Empirical Study of Effect of Radical and Conservative Corporate Culture on Business Performance in IT Industry in China

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Abstract. To find out radical corporate culture and conservative corporate effect on the business performance, this paper collects corporate culture information of 41 listed companies in the IT industry, focusing on values, talent development concepts and visions. Using this as a sample, combined with the average earnings per share of these companies from 2016 to 2017, we explored the relationship between corporate culture and business performance in IT industry. This leads to think about the contradiction between personal interests and company interests.

Introduction

Corporate culture is a part of the operation of every business which forms and shapes as a result of management through the operation of the company. It presents as summary of ideals, attitudes and values in the company, which are generally shared and maintained over a long time period (Petra Haršányová, 2016). Corporate culture has a great role in promoting the internal cohesion of enterprises, achieving the strategic goals of business operations, and improving the competitiveness of enterprises. This paper intends to select 41 companies listed in the IT industry in China as the key research samples and take the corporate culture construction of listed companies as the research object, to explore the corporate culture construction of companies in the IT industry and its relationship with the performance of companies, and put forward thinking about the contradiction between employee interests and company interests.

Status of Corporate Culture Construction of Sample Companies

This paper collects the information about the corporate culture on the listed company's official websites. Through the collection of information, the company's corporate culture generally includes values, talent development concepts and visions. It is generally believed that if the company attaches importance to corporate culture, the company's homepage will disclose the introduction and explanation of the corporate culture. This can also promote the company's publicity in order to attract talents to join. On the contrary, it is considered that the company does not pay enough attention to corporate culture

Indicator Selection

This paper intends to measure the cultural construction direction of enterprises in the IT industry from the following aspects:

(1) Innovative spirit. In recent years, the IT industry has gradually become a new favorite. Investors all around the world are rushing to enter the IT industry. New companies have sprung up, forming a trend of blossoming. However, as more and more funds enter and technology updates fall into the bottleneck at the same time, the industry is gradually becoming saturated. At this time, if a company want to break through the obstacles from thousands of companies, the most important thing is absolutely the spirit of innovation. We collect some parts related to innovation from the values section in the corporate culture of each sample company, and classifies the sample companies as innovative and lacking in innovation to judge them.

(2) Talent development concept. It is known that the staff in the IT industry is extremely hard, working overtime and even overnight has become the norm. Although the body may not be able to
withstand it, in order to complete the company's tasks, give up their health is the only way. The personal health and the company's benefits have become contradictory. Therefore, this paper focuses on the part of corporate culture that is relevant to employee care. From the perspective of talent development concept, the sample company is classified as focusing on employees and focusing on the company.

(3) Target. The target is a combination of self assessments and hopes for the future, usually divided into two categories, one is to becoming a company that ranks nationally and even globally, another is to provide better service for our customers. With different target, the companies will perform differently. Through the analysis of the vision part in the corporate culture, this paper classifies the sample enterprises as interest-oriented and customer-oriented.

Analysis of Corporate Culture of Listed Companies in IT Industry

First, through the observation of the official websites of 41 listed companies in the IT industry, 11 companies have no introduction to corporate culture, accounting for 27% of the total; 2 companies have no specific corporate culture section, but have relevant information for reference, accounting for about 5% of the total; the other 28 listed companies have a special corporate culture introduction.

Table 1. Level of corporate culture.

| No introduction | Relevant information | Special introduction | Total |
|----------------|----------------------|----------------------|-------|
| Number         | 11                   | 2                    | 28    |

Table 1 shows that there is still a high proportion of listed companies in the IT industry that pay less attention to corporate culture. The desertification phenomenon of emerging companies in corporate culture construction is still serious (Xiang, Xu, 2017). Most emerging companies pay more attention to the company's development and economic benefits while ignoring cultural construction. In the long run, this may cause problems such as conflicts in employee values or insufficient corporate cohesion.

Secondly, after removing the companies that have no corporate culture introduction, we will conduct a more in-depth analysis of the remaining 30 companies, as shown in Table 2. Among the 30 companies, there are 18 companies with corporate culture that include “innovation”, accounting for about 60% of the total. 12 companies focus on the physical and mental health of employees, accounting for about 40% of the total. 13 companies have corporate culture with the goal of becoming a national or global leader, accounting for approximately 43% of the total.

Table 2. Trend of corporate culture.

| Innovation | Employee Care | Benefits Oriented |
|------------|---------------|-------------------|
| number     | 18            | 12                | 13    |
| percentage | 60%           | 40%               | 43%   |

We found that “innovation” is an extremely important vocabulary, especially in the IT industry. “Innovation” is repeatedly mentioned in the corporate culture of most company, even a company uses the term “innovation” to represent its whole corporate culture. The importance of this word is vividly reflected. On the other hand, the company's low attention to employee health also indicates that the company's interests are the highest priority in this industry (Hu, 2015). If companies want to “innovate”, they will have to pay a lot of time and energy, which will make them ignore the protection of employees, or even deliberately avoid this problem. Finally, almost every company has a clear vision, either for the company's growth or to optimize its service to its customers. It can be seen that every company in the IT industry is in the development stage and is not satisfied with the status quo. Doing things with goals will always do more with less.
The Relationship between Corporate Culture of Listed Companies in the IT Industry and Their Performance

In order to make a further analysis of the relationship between corporate culture of listed companies in the IT industry and their performance, we use assignment method to do the research.

The Overall Situation of Corporate Culture of Listed Companies in the IT Industry. The Impact of Corporate Culture on Performance

First, we divide the sample companies into two groups, one group discloses corporate culture and the other group does not disclose corporate culture. In order to digitize the company's performance, this paper takes the average annual return per share of 2016 and 2017, and analyzes its relevance to corporate culture. The rate of return of companies group that disclose corporate culture is -0.2579%, the rate of return of companies group that have not disclosed corporate culture is -0.3127% (Table 3).

| corporate culture | disclosed | not disclosed |
|-------------------|-----------|---------------|
| rate of return per share | -0.2579 | -0.31267 |

Because of the downside of the overall market, the returns of both companies are negative. But compare the statistics, the return rate of the disclose corporate culture group is still higher than that of the not disclose corporate culture group. We are able to believe that the emphasis on corporate culture is conducive to the improvement of company performance (Tang, 2013).

The Impact of Corporate Culture on Performance

This paper divides the corporate culture of listed companies in the IT industry into two major directions: radical and conservative. We put the above-mentioned characteristics including innovation, focusing on the company and interest-oriented into a radical corporate culture company group, and put the characteristics of non-innovation, focusing on the employee and customer-oriented into a conservative corporate culture company group, then assign values to the characteristics. One point is added for each item belongs to the characteristics of a radical corporate culture, and the characteristics of a conservative corporate culture will get no point.

Based on the cultural construction information of 30 companies, there are 3 companies with 0 point, 10 companies with 1 point, 11 companies with 2 points, and 6 companies with 3 points. It can be concluded that for listed companies in the IT industry, corporate culture which is more radical is in majority.

The following is an analysis of the impact of corporate culture on performance through the earnings per share of listed companies in the IT industry (Figure 1). The average earnings per share of the company with a score of 0 is -0.3931. The average earnings per share of the company with a score of 1 is -0.2466. The average earnings per share of the company with a score of 2 is -0.2292. The average earnings per share of the company with a score of 3 is -0.2083.

Figure 1. Average earnings per share of listed companies (yuan).
As can be seen from the figure1, in IT industry, the more radical corporate culture of listed companies, the higher average earnings per share they get. This shows that the overall performance of listed companies with radical corporate culture is better, and that of listed companies with conservative corporate culture is poor. It is concluded that in an emerging industry, if a company wants to make a career, it will be more appropriate to adopt a relatively radical corporate culture. However, this will also create conflicts between company benefits and employee health, which is a big problem during the whole company’s life.

Employee Interests or Corporate Interests

The slogan “the company's interests are above everything else” is regarded as the truth in most Chinese companies. Some of them also put the phrase into their corporate culture. But as we all known, if you affirm others, then others will affirm you. This slogan affirms the company’s interests itself and denies everything else, which is absolutely wrong.

An open society is also a symbiotic society. The whole world is a global village. In such a pluralistic society, everyone’s interests are inseparable. Only by respecting each other's interests can we protect our own interests. If we over-emphasize our own interests, we will lose interest. The company is the same, a legitimate company, its behavior must be balanced, with its own development goals, decent social responsibility, respect for obeying national laws and social ethics, and caring for employees.

As a company, its mission is to maximize benefits, which is nothing wrong. However, it must be understood that the company is only an individual in the symbiosis of the entire social system and the interest system. In the process of maximizing the benefits, the benefit should not be treated as the only thing which a company need. It is also impossible to place the interests of the company above the interests of the people and the interests of the state, not above the legal ethics, or even above the interests of the employees of the enterprise. When a company treats its interest above all else, it is absolute that some aspect of the company has gone wrong.

It can be understood that the original intention of this slogan is not to really deny everything, but to the company's employees, requiring employees to always protect the company's interests. No matter what is the situation, the company's interests is in the first place. But even so, the company can't be condescending, treating employees as subordinates of the company, and absolutely saying that the company's interests are above everything else.

As the main body of the enterprise, employees are the creators of enterprise benefits; in turn, employees depend on the company to survive. As a business organization, the company is the source of employees' benefits. If there are company benefits, there will be employees’ interests. But if there is no employee benefit, the company will fall apart, and the company's benefits will never exist anymore. The company and its employees are interdependent, equal and mutually beneficial. There should be no problems with the equal between company's interests and employees’ interests. The employee is first and foremost a subject of rights and then the subject of responsibility. Except for company executives, it is impossible to ask any employee to be responsible for the whole company.

For factors that affect an employee's attitude toward the company, in addition to responsibility of being the employee, a sense of belonging to the company is also important. The employee's caring for the company are based on the company's caring for the employees. Although companies in the IT industry are involuntarily, not to move forward, they will be eliminated, but care for employees is also necessary. A company that only pays attention to its interests and does not pay attention to its employees, even if it grows into a leader in the industry, will bring bad influence to the entire industry or even the entire market. The “people-oriented” thinking is concrete, not abstract, in a company.

As long as you complete your duties, do not infringe on the interests of the company, and protect your legitimate interests, you are total a qualified employee. For any employee, responsibility is rigid and mandatory, and the feelings are flexible and unforceable. When the interests of the company
conflict with the interests of the employees, there is no need for private combat, only legal weighing. Not the interests of employees must give way to the interests of the company.

“Public” is good, “Private” is evil, it is a distorted ideological ideology in a special era. The starting point of “the company's interests above all else” is not really bad, but the subconscious mind clearly has the complex of that era, and the core value still excludes the employees who are the main body of the company—“employee”.

**Conclusion**

By grouping listed companies and combining the analysis of earnings per share, we find that in the IT industry:

- Companies that focus on corporate culture has better business performance than companies that do not focus on corporate culture.
- Companies that emphasize innovation in corporate culture can achieve better business performance.
- The performance of listed companies with radical corporate culture is better than that of companies with conservative corporate culture.

At the same time, companies with a radical corporate culture tend to place too much emphasis on the company's interests and ignore employee interests. We discuss the contradiction between the interests of the company and the interests of employees, and concludes that the interests of the company should be equal to the interests of employees, rather than regard the interests of the company as everything.

In addition, the part of this paper that explores the relationship between corporate culture and company performance is only a preliminary judgment and concept. More in-depth study of the association requires more detailed information and more accurate methods.

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