

HIGHLY EFFECTIVE CORPORATE CULTURE AS AN INSTRUMENT OF TALENTS' ATTRACTING AND RETAINING

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Abstract. The *purpose* of this article is to highlight such concepts as high corporate, description of the motivational complex for building a highly effective culture, consideration of international practice in building a highly effective corporate culture, and report on the changes in corporate culture in the Ukrainian IT company. *Methodology.* The general scientific methods of cognition of economic phenomena and processes in their continuous development and interrelation are used in the work: logical analysis, methods of scientific abstraction, induction, deduction, optimization, grouping. *Results.* The main research in the field of motivating employees and building a corporate culture is systematized, the analysis of these exercises and methods is carried out, and the data received by scientists are practically confirmed. *Practical implications.* Practical application of obtained results is possible both on the scale of Ukraine and around the world. Building a highly effective corporate culture on the basis of a motivational complex (game, goal, self-realization, psychological and economic pressures and inertia) is extremely effective and fairly simple to apply. *Value/originality.* The results for the main five elements of the motive complex allow companies to test employees, involve them in the formation and development of a highly effective corporate culture.

Key words: enterprise, personnel, corporate culture, motivational levers, development.

JEL Classification: J81, J53

1. Introduction

The greatest value of modern enterprises is acknowledged by the personnel because it depends on it on the success of the entire production process. Creation and development of a favourable internal environment promote the implementation of the potential of its employees, which directly affects the efficiency of the enterprise. A special place belongs to the formation of the philosophy of the enterprise, the formulation of mission and values, the development of corporate culture.

Corporate culture has long been recognized in developed countries as a key to the better knowledge of staff, its value orientations, motivational levers to achieve high productivity and manufacturing, competitive product or service. In domestic practice, corporate culture only begins to be seen as a motivating factor and, therefore, absent mechanism of influence on personnel through the development of culture. Accordingly, it becomes important to acquaint and further use at the domestic enterprises the significant experience of the development of a corporate culture

that is covered in articles and analytical reports of foreign companies.

Corporate culture is the main element that contributes to meeting the economic and social needs of the company and employee, and also provides the enterprise with the opportunity to adapt quickly to changing conditions. Transformation of corporate culture is directly related to the survival of the organization. If the changes are much slower than the overall development of the enterprise, then, most likely, the organization will soon terminate its activities.

In the process of the organization development that leads to changes and liquidation of the business, the corporate culture fulfils the role of "integrator". Because of its complexity, on the one hand, it sets the ethics and aesthetics of an organization, the limitations and opportunities that unite its employees; on the other hand – the possibility of implementing the system-forming functions of the organization, its technological preferences and rules and, finally, the perception and attitude to the requirements of the external and internal environment.

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In order to ensure the successful implementation of any changes in the company and maximize the value of human capital, it is necessary to purposefully manage the corporate culture. The ability to manage a corporate culture must become a mandatory competence of managers since its proper formation is an essential factor in the organization's success. The presence of this competence becomes necessary, although not sufficient, for quality management. Hence the main problem is the need to determine the right, most appropriate corporate culture for the company and, most importantly, to change it in accordance with the identified priorities.

Many companies, even legendary ones, have difficulties in developing, implementing and strengthening the corporate culture. Their leaders, not having a systematic and psychologically sound understanding of the essence of such a culture, rely mainly on intuition and repeat the experience of others. They try to copy Apple, Southwest Airlines, Zappos or the Ritz-Carlton hotel network and make sure that the duplicates are inconsistent and they do not fit.

Reproduced cultures do not prompt properly and, therefore, do not take root: they lack absolute motivation.

The main tasks in the management of corporate culture are the allocation and effective regulation of its key characteristics, ensuring the unity between the basic and secondary characteristics, and preventing inter-elemental conflicts. However, corporate culture management is impossible without a deep understanding of what is embedded in the meaning of this concept. Let us briefly consider the essence of corporate culture.

2. The theoretical base of corporate culture

Despite the fact that the beginning of the popularization of the corporate culture occurred in the 1980s, it is possible to trace the earlier prerequisites for its emergence, which have their roots by the 40s of the last century. The theorists of the behavioural school of management even then considered the informal, intangible, interpersonal, and moral aspects of the relationship as more important than formalism, material factors and instrumental control, advocated by the proponents of rationalism. As a consequence, corporate culture was increasingly perceived as a quantitatively measurable entity and became purely qualitative.

After gaining the right to exist and as the corporate culture doctrine evolves, the accents are again shifted back to more measurable indicators, such as employee attitudes and conditions in the organization (level of involvement, degree of delegation, subordination, etc.). This approach was the first study of the organizational climate and confidently held from 1960 to the 1970s (Denison, 1990).

After that, a new interest in corporate culture broke out in the late 70s, which was marked by the emergence

of a number of works, which argued that in order to understand the critical but intangible side of corporate life, a thorough study of the human factor is necessary. Also, an increased attention received the study of the formation and maintenance of corporate culture, as well as its impact on the effectiveness of the organization.

The main feature of the modern approach is that it views corporate culture to a lesser extent as an organically emerging entity and more as an asset that can be managed, and thereby create a competitive advantage.

The concept of "corporate culture" still does not have a single generally accepted definition. Thus, one of the leading specialists in the field of management E.H. Schein (Schein, 1992) singled out a number of phenomena that are almost always associated with corporate culture:

- behavioural aspects in the communication of people: language, customs, and traditions, rituals;
- collective norms: unspoken standards and values adopted in the organization;
- official rules: publicly stated principles, which the organization tries to follow;
- formal philosophy: a variety of ideological and political principles governing the activities of the organization;
- unspoken rules of the organization;
- climate: the feeling transmitted to the organization through the external environment and the forms of interaction between employees;
- established skills: demonstration of certain skills in the performance of the task;
- the way of thinking: the way of thinking shared by employees of the company, which determines the perception, thoughts, and language of the organization;
- a common understanding: arises when communicating members of an organization with each other;
- metaphors and integrated symbols: ideas, feelings, and images, through which the organization itself characterizes.

Corporate culture implies a certain level of stability, i.e. something that is shared by all employees, is deeply developed and fairly stable. It is the stability of E.H. Schein that considers the essence of the corporate culture, which he defined as a set of basic provisions developed as the organization addresses the problems of external adaptation and internal integration, shared by all the participants in the organization, and sufficiently developed to give them as examples of behaviour, ways of thinking and feelings for the solution of the mentioned problems to the new participants of the organization (Schein, 1992).

Deshpande, R., Farley, J.U., Webster, F.E. defined corporate culture as a set of shared values and beliefs that help employees understand the work of the enterprise and thereby ensure their standards of conduct in the organization (Deshpandé, Farley & Webster, 1993). Another researcher (Wagner, 1975) viewed the corporate

culture as values, assumptions, and interpretations of company members, as well as a combination of organizational and psychological factors.

People in the organization, like in real life, come up with schemes that help them understand what is happening at the moment; how it happened and how it should be. Such schemes also form the essence of culture (McDermott, O'Dell, 2001). It is precisely such views and values shared by employees in the scientific literature that are called corporate culture.

We consider it possible to define corporate culture in the following way: an adaptive system of relatively stable administrative, economic, social, and cognitive-psychological elements, developed rationally or unconsciously, both formalized and not formalized, shared by all members of the enterprise in order to increase the efficiency of its activities. The adaptability of the system means the ability of corporate culture to transform in the case of significant changes in the external environment for the organization.

Based on all the above definitions, we can draw the following conclusions:

- corporate culture should contribute to improving the efficiency of the enterprise;
- corporate culture is formed either unconsciously, or the process of its formation is initiated by management;
- corporate culture can and should change over time;
- the corporate culture must meet the strategic needs of the enterprise.

For decades, researchers have argued that the organization's culture defines its efficiency. Tom Peters and Robert Waterman Jr. wrote about ideal corporate cultures in their classic book *In Search of Excellence* (Peters, Waterman, 1982, 2010).

If you bought the shares of those successful companies, about which the authors told in the first publication of

the book (1982), and they were kept for 20 years, your investment portfolio would bring 1300% (compared to the growth of the Dow Jones index in 800%, and the rating company S & P 500 – In 600%) (Trice, Beyer, 1993).

This study, like a number of others, proves that corporate culture helps to increase the profitability of the company at times.

In another study, venerable scholars from Harvard Business School John Cotter and James Heskett compared the changes over 11 years in the stock price of shares of companies with highly effective and medium-efficient crops. The value of shares of the first companies increased by 901% compared with 74% in the second. Similarly, the income of the first group increased by 682% and net profit by 756% (compared to 166% and 1% respectively, in the second group).

Whatever grandiose plans the management had, how hard the top managers would not try, the company could not become successful and make a profit for a long time if it did not start to en-gage in a meaningful formation of a corporate culture in a timely manner, which would charge employees for the result.

In this article, we would like to highlight the basic requirements that the company's leaders must follow in order to create the most effective corporate culture.

So, here are these rules: to build a highly effective corporate culture, the work of employees must be built on the main six motives: play, purpose, the realization of potential, emotional pressure, economic pressure, and inertia. In this case, the effect of the first three motives (game, goal, and realization of the potential) should be as strong as possible, but the influence of the last three motives (emotional tension, economic pressure, and inertia) should be minimized (Fig. 1).

The researches of the scientist Luc Pelletier and his colleagues, as well as the works of hundreds of other

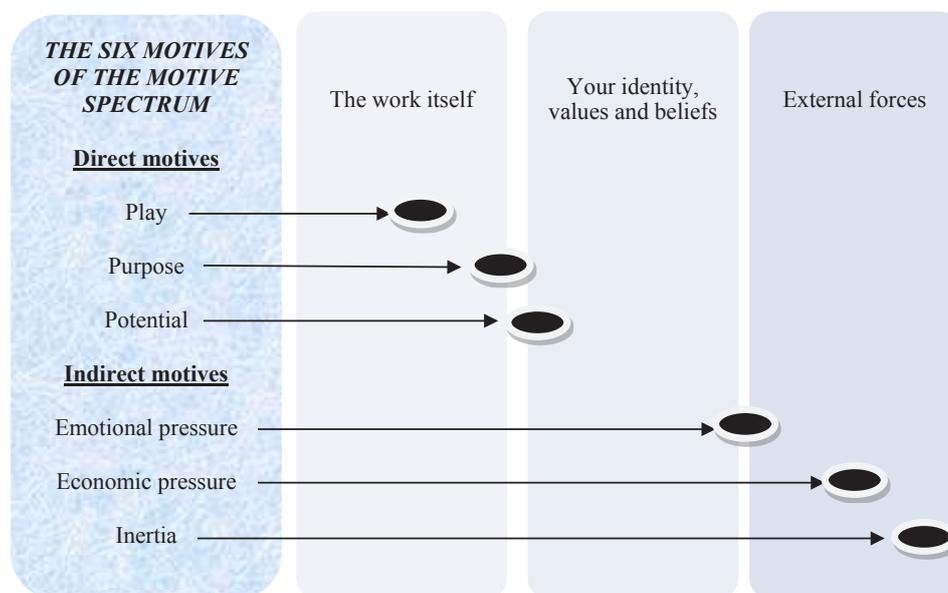


Fig. 1. The motive spectrum in its entirety (the circles symbolically represent a person's motive)

specialists, give grounds for two important conclusions regarding the spectrum of motives.

1. Direct motives, as a rule, increase the effectiveness of human activity, while the motives indirectly reduce it.

2. The more directly the motive is associated with a particular activity, the higher its effectiveness. The game is the motive closest to work; therefore, it has the strongest influence on it. The motive of the goal lags a step, becoming the second in terms of impact.

The desire for self-realization is two steps away from the first motive: it is the third in efficiency.

The study by Queens School of Business (one of the UK and Ireland's leading business schools) and the Gallup Organization (American Institute of Public Opinion) show that under-loaded workers have 37% more absenteeism, 49% more accidents and 60% more mistakes and shortcomings. At enterprises with low rates of employee engagement, employees were 18% less productive, the company's operations were 16% less cost-effective, and employment growth was 37% lower. It is important to note that when working with highly motivated (enthusiastic labour) personnel, 100% more applications for the employment. Studies show that stress in the workplace leads to an increase of almost 50% of dismissals on their own (Seppala, Cameron, 2015), but if it is excessive. That is, destructive stress (very high level) causes overload, destroys the physical and mental health of the staff and is demotivating, accordingly increases the turnover of staff, increases the costs associated with hiring, training, reduces productivity, leads to loss of knowledge. In cases of the presence of constructive stress, on the contrary, a positive effect is manifested, as it contributes to the increase of work capacity, stimulation of creativity and diligence (Selye, 1976).

3. Highly effective corporate culture in practical use

Studies of such a huge number of scientists, which contain interesting and effective knowledge, was decided to apply in practice in a small Ukrainian IT company UDTech. Prior to our participation in the company's life, there were no conscious steps to build and manage the corporate culture, the company for a long time was experiencing stable times, and there was no need for the growth and expansion of staff. But, by the end of 2016, business began to grow rapidly and it was decided to start managing the corporate culture of the company in order to improve the efficiency of existing employees and attract the most efficient employees from outside.

We will describe the main activities that have been undertaken to create a highly effective corporate culture in a modern small IT company.

The first motive that was used in the company is the motive of the game. It was decided to use the game both

in adapting new personnel and in building a workflow for other employees.

It is proposed to begin a consideration of this motive from the adaptation stage.

When a new employee arrives on his first working day, he receives a "guide sheet", which clearly describes the steps that must be taken within 3 months to successfully pass the trial period. Such a list should be formed individually for each company but there are some points that will be repeated at all, for example: acquaintance with the team and a tour of the office, studying the rules of work in the company and the job description (by the way, it is very important that the instruction was real and complete corresponded to the tasks that the novice will encounter in the work). Individuals in this list will be literature, which will need to be read to understand the corporate culture, the passage of any rituals in the company, specific rules in the company (for example, how the company celebrates a birthday and other holidays).

This list should be as interactive as possible (there should be video, possibly logical tasks, links to sources on the Internet, etc.) and interesting, as well as constantly updated and supplemented with up-to-date information. As an example, we can give a video that is in the "leaf-guide" of UDTech: it is a specially recorded video message from the director of the company with the story of the company: the most complex projects that we managed to accomplish, the most ambitious and interesting clients, the most interesting situations, with which the company faced.

In the work with other employees, the motive of the game is used in this way: every 2 months, a survey of managers on the quality of work of employees, during which the leader with the highest ball is calculated. The winner is rewarded with a nice prize (for example, going to a spa salon for girls, or participating in auto-quests, walking on a yacht with friends, etc.).

In the course of the work, we decided to refuse bonuses to employees (because in the Ukrainian economy, salaries for IT professionals are much more than average and financial motivation stops working). Instead of a cash reward, the company celebrates the best employees with individual gifts, which motivates much better than the increase in the very high wages.

Further, we would like to highlight the following 2 motives: the motive of the goal and the realization of its potential. We decided to combine these two motives in this way: for each employee, a professional growth system is prescribed with clear time constraints and skills that the employee must buy during this time. Thus, the employee has an incentive for professional development and a clear understanding of exactly what actions need to be taken to advance the career and financial ladder. At the same time, both vertical and horizontal system of employee growth is pre-scribed, because, for example, not all programmers dream of becoming managers,

some simply like to develop in their professional sphere and not try to become a manager.

How were motifs with negative colouring (emotional tension, economic pressure, and inertia) minimized?

Let us start with emotional stress. Most often, people experience stress at work because of improper management of employees by the heads of departments or top management. Also, it is extremely devastating from the psychological point of view of the employee's thoughts that he is not appreciated in the workplace and does not notice his achievements.

The first problem was corrected by deep work with the heads of departments, as well as with all managers of the company. Thus, all employees who are involved in personnel management are able to correctly give feedback on employees, solve conflict situations, and also motivate their teams.

The second problem (the feeling that you are not appreciated and do not notice your achievements) was solved by regular encouragements of the best specialists, as well as individual cards of professional development of employees.

The next is the motive of economic pressure. Since salaries in the company are higher than market wages and there are no penalties or other economic factors that could adversely affect motivation, this motive did not require any practical intervention.

The last motive is inertia. To combat this negative motive, the following measures were taken: stimulation of professional growth of specialists, regular speeches of specialists to employees, and outside the company's walls (at conferences and round tables). Under the stimulation of professional growth, we mean the drawing up of a card for the professional development of the employee and ensuring that the employee follows this card. If in a certain professional period the employee decides to stop development, this leads to explanatory conversations, because in the IT world, one should never stop self-learning and development in a professional way. If a person does not change his position, he loses his professionalism and the company has to say goodbye to such a specialist. Thus, there is a stimulation of specialists, so that inertia does not absorb from and drop out specialists who have fallen into inertia.

Since the beginning of the conscious formation of the corporate culture, the number of employees in the company has almost doubled, with the majority of hired professionals being high-class programmers who have moved to our company thanks to the company's good brand as an employer and attractive working conditions and growth opportunities in the company.

At the same time, if we talk about retention of talents, only 1 specialist left the company (the employee moved to another city for family reasons). At the moment, the company has set the goal of continuing active growth, consolidating a highly effective corporate culture and attracting even more talent.

4. Conclusion

Corporate culture does not end with the creation of a sense of belonging to the employees of the company, the desire to participate and to have weight in the adoption of important for the enterprise solutions. After creating the atmosphere of unity and the achievement of collectivism, corporate culture begins to develop an innovative component in itself. That is innovative culture is the higher (next) stage of corporate development culture, which provides activation of innovation, creative activity of employees, an increase of content and satisfaction with work, creates comfortable and cosy conditions at the enterprise. So to more fully reveal the potential of employees and more effectively use their ability needs to consider a large group of factors when planning development of corporate culture, the formation of its innovative level.

Corporate culture is one of the most effective factors. Therefore, it is necessary to manage the corporate culture, and accordingly, include motivational and organizational mechanisms that will allow you to represent the company in a positive way before workers and motivate them for development. Creating an effective system of values will facilitate the efficient use of available re-sources, and directly to staff – to perform their tasks faster and more efficiently. That is, the use of the practices of world companies by domestic enterprises is an essential basis for the formation and development of not only corporate culture but also a new quality of market activity.

Forming an effective corporate culture is a long and painstaking process; the culture is unique in every company and is built on the individual specialties of each individual employee, so you cannot just repeat the successful culture of another company. In any case, it is necessary to adjust and adjust to a particular team.

Given the successfully formed corporate culture, business begins to save money to attract and retain talents, to maintain the brand, and organize motivational activities in the company, because a highly effective corporate culture motivates the staff, attracts the best specialists and abductively influences the brand of the company as an employer.

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Андрей КАРПЕНКО, Екатерина БАСЕНКО**ВЫСОКОЭФФЕКТИВНАЯ КОРПОРАТИВНАЯ КУЛЬТУРА КАК ИНСТРУМЕНТ ПРИВЛЕЧЕНИЯ И УДЕРЖАНИЯ ТАЛАНТОВ**

Аннотация. *Цель этой статьи* – выделить такие понятия, как высокая корпоративная культура, описание мотивационного комплекса для построения высокоэффективной культуры, рассмотрение международной практики построения высокоэффективной корпоративной культуры и отчет об изменениях корпоративной культуры в украинской ИТ-компании. *Методика.* В работе используются общие научные методы познания экономических явлений и процессов в их непрерывном развитии и взаимосвязи: логический анализ, методы научной абстракции, индукции, дедукции, оптимизации, группировки. *Результаты.* Проведена систематизация основных исследований в области мотивации сотрудников и построения корпоративной культуры, проведен анализ этих инструментов и методов, а полученные учеными данные практически подтверждены. *Практическое значение.* Практическое применение полученных результатов возможно как в масштабах Украины, так и во всем мире. Создание высокоэффективной корпоративной культуры на основе мотивационного комплекса (игра, цель, самореализация, психологическое и экономическое давление и инерция) чрезвычайно эффективно и довольно просто в применении. *Значение/оригинальность.* Полученные результаты по основным пяти элементам мотивационного комплекса позволяют тестировать сотрудников, вовлекать их в формирование и развитие высокоэффективной корпоративной культуры.