

## **Chapter 14. The forming of a fundamental value system within a company: a socio-cultural approach**

### **Abstracts**

In this article, the correlation and interaction of organisational and corporate culture are discussed within the framework of a socio-cultural approach regarding the management of employees within developer organisations. The phenomenon of corporate culture is analysed in the context of the system of values and the directives conditioning the attitude of the personnel to the values of the company. The authors analyse the phenomenon of escaping corporate culture as one of the effects of value pressure on the employees. This value pressure comes from organisations introducing the personnel to a rigid system of value-rich requirements.

The article combines the theoretical analysis of corporate and organisational culture concepts and the description of applied research results devoted to studying the pressure of certain tools of corporate culture on the personnel from a value approach perspective. Based on the research, the authors suggest a methodical toolkit for measuring the pressure on personnel values of the introduction of the organisational requirements.

**Key words:** socio-cultural approach, social regulation, organisational culture, corporate culture, value directives, escape from the corporate culture, value pressure, particular and integral indices of value pressure.

### **Introduction**

The idea of forming a corporate culture in an organisation in order to achieve higher results and, therefore, competitive advantages, gained ground in American and western European companies in the late 1980s and early 1990s.

Active discussions between western (Ouchi 1981; Turnbull 1986; Matsumoto 1989; Peters 1986) and domestic researchers of corporate culture (Averyanov 2001; Spivak 2001, 2004; Kapitonov 2003; Makarchenko 2004) are still going on.

Corporate culture is treated by most researchers as an instrument for regulating the employees' behaviour in the organisation, based on the common value system arising from the ideology and the mission of the organisation.

The first publications devoted to organisational culture appeared in Russia in the early 1990s as translations and analysis of foreign sources. V. Rudnitskij's work (Rudnitskij, 1991)

presents the first attempt to describe the post-Soviet reality from the position of organisational culture. In the early 2000s, domestic researchers initiated active work on adapting western models for diagnostic analysis of the Russian organisational environment.

The creation of organisational culture typologies by western specialists is related to that period when the process of collapse of the traditional culture came to an end in Europe O. Shpengler (Shpengler, 1993), H. Ortega-i-Gasset (Ortega-i-Gasset, 1989), P. Sorokin (Sorokin, 1992). With reference to the organisational research in Russia and other countries one must note that due to various reasons the globalisation processes reflects, in its own way, the social regulation: every country is at its own stage of distancing itself from the traditional culture, which explains the prevalence of particular mechanisms of social regulations within a specific territory.

The social environment and the acting mechanisms of social regulation present a national basis when examining the types of organisational culture. Culture, civilization, and mass culture presenting the layers of socio-cultural environment correlate with the national culture, organisational and corporate culture according to the methods of social regulation (Weber, 199; McLuhan, 2005; Andreeva, 2001).

It is assumed that by keeping in mind the socio-cultural component this will allow the taking into account of both the national peculiarities and the social and individual characteristics of the personnel included in the organisation.

Therefore, the capability of an organisational culture to meet the developing dynamic mechanisms of social regulation can be treated as one of its additional characteristics.

Simultaneously, the declining interest of scientists towards the problems of corporate culture is observable nowadays. There have also appeared studies, which indicate a negative influence of organisational culture on the personnel. In such cases, descriptions are given of an “escape from the organisational culture” by the specialists who aim at avoiding its pressure.

Questions concerning the role of corporate culture in the development of personnel and the organisation as a whole, still remain open. Such question as; what are the additional conditions for applying an organisational culture as an effective HRM tool? And what are the specific techniques needed for forming a corporate culture in the organisation?

Project-oriented organisations and project networks do not have a strong and uniform corporate culture, as they include a large number of members (participants of project activities). These members are the bearers of organisational culture belonging to different organisations (companies), and also of the personification of socio-cultural peculiarities brought about by their social background and their individual CVs.

In addition, in order to manage the effective interaction of the representatives and bearers of various corporate and social cultures, it is necessary to coordinate their basic views, attitudes, reactions and estimations, as these will affect the process and results of joint project activities.

It can be supposed that the individual, group, and social values of the employees and the company are the key factors for this coordination. Their concurrence or reconcilable combination will contribute to a larger degree of trust and openness, to confidence and readiness for closer cooperation. On the other hand, a mismatch and inconsistency between basic life and professional values of the employees working for the project organisations can be a serious obstacle for them to achieve high results. It can also hinder the productive interaction because of a feeling of psychological distance, alienation and aversion among the employees, thus lowering the level of trust and readiness for cooperation.

In this connection the development of diagnostic instruments for measuring the employees' attitudes towards corporate culture requirements, the range of reactions conditioning the level of their acceptance or aversion presents an important issue.

## **Forming a value approach to management in developed countries**

The economic breakthrough of Japan as a market leader was called the “Japanese miracle” by western scholars and a large number of articles were devoted to the analysis of this success. Such studies as those conducted by R. Jonson and W. Ouchi (Jonson, Ouchi, 1974), J. Keys and T. Miller (Keys, Miller, 1984), B. Turnbull (Turnbull, 1986), N. Oliver and B. Wilkinson (Oliver, Wilkinson, 1992), A. Morita (Morita, 1987), which state that cultural management factors are at the heart of the financial prosperity of organisations.

The growth of large industrial enterprises into multinational corporations raised a number of problems connected with managing structures geographically distant from each other (Romanov, 2003). The leaders of the enterprises noticed that the same management methods worked differently in the headquarters and branch offices submerged in different socio-cultural environments. In addition, totally different behavioural reactions by the employees were observed in different organisations in one socio-cultural environment. Raising these questions stimulated active research in the area of organisational culture, which led to the development of human resource management methods taking into account different national cultures.

The successes of social sciences, in particular social psychology, in such areas as developing the concepts of cognitive dissonance, attitudes, casual attribution etc. attracted attention to the irrational traits of individual behaviour in organisation (Lipatov, 1999), which hardly influenced traditional management methods and required new comprehension by the representatives of management sciences.

Since the late 1970s, the formation of a new concept began within the framework of the value approach to management – that of the organisational culture.

The rational-pragmatical and phenomenological approaches to understanding organisational culture became quite wide spread among the scholars and practitioners because both these approaches were confirmed empirically and the results of research conducted within their framework allowed for the management of cultural phenomena or the interpretation of management failures in a specific way.

In the rational-pragmatical approach, the organisational culture is introduced as a tool for managing organisations. This leads to increasing the role of this approach in the consulting practices of scholars. The most famous representatives of this trend are K. Cameron, R. Quinn, T. Peters, and R. Waterman.

The scholars and practitioners noticed that the members of staff who sincerely shared the company values provide the competitive advantages. From the rational-pragmatical perspective, the essence of organisational culture management is in concordance with the values inside the

organisation, which raises the comfort level of every member and therefore efficiency inside the organisation also grows (Cameron, 1986). Ample research of organisational culture in different companies contributed to the development of organisational culture typologies, their dependence on the socio-cultural environment was also revealed (Quinn, 1988; Hofstede, 1993; Lammers, Hikson, 1979; Trompenaars, 1992).

However, the possibilities of bringing different types of organisational cultures into concordance are limited, first and foremost by the size of the organisation. For instance, in large multinational corporations where the personnel is characterised by people brought up in different socio-cultural environments the concordance of values within the framework of one type of organisational culture is deemed meaningless, both from the standpoint of the corporation and that of the personnel (Matsumoto, et al. 1989).

In this situation, the only way of integrating people on the basis of common values is the resolute decision of the administration. Therefore, the issue of particular values being declared corporate, according to the mission of the organisation, the development strategy and the ways of achieving the potential organisation success is transferred to the competence area of only the organisational elite.

Due to the appearance of a large number of organisations belonging to the corporate type the issue arises as to how to divide the notions of organisational culture and corporate culture, and of using the relevant terms. There is not a single opinion about this to date. Particularly, one can single out at least five approaches to understanding the correlation between the organisational culture and the corporate one:

1. Organisational culture is identical to the corporate culture and is described using the same terms: “philosophy and ideology of the organisation”, “value orientations”, “beliefs”, “expectations”, “norms”, “basic assumptions”, “artefacts” (Kozlov, Kozlova, 2000; Plotnikov, 1999, p. 172; Rodin, 1999, p. 6). The authors adhering to this point of view appeal to the western concepts where the notions of “corporate culture” and “organisational culture” are used as the interchangeable ones. The idea of correlation of general (universal) and specific (developing particular traits) in the organisational culture and corporate culture respectively is also related to the same approach (Spivak, 2001, p.13; Spivak, 2004, p. 20).
2. Using the terms under analysis in accordance with the size of the organisation: it is stated that corporate culture is peculiar to large trading and manufacturing firms (the form of economic and legal structure is taken into account), organisational culture is attributed to an SME. (Saichenko, 2002, p. 7)

3. Denial of using the term “corporate culture” due to its ambiguity. It is stated that its use increases the number of alternative versions of understanding, therefore it is recommended that the term which is “clearer, more precise and has a generalising character – organisational culture” might be used. (Slinkova, 2004)
4. Organisational culture and corporate culture are independent terms differing in origin and formation: corporate culture is planned intentionally, it is developed and implemented by the management of the organisation, and the organisational culture arises spontaneously as a result of the historical development of the organisation (Michelson-Tkach, Sklyar, 2002; Kapitonov, 2003, p. 14).
5. An approach based on continuity: mass culture is the socio-cultural environment for the occurrence, development and functioning of corporate culture which is the successor to organisational culture in the post-industrial era. This situation reflects new tendencies in the sphere of management (orientation on spiritually directed management, team potential of the employees, non-material values – motivations, creation of corporations – communities) (Kapitonov, 2003, p. 8).

Sharing the last point of view, we consider that corporate culture as a tool for regulating the personnel behaviour in the organisation was formed under conditions of a special socio-cultural environment – a mass society experiencing the deficit of value reference points that would form a social identity. In this regard, having a clearly-pronounced value environment within an organisation was an additional motivating factor for people experiencing the need to exist in a stable, predictable social environment (if not one of the essential factors).

In the authors’ opinion, the main difference between the corporate culture and the organisational one is its externally implemented system of values, norms and rules, aimed at increasing the effectiveness of the organisation. Therefore, corporate culture is *a management tool acting with the help of externally implemented system of values, norms and rules of behaviour for the personnel, arising from the ideology and mission of the organisation*. This is achieved by the regulation of personnel behaviour on the basis of widespread social technologies: replication of a certain way of life totally supported by the top management of the organisation, fixing the value-rich requirements in external attributes, for example: dress-code, communication form (rules of communication), car brands etc.

### **Escape from the corporate culture**

T. Peters was one of the first to research the values systems of successful corporations and he also suggested that they could be replicated in other organisations. Following the bankruptcy of some former successful corporations T. Peters’ approach was criticized; however, the method

itself was taken into consideration by the practitioners. Therefore, corporate culture as a management tool has been developed by consultants (a group of external experts) with a certain accent on the personnel behaviour patterns most effective for the company.

At the same time, the absence of sufficient research concerning different culture types (including the national ones) being able to fit with each other, and the simultaneous introduction of corporate culture implementation technologies led to negative results. One can see the appearance of a new wave of publications devoted to corporate culture in Russia during the last 10-15 years. Their common tendency can be combined with one heading: *Escape from the Corporate Culture*. Nowadays, it transpires that rigidly imposing a corporate value system and behavioural models onto personnel can cause resistance from the personnel (Kitaeva, 2005; Kalinin, 2005). Multiple studies by modern researchers are devoted to the decrease in loyalty to organisations and protest behaviour when organisational changes are introduced (Toulchinsky, 2001; Ivanova, 2003; Kovaleva, 2003; Magura, 2003; Romanov, 2003; Borovikova, Parinova, 2004). Discussions by HR directors in the press (Kalinin, 2005), indicate cases of the negative influence of corporate culture on the personnel such as the appearance of psychosomatic disorders, which result from the imposed rules, stated goals and principles of the organisation contradicting the value orientations of the employees; multiple limitations often result in the most talented employees leaving the company in order to seek less regulated work.

The appearance of research and descriptions of organisational structure types allowed conclusions to be drawn about the most successful organisations. The most active growth was demonstrated by the companies working in high-tech industries (Microsoft), which were inclined to the production of new products and approaches (Nike). This culture type was named adhocratic (Cameron, Quinn, 2001) and was characterized by existing flexible teams, which perform the project activity. The spread of operating organisation according to the principle of optimally selected teams is connected with the name of R. Meredith Belbin (Belbin, 2003).

The aggravation of the situation on the global labour market, including the unfavourable forecasts of changes in the Russian labour market in the next decades, connected to the fall of the birth rate in the 1990s will start to have an effect on production. By 2012, the lack of qualified specialists will be felt very strongly among the employers. For Russia, the chance of solving this problem following the western pattern, i.e. at the expense of migrants, is largely lost. The European countries outstripped Russia in competition for highly qualified specialists long ago. For modern Russia, the topical issue is that of forming emigrational attraction (Zaionchkovskaya, 2006) for citizens of “near abroad”, South East Asian (CIS) countries. Such a situation entails the problem of effectively managing the personnel who have different value orientations. At the same time, the value orientations are largely conditioned by the socio-

cultural situation, including the national cultures. Under these circumstances, effective management can be based on the system of values.

The authors consider that the concept of corporate culture meets the established conditions. At the same time, further research on corporate culture in Russia is necessary. Doubt in the possibility of “borrowing” the culture typologies on the basis of foreign models is stated in a number of Russian and foreign studies (Makarchenko 2004; Averyanov 2001; Hofstede 1993; Berry 1997). However, studies have also appeared directly stating the connection of national culture and the prevalent type of organisational culture (Soltitskaya, Zhan Bo, 2005), which makes this type of borrowing without additional research more difficult.

### **Corporate culture or disciplinary sanctions?**

If the influence of corporate culture is regarded as a “pressing” one, is this not the same as organisational discipline from one point of view.

In personnel management the employee morale, or discipline is understood as “adherence to behaviour rules obligatory to all the employees, stated in accordance with the Labour Code of the Russian Federation (Article 189), other laws, collective agreement, other agreements, labour contract, local normative act of the organisation”. Therefore, the employee morale has a normative status, and therefore it impacts on the personnel values. It is understandable that employee morale should be explained to the personnel as worthwhile, but they need not imply any special agreement on the part of the employees as violations will sooner or later cause some kind of sanctions. Naturally, the employee morale can be regarded from the point of the organisational culture. Thus, the disciplinary requirements can differ in the clan culture depending on how close a certain employee is to the nucleus of the clan according to the inner stratification.

The acting mechanism of corporate culture is completely different: if the culture is effective it is based on the agreement of most employees (sharing the values) with its requirements. If the values proposed by the top management (or employers) are not accepted by the majority of employees (i.e. they are not based on the existing type of corporate culture), they become additional disciplinary requirements. It must be noted that the violation of such requirements is a norm for most employees if their managers become somewhat less vigilant. It is this corporate culture, not so much creating the basis for mutual predictable behaviour but inventing requirements, which are superfluous according to the majority that the personnel strives to escape. In this context, one can speak about the “value pressure” of the corporate culture on the organisational personnel.

The authors have made an attempt to mark the permissibility limits of the value pressure of the corporate culture acceptable to the personnel.

### **How do “cultural tools” influence the personnel behaviour? The results of empiric research**

The research was conducted in the period from 2003 to 2005. During the research, 295 respondents (students of two economic colleges) were questioned. In-depth interviews with students were used as the main method of researching the range of value pressure.

Students were chosen as the object of research due to a number of reasons:

- they present mobile part-time staff attracted by the employers to take part in project teams;
- they are the possessors of values common to modern youth;
- they are not orthodox in their estimations and attitudes to the new circumstances (conditions) of work and the requirements put forward by the employer;
- they are more sincere in expressing their opinion about new conditions and working requirements as they do not have obligations to the employer which are connected with the need to keep a permanent workplace (permanent job)

#### *Sampling characteristics*

#	Respondents' characteristics	Sampling percentage
1	Junior students	
	2 years of study	19,0
	3 years of study	19,0
	Senior courses	
	4 years of study	28,6
	5 years of study	33,3
2	Sex	
	Male	38,1
	Female	61,9

All the students who took part in the research had working experience in the companies during the introduction of the organisational changes dealing with internal procedures, ranging from 3 months to 1.5 years. They were employed on a part-time basis in project teams.

The psychological directives characterising the peculiarities of the students' perception of the organisational changes and the attitude to them were examined. The introduced norms of behaviour were considered as the organisational changes. These norms dealt with the following aspects: communication among the employees, dress-code, smoking, by-laws, employee morale, keeping office facilities clean.

The research was aimed at studying how "cultural tools" influence organisational behaviour. The pressure range and the reactions to the imposed limitations have been given content value.

The following issues were set in the research design:

- Is it possible to measure the degree of corporate culture "pressure" which staff of the organisation face?
- How do personnel estimate new requirements? Do people consider them as disciplinary pressure or as the corporate culture pressure?
- How do introduced organisational requirements as the tools of corporate culture influence the personnel?
- Do personnel responses on the change of organisational restrictions influence their values?
- How much do the new corporate culture requirements pressure the staff values?
- What is the range of personnel reactions to the introduced requirements of the corporate culture?

*Main hypotheses of the research:*

- The activities aimed at forming the corporate culture in the organisation can be evaluated differently by its employees depending on how much these activities affect their essential values: positively, neutrally or negatively i.e. they can be met with resistance;
- The values accepted as the corporate ones are those which exert the pressure perceived as sanctions and motivating factors.

There is no unanimous reaction on the imposed limitations among the students. Students treat the changes introduced in the by-laws rather critically. They differentiate the sanctions for violating the corporate rules into fair and unjustified.

The requirements deal with raising the image of the organisation, they are essential due to the reasons fair for all. *Заменить - they are necessary for the reasons obvious to all.* The sanctions for violating the requirements due to reasons out of the students' control (objective reasons) are perceived as unfair.

Most respondents demonstrate the following main strategies for dealing with the innovations: agreement, indifference (mild sabotage), and protest.

## Findings

The students' reactions to the innovations in the corporate culture are multiple-valued and have a certain range of values: from agreement and indifference to **protest and resistance**. Agreement is realised by the readiness to follow the stated rules and norms; indifference is realised in the form of a so-called mild sabotage (if no one provides control, the requirements are not followed); the protest signifies readiness to implement reasoned non-compliance with the regulations.

Introduction of corporate requirements must be accompanied by the preliminary study of objective conditions and the public opinion of the employees, failing this they receive a negative reaction and are not effective.

Stable feedback allows the reception of the reaction of the organisation's members, and also provides timely correction of the introduced limitations and the sanctions proposed for their violation.

How to estimate the corporate culture tools within the framework of personnel management?

1. It is known that a certain system of values serving as the natural behaviour regulator lies at the heart of any type of organisational culture. These values are a requirement for the relevant behaviour, which is formally stated in the company documents and lies at the heart of corporate culture as a tool of personnel management.
2. The degree of inflexibility of the value tools used shows the intensity of the value pressure on the personnel. The admissible pressure is defined by the personnel agreement both with the content of values and with the strictness of their requirements as to behaviour.
3. The integral index of the degree of inflexibility describing the value requirements as to behaviour is based on specific indicators characterising: a variety of requirements from the personnel; disciplinary fixity (sanctions); variety of motivating factors and the frequency of their use.

The following procedures were used to calculate the weighting coefficients. Based on the analysis of corporate documents (such as job descriptions, individual and collective agreements, and statistical data from the personnel department), a list of corporate requirements dealing with the regulation of work and behaviour of the employees was compiled.

The total number of entries in the list was recognized as 1.0.

The weighting coefficients reflecting the proportion of different groups of requirements were defined by the number of entries describing certain groups of requirements.

The experts noted the value of coefficients ranging from 0 to 1.0 as the assessment of their importance (power) of influence on the quality of personnel professional activity (performance indicators).

In every company, the experts were no fewer than six employees, including the representatives of the following personnel categories: one middle manager, one front-line manager, two employees from the skeleton staff, one “new” employee (working for the company for no longer than six months), and another employee from the personnel department

Specific indicators of the fixity degree (the degree of stability) are defined on the basis of the following parameters:

1. Parameters and weighting factors in the *specific indicator of requirements of personnel*. The given weighting characteristics were obtained by the experts and can be refined if needed.

#	Parameters	Weighting factor in the specific indicator	Data source
Disciplinary requirements			
1	Employee morale (supplementing the standard job descriptions)	0,2	Job descriptions (including the standard ones)
Socio-cultural requirements			
2	Dress-code	0,35	Corporate code
3	Requirements dealing with outside hours	0,45	Corporate code

The requirements specify the rules and norms for the employees that cause sanctions if they are violated but which are not a reason for an incentive if they are obeyed.

To identify a specific indicator of requirement variety the entire set of possible requirements was divided into two groups. The first group included the disciplinary requirements ensuring the immediate fulfilment of direct responsibilities by the employees. The second included the “socio-cultural” requirements implicitly influencing the efficiency of the personnel activity. It must be noted that the group of “socio-cultural” requirements includes subgroups characterizing the variety of the “value management” arsenal: the more requirement groups a company presents to its employees, the higher is the value of this index.

2. Parameters and their weighting factors in the *specific indicator of disciplinary fixity*. This indicator introduces a number of sanctions (S) attributed to every requirement.

#	Parameters	Weighting factor in the specific indicator	Data source
1	Sanctions for disciplinary requirements	0,3	Data by the personnel department of the company
2	Sanctions for socio-cultural requirements	0,7	

3. Parameters and their weighting factors in the *specific indicator of motivator variety (SI<sub>m</sub>)*.

The motivator group includes working conditions external to the subject, which stimulate fulfilment or *over-fulfilment* of norms and rules by direct and indirect methods; that is to say, failure to fulfil them does not imply using the sanctions.

#	Parameters	Weighting factor in the specific indicator	Data source
1	Compensations (fixed and differentiated part of salary; bonuses; participation in the profits; payments for the length of service; individual/group victory in a competition; presents etc.).	0,25	Individual contracts
2	Social package (medical insurance; dental insurance; savings in case of medical emergencies; income protection programs; retirement savings schemes; training assistance, in-service training assistance etc.).	0,35	Individual contracts, data provided by the personnel department of the company
Career			

3	Attestation programmes, including the ones attended by the top-management; match of evaluation criteria of the employees' work with the goals of the organisation; in-service training programmes; career plan: deadlines, directions	0,40	Data provided by the personnel department of the company
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4. Parameters and their weighting factors in the *specific indicator of the frequency of motivator use (Sifm)* reflect the amount of the  $j^{\text{th}}$  motivator use in a certain period of time.

#	Parameters	Weighting factor in the specific indicator	Data source
1	Motivator used once a month	0,3	Statistical records of the company personnel department
2	Motivator used once a quarter	0,25	
3	Motivator used once every six months	0,2	
4	Motivator used once a year	0,15	
5	Motivator used once every two years	0,1	

The amounts of the *specific indicators of fixity degree for the management tools* are calculated by the following formula:

$$SI_i = \sum_{j=1}^n K_j;$$

$SI_{ifdmi}$  is a specific indicator of fixity degree, characterizing, accordingly, the variety of requirements presented to the personnel, the variety of indicators and the frequency of their use;

$j$  – the number of indicators in the specific parameter;

$K_j$  – weighting factor of parameters included in the specific indicator of fixity degree ( $\sum K_j = 1$ ).

The following formula is used to calculate the dynamics of this indicator, allowing the possibility of monitoring the changes in corporate culture in a given period:

$$SI_i = \sum_{j=1}^n K_j * \frac{Z_n}{Z_{n-1}};$$

$Z_n$  is the value of parameter in Year (period)  $n$ ;

$Z_{n-1}$  is the value of parameter in Year (previous period)  $(n-1)$ .

The integral indicator of instruments fixity degree ( $II_{fd}$ ) is defined as the combination of composing components:

$$II_{fdmi} = \sum_{i=1}^n d_i * SI_i;$$

$II_{fdmi}$  is the integral indicator of tools fixity degree;

$d_i$  is the weighting factor of the specific indicator of fixity degree ( $\sum d_i = 1$ );

$SI_i$  is the specific indicator of fixity degree.

Specific factors included in the integral indicator of fixity degree with the following weighting factors:

#	Specific indicator ( $SI_{ifdmi}$ )	Weighting factor ( $d_i$ )
1	Requirements	Defined empirically based on documentations regulating the employees' activity
2	Sanctions	
3	Motivators	
4	Frequency of using the motivators	

Calculating the value of  $II_{fdmi}$  allows definition of the degree of value pressure on the employees. Monitoring of the integral indicator dynamics is the basis for developing activities and regulations, taking into account the actual and the necessary degree of value pressure, which is required for managerial impact. Moreover, the integral indicator is also the basis for regulating the fluctuation of the man-power factor.

The developed method allows definition of the efficiency of managing personnel behaviour by the tools of corporate culture on the basis of evaluating the admissibility of its use for every employee.

The integral indicator evaluating the limits of using the corporate culture tools (IIs), the indicator of limitations significance, includes a specific indicator evaluating the significance of requirements for every employee (SIr) and the specific indicator evaluating the significance of motivators for every employee (SI<sub>m</sub>):

$$; IIs = \sum_{m=1}^2 d_m * SI_m$$

IIs is the integral indicator of limitations significance;

$d_m$  is the weighting factor of the specific indicator of limitations significance ( $\sum d_i=1$ );

SI<sub>m</sub> is the specific indicator of limitations significance.

Specific indicators are included in the integral indicator of limitations significance with the following weighting factors:

#	Specific indicator name (SI <sub>m</sub> )	Weighting factor (d <sub>m</sub> )
1	Requirements	0,55
2	Motivators	0,45

The given weighting factors were obtained by the experts and can be refined if needed.

The specific indicator evaluating the significance of requirements and motivators is the basis for building the integral indicator and indicates the sum of significance indicators of all requirements and motivators (calculated for every employee). As we mentioned before, the requirements are social rules and norms presented to the employees, which are in accordance with the given corporate culture. Failure to follow the requirements entails sanctions, but their fulfilment does not denote a basis for incentive. The motivator group includes working conditions external to the subject, which stimulate fulfilment or over-fulfilment of norms and rules by direct and indirect methods; meaning that a failure to fulfil them does not imply using the sanctions.

The numbers of specific indicators of limitations significance are calculated according to the following formula:

$$SI_m = \sum_{j=1}^n K_j;$$

$K_j$  is the significance factor of the  $j^{\text{th}}$  limitation for every employee. This factor is evaluative and is defined by every employee according to the following scale:

The quality of evaluating the limitation significance	The amount of evaluative factor
Not significant	-2
Barely significant	-1
Vaguely significant	0
Significant	1
Strongly significant	2

To calculate the dynamics of this indicator the following formula is used:

$$SI_m = \sum_{j=1}^n K_j * \frac{Z_n}{Z_{n-1}};$$

$Z_n$  is the number of parameters in Year (period)  $n$ ;

$Z_{n-1}$  is the number of parameters in Year (previous period)  $(n-1)$ .

The integral indicator of limitations significance is calculated for every employee, and takes minimal, middle and maximum values.

Middle values of the indicators characterise the efficiency of management with the help of instruments describing corporate culture, this is realised in the ability to exercise control over personnel behaviour, which can be understood as the conformity of behaviour to influences of administration.

A large number of employees having the value of integral indicator considerably lower or higher means the low efficiency of the management system. Minimal values of the integral indicators points to weak response to the limitations introduced for the development of the work

efficiency. It can be connected with both the inadequacy of measures taken (discrepancy with the type of corporate culture) and the incompatibility of the employees with the existing culture type. If there are more than 2-3 employees, whose values of integral indicator are close to the maximum, then corporate culture tools leave for the limits of efficiency zone. *Заменить - has fallen outside the limits (border) of a zone of an effective utilization.* Such employees are very likely to start looking for less regulated organisation.

The rating analysis of “highly meaningful” limitations allows definition of variants, which lower the fixity of corporate culture tools. They give an opportunity to find a way for growth in the efficiency of managing the organisation as a whole.

## **Conclusion**

Corporate culture can be regarded as a system of value directions influencing the decision to accept or refuse organisational values by the personnel. This approach is particularly important in relation to personnel hired in developer organisations and teams. In developer organisations, corporate culture can be a tool for involving and supporting the loyalty of newly attracted employees. For developer organisations, there exists a problem of concordance between the socio-cultural and individual values brought by the new employees and the organisational values and requirements of corporate culture.

The development of management techniques based on the concept of corporate culture is quite promising because it ensures the competitive advantage of the organisation, which does a lot to synchronize organisational values with employee’s values. Moreover, it requires extra steps in forming the corporate culture based on the values system inherent in the existing organisational culture of the firm. To raise organisational efficacy is important to define the optimal range of value pressure, which can be found by the experts. This range changes according to development of the organisation.

The research conducted allows answers to be obtained to some of the stated questions. In particular, the range of the employees’ responses on the new organisational requirements was defined. It varies from accepting them as fair and strengthening the organisation image to refusing them and protests against their implementation.

The type of response (positive, neutral, negative) depends on the value content of the stated organisational requirements, i.e. their conformity to the employees’ individual values. In the case of value conformity, the acceptance and readiness to follow the requirements are observed. However, if the values are not in conformity (i.e. if there is a contradiction between the values of an employee and the organisation) mainly negative reactions of rejection and

resistance to these requirements are observed; the neutral responses appear when the stated requirements do not come in contact with the employees' system of values.

Using the equations of particular and integral rigidity indicators for the instruments of corporate culture (in the form of disciplinary and socio-cultural requirements, variety of motivating factors and the frequency of their usage) allowed definition of the range of their permissible pressure on the employees' values.

New challenges, in particular the necessity to attract labour migrants and the growth of the competition (for example, during the appearance of network operators (Radaev, 2005) results in increasing the significance of investigations into corporate culture and its impact on the organisation's performance.

Calculation of specific and integral indicators suggested by the authors **have** make a contribution in personnel management development.

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## **Chapter 15. Value approach in management of project organisations: A Russian experience**

### **Abstract**

This article analyses the peculiarities and the problems of value-management under the conditions of an economy in transition. The theoretical aspects of the problem and the results of empirical research conducted in the Russian companies are analysed. An assumption is made about the organisational values that influence the formation of the attitudes and priorities on personal level, and subsequently increase the degree of social responsibility of the business.

The value approach in personnel management is particularly important for project organisations where there is inconsistency in the objective requirements and working conditions and the employees' subjective value orientations can be a factor producing a critical influence on the efficiency of project activity.

The models of management orientation of administrators of the Russian companies and their influence on the HR practices are described. The divergences of the companies' and employees' values as to the loyalty of personnel are examined as a basis for the emergence of problems of loyalty, motivation and trust.