

MODERN UKRAINIAN CORPORATE CULTURE

©2018 MUKHA S. V.

UDC 330.83

Mukha S. V. Modern Ukrainian Corporate Culture

The article analyses the current status of the modern Ukrainian corporate culture. The main attention is focused on the formation and development of the modern corporate culture of Ukrainian enterprises and is compared to the western experience. The main key characteristics of the modern Ukrainian corporate culture together with its new trends are identified. The modern development directions of the Ukrainian corporate culture are defined. The features of development of the Ukrainian corporate culture at the modern stage of establishment of economy are allocated. The differences in the development of corporate culture of both Ukrainian and foreign enterprises are characterized. The article analyzes the theoretical basis for the development of corporate culture in Ukraine. It is determined that the development of corporate culture contributes to the efficient development of enterprise. It is concluded that any organization that aims to succeed should promote a spirit of unity and common interests and responsibility in order to create a sense of loyalty, solidarity and pride among its employees. One of the main reasons for attracting Western professional managers is that in Ukraine there is still a shortage of local professional managers.

Keywords: corporate culture, corporate ethics, principles, modern Ukrainian corporate culture, corporate spirit.

Bibl.: 9.

Mukha Svitlana V. – Postgraduate Student of the Department of International Business and Economic Analysis, Simon Kuznets Kharkiv National University of Economics (9a Nauky Ave., Kharkiv, 61166, Ukraine)

УДК 330.83

Мука С. В. Сучасна українська корпоративна культура

У статті проаналізовано сучасний стан української корпоративної культури. Визначено історичні передумови становлення сучасної української корпоративної культури та порівняно їх зі світовим досвідом. Виявлено основні характерні особливості української корпоративної культури та її нові тренди. Визначено сучасні напрямки розвитку української корпоративної культури. Виокремлено особливості розвитку української корпоративної культури на сучасному етапі становлення економіки. Охарактеризовано відмінності в розвитку корпоративної культури українських і закордонних підприємств. Проаналізовано теоретичне підґрунтя розвитку корпоративної культури в Україні. Визначено, що саме розвиток корпоративної культури сприяє ефективному розвитку підприємства. Визначено, що будь-яка організація, що має на меті досягти успіху, повинна сприяти духу єдності, спільних інтересів та відповідальності, щоб створити почуття лояльності, солідарності та гордості серед своїх співробітників. Однією з головних причин залучення західних професійних менеджерів є те, що в Україні все ще існує дефіцит місцевих професійних менеджерів.

Ключові слова: корпоративна культура, корпоративна етика, принципи, сучасна українська корпоративна культура, корпоративний дух.

Бібл.: 9.

Мука Світлана Віталіївна – аспірантка кафедри міжнародного бізнесу та економічного аналізу, Харківський національний економічний університет ім. С. Кузнеця (просп. Науки, 9а, Харків, 61166, Україна)

УДК 330.83

Мука С. В. Современная украинская корпоративная культура

В статье проанализировано современное состояние украинской корпоративной культуры. Определены исторические предпосылки становления современной украинской корпоративной культуры и проведено их сравнение с мировым опытом. Выявлены основные характерные особенности украинской корпоративной культуры и её новые тренды. Определены современные направления развития украинской корпоративной культуры. Выделены особенности развития украинской корпоративной культуры на современном этапе становления экономики. Охарактеризованы отличия в развитии корпоративной культуры украинских и зарубежных предприятий. Проанализирована теоретическая основа развития корпоративной культуры в Украине. Определено, что именно развитие корпоративной культуры содействует эффективному развитию предприятия. Сделан вывод, что любая организация, имеющая целью достижение успеха, должна содействовать духу единства, общих интересов и ответственности, чтобы создать чувство лояльности, солидарности и гордости среди своих сотрудников. Одной из главных причин привлечения западных профессиональных менеджеров является то, что в Украине все еще существует дефицит местных профессиональных менеджеров.

Ключевые слова: корпоративная культура, корпоративная этика, принципы, современная украинская корпоративная культура, корпоративный дух.

Библ.: 9.

Мука Светлана Витальевна – аспирантка кафедры международного бизнеса и экономического анализа, Харьковский национальный экономический университет им. С. Кузнеця (просп. Науки, 9а, Харьков, 61166, Украина)

According to scientific research carried out by Forbes magazine, 86 % of companies in the world have declared healthy corporate culture as a main reason of their business success in the modern competitive business environment. Due to the increasing engagement and commitment of staff, the companies were able to improve the quality of work by 44% and increase the profits by 22 % per year. Such impressive numbers force foreign and domestic Ukrainian companies to pay particular attention to the establishment and development of healthy productive corporate culture. The history of formation and development of the majority of modern Ukrainian enterprises has a drastic impact on the mod-

ern Ukrainian corporate culture and requires further research and analysis.

Many foreign and some Ukrainian scientists have researched modern corporate culture and dedicated books and articles to this phenomenon. For example, Adam Bryant conducted a terrific research on the phenomenon of the so-called “startup culture”, and how its implementation and development can improve business process of “mature” companies. The international best-seller “The Toyota Way” by Jeffrey Liker and Michael Hoseus has inspired many companies all over the world, including some modern Ukrainian companies, to implement the method of lean production into production

management concept. Other influential international researches and books highlighting the issue of corporate culture were conducted by Edgar H. Schein, Tony Hsieh, Blake Mycoskie, Dave Logan, John King, Halee Fischer-Wright, and others. Modern Russian and Ukrainian scientists unfortunately do not pay enough attention to corporate culture, though representatives of domestic business start realizing the true importance of implementing a healthy corporate culture and its impact on business results. Among influential domestic researches and books dedicated to corporate culture particular attention should be paid to researches conducted by V. Zhuravleva and M. Batyrev [1].

The *object* of the research is the analysis of the modern Ukrainian corporate culture.

Active researches regarding organizational culture started at the end of 19th – beginning of 20th centuries. Industrial revolution and further development of capitalism have pushed researchers to analyze and identify problems inside corporate environment in order to improve business processes and business results.

A political economist and sociologist Max Weber has profoundly influenced social theory and social research. He was the first to use and describe the term “bureaucracy”. According to him, bureaucracy is a formal system of organization and administration designed to ensure efficiency and effectiveness. He suggested an ideal model for management as bureaucratic approach. He, in the book “The theory of social and economic organizations”, explained the basic principles of bureaucracy. He gave emphasis on division of labor, hierarchy, detailed rules and impersonal relations.

Approximately at the same time American inventor and engineer Frederick W. Taylor started researching the problem of social experiments on the employees in order to improve industrial efficiency. Taylor summed up his efficiency techniques in his 1911 book “The Principles of Scientific Management”, which in 2001 Fellows of the Academy of Management voted the most influential management book of the twentieth century. He is known as the father of scientific management.

At that time such sciences as sociology and social psychology were formed. Both leading practitioners and theorists of management were looking for a “form of organizational happiness”, which, on the one hand, would be pragmatic, but, on the other hand, would have ideological character. Researches of those times strongly believed that organizations were in competition for personal values with such social institutions as family and community.

In the 20s of the 20th century a French mining engineer Henri Fayol, who developed general theory of business administration that is often called “Fayolism”, used the term “*esprit de corps*” or “*team spirit*” for the first time. It is one of Henri Fayol’s 14 administrative principles and is defined as “a feeling of pride, fellowship and

common loyalty shared by the members of a particular group”. But in the field of management it takes on a slightly different perspective. Any organization, which aims to succeed, would need to foster a spirit of unity and of common interests and responsibilities in order to create a sense of loyalty, solidarity and pride among its employees [2].

“Unity is strength” can be considered as the main principle, the clearest example being a military operation, where individuals strategically position themselves in order to achieve a common goal. While not outwardly quantifiable initially, it is reflected in the progress of large brands like Apple and Amazon, etc., who, through their culture, have successfully engaged their own employees to deliver the best results at all times.

An American business executive Chester Irving Barnard is the author of a pioneering work in management theory and organizational studies. He was the first to characterize the organization as an object that employees can actually identify themselves with. His landmark 1938 book “The Functions of the Executive” sets out a theory of organization and of the functions of executives in organizations. As an entrepreneur and manager Chester Irving Barnard tried to use “*team spirit*” as a tool to improve cooperation between employees and managers.

Of course, the wars and the change of borders have lowered the interest of researches to corporate culture, but after the war new branches of business were founded and as a result corporate culture again has gained special attention of researches.

In the 1950s a Canadian psychoanalyst, social scientist and management consultant Elliott Jaques started researching organizations as cultural units. He has proved that organizational behavior in a company is based on certain values, which are independent from production technologies. Elliott Jaques is known as originator of such concepts as “corporate culture”, “mid-life crisis”, “fair pay”, “maturation curves”, “time span of discretion” and requisite organization, as a total system of managerial organization [3].

The huge changes in the social and political life in the second half of the 20th century in the USA and Europe had a drastic impact on the perception of corporate culture. Such movements as hippie, new age, and postmodernism have contributed to increasing interest in psychology. Social and human sciences focused on the life of an individual in the modern society. Business schools started researches on the nature of a modern organization and an individual inside an organization. As a result, multiple theories and doctrines regarding leadership and increase of efficiency appear and gain a particular attention of scientists, the human factor or “human element” being the center of the researches [4].

In the 1980s scientists paid particular attention to organizational culture and suggested different models and typologies of culture inside an organization. Dur-

ing the period the first specific descriptions of structures and models of organizational culture were suggested and researched. An American psychologist Edgar Henry Schein singled out three distinct levels in organizational cultures:

1. Artifacts and behaviors.
2. Espoused values.
3. Assumptions.

The three levels refer to the degree to which different cultural phenomena are visible to an observer.

In the 1970s important studies were conducted by Gerard Hendrik (Geert) Hofstede, including a pioneering research on cross-cultural groups and organizations. His most notable work presents the development of cultural dimensions theory. Here he describes national cultures along six dimensions: Power Distance, Individualism, Uncertainty avoidance, Masculinity, Long Term Orientation, and Indulgence vs. Restraint.

By the 1990s active researches and analysis of corporate culture have created certain trends in management, in particular, “learning organization” and “lean production”, as important methods of increasing business efficiency.

What was the situation like in the Soviet Union? Particular attention should be paid to researches conducted by Alexandr Bordanov-Malinovskiy and his work “Tectology”. Though, his studies didn’t purely focus on corporate culture.

Another Soviet scientist A. Gastev investigated the so-called “scientific organization of labor”. In 1920 he became the Head of the Central Institute of Labor in the Soviet Union. The Institute conducted researches on creating systems of control for certain professional fields, which were pretty advanced for those times. Unfortunately, the results of the researches contradicted the main ideological principles the Soviet Union, so it was decided not to continue studying organization culture and not to pay such close attention to an organization and its processes [5].

Only in the 1960s, after Nikita Khrushchev’s visit to the USA, the Communist Party of the Soviet Union recognized management as a science and realized that while in the USA and Europe organizational culture was studied as a separate scientific branch, in the Soviet Union the profession of manager did not exist. The Soviet government founded Institutes and Academies of Management specialized in research on organizational culture. Further researches were concentrated on philosophy of mind. It is important to mention works of a Soviet philosopher and methodologist G. Shchedrovitskiy. He suggested considering industrial enterprises as the combination of certain activities, which are dependent on many factors that should be controlled in order to achieve efficient production.

While at the end of the 20th century in the USA and Europe researchers were engaged in solving the main problem of keeping and supporting further development of organizations and at the same time preserving the iden-

tity of employees, in many post-Soviet countries organizations faced another huge problem. On the one hand, they have inherited the way of thinking of Soviet researchers, who did not separate an individual from the organization, on the other hand, western approaches contradicted the mentality of our people and current chaotic organizational culture of post-Soviet and newly established enterprises. Moreover, the society that was brought up with the Soviet ideology feels both reluctant to accept “new ways” and eager to adopt some western strategies.

In the 2010s in Ukraine many foreign companies tried to implement western corporate culture by hiring western managers and setting western standards. The tendency is persisting, and one of the main reasons for inviting western professional managers is the fact that Ukraine still experiences a shortage in domestic professional managers. Most of Ukrainian enterprises are managed by their founders and owners and there is no culture of outsourcing highly qualified top managers. Even if a professional manager is hired, their powers and responsibilities are strictly controlled by the founder or owner who makes most of decisions yet [6].

In Ukraine, like in many other post-Soviet countries, human resources have been underestimated for so long that the business community didn’t see it as an important competitive advantage, so it was not studied and analyzed, or results of such studies were not really methodically implemented. In many companies there was no true understanding of which methods could be applied to particular business processes. Though some modern Ukrainian companies have managed to implement best western approaches and at the same time partly to keep some of the approaches used in the Soviet Union. The experience of such companies is truly unique and requires further researches and analysis [7].

Unfortunately, the majority of modern Ukrainian enterprises still have a superficial attitude to corporate culture. The interest of lots of companies in Ukraine in corporate culture is limited to dress code and corporate leisure activities. Pretty often even in big organizations there is no special department responsible for research, analysis, and implementation of certain practical methods to maintain healthy corporate culture. Usually the accountant department, HR department or even the personal secretary of the owner have primitive responsibilities regarding corporate culture limited to creating and sticking to informal rules that are often not efficient or unnecessary. For example, traditions like leaving the office after your boss leaves or buying birthday presents to colleagues. Of course, the phenomenon of corporate culture is much deeper than this primitive approach.

It is important to conduct not only theoretical researches regarding corporate culture but also create practical efficient techniques that can be successfully used by modern Ukrainian business to improve business processes and their results.

Modern scientists still do not share the same opinion of whether corporate culture is created by society, by an organization and its leader/founder, or an organization itself represents the culture.

Ukrainian business should realize that functions of corporate culture expand beyond motivating employees and team-building.

For example, according to Edgar H. Schein, there are 2 key functions of organizational culture which are associated with solving an organization's basic problems of :

- ✦ surviving in the external environment;
- ✦ integrating its internal processes to ensure its continued survival.

The first function concerns the company's positioning in the market, its development and business results, while the second function is related only to the existence of the company, since a strong inner social structure is vitally important for every organization.

The functions of corporate culture singled out by Edgar H. Schein can seem simple, but they are truly precise and exhaustive. Of course, it is possible to develop a more detailed classification of functions of corporate culture, which wouldn't contradict the one developed by Edgar H. Schein, since it could only expand the functions mentioned above [8; 9].

Other scientists define the following functions of corporate culture:

1. Creation of the image and prestige of an organization. Corporate culture can be manifested through the core values which the company sticks to and promotes not only inside but also communicates to its customers and partners, who can understand and build effective collaboration with the organization based on its system of values and principles of work.

2. Sticking to the values of the organization. Corporate culture has a drastic impact on the ideology and self-perception of an employee through its values, mission, and history and sets a system of behavior standards and code of ethics.

3. Facilitation of socialization within an organization. Socialization of new employees depends mainly on whether a new employee can adopt the culture of the organization.

4. Establishment of a system of behavior standards and code of ethics. Corporate culture can be described as an informal "set of rules" defining appropriate and inappropriate behavior within an organization. Usually over time inefficient and unnecessary informal rules are forgotten and only the most efficient and useful are included into the informal "set of rules". Thus, many management processes inside a company are simplified and improved.

5. Creating the sense of belonging among employees. Corporate culture helps an employee to identify themselves with the company, develops commitment and loyalty and this increases the sense of responsibility and has a drastic positive impact on achieving the goals set.

6. Protection of the authenticity. Corporate culture can be a barrier that filters negative tendencies. For example, it can prevent undesired behavior styles and sentiments from penetrating into an organization.

Corporate culture can be compared to the unique genetic code of an organization. Not only it helps its employees to identify themselves with the organization but also creates conditions to determine and choose the most appropriate business models within almost identical business processes increasing competitive advantages of the company.

Corporate culture creates a unique business environment that becomes an important part of competitive advantage of a company and is valuable for its customers. For example, people who buy Toms shoes with each purchase participate in charity and send a certain message about their perception of the world. Customers who buy coffee at Starbucks choose it for its unique atmosphere and not just for coffee. In Ukraine, for example, one of the modern trends in fashion industry is to choose local designers, such as a company making handcrafted shoes LAPTI, which sends a clear message "born in Odessa".

CONCLUSIONS

Even though at present Ukrainian researchers pay more and more attention to corporate culture and this increasing interest is caused by the growing demand of business, modern domestic corporate culture is not fully analyzed and defined. Those Ukrainian companies which pay a close attention to implementation of healthy corporate culture usually use western approaches and do not adapt them to national realities. Unfortunately, the gap in fundamental researches that has appeared after authoritative studies conducted by Soviet scientists is still not covered with modern national high quality investigations. Many businesses that were founded in 1990s have their unique corporate culture that should be methodically analyzed. The critical issue of implementing professional management in big and small Ukrainian enterprises controlled by their founders and owners is becoming more urgent year by year.

In the USA and Western Europe corporate culture has evolved together with the growing business activity. Many companies that were founded in the 2010s are successfully managed by professional managers, while in Ukraine the majority of enterprises that managed to survive "Perestroika" or were founded after the collapse of the Soviet Union still try to combine their Soviet past experience with the modern western trends and national peculiarities. As a rule, such enterprises are managed by their founders or owners, whose personalities have a drastic impact on their corporate culture.

The phenomenon of the modern Ukrainian corporate culture requires further researches and analysis and is gaining more attention from modern Ukrainian business.

It is important to investigate how our Soviet past influences modern corporate culture, and which of the modern western approaches can be adapted for using in modern Ukrainian companies. Moreover, it is essential to research the effect of particular Ukrainian markets and products on the corporate culture of domestic enterprises. It is truly necessary to study the types of leadership in modern Ukrainian business structures while the majority of enterprises are still managed by their founders and owners. Such cultural characteristics have a drastic impact on the corporate culture of Ukrainian enterprises and require further attention.

Although the phenomenon of corporate culture is in the focus of attention in the West, scientists still do not have the same opinion regarding its nature. Some researchers believe that corporate culture represents, first of all, true values of the company, while others are sure it represents visible behavior of employees. Of course, there is an opinion that corporate culture itself is true values of a company and visible behavior of its employees.

In Ukraine business should concentrate on in-depth study of corporate culture and its functions to understand true meaning of this phenomenon and its influence on business processes and their results. An outdated approach of Ukrainian business structures to corporate culture as a "healthy atmosphere among the employees" has a negative influence on business results. ■

LITERATURE

1. Скобцев А. Корпоративная культура: современная философия успешного бизнеса. URL: <http://forbes.net.ua/opinions/1420172-korporativnaya-kultura-sovremennaya-filosofiya-uspeshnogo-biznesa>

2. Зеліч В. В. Роль та місце корпоративної культури та її вплив на розвиток підприємства. *Світове господарство і міжнародні економічні відносини*. 2017. № 6. С. 21–25. URL: http://www.market-infr.od.ua/journals/2017/6_2017_ukr/6.pdf

3. Вумек Дж. П., Джонс Д. Т. Бережливое производство. Как избавиться от потерь и добиться процветания вашей компании. М.: Альпина Паблшер, 2013. 472 с.

4. Корпоративная культура – зеркало руководителя / Виктория Журавлева / ЛитРес: Самиздат, 2018

5. Кліпкова О. І. Значення креативності персоналу у формуванні корпоративної культури підприємства. *Причорноморські економічні студії*. 2018. Вип. 26 (1). С. 162–165.

6. Фісенко Е. С., Малик І. П. Корпоративна культура як фактор підвищення конкурентоспроможності підприємства. *Актуальні проблеми економіки і управління*. 2016. № 10. URL: http://ela.kpi.ua/bitstream/123456789/22448/1/2_16_Fisenko.pdf

7. Гриценко Н. В. Корпоративна культура як елемент системи управління персоналом. *Вісник Національного технічного університету «Харківський політехнічний інститут»*. Серія «Економічні науки». 2018. № 15. С. 17–20.

8. Мее J. F. Frederick W. Taylor American inventor and Engineer. URL: <https://www.britannica.com/biography/Frederick-W-Taylor>

9. Bryant A. Quick and Nimble: Lessons from Leading CEOs on How to Create a Culture of Innovation – Insights from The Corner Office. Times Book, 2014. 288 p.

Scientific supervisor – Otenko I. P., D. Sc. (Economics), Professor, Head of the Department of International Business and Economic Analysis, Semen Kuznets Kharkiv National Economic University

REFERENCES

Bryant, A. *Quick and Nimble: Lessons from Leading CEOs on How to Create a Culture of Innovation – Insights from The Corner Office*. Times Book, 2014.

Fisenko, E. S., and Malyk, I. P. "Korporatyvna kultura yak faktor pidvyshchennia konkurentospromozhnosti pidpryemstva" [Corporate culture as a factor for increasing the competitiveness of the enterprise]. *Aktualni problemy ekonomiky i upravlinnia*. 2016. http://ela.kpi.ua/bitstream/123456789/22448/1/2_16_Fisenko.pdf

Hrytsenko, N. V. "Korporatyvna kultura yak element systemy upravlinnia personalom" [Corporate culture as an element of the personnel management system]. *Visnyk Natsionalnoho tekhnichnoho universytetu «Kharkivskiy politekhnichnyi instytut»*. Seriya «Ekonomiczni nauky», no. 15 (2018): 17-20.

Klipkova, O. I. "Znachennia kreatyvnosti personalu u formuvanni korporativnoi kultury pidpryemstva" [Value of creativity of personnel in formation of corporate culture of enterprise]. *Prychornomorski ekonomichni studii*, no. 26 (1) (2018): 162-165.

Mee, J. F. "Frederick W. Taylor. American inventor and Engineer". <https://www.britannica.com/biography/Frederick-W-Taylor>

Skobtsev, A. "Korporativnaya kultura: sovremennaya filosofiya uspeshnogo biznesa" [Corporate culture: modern philosophy of successful business]. <http://forbes.net.ua/opinions/1420172-korporativnaya-kultura-sovremennaya-filosofiya-uspeshnogo-biznesa>

Vumek, Dzh. P., and Dzhons, D. T. *Berezhlivoye proizvodstvo. Kak izbavitsya ot poter i dobitysya protsvetaniya vashey kompanii* [Lean. How to get rid of losses and achieve prosperity of your company]. Moscow: Alpina Pabliher, 2013.

Zelich, V. V. "Rol ta mistse korporativnoi kultury ta yii vplyv na rozvytok pidpryemstva" [The role and place of corporate culture and its impact on enterprise development]. *Svitove hospodarstvo i mizhnarodni ekonomichni vidnosyny*. 2017. http://www.market-infr.od.ua/journals/2017/6_2017_ukr/6.pdf

Zhuravleva, V. *Korporativnaya kultura – zerkalo rukovoditelya* [Corporate culture is a mirror of the head]. LitRes: Samizdat, 2018.