Total	40	100

Source: Data analysis results, 2019

The survey shows that the external characteristics of corporate culture in specific businesses are as follows: 37.5% of employees think it is primarily

reflected through "events and activities" of the enterprise, "the corporate logo or slogan" is selected by 35.0% of employees.

Table 3. Awareness level of the respondents about corporate culture

Statements	Frequency	Percentage (%)
I have known everything about corporate culture.	2	5.0
I understand everything related to corporate culture.	1	2.5
I am aware of the values/benefits of corporate culture to myself and everybody.	26	65.0
Implementing corporate culture is considered the most important and respectable task for me.	11	27.5
Total	40	100

Source: Data analysis results, 2019

The respondents' awareness level about corporate culture was high at two levels: beliefs and ideals, specifically 65% of the respondents awared of the corporate culture at the beliefs level and 27.5% at

the ideals level. Two other levels (values and attitudes) were found at lower assessment. Hence, the awareness level of the respondents about corporate culture was shown very good. Corporate

culture has shaped their daily lifestyles and habits, so they voluntarily and actively perform the company standards, leading to significant job

performance and bringing many benefits for the company.

Table 4. Traits and indices influencing corporate culture

Indices	Mean	Denison scale (Percentage %)
Mission		
Strategic direction	4.21	62
Goals and Objectives	4.06	60
Vision	4.17	62
Adaptability		
Creating change	3,87	57
Customer focus	3,99	59
Organizational learning	4,01	59
Involvement		
Empowerment	3.79	56
Team orientation	3.89	58
Capability development	4.07	60
Consistency		
Core values	4.16	62
Agreement	4.09	60
Coordination and Integration	4.13	61

Source: Data analysis results, 2019

In this study, the values assessed by enterprise employees ranged from mean to fully agree. The questions raised in Denison's research model of corporate culture are identical, without meaning the questions being too far apart. The mean values of the variables in the criteria are presented in detail in each section:

Descriptive statistics of mission trait of corporate culture according to Denison model:

Table 5. Descriptive statistics of mission

Indices	Assessment according to Mean significance	Mean
DHCL1	4.05	
DHCL2	4.22	
DHCL3	4.29	
DHCL4	4.29	
DHCL5	4.22	4.21
HTMT1	4.15	
HTMT2	4.02	
HTMT3	4.20	
HTMT4	4.00	
HTMT5	3.95	4.06
TN1	4.10	
TN2	4.27	
TN3	3.95	
TN4	4.17	
TN5	4.34	4.17

Source: Data analysis results, 2019

Table 5 indicated the statistics of mission traits with 15 variables, including 5 variables in the "Strategic direction and intent" index, 5 variables in the "Goals and Objectives" index, and 5 variables measuring the "Vision" index. Among variables, the highest mean scores (4.29) were found at DHCL3 *(Our strategic direction is unclear to me)* and DHCL4 *(There is a clear strategy for the future)* in the "Strategic direction and intent" index. HTMT3 *(The leadership has "gone on record" about the objectives we are trying to meet)* in the "Goals and objectives" index had the mean score at 4.2. TN5 *(We can meet short-term demands without compromising our long term vision)* in the "Vision" index had the mean score of 4.34. The lowest mean scores were found at 4.05 for the DHCL1 variable in the "Strategic direction and intent" index *(There are a long term purpose and direction. Next is at* 3.95 for HTMT5 in the "Goals and objectives" index *(People understand what needs to be done for us to succeed in the long run), and at* 3.95 for TN3 variable in the "Vision" index *(Short term thinking compromises our long term vision)*. Therefore, the results presented in Table 5 indicated that there was still a limitation in the employees' understandings of the "Strategic direction and intent" of the company. Moreover, the employees had a limitation on how to manage their objectives.

Descriptive statistics of adaptability trait of coporate culture according to Denison model:

Table 6. Descriptive statistics of adaptability trait

Indices	Assessment according to Mean significance	Mean
DM1	3.78	
DM2	3.85	
DM3	4.07	
DM4	3.73	
DM5	3.93	3.87
DHKH1	4.05	
DHKH2	4.02	
DHKH3	4.07	
DHKH4	4.05	
DHKH5	3.76	3.99
TCHT1	4.05	
TCHT2	3.90	
TCHT3	3.98	
TCHT4	4.07	
TCHT5	4.07	4.01

Source: Data analysis results, 2019

Table 6 indicated the statistics of adaptability trait with 15 variables, including 5 variables in the "Creating change" index, 5 variables in the "Customer focus" index, and 5 variables measuring the "Organizational learning" index.. Among variables, the highest mean scores (4.07) were found at the DM3 variable in the "Creating change" index *(New and improved ways to do work are continually adopted)*, at the DHKH3 variable in the "Customer focus" index *(All members have a deep understanding of customer wants and needs)*, at TCHT4 variable *(Learning is an important objective in our day – to – day work)* and TCHT5 variable in "Organizational learning" index *(We make certain that "the right-hand knows what the left hand is doing")*. The lowest mean scores were found at 3.73 for DM4 variable in "Creating change" index *(Attempts to create change usually meet with resistance";* at 3.76 for DHKH5 in "Customer service" index; at 3.9 for TCHT2 variable in "Organizational learning" index *(We view failure as an opportunity for learning and improvement)*. Therefore, the results presented in Table 6 indicated that there was still a limitation in the employees'.

Descriptive statistics of involvement trait of coporate culture according to Denison model:

Table 7. Descriptive statistics of Involvement trait

Indices	Assessment according to Mean significance	Mean
TQ1	3.88	
TQ2	3.88	
TQ3	3.73	
TQ4	3.61	
TQ5	3.85	3.79
DHLVN1	3.81	
DHLVN2	3.81	
DHLVN3	3.98	
DHLVN4	4.00	
DHLVN5	3.85	3.89
PTNL1	3.95	
PTNL2	4.05	
PTNL3	4.10	
PTNL4	4.05	
PTNL5	4.20	4.07

Source: Data analysis results, 2019

Table 7 showed the statistics of involvement traits with 15 variables, including 5 variables in the "Empowerment" index, 5 variables in the "Team orientation" index, and 5 variables measuring the "Capability development" index. In the "Empowerment" index, the TQ4 variable *(Everyone believes that he or she can have a positive impact)* at the lowest mean score (3,61) while TQ1 *(Most employees are highly involved in their work)* and TQ2 *(Decisions are usually made at the level where the best information is available)* had the highest scores at 3.88. In the "Team orientation" index, DHLVN1 *(Cooperation across different parts of the company is actively encouraged)* and DHLVN2 *(People work like they are part of a team)* were found the lowest score 3.81 and the highest mean score was 4.0 with the DHLVN4 variable *(Teams are our primary building blocks)*. For the capability development index, the lowest mean score was identified at 3.95 with the PTNL1 variable *(Authority is delegated so that people can act independently)*, and the highest mean score was at 4.2 with the PTNL5 variable *(Problems often arise because we do not have the skills necessary to do the job)*. The findings revealed that employees were not absolutely certain that they had positive impacts while working in a team or working with authority.

Descriptive statistics of consistency trait of corporate culture according to Denison model:

Table 8. Descriptive statistics of consistency trait

Indices	Assessment according to Mean significance	Mean
GTCL1	4.20	
GTCL2	4.24	
GTCL3	4.24	
GTCL4	4.12	
GTCL5	3.98	4.16
SDT1	4.17	
SDT2	3.98	
SDT3	4.20	
SDT4	4.05	
SDT5	4.07	4.09
HTHN1	4.10	
HTHN2	4.15	
HTHN3	4.22	
HTHN4	4.20	
HTHN5	4.00	4.13

Source: Data analysis results, 2019

Table 8 presented the statistics of consistency trait with 15 variables, including 5 variables in the "Core values" index, 5 variables in the "Agreement" index, and 5 variables measuring the "Coordination and Integration" index. In the "Core values" index, the lowest mean score was at 3.98 with the GTCL5 variable *(There is an ethical code that guides our behavior and tells us right from wrong)*. The highest mean score was at 4.24 with GTCL2 *(There are a characteristic management style and a distinct set of management practic-*

es) and GTCL3 *(There is a clear and consistent set of values that governs the way we do business)*. In the "Agreement" index, the lowest mean score was at 3.98 with SDT2 variable *(There is a strong culture)* là 3,98 and SDT3 variable *(It is easy to reach consensus, even on difficult issues)* had the highest mean score at 4.2. In the "Cooperation and Integration" index, the lowest mean score was found at 4.0 with HTHN5 *(There is good alignment of goals across each organizational level)*, and the highest mean score was at 4.22 of the HTHN3 variable *(It is easy to coordinate projects across different parts of the* company*)*. The results indicated that the company should have a more transparent code to guide the employees' behaviors. Moreover, there was a limitation in employees.

4.2. Corporate culture identification

According to Denison & Neale (1999) the relationship between the variables' percentage and the percentage value of the measurement criteria of corporate culture was determined as the following formula:

$$Y = \frac{\text{Medium value of measurement criteria x 100\%}}{X}$$

In which, Y: percentage value of measurement criteria of corporate culture according to Denison model

X: Highest mean of research site compared with standard criteria

The results of traits and indices influening corporate culture:

Table 9. Traits and indices influencing corporate culture

Indices	Assessment according to Mean significance	Denison scale (Percentage %)
Mission		
Strategic direction	4.21	62
Goals and Objectives	4.06	60
Vision	4.17	62
Adaptability		
Creating change	3.87	57
Customer focus	3.99	59
Organizational Learning	4.01	59
Involvement		
Empowerment	3.79	56
Team orientation	3.89	58
Capability development	4.07	60
Consistency		
Core values	4.16	62
Agreement	4.09	60
Coordination and Integration	4.13	61

Source: Data analysis results, 2019

As shown in Table 9, it was concluded that the studied corporate culture was at a good level because almost all the indices fell in the first quarter framework of the Denison model (60 – 62 scores). This company's corporate culture tended to be balanced among corporate culture features, including external focus, internal focus, flexibility, and stability. However, the findings still showed that the consistency trait was most prominent than others, which confirmed that the company used to be a state enterprise, so it was not easy to make changes like joint-stock companies or private companies. The company was assessed to be strong in corporate culture with a long-term mission and vision, firm goals and objectives paralleling with strengthened core values, agreement, and corporate culture cooperation.

5. CONCLUSIONS AND RECOMMENDATIONS

This study's main objective was to measure corporate culture according to the DOC model of the studied company. This research used The Denison organizational culture model with four cultural traits, including 12 indices with 60 questions at 5 rating point Likert scale. The findings revealed that the studied company's corporate culture was good because almost all the indices fell in Denison's first-quarter framework model (60 – 62 scores). This company's corporate culture is balanced among corporate culture features, including external focus, internal focus, flexibility, and stability. However, the findings still showed that the consistency trait was most prominent than others, which confirmed that the company used to be a state enterprise, so it was not easy to make changes like joint-stock companies or private companies. The company was assessed to be strong in corporate culture with a long-term mission and vision, firm goals and objectives paralleling with strength-

ened core values, agreement, and corporate culture cooperation.

REFERENCES

Denison, D. R., & Mishra, A. K. (1995). Toward a Theory of Organizational Culture and Effectiveness. *Organization Science*, *6*, 204-223.

Denison, D. R., & Spreitzer, G. M. (1991). Organizational culture and organizational development: A competing values approach. *Research in Organizational Change and Development*, *5*, 1-21.

Denison, D. R. (1996). What is the difference between organizational culture and organizational climate? A native's point of view on a decade of paradigm wars. *Academy of Management Review*, *21*(3), 619-654

Denison, D. R., Haaland, S., & Goelzer, P. (2004). Corporate culture and organizational effectiveness: Is Asia different from the rest of the world? *Organizational Dynamics*, *33*, 98-109.

Denison, D. R., & Neale, W. S. (1999). Denison Organizational Culture Survey. Denison Consulting, LLC. *University of Michigan Business School USA*.

Mobley W. H., Wang L., & Fang K. ((2005)). Organizational culture: Measuring and developing it in your organization. *Havard Business Review*, *3*, 128–139.

Mueller, S.L., & Thomas, A. (2001). Culture and entrepreneurial potential: A nine country study of locus of control and innovativeness. *Journal of Business Venturing*, *16*(1), 51–75.

Nongo, E. S., & Ikyanyon, D. N. (2012). The Influence of Corporate Culture on Employee Commitment to the Organization. *International Journal of Business and Management*, *7*(22), 21-28.

Schein, E. H. (1984). Coming to a new awareness of organizational culture. *Sloan Management Review*, *25*(2), 3-16.

Zain, Z. M., Ishak, R., & Ghani, E. K. (2009). The influence of corporate culture on organisational commitment: A study on a malaysian listed company. *European Journal of Economics, Finance and Administrative Sciences*, *17*, 16-26