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IMPACT OF CORPORATE CULTURE ON ORGANIZATIONAL PERFORMANCE

Corporate culture is often described as the character of an organization. Once established, it must evolve and be cultivated and maintained continuously, and though the benefits of a strong, healthy corporate culture are difficult to measure, they are very real. Culture can not only reinforce strategic organizational goals by aligning what the organization does with how it does it, but also support skill development and operational performance by fostering an environment that values learning and advancement. Culture exists at all organizations, whether it is actively maintained or left to chance.

The field of organizational behavior and the related discipline of management science began investigating organizations in terms of culture as early as the 1930s. The final phase of the famous Hawthorne studies at the Western Electric Company marked the first systematic attempt to use a concept of culture to understand the work environment. While an important step forward in qualitative research, the investigation was rather blunt and the understanding of corporate culture remained fairly primitive during the following decades. The late-century upsurge of interest in corporate culture is credited largely to the economic conditions of the 1970s when international competition had heightened. Since the early 1980s, academic and applied exploration of corporate culture has steadily increased and even now there is a little indication of abatement as changes in data management, work organization, values, lifestyles, demographics, knowledge-intensive work, outsourcing, and a host of other social, economic, and technological factors continue to impact the relationship between organizations, workers, and the workplace.

Despite the growing significance of corporate culture, there is no single definition of this term because of its multidisciplinary nature. Delving deeper, three common attributes seem to arise across the varying perspectives within sociology, psychology, anthropology, and management science. The first one is that the concept of shared meaning is critical; the second is the notion that corporate culture is constructed socially and is affected by environment and history. The third common feature among the many definitions is that corporate culture has many symbolic and cognitive layers and culture resides at all possible levels [1]. To help understand these symbolic and cognitive layers, famous American psychologist Edgar Henry Schein has categorized the places where culture is found into three fundamental categories: observable artifacts, espoused values, and basic underlying assumptions. Observable artifacts represent an organization's attitudes, behaviors, and beliefs – how it sees things, what is important and meaningful. These include the architecture and physical surroundings; its products; its technologies; its style (shown through clothing, art, publications, etc.); its published values and mission statement; its language, jargon,

and humor; its myths and stories; and, finally, its practices, taboos and ceremonies.

Nowadays corporate culture has the potential to enhance organizational performance, employee job satisfaction and the sense of certainty about problem solving. If a corporate culture becomes congruent with the changing expectation of internal and / or external stakeholders, the organization's effectiveness can decline as has occurred with some organizations. Corporate culture and performance are related, although the evidence regarding the exact nature of this relationship is mixed.

In order to meet the organizational objectives and achieve competitive advantages, all organizations are thriving to recruit highly performing individuals. On the other hand, individuals need supportive corporate culture to help them reach individual objectives. Therefore, an organization is a consciously coordinated system where characteristics of individuals, groups and organization interact with each other and effective interaction among them highly depends on corporate culture that shapes the individual performance and in most of cases high performers are more appreciated and promoted than low performers.

Evaluating and understanding corporate culture holds perhaps the best promise for corporate leadership being able to influence individual and group performance, facilities performance, organizational performance, and ultimately the ever-important financial components of business performance. The first step in using this resource wisely is to understand where a certain organization is now – diagnosing the current cultural condition. For those organizations that are relatively satisfied with their corporate culture, this assessment is important so that future activities can go with, rather than against, the current flow [2]. Corporate facilities renovations, moves, and additions are obvious examples of where this alignment is important. Architecture, interiors, and furniture can support both how an organization functions as well as how it expresses itself – to its members and to the world. And even in cases where the built environment is seemingly satisfactory, it might be possible to improve culture environment alignment (and potentially performance) through consideration.

Coming to the conclusion, it is worth by saying that corporate culture is more than just an internal phenomenon, however. It becomes a very important part of an organization's brand. So if a culture is not aligned with the brand, or the brand does not naturally arise from that culture, then organizations can develop a credibility problem by promising one thing to the market, but delivering something else. That is why corporate culture, and the values upon which it is based, can be integrated into every aspect of each organization, including leadership training and performance management. It should evolve as the world and economic markets change and it should be communicated consistently, both internally and externally.

References

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2. Mathew J. The relationship of organizational culture with productivity and quality: A study of Indian software organizations, 2012. *Employee Relations*, Vol. 29, pp. 677-695.