The role of corporate culture in business effectiveness

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Abstract

Organizations execute a lot of unavoidable changes while developing, and their main purpose is an organizational restructuring and reaching and using the methods and tools, which implement the effectiveness of development. In the conditions of cutthroat competition companies have to struggle for every customer, that's why they should analyze the processes in the market and in company intensively, companies should work out facility in forming innovations and in using its potential. The company's potential in that direction is realized by "the corporate culture". The corporate culture is the system of organizational employees' activity, moral values, behavior rules and standards, which helps employees in doing their business effectively and satisfy their own interests. The corporate culture is the most effective opportunity for manager's relief; it conditions the existence of organization in the best way, creates corporate standards, ensures corporate employees in correctness of these goals and standards and introduces the mechanism of values passing. Though, it's natural, that the corporate culture cannot bring profit and income for organization, hence it follow that it's important to realize aimed stepwise actions to form healthy corporate culture in the organization.

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Business effectiveness significantly depends not only on financial indexes, but on corporate culture of business unit and its coincidence with selected business strategy. The corporate culture is the system of organizational employees' activity, moral values, behavior rules and standards, which helps employees in doing their business effectively

and satisfy their own interests. The corporate culture causes not only the difference between organizations, but determines their functional and success strategy in competitive struggle. The forming of corporate culture is related to organizational innovations execution and is the strategy tool of business development. The organizational corporate culture can be defined with the following formula: the common interests of organization - mutually beneficial dependence in organization – honest organizational behavior, that cause market success of organization. It is important to note, that one can imitate another organization's corporate culture. It is possible to imitate only some elements of corporate culture, though mostly the selected elements don't work, because the separate organizations' structure, characteristic of staff (the age or sex of employees), staff qualifications, the structure of staff qualifications, the geographical specificity and specificity of organizational field and etc. are abruptly different and original. At an early stage of organizational development the employees are representatives of the corporate culture. Though at the next stages the corporate culture changes, and separates and is an organizations indivisible attribute, its part that has an influence on employees, their behavior, according the standards and rules, which are its base. The seniority of company uses this culture for attracting employees and for stimulating distinct type of behavior. So, corporate culture is a distinct coordinate system, which can explain why the organization is acting in such way. Owing to it, it is easier to match individual employee's goals with the organizational global goals, general cultural space is forming, which consists of every employee's values, behavior standards and models. In the contemporary conditions there are the following types of corporate culture: authoritarian culture, role culture, problem culture and personal culture.

Organizational corporate culture can be discussed in dominant sub-culture's section. At macro level corporate culture means major values, which is admitted by the organizational members majority, so it can be called dominant culture, where different characteristics are formed, which differs organizations. The organizational subcultures mostly are formed in large organizations and reflect general problems there and the ways to resolve them. The organizational sub-culture can be formed in both directions: horizontal and vertical. Any group can form sub-culture in the organization, though the majority of sub-cultures are defined by structural scheme of departments or geographical marking off. It involves the main values of dominant culture plus extra values that characterize the department members. It's obvious that the existing sub-culture influences on the organizational general corporate culture and on its forming.

There is own corporate culture in successful organizations, that influences positively on organizational activity. Owing to corporate culture one organization differs from another, creates an identifying atmosphere for the members of organization; improves social status of organizational employees; it is a very good control mechanism, which manages and forms the employees attitude and behavior in organization and out of it.

The number of contemporary organizations is increasing; they are developing, so it causes the fact that new members are appearing. Frequently the new member brings previous experience in organization, which keeps another culture's "viruses". The organizational security immunity against such "infections" depends on its corporate culture's force, which is determined by three moments: corporate culture's "deepness"; the members admitting quality of corporate culture and corporate culture's priorities.

The organizational and business effectiveness depends on compatibility of corporate culture and business-strategy. For resolving the problem of compatibility of organizational development strategy and corporate culture are used different methods, they are: the first – one ignores the elements of corporate culture, which prevent the effective realization of business-strategy, which is selected by the organization. The second one – fitting management system with the existing culture, the third - the corporate culture is changed to adjust business-strategy. This method is quite difficult, which needs a lot of time and big resources, though sometimes using this method is very important for achieving success. The fourth - the business-strategy is changed to adjust existing culture.

The corporate culture influence on organization can be realized in two ways: the first – the corporate culture influences on organizational behavior and conversely. The second way – the corporate culture influences not on what people are doing, but on how they are doing it. There is also in use fluent of different methods. Usually these fluent are the foundation of forms and questionnaires to describe the corporate culture of the organization. So, there are developed different models about the influence of the corporate culture on the organization.

There are seven processes in W. Sate's model, owing to them the corporate culture influences on the organizational activity. They are:

1. Corporative relation of the organizational members and the departments
2. The processes of making a decision
3. The processes of control
4. The processes of communication

5. Loyalty of the organization
6. The perception of corporative environment
7. The justification of behavior.

The first three processes are related with the highest level of the corporate culture, and the others with the second, the lowest level, which has values and behavior standards as a base. Cooperation, as an example of behavior in organization, can't be fixed by the formal management measures, because of the complexity to predict all the results of the organization. In some organizations team work is important, in some of them – domestic competition, so it depends on the methods that organizations use: individualism or collectivism. The influence of the corporate culture on the decision making is realized by the members' values and faith. As the corporate culture helps in reducing conflicts, the decision making starts to be more effective. The main conception of control process is stimulating activity for achieving a goal. Three main control mechanisms are used in management: market, administration, and clan one. Common organizations use all these mechanisms, but in different degrees. The market mechanism is based on price, variable prices and taxes should cause an important stimulation in organization. The administration mechanism of control is constructed on formal authority. And the process means changes in rules and procedures by giving directions. The clan mechanism of control is fully based on values and opinions. It is a rising point in realization of activity for organizational members. According to organization growth and development the clan mechanism turns into administration mechanism, and then into market one. The corporate culture influences on communication in two directions. The first –when there is no need in communication in business. In that case actions are done with saying no word. And the second direction – suppositions show the directions and influence on interpretation of received message. When the employee isn't an addition to the machine, new information doesn't cause shock in employee. The corporate culture influences on communication also. In some organizations communication openness is appraised, in others it is not. A person feels involved in domestic communication of the organization and feels some emotional connection. A strong   culture fixes person's feeling and connects him with organization. A person's realistic perception about of the organization or what he sees is based on the college's opinion. The culture influences on the processes and forms an interpretation of the organizational members. In the organizations, where service in-time is appraised, a perception of resource lack won't be explained, as need in change of client's attitude, on the contrary – client will be at a loss. The culture helps employees to

act intelligently and gives their behavior justification. In the companies, where risk is appraised, people take it, because they know that employees won't be "punished" and would have a lesson. These kinds of actions fix the existed behavior and the method can be seen as a source for changing the culture. As people use culture for behavior justification, the culture changes are possible by changing behavior. Though for arranging this process, it's important people not to justify their behavior by the "old" culture.

In T. Peters and R. Waterman's model, there are formed the values, which brought success to American companies. These factors are: faith in action, communication with customers, and the autonomy of company; workforce productivity, transparence of management, the organizational structures of management, reduced seniority, organizational flexibility and inflexibility. According to Peters and Waterman, instillation of these values led to success many American companies, in domestic and international markets.

T. Parson's model – this model presents a dependence of culture and results of organizational activity. The model is collaborated on the base of distinct functions, which must be executed by any social system, for being successful. This model is famous as AGIL (Adaption, Goal-seeking, Integration, and Legacy). The main idea of the model is that any organization must adapt the environment with changeable conditions, must try to reach the goals, and must be admitted by people and other organizations for being successful. This model follows from that values of the corporate culture are important tools for development of organization. If the opinions and values help organization to adapt with the environment, reach the goals, in integration, in proving its use for people and other organizations, this type of the corporate culture undoubtedly influences the organizational success at general.

In some time the corporate culture changes because of circumstances, and needs to conduct special measurements to lead this changes smooth, for example: changes in conflict and crisis situations management style, planning the roles in management process again, changes in studying program priorities, in stimulating criterions, changes in directions of personnel politics and in corporate symbols. According to the situation, the dependence of the corporate culture and organizational behavior appears in the period from some months to some years. That's why it is important to separate the culture changes and other organizational changes for the analysis.

With all ensuing consequences it can be concluded, that the corporate culture is the most effective opportunity for manager's relief, it conditions the existence of organization in the best way, creates corporate standards, ensures corporate employees in correctness of these goals and standards and introduces the mechanism of values passing. Though, it's natural, that the corporate culture can't bring profit and income for organization, hence it follow that it's important to realize aimed stepwise actions to form healthy corporate culture in the organization.

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