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THE ROLE OF ORGANIZATIONAL CULTURE IN FORMING THE DEVELOPMENT STRATEGY OF THE ENTERPRISE

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Abstract

In the context of the modern business environment, which is characterized by instability, rapid changes and a high level of competition, enterprises must look for new ways to increase competitiveness. Organizational culture determines the company's flexibility and ability to adapt to changes, which is critically important for the effective formation of a company's development strategy, since only those companies that are able to quickly and effectively adapt to new conditions, become market leaders. The purpose of the article is to deepen the understanding of the relationship between organizational culture and the processes of forming the company's development strategy in conditions of uncertainty and a changing external environment. In order to achieve the goal, the task of determining the influence of the internal aspects of the enterprise's organizational culture on the processes of strategy formation and implementation in conditions of constant changes, as well as establishing their relationship, was performed. The article analyzes the impact of organizational culture on the formation of the company's development strategy in the changing conditions of the external business environment. The key aspects of the organizational culture's formation, such as leadership, communications, values and norms, as well as their correlation with the processes of developing the company's strategy, are considered. Practical recommendations on the formation of the company's development strategy have been developed, which can be applied in the practice of domestic business structures.

Keywords

organizational culture, strategic management, changing business environment, enterprise strategy, adaptation to changes, key success factors.

Formulation of the problem

In the conditions of constant changes in the modern business environment, there is a need to study the relationship between organizational culture and the company's development strategy. This becomes an important task for the successful functioning of the enterprise, especially in today's conditions of uncertainty. Organizational culture defines the values, beliefs and norms that pervade the company's activities, while the strategy defines the way to achieve the set goals.

One of the key challenges is to determine how organizational culture can influence the choice and implementation of strategy in the face of uncertainty and change. Can it be a catalyst or a brake for innovation and adaptation? What aspects of culture are important to a successful strategy in an environment where even the best strategies may require adjustments after a short period of time?

The relevance of the chosen topic

The relevance of the chosen topic cannot be overestimated in the context of the modern business environment, which is characterized by instability, rapid changes and a high level of competition. Organizations that are able to effectively adapt to new conditions usually become market leaders. Organizational culture acts as a foundation for strategy formation, influencing decision-making, communication, innovation potential and the enterprise's ability to adapt. Understanding the importance of this influence can be a key factor in achieving competitive advantage. Determining the role of organizational culture in the formation of the company's development strategy is an extremely urgent task in the modern business environment. Organizational culture defines the basic values, attitudes and internal norms that are necessary for the formation and implementation of strategy. Organizational culture forms a common, understandable framework for all employees of the enterprise. This is important in strategy formation, as a common identity and mutual understanding contribute to effective team work and the realization of strategic goals. Thus, in the light of modern trends, such as rapid technological changes, globalization of markets and the growing role of corporate responsibility, the question of the organizational culture's influence on the formation of the company's development strategy acquires a new level of importance.

Analysis of the latest research and publications

N. O. Yevtushenko (2020) considers the problems of managing organizational culture, in particular, how it affects the strategic decisions of the enterprise. The author provides examples of effective practices of managing organizational culture that contribute to the achievement of strategic goals. The author also emphasizes the importance of internal coordination of the company's culture and development strategy to achieve its stability and success [1].

Petelko T. P. (2020) considers the role of organizational culture in the process of adapting to market challenges and implementing strategic initiatives. Her research indicates that a successful strategy requires a deep understanding of the enterprise's cultural characteristics and their influence on strategic decisions [2].

Oliynyk T. I. (2021) claims that organizational culture affects the ability of an enterprise to effectively respond to changes in a changing environment and opportunities for strategic development, and also defines key aspects that should be taken into account when forming a culture in order to achieve strategic goals [3].

I. V. Ivantsova (2020) investigates the process of organizational culture formation and its influence on the efficiency of enterprise functioning. She analyzes various mechanisms of culture formation and their effectiveness in achieving strategic goals, and also points out the importance of taking cultural aspects into account when forming and implementing a development strategy [4].

According to the results of the scientific research analysis on this topic, it can be noted that organizational culture plays a key role in the process of forming the company's development strategy in the conditions of a changing business environment. In general, scientific research indicates the need to integrate aspects of the organizational culture formation of the enterprise into strategic management in order to achieve success in conditions of uncertainty and constant changes.

The purpose of the article

is to deepen the understanding of the relationship between organizational culture and the processes of forming a company's development strategy in conditions of uncertainty and a changing external environment. Achieving the set goal made it necessary to solve the following tasks:

- to analyze the impact of internal aspects of the enterprise's organizational culture on the processes of strategy formation and implementation in conditions of constant changes;
- to determine key factors of interaction between organizational culture and enterprise strategy;
- reveal the influence of organizational culture on the success of the enterprise in a dynamic business environment.

Presentation of the main material of the study and the obtained results

Organizational culture is an important aspect of enterprise management and can significantly influence its success and sustainability in a competitive environment.

As it is known, the organization of the business management process is the implementation of elements of regular management. Moreover, this process includes only those functions and actions that are related to the coordination and establishment of interaction within the organization, with the motivation to carry out production and other types of activities, with their target orientation [10]. The formation of organizational culture is distinguished among the main types of management activities in the organization of business management (Fig. 1.).

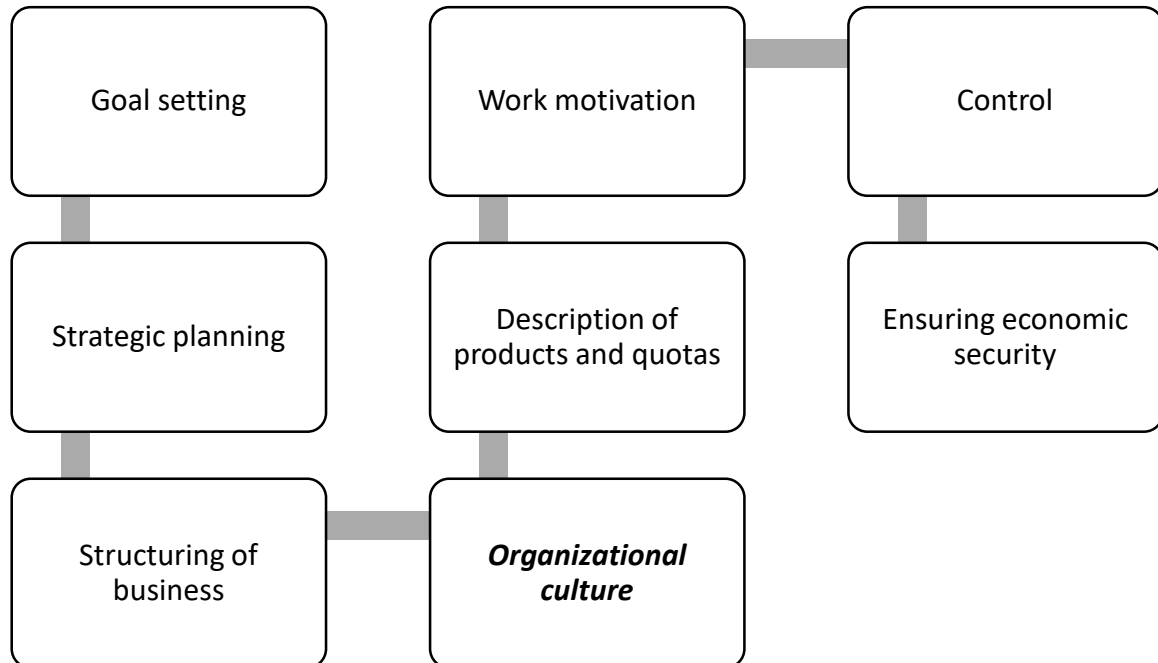


Fig. 1. Types of management activities in the organization of business management

Source: built by the author from the materials [10]

The importance of organizational culture in enterprise management can be considered from different positions, in particular:

- stimulation of employee efficiency: organizational culture determines values, norms and expectations in the organization. If these elements support shared goals and encourage high levels of task performance, this can lead to increased employee performance.
- retention and attraction of talented personnel: organizational culture affects the attractiveness of the enterprise for potential employees. If the culture matches the values and expectations of professionals, it can lead to retention and attraction of talented staff.
- creation of a favorable working environment: a properly formed organizational culture contributes to the creation of a positive and favorable working environment. This can increase employee satisfaction, reduce stress levels and support team spirit.
- support of strategic direction: organizational culture can play a key role in the implementation of the enterprise's strategic goals. When the culture is aligned with the strategic direction, employees are more likely to make decisions and act on strategic objectives.
- adaptation to changes: A flexible and open organizational culture facilitates adaptation to changes in the business environment. When employees have a positive attitude towards innovation and change, it helps to respond quickly to challenges and ensures the company's competitiveness.

As part of the analysis of the relationship between the organizational culture and the company's strategy, carried out in this study, complex and complementary aspects that affect the success of the company in the conditions of a changing environment were revealed.

1. Organizational culture as a key factor in strategic problem solving. The effectiveness of strategic problem solving is closely related to a developed and internally consistent organizational culture. Enterprises where there is a high level of mutual understanding, cooperation and openness among employees are able to adapt more effectively to changes in the external environment.

2. Interaction of cultural elements and strategic goals. More effective implementation of strategies is observed in enterprises where cultural values are harmonized with strategic goals. Organizational culture acts as a guiding mechanism for awareness and acceptance of strategic initiatives.
3. The role of leadership in the formation of cultural and strategic aspects. Leadership has a decisive influence on the formation of organizational culture and the definition of strategic directions. Effective leadership contributes to the creation of a favorable environment for the implementation of business strategies.
4. Adaptation of culture and strategy to changes. Enterprises with a high level of adaptive abilities of organizational culture and strategy respond more effectively to changes in the economic, technological and socio-cultural environment.

The influence of crisis situations on the interaction of cultural and strategic components. In crisis situations, it is important to maintain the stability of organizational culture, because it is the basis for choosing and implementing optimal strategies in conditions of instability.

Aspects of the relationship between organizational culture and the company's development strategy are shown in Figure 2.

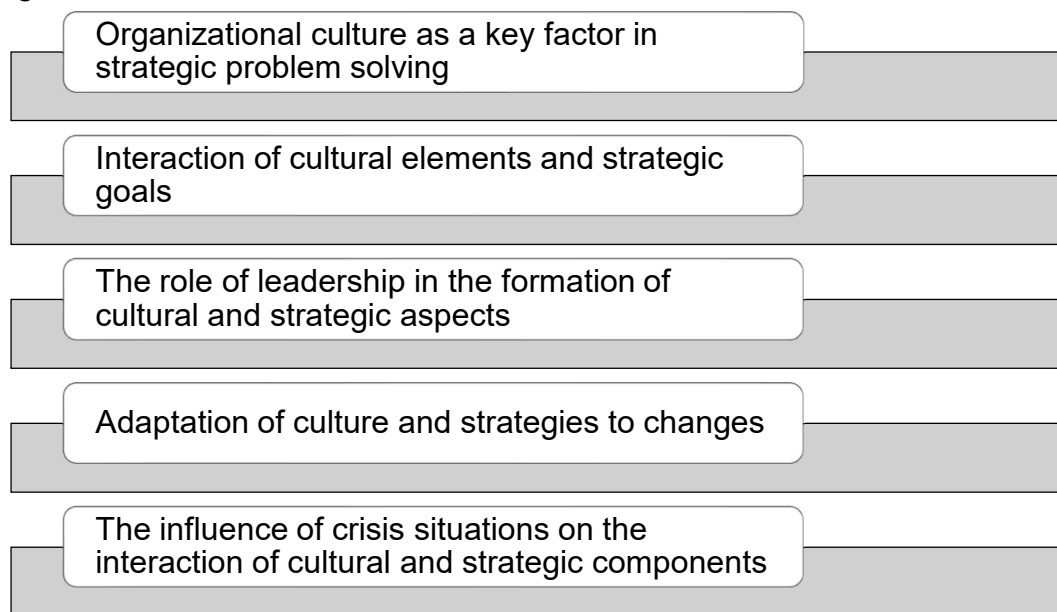


Fig. 2. Aspects of the relationship between organizational culture and enterprise's strategy

In real examples of companies, it is also possible to observe the relationship between organizational culture and the formation of the company's development strategy, which affects their success and stability in the face of change.

1. The company GoogleInc. It is a vivid example of a company where organizational culture directly affects strategic choices. Based on the principles of creativity, openness and innovation, Google's culture promotes the choice of strategies aimed at the development of innovative products and technologies [5].
2. SouthwestAirlines is characterized by a strong organizational culture aimed at creating a favorable environment for employees and passengers. Their strategy includes low prices, high levels of service and other aspects that reflect the company's cultural values [6].
3. Organizational culture of AppleInc. is based on the principles of design and innovation, which is embodied in the strategy of developing unique and high-quality products. The company prioritizes creativity and high standards, which determines the direction of its strategic decisions [7].
4. Zappos is known for its unusual organizational culture that supports individuality and creativity. The company implements strategies aimed at creating a unique customer experience. In addition, the strategy of this company is based on supporting the personal development of employees and providing high-quality service [8].
5. Procter&Gamble is an example of a company where an organizational culture focused on commitment to goals and teamwork influences product positioning strategies and innovation development [9].

Therefore, the practice of global companies, the distinguishing characteristics of which are a strong organizational culture and strong competitive positions formed over a long history of development, confirms the fact that a deep understanding of the culture of one's company and the everyday behavior that shapes it is an effective tool for

seeing and using new opportunities for achievement of business goals, expansion of the business partners network who share values and norms of morality in conducting business, which significantly increases the chances of competitive success.

A kind of algorithm for using the potential of organizational culture as a competitive advantage of the company is quite simple. First of all, you should start with the diagnosis of the current state of the organizational culture and conduct an analysis of how the culture of the company contributes to or hinders the changes taking place in it in the current situation, how it affects the achievement of business results. The next step should be to determine which cultural characteristics and behavior patterns need priority strengthening and development in order to effectively influence the achievement of the company's goals. The first two stages will give an idea of both the objects of management (elements of organizational culture), and will allow to determine which new competencies are necessary for the implementation of the third stage - proactive management of the company's culture. The basis of this algorithm should be the consistency of the triad "enterprise strategy - operational model - organizational culture". In this case, company management often prefers to focus on the first two elements, believing that they are much easier to manage. P. Drucker once warned about this management mistake, noting that "culture eats strategy for breakfast" [11]. The essence of this remark is that the business result depends to a greater extent on how the staff will act to achieve the set strategic goals, and to a lesser extent on the chosen strategy and operating model. Research confirms that businesses with a cohesive and unique organizational culture double their chances of demonstrating sustainable growth and increasing their profits.

Therefore, the experience of foreign corporations indicates the formation of a company's development strategy on the basis of important aspects of organizational culture, which also become guiding principles for its implementation and determine the success of companies in various areas of business. In addition, the relationship between these elements can serve as a source of competitive advantages and key success factors in a changing external business environment. The influence of organizational culture on the strategy implementation process is shown in fig. 3.

1. Increasing the level of adaptive capabilities of the enterprise. Provided that the organizational culture is fully aligned with the strategy, the company has the ability to quickly adapt to changes in the external environment. When these two aspects interact harmoniously, the enterprise becomes more flexible and able to respond effectively to new challenges and opportunities.
2. Increasing the involvement of employees. The relationship between culture and strategy can have a positive impact on employee engagement and motivation. When employees perceive the organization's values as their own, they are more likely to participate in the achievement of strategic goals, which leads to increased productivity and the quality of their work.
3. Increasing the level of innovativeness. The organizational culture should be aimed at supporting innovation, in combination with the appropriate strategy, and form a favorable environment for the development and implementation of innovative strategic solutions. This, in turn, increases the competitiveness of the enterprise due to the ability to quickly adapt to changing market requirements.

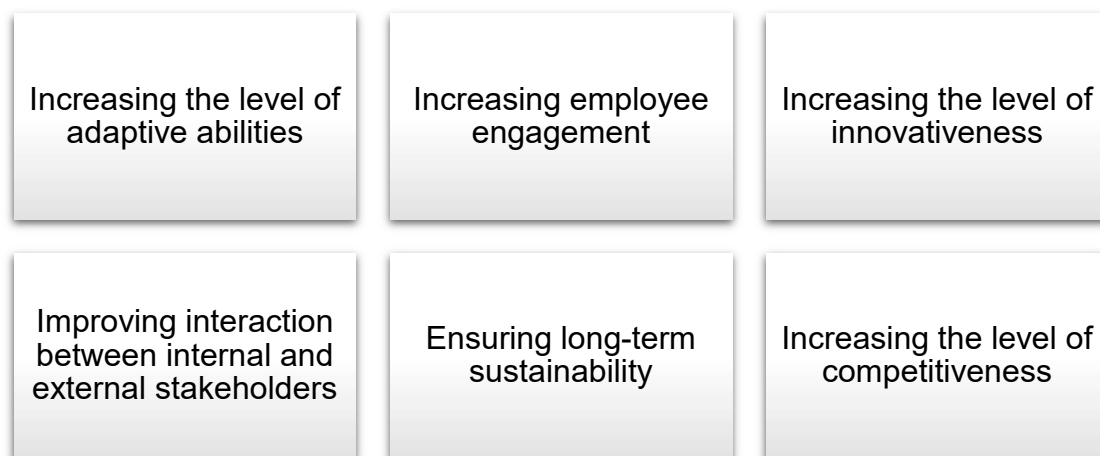


Fig. 3. The influence of organizational culture on the strategy implementation process

4. Improving the interaction between internal and external stakeholders: The organizational culture of the enterprise should also be laid in the foundations of the cooperation strategy with stakeholders. Effective interaction with customers, suppliers and other interested parties contributes to increasing the competitiveness of the enterprise.
5. Ensuring long-term sustainability. Organizational culture and strategy must be aligned in such a way as to ensure a balance between short-term and long-term development goals. This, in turn, contributes to the stability of the enterprise in relation to economic, socio-cultural and technological changes.
6. Increasing the level of competitiveness. The overall efficiency of the enterprise increases due to the optimization of internal processes and resource management, which makes the enterprise more competitive in the market.

Therefore, the analysis of the organizational culture influence on the processes of strategy implementation not only indicates their importance separately, but also emphasizes that the role of organizational culture is a key factor in achieving the success of an enterprise in the conditions of today's changing business environment.

Thus, taking into account the importance of organizational culture in enterprise management, its relationship with development strategy, as well as the experience of foreign corporations in the formation of a development strategy based on the key aspects of organizational culture, the following practical recommendations are offered for the formation of an enterprise development strategy, which can be applied in practice of domestic business structures, namely:

1. Persuasion and involvement of personnel. Implementation of any changes requires a high level of support and involvement of staff. Ensuring their understanding, loyalty and positive attitude towards the implementation of the strategy is an important element of the company's success. Therefore, when forming a strategy, it is necessary to take into account the different views and interests of each employee, which, in turn, contributes to reducing the level of their resistance.
2. Control and evaluation of results helps to identify problems in time and adjust the strategy in order to achieve the best results.
3. Involvement of stakeholders. Ensuring interaction with all interested parties, including customers, partners and other stakeholders, their cooperation and communication contributes to effective strategy formation and avoiding conflicts in the future.
4. Education and training of personnel. Education and training of personnel is an important element of the formation and implementation of the company's strategy. This process helps to improve work processes, increase labor productivity and competitiveness of the enterprise, and also creates an appropriate organizational climate in order to attract and retain highly qualified employees.
5. Risk analysis. A thorough analysis of potential risks and possible failures is a key step in strategy formation, and this process is directly related to organizational culture. The relationship with organizational culture is how employees perceive risks, and this, in turn, determines the success or failure of the company's strategic initiatives. For example, companies with an open and innovative culture may view risks as opportunities for growth and development, while under a conservative type of culture, staff are less willing to take risks.
6. Taking cultural features into account, as culture determines values, beliefs and methods of interaction among employees and top management of the enterprise, which also helps to avoid conflicts.

It should be noted that in the Ukrainian business environment, the role of organizational culture in the formation of the company's development strategy remains underestimated. The management of domestic enterprises should study the best experience of foreign companies with a strong organizational culture, critically evaluate and use it, while adapting it to the realities of the Ukrainian business environment. This becomes especially important in the context of crisis phenomena that have covered the social, economic, ecological and geopolitical spheres, which requires business to improve the quality of all management processes, which is simply impossible to achieve in the case of a weak organizational culture.

It is indisputable that the construction of corporate relations, which include both internal and external stakeholders of the enterprise, should be based on a personalized approach, individual service, trust, and adherence to moral and ethical principles as indestructible rules of business conduct. All this requires the use of a complex of formal and informal tools, the formation of new models of behavior aimed at the development of cooperative relations within the framework of a single team - the company's management and its employees, partnership relations with consumers, interaction with the business community on the basis of parity and mutual respect. And these values are formed by the organizational culture, and therefore its development requires the primary attention of the company's management.

Conclusions and summaries of the work

The work defines the role of organizational culture in the process of forming the company's development strategy. Flexibility, openness to change, the ability to adapt - all these aspects, which are formed through organizational culture, are key in the framework of the formation and implementation of the company's development strategy in the conditions of a changing external business environment. The analysis results of the latest research and publications on the selected topic confirm that organizational culture plays a key role in the process of forming the company's development strategy in the conditions of a changing business environment. In general, scientific studies indicate the need to integrate aspects of the formation of the enterprise's organizational culture into strategic management in order to achieve success in conditions of uncertainty and constant changes. The formation of the organizational culture is distinguished among the main types of management activities in the organization of business management. The work substantiates the importance of organizational culture in the management of the enterprise from various positions, in particular, stimulating the efficiency of employees, retaining and attracting talented personnel, creating a favorable working environment, supporting strategic direction and adapting to changes.

Based on the analysis results of the relationship between the organizational culture and the company's strategy, the article reveals complex and complementary aspects that affect the success of the company in a changing environment, namely, it is substantiated that organizational culture is a key factor in strategic problem solving, the role of cultural elements in the formation of strategic goals, the role of leadership in the formation of cultural and strategic aspects, the importance of adapting culture and strategy to changes in the external environment is established, and the impact of crisis situations on the interaction of cultural and strategic components is determined.

In addition, the article analyzes the experience of foreign corporations with regard to the formation of an enterprise development strategy based on important aspects of organizational culture. It was revealed that the practice of global companies, the distinguishing characteristics of which are a strong organizational culture formed over a long history of development and strong competitive positions, confirms the fact that a deep understanding of the culture of one's company and the everyday behavior that forms it is an effective tool for seeing and using new opportunities to achieve business goals, expand the network of business partners who share values and moral standards in business management, which significantly increases the chances of competitive success in a changing external business environment. Taking into account the above, the article contains practical recommendations for the formation of an enterprise development strategy that can be applied in the practice of domestic business structures.

Taking into account the results of the conducted research, as well as taking into account the development of business digitalization processes, further scientific research should be directed at substantiating the role of the enterprise's organizational culture in ensuring its innovative development.

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