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CORPORATE CULTURE AS A MOTIVATING FACTOR - CASE  
COMPANY: TRADE HOUSE LAND

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#### Abstract

Currently, the labor market in the area of trade has almost pure competition. Employers offer comparable financial conditions and social packages. Barriers to the transfer of employees are very small. In such circumstances, the main competitive advantage for a company is becoming a corporate culture: creative solutions in the field of non-financial motivation - the main weapon in the struggle to attract and retain employees.

This thesis covers three goals. Firstly, the aim is to determine what corporate culture is and what the goal of improving corporate culture in a company is. Secondly, it defines the current situation in the company and how corporate culture looks like at the moment. Thirdly, the set of recommendations serves as guidelines for further improvement. The research is done by using the combination of survey method, interview and observation. The most important parameters of the company and corporate culture characteristics were determined by sociological research. Collecting key information was performed by using a survey. In addition, the secondary data was gathered from professional literature, articles as well as magazines and journals.

The research, which identifies the ways of non-material motivation of employees and further improvement of the whole working process of the company, is an important contribution to the company's further growth according to the author's view.

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# 1 INTRODUCTION

## 1.1 Background

Today's dynamic economy leads to the fact that firms have to constantly evolve, in order not to be left out of progress and business. Constantly being affected by the external environment and adapting to changes, the modern organization must have the ability to form and accumulate the potential. The potential, which can ensure not only an adequate response to the external environment, but also give an opportunity to actively change the surrounding reality. This potential organization is largely ensured by the corporate culture.

One of the latest trends has become the perception of corporate culture as a tool for motivation. There are numerous theories of motivation, which claim that the interaction between people is very important. Thus, according to the classical theory of motivation of Maslow (1943), as the satisfaction of basic needs is met, then arise other requirements in the awareness of community recognition and respect, self-realization.

## 1.2 Aim of the study

The labor market in the area of trade has almost irreproachable competition. Employers offer comparable financial conditions and social packages, barriers to the transfer of employees is very small. In such circumstances, the main competitive advantage of the company is becoming a corporate culture: creative solutions in the field of non-financial motivation - the main weapon in the struggle to attract and retain employees.

This thesis studies the corporate culture of the company Trade House Land. The main goal is to make recommendations for the further development of corporate culture as a motivating factor to work for Trade House Land. In this paper, three questions should be answered:

- 1) How are corporate culture and the motivation of employees connected?

2) What are the methods of formation of a corporate culture?

3) How could the company Trade House Land develop its corporate culture?

### **1.3 Trade House Land**

The company "LAND" was founded in 1993 in St. Petersburg, beginning its work as a construction firm. Over time, there was a shift in focus, and the main direction of the company's work was complex equipment of commercial and industrial facilities "turnkey". In 1995, "LAND" became the official dealer of the Italian concern ARNEG, the world famous manufacturer of commercial equipment.

Since 1998, it has operated its own retail chain of supermarkets of premium-class "LAND" in St. Petersburg. The company has its own trading chain "LAND – supermarkets"; now there are ten shops in Saint Petersburg.

Trade House "Land" was established in June 2010 in St. Petersburg as a business unit of the group LAND companies. The main objective of the Trading House - a food import for its own network of supermarkets "Land 24". Moreover, the company works as a distributor of goods from Europe (especially Italy, Spain, and Finland) to different regions of Russia.

The trading house "Land" carries out regular shipments and brings to the Russian market brands, which were previously unknown to the customers. The distribution network includes more than 40 regions of Russia. To work with customers they select the most interesting products with great sales results in its own chain of supermarkets "Land 24".

### **1.4 Methodology**

In order to determine how the current corporate culture of the company looks, both primary and secondary research were applied.

Primary data was collected from survey and interview (Appendix 1). The main purpose of gathering primary data is to find out the employee satisfaction with working conditions provided by Trade House Land.

The secondary data is gathered from professional literature, articles as well as magazines and journals. This information gives an overview of necessity of improving corporate culture of the company and its impact on motivating personnel.

### **1.5 Outline of the report**

The study consists of six parts.

The second is a theoretical part, which covers the theory of corporate culture. This part consists of different views on corporate culture and gives a brief look at the organizational culture of Russia.

The third part gives an overview of the characteristics of the company. In addition, it gives information about the organizational structure of the company and gives a look at how employees are compensated for their work.

The fourth section relates to methodology and covers detailed information regarding tools, which were used in the survey process.

Finally, there are sections with recommendations, which include potential solutions for the development of corporate culture of the case and the summary of the thesis.

## **2 CORPORATE CULTURE IN THE ENTERPRISE AND JOB SATISFACTION**

### **2.1 The concept and essence of corporate culture**

To begin with, it is necessary to understand what corporate culture represents and furthermore understands how with the help of corporate culture human resource management is implemented in the organization.

There are many different definitions of corporate culture. This thesis uses one of them, "a set of values and standards arising from them, the rules of conduct, as well as other elements that exist in the minds of employees and / or implemented in the behavior of the employees," (APA,2005).

Heads of organizations in the modern world are coming to the same conclusion about the need for the purposeful formation of corporate culture of the organization. In any company, no matter how small it is, essential meaning has the team and their values. The team characterizes all what the organization is, and well-written corporate culture allows the company to move in the right direction as an indivisible unit.

Corporate culture is the individuality of the company, characterized by one or another way to do work, consisting of several layers, each of which reflects the level of culture of a separate internal division. Directly corporate culture is considered that "highlight", causes the difference between companies and brings good luck and victory in the fight against competitors.

Recently, management not only changed the attitude towards the culture of the organization, but also took an active role in the use of it as a factor of adaptability, improving the competitiveness of production, as in its efficiency and control. Its presence is generally accepted, as the impact of the organizational culture on the work of the organization. The more corporate culture is developed, the less staff will need guidance, recommendations and detailed instructions, and the more effective and prestigious an enterprise and its competitiveness will be.

Corporate culture is seen as a strong strategic tool that provides the ability to direct all departments of the organization and individuals for general purposes as well to mobilize the initiative of employees and to ensure commitment to the company, to facilitate communication. When an organization is successful in building a strong culture, it creates the employees' faithfulness to the firm, which makes the members feel proud of the organization as well as the job they are doing. (Dawson 2010.)

Schein (1985), whose name is most closely associated with research in the field of corporate culture, defines this phenomenon as a collective set of basic ideas. Schein finds the group in resolving the problems of adaptation to changes in the external environment and internal integration, which is adequate to consider it valuable and send a new team members as the correct perception of the system and consideration of these issues. Most modern scholars take his definition as optimal.

Schein identifies the two main functions of the corporate culture:

- Ensuring adaptability of the organization to external conditions,
- Ensuring internal integration.

The process of external adaptation and survival associated with firm searching and finding the niche in the market and adaptation to a constantly changing external environment. By overcoming the difficulties of external adaptation, the firm learns to survive. Distinguishing basic assumptions associated with the process of external adaptation of firm's proceeds from this:

- The main mission of the company, its main tasks, covert and overt features;
- Objectives, the defined main mission of the company;
- The means of achieving its goals - such as organizational structure, division of labor, compensation system and management system;
- Approximate evaluation of the groups to solve certain problems;
- A strategy of correction in case of deviation from the target.



The Russian researcher T.Y Bazarov identifies two levels of corporate culture: external and internal. In turn, the inner layer can be divided into two sub-levels: the conscious and the unconscious.

The outer layer includes visible objects, cultural artifacts: manner of dress, behavior rules, physical character, institutional ceremony, and the location of offices. All of this can be seen, heard or understood by observing the behaviors of other members of the organization. It looks like corporate culture on the visible level in the eyes of the casual observer. Two other invisible level are common to the organization members' core values and unspoken agreement.

Internal conscious level - it is expressed in the words and deeds of an organization's employees shared values and beliefs, consciously separated and cultured members of the organization, manifested in their stories, the language, and used symbols. However, some of the values are rooted in the corporate culture so deeply that the staff simply ceases to notice them. Here begins the second sub-layer, the distinction between which is practically imperceptible. These basic, fundamental assumptions and beliefs are the essence of corporate culture. They direct the behavior and decisions of individuals at a subconscious level.

Building a corporate culture is a long and complex process. The first steps of this process are considered to define the organization's mission and its fundamental core values. Based on the latter, formulated standards of behavior for all members of the organization, their traditions and symbols. Similarly, the corporate culture is divided into four stages:

- Determination of the organization's mission, its basic values;
- The formulation of behavioral standards of all members of the organization;
- Formation of the company traditions.
- The development of symbolism.

Supporting the type of organizational culture has its difficulties, as new employees come not only with new ideas and with an individual approach to solving problems, but also with their own values, attitudes and beliefs. Their

individual personal values sometimes significantly pump up existing organization cultural values. To maintain in the organization an already established system of cultural values is necessary to periodically affect the manifestation of the value orientations of employees that will help bring them closer to the values of the organization.

For successful implementation of the corporate knowledge management strategy, Karen Giannetto and Anne Wheeler (2000) propose implementing the following steps, which are associated with the formation of the knowledge culture:

Step 1. Development of culture in the company, characterized by team spirit, cooperation and trust.

Step 2: Creating the conditions for an active exchange of knowledge, and an explanation of the benefits associated with it.

Step 3: Implementation of certain changes related to the company's culture.

Step 4: Analysis of the current company's performance appraisal systems and compensation.

Step 5: Linking project on knowledge management implementation with other programs to improve the management, such as quality management program, the culture and reengineering of business processes and improving the work with consumers.

Step 6. Managers need to share with other employees certain relevant knowledge. Provide employees with an opportunity to be acquainted with business plans, various prospective projects, plans, staff training, personnel policy, budget, mission statements and goals of the company.

Building a corporate culture of knowledge should be reflected in the values, norms, rules of behavior, motivation of employees, forms of communication, leadership style, and its other main elements. Corporate culture reflects the level of culture in corporate relations, as well as the level of effective external communication with the company's mission. Company culture focuses employees towards long-term goals.

The main purpose of corporate culture is to ensure high profitability to the company through better management of human resources to ensure the loyalty

of employees to the management. Thanks to a strong corporate culture, the organization becomes like a big family, where every employee takes only those actions that best serve its welfare.

The main levers to achieve objectives are the promotion of staff within the company, the delegation of authority and responsibility, encouraging "Champions of ideas" and many others. This forms the corporate culture, to cultivate the company's management.

The level of corporate culture in many respects depends on the model of organizational behavior of senior executives. Among the models of organizational behavior the most common are:

- Organizational dictates, expressed as a strict regulation of all aspects of the organization, an effort to make administrative decisions alone, without interoperability, clearly defined job descriptions;
- Democratic style, involving peer discussion and adoption of the planning and management decisions, a high degree of interchangeability, the delegation of authority, the atmosphere of mutual understanding and initiative in the workplace.

The authors of the book *In Search of Excellence* (1982) concluded that the company would be successful if its culture is based on the principles, which are described in Figure 8.

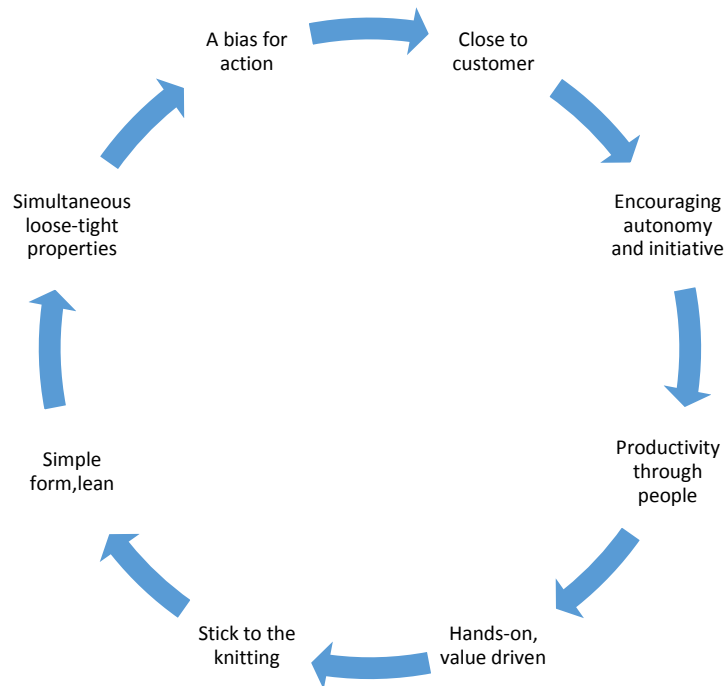


Figure 1. Eight principles of successful culture.

## 2.2 Corporate culture in Russia

The suitability of the corporate culture depends on:

- 1) The national culture and mentality;
- 2) The sector of the economy, the type of production;
- 3) The company's goals

National mentality and style of management determine the features of the corporate culture that has developed in enterprises of the country. In America, the culture of success dominates, in Europe – agreement, in Japan - synthesis, in Russia - rules, powers. (Yurasov 2006.)

Corporate culture is formed and developed under the influence of a large set of factors of external and internal environments. The features of the company culture largely depend on the economic culture of the society, which in turn is based on the country, region culture: "organizational culture is formed and change under the influence of national culture."

Russian culture is related to a semi-active type of culture, the majority of the characteristics are closer to the East, and the general model of institutional

development of Russia is the West. This is the main cause of mass resistance to the effect that occurs when trying to borrow and the practical implementation in the Russian company culture models, effective in the West.

Geert Hofstede based on an analysis of the results of his research (116,000 questionnaires sent to the offices of the company IBM were processed in more than 50 countries around the world). He came to the conclusion that an individual receives a series of installations from their national culture in the form of fundamental values (some investigators directly associated these value orientations and beliefs with dominance in the society of a particular religion). These settings apply to all spheres of life of the individual, including in industrial organizations.

As for Russia, at the time of Hofstede studies, there were no representatives in IBM in the Soviet Union, but in the early 90s, an independent study on its methodology was conducted. It turned out that three indicators (uncertainty avoidance, individualism / collectivism and power distance), were close to Japan. For the working people of Russia, as well as Japan, a strong enough motivator, in addition to material rewards, a group membership, a certain social stratum. Russians, like the Japanese, show special reverence for their leaders. In Russia, as in Japan, there is a clear trend to control the situation and reduce the risk to a minimum in the economic and social life. At the same time in indicators such as femininity / masculinity, Russia is more like the United States, mainly because of the Christian religion, huge territories and ethnic heterogeneity of the citizens of both countries.

An analysis of the work of some researchers can identify a number of features that are characteristic of Russians. Russians tend not to act, but sit and think first. Success for Russians is a consequence of luck. For Russian is important ideological (spiritual) side of life. Russians are characterized by a limited perception of the new that stems from the uncertainty and helplessness in the face of the desire for stability. Also Russians prefer to work in a team.

### 2.3 Modern types of corporate culture

The variety of an existing company culture can be typed, but there is no generally accepted typology. Any typology highlights some ideal types that are not found in pure form in reality.

One of the most common classifications is the allocation of a bureaucratic, organic, participatory and entrepreneurial company culture. The reason for this separation is a specific kind of motivation of the employees of the firm, the notion of acceptability and feasibility of their involvement in the management potential of each person.

Another alternative classification distinguishes the following four types

- 1) Authoritarian culture, characterized by the centralization of power, a clear structure of subordination;
- 2) Bureaucratic, when authority and responsibility are determined by the position in the hierarchy;
- 3) Culture, focused on the task, a characteristic feature of which is a concentration of values around quality performance;
- 4) Person-oriented culture - a peculiar organization, which proclaims its mission to serve a person and is considered a basic human value, including within the firm.

In the Russian context, it is still difficult to identify the distinct types of company culture, because most companies are just starting to form it.

Here are a few bright corporate culture types, which can be found in modern Russian companies.

1. A charitable organization - is characterized by a very high degree of sympathy and even pity for active employees', fears of losing staff and active orientation to keep it by all means. For the comfort of employees (in this type of culture, the main motive of the owner) a special atmosphere is created- spacious offices, new equipment, hot meals, and all kinds of compensation. The main

characteristic of employees in organizations of this kind is the external demonstration of activity, or short bursts, mainly after some stimulation when the patience of the executives runs out. In most cases, this business works due to the well-functioning personal relationships of the owner or top managers.

2. Voluntary slavery - is characterized by strength, stubbornness, being constantly in need of recognition, and therefore always involved in the management of the owner. At the same time, the organization has a number of trustees on which everything without exception is loaded, even the completely new and unknown, and it is not even part of the duties of these trustees. Help and information is available from the owner at the minimum amount necessary to do everything without any assistance and he praises so rarely and sparingly that people are starting to feel like robots.

The main characteristics of the staff of this kind of organizations is the desire to win the personal authority in the eyes of the owner by all means. For this, they are willing to sometimes work round the clock, and are seriously afraid to make mistakes as those are sometimes perceived as a sign of betrayal. In spite of all the stress, the team usually keeps working for this kind of company for a long time.

In such organizations, there are also employees who are hired for the position of an assistant but who, as a rule, don't stay long in the company. This business, in most cases is centered on employees who are ready to literally do anything for a smile of the owner or his stingy praise.

3. Family - is characterized by blurred boundaries of business and personal relationships. The whole team is one big family, which operates as a whole and even observes the holidays together. Often at the top the company there is a group of people connected by family ties (spouses, relatives, parents and children etc.) that transports their relationship to others. People who do not fit for some reason in the "family" quickly get out of it. Monitoring and promotion of such proprietors often resemble those of a parent, so there is no strong fear of the managers among the employees. The main characteristics of staff: the tendency to gossip, hidden and open struggle for the privileges from "mom and dad" and the desire to constantly measure these privileges. In the team envy and a sense of injustice often occur, as the

owners always have "favorites" and they can rarely relate objectively to different employees. In most cases, the business is operated by the willingness of employees to support the authorities in difficult situations.

4. Security prison - is characterized by the atmosphere of mistrust, reaching the paranoid level of hyper-control from the owner. This is the type of organization that has adopted wiretapping, placing video cameras in all the rooms, as well as an ongoing detailed calculation of wasted resources. The owner often interferes with the exercise of all functions even at the most basic levels. The main characteristics of employees includes the fear of the authorities, a complete rejection of taking responsibility, active 'reverse' delegation. In the team, there is very high staff turnover: employees regularly come and go. In most cases, the business is operated by well-functioning personal connections with the owner, as well as through the efforts of the new employees who are constantly present in the company.
5. The team of like-minded people - has a very relaxed atmosphere, the almost complete absence of formal rules (including the discipline requirements, dress code, etc.), as the owner of the company often does not work for money but for his interests, keeping in mind activities and chooses for himself the like-minded staff. In terms of profitability the business often exists at the level "around zero", which is also reflected in the corporate culture - often in such companies it is accepted to share a meal, bring coffee from home, work in very humble conditions and require little financial reward. The main characteristics of the staff - workaholism, commitment (not always matched with the commitment of the executives of the company), high absorption in their projects and perfectionism. The business is successful due to the very high quality of the work (but often non-compliance with deadlines and other disciplinary offenses) that attracts customers again and again.

Summing up, today it is impossible to carry out effective management activities without taking into account the prevailing corporate culture. The culture of each company is unique enough, and attempts to rigorously reduce various types to certain narrow limits is completely pointless.



## 3 DESCRIPTION OF ENTERPRISES

### 3.1. The Trade House Land

The mission of the Trade House Land - to create the world's best network food supermarkets. The task of personnel in this mission is to constantly evolve, participating with a team of like-minded people in the life of the company and to give an adequate assessment of personal contribution.

|                    |   |
|--------------------|---|
| The<br>TH<br>Land- | a company that is most successful in its market on the dynamics of growth cost at moderate risk (Finance) |
|                    | a company that offers a product that best meets the needs of customers (clients)                          |
|                    | a company that provides high quality through the use of the best technologies (Business Processes)        |
|                    | a company that successfully attracts and effectively uses the resources (Resources)                       |

Figure 2. Vision of TH Land

The strategic goals of the company:

#### Finance

To increase the return on invested capital and optimization of debt load.

#### Clients

To create a product according to customer's' needs and to effectively promote the product.

#### Business processes

To introduce the business process management systems and to assess their effectiveness.

## Resources

To ensure the availability in quantity and quality and to utilize it effectively.

In order to identify the characteristics and possible shortcomings of Trade House Land activity, the analysis of the strengths and weaknesses of the organization will be conducted (Table 3.1). To do this, it is necessary to identify the strengths and weaknesses of the company, as well as the opportunities and threats of its successful functioning.

Table 1. SWOT Analysis of Trade House Land (Source: Trade House Land, 2015).

|  |   |
|--|---|
| <p><b><u>Strengths</u></b></p> <ul style="list-style-type: none"> <li>- delivery of goods from around the world</li> <li>- high quality of goods</li> <li>- wide assortment</li> <li>- freshness of assortment</li> <li>- high quality service</li> <li>- home delivery services</li> <li>- online store</li> <li>- availability of discount cards system</li> <li>- participation in charity programs and programs for the development of the town</li> </ul> | <p><b><u>Opportunities</u></b></p> <ul style="list-style-type: none"> <li>- increasing the number of retail outlets</li> <li>- expansion by actively opening of retail outlets in St. Petersburg and going to the Russian and CIS regions</li> <li>- creation of a product according to customer's' needs</li> <li>- effective promotion of the product</li> <li>- ensuring the availability in quantity and quality</li> </ul> |
| <p><b><u>Weaknesses</u></b></p> <ul style="list-style-type: none"> <li>- high price</li> <li>- unknown brands-unknown quality</li> <li>- increase in gasoline prices</li> <li>- high competition and the volatility of the food market</li> <li>- low speed and a degree of renovation of product range</li> </ul>   | <p><b><u>Threats</u></b></p> <ul style="list-style-type: none"> <li>- increase in gasoline prices</li> <li>- development of alternative retailers</li> <li>- highly competitive market</li> </ul>   |

Currently Trade House Land follows a policy of strengthening the organizational culture. As according to this strategy of the company as the basis of its activity, it

is necessary to maximize the existing strengths with a possible capacity for growing.

According to the company data, net revenue rose to 1.48 billion rubles (20,584,136 EUR) in 2013 and to 4.19 billion rubles (58,275,358 EUR) in 2015. In 2014, the retailer was planning to expand the network to 15-18 outlets by the end of 2015. Investments in the opening of a supermarket chain in 2014 ranged from 1.3 million to 1.8 million EUR, depending on the size (area of shops - from 210 to 1600 sq. m)

It can be concluded that the organization has successfully fulfilled its tasks. Selected pricing meets all demands of the founders of the organization and does not cause a decline in demand for services.

### **3.2 Organizational structure**

The organizational structure of the company is characterized by a distribution of management objectives and tasks between departments and employees of the organization. In fact, the governance structure is a form of division of labor on the adoption and implementation of management decisions.

At the moment, the structure of "TH Land" is a divisional management structure. The organizational structure is shown in Appendix 3. Since it is a chain of stores, it has in its composition a department of retail chains managers. Divisional organizational structure gives the company greater mobility in a competitive environment, but it creates some disadvantages. The list of management disadvantages inherent in divisional structure include: difficulty of control, the fight against the centrifugal tendencies, and coordination of units. Divisional structure is characterized by a combination of centralized coordination with decentralized operational management. The key figures are not functional vice presidents, but line managers, who head the divisions or the executive director.

System advantages: clear lines of responsibility, flexibility and adaptability of the system, high autonomy of the structural units, lightening the workload of the top manager, the ease of communication networks, and employee autonomy, high motivation. Disadvantages: high demand for leading cadres, complex

coordination, increased costs due to duplication, complexity of implementing a uniform policy, personnel disunity, weak synergistic effect.

The organizational structure is formally assigned and approved in the regulatory documentation. Regulations structures are the "Regulations of the department" duty regulations, staffing, and internal code of conduct.

The regulations of the department is a normative document regulating the activities of the department: its purpose and place in the structure of the organization, the composition of structural elements, implemented functions and tasks, rights and responsibilities, the procedure for cooperation with other structural units of the organization. Head of the organization approves this document. The provisions are designed taking into account the peculiarities of a particular organization. The coordination of all the members of the supreme governing body produces.

Duty regulations - normative documents regulating the function and place of the employees in the organization, their functional duties, rights, responsibilities and rules of promotion. They are approved by the head of the organization. The main sections of a job description are the common part, the functional responsibilities of the card, the rights, the responsibilities, and the promotion. A typical job description consists of the sections: general provisions, functions, duties, rights, and responsibilities.

### **3.3 Personnel**

The company success depends on the staff – this phrase should guide each manager as the company profit depends on the staff, particularly on their full value work. For the company to succeed, it is necessary to implement a system of spectacular motivation.

There are two types of motivation: material and immaterial motivation. Financial motivation includes the salary and various bonuses.

Labor productivity characterizes the efficiency, the effectiveness and the cost of labor is determined by the number of products produced per unit of work, or the cost of labor per unit of production or the work performed.

Staff turnover = Number of retired employees / total employees \* 100.

Staff turnover in 2014 =  $7/84 * 100 = 8.3\%$

Staff turnover in 2015 =  $5/84 * 100 = 5.9\%$

(Formula used in Trade House Land)

Flow Rate decreased by increasing the fixed part of the salary employees of the organization. According to the National Union of Personnel, average turnover in the retail sector is 67% (<https://www.retaildoc.com/blog/8-reasons-why-your-retail-employee-turnover-is-so-high, 2015>).

The payment system will allow employees to adjust to the level of payroll and will establish liability of managers, professionals, employees and workers of the enterprise units for the implementation of economic activity.

In “Land” supermarkets a premium wage system is introduced, whereby for the performance of duties employees are paid a salary (according to the actual time worked for the accounting period - a month), plus a premium for the implementation of qualitative and quantitative indicators, additional allowances and benefits of the provided position.

The salary depends on:

1. Flat-rate provided for a position;
2. The category of the employee;
3. Number of hours worked for the accounting period.

Surcharges:

1. For length of service - 5% for each year worked;
2. Surcharge for work at night;
3. For working conditions, such as working with dairy products at temperatures below zero;
4. Surcharge for work on holidays and days before holidays;
5. Surcharge for overlapping responsibilities, positions;

Table 2. The dynamics of the number of personnel of TH Land

| Structural subdivision            | Position                    | Quantity 2014 | Quantity 2015 | Share of position 2014, % |
|-----------------------------------|-----------------------------|---------------|---------------|---------------------------|
| Administrative - managerial staff | Director                    | 1             | 1             | 1,2                       |
|                                   | Goods expert                | 2             | 2             | 2,3                       |
|                                   | Administrator               | 3             | 3             | 3,6                       |
|                                   | Senior cashier              | 1             | 1             | 1,2                       |
|                                   | <b>Total</b>                | <b>7</b>      | <b>7</b>      | <b>8,3</b>                |
| stock                             | Warehouse Manager           | 1             | 1             | 1,2                       |
|                                   | Acceptance inspector        | 4             | 4             | 4,8                       |
|                                   | Loaders                     | 6             | 6             | 7,1                       |
|                                   | Pre-packing                 | 2             | 2             | 2,3                       |
|                                   | <b>Total</b>                | <b>13</b>     | <b>13</b>     | <b>15,4</b>               |
| Shopping room                     | Mentor                      | 1             | 1             | 1,2                       |
|                                   | Merchandiser                | 1             | 1             | 1,2                       |
|                                   | Experts                     | 4             | 4             | 4,8                       |
|                                   | Cashiers                    | 10            | 10            | 11,9                      |
|                                   | Sellers                     | 30            | 30            | 35,7                      |
|                                   | <b>Total</b>                | <b>46</b>     | <b>46</b>     | <b>54,8</b>               |
| Security                          | Manager                     | 1             | 1             | 1,2                       |
|                                   | Shift supervisor            | 3             | 3             | 3,6                       |
|                                   | Security                    | 6             | 6             | 7,1                       |
|                                   | <b>Total</b>                | <b>10</b>     | <b>10</b>     | <b>11,9</b>               |
| others                            | Steward                     | 1             | 1             | 1,2                       |
|                                   | Brigadier Cleaning          | 1             | 1             | 1,2                       |
|                                   | Cleaners                    | 3             | 3             | 3,6                       |
|                                   | Wrappers                    | 3             | 3             | 3,6                       |
|                                   | <b>Total</b>                | <b>8</b>      | <b>8</b>      | <b>9,6</b>                |
|                                   | <b>Total for all groups</b> | <b>84</b>     | <b>84</b>     | <b>100</b>                |

Source: Manning table of TH Land (2016)

Table 2 describes the number of staff that includes 84 full-time units. The number of employees has not changed in comparison with 2014. The low percentage of

staff turnover reflects the socio-economic factors, employee satisfaction with working conditions in the enterprise.

The main staff are working in the shopping room, because their work depends on their operating performance and getting profits. Even though the number of people has stayed the same in different positions, it does not mean that the same people are still working in the company. Despite the official statistics, in Russian companies there is a tendency among the bosses to save on taxes by not recruiting an employee officially. Rates of deductions from the official wage of employees appear disproportionate and extremely unprofitable to the employer, which leads to the impossibility of doing business. However, in reality during a year many new employees come to the new work place, but suddenly refuse to work because of their own reasons or lack of competence. One of the key reasons why employees change their work placement is low salaries. The dynamics of the wage bill of employees of Land are shown in Appendix 4.

The average annual salary of employees excluding bonuses in 2015 was 400 EUR. The highest salary belongs to the director, and the lowest to the cleaners and wrappers. The director of the company decides to link payment for labor of staff with the results of activities in the area of responsibility or to the performance of the whole company. They are used as organizational and administrative methods of management - a method of direct exposure, wearing prescriptive, mandatory. They are based on discipline, responsibility, authority, and coercion.

One way to keep employees in the company is a competitive salary. However, as can be seen from the table 2, the average salaries are not as high as they could be. This is the main reason why the company faces the problem with staff turnover year after year. Of course, one of the best ways to keep the employee is to raise the average salaries. In case if it is not possible for the company now, there are other ways to benefit employees. For example, the improvement of corporate culture could be of some help.

To summarize this paragraph, it is worth noting that the company has a structured organizational structure that allows planning the efficient operation of all employees. In its activities, the employees work based on job descriptions, which spelled out the basic provisions of the profession, duties, rights, responsibilities and interaction with other departments.

## 4 METHODOLOGY

During the author's practice at TH Land, it was decided to conduct research according to the impact of corporate culture on the employees' work. In order to do it, it was decided to gather the information by using a combination of survey method, interview and observation.

The most important parameters of the company and corporate culture characteristics can be determined by sociological research. Collecting key information is performed by using a survey. The full version of the questionnaires, both in English and Russian, can be found in Appendices 5 and 6. In the process of gathering information by questionnaire, states the nature of the relationship in the team with leaders, using the method of observation.

The object of the study are three groups of company employees: managerial staff, stock department and shopping room.

The answers of the survey will give information about the company's corporate culture characteristics.

An online questionnaire allows surveying of a larger number of employees, since it is a time saving approach. In this case, 40 employees were interviewed (out of 84). The link for answering online was sent to employees by e-mail. The form of the survey was the open-ended questions and the eighth question was a multiple-choice question. All employees got the link to the questionnaire by e-mail. The questionnaire was sent to the employees in December 2015. The aim of the survey was to find out how employees evaluate the activity of the company where they work. Which traditions exist within the company?

A personal interview was conducted with the senior management of the firm. The personal interview covered questions about the current corporate culture condition and employee satisfaction with their job.



## **5 THE PRESENT CORPORATE CULTURE OF TH LAND**

With the help of the survey, it was identified that the corporate culture of the company has both positive and negative aspects.

Employees are aware and interested in the goals of the organization, which means the employees are interested in the place where they spend part of their daily lives.

The company clearly defined and spelled out the mission, strategy and objectives, the main orientation of which is customer satisfaction and professional staff growth. The fact of their existence is a big plus, and the fact that few know about them is a huge minus. The need to accommodate stands with the declaration of the mission, objectives, and principles in the offices of the company. The company is continuously improving its quality in order to meet and exceed consumer expectations. On one hand, such a policy is very true and beneficial, but one should not forget about the human factor. Without proper attention to the employees, none of the companies would have succeeded.

The company has spelled out the rules of conduct of employees. To know them is the responsibility of each employee, as this is an important element of the teamwork and friendly atmosphere in the team.

One of the key elements of the corporate culture of Trade House Land is the presence of a dress code. Employees should always look neat - clean hands, light perfume, modesty in choosing jewelry, neat appearance. For women: the demands include manicures in natural colors and business make-up. For men, this means a clean-shaven face. All the respondents follow the dress code.

In addition to the dress code, there is a "Code of Ethics" and its main principle is mutual respect. All employees and members of the board must always be correct in relation to one another, to observe all the ethical standards, regardless of the nature of the work. There is a morally positive atmosphere of mutual respect and trust. In addition, a good working environment is created in the organization; workplaces are equipped with everything needed for a workflow. Compliance with

these rules is very important to the company. The main condition for compliance with these standards is to support and help all workers and supervisors.

Channels of information within the company have been established effectively. These include social networks, the website, workshops and daily briefings. Every employee has the ability to directly or indirectly share ideas and express views. This refers to the number of positive points. Not every organization manifests a democratic attitude to the opinions of their employees. It is an effective tool for the promotion and support of business to effectively solve information, branding, managerial and commercial objectives of the company.

A positive in the work of the company is the system of personnel adaptation. Within the enterprise there are adaptation programs written for each position. The program includes basic information about the company, the main regulations and job descriptions. However, the most important and decisive factor is the adaptation of newcomers. The atmosphere is friendly, relaxed and cheerful and it reigns within the team. Everyone is willing to help to the new colleague, at least in giving a clear understanding of some matters.

An important stimulation for team building are joint activities. The company pays special attention to this. Events are held in which each employee is noted for achievements and quality work. The company also organizes sports events and field trips to which it is possible to come with family members.

According to the survey and an interview with senior management, the firm carried out quite a few joint activities. For a long time the company has become the custom part in the celebration of the New Year, Easter, March 8th, Army Day and the Day of the City. Such events as holidays (generally urban) and traditions are held in view of the specifics of the organization and its staff, as are aimed at achieving one goal - its cohesion. The organization seeks to engage in such activities with all its members. In the team, there are certain traditions inside the collective, which show how much the team is united. All the employees together take part in the life of the city by joint cleaning of the city.

Inside the team, there are practices of corporate events - whether it be bowling, going to the cinema or an evening meal in the restaurant. Management

encourages such outside business activities, helping financially and showing their approval verbally.

The study is based on a survey method, interviews and observation. Using these methods, the peculiarities of the corporate culture of the company were described in detail in the next chapter. Nevertheless, this study only allows making an "instant" snapshot of the company culture, as a true picture can only be obtained in the course of regular monitoring.

## **6 WAYS OF IMPROVING THE CORPORATE CULTURE OF TH LAND**

### **6.1. Action Plan for the development of corporate culture**

The main factor that has an impact on all aspects of the company is the corporate culture. Corporate culture is linked with the conditions for creative work, conditions for peace and partnership in the team.

The company's success is largely dependent on the level of positive corporate culture. Positive corporate culture facilitates communication and decision-making. Cooperation is easier if it is based on mutual trust.

The most important aspect of a positive corporate culture is its impact on young employees, affecting their personal and professional skills through the rules, the bearer of which is the entire staff of the company.

For teambuilding, in which every year new employees arrive, comes the need to make the new elements in the culture of the organization to maintain an incentive and team spirit.

Based on the survey and interview, there are several recommendations that contribute to the further development of corporate culture of TH Land. In brief, the proposed activities are as follows: trainings and workshops, branded attributes and celebrating the birth of the organization. The recommendations are presented in Table 6.

Estimation of the costs are based on the following calculations:

#### **Trainings & workshops**

- Rental of rooms in the hotel (for a change of environment and a better perception) 1 day of rental of average hotel in Saint-Petersburg ~ 210€; 3days rent~623€
- Lunch in a restaurant at the hotel 1 day for 84 people ~280€; 3 days = 1163€

- The invitation of the teacher for training: the total value of 3 day training ~207€

**Total for 3 days =1993 €**

Spent money on attributes of the company:

- order T-shirts with the company logo 1pc = 5€; 84 pc =420€
- order pens with the company logo 1 piece = 1€; 84 pc= 84€
- order mugs with a logo of the company 1pc = 3€; 84 pc=252€
- order notebooks with the company logo 1 piece = 1€; 84 pc=84€
- order umbrellas with company logo 1pc = 12€; 84 pc= 1008€

**Total: 1840 €**

The experience of the best companies shows that the widespread adoption of corporate symbols (in the package of finished products, promotional materials, enterprise design, vehicles, work clothes, souvenirs), has a positive effect on the attitude of the staff towards the company. Also increases the commitment of employees of the organization and a sense of pride for their organization. (Rafaeli and Worline 1999.)

Expenses for the celebration of day of the birth of the enterprise

- Organizing a banquet in the average restaurant + leading event person = **1200€**

Today it is very important that staff are motivated, active and always ready for any kind of work. The firm must make a start on these factors in the implementation of measures to complement the favorable corporate culture.

Table 6. Tangible measures to improve the corporate culture.

| Events  | Purpose   | Period  | Cost          |
|---|---|---|---------------|
| Trainings and workshops                                   | Increasing the level of motivation, “shake-up” of the collective, a closer acquaintance with the new staff. | Every year (at least once a year), duration - 3 days                      | 1500-2000 EUR |
| Branded attributes (with the expectation of 84 employees) | If desired, employees can use it for business purposes or on joint activities of the collective.            | Handed out at the end of the training or during any other company events. | 1500-2000 EUR |
| Celebrating the birth of the organization                 | Very important is the presence of the founder of the company  | 1 day   | 1000-1500 EUR |
| TOTAL:  |   |   | 4000/5500 EUR |

## 6.2. Evaluating the effectiveness of measures

The main aim of the measures to improve the corporate culture is to increase the economic efficiency of the enterprise. The main indicator is the increase in revenue growth, which is reflected in the reports of the company every year. After the introduction of certain measures related to the implementation of innovations in the culture of the organization, the revenue growth must be traceable.

In order for these recommendations to work on improving the efficiency of the organization, it should support the organizational strategy and its mission. This work should be directed by senior management and requires a deep understanding of not only the financial side and strategic management, but also the foundations of organizational behavior and the psychology of management.

Studies of corporate culture make it possible to make only a snapshot, because the company is developing, as is the culture. So, for a more complete and detailed picture it is necessary to regularly monitor cultural change in the company.

Tips were given to managers of the company to build and improve the corporate culture, as well as carry out specific activities. The goal is to help guide their employees to instill respect for the company and make the company culture valuable for each employee.

The expert guidance of the corporate culture can lead an organization towards success, sustainability and stability. It is necessary to investigate and monitor the development of the corporate culture. Develop, improve and manage all of its deviations.

All of this must become an integral part of the entire company, to meet the modern requirements of society. It must contribute to achieving these goals, and hence increase the productivity of the firm.

## 7 SUMMARY

In summary, it should be noted that corporate culture and motivation of employees are primarily connected. In psychology, the motive is what activates, maintains and directs behavior. By motivating employees correctly, it is possible to influence the results of labor. It is clear that the main and primary motivation in the majority of Russian companies is salary. However, the employees can be motivated by the availability of decent corporate culture in the company. Corporate values have motivational influence due to emotional component.

Customers, employees and executives are the three pillars on which modern business relies. It was once again convinced that corporate culture dictates the style of interaction between employees, supervisors and managers, the company's style of interaction with the surrounding socio-cultural environment.

The paper deals with the corporate culture of TH Land, which was founded in 2010 in Saint Petersburg. The main goal was to make recommendations for the further development of corporate culture as a motivating factor for work.

The survey and the interview were the main tools used in the research. The survey was gathered online, and the interview was collected personally with the CEO. In general, employees were divided into three groups of company employees: managerial staff, the stock department and shopping room.

Based on the survey and interview, there are several recommendations which may contribute to the further development of corporate culture. It was found out that corporate culture in the considered company is sufficiently developed, but always in need of something new, because every year come new employees. Thus, the new elements in the culture of the organization need to be made to maintain an incentive and team spirit.

New elements have been introduced to the company: training, holiday, promotion and the constant monitoring of corporate culture.

The most vital outcomes of this research were to find out the answers for the research questions and to understand the meaning of them. The goals of this



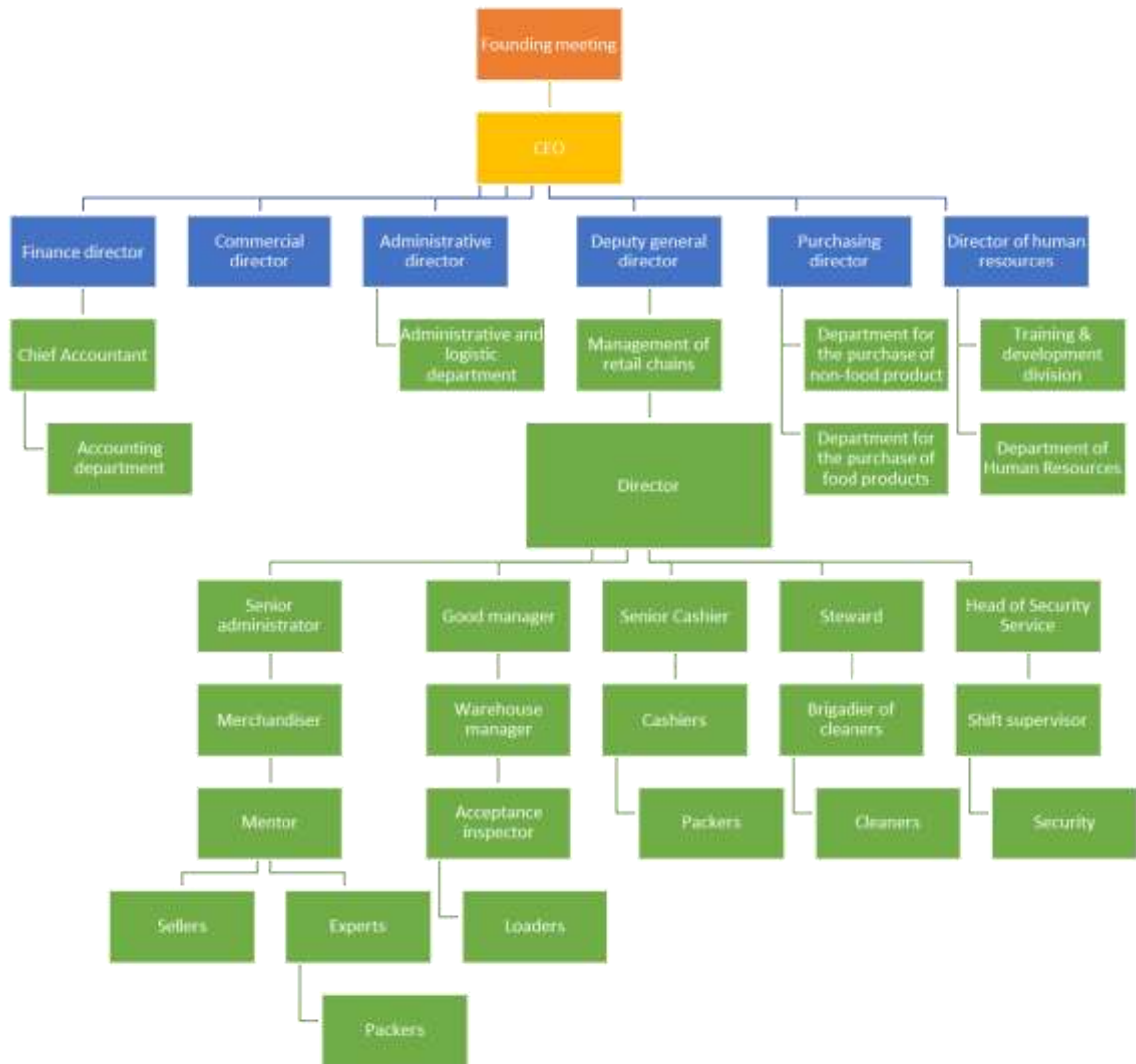
thesis achieved and the findings can be utilized as a future tool to support further development work at the case company.

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**The organizational structure of TH Land**



### The dynamics of the wage bill of TH land

| Structural subdivision            | Position             | Salary for 2014, in EUR | Salary for 2015, in EUR |
|-----------------------------------|----------------------|-------------------------|-------------------------|
| Administrative - managerial staff | Director             | 761                     | 761                     |
|                                   | Goods expert         | 553                     | 553                     |
|                                   | Administrator        | 484                     | 484                     |
|                                   | Senior cashier       | 415                     | 415                     |
| stock                             | Warehouse Manager    | 415                     | 415                     |
|                                   | acceptance inspector | 346                     | 346                     |
|                                   | loaders              | 277                     | 277                     |
|                                   | pre-packing          | 221                     | 221                     |
| Shopping room                     | Mentor               | 374                     | 374                     |
|                                   | Merchandiser         | 387                     | 387                     |
|                                   | Experts              | 346                     | 346                     |
|                                   | Cashiers             | 304                     | 304                     |
|                                   | Sellers              | 346                     | 346                     |
| Security                          | Manager              | 650                     | 650                     |
|                                   | Shift supervisor     | 512                     | 512                     |
|                                   | Security             | 457                     | 457                     |
| others                            | steward              | 304                     | 304                     |
|                                   | Brigadier Cleaning   | 374                     | 374                     |
|                                   | Cleaners             | 235                     | 235                     |
|                                   | Wrappers             | 235                     | 235                     |

Source: Accounting department of TH Land (2016)

**Questionnaire in English**

*We offer you to take part in the study, which is conducted in order to optimize the Company's corporate culture.*

1. What is the purpose of the company?
2. Formulate in one - two sentences the mission of the Company ...
3. What is most important for your company at the present time (define tactical objectives of the Company)?
4. Does the company has a dress code? If so, do you practice it?
5. The company attractive to employees, primarily to the fact that \_\_\_\_\_  
\_\_\_\_\_
6. In our company accepted \_\_\_\_\_  
\_\_\_\_\_
7. In our company is not accepted \_\_\_\_\_  
\_\_\_\_\_
8. How many years will be the company?
  - Not more than a year ...
  - 2-3 years
  - 4-6 years
  - 7-15 years
  - More than 15 yearsAnother option (write) \_\_\_\_\_
9. What is the main reason for failure?

**Questionnaire in Russian**

*Предлагаем Вам принять участие в исследовании, которое проводится с целью оптимизации корпоративной культуры Компании.*

1. В чем смысл деятельности «Компании»?
2. Сформулируйте в одной – двух фразах миссию «Компании» ...
3. Что наиболее актуально для вашей Компании в настоящее время (определите тактические цели Компании)?
4. Существует ли на предприятии дресс-код? Если да, то придерживаетесь ли вы его?
5. Компания привлекательна для сотрудников, прежде всего тем, что....
6. В нашей компании принято...
7. В нашей компании не принято...
8. Сколько лет будет существовать компания?
  - ... Не более года
  - ... 2-3 года
  - ... 4-6 лет
  - ... 7 15 лет
  - ... более 15 лет
- Другой вариант  
(напишите)\_\_\_\_\_
9. Что является основной причиной неудач?