

УДК: 330.658; JEL classification: D23; M14; L10  
DOI: <https://doi.org/10.36887/2524-0455-2023-3-9>

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## THEORETICAL AND METHODOLOGICAL BASIS OF RESEARCH ORGANIZATIONAL CULTURE AS A FACTOR OF STRATEGY IMPLEMENTATION

*Vlasenko T., Kozak K. Theoretical and methodological basis of research organizational culture as a factor of strategy implementation.*

Culture is the way of organization, identity, and model of its dynamic relations. No management idea, no matter how good, will not work in practice (implementation) if it does not match the culture. An organization can have a great strategy, but the process will continue if its culture is aligned with and supportive. Culture establishes and maintains order, structure, membership criteria, conditions for evaluating effective performance, communication patterns, expectations and priorities, reward and punishment, the nature and use of power, decision-making practices, and management practices. Every successful organization has a core culture that is central to the functioning of the organization, forming the core of how that organization works to achieve success. The leadership culture must be aligned with the organization's strategy and core leadership practices. A strong, consciously formed organizational culture ensures the achievement of organizational goals in the most effective, humane, and socially acceptable way. It contributes to implementing the organization's strategy by creating an effective motivational mechanism that would encourage high initiative, effectiveness, and loyalty of its personnel. This allows the organization to receive the so-called management profit. In connection with this, the task of management becomes the creation of conditions for the realization of the individual's potential, which can be used only in situations of goodwill, mutual understanding, support, and cooperation on the part of colleagues, which allows to reduce many negative factors of the internal environment of the organization in the field of group dynamics, conflict, labor productivity, staff turnover, employee satisfaction. Effective management and control of the degree of compatibility of the organizational culture with the organization's strategy reduces the risk of inconsistency in the decisions made. In organizations with a weak corporate culture, there is a decrease in the degree of manageability and compatibility of the organizational culture with the company's strategy. In cases of an increase in the degree of importance of the task of the strategy's success, the risk becomes unacceptable.

**Keywords:** culture, strategy, management, manager, personnel.

**Introduction and statement of the problem.** Organizational culture is a topic that is often discussed and has become the main frame of reference for every manager and organization. There are many definitions of this term. Each organization formulates and implements its primary path to success. To be successful, managers need to understand their internal organizational culture and the culture of their customers.

**Analysis and research of publications.** The literature describes various approaches to analyzing organizational culture and assessing its impact on corporate competitiveness and strategy. This problem was considered in their works by D. Gibson, R. Griffin, and M. Pastei, R. Daft, D. Ivantsevich and H. James, K. Cameron and R. Quinn, D. Martin and K. Seal, D. Matsumoto, F. Lutens, C. Michon and P. Stern, D. Newstrom and K. Davies, W. Ouchi, X. Schwartz and S. Davies, E. Shane, D. Hampton, R. Hall.

Research has shown that there is often a mismatch between planned and implemented strategy and, as a result, strategic human resource management, making this connection tenuous at best. In addition, research on strategy

and organizational culture faces problems of level of analysis, as well as a lack of research that examines factors that are unique to an organization and that can lead to competitive advantage.

**The purpose of the article.** The article aims to investigate the relationship between organizational culture and strategy, which is an effective way of personnel management and helps to increase the effectiveness of its work in accordance with the company's strategy.

**Presenting main material.** In recent years, organizational culture has gained wide acceptance to understand corporate systems. From an "open systems" perspective, each aspect of organizational culture can be viewed as an essential environmental condition affecting the human system and its subsystems. Studying organizational culture is also a valuable analytical tool to help managers succeed.

K. Cameron and R. Quinn claim that "...the success of firms is determined more by the values of the companies than by the relationship to market forces; rather by the commandments of a personal attribute than by winning positions in a competitive struggle; more concerned with

understanding the situation than with issues of resource superiority. Strictly speaking, it is even difficult to name at least one prosperous company that would be perceived as a leader in its field and would not have a noticeable organizational culture associated only with it" [1].

Organizational culture is a specific set of values and norms shared by people and groups within an organization that control how they interact with each other and stakeholders outside the organization. Organizational values are beliefs and ideas about what goals the members of an organization should pursue and the appropriate types or standards of behavior that members of the organization should use to achieve those goals. From organizational values, organizational norms, guiding principles, or expectations are developed that prescribe the appropriate behavior of employees in specific situations and control the behavior of corporate members toward each other.

Milosevych N. V. notes that "a correctly formed organizational culture (its value orientation, the norm of people's behavior and their expectations) is a kind of strategic tool that enables managers of all levels to orient organizational units, all industrial and production personnel to the realization of the main the mission of the enterprise, to increase its economic and social initiative, to ensure labor productivity of the labor team, to facilitate the culture of relationships at workplaces" [2].

Organizations are very similar to societies and communities in that they are made up of people clearly distinct from other work groups. By working together, people gradually develop their path – habitual or sometimes taken for granted – in achieving common goals and by adjusting to other people in the organization.

Edgar Schein, one of the foremost theorists of organizational culture, gave this very general definition of group culture: the pattern of shared basic assumptions that a group has internalized in solving its problems of external adaptation and internal integration that have worked well enough to be considered valid and, therefore, teaching new ones the right way to perceive, think, and feel about these issues [3].

As teams evolve, they face two significant challenges: integrating individuals into a compelling whole and adapting effectively to the external environment to create a firm advantage. As groups find solutions to these problems over time, they engage in collective learning that makes a set of shared assumptions and beliefs that we call "culture."

Leaders must learn to identify the most critical issues and recognize that problems and

human behavior can quickly become a crisis if not adequately addressed. The longer a problem exists, the fewer options there are and the more it costs, while early action allows for flexible, adaptive, and creative thinking.

According to Schein, cultural analysis is precious for dealing with aspects of organizations that seem irrational, frustrating, and intractable: "The bottom line for leaders is that if they are not aware of the cultures they belong to, those cultures will rule them.". Importantly, Shine uses multiple "cultures". Using open systems concepts, we know that members of a group culture can also belong to subcultures within an organization. Because organizations share a history, there will usually be at least a few values or assumptions shared by the system. But sometimes, as in many organizations, subcultures have had different experiences, and their group learning has produced very different sets of underlying assumptions.

An organization's members interpret others' behavior and language through their own cultural biases. Each member's (or subsystem's) set of beliefs, values, and assumptions becomes its unquestioned "reality"; they then perceive behavior that does not conform to their own biases as irrational or malicious. The model of organizational culture suggests rethinking such conflict as a product of different sets of experiences. Rather than viewing conflict as "right" versus "wrong," this approach indicates that subsystems examine the assumptions underlying their behavior, consider the experiences and knowledge that led to those assumptions, and then examine whether those assumptions are correct. It still works well today.

Gareth Morgan [4] described culture as "an active living phenomenon by which people jointly create and reproduce the worlds in which they live." Morgan suggests four strengths of knowing organizational culture:

- ✓ focuses on the human side of organizational life and finds meaning and knowledge even in its most "mundane" aspects (for example, the setting of an empty meeting room);
- ✓ articulates the importance of creating appropriate systems of shared meaning to help people work together to achieve desired outcomes;
- ✓ requires members, especially leaders, to be aware of the impact of their behavior on the organization's culture. Morgan suggested that people ask themselves, "What impact do I have on the social construction of reality in my organization?" "What can I do to have a different and more positive impact?";
- encourages the view that the organization's underlying assumptions also influence the

perceived relationship between the organization and its environment. Morgan says, "We choose and act in areas of the environment according to how we construct concepts of who we are and what we are trying to do... We act about these areas through the definitions we impose on them... Organizations' beliefs about who they are, what they are trying to do, and what their environment looks like have a much greater tendency to be realized than is commonly believed".

A study by Rosabeth Kanter-Moss [5] states that giant organizations such as IBM, Proctor & Gamble, Omron, CEMEX, Cisco, and Banco Real grow as quickly and creatively as smaller businesses. She notes, "During my career studying the organization of large corporations, I learned how they typically manage and maintain control over their large-scale operations. In recent years, I have seen a different model than the one that prevailed in the past. In today's most powerful corporations, a foundation of values and standards provides a well-understood, widely shared system of leadership that enables effective operations while allowing people to make decisions appropriate to local situations. This, rather than any traditional control system, enables IBM or CEMEX to work as a single enterprise on projects that span many countries and share a culture that brings internal and external partners together as one big family."

A strong culture exists where employees respond to incentives by aligning with organizational values. Conversely, there needs to be a more robust culture aligned with corporate values, and control must be exercised through extensive procedures and bureaucracy. Where the culture is strong, people do things because they believe it is correct.

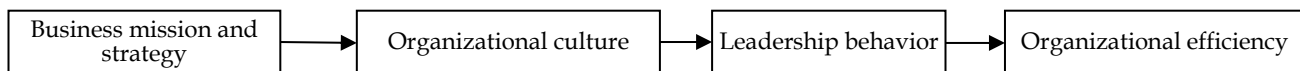
Think about organizations that are leaders in a business or industry. What gives them a competitive advantage - Cost? Quality? Technology? Innovation in products and processes? Customer service? Logistics chain? Talent? Or a brand? Each of these can be a crucial factor that helps

organizations stand out. However, a much less obvious and less tangible factor can also be a defining source of competitive advantage. This factor is to have a solid and influential organizational culture.

You need answers to the following questions: Do all employees in the organization have a common understanding of the purpose, strategy, and goals? What are the organization's core values, and does everyone have a shared experience of these values? Does the organization have team spirit? Is everyone engaged and committed? How do we define success? What forms of behavior in the company are considered deviant?

The feelings of each participant about each aspect of corporate life, when counted together, make up the organizational culture. At a surface level, culture can be presented as visible symbols, slogans, languages, behaviors, stories and histories, dress codes, heroes, legends, rituals, and ceremonies. But underlying these visible signs of culture are each employee's core values, beliefs, and shared assumptions that help define an organization's culture. Don't expect that the culture of an organization can be easily changed by introducing new logos or slogans, changing the layout of the office space, or repeating heroic stories to your employees. They may work to some extent but are far from winning the hearts and minds of your employees and the market. A deeper analysis and reflection of staff's collective beliefs and assumptions is needed. Only when you gain a deeper understanding of this can you identify the appropriate steps to strengthen your organization's culture and effectiveness?

Organizational effectiveness requires alignment of business strategy, culture, and leadership practices. Once an organization has defined a business mission, a supportive culture must be created that best reinforces the business goals, which filters down to the project level. The organization's leadership requirement is to create a unifying culture that supports achieving business goals (Fig. 1).



**Fig. 1. Alignment of business strategy, culture, and leadership practices**

Culture, "we do something here to succeed," is the way, the organization's identity, the model of dynamic relationships, the "reality". It has to do with implementation and how success is achieved. No management idea, no matter how good, will not work in practice (performance) if it does not correspond to the culture [6]. An organization can have a great strategy, but if its culture doesn't align with and support it, it will stall or fail. Culture establishes and

maintains order, structure, membership criteria, conditions for evaluating effective performance, communication patterns, expectations and priorities, rewards and punishments, nature and use of power, decision-making practices, and management practices.

A strong organizational culture and its close connection with the firm's strategy are potent levers of personnel management to improve its performance.

Suppose the firm's culture contradicts the principles of activity necessary for achieving strategic success. In that case, changes are made to it, and this is done as soon as possible because a long and deep conflict between the main provisions of culture and strategy weakens the firm and can destroy all efforts of managers to implement the chosen strategy.

A close connection between culture and strategy is an effective way of personnel management, which helps to increase the effectiveness of their work following the company's strategy. In the organization, this can be achieved in two ways:

- Working conditions, created considering the full compliance of the company's culture with the process of effective strategy implementation, provide employees with a system of rules determining how to carry out activities within the enterprise and how to work, understanding their immediate tasks. Employees of a corporation with a reasonably highly organized culture do not waste time figuring out what and how they need to do it - their organizational culture has a whole system of rules, habits, and apparent attitudes that determine the behavior of employees in general. In organizations with poorly developed corporate culture, where there is no connection between strategy and culture, lack of apparent attitudes and an atmosphere of uncertainty of work lead to employee insecurity and wasted effort;

- a highly organized culture that supports the strategy turns work into a way of life, educates and motivates employees; it has its structure, its norms, and its system of values, and it also ensures the commitment of personnel to the corporation's ideals. As a result, employees better understand what they should and shouldn't do and make every effort to achieve tremendous success for the firm.

The culture must go parallel to the strategic line of the corporation to implement the strategic plan. The optimal condition is a working environment that functions with the organizational strategy in such a way that work on strategic directions is conducted efficiently.

When creating an organizational culture that significantly affects the implementation of the organization's strategy, three factors must be taken into account:

1. the presence of a strong leader who establishes principles defines fundamental values and norms of behavior, which are fully justified from the point of view of meeting the needs of the buyer, competitive conditions, and strategy;

2. firm intention of the company's management to act following the established traditions,

while decision-making is based on the principles of corporate culture;

3. manifestation of constant concern for customers and employees.

In the conditions of constant changes in the market, the ability to quickly introduce new production methods and change strategy is necessary for the company to maintain leading positions for a long time. However, this requires an organizational culture that helps the company adapt to new market conditions.

Two distinctive features characterize an adapted type of organizational culture:

- the presence of management that pays more attention to business principles and to those who are the natural capital of the organization: consumers, company employees, and suppliers, than to any specific strategy or business practice;

- availability of managers capable of taking risks, experimenting, innovating, and changing strategy when necessary to satisfy the corporation's interests.

In the conditions of an adapted culture, all team members must be sure that the management will be able to use any opportunity that can benefit the organization. At the same time, they feel involved in all decisions made by the company and try to do everything necessary to ensure its prosperity. An adapted culture in every possible way promotes the promotion of those managers and employees of the company who can generate new valuable ideas.

In the conditions of an adapted organizational culture, the company's management takes care of all participants of the company's activities - consumers, employees, and suppliers, while striving to satisfy all their needs as fully as possible.

When the organization's strategy is defined, the managers engaged in its implementation take care to bring the organizational culture into strict accordance with the chosen design and keep it in this state in the future, which is quite a difficult task.

The first step is to determine which aspects of the current culture are strategically supported and which are not. Next, managers must honestly and openly discuss with all stakeholders the elements of the culture that need to be changed. The combination of strategy and culture is long-term. It takes time for new beliefs to emerge and settle in employees' minds. The bigger the organization, the bigger the unique views, and the more time it takes to create a tight relationship between strategy and culture. In large companies, significant organizational culture changes take 3 to 5 years. Changing an

established culture is much more complex than creating new beliefs in a fledgling organization.

Effective management and control of the degree of compatibility of the organizational culture with the organization's strategy reduces the risk of inconsistency in the decisions made. In organizations with a weak corporate culture, there is a decrease in the degree of manageability and compatibility of the corporate culture with the company's strategy. In cases of an increase in the degree of importance of the design's success, the risk becomes unacceptable. In turn, the higher the compatibility between the adopted strategic decision and the organizational culture, the greater the possibility of achieving success in fulfilling the strategic task.

**Conclusions.** Organizational culture, formed over many years, is an organization's most stable cementing element. However, it is also changing. First, organizational culture evolves naturally under the influence of changes occurring in the external environment. Second, corporate culture can be deliberately changed by management or another influential group of employees. The optimal option is to build a culture parallel to the strategic line of the organization. This process is complicated and time-consuming, which requires extraordinary leadership qualities, perseverance, patience, and strategic thinking from the people managing it.

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#### Анотація.

*Власенко Т. А., Козак К. Б. Теоретико-методологічні основи дослідження організаційної культури як фактора реалізації стратегії.*

*Культура – це шлях організації, ідентичність, модель її динамічних відносин. Жодна управлінська ідея, якою б гарною вона не була, не спрацює на практиці (реалізація), якщо вона не відповідає культурі. Організація може мати чудову стратегію, але якщо її культура не узгоджується з цією стратегією та не сприяє їй, стратегія або зупиниться, або провалиться. Культура встановлює та підтримує порядок, структуру, критерії членства,*

умови для оцінювання ефективної роботи, моделі спілкування, очікування та пріоритети, природу винагороди та покарання, природу та використання влади, практику прийняття рішень і практику управління. Кожна успішна організація має основну культуру, яка є центральною для функціонування організації, утворюючи основу того, як ця організація працює для досягнення успіху. Дуже важливо, щоб провідна культура узгоджувалась зі стратегією організації та основними практиками лідерства. Сильна, свідомо сформована організаційна культура забезпечує досягнення організаційних цілей найбільш ефективним, гуманним і соціально-прийнятним способом. Вона сприяє реалізації стратегії організації у вигляді створення ефективної мотиваційного механізму, який би мав високу ініціативу, результативність і лояльність персоналу організації. Це дозволяє організації отримувати так званий управлінський прибуток. Тому завданням менеджменту стає створення умов для реалізації потенціалу особистості, який може бути задіяний лише в умовах доброзичливості, взаєморозуміння, підтримки та співробітництва, що дозволяє знизити багато негативних факторів внутрішнього середовища організації у сфері групової динаміки, конфліктності, продуктивності праці, плинності кадрів, задоволеності працівників. Ефективне управління та контроль за ступенем сумісності організаційної культури зі стратегією організації знижує ризик виникнення неузгодженості прийнятих рішень. В організаціях зі слабкою організаційною культурою спостерігається зниження ступеня керованості та сумісності організаційної культури зі стратегією компанії, а у випадках збільшення ступеня важливості завдання успіху стратегії ризик стає неприпустимим.

**Ключові слова:** культура, стратегія, управління, керівник, персонал.

Стаття надійшла до редакції 05.06.2023 р.

### Бібліографічний опис статті:

Власенко Т. А., Козак К. Б. Теоретико-методологічні основи дослідження організаційної культури як фактора реалізації стратегії. Актуальні проблеми інноваційної економіки та права. 2023. № 3. С. 60-65.

Vlasenko T., Kozak K. Theoretical and methodological basis of research organizational culture as a factor of strategy implementation. Actual problems of innovative economy and law. 2023. No. 3, pp. 60-65.

УДК: 334.012; JEL classification: L26; L31  
DOI: <https://doi.org/10.36887/2524-0455-2023-3-10>

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## РИЗИКИ ПУБЛІЧНО-ПРИВАТНОГО ПАРТНЕРСТВА В РОЗВИТКУ СОЦІАЛЬНОГО ПІДПРИЄМНИЦТВА

**Ковтун М.В. Ризики публічно-приватного партнерства в розвитку соціального підприємництва.**

Побудова соціально-орієнтованої економіки, забезпечення високих і стійких темпів розвитку національної економіки неможливе без реалізації партнерства публічного сектору з представниками приватного задля вирішення соціально значущих питань суспільства: зниження соціальної напруги, підвищення суспільного добробуту населення, вирішення культурних і екологічних проблем. Найбільш популярною формою взаємодії влади та бізнесу є публічно-приватне партнерство. Впровадження публічно-приватного партнерства в соціальному підприємстві пов'язане з ризиками та розробленням механізмів управління ними під час реалізації партнерських відносин публічно-правових утворень.

Метою публікації є дослідження ризиків публічно-приватного партнерства у розвитку соціального підприємництва та розробка механізму їх мінімізації.

У статті досліджено природу виникнення ризиків під час реалізації публічно-приватного партнерства у розвитку соціального підприємництва. Визначений категоріальний апарат понять «публічно-приватне партнерство» (ППП), «ризик», «соціальне підприємництво», «управління ризиком». Доведено, що публічно-приватне партнерство дозволяє об'єднати зусилля держави і приватного бізнесу задля вирішення значущих соціально-економічних проблем і реалізації принципів сталого розвитку суспільства. Досліджено підходи до класифікації ризиків в PPP. Проведена оцінка найбільш поширених ризиків для всіх сторін, які є учасниками PPP. Визначені спільні вигоди публічно-приватного партнерства в розвитку соціального підприємництва. Розроблені напрями вдосконалення механізму управління ризиками публічно-приватного партнерства у розвитку соціального підприємництва. Для розвитку соціального підприємництва реалізація проєктів публічно-приватного партнерства залежить від мінімізації всіх ризиків шляхом аналізу соціальної і економічної доцільності, правильності і структурованості та скоординованої роботи всіх зацікавлених сторін.

**Ключові слова:** публічно-приватне партнерство, ризик, соціальне підприємництво, конкурентно-спроможність, механізм управління ризиками, держава, приватний сектор.

**Постановка проблеми.** На сьогодні очевидним є той факт, що побудова соціально орієнтованої економіки та забезпечення високих, стійких і ефективних темпів розвитку національної економіки неможливі без зацікавленого партнерства публічного сектору з

представниками приватного бізнесу. Нині держава, органи місцевого самоврядування та бізнес активно співпрацюють у вирішенні соціально значущих проблем суспільства в контексті зниження соціальної напруги,