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ACCOUNTING OF SOCIO-PSYCHOLOGICAL COMPONENTS OF CORPORATE CULTURE IN THE MANAGEMENT PROCESS§

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Abstract

The work discusses corporate culture and its role in the life of economic entities and society. The advantages and disadvantages of corporate models adopted by world-famous organizations are considered. The goal is to understand the key to success and apply these models in our country in various organizations to offer options for developing society and the economy. We think that their correct application from a psychological point of view can be useful for our society.

Corporate culture is both a complex management process and simultaneously a result of the socialization of the regional economy, an indicator of the degree of maturity of market institutions. It can balance the interests of market entities, promote the development of financial, economic and social processes in the region, and activate the flow of goods, services and information. Increasing the level of corporate culture in the area is ensured through various forms of ownership, corporate capital, population participation in these processes, and planning, forecasting, and monitoring of the socio-economic development of the region's economy.

Keywords: management, process, socio-psychological components, corporate culture, corporate model, vision, stages, desired results, working style, appearance, communication style.

INTRODUCTION

In today's business environment, the significance of corporate culture in enhancing

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organizational effectiveness and employee satisfaction is undeniable. Corporate culture, viewed as a socio-psychological element of management, profoundly influences behavioural norms and values within an organization, affecting everything from strategic decision-making to everyday operations (Sheldon, 1993; Taylor, 1992).

This significance is increasingly recognized worldwide, highlighting the need for deeper understanding and strategic implementation of effective cultural practices. The article by Ruzanna Petrosyan and Anna Shahnazaryan delves into various corporate culture models and their application within Armenian organizations, focusing on the socio-psychological aspects of corporate culture and its potential to drive socioeconomic development.

The study aims to demonstrate the significant contribution of a well-structured corporate culture to enhancing employee motivation, aligning organizational objectives with employee behaviour, and ultimately boosting performance and success. The relevance of this research is also highlighted by examining renowned corporate culture models globally analyzing their benefits and potential applicability within Armenian organizations (Petrosyan and Shahnazaryan).

By exploring the adaptation of these models, the authors offer valuable insights into strategic management processes that could foster sustained economic growth and societal development in Armenia. Additionally, the research incorporates a broad spectrum of literature to support discussions on corporate culture, including seminal works by authors such as Fayol (1992), Mayo (1998), and recent analyses by Marginson (2009), which explore the dynamic interplay between corporate culture and organizational effectiveness.

Integrating these theoretical perspectives with empirical data from Armenian organizations provides a unique lens to examine how corporate culture influences organizational success. This article is a crucial resource for organizational leaders, policymakers, and scholars interested in the strategic development of corporate culture. It enriches the academic discourse on corporate culture and provides practical frameworks that can be adapted to enhance management practices and promote sustainable organizational growth across diverse socio-economic contexts.

LITERATURE REVIEW

The approach and understanding of corporate culture have dynamically changed throughout



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history and today. It is gradually being placed as one of the determinants for successful organizational performance and employee morale. This paper explores some of the many facets of corporate culture and its impact on organizational dynamics, management practice, and employee behaviour. In particular, it will attempt to engage the reader with an understanding of those strategies, which can ultimately be the most beneficial for enabling a corporation to develop an environment conducive to ongoing adaptation and learning.

Historical Perspectives and Theoretical Foundations

Although "corporate culture" only became popular in the early 1980s, the idea was a lot older, and its roots reached back into earlier management theories. The organizational structure laid down by Weber through his theory of bureaucracy and the principles of management developed by Fayol lay due emphasis on the organizational structure and leadership style (Fayol, 1949). Nevertheless, these theories do not give a place to the least tangible aspects of organizational life. The transformation work of Deal and Kennedy (1982) on corporate culture brought forward how "the way things are done around here" impacts the organizational results. This was further elaborated by Schein (1992), who explained a multilayered concept of culture, including artefacts, espoused values, and basic underlying assumptions. Schein's work brings to the surface the depth of the culture. He believes the invisible—underlying assumptions- inform what is visible (artefacts).

Modern research on the topic has furthered our understanding.

Recent studies on corporate culture have shifted from merely defining it to understanding the practical application and implications of corporate culture. Kotter and Heskett (1992) demonstrated through their longitudinal study that strong cultures could significantly enhance long-term economic performance, thereby explicitly aligning culture with profitability and growth.

Psychology has also been used to explore the interplay between corporate culture and individual behaviour. For example, cultural fit (matching values between an individual and an organization) affects job satisfaction and turnover rates (O'Reilly, Chatman, and Caldwell, 1991), thus contributing to the psychological effects of culture.

Socio-Psychological Components The socio-psychological aspects of corporate culture, particularly concerning employee motivation and engagement, have been the subject of extensive critique and research. This theory posits that a culture that satisfies the three basic psychological needs—autonomy, competence, and relatedness—enhances motivation and well-being in the



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workplace (Ryan and Deci, 2000). Empirical research supports this, showing that employees exhibit higher levels of job satisfaction and performance when they feel they fit their organization's culture (Kristof-Brown et al., 2005).

Cross-Cultural Differences Understanding the variations of corporate culture across different cultural contexts is crucial in today's global business environment. Hofstede's cultural dimensions provide a framework for examining these variations and suggest that national culture significantly influences organizational culture (Hofstede, 1980). This is particularly important for multinational corporations that must navigate and integrate diverse cultural perspectives.

Innovative Solutions to Contemporary Challenges With the advent of teleworking and digital technologies, new opportunities arise to reinvent corporate culture, accompanied by new challenges. The digital transformation has necessitated a rethinking of how corporate values and norms are communicated—from transmitting them with physical proximity to doing so in a virtual environment. Indeed, virtual interactions may significantly alter the manifestation of culture and require different strategies to maintain cohesion and a shared sense of purpose (Leonardi, 2017).

Summarizing the definitions, it becomes clear that the manifestation of the essence of the concept itself in the form of a phenomenological phenomenon should be noted in them. That is, various empirical descriptions of the structure of corporate culture are presented but not through a certain set of exhaustive elements.

There are many definitions of corporate culture, but in general, corporate culture is defined as a set of advanced formal and informal rules and norms of activities, values, beliefs, and cultural patterns, which are included in all areas of the organization's life and are guidelines for managing employees, as well as allow them to overcome the problems of external adaptation and internal integration, which predetermine the competitiveness of that organizational structure.

Corporate culture implies the traditions and customs of the company and the kind of internal culture that the company's employees should have. The peculiarities of corporate culture are considered during interviews and the selection of new employees. Future employees must meet the important characteristics of the company's corporate culture (Sam Carpenter, 2014).

An employee who conforms to the company's corporate culture does not mean a meeksubmissive person, unable to make decisions; only a doer, who performs exclusively mechanical work, is easy to manage and sanctifies the management's decisions. On the contrary, a person who



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conforms to the company's corporate culture carries the company's values, makes suggestions, speaks up when he notices a wrong decision, often complains, emphasises the importance or unimportance of this or that decision, takes responsibility and is ready to fight for the company's prosperity.

Managers often prefer candidates who are compliant and easy to manage. Yes, it is easy to operate. Maybe it is easy to work with submissive people because there is no dialogue, criticism, suggestion, or rebellion, but all instructions are carried out silently. However, such conformist employees can lead the organization to failure in the long run.

There is no need to be afraid of employees who are a bit rebellious, criticize decisions fairly and healthily, come up with various suggestions, show a willingness to take responsibility, and fight for the company's development. Thanks to such employees, the company develops (Sam Carpenter, 2014).

The role of corporate culture in the process of effective management of the organization has been strongly emphasized (Fayol, F. Taylor, O. Sheldok, D. McClelland, A. Maslow and many others), especially from the point of view of socio-psychological conditions of effective management of labour in enterprises (Mayo E., 1998).

Corporate culture is the atmosphere of a company. It can form both as a result of long discussions and thoughtful actions and based on customs and traditions introduced by employees over the years, regularly repeated phenomena acceptable to the majority and coinciding with the company's interests and goals.

Corporate culture determines a) The level of motivation of employees, reputation and behaviour at the workplace, the quality of their work, creative attitude towards the company and work, b) The reputation of the organization and interest in it, c) The efficiency and productivity of work activities, d) The quality of work relationships and the level,

We can say that corporate culture is an attitude towards work, partners, quality of work, cooperating companies, company clients, and company property, which is a socio-psychological component.

Corporate culture includes such components as the vision of the company's development, the most important values for the company, the customs and traditions formed during its activity, the rules of acceptable behaviour in the company, the corporate style - the appearance of employees,



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the adequate design of the office and other departments of the company, style, corporate symbols, etc. methods and style of acceptable communication with departments, cooperating companies, the culture of communication with customers, competitors (Sheldok O., 1993). As can be seen, all the components mentioned above affect the behaviour of the organization's staff on the one hand and the behaviour of all other stakeholders of the organization on the other hand, which is a problem of management psychology.

There are several classic author models of corporate culture (J. Sonnenfeld, T. Dill, A. Kennedy): American, German, Japanese, Jewish, French, Irish and English models, which differ in their management style, rigour, standards, problems with a unique style of solution, etc. (Eldridge J., Crombie A., 1974).

Five corporate culture models have spread in the modern business world, the popularity of which is due to the companies where they are implemented and applied. Zappos, Twitter, Google, Facebook, Adobe, Toyota, and Southwest Airlines are among the most famous companies with a corporate culture which completely dictates to the whole world new management approaches, work incentives for employees, customer service, and job evaluation.

Each company develops a model of corporate culture that corresponds to its activities. Still, when creating a model, it is necessary to consider the following corporate culture models that are appreciated and justified in use worldwide.

The "role model" is one of the strictest models, where each employee is one element of a giant system. There is a strict hierarchical level, a clear division of labour, a strict dress code, a work schedule, and a formal communication style. Each element of the work activity is carefully designed and thought out, and the system works almost without interruption. That is why work deviations are rare. This model suits large companies where an extremely strict and clear management style is needed to ensure control. The main values of this model are stability, rationality and practicality. As a rule, companies with such a corporate culture are giants in their field and have a stable position in the market.

However, the "Dream Team" model lacks a vertical hierarchical level. There are no strict rules and procedures, no dress code, and communication is very friendly - family. In this model, issues are resolved through meetings organized by the people leading the project or taking responsibility for the problem. The main values are creative thinking, freedom of thought, and



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coming up with unfettered proposals. Team and teamwork are valued.

In another form of corporate culture, the "Family Model" managers play the role of family elders, advisors, and senior friends. Team atmosphere loyalty to the company's values and traditions are emphasized. Relations are warm family. The main value of the model is people: employees and customers. The attitude towards values is expressed through introducing the best social packages, creating a comfortable working environment, and providing customer service. The motto of the model is "Only a motivated employee can ensure quality". Companies with such a corporate culture usually maintain their position in the market thanks to loyal customers and dedicated employees.

Next, the "Market Model" is used in companies whose overriding goal is profit. People work here who withstand strong and fierce competition. An employee is valued solely by the profit he has brought to the company. A hierarchical level exists but is more flexible than in the role model. Key values include high returns, competitive advantage, increased market position, leadership, and lasting reputation. If the employee is not ambitious and does not have leadership qualities, then his working life in this model is too short. This model is specific to so-called "market predator companies".

The last of the five most effective models, the Results Oriented Model, has an overarching development goal. The model emphasizes hierarchy and subordination. Leadership depends on the competence and specialization of employees. In addition, the responsibilities of employees are not limited by job descriptions, but all employees are allowed to make suggestions, which makes career growth more real in this model. The main values of the model are corporate spirit, united team, free expression of thoughts, working for the same goal, recording results, and capturing the desired position in the market (Fairfield-Sonn James, 2001).

In addition to these models, one can often meet types of corporate culture combining several models. They are mainly companies that move from a small or medium business to a large business field, change the company's activity field, combine several fields of activity simultaneously, or have a large flow of employees in the company.

To implement the best corporate culture, you must first recognize that it is a time-consuming, ongoing process that must be revisited and revisited occasionally. Culture should not be artificial. The standards established by it should ensure the company's dynamic development (Marginson S., 2009).



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Corporate culture is formed consciously or develops over time. Every team is unique, so every organization must have its own culture. Corporate culture establishes the place of the organization in the world around it, embodying the unwritten laws, norms and rules that unite the members of the organization (GE Ledford Jr, JR Wendenhof, JT Strahley, 1995)

The implementation of corporate culture in the organization is carried out in four stages.

In the first stage, the attitude towards implementing corporate culture in the company is studied, using such methods as a conversation with the manager and employees of the company who are the carriers of the current unformed culture, study and evaluation of the work process, and surveys. The purpose of this stage is to record the company's values, traditions, and attitude towards the company and work, identify loyal employees, and record acceptable and unacceptable forms of communication.

In the second stage, it is necessary to model the corporate culture by carrying out discussions on strategic issues with the management, researching companies with similar corporate culture, confirming values, goals, development directions, desired results, meetings with top managers on the desired working style, appearance, communication style, employee characteristics, with department heads, hiring, training, recording career growth, development of dismissal processes, development of motivational programs, clarification of management style.

In the third stage, the created and implemented corporate culture is reviewed. After implementing the culture, several inconsistencies and unacceptable and dysfunctional points appear, which need to be recorded, reviewed, and transformed. This is the most laborious, longest stage. This phase involves a lot of training to prepare, inform and adapt the company's employees to the new culture. It includes conversations with employees and managers to identify the root cause of disagreements, implement changes based on inquiries, and develop control mechanisms.

In the last, fourth stage, the implemented corporate culture is analyzed.

Effectiveness is the corporate culture that leads the company to development, enables it to achieve the desired results, and records a desired position in the market. The company's brand recognition in the market, employee satisfaction, the company's position as an employer, employees' attitude towards the company's managers, the degree of employee motivation, commitment, etc., can be indicators of analysis (Sheldok O., 1993).

The literature review has highlighted that, although substantial research has documented the



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components and effects of corporate culture, there remains a gap in understanding how these elements translate into successful management strategies, especially considering organizational diversity and a digitally connected society. There is a clear need for further empirical research in this area to provide organizational leaders with actionable insights that can help them foster more productive and positive corporate cultures.

RESEARCH QUESTION

This question, emanating from the extensive literature review, asks: "How does the corporate culture influence employee behaviour and job satisfaction, affecting organizational performance within modern management practices?" This question seeks to bridge the gap between theoretical constructs of corporate culture and their practical, observable consequences within a modern organizational environment.

METHODS AND METHODOLOGY

Study Design: This research employs a mixed-methods approach to comprehensively explore the influence of corporate culture on employee behaviour, job satisfaction, and organizational performance within Armenian organizations. The mixed-methods approach is chosen to capitalize on the strengths of quantitative and qualitative research strategies, allowing for a deeper understanding of the interactions between corporate culture and its effects on employees.

Participants. The study will involve employees from various Armenian sectors, including private companies and public organizations, to ensure a diverse representation of corporate cultures. Approximately 300 participants will be randomly selected from a database of organizations that have agreed to participate in the study. The inclusion criteria will include full-time employees who have been with their current organization for at least one year.

Data Collection Methods

Quantitative Data Collection:

- 1. **Survey Instrumentation**: A structured questionnaire will be developed, which includes:
- **Demographic Information**: age, gender, job role, and tenure at the organization.
- Corporate Culture Assessment: adapted from the Organizational Culture



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Assessment Instrument (OCAI), which measures key aspects of corporate culture such as clan, adhocracy, market, and hierarchy cultures.

- **Job Satisfaction Scale**: a standardized job satisfaction survey to assess various aspects of employee satisfaction within their organizational setting.
- Organizational Performance Metrics: participants will be asked to rate their perception of organizational performance in areas such as financial performance, innovation, and customer satisfaction.

Oualitative Data Collection:

2. **Semi-Structured Interviews**: To gain deeper insights, 30 participants from the survey group will be selected for semi-structured interviews based on their responses indicating extreme satisfaction or dissatisfaction with their corporate culture. These interviews will explore themes related to personal experiences with corporate culture, the impact of culture on daily work activities, and suggestions for improvements.

Data Analysis

Quantitative Analysis:

- Descriptive statistics will be used to summarize demographic variables and survey responses.
- Inferential statistics, including correlation and regression analyses, will be conducted
 to examine the relationships between corporate culture, job satisfaction, and perceived
 organizational performance.
- Analysis of variance (ANOVA) will be used to compare differences in job satisfaction and organizational performance across different types of corporate cultures.

Qualitative Analysis:

- Thematic analysis will be employed to identify and analyze patterns or themes within the qualitative data from the interviews.
- Interview transcripts will be coded to categorize data into thematic clusters related to the impact of corporate culture.
- Integrating qualitative insights with quantitative results will provide a nuanced understanding of how corporate culture influences employee attitudes and behaviours.

Ethical Considerations

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This study will adhere to ethical standards concerning research with human subjects. Participation will be voluntary, and all participants will provide informed consent, including information about the study's purpose, procedures, potential risks, and benefits. Confidentiality will be strictly maintained by anonymizing participant data and using data solely for this research. The appropriate Institutional Review Board (IRB) will review and approve the study.

LIMITATIONS

The study may face limitations related to self-reporting biases in surveys and interviews. Additionally, the cultural specificity of the sample (Armenian organizations) may limit the generalizability of the findings to other cultural contexts. Efforts will be made to mitigate these limitations through robust methodological design and careful data analysis.

RESULTS

Because job satisfaction plays an important role in work efficiency and is part of the corporate culture, we have studied the degree of satisfaction of ASMU teaching staff by faculty and grouped them. We used the test developed by A.V. Batarshev. The chart shows the results of the faculty survey.

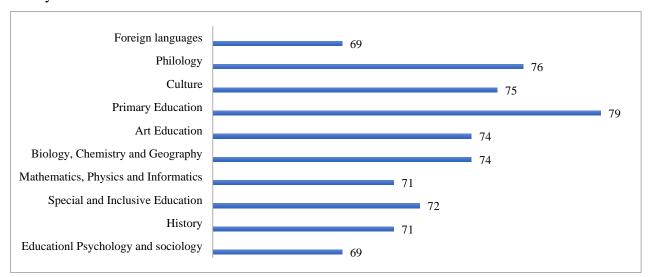


Figure 1: Percentage analysis of employee job satisfaction

As we can see, a high level of job satisfaction was recorded in all faculties. The highest rate of



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job satisfaction was recorded in the Faculty of Primary Education (79%), followed by the Faculty of Philology (76%), 75% in the Faculty of Culture, 74% in the Faculty of Biology, Chemistry and Ethnography and also in the Faculty of Fine Arts, Mathematics, Physics and Informatics. 71% were registered, and 71% were registered in the history faculty. 69% were registered in educational psychology, sociology, and foreign language faculties.

DISCUSSION and CONCLUSION

This would make a big difference in understanding how Armenian organisations' corporate culture impacts their employees' behaviour, the job satisfaction factor, and the organizational performance criterion. This realization, therefore, underscores the complexity of corporate culture as a multi-domain phenomenon that shapes employees' daily experiences and engagement levels. At the same time, it influences the organizational outcomes at large.

The findings revealed that a positive, supportive, and transparent corporation culture enhances job satisfaction and creates an environment where workers are more likely to exhibit greater productivity and commitment to the organisation's goals. This was along the lines of theories suggesting the congruence of organizational and individual values that may trigger organizational efficacy to be further improved.

What is more, the integration of the qualitative insights with the quantitative data added to the understanding of how exactly particular dimensions of organizational culture, e.g., the styles of communication, leadership practices, and shared values, are connected with employee morale and motivation in a far more detailed, textured manner. In other words, the results are a powerful signal to managers and leaders in Armenian organizations to pay primary attention to the development of corporate culture, which, on the one hand, reflects the interests of organizational goals and, on the other hand, reverberates with the personal and professional aspirations of their employees.

Implications: These findings profoundly impact business leaders, policymakers, and HR professionals who will develop strategies to improve employee satisfaction and organisational performance. Based on these results, organizations can thus implement targeted interventions in their cultural dynamics to boost competitiveness and sustainability in the market.

In summary, this study confirms yet again the essential role of corporate culture in forming the landscape within the organization. This calls for a strategic approach to managing culture, which

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continually looks at assessment and adaptation to the evolving needs of the employees and changing dynamics within the markets as pivotally necessary. As the Armenian organizations mature, the insights from this study can form excellent support for fostering a corporate culture that supports organizational business objectives and promotes an environment not only for business but also to inculcate a culture of innovation, collaboration, and overall well-being of their employees. This lays a solid foundation for future researchers in the area and thus encourages further exploration of the dynamic interplay between corporate culture and varying organizational metrics across the boundaries of culture and context.

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