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Educational and Research Institute "Karazin Business School"

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**TASK
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To describe the essence, principles, and types of organizational culture; to consider key indicators and important characteristics for evaluating organizational culture; to study methodical approaches to the assessment of the marketing activity of the enterprise; to provide a description of the organizational and economic activity of Shandong Lukang Pharmaceutical Co., Ltd; to conduct analysis of characteristics and parameters of the organizational culture of Shandong Lukang Pharmaceutical Co., Ltd; to develop the options for improvement of organizational culture of Shandong Lukang Pharmaceutical Co., Ltd.

4. Work plan

№	Stages of work
1	Approval of the thesis content
2	Preparation of the thesis' first section
3	Completion of the first section according to the supervisor recommendations. Writing the thesis' second section
4	Completing of the second section according to the supervisor recommendations. Preparation of the thesis' third section
5	Completing of the third section according to the supervisor recommendations. Preparation of a report for a scientific conference with a presentation of the main results of the thesis
6	Writing of the introduction, conclusions of the thesis. Making references list
7	Submission of the thesis to the Department of Management and Administration

5. Date of assignment issue October 17, 2023

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CONTENT

INTRODUCTION.....	6
SECTION 1 ORGANISATIONAL CULTURE OF THE COMPANY: STRUCTURAL ELEMENTS AND IMPORTANT CHARACTERISTICS.....	9
1.1 The concept of organisational culture in the business management system.....	9
1.2 Formation and development of organizational culture in the focus of scientific research.....	19
1.3 Key indicators and important characteristics for assessing organisational culture.....	25
Conclusions to the Section 1.....	30
SECTION 2 ANALYSIS OF ORGANIZATIONAL CULTURE AND ASSESSMENT THE IMPACT ON THE EFFICIENCY OF SHANDONG LUKANG PHARMACEUTICAL CO., LTD.....	32
2.1 Analysis of the business environment and factors affecting the performance of Shandong Lukang Pharmaceutical Co., Ltd.....	32
2.2 Analytical research of the characteristics and parameters of the company's organizational culture.....	41
2.3 Assessment of the impact of organizational culture on the efficiency of Shandong Lukang Pharmaceutical Co., Ltd.....	45
Conclusions to the Section 2.....	49
SECTION 3 DEVELOPMENT OF RECOMMENDATIONS FOR IMPROVING THE ORGANIZATIONAL CULTURE OF SHANDONG LUKANG PHARMACEUTICAL CO., LTD	50
3.1 Evaluation of the usefulness of organizational culture for the company's sustainable performance.....	50
3.2 Recommendations for supporting and strengthening the organizational culture of the company.....	55

3.3 Improving organizational culture management methods to improve the efficiency of Shandong Lukang Pharmaceutical Co., Ltd.....	59
Conclusions to the Section 3.....	68
CONCLUSIONS	69
REFERENCES	71

INTRODUCTION

Companies conduct business communications in an unstable environment. Stable and effective management of the company's activities is ensured by mechanisms that allow: first, timely response to all changes in the environment. Secondly, they help to create and maintain a favourable organisational climate. Thirdly, they ensure sustainable development of the company in the strategic aspect. The modern management paradigm is based on a human-centred approach. This is the humanistic approach. Therefore, the influence of organisational culture on the efficiency of a company is growing. Therefore, the development of organisational culture and decent working conditions to ensure growth and support of human potential are a priority for companies.

The basis for the development of organisational culture as a factor of the company's effective performance is an understanding of the essence of organisational culture, identification of its components and approaches to its assessment, which together ensure the effective operation of the organisation.

Researchers and practitioners have made significant progress in addressing the issues of formation and development of organisational culture. In the historical excursion, the formation and development of culture in the organisation has been studied by scientists and practitioners (Cabrera A., Cabrerab E.F., Barajas S. [9], Chatman J.A. [11], Cooke R.A. [13], Cremer J. [14], Daulatram B.L. [16], Denison D. [19], Guiso L. [31], and Handy C. [35], Kotter J., Heskett J. [39], Leithy W.E. [41], Lunneburg C.F. [43], Mgbere O. [46], Morcos M. [49], O'Reilly C.A., Chatman J., Caldwell D.F. [54; 55], Quy V.T. [65], Schein E.H. [69] etc.)/

However, scientific and practical tasks of forming an organisational culture that affects the performance of the firm remain relevant. This study is aimed at clarifying the issues of the essence and classification of organisational culture; determining the factors that influence the formation and development

of organisational culture; establishing the relationship with the company's economic performance.

The need to solve the mentioned questions led to the choice of the topic, determined the purpose, tasks and logical sequence of this research.

The purpose of the qualification work is to research of modern approaches to the formation of organizational culture, as well as its improvement in a practical context based on an objective analysis on the relationship with the results of activities of the company.

Research objectives:

- to investigate the importance of organizational culture in the business management system;
- to determine approaches to the formation of the organizational culture of the company;
- systematize indicators for evaluating the company's organizational culture;
- to analyze the factors affecting the organizational culture;
- characterize the parameters of the company's organizational culture;
- assess the influence of organizational culture on the efficiency of the Shandong Lukang Pharmaceutical Co., Ltd;
- to develop practical recommendations for the formation, support and strengthening of organizational culture Shandong Lukang Pharmaceutical Co., Ltd;
- to determine approaches to managing organizational culture to increase the efficiency of the Shandong Lukang Pharmaceutical Co., Ltd.

The object of the research is organizational culture of the company.

The subject of the study is a set of theoretical and methodic principles to the formation of organizational culture of the Shandong Lukang Pharmaceutical Co., Ltd.

The information base of the research is the materials of scientific and practical conferences, pilot publications, articles on the formation and development of the company's organisational culture, monographs, reporting information of

Shandong Lukang Pharmaceutical Co Ltd, international statistics of the pharmaceutical industry.

The research methods are morphological analysis to identify the essence of the concept of "organisational culture"; historical method to determine approaches to the formation of organisational culture of a company; method of analysis and synthesis to identify the existing components of the concept of 'organisational culture'; methods of statistical analysis to assess the impact of organisational culture on the efficiency of enterprise; method of expert evaluation to determine the weighting of key components that influence the choice of the organizational culture model, the abstract-logical method for developing practical recommendations for the formation, support and strengthening of the organizational culture, the graphic method - for visualizing the main theoretical and practical provisions of this study.

Scientific novelty. The author proposes a definition of the essence of "organisational culture" based on a synthesis of administrative and motivational approaches, which will contribute to the further development of its theoretical foundations.

Practical significance of the results. Recommendations for supporting and strengthening organizational culture have been developed and proposed, as well as practical measures for managing organizational culture to increase the effectiveness of activities Shandong Lukang Pharmaceutical Co Ltd.

Approbation and publication of the research results. Some aspects have passed the approbation in the XIII International Scientific and Practical Conference to the 80th anniversary of the founding of the Banking Institute "Scientific research of youth with the problem of european integration", which took place on April 5, 2024 (Kharkiv).

SECTION 1

ORGANISATIONAL CULTURE OF THE COMPANY: STRUCTURAL ELEMENTS AND IMPORTANT CHARACTERISTICS

1.1 The concept of organisational culture in the business management system

In the context of globalisation and high levels of competition between companies, top managers and owners should focus on organisational culture. What do most professionals and experts say? According to many experts, managing the formation of organisational culture is important for the strategic development of companies [33; 39; 43; 49]. In other words, the use of the organisational culture factor has become a strategic necessity in order to ensure better economic and financial results of the company. In addition, it meets the requirements of the modern market, environmental norms and social expectations of stakeholders and provides an important help to increase the company's competitiveness.

By the way, the relevance and perspective of the phenomenon of organizational culture is confirmed by the number of conducted studies and published scientific works. Scientists actively research the phenomenon of organizational culture. What constitutes a firm's culture? There are several definitions of corporate culture. One view is that culture represents the unspoken code of communication among members of an organization [9; 13; 18; 37]. A related view is that culture is a convention that helps coordination, like which side of the road we drive on [11; 16; 29; 30]. The term "corporate culture" refers to a set of shared beliefs and traditions that govern acceptable employee attitudes and actions [3; 14; 19; 34]. The managerial literature focuses on the notion of culture as "a set of norms and values" that are widely shared and strongly held throughout the organization" [13, 14, 15].

Some scholars interpret organisational culture as a multidimensional combination of important assumptions that are accepted and shared by team members without evidence [1, 7, 9]. According to others, it is the philosophy and ideology of management, beliefs, values, and norms that underpin relationships and interactions in the internal and external environments of an organisation [2, 3, 5]. We paid attention to the detailed study of the approaches of scientists.

Table 1.1 – Author approaches to the essence of the term "Organizational culture"

Author(s)	The essence of the term "Organizational culture"
Maleka, N.K., Kambuwa, M. & Karodia, A.M. [45]	Culture is the sum of beliefs, knowledge, experiences and values obtained by a set of groups of people over a specified period of time through interaction, living or working together
Mgbere O. [46]	Culture involves maximising employee's value that can be regarded as rational assets beneficial to both the individual and the organisation for learning and readiness to share values
Oberfoll, K., Adame, M.E.C. & Garcia [56]	Organisational culture means a normative glue that holds the overall organisation together
Gyebi A.D. [32]	Organisational culture is a key to organization's excellence in which top management must play a vital role in applying the culture as the organization changes along with the environmental changes
Leithy W.E. [41]	Organisational culture is that base of determination for survival among competing companies
Schein E.H. [70]	Organisational culture is the set of values, beliefs and way of doing things in an organization and defines the ambience in which an employee of the working place

Source: developed by the author based on [32; 41; 45; 46; 56; 70]

After summarizing the interpretations of the essence of the concept of "organizational culture" existing in the scientific literature, several main approaches are distinguished (table 1.2).

Table 1.2 – A variety of approaches to the definition of the term "organizational culture"

Approach	The essence of the term	Authors who will follow a certain approach
Philosophical	Organizational culture is interpreted as a conceptual vision of the company's development	Lunneburg C.F., Guiso L., Sapienza P., Zingales L., Cremer J. and other
Motivational	Organizational culture is understood as an informal direction of personnel activities for the highest results	Morcos M., Daulatram B.L., Schein E.H., O'Reilly C.A., Chatman J.A. and other
Administrative	Organizational culture is understood as a form of management by management; formal, when there is a formal regulation of personnel consolidation procedures and rules	Chatman J.A., Caldwell D.F., O'Reilly C.A., Doerr B., Weber R.A., Camerer C.F. and other
Motivational + Administrative	Organizational culture can be defined as a formed set of patterns, basic values and principles of adaptation of the organization to external changes, which are recognized and accepted by employees, as well as the process of forming relationships among groups of employees of the enterprise.	<i>The author's vision of the essence of the term</i>

Source: systematized by the author based on [11; 29, 30, 43; 54; 55; 69, 70;

Hermalin B. emphasises that an "organisation" is usually a business organisation. In business, the term 'corporate culture' is used [33]. By the way, the term 'corporate culture' is also used in the modern literature on human resources management. A number of researchers [17; 27; 37; 39; 40; 42] refer to organisational culture as corporate culture in their works. What is corporate culture? Corporate culture is the philosophy and ideology of organisations united into a corporation [57]. It combines the organisational cultures of its divisions and has a greater impact on the external economic, political, social and cultural environment. HR managers and employers should prioritize fostering a strong corporate culture.

The combination of components for determining the content of the company's organizational culture is presented in Fig. 1.1.

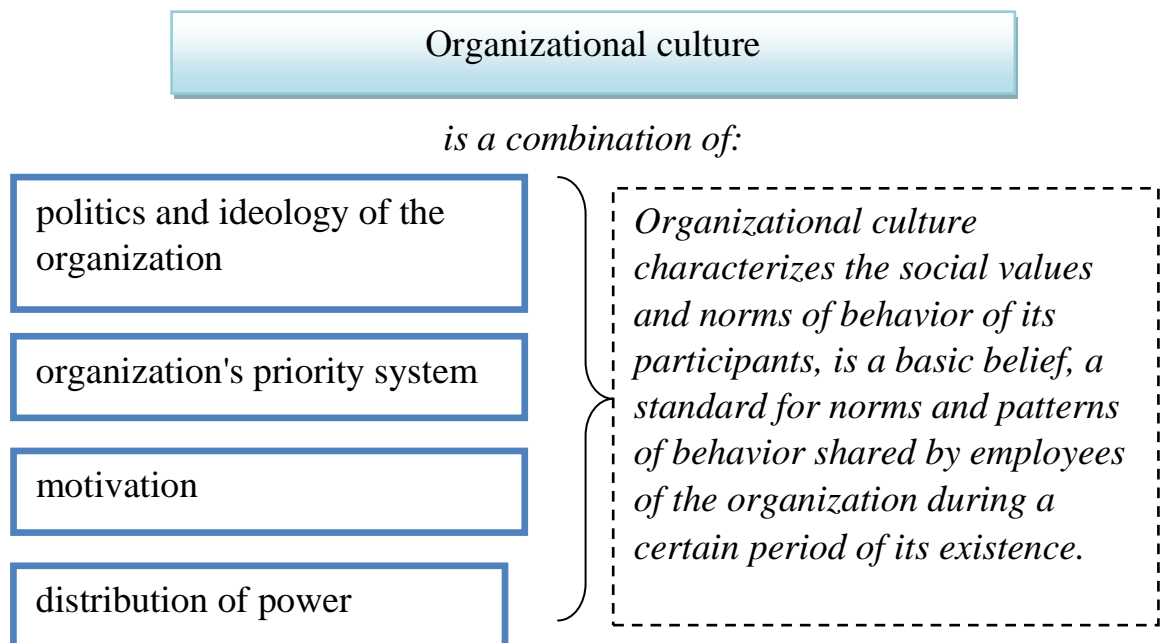


Fig. 1.1 – A combination of components to determine the content of the company's organizational culture

Source: developed by the author based on [15; 27; 28; 35; 48]

In recent years, managers have increasingly raised the issue of the need to create a high culture in an organisation, which has a proper scientific basis.

The culture formed in organisations has a significant impact on management decisions and virtually all processes of the enterprise. The management of powerful global companies sees the reasons for success in the creation of strategic competences. It is the organisational culture that ensures the formation of a set of unique conditions (Fig. 1.2).

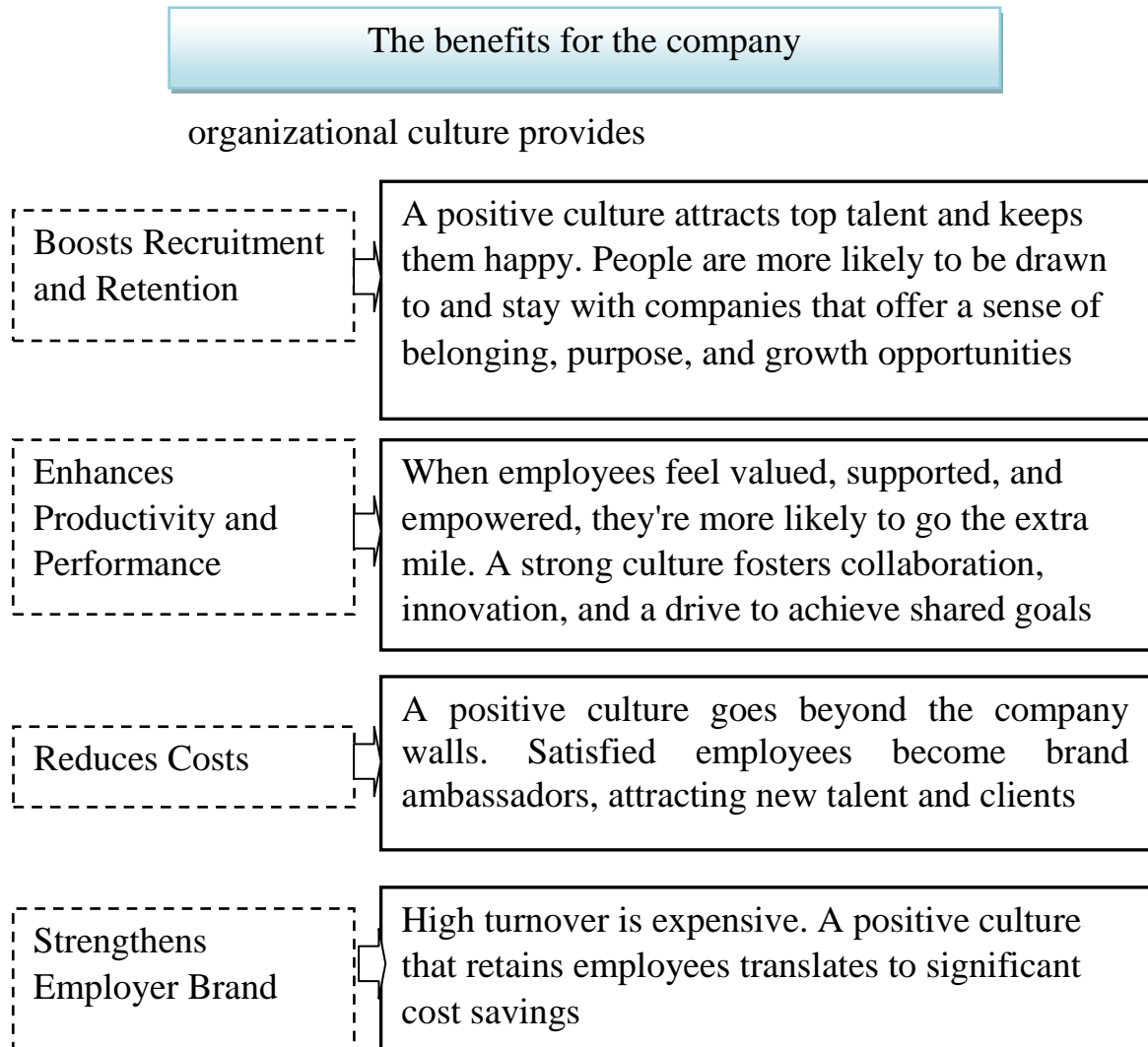


Figure 1.2 – The benefits that the organizational culture provides for the company

Source: systematized by the author based on [5; 50; 51; 52; 58]

If the company already has an awareness of the need to develop an organisational culture, the main issues that should be addressed in the first place are listed below:

- 1) constituent elements,
- 2) management subsystems,
- 3) methods of formation,
- 4) impact on all functional areas of the company (Fig. 1.3).

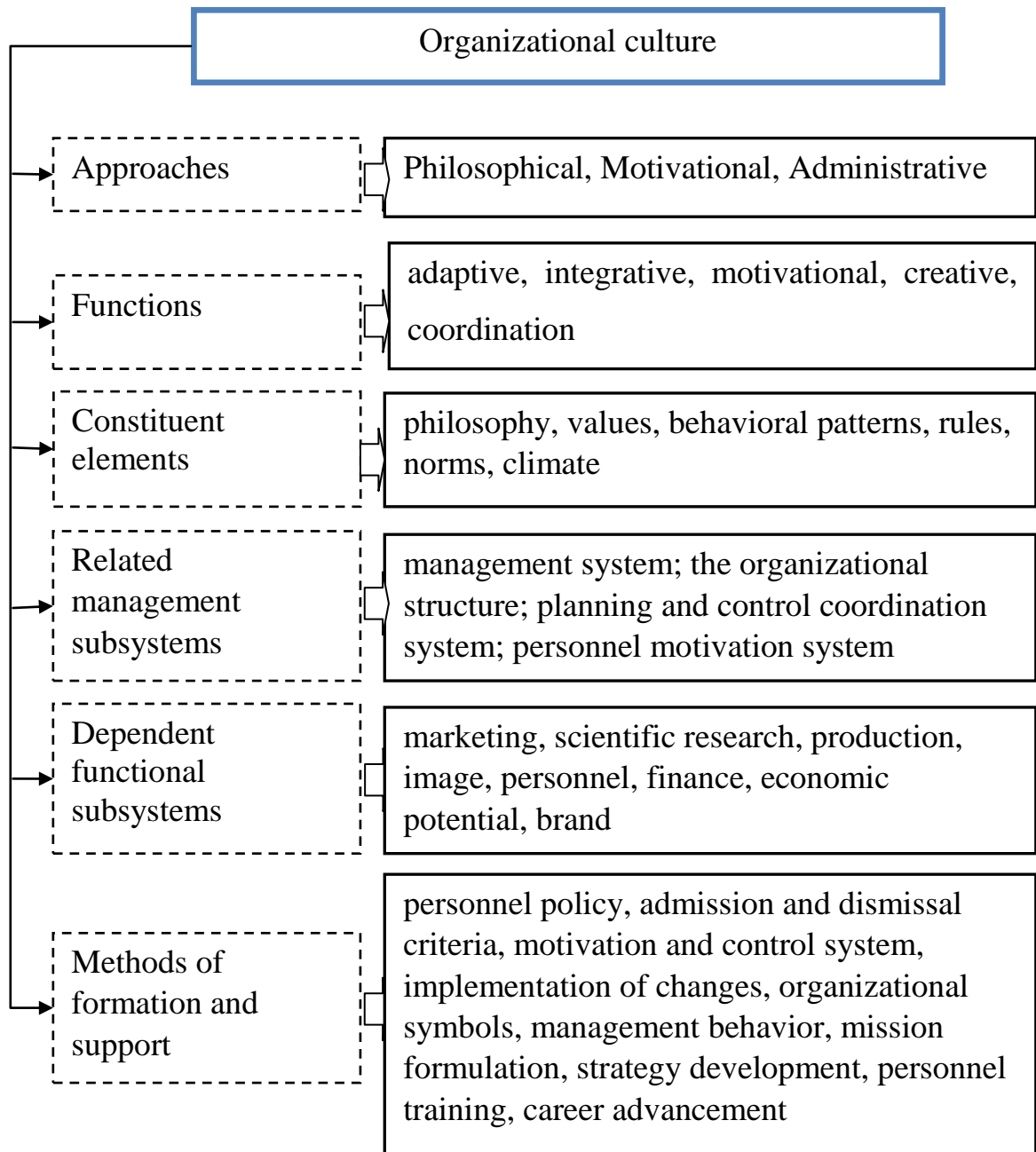


Figure 1.3 –Basic elements of the concept of organizational culture

Source: developed by the author based on [59; 60; 61; 65; 71]

What is the importance of culture to your company? The answer to this question was the subject of a study conducted by the Achievers Workforce Institute. The results are in Figure 1.4.

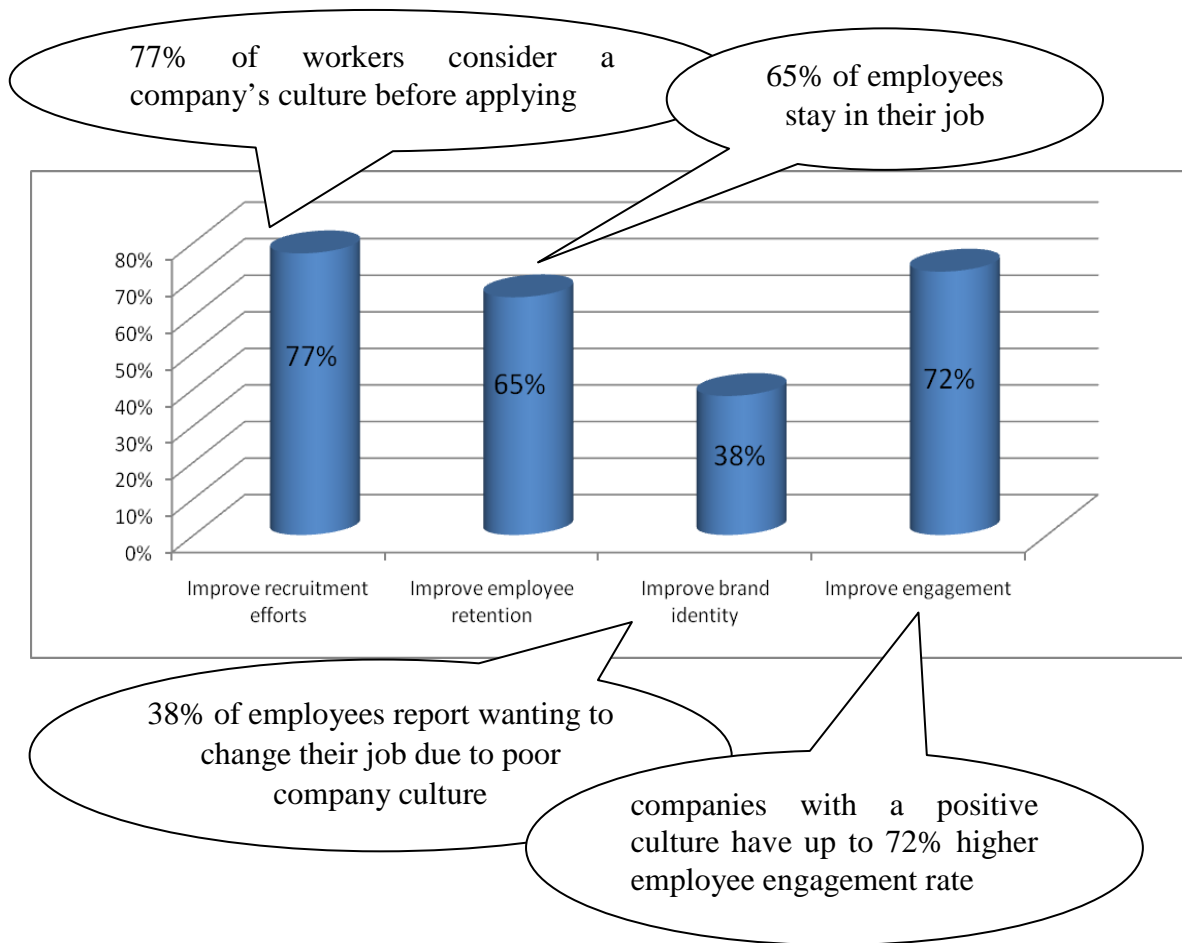


Fig. 1.4 – The results of an expert survey on the importance of organizational culture, conducted by the Achievers Workforce Institute

Source: presented by the author based on [1]

The core values and purpose of General Motors, Hewlett Packard, Toyota, Procter and Gamble, Sony, Motorola remain unchanged, while the strategy and business practices adapt and change. Toyota uses the image of a tree to illustrate its vision: the roots are the corporation's values; the constant growth of branches upwards is an effort to expand the business; the fruits reflect the production of better and better cars and the enrichment of life and local communities; the trunk is a stable material and technical base of the business.

As the trunk of the tree grows larger and stronger, it is able to support more branches – creating better and better machines. The tree of the Toyota company is a trajectory to sustainable growth, based on the root system, which is understood as

the organizational culture. Salesforce puts corporate culture front and center and has experienced incredible growth throughout its history. Marc Benioff, Salesforce's founder and CEO, established philanthropic cultural norms that have guided the company over the past two decades. All new Salesforce employees spend part of their first day volunteering and receive 56 hours of paid time to volunteer a year. This focus on meaning and mission has made Salesforce one of the best places to work in America according to Fortune, and it hasn't compromised profits either: Salesforce's stock price has surged year after year at an average of over 26% annually to date. It is important to note that when summarizing the corporate culture of the world's leading corporations, it is appropriate to single out such ones (Fig. 1.5).

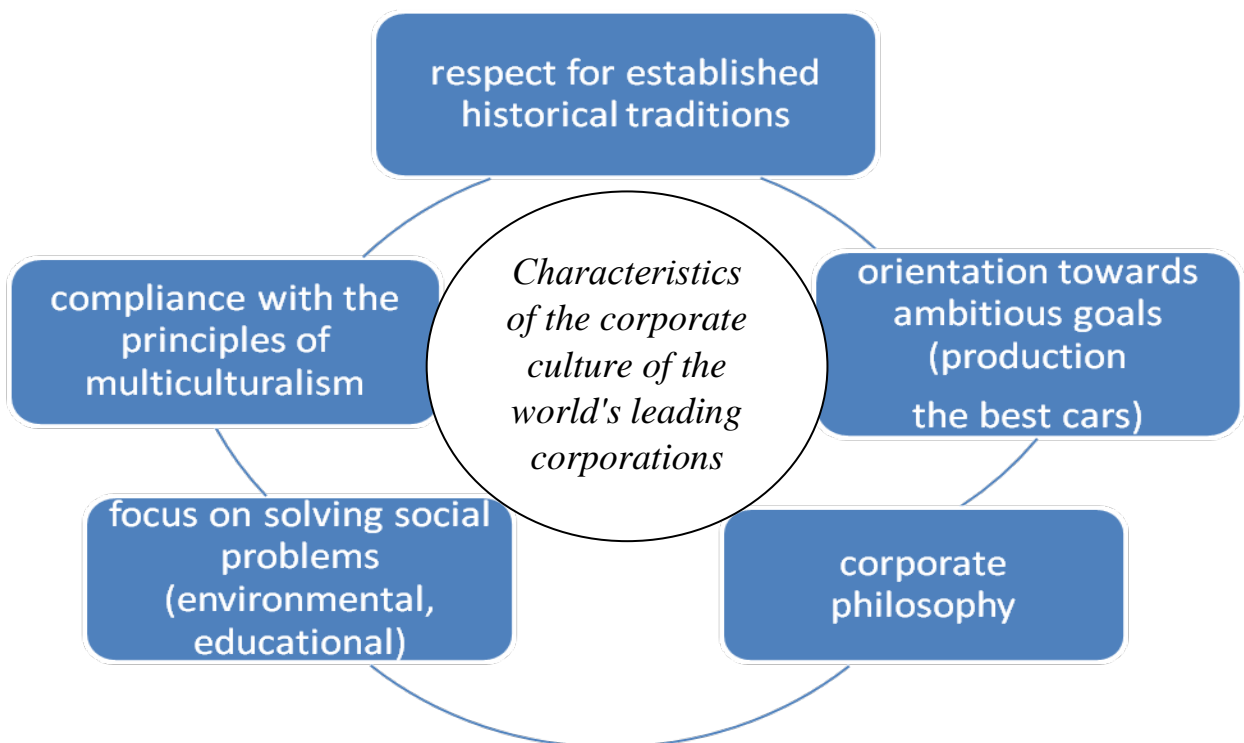


Fig. 1.5 – A scheme that reflects the relationship and composition of the general characteristics of corporate culture implemented by the world's leading corporations

Source: developed by the author based on [23; 66]

Organizational culture is laid in the subconscious of employees and determines the style of their behavior, forms the "soul" of the organization.

In order to better understand the patterns of development of organizational culture of any company, as well as approaches to managing the formation of organizational culture, it is necessary to take into account its constituent elements.

Lunenberg K.F. defined the elements of organizational culture, which are grouped in Figure 1.6.

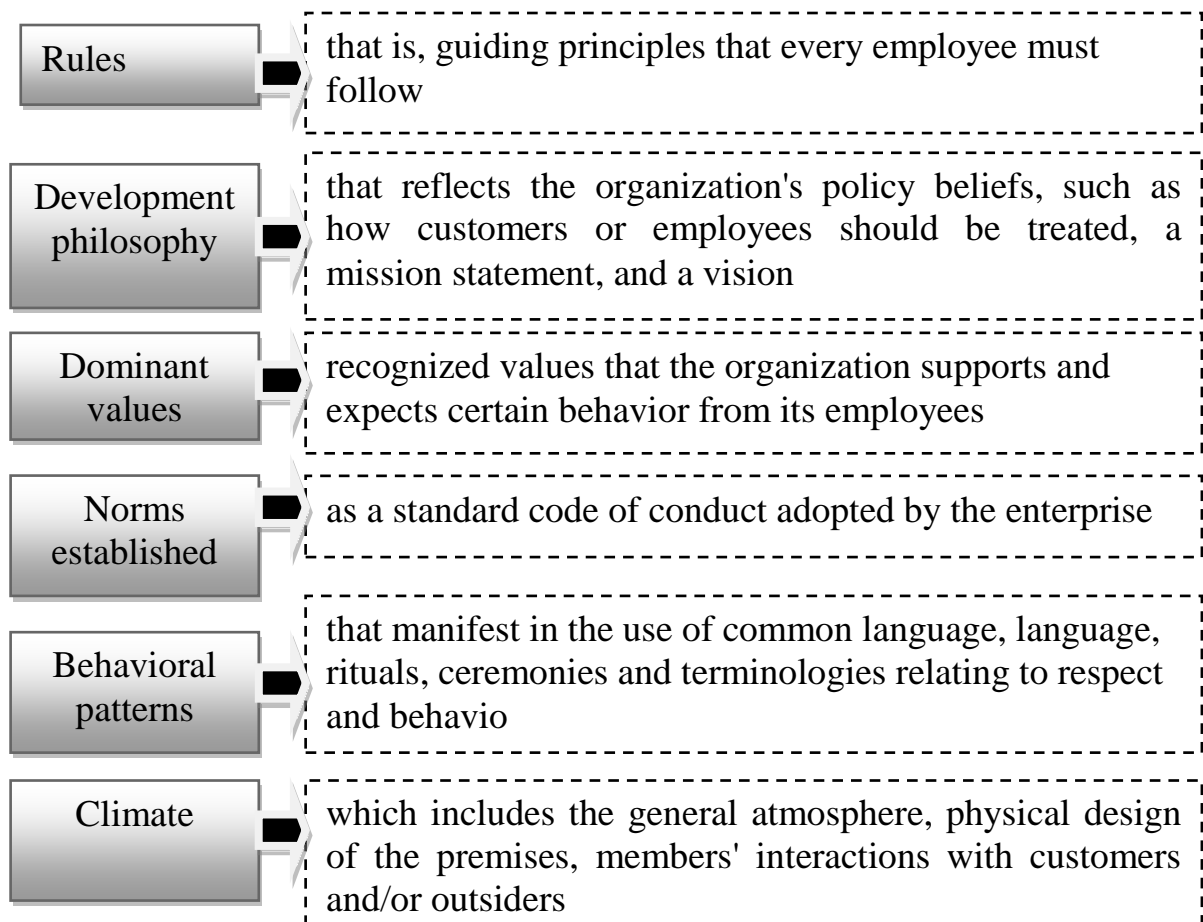


Fig. 1.6 – Elements of organizational culture grouped by Lunenburg O.F.

Source: [43]

Culture is a key advantage when it comes to attracting talent and outperforming the competition.

Culture is a key advantage when it comes to attracting talent and staying ahead of the competition. Therefore, successful companies are defined as the best employers. There are several ratings in the world: the best employers, the best steak holders and others. The companies recognized as the best employers in 2021 according to the HeadHunter version are presented in table 1.3.

Table 1.3 – The best employers according to the HeadHunter’s version

Place in the rating	Company	Industry	Country
1	Alphabet	Computer Services	USA
2	Microsoft	Software & Programming	USA
3	Red Hat	Software & Programming	USA
4	Apple	Computer Hardware	USA
5	SAP	Software & Programming	Germany
6	Costco Wholesale	Discount Stores	USA
7	Contemporary Amperex Technology	Software & Programming	China
8	Cisco Systems	Communications Equipment	USA
9	Neste	Oil & Gas Operations	Finland
10	Amazon	Internet & Catalog Retail	USA

Source: developed by the author based on [23; 66]

The experience of foreign companies shows that companies characterised by a high level of organisational culture have remained effective for many decades and have won in the competition. High culture is the result of hard work to develop the spirit of the corporation among all levels of stakeholders.

1.2 Formation and development of organizational culture in the focus of scientific research

Scientific research in the field of company culture management proves that it is formed either consciously as a result of individual and purposeful actions of leading employees or arbitrarily under the influence of social processes.

Corporate cultures are constantly self-renewing and slowly evolving: What people feel, think, and believe is reflected and shaped by the way they go about their business. Formal efforts to change a culture (to replace it with something entirely new and different) seldom manage to get to the heart of what motivates people, what makes them tick.

The most important role in shaping the culture of an organisation or corporation is the implementation and execution of a corporate social responsibility strategy. Why: Because organisational values and corporate integrity are important for the company's operations.

The focus of scientific research on organisational culture is on the study of principles. Among the main principles, we have identified the following: 1) absolute voluntariness; 2) mutual moral (material) benefit; 3) comprehensiveness (balanced internal and external social policy of the enterprise); 4) systematicity (standards); 5) duration (constant socially oriented activities, including in long-term projects); 6) significance (investment of necessary funds and resources and obtaining a real social effect); 7) development of partnerships; openness and publicity (transparency of companies' activities in terms of using funds for social projects with the use of social audit); 8) targeting of social support; 9) variety of forms, methods and directions of policy implementation depending on the financial condition of the company.

Based on the scientific literature and the results of our own research, the key elements of corporate social responsibility are presented in Figure 1.7.

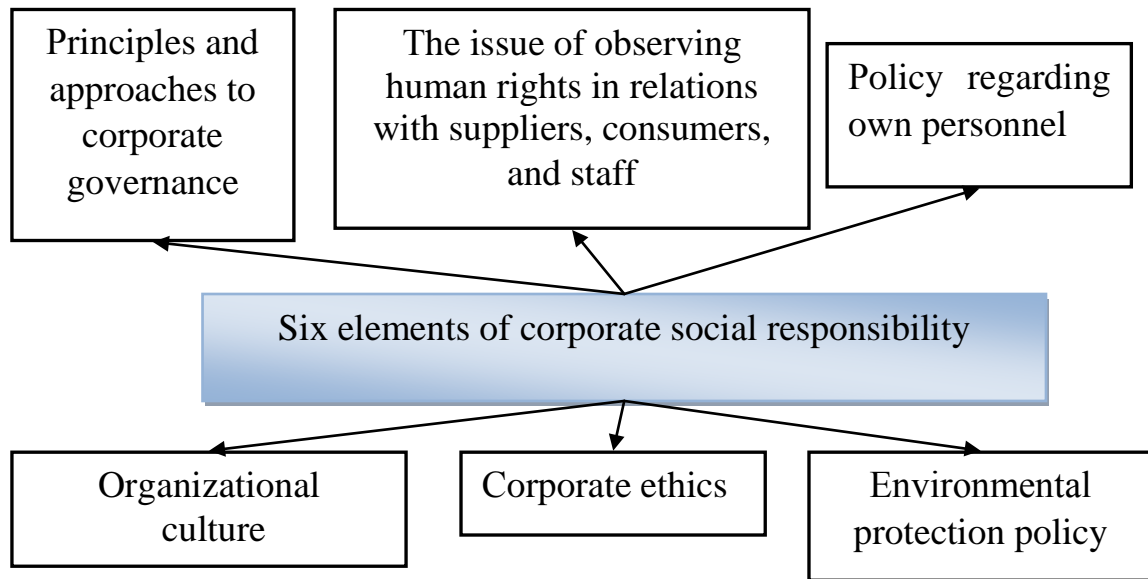


Fig. 1.7 – Six elements of corporate social responsibility

Source: developed by the author based on [4; 6; 8; 10; 21; 36; 67]

Six key elements have been identified. And these elements influence the process of culture formation in the company. In this study, the characteristics of the process of organisational culture formation are given. The main ones are as follows.

First, it is a complex and multi-level process that takes a long time;

Secondly, this process requires recognition of the need at the top management level and the establishment of traditions within the firm's basic policy;

Third, it requires the implementation of modern management principles and models and the abandonment of outdated approaches.

A new culture-building approach is already in place at some organizations, one in which everyone in the organization is responsible. Importantly, this model doesn't relegate culture-building to an amorphous concept that everyone influences but no one leads or is accountable for. Shared responsibility for culture throughout an organization involves different people and functions within the organization playing different roles in developing and maintaining the culture.

At many organizations there is a gap between the existing culture and the “desired” culture — the culture needed to support and advance the company’s goals and strategies. In a new culture-building model, everyone is responsible for cultivating the desired culture.

We have noted that organisational culture can be formed spontaneously. Given these initial conditions, the study notes the following main stages of this process.

Stage 1. Organisational culture exists in the form of basic rules (fulfilment of obligations, maintaining interest in self-development, joining forces, ensuring team cohesion, etc.)

Step 2. Teams are formed. Interaction between team members is based on the principles and values that even new employees adhere to.

Stage 3. A comprehensive and systematic vision of the organisational culture is formed, corporate documents are organisationally and formally integrated and distributed to the company's departments.

If the formation of a company's culture is a purposeful process managed by managers, the stages of its formation are shown in Fig. 1.8.

These factors influence organisational culture:

1. External factors. In particular, the type of environment (national culture, value system of society and communities in the region, local value system, management culture traditions, market conditions, products and technologies, industry).

2. Internal factors. In particular, the characteristics of the organisation (its history, size, leadership, administrative system, policy and strategy, procedures and management structure) and the characteristics of the participants (values, attitudes, education, gender, age, work experience, life experience, emotional ties).

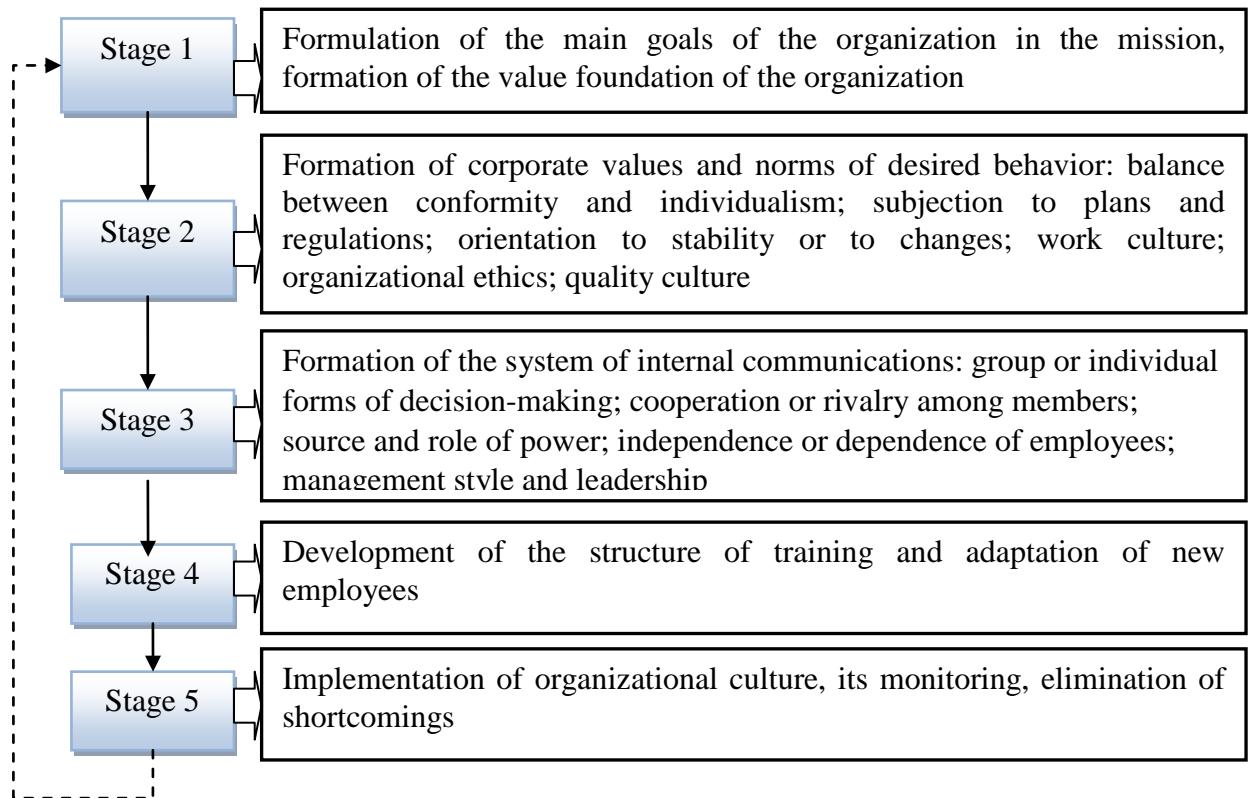


Fig. 1.8 – Stages of culture formation in the company to ensure the mechanism

Source: systematized by the author based on [14; 17; 69; 70]

Very often in their research, scientists discuss the levels of formation of corporate culture (Figure 1.9).

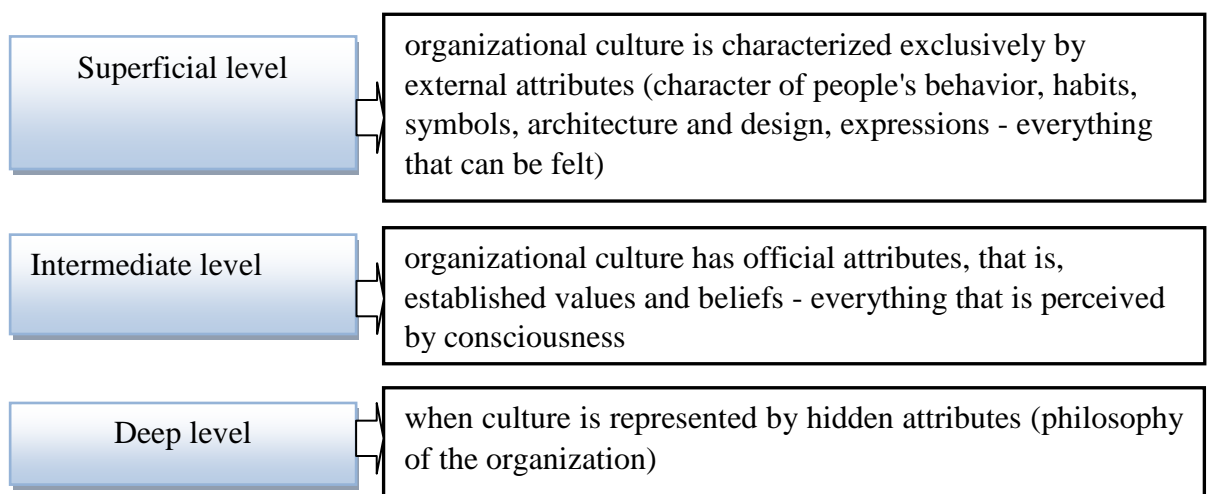


Figure 1.9 – The levels of formation of corporate culture

Source: systematized by the author based on [14; 17; 69; 70]

Culture is created through consistent and authentic behaviors.

The cultural values of many successful corporations are shown in Fig. 1.10.

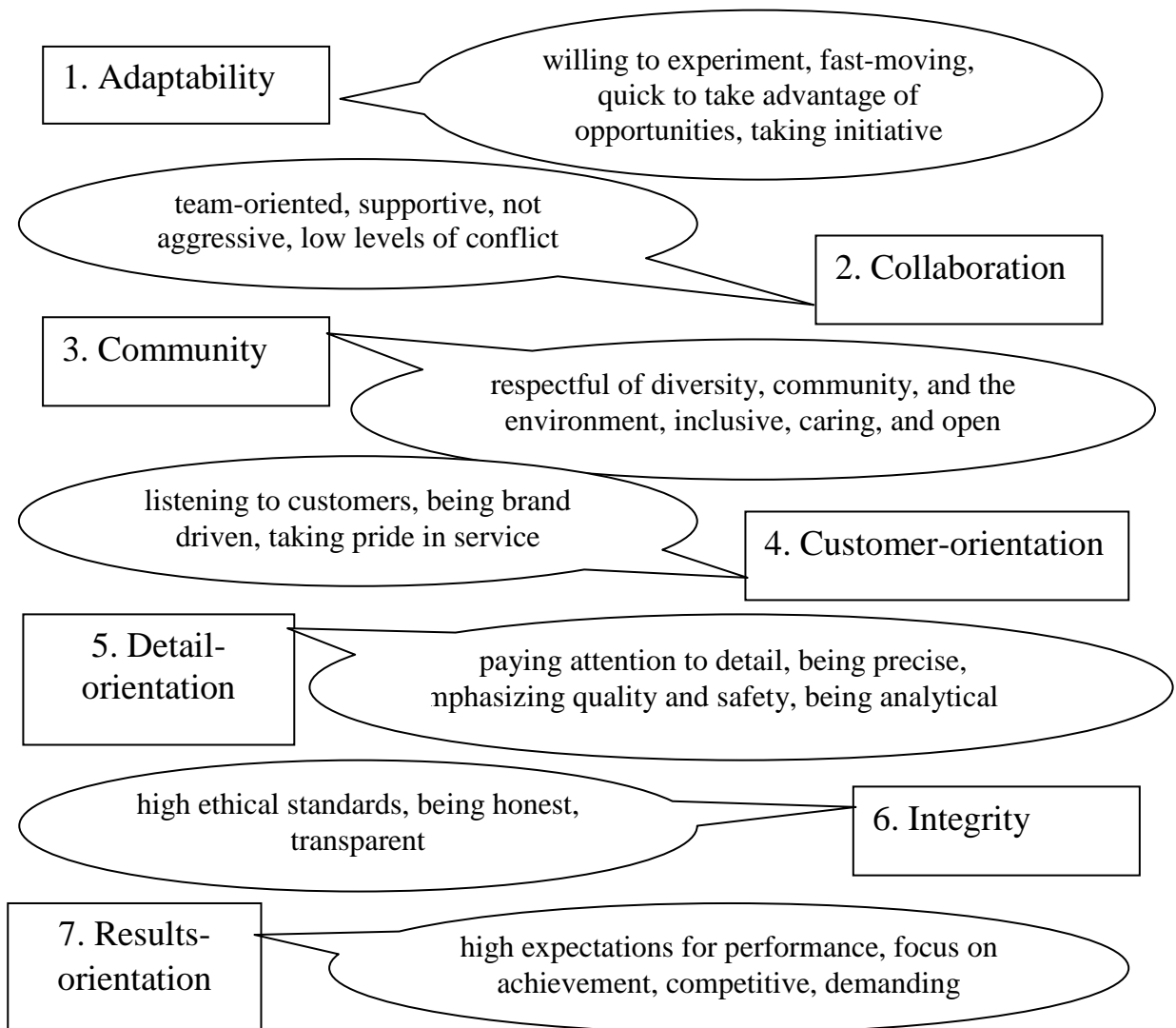


Fig. 1.10 – The seven cultural values

Source: systematized by the author based on [31; 32]

A American sociologist Handy C. proposed a classification of types of organisational culture based on the system of distribution of power, authority and responsibility (Table 1.4).

Table 1.4 – Classification of organizational types cultures (by Handy C.)

Type of organisational culture	Main features
"Culture of power" ("Culture of Zeus")	The leader, his or her personal qualities and abilities play a special role. Organisations usually have a rigid hierarchical structure. There is a single, clearly defined decision-making centre. This culture becomes extremely unstable when the leader has problems. The organisation becomes feverish if the charismatic leader is unable to cope with the problems
"Role culture" ("Apollo culture")	It is characterised by a strict functional division of roles and specialisation of areas. Organisations operate on the basis of a system of rules, procedures and standards of performance, which must be followed to ensure their effectiveness. There is a clear specialisation, with well-defined individual functions performed by individuals and groups within the organisation
"Task culture" ("Athena culture")	It is typical for design organisations, companies focused on the design and production of new products and products, and a working group is created for each task. It is formed in cases where the activities of an organisation or unit are associated with the need to solve problems that only qualified professionals can handle
"Personal culture" ("Dionysus culture")	An organisation with this type of culture brings people together not to solve problems, but to achieve their own goals. Power is based on proximity to resources, professionalism, strength of personal qualities, abilities and talents, and the ability to negotiate. Power and control are coordinating in nature. Characteristic of professional organisations (law firms, associations of writers and artists, consulting companies)

Source: systematized by the author based on [35]

Handy C. notes that all types of cultures can be traced in one organisation in the process of its evolution. Thus, at the stage of inception, the culture of power prevails, - the role culture prevails at the growth stage, the task culture or personality culture is characteristic of the development stage. The decay stage is characterised by any of the four types of cultures.

1.3 Key indicators and important characteristics for assessing organisational culture

The most important area of research on the concept of organisational culture is understanding the manifestations of its impact on the performance of a firm, which is complex, multifaceted and multidimensional and has numerous manifestations. Scientists have been studying the impact of organisational culture on company performance for a very long time. One of the earliest studies that examined the relationship between organisational culture and organisational performance is presented in the scientific works of Peters T. and Waterman D. (1982). Peters T. and Waterman D. received confirmation of the scientific factor that there is a connection between a certain type of strong culture and the aggregate financial performance of the company. Later, J. Kotter and J. Heskett (1992) confirmed this relationship. By the way, in their study, J. Kotter and J. Heskett found that the type of company culture affects its efficiency [39].

The researchers Deal T.E. and Kenedy A.A. deepened the work of Kotter J. and Heskett J. They formed the consequences that organisational culture has on performance [17]. These effects are as follows: communication effect, decision-making effect, trust effect, stress effect, conflict effect, alienation effect, motivation effect, organisational change effect. In addition, involving employees in decision-making increases employee satisfaction and strengthens loyalty.

To confirm the results, expert assessments are given. According to John R. Graham, ninety-two percent of the North American executives believe that improving corporate culture would increase firm value. A striking 84% believe their company needs to improve its culture [27].

In the context of the study of the correlation between organizational culture and the company's efficiency, the factors that determine the strength of the organizational culture itself are supplemented (Fig. 1.11).

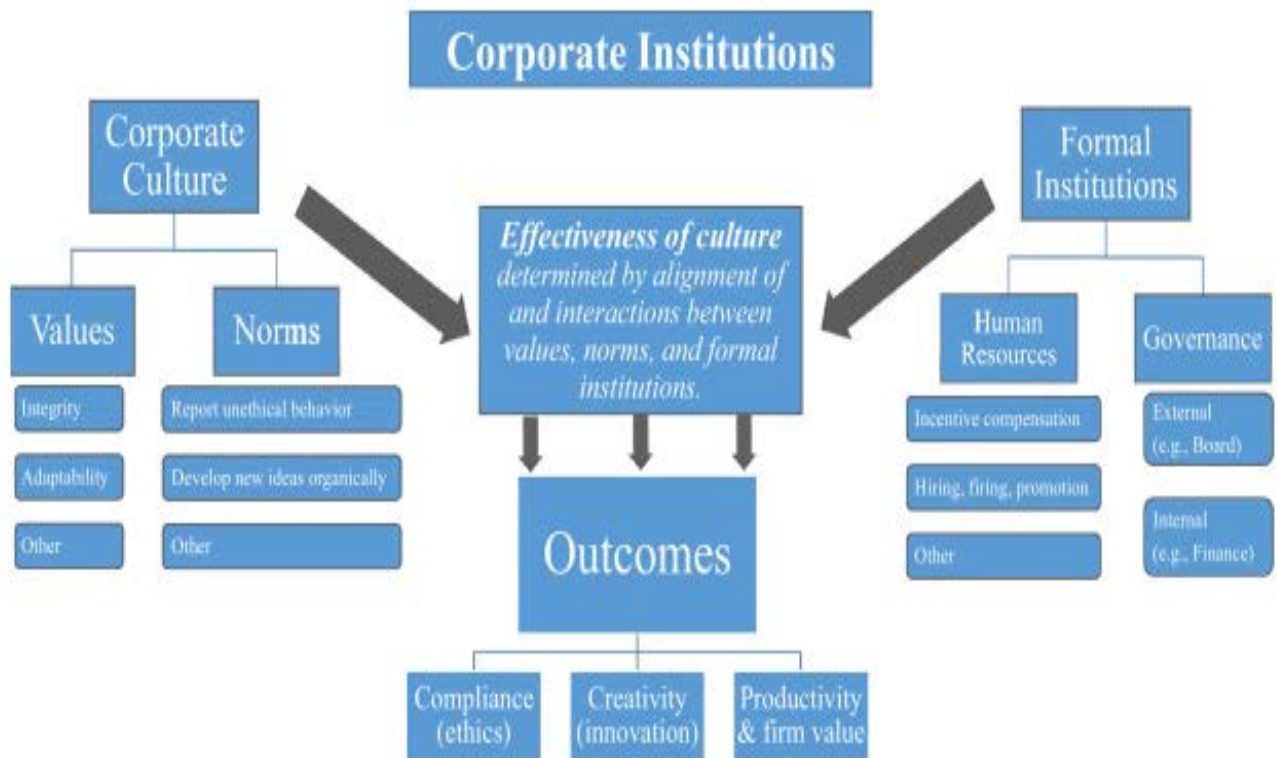


Fig. 1.11 – Diagram linking corporate culture to outcomes (According to Nikpour & Nyeadi)

Source: systematized by the author based on [50; 52]

Examining conditional correlations within the context of the framework in Fig. 1.11, that formal institutions such as governance and compensation can either reinforce or work against corporate culture.

We define corporate culture as an informal institution comprised of cultural values and cultural norms. The values and norms characterize the structure in place that guides employees actions when they face unforeseen contingencies. A cultural value represents an ideal state of behavior such as integrity or adaptability. Cultural norms are the day-to-day living out of the cultural values via the typical patterns of conduct. An effective culture is one that promotes the behaviors needed to successfully execute the firm's strategies and achieve its goals. The effectiveness of culture is determined by alignment of and interactions between values, norms, and formal institutions.

Due to the systemic nature of the values formed, organisational culture determines the behaviour of employees in working circumstances and situations, which affects the process of effective management and efficient operation of the organisation.

In addition to culture potentially being an important source of firm value in mergers, theory indicates that corporate culture also relates to firm value via routine corporate actions (Fig. 1.12).

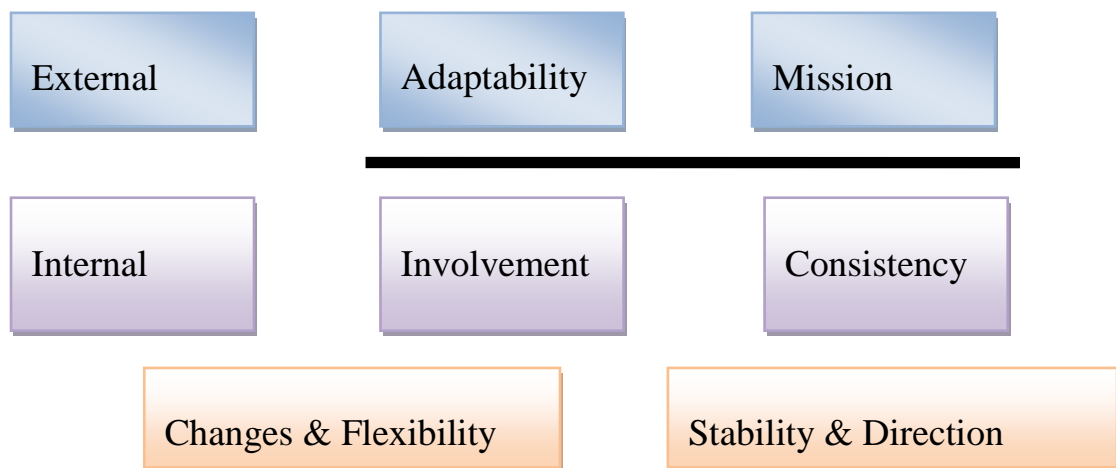


Fig. 1.12 – Denison's model of culture and effectiveness

Source: systematized by the author based on [19]

The direct dependence of an organisation's performance on its culture results from the fact that the values and relationships within the company remain relatively constant even in the face of certain changes or in an unstable external environment. Thus, the organisation's management is able to make effective decisions quickly, solve complex problems, and the organisation has a high ability to adapt to changes.

Experts, who have studied the factors that led to the success of Microsoft emphasise that its main secret is to create a successful corporate environment imbued with a creative spirit, flexible management philosophy and reliance on teamwork.

This environment is built on the culture of interaction between the participants in the business process, on the culture of their interpersonal communication. The same can be said of Honda, Motorola, Wal-Mart, Hewlett-Packard, McDonald's, General Electric, and others. The success of these organisations is determined by values rather than attitudes to market forces; by the precepts of personal quality rather than by gaining positions in the competition; by the concern for understanding the situation rather than by the problems of resource advantage. It is determined that the main value is a person and all attention should be paid to him or her. There is a constant practice of encouraging the individual, creating conditions for his or her self-improvement and self-development, which contributes to the formation of a 'sense of involvement' in all company affairs. Managers of these companies reduce the degree of collective uncertainty, create public order, foster a sense of corporate identity and commitment to the common cause, and nurture the organisation's mission. Therefore, in such companies as Sony, Toyota, Nissan, the staff turnover rate is only 1.5-2% (while the average annual staff turnover in Japan is 3.5% and in America - 26% [66]).

Through a review of past literature, that existing research on the impact of corporate social responsibility on financial performance has often focused on its short-term effects (financial performance) and has lacked attention to long-term performance (brand value). In fact, in some cases, the long-term benefits of corporate performance (brand value) has far outweighed the short-term business performance (financial performance) [5; 15; 35; 47]. Additionally, existing research on the impact of corporate social responsibility on business performance has primarily focused on developed countries and overlooked developing countries.

To assess organizational culture, scientists suggest using a number of methods that differ significantly in terms of content, composition of methods, and level of complexity (Table 1.5).

Table 1.5 – The main components in the characteristics of the evaluation methods of the organizational culture of the enterprise

Name	Characteristic	Advantages/disadvantages
"Clinical research" method (author Shane E [69])	The analysis is carried out on three levels: visible artifacts and declared values, rules and norms of behavior; basic concepts	The advantages of using this technique include very high accuracy, reliability and the possibility of using the research results in direct work. Difficult points are the relative length of the study, its time-consuming nature and the need for a large number of employees to be interested in the changes
OCAI model (authors K. Cameron and R. Quinn) [10]	The model is based on the theoretical model "Framework of Competing Values". The main idea of OCAI is the formation of two profiles: "as it is" and "as it should be", as a result of determining inconsistencies, the necessary directions for making changes in the organizational culture are formulated.	The disadvantage of using the OCAI method is its excessive universality, which affects the possible study of only the symptoms, but not the causes of one or another employee behavior
Methodology of Post and Koning [38]	When tallying the results, the positive responses are added to the inverted negative responses, forming an overall rating for each parameter.	The strength of this measurement method is its high statistical reliability. Weaknesses of the methodology have not been clearly identified at the moment
The OCP model (authors O'Reilly, Chatman and Caldwell) [54]	The analysis is carried out by direction. The three directions reflect the attitude to work. Two directions - team spirit and respect for people. And two additional parameters describe the norms of personal actions - orientation towards interaction and aggressiveness	It allows evaluating only external manifestations, often without delving into the true reasons for the emergence of the corresponding organizational culture
OSC method (authors S.R. Glaser, S. Zamanou, K. Hacker [28])	Organizational Culture Survey (OCS) - 6 parameters of organizational culture are used for analysis, which include: teamwork; morality; information flows; participation in management; CONTROL; collection	The advantage is that surveys are conducted with each employee individually in a designated place at a specified time, which positively affects the reliability of the methodology

Source: systematized by the author based on [10; 28; 38; 54; 69]

Let us consider the features of the presented quantitative and qualitative assessment methods (table 1.5). Although qualitative analysis is rich in detail, it has at least two weaknesses. Firstly, the attributes identified at one stage of the study may not be useful at another stage, and secondly, it is impossible to trace a clear link between cultural attributes and their impact on the company's performance.

On the other hand, quantitative methods allow you to assess only the external manifestations of a given organisational culture and do not allow you to assess the real causes of its emergence. However, quantitative methods can be used to make comparisons between the cultures of different companies. Quantitative methods are suitable for a wide range of research. Therefore, it is advisable to use a combination of methods for a comprehensive assessment of a company's corporate culture. It is important to base your research on empirical evidence.

The use of quantitative and holistic methods will allow you to fully assess the company's culture and provide a basis for improving management methods.

Conclusions to the Section 1

In this section, the theoretical foundations and categorical apparatus of organisational culture formation are clarified. Generalisation of the conceptual foundations of formation of organisational culture allowed identification of main stages and prerequisites of its introduction and qualitative support at an enterprise. A morphological analysis of the concept of 'organisational culture' has been carried out and the actual definition of organisational culture has been formulated.

Modern concepts define organizational culture as an effective and efficient factor that ensures competitiveness. Therefore, ensuring a strong and high-quality organizational culture is an important link in the purposeful work of management

and company owners. What is confirmed in this section by the analysis of the practice of successful global corporations.

Today, many approaches to defining the concepts of "organizational culture" and "corporate culture" have been proposed, which only complement and detail previous work. This is due to both the different emphases of researchers and the spread of these concepts not only in scientific circulation, but also in the everyday economic activities of companies.

Identification of components, analysis of existing types and models of organisational culture allowed to establish appropriate links between them. The analysis of the essence of different types of organisational cultures also allowed us to substantiate the relationship between organisational culture and economic performance.

This section proves that organisational culture has a significant impact on the performance and efficiency of the organisation as a whole. Organisational culture can influence both the current performance and the long-term prospects of companies.

SECTION 2

ANALYSIS OF ORGANIZATIONAL CULTURE AND ASSESSMENT THE IMPACT ON THE EFFICIENCY OF SHANDONG LUKANG PHARMACEUTICAL CO., LTD

2.1 Analysis of the business environment and factors affecting the performance of Shandong Lukang Pharmaceutical Co., Ltd

Shandong Lukang Pharmaceutical Co., Ltd is a large scale state-owned Biopharmaceutical enterprise. Shandong Lukang Record Pharmaceutical Co., Ltd. is one of the three largest manufacturing bases of antibiotic raw material in China and the sole manufactory which owns three antibiotic anlage product line. Company has the predominance of R&D, production and international cooperation resources, and already built up the good cooperative relation with many business enterprises. Legal address: No. 518, Lianhuashan Road, Xintai City. Office address: No. 518, Lianhuashan Road, Xintai City (Fig. 2.1).



Fig. 2.1 – The front page of the company's website

Source: <https://www.lkpc.com/>.

Previously, the company was called Jining Antibiotic Factory, and then changed its name to Shandong Lukang Pharmaceutical Co.,Ltd. in October 1993. Shandong Pharmaceutical Company Lukang Pharmaceutical Co.,Ltd. was founded in 1966 and is based in Jining, China.

Lukang Pharmaceutical is the vice president of the China Chemical Pharmaceutical Industry Association, the China Pharmaceutical Enterprise Management Association and the Shandong Pharmaceutical Enterprise Management Association.

The company is a national high-tech enterprise, a technology center enterprise of Shandong Province, a hidden champion of small and medium-sized enterprises of Shandong Province, a specialized and special new enterprise of Shandong Province.

The company offers active pharmaceutical ingredients for humans and animals; preparations for humans and animals; biopesticides; herbal medicines; and amino acid. It is also involved in wastewater treatment, odor control, treatment plant management, production and sales of environmental protection materials, and water drainage management. The company exports its products to approximately 40 countries in Asia, Europe, Africa and the USA.

Company has strong development potential in the technique, produce, sale, service etc. The company which favorably passes China GMP, ISO9000, ISO14001, has competitive production capability and owns strong technique of new product. The company will focus on researching and developing the new semi-synthesis antibiotics product and new series resins, manufacturing coenzyme q10 and Ticarcillin Disodium. Shandong Lukang Pharmaceutical Co Ltd will do more in research and development of the anticancer API and the very important intermediates of anti-AIDS API.

Main products: The company has 136 manufacturing license numbers (including: 28 high-volume injectables, 31 low-volume injectables, 2 APIs and 75 oral solids. Product lines include clinical categories including cardiac vascular system, endocrinology, systemic drugs). - infectious, hormonal, antipyretic,

analgesic and anti-inflammatory, digestive system, neurological, antipsychotic, orthopedic, hepatic, anti-cold, vitamin, cerebrovascular. The company has strict quality management, the entire production process strictly follows the requirements of Good Manufacturing Practice (GMP). business processes strictly adhere to the requirements of the pharmaceutical business quality management standard (GSP), provide products that comply with regulations, improve customer service and strictly adhere to business ethics.

The world pharmaceutical market shows a growing trend. especially with the onset of the COVID-19 pandemic. The impact of the pandemic on medicine use has been highly varied, including both surges in usage of chronic medicines, referred to as stockpiling, and then returning to a more normal trend, with the average for developed markets at baseline volumes by the end of 2023 (Fig. 2.2).

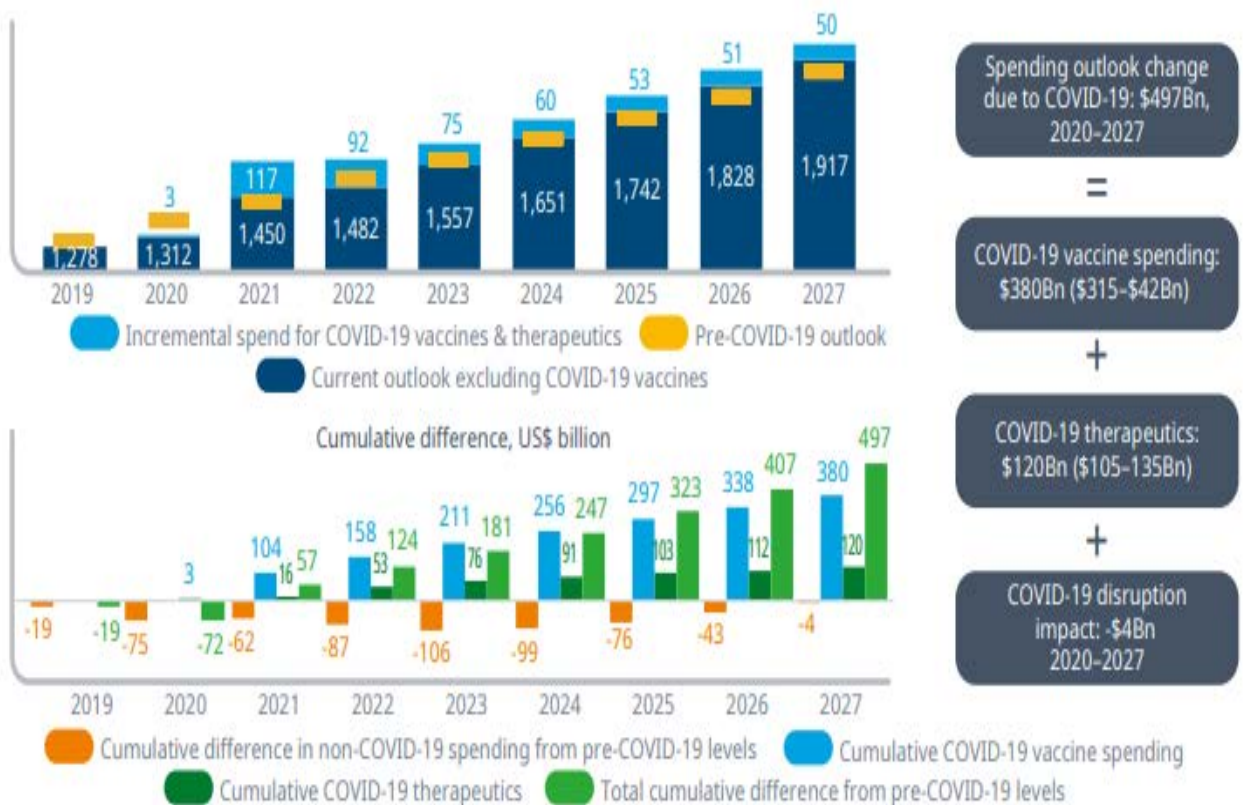


Fig. 2.2 – Changes in the historical and projected global medicine spending model due to COVID-19, 2019–2027, US\$Bn

Source: [72]

At the end of 2023, the world pharmaceutical market was estimated at 1.265 trillion dollars, which is 32.4 % more than the income in 2022, and by the end of 2025, the forecast estimate of the pharmaceutical market is 1.7 billion dollars (табл. 2.1) [73;74].

Table 2.1 – Geographical structure of the total global revenue of the pharmaceutical industry in 2023 (November)

Place in the rating	Country	Share in the structure of the world income of the pharmaceutical industry, %	The largest companies representing the country
I	USA	40	Johnson & Johnson, Pfizer, Eli Lilly, AbbVie, Merck, Bristol-Myers Squibb, Moderna, Amgen, CVS Health, Biogen
II	China	12	Sinopharm, Jiangsu Hengrui Medicine, BeiGene, Hansoh Pharma, Hualan Biological Engineering,
III	Switzerland	7.7	Roche Pharmaceuticals, Novartis, Lonza, CRISPR Therapeutics, Vifor Pharma
IV	Great Britain	6.2	Astrazeneca, GlaxoSmithKline, GW Pharmaceuticals
V	Germany	5.9	Merck KGaA, Bayer, BioNTech, Curevac, Evotec, Boehringer Ingelheim
VI	Japan	5.4	Takeda Pharmaceutical, Astellas Pharma, Eisai, Otsuka Holdings, kyowa Kirin, Shionogi, Ono Pharmaceutical, Sumitomo Dainippon Pharma
VII	Denmark	4.6	Novo Nordisk, Ascendis Pharma, Lundbeck
VIII	France	3.3	Sanofi, Les Laboratoires Servier
IX	India	2.4	Dr. Reddy's, Cadila Healthcare, Lupin Limited, Gland Pharma, Torrent Pharmaceuticals, Biocon, Alkem Laboratories, Abbott India, Laurus Labs
X	South Korea	1.7	Celltrion, Hanmi Pharmaceutical, Shinpoong Pharm

Source: systematized by the author based on [24; 73; 74]

Which pharmaceutical market is the largest? According to statistics, the US remains the largest pharmaceutical market (as of November 2023). The US generates about 40% of the total revenue of the global pharmaceutical industry. China ranks second. Its market share is 12%. Switzerland ranks third with a market share of 7.7%. Now to the value dimension of the pharmaceutical market. In 2023, the United States ranked first in the world in terms of pharmaceutical revenue (\$533.5 billion). By the way, the United States is a stable industry leader with a very significant gap from other countries.

China is among the countries with significant growth rates in the pharmaceutical market: almost 4.8% in 2023. During 2018-2023, the pharmaceutical market grew in India and Brazil by 10% and 11.3%, respectively. The average growth rate of the pharmaceutical market for the EU countries is about 5%, and for the US - 4.9%. This situation has led to a gradual shift of the pharmaceutical research environment from Europe to developing countries. These include China, India, Brazil and others.

Statistical data demonstrate a direct correlation between R&D and the success of pharmaceutical companies. In terms of numbers, we have the following data. For the pharmaceutical industry, research and scientific development is a key factor in the development and success of companies, which is why this industry shows one of the highest rates of investment in R&D in the structure of enterprise costs (it can reach 30%). Such gigantic investments are due to the cost of scientific and research works, which on average reaches 4.0 billion dollars. for research and development of a new drug, but sometimes it is 10 billion dollars. The more pharmaceutical companies invest in research and development, the more revenue they receive in the long run. Thus, the Swiss corporation Roche Pharmaceuticals invests about 25% of its revenues in R&D, Merck – 28%, Johnson & Johnson – 21% (table 2.2).

Table 2.2 – Performance indicators of the leading pharmaceutical companies in 2023

№	Company	Country	Economic indicators for comparison				
			Revenue, billion USD	R&D expenditures, USD billion	Share of R&D expenses as a percentage of revenue, %	Number of employees, people	Employee productivity, USD thousand/employee
1	Sinopharm	China	50.45	15.5	26.8	108316	465.767
2	Roche Pharmaceuticals	Switzerland	49.52	12,2	24,6	57373	863.124
3	Novartis	Switzerland	48.66	8,98	18,5	105794	459.950
4	Merck	USA	47.99	13,56	28,3	74000	648.514
5	AbbVie	USA	45.8	6,56	14,3	47000	974.468
6	Johnson & Johnson	USA	45.6	9,56	21,0	43000	1060.465

Source: based on [24; 72; 73; 77]

Shandong Lukang Pharmaceutical Co., Ltd has been successfully operating in the pharmaceutical market for a long time. The industries in which companies operate influence the formation of their organisational culture. This imposes specifics on their capabilities, creates obstacles and helps them gain market advantages. Companies operating in the pharmaceutical market have specific features related to external and internal communications. Relationships with customers are usually more long-term and intimate, as customers are actively involved not only in setting the task, but also in financing and testing the results.

Analytical approaches are used in the theory and practice of pharmaceutical marketing and logistics, which make it possible to assess the current state of

entrepreneurship and its development prospects, in particular, the SWOT analysis method. SWOT analysis is suitable both for the pharmaceutical enterprise as a whole and for certain types of entrepreneurship in order to substantiate planned marketing and logistics decisions. The main stages of developing the strategies of a pharmaceutical company based on a SWOT analysis are shown in table 2.3.

Table 2.3 – Matrix of SWOT-analysis for Shandong Lukang Pharmaceutical Co., Ltd

Strengths	strengths — opportunities SO- strategy	strengths — threats ST- strategy
I. Experience in the market	Participation in tenders, increase in market share	Ensuring the necessary production capacity
II. A wide, deep and diversified product range, including the presence of exclusive original drugs	Attracting the attention of possible customers	The formation of an assortment policy closely related to diversification in the direction of expanding the non-medical assortment
III. Long-term contracts with manufacturers, including foreign ones		Development of a pricing policy regarding the list of drugs subject to state regulation
IV. Wide range of service		Using geographic consolidation
V. A significant number of regular customers	Using the principles of portfolio theory for customer discrimination based on ABC analysis	
VI. Availability of e-mail, communication through Web sites	Automation of the sales system based on the installation of modules at permanent partners of the group	
Weakness	weakness — opportunities WO- strategy	weakness — threats WT- strategy
I. Decrease in market share	Attracting the attention of new customers by forming an optimal range of affordable medicines for different consumer segments, attracting the attention of new customers	
II. Insufficient level of personnel qualification	Implementation of the specialist training program	
III. Absence of a clear remuneration system	Optimization of the remuneration system based on the ranking of the company's job structure	
IV. High transportation costs	Transportation routing using special computer support, including electronic and digital road atlas .	Focusing on a specific geographic market (geographical focus)
V. Low level of inventory management system	Step-by-step implementation of individual modules of the Corporate Enterprise Management System, in particular regarding inventory management	

Source: systematized by the author based on [20; 26; 62; 73]

Based on the results of the SWOT analysis, we find that the pharmaceutical corporation under study has a number of strengths and opportunities in the pharmaceutical market. It can be offered specific strategies to potentiate these strengths and opportunities, provided that the impact of weaknesses and threats is taken into account and limited, which will provide competitive advantages for the company.

The main financial indicators of the company's work are given in table 2.4. (data collected from official sources (quarterly data) and converted into currency: dollar at the rate of 0.0752). (I period: September 30, 2023; II period: December 31, 2023; III period: March 31, 2024).

Table 2.4 – The main financial characteristics of the results of Shandong Lukang Pharmaceutical Co., Ltd

Indicator, US dollars	Periods for research			Absolute difference		Index, %	
	I	II	III	II-I	III-II	II-I	III-II
Total Revenue	370268.55	422732.43	462233.45	52463.88	39501.02	114.17	109.34
Gross Profit	88561.46	93810.49	113962.08	5249.03	20151.59	105.93	121.48
Operating Expense	70298.46	71770.49	84440.51	1472.03	12670.02	102.09	117.65
Operating Income	18263.00	22040.00	29521.58	3777	7481.58	120.68	133.95
EBIT	13438.85	18660.04	26481.67	5221.19	7821.63	138.85	141.92
EBITDA	36559.91	44838.84	55142.40	8278.93	10303.56	122.64	122.98

Source: systematized by the author based on [22; 68]

Net sales revenue increased by 47.28%. At the same time, the Total Revenue increased by 9.34%. The increase in operating profit (EBIT) composed 41.92%. The company's total assets increased by 3.25%, while the increase in total capital was noted at the level of 0.8%. Operating profit margin (ROS) increased by 1.07%. The net profit margin has not changed in relation to 2023. Return on equity (ROE) increased by 1.72%.

Dynamics of liquidity indicators are provided for a quarterly period (I period: September 30, 2023; II period: December 31, 2023; III period: March 31, 2024). The changes that took place are as follows. The term liquidity ratio is 0.69 at the end of 2024. Current liquidity is 1.08. The ratio of long-term debt to equity is 37.07%. The total turnover of assets is 0.67.

Next, we examined in detail the dynamics of the main financial indicators of the company. Comparison with the previous year (table 2.5, Fig. 2.3).

Table 2.5 – The dynamics of the main financial indicators of the company

Indicator, %	Rresearch period: 2021-2023			Absolute difference		Index, %	
	I	II	III	II-I	III-II	II-I	III-II
Profit Margin	4.09	4.12	4.27	0.03	0.15	100.73	103.64
Operating Margin	4.59	4.81	4.89	0.22	0.08	104.79	101.66
Return on Assets	1.77	1.81	1.88	0.04	0.07	102.26	103.87
Return on Equity	6.98	7.22	7.59	0.24	0.37	103.44	105.12

Source: systematized by the author based on [12; 22; 44; 79]

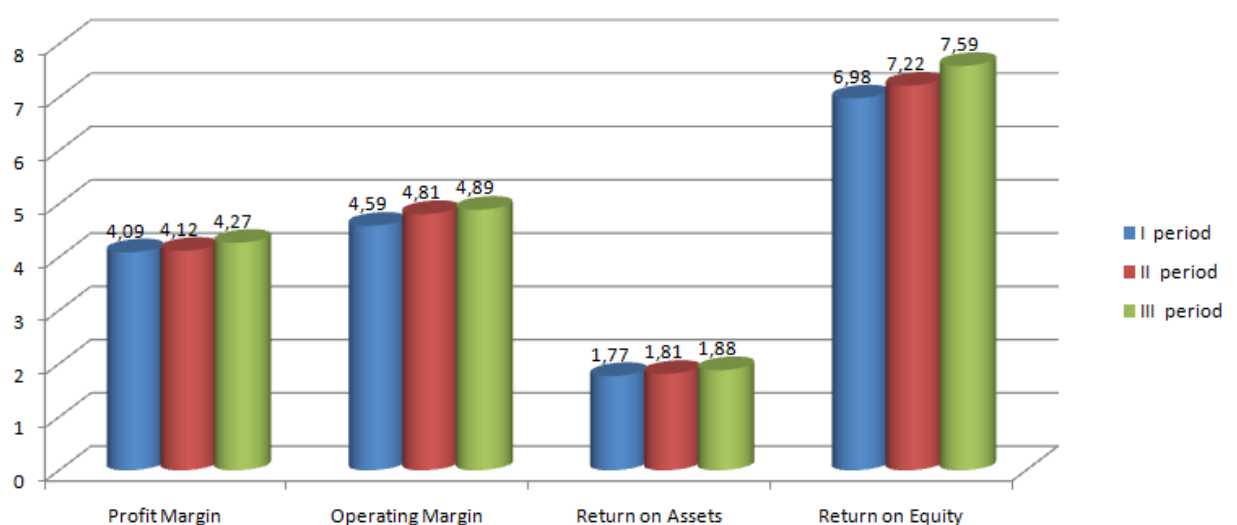


Fig. 2.3 - Variations in changes in financial indicators of Shandong Lukang Pharmaceutical Co., Ltd

Source: systematized by the author based on [12; 22; 44; 79]

The profit margin has been growing slowly for three years. Its increase in 2024 is +3.64%. The operating margin is greater than the profit margin, but it is growing at a lower rate. The return on assets of assets is growing dynamically. In 2024, growth amounted to +3.87%. Return on equity is constantly increasing, which proves that the company is making profits on an accrual basis.

2.2 Analytical research of the characteristics and parameters of the company's organizational culture

In the process of research, we have established the principles that reflect, first of all, the requirements for the process of forming an organisational culture in Shandong Lukang Pharmaceutical Co., Ltd: 1) complexity ↔ 2) value orientation; ↔ 3) historicity; ↔ 4) the complexity of the assessment of organizational culture.

Also, the company presents a vision of corporate culture. Let's imagine the synthesis of these elements in Figure 2.4.

<i>Our mission</i>	<i>Corporate goals</i>	<i>Corporate vision</i>	<i>Core value</i>	<i>Entrepreneurial spirit</i>
↓	↓	↓	↓	↓
Protect people from illness and pain	Build a healthy and harmonious Lukang, an honest and fair Lukang, a Lukang who dares to innovate, and a Lukang who learns well	Build a modern biopharmaceutical enterprise with green ecology, sustainable development and contribution to society	Innovation, quality, behavior	Enterprises are business oriented and Taoist. Strive for perfection and strive for self-improvement

Fig. 2.4 – Basics of theses of corporate culture of Shandong Lukang Pharmaceutical Co., Ltd

Source: created by the author

Lukang Pharmaceutical's social concept: five insurances and one fund (pensions, medical care, maternity, industrial injuries, unemployment and housing fund), employee love fund (internal assistance to employees with critical illnesses, awards for college entrance exams for employees' children), free one-room apartment, social housing, vacation expenses, heating subsidies, heat stroke prevention and cooling expenses, paid vacation, group trips, work meals or meal subsidies, labor protection equipment, shuttle buses, regular various special cultural, sports, and entertainment events and etc.

Assessment of characteristics of organizational culture from the point of view of career growth. For this purpose, developed five models: 1) sequence of management, 2) technical sequence, 3) R&D sequence, 4) marketing sequence, 5) Sequence of skills (table 2.6).

Table 2.6 – Models for evaluating the characteristics of organizational culture from the point of view of career growth in Shandong Lukang Pharmaceutical Co., Ltd

Characteristics by direction	Changing levels, →
Sequence of management	Department member (shop technician) → manager (head of section) → Senior manager (Senior manager of section) → Assistant manager (assistant director) → Deputy manager (deputy manager) → manager (director) → Senior manager (senior director) → Deputy director → Director → Head of the company
Technical sequence	Member of the section (workshop technician) → head (head of the shop section) → Professional engineer of the fifth-first level → Assistant chief engineer → Deputy chief engineer → Chief engineer
R&D Sequence	Experimenter → Technician → Assistant Engineer → Engineer → Deputy Senior Engineer → Senior Engineer → Assistant Chief Engineer → Deputy Chief Engineer → Main Engineer
Marketing sequence	Salesperson → Deputy office director → Office director → Marketing center director → Deputy marketing director → Marketing director → Company manager
Sequence of skills	Junior worker → Middle worker → Senior worker → Technician → Senior technician → Main technician of the fifth level → Main technician of the fourth level

Source: systematized by the author

Lukang Pharmaceutical's talent concept is "people-oriented" and implements dual promotion channels by positions and ranks. Promotion is divided into five sequences: management, technology, research and development, marketing and skills. Each sequence can be converted one into another to achieve the overall development of employees and the company. Lukang Pharmaceutical has always adhered to the spirit of craftsmanship and constantly innovated and improved, giving Lukang Medicine new vitality.

Regarding recruitment. Seth headquarters recruits a total of 35 people (3 graduate students, 13 undergraduates, 16 junior college students, 3 junior college students or below).

Improving the ability of personnel to perform their duties through training is implemented on the basis of the annual training plan formulated by the company. At the same time, it also accepts "invite, opt out" and use online platforms to conduct training according to the needs of the company.

Hiring of highly qualified personnel takes place through connection with universities. This is especially the in-depth cooperation with Liaochan University and Yantai University, which have established cooperative relations between schools and enterprises. Recruitment of personnel for production and other positions. Mainly, it maintains further links with Shandong Pharmaceutical and Food Vocational College (Weihai and Zibo campuses), which have established cooperative relationships between schools and enterprises, strengthen publicity between schools and enterprises, and recruit in-demand professionals for manufacturing and other positions.

In order to assess the characteristics and parameters of the company's organisational culture, it is necessary to define criteria. Based on the sources [71; 80], we have identified the main criteria for the organisational culture of a company in the context of the management approach (Table 2.7). This will provide an opportunity to obtain the following benefits:

- improve the validity and quality of management decisions;

Table 2.7 – Content of the criteria of organisational culture of the enterprise in the context of the management approach

Criterion	Viewpoint: management
The content of organisational culture	a set of norms, values, and rules for solving problems that are shared by the majority of the organisation's members and contribute to the achievement of its goals
The purpose of organisational culture	an attributive characteristic of an organisation and a means of adapting to changes in the external environment
The function of organisational culture	a factor of strategic management of the enterprise, developmental management of personnel, a factor of adaptation of the enterprise to market conditions, increase of competitiveness of the enterprise
The main factor in shaping organisational culture	Founder, manager, leader of an organisation
The main manifestations of organisational culture	management culture, working conditions culture, employee culture, documentation culture

Source: systematized by the author based on [71; 80]

- improve information and analytical support of corporate culture management processes;

- reduce the degree of uncertainty and risk in the implementation of corporate culture formation processes.

The benefits for the company are obvious, since managers will be able to focus management activities and select objects of management influence.

2.3 Assessment of the impact of organizational culture on the efficiency of Shandong Lukang Pharmaceutical Co., Ltd

Formation of organisational culture is not a one-time act, but a long-term process. It should not be allowed to develop spontaneously in conditions of complete improvisation, as this may have negative consequences and negate the role and importance of this important factor in optimising the activities of the employment service.

The studies of these authors [19; 21; 28; 29; 32; 79; 80] present the areas of influence of organisational culture on the organisation's activities, the relationship between culture and results, but the most difficult part is the quantitative assessment of such influence.

The basis for the development of this methodology was the understanding of the essence of organisational culture as a management tool, the vision of its modern functions in the dynamic conditions of an innovation-driven economy and the consideration of the organisation as an object of interest of many stakeholders - its 'stakeholders'.

In the course of the study, we have concluded that, *ceteris paribus*, it is possible to determine the impact of organisational culture on the organisation's activities by calculating an integral indicator, which is the sum of indicators of the impact of organisational culture on the organisation's activities for each group of stakeholders, namely: employees, managers, shareholders, consumers, business partners, the state, and society. This is true if the influence of organizational culture on the organization's performance indicators is studied in the focus of its compliance with the company's overall strategy. Resource provision of organizational culture is evaluated by indicators of the use of labor resources, legal provision, and financial provision.

To do this, it is necessary to identify specific measurable indicators of the organisation's performance (Table 2.8).

Table 2.8 – Indicators of the impact of organisational culture on the organisation's performance

Stakeholder group	Performance indicator	Assessment	
1. Employees	Labour productivity	Above the market average	2 points
		Market average level	1 point
		Below the market average	0 points
2. Managers	Return on sales	Above the market average	2 points
		Market average level	1 point
		Below the market average	0 points
3. Shareholders / Owners	Net income per 1 ordinary share	Above the market average	2 points
		Market average level	1 point
		Below the market average	0 points
4. Consumers	Sales volumes	Above the market average	2 points
		Market average level	1 point
		Below the market average	0 points
5. Partners	Percentage of fines in revenue	Above the market average	0 points
		Market average level	1 point
		Below the market average	2 points
6. State	Availability of a government order	Available	1 point
		None	0 points
7. Society	Участь та перемоги у рейтингах	Available	1 point
		None	0 points

After their calculation, depending on the results obtained, each component is assigned certain points (from 0 to 2). The final result of the impact of organisational culture on the organisation's activities is determined by adding up the sum of points obtained for all groups of stakeholders.

The maximum possible total score is 12 points, so we propose a ranking of the levels of influence of organisational culture on the organisation's performance (Table 2.9).

Table 2.9 – Scale for assessing the impact of organisational culture on the organisation's performance

Number of points	Assessing the impact of corporate culture and explaining the level of	
0-4	Low	A "low" level of influence of organisational culture on the organisation's activities indicates insufficient support of the chosen strategy by the organisational culture. Basic values, norms of behaviour, and other components of organisational culture do not contribute to the organisation's performance and, in particular, do not increase employee motivation
5-7	Medium	A "average" level of influence of organisational culture on the organisation's performance is a sign of the need to strengthen the support of the strategy by the organisational culture. The organisation's performance is at the market average, but there is potential for growth
8-12	High	A "high" level of influence of organisational culture on the organisation's activities indicates strong support of the chosen strategy by the organisational culture, a high degree of sharing of corporate values by stakeholders, successful implementation of organisational goals, stable development, high quality of working life of the staff, and innovative orientation of the corporate culture. In such a situation, organisational culture is a powerful organisational resource for development, a tool for influencing both the internal and external environment of the organisation. It can be argued that in these conditions, organisational culture is a significant competitive advantage of an organisation

Source: created by the author

Indicators of the impact of organisational culture on the organisation's performance are presented in Table 2.10.

Table 2.10 – Indicators of the impact of organisational culture on the activities of Shandong Lukang Pharmaceutical Co., Ltd

Stakeholder group	Performance indicator	Assessment	
1. Employees	Productivity of labour	Market average level	1 point
2. Managers	Return on sales	Market average level	1 point
3. Shareholders / Owners	Net income per 1 ordinary share	Above the market average	2 points
4. Consumers	Sales volumes	Above the market average	2 points
5. Partners	Percentage of fines in revenue	Below the market average	2 points
6. State	Availability of a government order	Available	1 point
7. Society	Participation and victories in ratings	Not available	0 points
Total			9 points
<p>Summary: A "high" level of influence of organisational culture on the organisation's activities indicates strong support of the chosen strategy by the corporate culture, a high degree of sharing of corporate values by 'stakeholders', successful implementation of organisational goals, stable development, high quality of working life of the staff, and innovative orientation of the organisational culture. In such a situation, organisational culture is a powerful organisational resource for development, a tool for influencing both the internal and external environment of the organisation. It can be argued that in these conditions, corporate culture is a significant competitive advantage of an organisation</p>			

Source: created by the author

Indicators of the impact of organisational culture on the activities of Shandong Lukang Pharmaceutical Co., Ltd show that it is a significant support for

the internal stable development of the company. Organisational culture is a powerful organisational resource for development, a tool for influencing both the internal and external environment of the organisation.

Conclusions to the Section 2

Shandong Lukang Pharmaceutical Co., Ltd is a state-owned biopharmaceutical enterprise and one of the largest production bases of antibiotic raw materials in China. Shandong Lukang Pharmaceutical Co., Ltd owns three product lines for the production of antibiotics.

According to the analysis, the company is profitable. Net sales revenue increased by 47.28%. At the same time, total revenue increased by 9.34%. EBIT was 41.92%. The company's total assets increased by 3.25%, and the increase in total equity was 0.8%. ROS increased by 1.07%. The company is increasing its production (+10.8% in 2023) and sales (+11.3% in 2023).

Instrumentation SWOT-analysis is used to determine the company's strengths. They include a qualified team of employees and a full production cycle within one company. In addition, Shandong Lukang Pharmaceutical Co., Ltd adheres to high ethical standards and actively cooperates with stakeholders, which is evidence of its corporate social responsibility.

The level of influence of the organisational culture on the organisation's performance has been assessed. According to the results, the company has a strong support of the chosen strategy from the culture, a high degree of sharing of corporate values by 'stakeholders', successful implementation of the organisational goals, stable development, high quality of working life of the personnel, and innovative orientation of the organisational culture.

SECTION 3
DEVELOPMENT OF RECOMMENDATIONS FOR IMPROVING THE
ORGANIZATIONAL CULTURE OF SHANDONG LUKANG
PHARMACEUTICAL CO., LTD

3.1 Evaluation of the usefulness of organizational culture for the company's sustainable performance

In recent decades, business priorities have changed. Corporate social responsibility, culture in the organisation, social and ethical components of the company's business model, and others have come to the fore. Previously, companies considered success to be based on economic performance alone. However, changes in business approaches and the development of socio-economic factors have changed the way we look at culture in an organisation, which has now become an integral part of building an overall enterprise development strategy.

The growing importance of measuring and assessing the organisation's culture arises from the need to make changes to maintain the company's stability in a changing external environment.

Three dimensions of corporate culture affect its alignment: symbolic reminders (artifacts that are entirely visible), keystone behaviors (recurring acts that trigger other behaviors and that are both visible and invisible), and mind-sets (attitudes and beliefs that are widely shared but exclusively invisible). Of these, behaviors are the most powerful determinant of real change. What people actually do matters more than what they say or believe. And so to obtain more positive influences from your cultural situation, you should start working on changing the most critical behaviors — the mind-sets will follow. Over time, altered behavior patterns and habits can produce better results.

An organization's current culture contains several reservoirs of emotional energy and influence. Executives who work with them can greatly accelerate strategic and operating imperatives. When positive culture forces and strategic priorities are in sync, companies can draw energy from the way people feel. This accelerates a company's movement to gain competitive advantage, or regain advantages that have been lost. Research shows that companies that use a few specific cultural catalysts — that is to say, those that use informal emotional approaches to influencing behavior — are significantly more likely to experience change that lasts (Fig. 3.1).



Fig. 3.1 – The results of the company's survey regarding their conscious use of cultural elements

Source: Strategy's Global Culture & Change Management Survey

A great organizational culture is the key to developing the traits necessary for business success. Companies with healthy cultures are 1.5 times more likely to experience revenue growth of 15 % or more over three years and 2.5 times more likely to experience significant stock growth over the same period. Despite this, only 31 % of HR leaders believe their organizations have the culture they need to drive future business, and getting there is no easy task — 85 % of organizations fail in transforming their cultures (table 3.1).

Table 3.1 – Corporate social responsibility in international corporations in relation to employees

Company	Factor of corporate social responsibility
Amazon, Starbucks	Paid days off / paid holidays (fully or partially)
Lowe's, Walmart, Target, Marriott, DisneyWorld, Tesla, Macy's, Everlane, Sonder, Nissan, Honda	Quarantine payments, job security in case of unpaid leave
Facebook, Google, Microsoft, Apple, Twitter, Amazon	Working from home, more flexible hours, telecommunications
Walmart, TraderJoe's, Apple, Amazon, Instacart, DoorDash, McDonald's, BurgerKing, Kroger	Fully paid sick leave (for several periods)
Coca-Cola, Target, Uber	Protection of employees in the workplace (personal protective equipment)

Source: systematized by the author based on [20; 23; 47; 53; 64]

Facebook and Google work in the field of information technology and have the ability to organise the work of their employees remotely, as their presence at the workplace is not necessary. Whereas, for example, Tesla and Uber can only be guided by the concept of limiting the number of people in the workplace, i.e. limiting work shifts, or allocating additional funding for personal protective equipment for their employees.

A positive culture provides a solid foundation for Shandong Lukang Pharmaceutical Co., Ltd to thrive and succeed. Research shows that companies that use a few specific cultural catalysts — that is to say, those that use informal emotional approaches to influencing behavior — are significantly more likely to experience change that lasts. Although there is no magic formula, no brilliant algorithm, no numerical equation that will guarantee results, have gleaned some valuable insights.

By adopting the following principles, organization can learn to deploy and improve its culture in a manner that will increase the odds of financial and operational success (Figure 3.2).

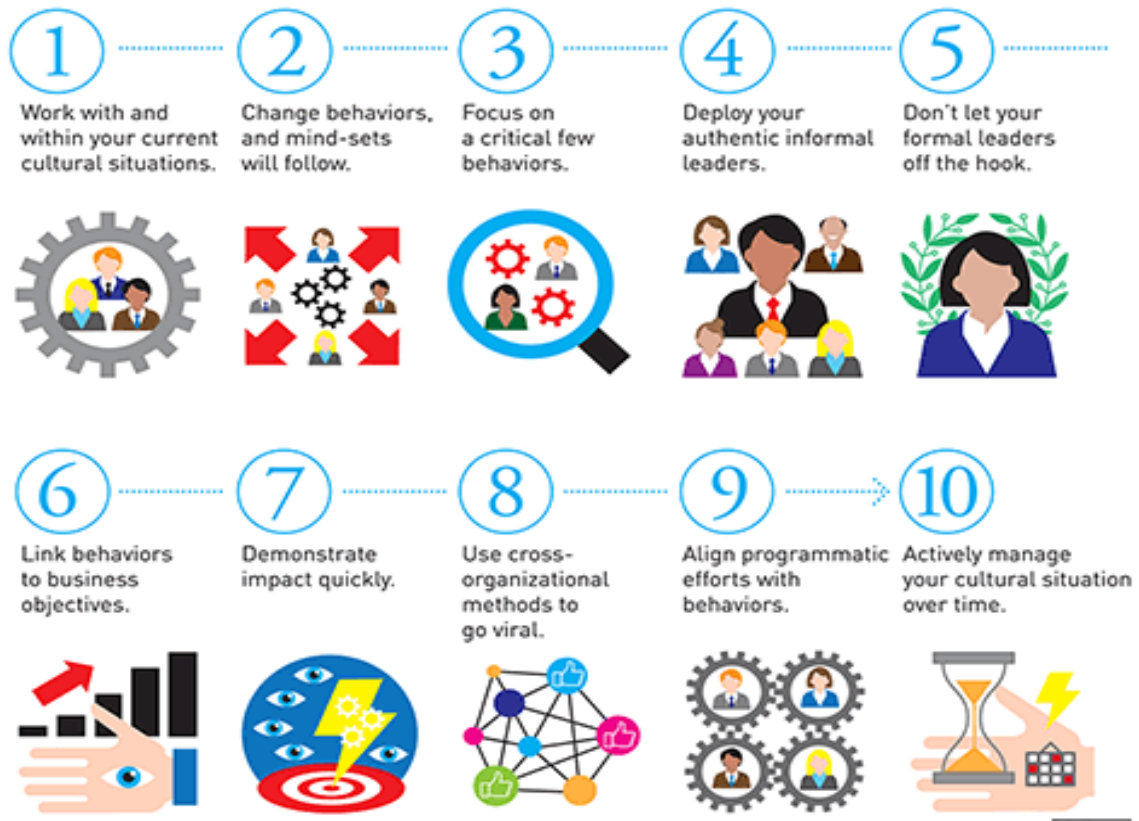


Fig. 3.2 – Infographic: 10 principles for mobilizing the organizational culture of the company

Source: systematized by the author based on [9; 13; 63]

There are six key elements that create a positive and thriving culture. These elements relate to the ability to manage personnel. This skill is combined with the competencies of a manager and is aimed at creating better conditions for work, supporting employees, and improving their qualifications. These key elements must be taken into account in the management of organizational culture for Shandong Lukang Pharmaceutical Co., Ltd (table 3.2).

Table 3.2 – An overview of some of the elements that create a positive and thriving culture

Key elements	Essence and role
Purpose	By connecting employees to your organization's purpose, you help them understand how their work makes a difference. This leads to an increased sense of connection, belonging, and fulfillment at work
Opportunity	Providing opportunities for employees to grow, build new skills, and develop themselves beyond pay raises and promotions. Meaningful access to opportunity also means giving employees autonomy, flexibility, and a voice. This builds a sense of mastery in their roles and fulfillment at work, while creating a company culture focused on personal development
Success	Helping employees innovate, accomplish, be part of a winning team, do great work, and find success at work. And feeling success at the individual, team, and organizational level is important to building a strong and connected company culture
Appreciation	Appreciation comes down to feeling seen and valued for the work you do and how you do it. When employees feel like their work matters, and that their teammates and leaders appreciate them, they feel a sense of connection, mastery, and belonging
Wellbeing	Giving employees balance in their lives, caring about them as a whole person (emotional, physical, and social wellbeing), and providing a sense of inclusion and belonging. Wellbeing increases connection, belonging, and the likelihood that your employees will want to stay
Leadership	Leaders that mentor, coach, inspire, advocate, appreciate, and connect employees build workplace cultures employees want to join. Teams with modern leaders who truly invest in their employees and their growth experience higher levels of connection, belonging, mastery, and fulfillment at work

Source: systematized by the author based on [29; 32; 39; 45; 46]

What determines the set of elements? The variety of elements and their combination cannot guarantee a high culture in the company. Management actions are required. By increasing the elements that create a positive and prosperous culture, the order of organizing the management of organizational culture is strengthened.

3.2 Recommendations for supporting and strengthening the organizational culture of the company

The developed corporate culture of a modern company implies the unification of the company's staff, management and owners, its partners and customers on the basis of a single system of values, which allows the company to significantly increase the speed of its response to changes in customer preferences, reduce the level of various contradictions, establish common guidelines for long-term development, and increase the level of income (Fig. 3.3).

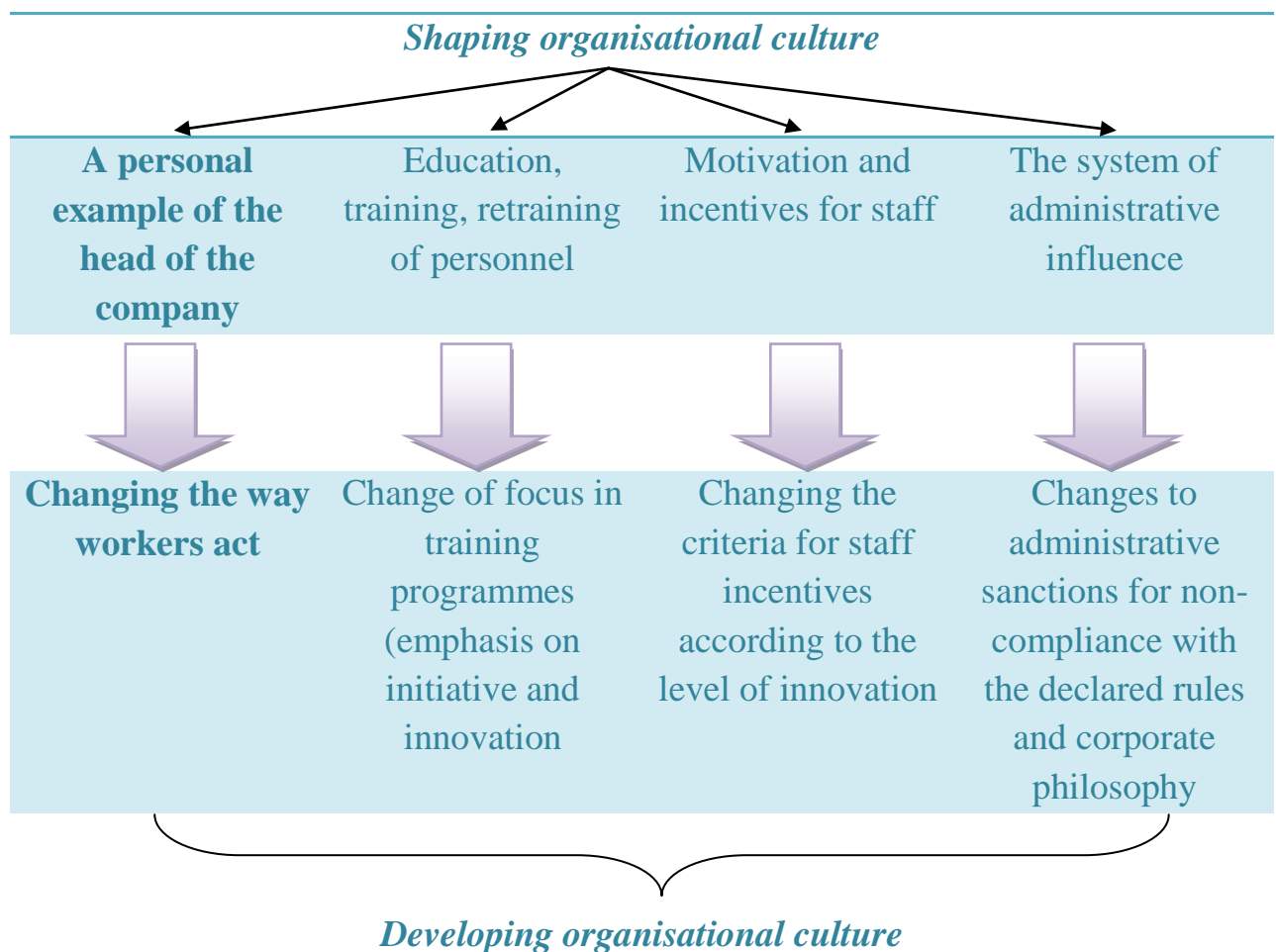


Fig. 3.3 – Ways to influence the organisational culture for innovation

Source: Created by author

A personal example of a company manager. Leadership is key to crafting the company culture you want. Company culture initiatives are often seen as a Human Resources function, but without buy-in from leaders across your company, your investment in culture will not deliver the results. Leaders are critical to building positive employee experiences, and they act as the most immediate example of company culture to each of employees.

Within any organisation, leadership often has the most significant influence on the organisational culture. Leaders, as the guiding force of an organisation, establish policies, procedures, and most importantly, set the tone for communication and interpersonal relationships within a team (Fig. 3.4).

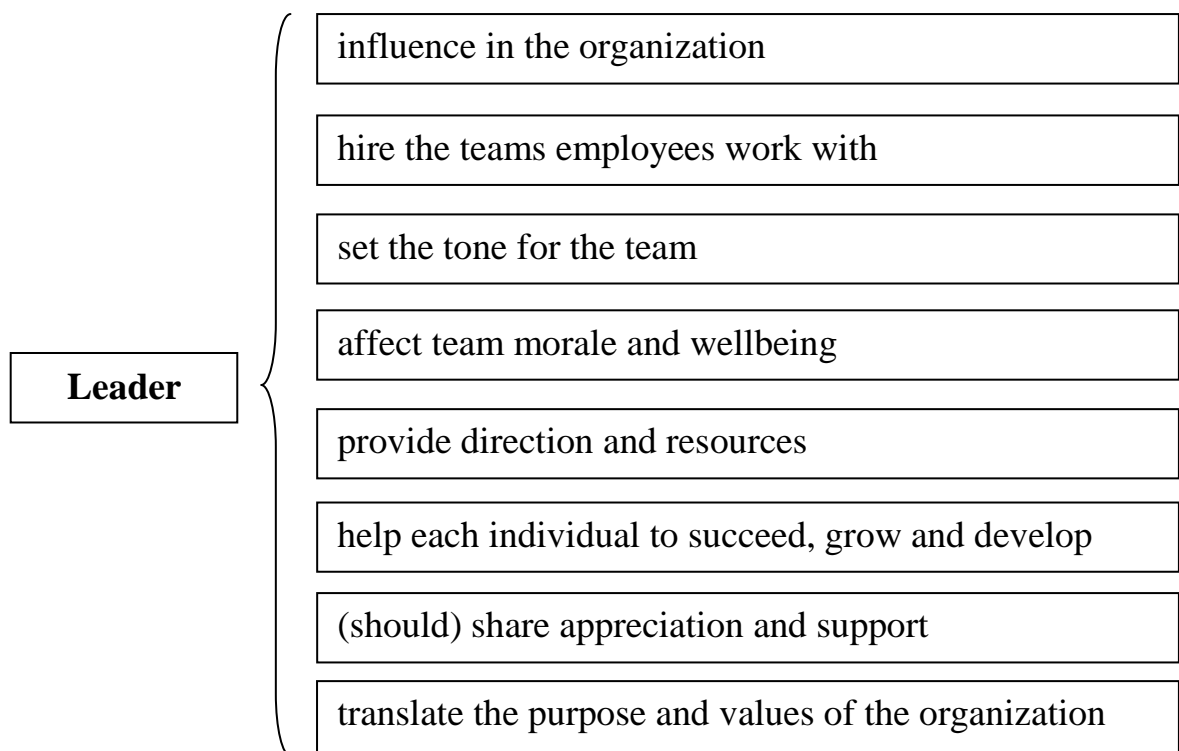


Fig. 3.4 – The role of leaders in shaping, maintaining and strengthening the organisational culture of the company

Source: Created by author

When leaders cultivate positive experiences in these moments, company culture will be better for it.

The formation and maintenance of the culture of each employee's personality occurs in the process of organisational communication and depends primarily on the moral and psychological climate in the team and the degree of staff commitment. The corporate philosophy that ensures the effective integration of the company's priority development goals and employee behaviour should be the conceptual basis for guiding the implementation of changes. The key substantive characteristics of the corporate philosophy should be the fundamental value orientations of the company, the basic ideas of the company's ideology and the relevant ethical norms and rules of conduct.

Improving the efficiency of a company's operations by bringing the values of an individual in line with the company's value system implies not just a superficial impact on the employee's activities. Such an impact must be strong enough to penetrate deep into the individual's inner world. In the process of managing organisational culture, the following actions should be taken to improve the organisation's efficiency:

- excluding from the workforce those individuals who hold undesirable value systems and are difficult to socialise;
- engaging specialists who can successfully integrate into the existing type of culture by virtue of their values;
- conducting active work on the socialisation of staff, especially newly hired staff;
- development, implementation, and development of the desired elements of organisational culture.

The process of forming organisational culture should be considered as a complex of three complementary activities: 1) assessment of the current state of organisational culture, its impact on the economic performance of the enterprise, its competitiveness, the impact of organisational culture on staff motivation and productivity, the impact of organisational culture on the implementation of organisational changes; 2) formation of a system of measures aimed at changing and improving the existing characteristics of organisational culture; 3) evaluation

of the effectiveness of measures aimed. At Each of these blocks includes certain stages (Fig. 3.5).

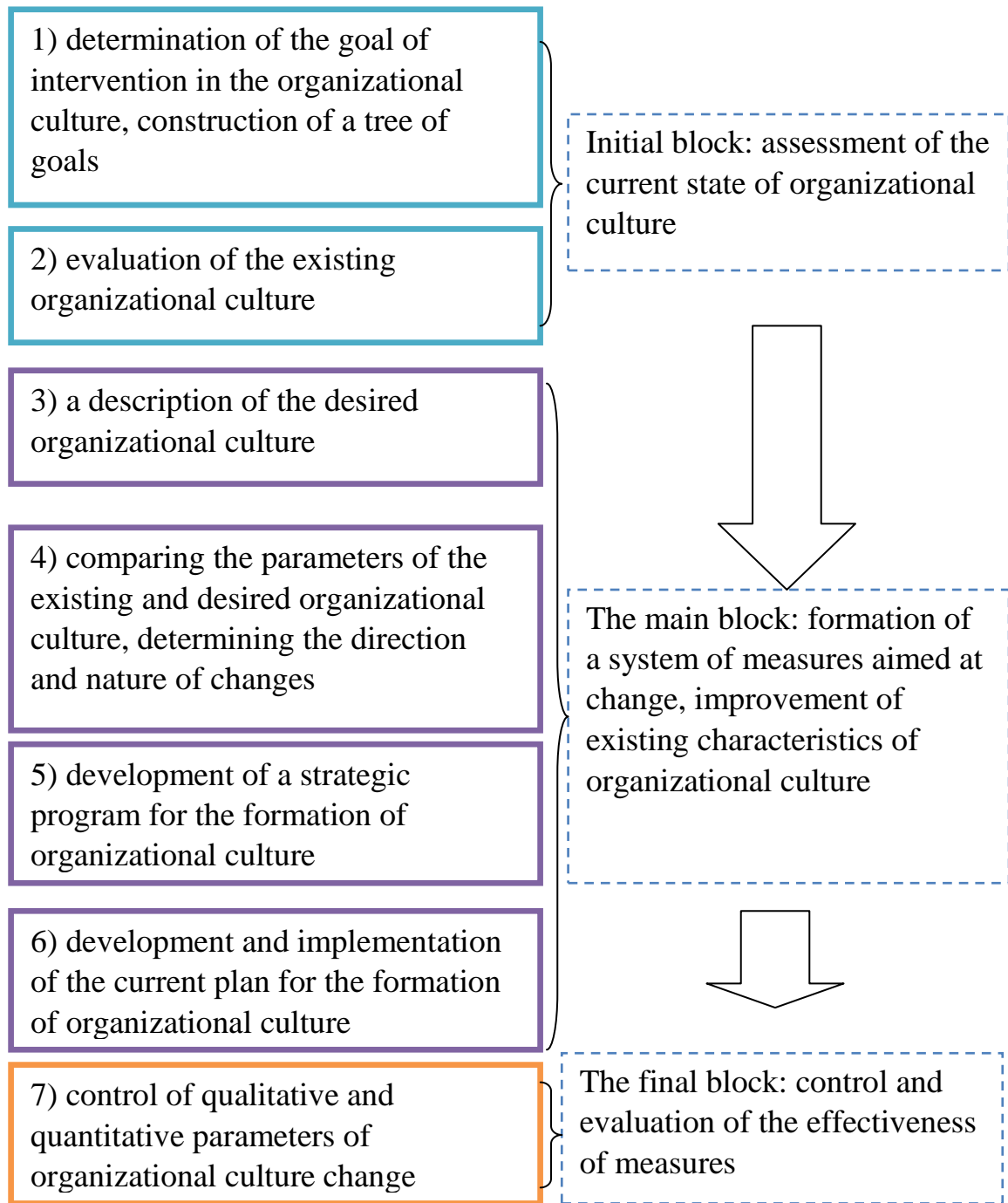


Fig. 3.5 – The process of managing the development of organizational culture

Source: Created by author

3.3 Improving organizational culture management methods to improve the efficiency of Shandong Lukang Pharmaceutical Co., Ltd

Organisational culture is a rather inertial object of management. Therefore, managing organisational culture is a complex matter. Management is not only consistent with organisational culture, but also depends on it, and at the same time influences its formation and development. Organisational culture management should be carried out continuously, during its formation and development. Therefore, all actions of managers should be compatible with the concepts and values of organisational culture. Organisational culture management is about creating conditions that ensure its formation and development. Based on the conducted research, the principles of culture management in the company are presented in table 3.3.

Assessment of the effectiveness of the organisation's culture management should be carried out on the basis of a certain criterion, which should allow combining the analysis of individual indicators with their aggregation to a common value - calculation of a generalised indicator to ensure a proper systematic approach - linking the resources used to solve this particular task, i.e. the development of corporate culture, with the results obtained from this process. The criterion should express in the most general form the purpose of making a decision on managing the existing corporate culture.

In our opinion, the criterion that best meets these requirements is the maximum effectiveness of measures to manage the existing culture in the organisation.

A criterion indicator that meets the proposed criterion can be expressed in general terms as follows:

$$EM(OC) = (B * R) / Z \rightarrow \max \quad (3.1)$$

where:

EM(OC) – efficiency of management of the existing organisational culture (OC) of the enterprise;

Table 3.3 – Principles of culture management in the company

Principles	Characteristics of the principles
The principle of matching organisational culture with the elements of the management system	When developing or implementing changes to the strategy and management structure, it is necessary to assess and take into account the organisational culture of the enterprise
The principle of prioritising values	Before implementing measures to develop organisational culture, it is necessary to clearly define the priority values of the enterprise at a given time, because values are the core of organisational culture
The principle of aligning employee values with those of the company	Organisational culture is formed when the majority of employees share the values of the enterprise. To create an organisational culture that is focused on innovation, it is necessary to share the company's values that are focused on innovation
The principle of innovation orientation	When forming and developing organisational culture, it is necessary to focus on the values that are most important for the development of innovation. They should help unite the entire team to solve this problem. This principle is a development of the principle of value alignment
The principle of adaptability of organisational culture to changes in the external environment	Organisational culture should adapt to changes in the external environment. It is necessary to constantly improve and change the organisational culture, taking into account the influence of external and internal factors. This principle puts forward the following requirements for organisational culture: dynamism, i.e. quick response to changes in the external environment, flexibility, i.e. the ability to restructure under the influence of these factors
The principle of purposefulness	Organisational culture management should contribute to the achievement of organisational goals under the most favourable organisational, technical, social and economic conditions. Management of organisational culture cannot be carried out in isolation from the goals and objectives of the enterprise. If the primary task is to develop innovation, then an organisational culture aimed at innovation should be purposefully formed
The principle of systematicity	Organisational culture is a set of elements. And when managing its formation, it is necessary to take into account the interconnection of all elements of organisational culture. That is, when changing one of the elements, it is necessary to take into account how the others will change
The principle of control	It is necessary to continuously monitor the development of organisational culture, on the basis of which the current work on managing organisational culture aimed at innovation is constantly adjusted.

Source: systematized by the author based on [10; 28; 38; 54; 69]

B – benefits created by the influence of organisational culture in the organisation's life;

R – degree of compliance (relevance) of the chosen strategy with the unique properties of the organisational culture of the organisation;

Z – costs of carrying out activities on formation and development of the organisation's culture.

The growth of this indicator is possible due to two factors: an increase in the numerator - the value of the existing realised benefits or a decrease in the denominator - the costs of implementing procedures for the development of culture and the simultaneous effect of these factors.

The peculiarity of this criterion is that the growth of the value of existing advantages (OC) is not in itself a purely positive fact. This growth must necessarily be accompanied by an increase in the degree of realisation and demand for the formed advantages in the enterprise's strategy (Table 3.4).

Table 3.4 – Criteria for successful culture change in an organisation

Criteria for successful change	Characteristics of the criterion
Benefits	Changes should deliver clear benefits
Compatibility	Changes should be in line with people's values and expectations as much as possible
Complexity	Change doesn't have to be complicated
Possibility of verification	Changes should be such that employees can appreciate them

Source: Created by author

Based on the results of the study, the management parameters of the influence of organizational culture on the performance indicators of the enterprise are proposed in Table 3.5.

Table 3.5 – Management parameters of the influence of organizational culture on performance indicators Shandong Lukang Pharmaceutical Co., Ltd

Indicator	Assessment	Weight	Weighted score, points
Factors of the company's financial stability			
Financing of charitable initiatives exclusively at the expense of the company	2	0.3	0.3
Rational use of resources and cost optimisation	3	0.2	0.6
Strong financial potential of the company	3	0.4	1.2
Availability of a system of rewards and staff motivation	2	0.1	0.2
<i>Average assessment of the company's financial strength</i>		1	2.6
Factors that ensure the stability of the internal climate			
Personnel development (trainings and professional courses, exchange of experience, formation of a personnel reserve)	3	0.3	0.9
Ensuring safe and healthy working conditions	3	0.25	0.75
Employee satisfaction with the moral and psychological climate (team building)	2	0.1	0.2
Developing long-term strategic plans for the company's sustainable development	2	0.15	0.3
Corporate volunteering	3	0.2	0.6
<i>Average rating of the company's stability</i>		1	2.75
Factors of the company's competitiveness			
Responsibility to customers and stakeholders (customer-centric approach)	2	0.1	0.2
High level of professional training of employees	3	0.2	0.6
Building a positive company image through sponsorship and charity	2	0.25	0.5
Corporate culture (corporate ethics, green office)	3	0.2	0.6
Use of the latest technology and software	2	0.25	0.5
<i>Average assessment of the company's competitive advantages</i>		1	2.4
Factors that ensure the company's business image			
Transparency of financial reporting and communication	3	0.3	0.9
Protecting the interests of shareholders and investors	2	0.2	0.4
Comprehensive social package for employees	1	0.15	0.15
Development of environmental projects and working conditions initiatives	2	0.2	0.4
Cooperation with the authorities to ensure sustainable development	1	0.15	0.15
<i>Average rating of the company's attractiveness</i>		1	2

Source: Created by author

A modification of the SPACE-analysis was used to assess the company's culture. The method used was an expert survey.

To form the group of experts, the following mandatory requirements for participants were met: experience in the pharmaceutical market; the expert must hold a managerial position or be a leading specialist and have an understanding of the culture in the organisation. The experts were middle and senior managers. The experts assigned ratings to the indicators and established concordance coefficients to measure the degree of consistency between the scores. Five experts were recruited from the company's own workforce. The coefficients were set by the experts taking into account the significance of the indicators.

To assess the organisational culture factors, we used a rating scale from 0 (minimum) to 3 (maximum):

"0" – the lowest level,

"1" – initial level,

"2" – average, meets the standards,

"3" – high level, taking into account international standards.

Based on the SPACE matrix principle, the indicators are divided into 4 groups:

- "financial stability factors";
- "factors that create a stable internal climate; "
- "factors of competitiveness";
- "factors that ensure business attractiveness".

The SPACE analysis takes into account two aspects - the external and internal environment of the company, based on the principles of the impact of organisational culture on the company's performance.

Thus, the following results were obtained for the evaluation of the organizational culture of Shandong Lukang Pharmaceutical Co., Ltd according to the absolute indicators of the values of the weighted evaluations of the SPACE-analysis indicators. The highest results on a scale from 1 to 3 have the following indicators: "stability of the internal climate" - 2.75 and "financial stability" with an indicator of 2.6. The indicator "business image of the company" has the least value - 2 (Fig. 3.6).

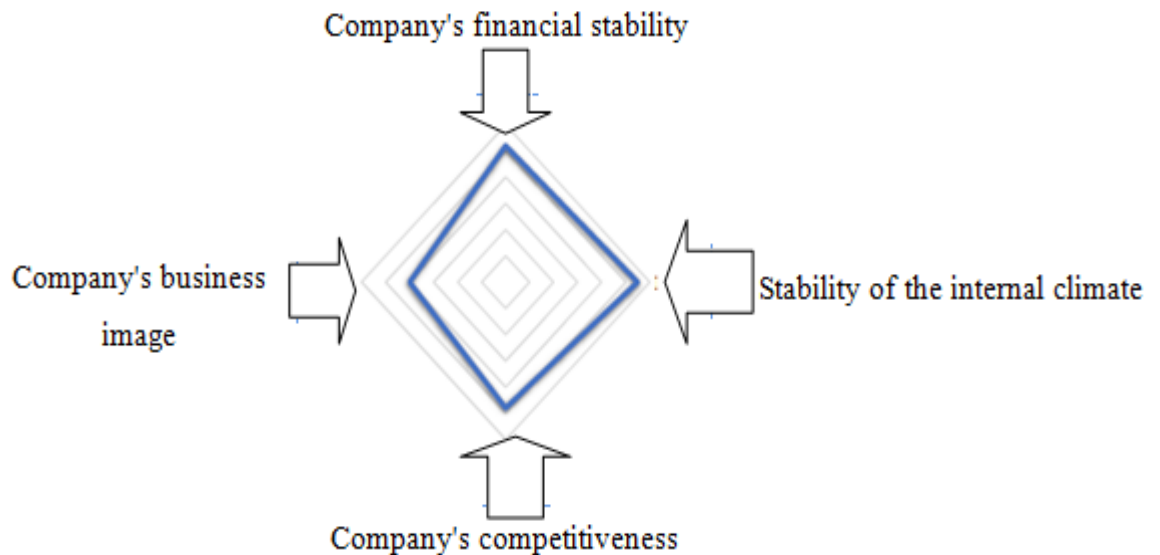


Fig. 3.6 – Matrix of the strategic position of the organizational culture of Shandong Lukang Pharmaceutical Co., Ltd

Source: Created by author

It is advisable to determine the type of strategy for the development of organisational culture based on the construction of a coordinate system:

$$X = \text{BIF (Business Image Factors)} - \text{CF (Competitiveness Factors)}$$

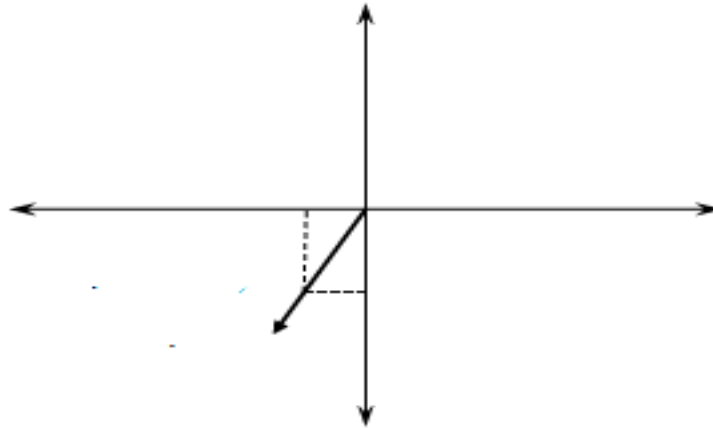
$$Y = \text{FSF (Financial stability factors)} - \text{ISF (Internal climate stability factors)}$$

$$X = \text{BIF} - \text{CF} = 2 - 2.4 = -0.4;$$

$$Y = \text{FSF} - \text{ISF} = 2.6 - 2.75 = -0.15.$$

The vector of the recommended strategy for managing the company's organizational culture is formed on the basis of mathematical calculations (Fig. 3.7).

Based on the results, a protective strategy for managing organizational culture is recommended. This means that the management of the company needs to pay more attention to the remuneration and motivation of the staff.



Defensive strategy. Coordinates: $P(-0.15; -0.4)$

Fig. 3.7 – Vector of the recommended organisational culture management strategy using the SPACE-analysis method

Source: Created by author

Since the pharmaceutical market is quite competitive, it is necessary to find additional levers of influence in order to maintain and promote the positions of Shandong Lukang Pharmaceutical Co., Ltd, namely to increase the company's level of attractiveness for both internal and external stakeholders. This can be realized through the implementation of new environmental and social projects, the formation of high-quality human capital thanks to highly qualified personnel and the exchange of experience among them.

In a culture-building model for Shandong Lukang Pharmaceutical Co., Ltd, everyone is responsible for cultivating the desired culture. This approach assigns different roles in defining and developing the culture. This happens through formal roles as well as informal spheres of influence and reflects how organizations actually operate these days. It also establishes clear accountabilities for results. While the actual implementation of this approach may vary based on the type, size, age, and structure of the organization, the general distribution of responsibility is like this (Fig. 3.8).

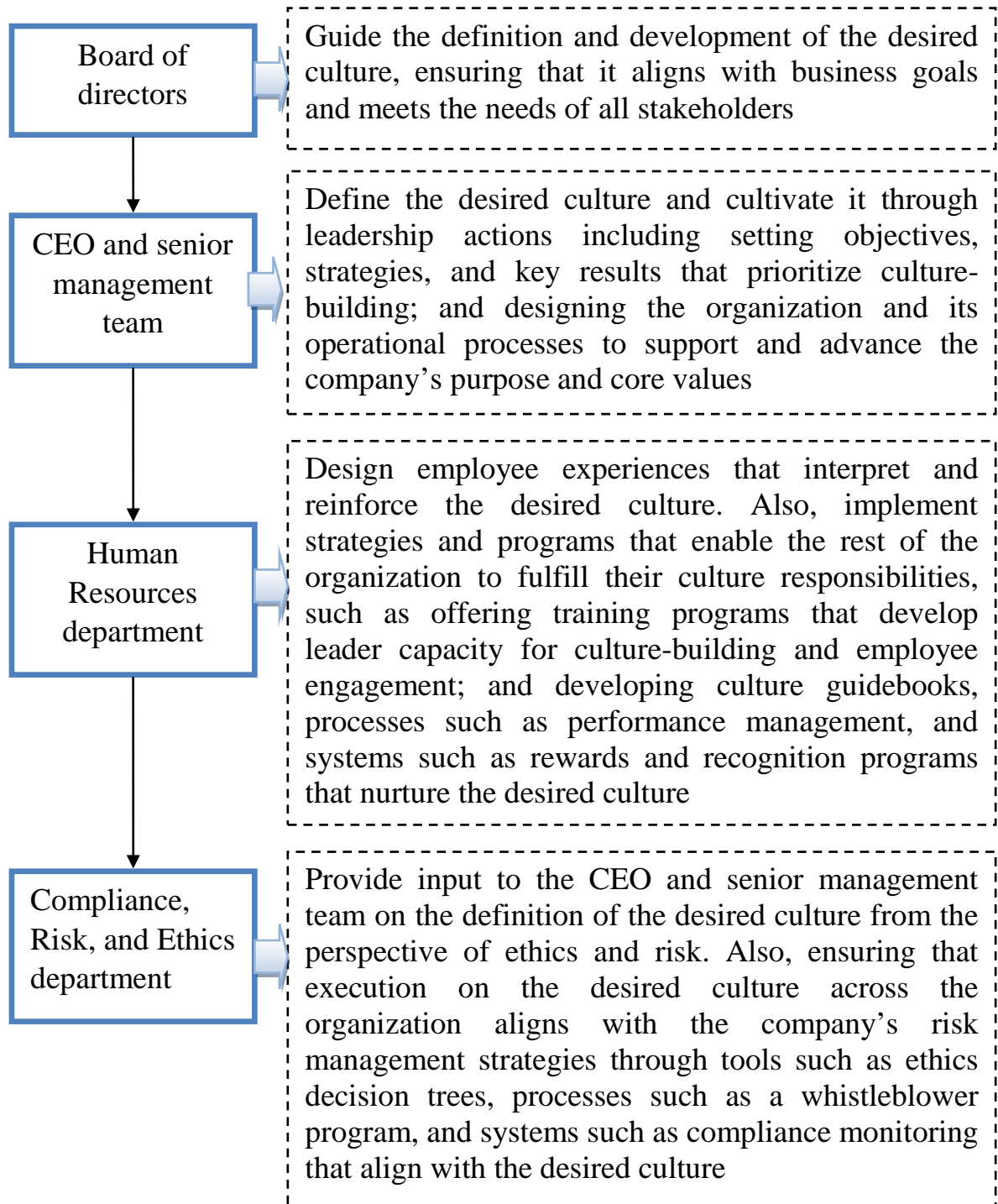


Fig. 3.8 – Recommendations for the formation, support and strengthening of the organizational culture of Shandong Lukang Pharmaceutical Co., Ltd

Source: Created by author

To achieve the desired culture, everyone must have a clear, consistent, common understanding of it — and everyone must work together in a deliberate

and coordinated effort to cultivate it. While each person or group is accountable in their own way, everyone shares accountability for achieving the desired culture.

The shift to a culture-building approach based on shared-responsibility both reflects and requires changes in the nature of organizational culture and its impact on the business (Fig. 3.9).

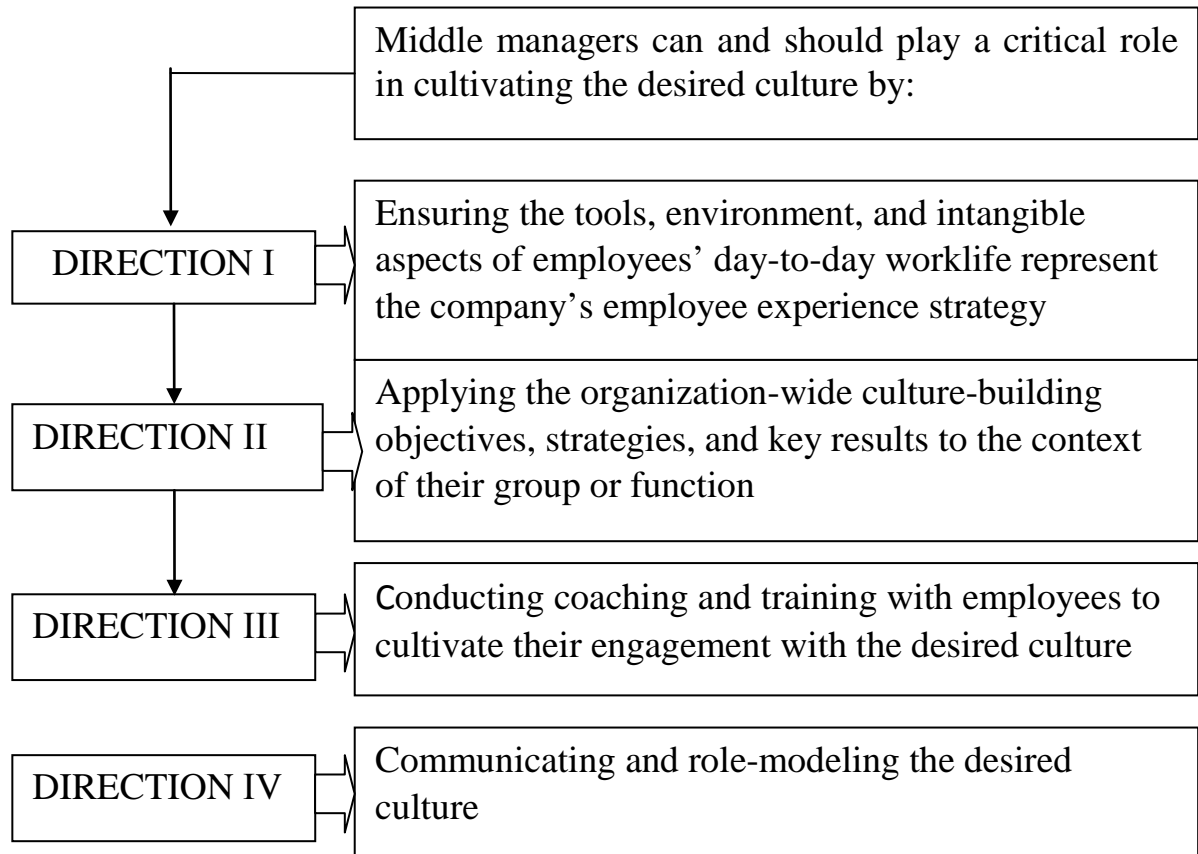


Fig. 3.9 – Directions of actions of middle managers for the development of the desired culture

Source: Created by author

It can also be concluded that the study shows that there is a correlation between the implementation of a corporate social strategy in a company's activities and its competitiveness in the market.

Conclusions to the Section 3

In this section, issues related to improving the organizational culture of Shandong Lukang Pharmaceutical Co., Ltd are considered.

Managing the development of organizational culture is a multi-stage process based on the principles and methods of managing organizational culture. To implement changes in the organizational culture, the company's management must develop measures to reduce staff resistance. As a result, an organizational culture aimed at innovation will be formed.

Constant monitoring of the state of organizational culture of Shandong Lukang Pharmaceutical Co., Ltd and its development ensures the creation and maintenance of an atmosphere within the company that affects the quality of production processes. The formation of the company's organizational culture is determined by certain positive and negative factors, which must be constantly taken into account and, in accordance with their influence, adjust the work of the business.

Used SPACE-analysis, which is a method of strategic analysis to evaluate the management strategy of the organizational structure of Shandong Lukang Pharmaceutical Co., Ltd. It is also effective for evaluating the company's internal social responsibility. It is possible to get income from improving the strategy of managing organizational culture. This is achieved thanks to the mobilization of human resources, motivation to increase the adaptability of the organizational culture.

CONCLUSIONS

Most modern organizations have come to the conclusion that achieving success has become impossible without taking into account human potential and certain "hidden" mechanisms of the organizational environment that unite people in a single team and allow them to work to achieve a common goal. Therefore, one should agree with E. Shane [69; 70] that in modern management, the object of managerial activity is not considered separately processes, technologies, structures, people and their activities, but organizational culture and its features, as a unifying factor of these processes within each organization.

Organizational culture is a powerful tool for increasing the efficiency of the company's activities. The development of organizational culture is an effective tool that provides stimulation of personnel to creative and social activity in the process of work, a factor in improving the moral and psychological climate, increasing job satisfaction and, as a result, a factor in increasing labor productivity.

The concept of organizational culture in the business management system includes the purpose, tasks, methods and principles. In the course of the research, the main approaches to the formation of organizational culture were established. These are: a) internal; b) cognitive; c) symbolic; d) stimulating.

The new approach shows that organizational culture has become less a code established by leaders and more of a toolkit for all to draw from and input to. The generalization of the conceptual foundations of organizational culture formation made it possible to determine the main stages and prerequisites for its implementation and quality support at the enterprise.

Indicators for evaluating the company's organizational culture are systematized. There are many external factors exerting pressure on any business as well as internal changes such as leadership transitions and expansions. The culture

needs to change to keep up with these changes. Attempts to lock in a certain type of culture over the long term at best will fail; at worst, they will hinder the organization's competitiveness and sustainability.

The parameters of the company's organizational culture are characterized. The Shandong Lukang Pharmaceutical Co., Ltd has the following components of corporate culture: social assistance, charitable activities, protection of rights and relations with employees, development of cooperation and justice and equality. The generalization of the conceptual foundations of organizational culture formation made it possible to determine the main stages and prerequisites for its implementation and quality support at the enterprise.

Practical recommendations for the formation, support and strengthening of organizational culture have been developed. SWOT analysis for diagnosis of strengths and weaknesses, potential opportunities for development and threats of the external environment of Shandong Lukang Pharmaceutical Co., Ltd is used.

The conducted research helped to practically confirm the proposed hypotheses regarding the importance of organizational culture in strategic management and to improve the process of its formation in order to increase the efficiency of the company's activities.

The research proved that organizational culture plays an extremely important role in the functioning of the organization. Organizational culture determines the approaches to forming a team, establishing values, and the desire of workers to move in the direction of established goals. As well as the flexibility of the internal environment to achieve the strategic goal of the company.

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