Corporate culture and socio-psychological climate of the organization

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Abstract. In this paper, the authors clarified the definition of corporate culture, attributing this set of models of behavior to strategic management body; they also described regulators of corporate culture as well as classification of the corporate culture. The authors identified the socio-psychological climate as an integral characteristic of the system of interpersonal relations in the group, reflecting the complex of decisive psychological conditions in the corporate culture. Three main types of leaders were defined: negative type, generating an unfavorable climate in the collective, positive type, forming a good climate, intermediate type, creating an uncertain climate.
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Introduction

Prerequisites for formation of corporate culture must originate from the members of the Board of Directors in the system of corporate governance. Some corporate governance issues are discussed in earlier work [1]. D.R. Denison paid attention to the effectiveness of the corporate culture [2]. Questions of corporate culture are considered in the works S. Silverzweig & R.F. Allen [3]. E.H. Schein offered practical advice on the use of personal skills in the organization with the corporate culture [4]. Corporate culture, as an example of the Japanese management model, is investigated in the work of R. Deshpandé, JU Farley & F.E. Webster Jr. [5]. Behavior of senior management is discussed in the work of R. Davidson, A. Dey & A. Smith [6]. The dependence of the efficiency of economic activities of the medical institution on organization culture is seen in the work of R. Jacobs, R. Mannion, H.T. Davies, S. Harrison, F. Konteh & K. Walshe. [7]. Study of corporate culture in the school is carried out in the work of S.M. Martin [8]. J. Marshall & M. Adamic consider corporate culture as the historical value of the company [9]. The corporate culture of organization, affecting issues of religious orientation, is considered in the work of R.N. Ushakov, N.V. Dmitrieva & S.A. Surova [10]. Practical issues in the field of corporate culture are shown in the work of L. Chen & Y. Su. [11]. Social psychology is considered in the work of N. Hopkins & S. Reicher [12]. Interaction of corporate culture of managers and corporate culture of workers in the organization is investigated in the work of Q. Dong [13]. Dependence of employee's sense of satisfaction and corporate culture is determined in the work of J. Robert & A. Asfarova [14]. H.A. Sabri [15] defined particular role of corporate culture of organization during the global financial crisis. Questions of corporate culture are also studied in some other papers of no small importance [16-19].

Material and Research Methodology:

Discussions between authors and experts from different organizations, comparative analysis, description, study of the scientific literature.

You can have a lot of debate about the approaches to the concept of corporate culture, but specifying the motives of its creation, the following aspects can be marked: improving morale for the best results, manifestation and isolation of competitive symptoms in the business sphere of organization. First, let us concentrate on the concept of corporate culture. The concept of corporate culture possesses a multivalued character: abstract, as a kind of philosophy; concretizing, as an area of knowledge within organization behavior, studying the basic principles and laws.

Results and discussion

Corporate culture is a set of standards, ethical and professional rules, beliefs, traditions, values, precedents, expectations, practices and procedures, relating to all forms of business communication, adopted and operating in a company, as well as contributing to formation of the style of the firm and its employees conduct [20].

This definition, integrated from many concepts of the same term, reveals corporate culture as an indistinct tool of a company that focuses on all the subjects and objects of the company. Corporate culture forms relation to corporate governance through business ethics and historical trends.

Within each formal group of the structural unit in the organization there exists its own unique form of the organizational structure and culture that is created by the head of the structural unit, by the

way of forming values, traditions, duties and responsibilities of workers.

Author's addition to the concept of corporate culture is that orientation is aimed mainly at the strategic management body and is distributed to managers, general meeting of shareholders and the board of directors.

The corporate culture is regulated as follows [21]:

- developing the program of adaptation, both for the new and for the reaching career employees;

- working out of the Code of corporate conduct and bringing the designed points to the company's employees notice;

- developing an algorithm of staff rotation;

- affirmation of the traditions of the company;

- creation of visual elements of corporate culture;

- developing ethical norms relevant to relationships: between equal employees of one unit, between employees from different departments, between employees and managers of the same unit, between employees and managers of different departments, between the leaders of various structural units. One of the regulators of corporate culture is the Code of corporate conduct, which optimizes the activity of economic entities by means of following the ethical standards of behavior.

In the study of the phenomenon of corporate culture, scientists have proposed the following classification [21]:

1.   Management entity:

- open corporate culture, which is based on the principles of democracy. This kind of corporate culture is advisable to apply in two cases: in minor groups, or in groups with an unlimited number of staff on the assumption of the creative activity of the investigated organization or business unit.

- closed corporate culture, based on the principle of self-restraint. This corporate culture is the best in the organizations involved in the defense activities and in activities of strategic importance for the state.

2. Manifestations of corporate culture:

- subjective, based on faith, beliefs, myths, abstract in relation to reality; this kind of corporate culture is quite acceptable for mediocre stakeholders who are not directly related to the company.

- objective, based on real data: the location of company, reliability and quality of the staff working uniform. This kind of corporate culture is appropriate for direct relationship with stakeholders, as well as while optimizing the business processes by creating favorable conditions for the work.

3. Position of the head in the organization:

- soft, based on democracy and on the continuous improvement of corporate culture. This can be employed in socio-economic developed companies;

- rigid, based on formal principles of communication and its style, this kind of corporate culture is used in factories;

When forming the values, shared by all the group members, there appear prerequisites for a stable and sustainable development of the company and for reaching the overall (common) goal.

4. Corporate culture forming.

The following stages take place during formation of the corporate culture: nucleation, stabilization, updating. At the embryonic stage mission is formed, strategic goals and operational objectives are developed, stakeholders are informed about the appearance of the new company.

At the stabilization stage, there appear certain collective traditions, which improve not only the morale and psychological climate of the team and the achievable results, but also increase the growth of confidence on the part of stakeholders.

During the stage of updating, the views, concerning shareholders, stakeholders and staff of the company are changed. Management structure is also changed. As a result, new managers gain authority and produce a series of changes in the organizational culture of the company.

Each stage is appropriate for a certain period of operation of the company. Periodization of corporate culture is similar to the development of the life cycle of the company. We must be aware that any change in the corporate culture depends on the change or changes in the qualitative and quantitative composition of the strategic management body.

Corporate culture is generated by comprehension of the business philosophy, the emergence of business, contributes to the appearance of communication between the strategic and operational bodies of governance of various levels of formation of these cultures.

Corporate culture of the company comply with all the members of the company, whom behavioral norms, standards and concepts are directed at, during the evolution of the company. Next, consider the integral characteristic of interpersonal relations in the group, reflecting the complex of decisive psychological conditions in the corporate culture.

Concept of socio-psychological climate (SPC) in the group (team or organization) can be interpreted in different ways - from simple psychological climate in the organization to almost complete coincidence with the concept of corporate culture. In this article, psychological climate is

interpreted as relationships between members of the organization and as their physiological and psychological compatibility. However, the connection of SPS with corporate culture is undeniable. You can talk about SPC as a characteristic that influences mastering the corporate culture by specific members of the organization. Such a view corresponds to M. Armstorng [22].

It is obvious that interpersonal relations encompass the relationship between ordinary members and between the members and the head (leadership of the company) and characterize the psychological climate in the group. Socio-psychological climate is more dependent on people's cohesion while performing the work, than on their compatibility. Social and psychological climate, however it is considered, is evaluated in the end as "bad" or "good". Bad SPC reduces the efficiency of the team members, and good SPC, on the contrary, increases their efficiency. Socio-psychological climate can be determined even as satisfaction (dissatisfaction) of the members of the "team" with their relationships with other members. Socio-psychological climate affects people's attitudes towards work. We emphasize once again that a good social and psychological climate improves productivity and makes the team more manageable.

Socio-psychological climate is closely linked with the corporate structure of the organization. Socio-psychological climate in the company can be characterized by the following parameters:

1.　　　Employee's satisfaction with job;
2.　　　Satisfaction with relationship with colleagues;
3.　　　Satisfaction by relationship with management;
4.　　　The presence (or absence) of conflicts and their causes.

1. Satisfaction with job depends largely on:

a) correspondence of the work performed to one's qualification;

b) accordance of effort, spent on employee's solution of the problem, with its complexity; on optimality of level of the mental stress in the process of solving it; well-formed work supports an optimal level of stress;

c) opportunity to choose colleagues for the implementation of a task;

d) opportunity to select the start and the end of the work;

d) opportunity to diversify the work;

e) being technically equipped (materials, equipment);

f) conditions in the workplace (space, lighting, etc.);

Socio-psychological climate depends on some other important indicators, such as the certainty for performers in the character of the work planned for the day, week, month, etc., that is, employee should know what kind of work, and in what timeframe he has to perform.

2. Each team-member does not always realize distinctly his satisfaction (dissatisfaction) with relationships with his associates, this may be present unconsciously, creating for an employee this or that emotional background and a particular mood.

3. Contentment by interrelation with the supervisor is also important for good social and psychological climate. Members of the team with good socio- psychological climate are satisfied with their interrelation with the manager, they know that he appreciates each employee and what for. They know that their head appreciates them for their business qualities above all.

Socio-psychological climate in the team largely depends on the personality of the head, so the head, in turn, must satisfy a number of requirements.

First of all the demands that the head makes for his subordinates should not bear personal character, only deeds and actions should be appraised. Thus, the criticism on the part the head should be of business character and should work for the success of the common cause, the punishment should not concern the personal qualities of the worker but his business qualities. Subordinate must be convinced that the leader is right, that in his place he himself would do the same. The principle of selecting works to suit the individual performers is important.

Psychological characteristics of the head and his credibility greatly influence the SPC of organization. The head's ability to communicate shows itself in his proper style of leadership, which is crucial for the formation of the psychological climate in the team. We understand the style of management as a set of principles, rules of conduct, methods, techniques and standards of the head with respect to conducting business activity and to employees.

In general, we can speak of the following styles of leadership:

1) authoritarian (directive);
2) collective (democratic);
3) liberal (permissive, permissive).

1) When an authoritarian style is used, all powers are concentrated in the hands of the manager, he neglects the advice of people, tightly controls the subordinates. They are unable to take the initiative and make their own decisions. The sense of cohesion in the collective is underdeveloped, although attitude to work is conscientious.

2) The head of a collegial style does not interfere with the affairs of workers if it is not necessary, he shows respect and credibility to subordinates, understands their interests and needs; when it is possible, he attracts all workers to address various issues. Collective style involves delegating (partial transfer) of authority and responsibility. The head is doing only the work that in this organization can and must be carried out only by him himself. When delegating authority it is recommended that everyone finds himself in business.

3) When liberal style is used, workers are mostly less diligent in the performance of their duties than in the presence of the directive style. Careless attitude to work is often present in a liberal style of leadership, as well as bad (negative) personal and business relationships between the members of the organization.

However, there is usually a mixture of different styles with the same head, with a predominance of some of them. Still, even in presence of a successfully chosen leadership style, personal head's qualities play an important role, the qualities that are necessary to establish contacts, to win respect and trust of subordinates.

These qualities are as follows:

1) availability;

2) modesty;

3) accordance of their behavior with the accepted norms;

4) objective perception of other people,

5) response to the needs of the subordinates;

6) objective assessment of their merits and abilities (not arrogate to himself all the successes, and to carry them through the team: people do not like to work for the glory of one person);

7) skillful use of the strength of public opinion;

8) ability to openly and honestly discuss the actions and behavior of subordinates;

9) integrity and justness;

10) personal charm;

11) goodwill (the head can be short-tempered, but not vindictive);

12) professional competence, knowledge of the case.

In a survey of employees of one of the research teams (2013) it was found, which features of the head of his laboratory they consider essential. The most important were tact and care, then - rigor, objectivity, fairness, democracy, and in the third place – even temper, gentleness, sociability, in the fourth -determination, perseverance, self-discipline. The survey also showed that employees find it difficult to be in contact with the head, which is too serious and grim.

However, the head must be able to maintain a certain distance between himself and subordinates, in order to avoid familiarity (such a leader will not be respected) as well as arrogance. He also must respect his subordinates.

There are three main types of leaders:

1. Negative type, generating an unfavorable climate in the team; he can act in different ways: a) he does nothing and requires nothing from the others; he lets the work to take its own course; b) he himself does nothing, but demands strictly with others; c) he operates with maximum efficiency and requires the same from subordinates; the style of management is directive, the staff founds itself under pressure.

2. Positive type, forming a good climate, as a rule the head possesses highly developed personal and professional qualities;

3. Intermediate type, creating uncertain climate: a) a good-natured and gentle leader, undemanding; b) an unbalanced head, influenced by his mood.

There are many versions of the classification of managers. British scientists R.R. Blake and D.S. Mouton [23] proposed their own classification of types of leaders.

The first type: the head, combining the care about production process and indifference to people. Another type is a leader, the most caring about the people and the lowest about the production. The third type is the leader oriented to nothing, who fails to make independent decision, take action. The fourth type of leader in the classification of R. Blake and J. Mouton - intermediate, he solves problems on basis of compromises. The manager of the fifth type synthesizes priorities.

There are three additional types: paternalist - a benevolent dictator, opportunist - narcissistic and striving to achieve superiority, facadist – does not disclose his thoughts, he is closed, though, and creating the impression of being frank.

Socio-psychological climate of the collective is determined not only by interpersonal relationship, but also by some other factors such as the principles of salary distribution in the organization, as well as accounting professional capabilities of team members in the distribution of work. It should be noted, that the actions of the head usually combine conscious and unconscious impact on workers

The head can exercise influence on the socio-psychological climate: a) directly - when he makes demands on people, solves the problems of interpersonal relationships; b) indirectly - when he organizes the optimal working conditions and training of cadres.

Well-formed labor, ensuring smooth operation of the collective and each of its members without disruption and subsequent hectic activity, promotes mental balance in the team, has a positive effect on people's mood.

Subordinates experience satisfaction by the leader's job under the following conditions:

1. Friendly and respectful attitude of the head to the workers;

2. Sensitivity and attention to the motives of employees;

3. High demands on quality of the work.

The importance of the team leader for creating the climate is also determined by functions of the team leader. Now we name the main of these functions:

1. Goal-setting function of the collective;

2. Function of the organization - the alignment of staff and giving them resources;

3. Coordination function - coordination of the team members, learning them adjacent working professions;

4. Incentive function - designed for revitalizing and educational effect;

5. Monitoring function: a) monitoring of compliance with the rules of relationships; b) monitoring of maintaining a predetermined rate and rhythm of work;

6. The function of education (training team members in the spirit of the highest corporate culture). The task of the leader is to form such qualities that will ensure workers' active and productive work. Managers must create a positive attitude towards work with all the members of the staff.

Thus, it should be underlined, that the leader performs administrative functions; recruitment, promotion (or decrease) and punishment of members of the collective to some extent also depends on him; his responsibilities also include organization employees' labour as a whole.

One of the indicators of optimality – non-optimality of socio- psychological climate in the team is real and potential turnover. If many members think of resignation due to one or another reason - it says of non-optimality of socio-psychological climate of the team. The reasons of supposed resignation may be different: salary, apartment, remoteness from work and other. It is very bad, when the dissatisfaction of employees is due to the nature of work, to the workplace, to relationship with management, etc.

The presence of conflicts is also indicative of the state of socio-psychological climate in the collective. Conflicts may be related to: a) implementation of production tasks; b) assigning salaries, distribution of bonuses, vacations, etc.; c) violation of corporate standards, labor discipline; d) interpersonal relationship of workers (on basis of differences of views, characters, etc.); d) allocation of resources; e) distribution of copyright.

Conflicts can be: a) between the individual members of the group; b) between the members and staff supervisor; c) between subcultures in organization.

Conflicts associated with the production, can occur due to: a) uncertainty in the work; b) non-recognition of someone as a member of the team, as a specialist; c) the monotony of the work; d) issues related to the choice of the tasks and assignments. Socio-psychological climate reflects in the attitudes and emotions. Studies show that 15 % of the time is wasted on the production of a showdown, on post-conflict experiences. A person can gradually gain negative attitude to his work. 52 – per cent of the cases of incompatibility, leading to conflicts, is incompatibility "leader - subordinate" and 33 – per cent of cases: "worker - worker".

Conflict in relationship in a company is the result of incompatibility, bad people's cohesion while performing work. The presence in the collective of a significant number of conflicts is an indicative of a poor socio-psychological climate.

Conclusion

Thus, summing up, we can conclude that the corporate culture and socio-psychological climate of the collective are closely related. In turn, the SPC is determined by factors such as leadership styles: authoritarian (directive), collective (democratic) or liberal (permissive). The management style is in its turn closely related to personal features of the head, which allows to distinguish the three main types of leaders (negative type, positive type, intermediate type). In addition, it should be noted that the dependence of the SPC on its head is defined by the functions of the latter in the team. The presence or absence of all sorts of conflicts also influences greatly the socio-psychological climate of the team.

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