

Strong Organizational Culture – An Effective Tool for Companies to Survive in a Pandemic World

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Abstract

Recent events related to COVID-19 have shown that many companies are on the edge of crisis. The unpredictable situation in the world has given rise to a new phobia in people: the inability to control one's life, the unpredictability of the future, anxiety for physical and financial well-being, fear of losing a job. The incident caused a state of mental and post-traumatic stress disorder, depression and other nervous diseases. These processes are particularly crucial in developing countries, where managers and staff of the companies have failed to collaborate and work coherently during the crisis. In many cases splitting of workforce and top-level management took place. Although people's engagement has grown caused by fears of job losses, the decision makers has often abused the current situation: reducing wages, increasing work time and intensity, and treating staff unethically. In our view, this separation will deepen in the post-pandemic period especially in the organizations that do not have an organizational culture. Organizational culture is the most important tool for regulating interaction in a group, a lever for increasing the efficiency and productivity of its members. Forming a culture in an organization, we create thinking architecture, a common psychology and value system that creates physical changes in the brain. All that we believe in, what we strive for, all the actions that we physically perform over a long period of time, our goals and objectives, ideas, values and traditions that we follow form our brain. In this research the impact of the pandemic on the staff coherency, the measures that were taken by managers to maintain stability in the company and the role of the organizational culture in overcoming the crisis are analyzed and relevant recommendations suggested.

Keywords: Organizational culture, coherence, pandemic, collaboration, workforce, overcoming the crises.

Introduction

The evolution of economic relations is closely related to the development of organizational forms of management. The world production boom predetermined the permanent desire of companies to adapt production forces to new, advanced means of production. In pursuit of leadership in a competitive race, companies are constantly looking for unique ways to maximize current profits. This is necessary, but today it is an insufficient requirement for

obtaining the title of “high-performance company”, a successful company. The years of doing business have revealed the particular importance of the company's image and reputation as an important intangible asset that affects its life cycle and success.

The Oxford Dictionary defines reputation as “a widespread belief that someone or something has a particular characteristic”. Reputation is an intangible resource that can strengthen or weaken a company's position in the market. According to studies, companies with a good reputation (high rating, positive customer reviews) are more attractive to consumers and, therefore, have an advantage in competition. 86% of people would pay more for services from a company with higher ratings and reviews (**Status Labs, 2020**). On average, more than 25% of a company's market value is directly related to its reputation.

Building a company's reputation in order to achieve its “high performance” is one of the strategic issues of modern companies. There are many universal ways to enhance a company's reputation. These include high social responsibility, special requirements for the quality of goods and services produced, transparency and business style, etc. However, an important advantage of giant companies (Bosch, Netflix, Michelin, Canon, Sony, Microsoft, etc.) is that they were able to discover not a universal, but a unique path of public respect and self-presentation on a global market (**Natalie Singer-Velush, Kevin Sherman, Erik Anderson, 2020**).

Among the many factors that determine the success of the organization and form a positive business reputation of the company, the organizational culture is one of the most important. Companies face, performance and reputation is a mirror image of the quality of intra-organizational relationships, value systems, norms, and rules that exist in the company. The culture at whatever level it is considered (macrolevel - national culture or microlevel - organizational culture) is the connecting link of the members of the association, society. Moreover, the value and maturity of the organization, its resistance to crises and emergencies, and the potential for getting out of difficult situations is directly related to the degree of development of the organizational culture.

Organizational culture is a system of norms, rules, traditions, and values existing in the organization accepted and shared by members of the organization. The architecture of organizational culture reflects the main value and ideological attitudes, the most important value orientations that underlie relations between people in the organization, as well as outside it. Organizational culture is what the organization believes in, its vision and awareness of the mission of its activities. At the same time, organizational culture is a way of fulfilling the organization's mission - how, using what way, and through what tools the organization achieves its goals.

The value of organizational culture is manifested through the functions of culture in the organization. The most important of them are:

Adaptive (through culture, people are socialized, they integrate into a new community, harmonize and synchronize their interaction).

Axiological / value (the formation of value priorities in the organization is done through culture)

Gnoseological / cognitive (through culture, the experience of employees is accumulated, the ways and stages of the organization's development are perceived, and their role in this process

is realized, they identify (associate) themselves (employees) as part of the organization). Along with this, culture and the degree of its development are an indicator of how much people are involved in the life of the company, how devoted to it they are, what is the quality of relations between members of the organization, how great is the distance between authority and subordinates, how significant is the influence of employees on the future of the organization).

Communicative (through culture it becomes possible to transmit and exchange information, the formation of motivational messages. In this case, it is very important that the meaning and context of the most important concepts are decoded by the members of the groups adequately, correctly, without “communication noises” and distortion). Communication is intended to become an instrument of rapprochement and mutual understanding.

Functions of compilation of social experience (through this function, the values, rules, norms and traditions of the organization are transferred to new employees)

Through the implementation of the listed functions, culture consolidates the organization into a single core, a single system. The work of Aristotle, Plato, Kant, and Hegel is permeated with questions of the relationship between the whole and the parts. Holists, led by the founder of the holistic philosophical movement, Jan Smuts, in their philosophical teachings, consider the issue of the integrity of the system and come to the following conclusion: “The whole is greater than the sum of its parts”. Relying on holism, an organization is a holistic system only when there are connections between its parts. In other words, if there is no interaction between people in an organization, then it is simply a crowd.

Organizational culture is the connecting core that turns the crowd into a holistic organization. Moreover, the stronger the connections between the members of the group, the more transparent the values and rules in the organization are formulated, the higher the degree of their acceptance by people, the greater the likelihood of high motivation of the staff, their productivity, and High Performance. The studies confirm that 88% of the surveyed employees of American companies believe that a strong organizational culture is key to the success of the organization. 94% of managers agree with this (Heinz, 2019). 82% of respondents to this survey believe that culture is a potential competitive advantage.

Citigroup has an entire committee focused on ethics and culture and has implemented a website-based video series which shows in details the real work ethic dilemmas. Bank of America focuses on transforming its corporate culture to encourage employees to raise and escalate issues of concern or problems.

Wells Fargo is stepping up its efforts to collect feedback surveys from employees to become aware of its culture, current trends, and potential areas. The Netflix culture presentation, often used as an example, has been downloaded more than 12 million times since 2009. The presentation clearly describes a culture that combines high expectations with an engaging employee experience: Generous corporate perks such as unlimited vacation, flexible work schedules, and limited supervision balance a strong focus on results with freedom and appreciation for the expected achievement. Professor Andrew Oswald, one of three researchers who led the study, said companies that invest in employee support and satisfaction tend to succeed in generating happier workers.

At Google, employee satisfaction rose 37% as a result of those initiatives—suggesting that financial incentives aren't enough to make for highly productive employees **(Revesencio, 2015)**.

From the very beginning, at Toyota, it was believed that the key to success was the investment in human capital. Toyota's production system is primarily about the culture - the way people think and behave, and this is deeply rooted in the philosophy and principles of the company. The focus is on respect for people and continuous improvement. It took nearly ten years to create such a document under the leadership of Fujio Cho, the then President of Toyota.

The founders of the work on the importance of organizational culture were first voiced in the work of a group of scientists led by E. Mayo, who conducted an experiment in one of the American companies. Further, such scientists as E. Schein, V. Sate, T. Dila, and A. Kennedy and many others worked on this topic.

Organizational culture is of particular importance in crisis situations. An example of this was the 2020 crisis associated with the spread of COVID-19 in the world **(Lisa Dreier, Jane Nelson, 2020)**. The coronavirus pandemic has hit all countries hard and caused the worst economic downturn in a century. Factories and plants, enterprises, and organizations have been stopped. Schools, kindergartens and other educational institutions are closed. Transport links have been suspended. Countries have closed up their borders. The whole world froze in obscurity and unpredictability of the course of events. According to the calculations of a world-renowned consulting company specializing in solving problems related to strategic management, it could take more than five years for the most affected sectors to get back to 2019-level contributions to GDP **(Mckinsey&Company, 2020)**

Particularly noteworthy are organizations in developing countries in which economic growth and population welfare are unstable and difficult to achieve. Developing countries, as exemplified by Georgia, are in a precarious socio-economic state and are more sensitive to changes in the external environment **(Kasradze & Zarnadze, 2019)**. The effect of crises on unstable systems extends over the long term. The suspension of innovative activity, the reduction in investment flow here are directly related to the loss of jobs, rising prices, reduced purchasing ability, high inflation, and ultimately are fraught with socio-economic disasters. In the crisis situation of the 2020 Corona-virus pandemic, the authorities of developing countries were also not able to fully provide "airbags" to companies, and survival in the market has become a priority for the companies themselves **(Government of Georgia, 2020)**. Once on the edge of the abyss, not having sufficient reserve funds to overcome the financial crisis, they are in search of other rescue opportunities.

One of such lifebuoys is the company's unique ideology, which forms the spiritual and emotional upsurge of employees. For Georgia, a country experiencing a shortage of free financial resources against the background of difficult socio-political conditions over the past few decades, cohesion, resilience, and patience as a psycho-emotional factor in overcoming a crisis situation is not new. By basing its organizational culture on these basic values for society as a whole, Georgia is trying to get out of the current crisis with minimal losses **(Kasradze, Tea; Zarnadze, Nino, 2018)**.

In general, a national culture largely determines the priorities of local companies and forms the nature of the organizational culture of companies. The history of the development of local companies is inextricably linked with the history of the development of economic relations in

society, and, accordingly, with the culture of a particular society. It is possible that our mental programs are physically determined by states of our brain cells. Nevertheless, we cannot directly observe mental programs. What we can observe is only behavior: Words or deeds. When we observe behavior, we infer from it the presence of stable mental software. This type of inference is not unique to the social sciences; it exists, for example, in physics, where the intangible concept of “forces” is inferred from its manifestations in the movement of objects. Like “forces” in physics, “mental programs” are intangibles, and the terms we use to describe them are constructs. A construct is a product of our imagination, supposed to help our understanding. Constructs do not “exist” in an absolute sense: We define them into existence **(Hofstede, Culture's Consequences: International Differences in Work-Related Values, 1980)**.

From this point of view, the works of the Dutch sociologist Geert Hofstede are of particular interest to us. The Hofstede theory was developed in 1982. He conducted a study at the well-known multinational company IBM, which shows the data of more than 110 thousand respondents in 40 countries of the world. The scientist has formulated 6 identifiers by which he distinguishes national cultures according to the following parameters **(Draguns, 2007)**:

Power Distance

Collectivism-individualism

Femininity-Masculinity

Uncertainty Avoidance

Long-term Orientation

Indulgence-Restraint

This study shows that in countries characterized by high level of collectivism (Colombia, Pakistan, Taiwan, Russia, and Georgia) the following features of organizational culture prevail:

Emotional dependence on the company;

Managers prioritize stability;

Managers hold traditional views, discouraging individual employee initiatives;

Group solutions are more attractive than individual ones;

Particular attention is paid to discipline and order, to a sense of duty;

Relationship according to the principle: friend-or-foe.

In countries characterized by a high level of individualism (USA and Western European countries), the following features of organizational culture prevail:

The priority of the personal interests of the employee over the interests of the company;

Emotional independence from the company;

Sober estimation prevails in relations with the company;

Managers encourage employees' initiative;

Managers call safety and pleasure as the main goals in life;

Faster career growth.

According to the research of G. Hofstede, collectivism is characteristic of poor and developing countries. They are also characterized by a large distance of authority (Philippines, Venezuela, India, and Russia). In fact, in these countries, managers are more authoritarian, prone to establish strict discipline and control. They are less inclined towards group reasoning in the decision-making process, and employees prefer not to express disagreement or dissatisfaction.

In countries with a smaller authority distance (Denmark, Israel, Austria), managers tend to consult with their subordinates in the decision-making process. The word "authority", "wealth" does not cause negative emotions in subordinates. Moreover, subordinates are not afraid to express their disagreement with the manager. Workers tend to cooperate and collaborate. Interestingly, in countries with a shorter authority distance, highly educated workers are less likely to adhere to authoritarian values than poorly educated workers **(Kasradze, Tea; Zarnadze, Nino, 2018)**.

In the countries studied by the author, the situation also differs in terms of the parameters of perception of uncertainty, since it is obvious that people from different cultural structures react to the state of uncertainty in different ways. For example, Latin American countries, Greece, Turkey, Japan, and South Korea are countries with a strong rejection of uncertainty:

The workers become managers here on the basis of the seniority criterion;

high positions are intended for adults, the elderly;

The hierarchy is strictly built;

Strict adherence to the rules;

Focus on continuous monitoring of employees;

Initiatives of employees should also be supervised;

The attitude towards the staff is respectful but pessimistic.

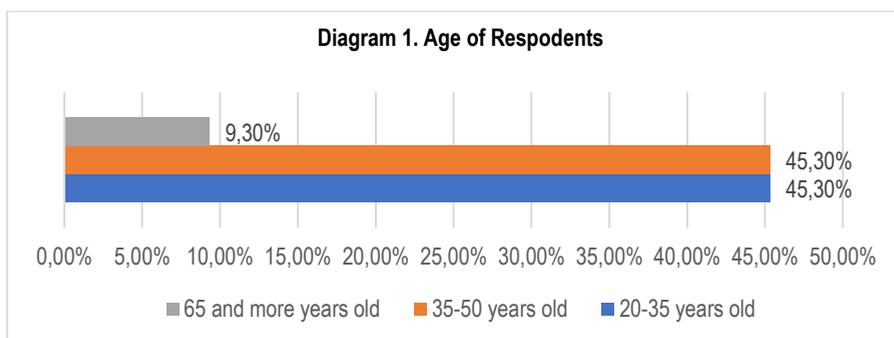
Thus, the unique ideology of the organization is, on the one hand, a reflection of the depth and characteristics of internal ties between employees, and on the other hand, it is closely linked to the national culture, its characteristics, and history. In general, the more trusting and transparent the relationship between employees in the organization, the more favorable working conditions for them. Studies in the field of personnel management have shown that the effectiveness of personnel depends on the environment in which they work. Economists calculated that "happiness led to a 12% spike in productivity, while unhappy workers proved 10% less productive" **(Revesencio, 2015)**.

Organisational Culture in Georgia during Pandemic

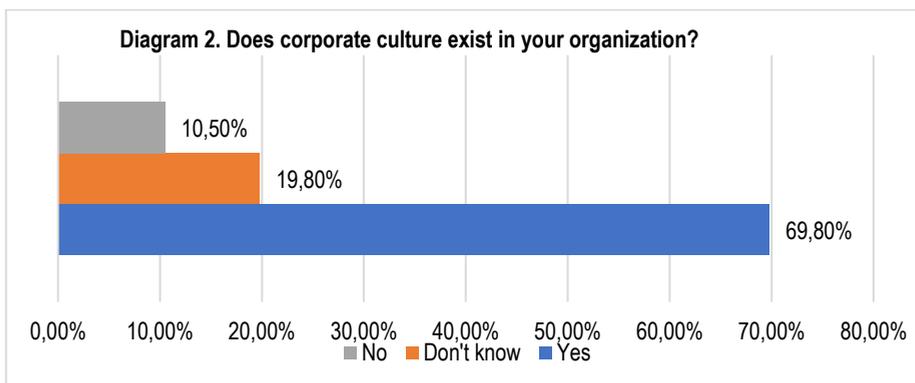
Based on the foregoing, the authors of this article conducted a study of the activities of companies during the pandemic in Georgia. The interest was due to the fact that at this stage in the development of economic relations, the role and importance of organizational culture in Georgia are underestimated. The main values, rules, and traditions, and in general, the entire organizational culture of modern Georgian organizations are spontaneously implemented rules and traditions, borrowed (brought) from the national culture of Georgia.

Being an informal law of behavior, these values are brought up and formed according to Georgian traditions from childhood and are considered universally recognized for all members of society (high empathy, complicity, and compassion, teamwork, high resistance to crises, etc.).

We conducted studies of employees of more than 80 companies starting with small businesses with a number of personal of up to 10 people to large businesses with a number of personal of over 250 people. The areas of activity of companies are different, but all companies are private. People of different age categories were involved in the study: 45% - people aged 20 to 35 years, and 45% - company employees aged 35-50 years. Employees of 50-65 years old made up a small part of the study - 8%, but their questioning is also interesting to us (Diagram 1).



According to the obtained data, more than 69% of respondents' answer that there is an organizational culture in their company, more than 30% answer that there is either no organizational culture in their organizations, or they know nothing about its existence (Diagram 2).

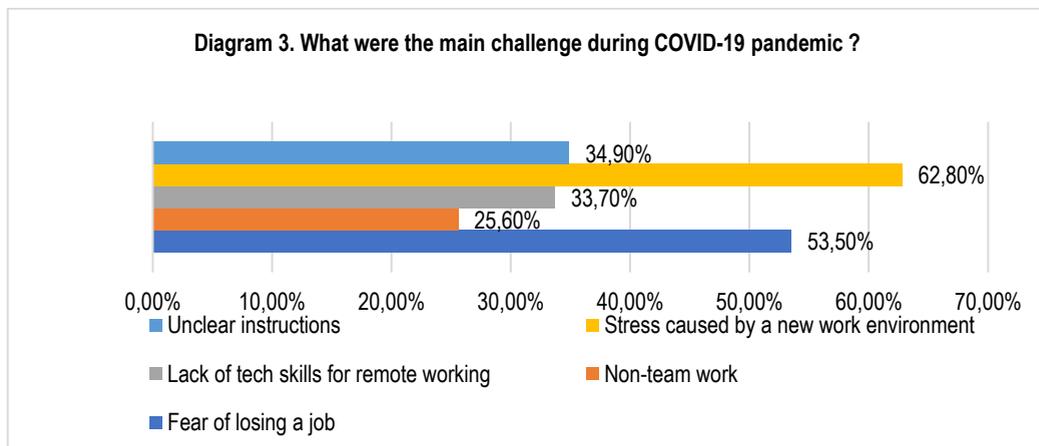


This actually means that a third of the employees we surveyed (not to mention their managers) do not understand the role of organizational culture as a real tool for effective employee interaction, as a platform that connects employees into a single whole, as a mechanism that increases employee productivity. In fact, every third respondent is deprived of a “team” feeling in the organization, the awareness of the need for engagement, and high performance, which is directly proportional to the company's reputation and competitiveness in the market. Such employees often do not get satisfaction at work and work solely in the interests of material reward.

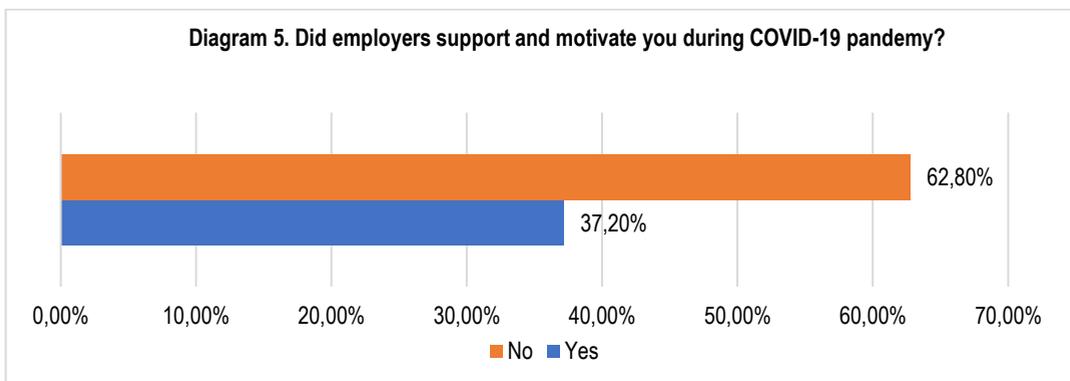
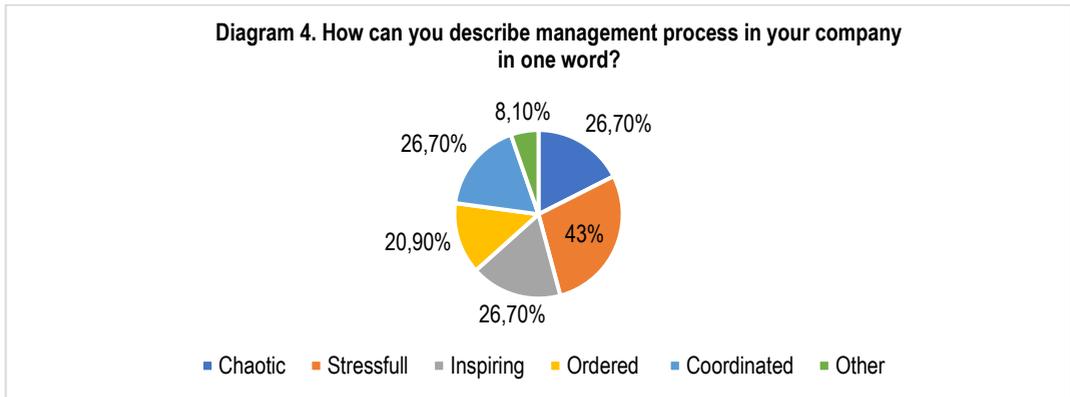
However, the most important factor in increasing the efficiency of the organization, its business reputation, and capitalization is the Person and the quality of his/her interaction in the group. We have already said above that organizational culture as an intangible asset of an organization is perhaps one of the most important. The importance of this intangible resource lies in the fact that it affects the productivity and efficiency of each member of the group and the team as a whole. Shawn Achor, author of *The Happiness Advantage*, has found that the brain works much better when a person is feeling positive. At those times, individuals tend to be more creative and better at solving problems. And additional research by Daniel Goleman has shown that when employees are happy they are more effective and so their productivity rises. As Daniel Goleman writes, “happiness leads to greater levels of profits” and for every 2% increase in how happy employees are revenue grew by 1% (Goleman, 2013).

When asked what the most important characteristics of organizational culture are, respondents answer as follows: (care for employees, development opportunities, high sense of responsibility and discipline, sense of “team” and respect, hygiene and equality). In this case, it is of particular interest that none of the respondents named the economic elements of doing business as elements of organizational culture, for example, “low cost”, “quality service”, bonuses, remuneration, salary cuts, reprimands and warnings, which confirms our earlier hypothesis that 60% of the respondents who believe that their companies still have organizational culture still do not have a complete idea of what organizational culture is.

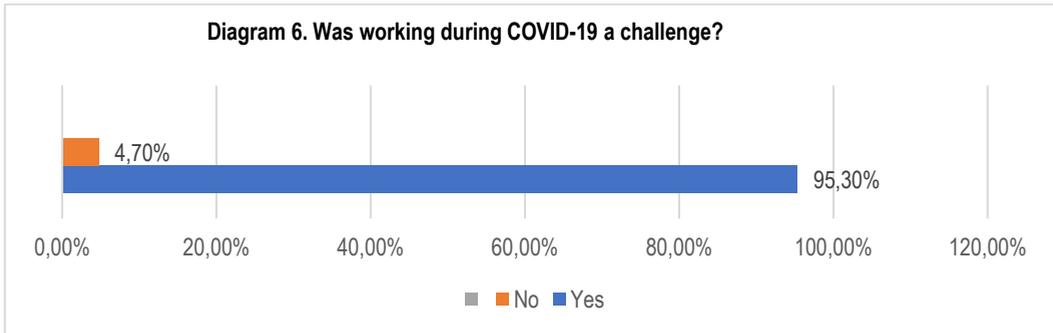
It is known that employees who don't like their organization's culture are 24% more likely to quit (Revesencio, 2015). However, this is truer for companies in developed countries. In developing countries like Georgia, where the level of unemployment is high and the level of well-being of the population is low, losing a job is a tragedy, and, accordingly, keeping a job and wages regardless of external conditions is the norm for Georgian everyday life (Kasradze, Poverty – A Global Socio-Economic Problem, 2013). This is confirmed by our research: more than 53% of respondents named fear of losing their jobs and about 63% of respondents named anxiety due to changes in working conditions as the main stress factors during the COVID-19 pandemic. The rest of the factors causing anxiety and concern that the respondents named were the unclear instructions of managers — 30%, uncoordinated work — about 28%, lack of tech skills for remote working — about 34%, non-team work — more than 25% (Diagram 3).



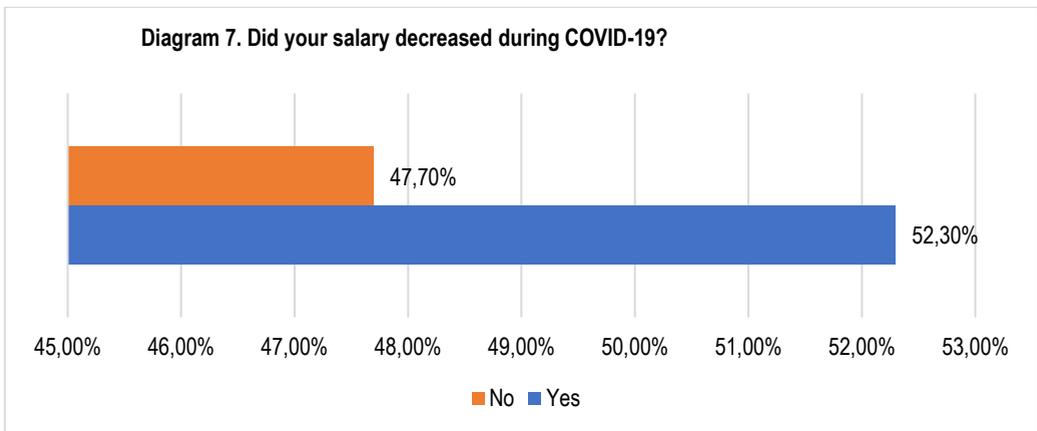
From this point of view, the role of managers and leaders is very important, who, considering the difficult material conditions of employees, must constantly try to increase their motivation and productivity, thereby contributing to the growth and development of the company. In fact, over 37% of employees believe that during the coronavirus pandemic, they did not receive the psychological support and motivational charge they needed from employers. 27% of respondents described the management process as chaotic, 43% - as stressful (Diagram 4) and (Diagram 5).



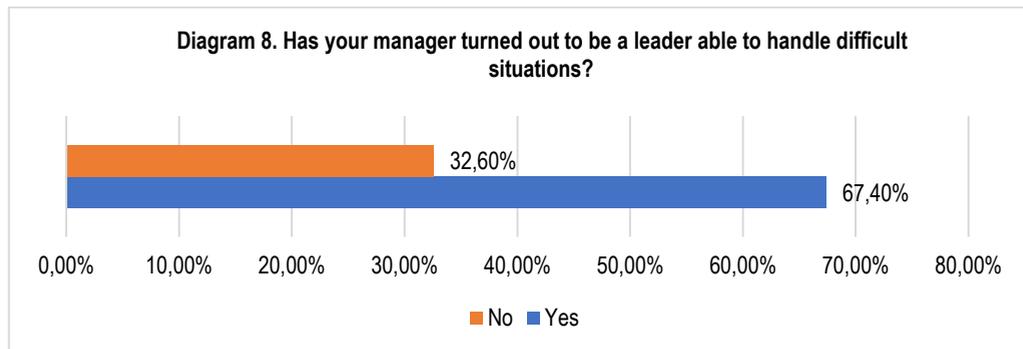
So, for example, despite the fact that approximately 60% of the employees participating in the survey were ready to work on a remote basis, for 95% of respondents, working in a pandemic was still a challenge (Diagram 6).



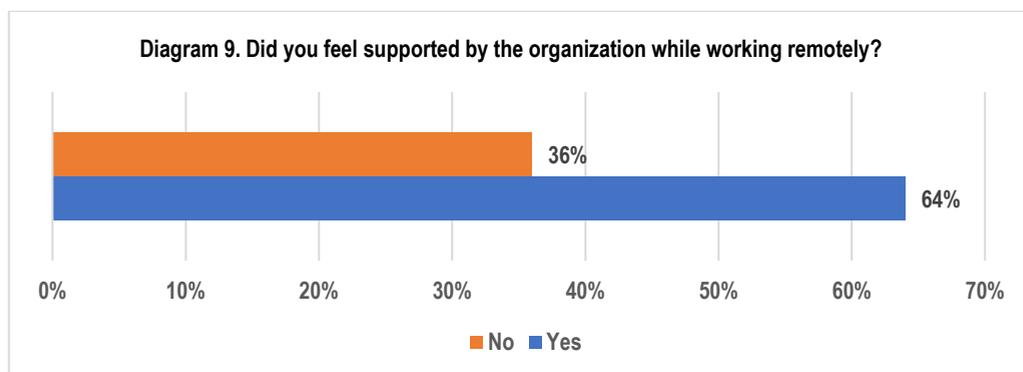
Thus, even for “ready-to-challenge” employees, the COVID-19 crisis has become a factor of great psycho-emotional stress. The following data of the study, which reflects the inextricable connection between the specifics of the national and organizational culture, which we mentioned above, became very interesting for us. More than 58% of employees did not receive financial assistance from the company during the COVID-19 crisis, wages of 52.3% of employees decreased (and about half of the respondents, 45%, consider the reduction of wages justified), while the intensity and time of work increased for 50% of respondents (Diagram 7). Despite the above data, more than 67% believe that their managers in difficult situations turned out to be strong leaders who are able to manage in difficult situations.



These statistics clearly reflect the fact that in a Georgian society (inclined towards collectivism, strict hierarchy, obedience, and respect for seniority, a masculine society) a manager is a leader – “a conqueror leader”. They believe in the manager, he/she is respected and followed even in the face of disagreement or inefficiency. Special attention should be paid to the fact that for a 67.4% of the respondents, their managers were strong leaders, which, from our point of view, is the topic of a separate study (Diagram 8).



Of particular interest is the fact that, during the COVID-19 period, in the Georgian companies, according to 66% of respondents, training and online meetings focused on enhancing team collaboration and cohesion were implemented either rare or not at all, but only 36% lacked support from the organization. In our opinion, the described situation is caused by an underestimation of the role of intra-organizational links, when even minimal participation is sufficient, the distance of authority is great and managers, employers are not considered obliged to do anything more than job descriptions. Ultimately, about 97% of respondents believe that a healthy, strong organizational culture would increase their productivity (Diagram 9).



Conclusion

As a result of the study, the following conclusions can be drawn:

Organizational culture is the most important managerial resource that helps to increase the company's capitalization and competitiveness in the market, its reputation, and its performance.

The economic effect of the introduction of organizational culture is easily measurable and can be expressed in such indicators as employee productivity, time spent on implementation of work, the number of products and services produced per unit of time, etc.

Organizational culture is closely related to the national culture of the people forming the company, it has its own specific features and characteristics. The culture of the company can be judged by the national values and traditions of the country in which the company is located, by the history of its social and economic development. They are constructs, which have to

prove their usefulness by their ability to explain and predict behavior. The moment they stop doing that we should be prepared to drop them, or trade them for something better. I never claim that culture is the only thing we should pay attention to. In many practical cases it is redundant, and economic, political or institutional factors provide better explanations. But sometimes they don't, and then we need the construct of culture **(Hofstede, 2002)**

Organizational culture takes on special importance in times of crisis and becomes a circle of salvation for employees, managers and the company as a whole.

The situation that has developed in Georgian companies during the coronavirus infection COVID-19 has shown that there is no understanding of the role and importance of organizational culture in society. There is a lack of understanding of the economic benefits of introducing organizational culture in companies **(Nino Zarnadze, 2019)**. The atmosphere existing in companies, which is spontaneously formed and borrowed from the national culture, is considered as organizational culture.

Formation of strong intra-organizational links will help Georgian organizations create a strong immune system of the organization, synchronize the actions of employees, maintain team spirit and raise the psycho-emotional mood of company employees, increase its profitability and work efficiency.

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