Corporative culture as an instrument of human resources management

INTRODUCTION

The influence of culture on all life aspects (economic, political, social and spiritual ones) is particularly actual in the conditions of global transformation of society. At crucial moments in history, when it is important to keep the moral of society, the role of culture especially increases as an indicator of a nation’s prosperity. The culture has the property of uniting people who are dissimilar in consciousness and behavior. It initiates the process of reflection and assimilation of values, it also regularizes and organizes social communities. The culture creates the framework for cooperation in the contents of the individual activities. Most of the writers are definably in their opinions that the corporative culture is a level of culture (other levels are national culture and team culture) [Hofstede, 2010]. It was founded that seventy two percent of corporate leaders admitted the importance of the corporate culture but only twenty five percent identified an effective it for their organization [Eaton, Kilby, 2015, p. 4–7].

Current information era is characterized by the new priority in the culture which focuses on the personality, its self-expression and social partnership between organizations and the public. Adoption of human resources as a leading factor of effective activity forms the new concept that focuses on the needs and interests of employees, their registration and implementation in the life of the organization. Within the framework of the organization culture manifests itself and functions as a corporate culture.

It is rather difficult to give a clear definition of the corporate culture. Most often the corporate culture is understood as the ideology or philosophy of the organization, its values, subordination rules, schedule of work and rest. The cor-
Corporative culture is traditionally considered to be the tool to increase an employee’s motivation for effective productivity. But people spend at work most of their time and want to get from work much more than just salary. The special role of the corporate culture is manifested in the fact that it provides spiritual development and realization of the creative potential of both the staff and managers. The variety of activities within the corporate culture aimed at the development of the staff (including training, sports activities, a joint recreation, visiting cultural institutions etc.), is contributing to the development and stabilization of the organization. In addition, foreign experience shows that the corporate culture can serve as a means of effective follow-up of organizations and as a factor of achieving social well-being. For Ukraine, which has chosen the way of market reforms and European integration, the problems of the corporate culture are particularly relevant.

Complex economic crisis and political instability provoke the destruction of the corporate values of organizations, hindering the fulfillment of priority social and economic needs of employees. Companies that have internal contradictions are not attractive to investors. Thus it is essential to rethink the concept of the corporate culture as a powerful source of active social interaction and as a harmonious development of social and labor relations. The corporate culture is increasingly targeted by research interest. At the same time there is an increasing number of studies linking the corporate culture not only with personnel management issues, but also with such areas of research as „public relations”, marketing, strategic management, corporate governance. Several works in the field of linguistics, information security, and industrial processes are also studying the impact of organizational culture factors. This confirms the fact that the corporate culture affects every aspect of the organization and it is a powerful management system.

The purpose of this article is to reveal development trends and ways of regulation of the corporate culture of organizations as a strategic tool in human resource management system.

**CORPORATE CULTURE & MANAGEMENT**

Originally, the term of „organizational culture” was used as a method of management, and only later the term of „corporate culture” has appeared in foreign literature. The corporate culture was talked about during the transition from the traditional administrative management (personnel management) to management with an emphasis on the humanization of labor (Human Resource Management). The human was reviewed not as a position but as a resource. The main task of human resource management is the development of staff capacity in accordance with the objectives of the organization and the community, and also its effective use. However, the interests of each employee should be respected as much as possible through the establishment of cooperative relations between management and staff.
team. People are not only the representatives of the corporate culture, but also its creators; they change its basic characteristics and parameters. Consequently, there is a close relationship between the organization corporate culture and human resources management system.

In most cases, the term of the corporate culture reflects the values of the organization, employee’s expectations, traditions, norms and behavior rules. The first attempt to study the organizational culture of management is considered to be the research by E. Mayo in the early 1930s. During 1927-1932 the American company Western Electric in Chicago carried out the experiment in order to find out the influence of the organizational culture on labor productivity.

The concept of the corporate culture is firmly grounded in Europe and Eastern countries. It is known that the existence of „corporate spirit” in the organization was discussed in the XIX century. A. Fayol called the consolidation and maintenance of „corporate spirit” one of the basic principles of business management [Zankovsky, 2000, p. 288]. European countries, due to historical trends, are characterized by an individualistic approach to culture and Eastern countries are characterized by a collectivist one. While the Ukrainian understanding of the corporate culture is at the stage of nucleation and it is formed on the principle of the synthesis of the first and second approaches. At the same time, the majority of Ukrainians live on informal and friendly lifestyle principles. The peculiarity of Ukrainian mentality is a contradiction between formal life, in accordance with corporate policies, and human life that is to unwritten rules which are accepted in a friendly environment. The issue of the corporate culture is represented in the works of such Ukrainian scientists as: G. Skurativski (2003), T. Beliak (2014), L. Hrishnova (2007), K. Hnezdilova (2013), T. Kytsak (2010), A. Kolot (2012). This demonstrates the presence of Ukraine’s own, original experience of creating the organizational culture in the domestic conditions, which is based on traditional values and specificity. Unfortunately, only a few of these publications represent empirical research. The major parts of these studies are the analysis of international experience in the field of diagnostics of the organizational culture and human resource management.

Foreign scientists paid attention to the corporate culture much earlier since the 1980s. This led to an advancing of Western science in the study of the corporate culture. The corporative culture theory involved corporative behavior especially with social psychology, anthropology and sociology [Denison, 1990, p. 166–187].

The first scientists in this direction were such ones as: T.J.P. Peters (1982), A.M. Pettigrew (1979), E. H. Schein (1984), K.E. Weick (1985) and etc.


The significant contribution to the study of these issues was also made by

It should be mentioned that the „corporate culture” refers to the class of management concepts which do not have the only correct interpretation. Almost every researcher in this field offers his/her own original definition of the corporate culture.

The analysis of existing definitions allowed us to identify two groups of the corporate culture definitions.

The first group includes the definitions which indicate the elements of corporate culture. For example, the corporative culture is acknowledged values, beliefs, standards and codes of conduct in the organization [Gibson, 2006, p. 55].

There are several definitions of the corporate culture. For example, states that culture represents the unspoken code of communication among members of the organization [Cremer, 1993, p. 351–386.]. O’Reilly and Chatman (1996) developed a similar point of view that culture is a convention that helps coordination, like which side of the road we drive on. The scientific literature focuses on the notion of culture as „a set of norms and values that are widely shared and strongly held throughout the organization” [O’Reilly, Charles and Jennifer A. Chatman, 1996]. According to Antonio Ortega Parra „the corporate culture” is a set of values, beliefs, and behavior patterns that differentiate one organization from other organizations [Ortega-Parra, Sastre-Castillo, 2013, p. 1071].

F.J. Rogers in his work represents the corporate culture as „a certain set of the most important offers which shared by the stuff team and expressed in the declared values of the organization and pointed out the direction for further staff behavior.” [Rogers, 1990, p. 56]. „The corporate culture is a system of material and spiritual values, manifestations, which interacting together in the company, reflecting its identity and perception of themselves and others in the social and material environment” [Bazarova, 1998, p. 12].

„The corporate culture is a set of beliefs and expectations shared by members of the organization, and forming standards, which largely determine the behavior of individuals and groups in the organization” [Fey, Denison, 1998, p. 4].

The second group includes definitions in which the corporative culture is perceived as a way of existence, adaptation to the environment. For example, it proves the definition by E. Shane which is presented below. „The complex of basic assumptions invented, discovered or developed by the group to learn how to deal with the problems of external adaptation and internal integration, functioning long enough to prove its competence, and transmitted to new members of the organization as the only right one.” [Schein, 2016]. His point of view of the corporative culture was widely adopted by researchers in and out of organizational studies. For instance, Geert Hofstede, looks upon the corporative culture as „the collective programming of the mind that distinguishes the members of one organization from others” [Hofstede, 2010].
Thus, we will consider „the corporate culture” as a set of values, beliefs, traditions, principles and standards of conduct, which are formed by the internal and external factors (historical, cultural, economic, political, mental), which develop employment relationship and contribute to the achievement of the results in the activities of the staff and organisations as a whole.

B. Schneider claimed that the corporate culture is the way of solving problems of managers and employees in the organization [Schneider, 2013, p. 361–388]. The scientists [Dawson, 2010; Schein, 2016; McKenna, 2012] say that the powerful culture helps to decrease the contradiction in the organization, to control and motivate employees. Schein focuses on leadership as the key factor in understanding and influencing corporate dynamics.

Mostly, the corporate cultures form spontaneously, but the manager or leader still plays a main role. As a rule, the majority of state enterprises underestimate the role of the corporate culture, and this fact has a negative effect on the condition of labor relations. In this case we speak of corporate conflicts, both vertical and horizontal, low motivation, loyalty and reliability of the staff. The core of the corporate culture represents corporate values that form the traditions (the visible manifestation of the corporate culture). Thus, the corporate culture is formed through traditions [Harsky, 2006, p. 208]. How does this happen?

The head of the organization, who is informally „allowed” by the staff to engage the establishment of unwritten rules, uses his own experience (personal, spontaneous, previous, successful, and social) to create the core of the corporate culture. It is easier to carry it out, if someone from the staff is already familiar with these regulations. For example, an ex-officer surrounds himself by retired military officers with great pleasure. How can we determine if there is the introduction of new traditions in the corporate culture? It becomes possible only after the head has encountered a wrong decision or behavior of a subordinate! At first, the director corrects worker’s behavior, but if the error still persists, it will be clear that the employee doesn’t want to follow the new corporate standards. Further the boss uses different instruments for the implementation or change of elements of the corporate culture.

There are such elements as:
– understanding the organization’s mission, its role in society, the main goals and objectives of the activities;
– value attitudes through which all actions of employees are estimated;
– behavior patterns in different situations (both ordinary and unusual);
– current system of communication (exchange of information and interaction between the departments of the organization and the outside world, forms of communication between the boss and the employee, and on the contrary);
– norms of business communication between team members and clients (other institutions, government representatives, mass media, community, etc.);
– methods of conflict resolution;
Corporative culture as an instrument of human resources management

- customs and traditions existing in the organization (for example, congratulation of employees with birthday, outdoor recreation, etc...);
- symbols of the organization (slogan, logo, the staff’s uniform and etc.).

All these steps are aimed at establishing the new relationship between management and employees, and consolidation of their loyalty to the organization.

According to the research of the American consultant David Kirk, more than 90% of factors that form the corporate loyalty, and more than 99% of factors that influence the satisfaction of employees with their work, are related to the efficiency of corporate communications [Yarnyh, 2006, p.79].

The formation of the corporate culture as a factor of harmonization of staff relationship

The formation of the corporate culture has a bilateral character. On the one hand, it is the integration and transfer of cultural attributes of the organization to the environment; on the other hand, it is the influence of public opinion on the internal environment. Culture shapes organizational behavior, and influences on the behavior of staff, harmonization of their relationship, and the efficiency of organizational management.

There are the basic stages of a human resources specialist as for the formation and development of the corporate culture.

1. The analysis of the current corporate culture. This stage is carried out in the following directions: basic values, traditions and symbolism; standards of behavior; „Heroes” of the organization; existing methods of formation and development of the corporate culture.

When forming the corporate culture, an important factor of its further development is the choice of its type. There are many typologies of the corporate culture. In the classic west management Jeffrey Sonnenfeld’s typology is common. The researcher identified the following four types of culture: baseball team, club, academy and fortress. Each of the aforementioned cultures has a different potential to support the status and success of the company and has a different impact on employees’ career.

**Academy Culture**

Employees are highly skilled and tend to stay in the organization, while working their way up the ranks. The organization provides a stable environment in which employees can develop and exercise their skills. Examples are universities, hospitals, large corporations, etc.

**Baseball Team Culture**

Employees are „free agents” who have highly prized skills. They are in high demand and can rather easily get jobs elsewhere. This type of culture exists in fast-paced, high-risk organizations, such as investment banking, advertising, etc.
**Club Culture**

The most important requirement for employees in this culture is to fit into the group. Usually employees start at the bottom and stay with the organization. The organization promotes from within and highly values seniority. Examples are the military, some law firms, etc.

**Fortress Culture**

Employees don’t know if they’ll be laid off or not. These organizations often undergo massive reorganization. There are many opportunities for those with timely, specialized skills. Examples are savings and loans, large car companies, etc. [Saxena, 2010].

Other typologies were suggested by K. Harsky [Harsky, 2006, p. 220–228], who divided all the companies into four types: ideological, material, emotional and vital.

The slogan of the Ideological organization is „We have rules, and they are more important than money”. Any company should be ideological as regards its history and performance standards.

The slogan of the company with the dominant material priorities is „The money above everything”. It exists only to properly increase the income of their owners and shareholders. Such type of companies can control the market and win in it, in the absence of a strong ideological rival. Companies with dominant material priorities are good imitators, but they rarely offer some innovations. Because innovation is a risk, but companies do not like to take risks. They carefully study the experience of the ideological companies, which like being pioneers, and if they find it useful, they immediately begin to repeat.

The slogan of the company with the dominant emotional priorities is the phrase „The relationship is more important than money”. Important elements of the corporate culture are different manifestations of emotion and corporate parties. The team of the emotional company is often divided into small groups which are fighting for the proximity to the first person.

„The vital company” focuses on the survival. If the accounting period passes without damages this is good.

In addition, K. Harsky proposed the express test to diagnose the type of a company:

**Signs of the ideological company:**

- The company has recorded rules (regulations) on the paper;
- Existing rules in the company are more important than money;
- Existing rules in the company are more important than the relationship between people;
- The top management is subject to the company’s rules;
- Violation of the rules is considered a serious misconduct;
- Adaptation of a new employee begins with a study of the rules;
- The employee’s readiness to accept rules of the company is highly valued;
• Work of staff is carefully planned;
  Signs of the material company:
• We are here to make money;
• The contribution of the employee to the business is measured by the amount earned;
• Employee, who earns a lot, is allowed much;
• If the existing rules prevent to earn more it is necessary to change the rules;
• All methods and techniques that increase profits are good;
• There are no good and bad methods of sales, there are effective and ineffective ones;
• Profit is the most objective indicator of viability of the business;
• We easily dismiss slackers;
• Corporate parties are rare and businesslike;
  Signs of the emotional company:
• Work should be fun;
• We make sure that employees want to work for us;
• Our corporate holidays are merry and carefree;
• We take care of the psychological climate in the team;
• Our employees have a lot of no financial incentives to work;
• Rules limit the freedom and creativity, so we do without them;
• Conflicts between employees can ruin the whole business;
• We strive to an agreement;
• Money is not everything.
  Signs of the vital company:
• We are a family;
• Power is concentrated in the same hands;
• We do not like to „Wash dirty linen in public‟;
• We communicate with each employee for a long time, raising and educating him;
• The dismissal of an employee is a big problem;
• Employees, like children, are in need of care;
• Work experience of an employee affects his credibility in the company;
• We prefer to hire people which we know and on the recommendations;
• Money is not everything;
• Each employee strives to increase his contribution to the common business;
  In practice, each company chooses for itself the most successful symbiosis of the above types of cultures. It is also possible to implement one particular type of culture with the consequent transition to another one in the process of formation and development of the organization.
  2. The development of the Corporate Code. This process involves defining the mission, strategic perspectives and key priorities of the development; determining the general principles of the corporate behavior, traditions and symbols.
  3. Determining the forms and methods of work with staff. The main result
of successful work on the formation and development of the company’s corporate culture is dedication of employees. This is identification of a man with his organization, his striving to work in it and contribute to its success. There are the main components of dedication: integration (employees’ assigning of organizational goals, the union of workers around the goals of the organization), inclusiveness (the desire of employees to contribute to the achievement of organizational goals) and loyalty (an emotional attachment to their organization, the desire to remain a member). Various methods are used for the formation of staff dedication: branding, corporate media, corporate standards; staff training and development, corporate conferences and seminars, competitions and support initiatives, social programs, benefits and privileges; corporate celebrations and congratulations; family programs, sports, charity.

For the formation of the effective innovative corporate culture the most widely used technologies are:

– training seminars to form the mood of the staff to initiate and perceive innovations;
– trainings for the management team, aimed at the formation of specific skills that match the corporate culture (they allow top managers to understand the situation in the company better and define the role of each of them in the development of innovative corporate culture);
– assistance in development of specific methods (procedures of stimulation of creativity, initiative, high innovation activity of staff, and others.);
– development and implementation of corporate activities aimed at accelerating and the growth of the efficiency of the implementation of the innovative corporate culture.

4. Targeted effects on the corporate culture in order to overcome the negative values that prevent from the harmonious development of relationship and worsen results of organization activities. Head of the company himself should be an example of corporate conduct, which he supposes to consolidate and develop among subordinates.

5. Estimation of the effectiveness of the corporate culture, and making necessary corrections. The analysis is carried out according to the criteria of common interests (the majority of employees and managers share the same values and business practices), the adequacy of the corporate culture of the chosen strategy, culture adaptability (the ability to be a catalyst for change). The adequacy of the culture affects the susceptibility of the organization to changes in the environment and the ability to work effectively in the long term. The values that characterize the culture adaptability are trust, risk tolerance, initiative, creativity, etc.

Formed corporate culture means that there is the complete identification of the employee with the company and indicates that he realizes the company’s ideals and clearly complies with the rules and norms of behavior in the organization, and he also fully accepts corporate values.
Conclusions

Theoretical analysis has shown that the current literature has not enough scientific and practical recommendations for the mechanisms of formation of the corporate culture for harmonization of staff relations.

For the successful management of organizational processes a chief should focus on the direct impact on staff. In addition, managers, economists and financiers should take into consideration all the key processes of strategic human resource management through the vector of influence of external factors. The corporate culture must help to overcome the formal approach to the collective regulation of labor, in particular labor, which is characterized by creative elements. The updated corporate culture should become a significant motivational means of formation of active innovative behavior of staff.

This study is based on the literature. Further research can be done empirically to understand the problems of the harmonization of the corporate cultures of managers and the staff. Undertaking this research could be helpful to reach a better understanding of the corporate management and its consequences.

Bibliography

Bazarova T., Eremina B., 1998, Corporate culture, Moscow: UNITY.


Corporative culture as an instrument of human resources management

The article is devoted to the study of the corporate culture of organizations as a strategic tool in human resource management system. The essence of «corporate culture» concept has been studied and explained from the positions of psychology. We consider the main components of the corporate culture.

Corporate culture is represented as a socio-psychological phenomenon, which actually determines the nature of the organization (corporate environment) and, consequently, the content of its activity, creating the appropriate worldview, value-regulatory, as well as behavioral patterns of its functioning. The views of foreign and national scientists concerning the classification of organizational culture typologies are analyzed.

The article contains a number of theoretical conclusions, practical tips and advices on the further development of the corporate culture of the organization.

Keywords: corporate culture, goals, values, behavior, influence, motivation, harmonious development

Summary

The article is devoted to the study of the corporate culture of organizations as a strategic tool in human resource management system. The essence of «corporate culture» concept has been studied and explained from the positions of psychology. We consider the main components of the corporate culture.

Corporate culture is represented as a socio-psychological phenomenon, which actually determines the nature of the organization (corporate environment) and, consequently, the content of its activity, creating the appropriate worldview, value-regulatory, as well as behavioral patterns of its functioning. The views of foreign and national scientists concerning the classification of organizational culture typologies are analyzed.

The article contains a number of theoretical conclusions, practical tips and advices on the further development of the corporate culture of the organization.

Keywords: corporate culture, goals, values, behavior, influence, motivation, harmonious development

Kultura korporacyjna jako narzędzie zarządzania zasobami ludzkimi

Streszczenie

Przedmiotem artykułu jest korporacyjna kultura organizacji jako strategiczne narzędzie w zarządzaniu zasobami ludzkimi. Zbadano treść kategorii „kultury korporacyjnej” z pozycji psychologii. W artykule skoncentrowano uwagę na głównych elementach kultury korporacyjnej.

Kultura korporacyjna jest przedstawiona jako fenomen społeczno-psychologiczny, który faktycznie determinuje charakter organizacji (środowisko korporacyjne) i w związku z tym, wyznacza treść jej czynności, tworzy odpowiednie ideologiczne, wartościowe i regulacyjne wzory zachowania w trakcie jej funkcjonowania. Analizuje się poglądy krajowych i zagranicznych naukowców dotyczących klasyfikacji typologii kultury organizacyjnej.

Artykuł zawiera wiele wniosków teoretycznych, porad praktycznych i zaleceń dla dalszego rozwoju kultury korporacyjnej.

Słowa kluczowe: kultura korporacyjna, cele, wartości, zachowanie, wpływ, motywacja, harmonijny rozwój

JEL: M14