



M.S. Vaichuk

Leadership and Corporate Culture, Their Impact on Company Growth

National Research Tomsk Polytechnic University
M.S. Vaichuk

The term “values” is no longer used only in a political context. The intangible factors become the key of stability and a driver of development. In this regard, the article provides the correlation of corporate culture development and the presence of a strong leader in a company with dynamics of companies’ profitability ratios.

Key words: corporate culture, leadership, company growth, companies, management, values.

In our increasingly tangible world more and more researchers, teachers, businessmen and professional representatives are proclaiming the importance of cross-disciplinary research located at the intersection of subject knowledge and attaining a solid competitive advantage. Cross-disciplinary research involves not only the actual product development but also coordination, collaboration, target-setting associated with generating advanced knowledge. Accordingly, the reasonable question emerges – is the methodology for focused work management effective. This especially concerns the representatives of creative professions that are involved in multidirectional expert spheres and who have different visions in product and company strategic development.

In this case, one of the most urgently arising issues is corporate culture, and more exactly, consciously responsible behavior, embracing both commercial and non-profit companies throughout the world. This factor in itself is the major source of sustainable growth and protection from internal crisis development. Corporate culture includes basic and professional team building values, different in essence but not contradictory in general. However, shaping corporate culture depends, in most cases, on the leader and his/her applicable technology management and cross-disciplinary, which, in its turn,

forwards new challenges. In view of this, it is institute leadership that is dominant including education establishments.

It should be noted that there is no unity standard in corporate culture. This could be based on such factors as official position, territory, age and discipline attributes shaping the so-called subculture of this or that company. At the same time there exist such risks as increasing business competition and growing ambition of enterprise representatives, government policy after-effect, changing market conditions and other obstacles resulting in the necessity of being ready for rejection reaction, remedial actions of internal and external challenges which could pose a threat for this or that company.

Summarizing the existing project implementation experience, the following required cross-disciplinary team characteristics could be identified:

1. knowledge assets;
2. leadership;
3. corporate culture [1].

This fact has found confirmation in the conducted research of A.T. Kearney consulting firm which revealed the dominance of corporate culture and shaped leadership within the framework of project implementation and the company economic growth itself [2]. Unbiased leaders and other market representatives were questioned to define the factor

sensitivity concerning their promotion and success. The grading was from 1– no strategic convictions in further development and 5 – obligatory commitments in perspective planning, the results of which can be seen in fig. 1.

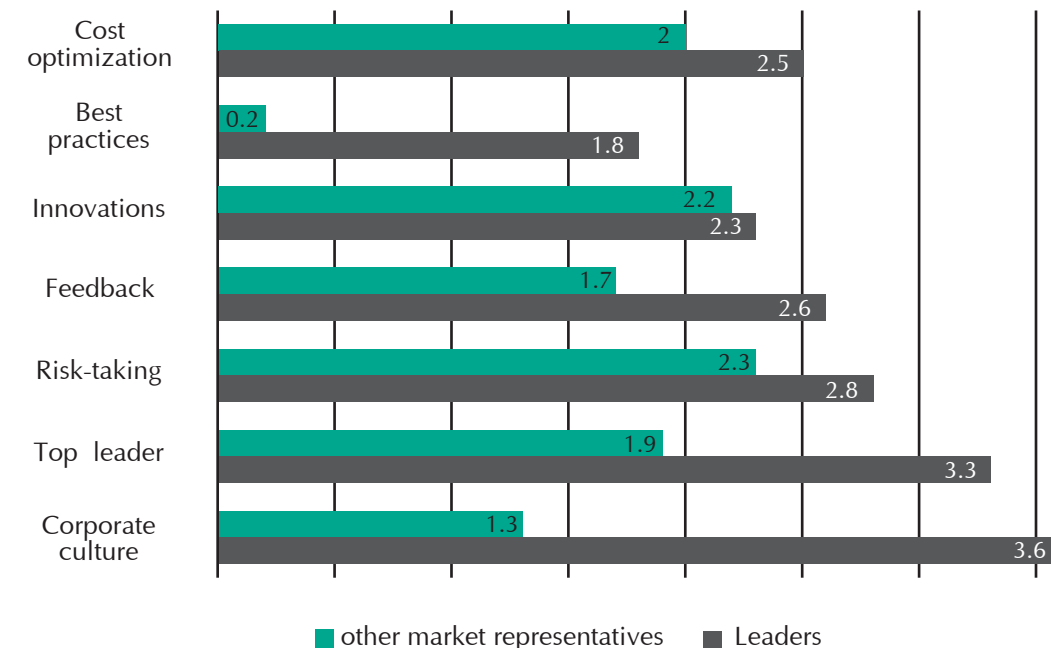
There is a breakthrough in best practices as in most cases, they are cross-disciplinary products securing a company's leadership in this or that domain and, as a result, they are confidential excluding the possible competitive advantage. On the one hand, the first component- index is quite evident, while, on the other hand, the significant index difference in human resources requires rather full-sided study, especially in view of their influence on the development of personal best practices. The major “leader” differences, comparable to all market leader ones, are their focus on corporate culture values and institute leadership, the gap of which is 2.3 to 1.4.

It could be stated that both corporate culture and institute leadership are the main leverage over teamwork performance and team relationships. Definitely, developed and introduced advanced company product

in the market could be successful; however, in the quest for a vigorous growth, dramatic failures inevitably forthcome, which poses risks to the existence of the product, while it is the selected human resources that are the backbone in the stable development opposing the external and internal reality challenges.

The importance of corporate culture is due to the awareness of the influence of value-conscious priorities and internal entity goals on corporation performance. Integrated and consistent progress towards the future would be impossible without the following aspects: favorably developed environment (reality), understanding, separation of company development strategies from the set goals, recognizing the importance of one's job, no goal-setting, no effective stimuli, no means of social mobility, and other problems. Identifying the workplace with one's home which one does not want to run away from or rapidly finishing one's work under the pressure of a competitive environment or even not coming to work at all – is a demonstrator of a favorable environment based on the

Fig. 1. Company evaluation of their growth factor



distribution of company values among the employees, project team members.

The main goal of the leadership institute includes the establishment and management of culture, providing effective activities in the implementation of the strategic goals and objectives. Specific cross-disciplinary feature stimulates a practical leader to be flexible and responsible, as well as have a willingness to unpredictable changes and capability for task-oriented changes. In this case, the leader should render the support of his/her employees in implementing projects and engage them as experts and consultants. The leader should be completely responsible for the final choice of this or that company action under new conditions, as well as the out-coming results of the company actions.

If the performed changes are positive, the organization repeats available results. It is the re-enforcement of this repetition that develops the company's awareness, further becoming the company's behavior stereotype in similar conditions and developing specific corporate culture values. The consequence is the identification and/or exclusion of basic and professional values. In the second case (exclusion) these values either drop out of the company or project team and encounter non-acceptable values of the leader and the team or become opposing element of the culture itself. This process greatly depends on the executive team and applicable management technology. In this case, leadership in modern economic relations plays an important role, being the guarantee of company success and prosperity [3, pp. 94-95].

Two trends, restricted to one case, have been identified as being not only similar but also different in the conceptual execution. Quite often corporate culture is considered the so-called cooperative entertainment activities, compelling dress code and attributes, expanded flags and mottoes. It is presumed that such activities could be resultant in the development of basic and professional values which, in its turn, could exclusively reveal only a

surface demonstrative character; whereas the expected distribution does not occur.

This constitutes a ground for studying the effectiveness of corporate culture influence and the existence of leader "dominance" on the economic indexes of company functioning, the activity of which could be related to cross-disciplinary. The return changes of a company with an "ideal" internal environment (based on the opinion of current and ex-employees) and, respectively, a company where the employees "sonorously" described their leader were analyzed. Research database was the Internet portal of a consulting company Glassdoor.com [4]. Data source was comments and employee's interviews.

The research target was 15 top leaders, showing versatile activities, from each 2014 list. Information on the company returns of the investigated year including financial statements and official press information were analyzed. The first research target was focused on the corporate culture, reflected in the nomination "Best in work". The results are depicted in tab. 1.

Only three companies showed an increase of more than 1 billion US dollars in 2014. This indicates such factors as relatively small amounts, employee's young age, as well as consequences of costly characteristics oriented on the internal environment (reality) and processes of shaping basic values. More relevant could be the comparison with average annual growth, the values of which usually correspond to the economic growth of a country. In 2014 this index was 2.4% annually, which is less than the average value of the considered companies – 9.57% [5]. The indexes of strong leadership influence are illustrated in tab. 2.

Conspicuously, in the first and second cases the data were taken not only from IT-companies which are sweepingly attracting attention of the consumer, but also from retailer-representatives, consulting companies, producers, private clinics and others. Surprisingly, it was found that there are only two foregoing companies,

Table 1. Growth indicators of a company with developed corporate culture

Company	Corporate appraisal	Increasing revenues, %	Absolute deviation, billion US dollars
1. Google	4.5	18.3	10.16
2. Bain & Company	4.4	3.6	0.078
3. Nestlé Purina PetCare	4.4	1.98	0.224
4. F5 Networks	4.3	16.89	0.25
5. Boston Consulting Group	4.3	17	0.75
6. Chevron	4.2	-7.38	-16.88
7. In-N-Out Burger	4.2	23.66	0.11
8. McKinsey & Company	4.2	10.67	0.8
9. Mayo Clinic	4.2	3.6	0.34
10. Procter & Gamble	4.2	-1.32	-1.08
11. Brigham and Women's Hospital	4.2	3.6	0.15
12. Facebook	4.1	58.5	4.6
13. Qualcomm	4.1	6.51	1.62
14. Southwest Airlines	4.1	5.14	0.91
15. Slalom Consulting	4.1	18.75	0.09
Average	4.23	11.97	0.139
Total		191.47	2.23

i.e. representatives of the information industry which products developed at the intersection of disciplines: Google (leader – Larry Page) and social network Facebook (permanent leader Mark Zuckerberg).

Nourishing a "top" leader, the companies showed an average growth of about 19%, which is strikingly 6.81% more than in the case of those representatives focused on developing corporate culture. The same situation can be observed in annual cash-equivalent increase. For example, this annual increase included 90 billion dollars, which is 40 times more the

index shown in table 1. Even if we exclude one top-performer in loss and growth, the average increase would still be 2.4 billion dollars which is 76% more comparable to the extra index in table 1 – 1.36 billion dollars.

Generally speaking, growth dynamics of companies with high encouraging values, the willingness to keep working is significantly lower than in the case of the companies with "top" leaders. In the first case, it is relatively unknown companies. Companies with strong energetic leaders are mainly major ones embracing the highly-profitable markets of information

Table 2. Growth indicators of a company with prominent leaders

Company leaders	Appraisal level	Increasing revenues, %	Absolute deviation, billion US dollars
1. Google	97	18.30	10.16
2. NIKE	97	9.84	2.49
3. Facebook	95	58.45	4.6
4. Ultimate Software	95	23.28	0.096
5. Monsanto Company	95	6.73	1
6. Goldman Sachs	95	-1.91	-0.78
7. Northwestern Mutual	95	3.09	0.8
8. Insight Global	94	32.9	0.3
9. Apple	94	27.86	50.92
10. Expedia	94	20.75	0.99
11. LinkedIn	93	45.1	0.69
12. Costco Wholesale	93	7.11	7.48
13. T-Mobile	93	21.06	5.144
14. Edward Jones	93	10.17	0.58
15. Network Capital	92	-1.51	-0.0004
Average	94.33	18.78	5.631
Total		281.70	90.10

application, telecommunication, financial sector and electronics production. Another factor is the problematic access to the financial data of such companies, excluding information on developed corporate culture. This indicates that there are two sides of this coin: a strong leader is more attractive for the public and investors, but he/she lacks the primacy motivation to increase both the company's financial indexes and improve the corporate culture by developing the values and domestic climate of the company itself.

Directly or indirectly, excluding existing contradictions, corporate culture and leadership are intrinsically interconnected and complement each other. Moreover,

most researchers consider leadership the only explicit factor that influences corporate culture. This implies that leadership could be considered as the "polishing" process of corporate culture, developing those elements that would provide and guarantee the effective company performance in implementing its goals and strategies.

Practically, all examples illustrating the leadership influence on corporate culture include the description of several values developed by the company leader and the further value education. For this purpose, the leader should understand the actual motivation level, have allegiance to the existing company activities and know the demands of his/her employees. This, in

its turn, would result in the value-based cohesion to further the set goals and tasks despite different knowledge component spheres, which optimizes continuous training, integrated target-setting and awareness of being in a team.

In conclusion, it should be noted that working under conditions of changed corporate culture and developed institute of leadership, being innovative and rare, actually produces results. Annual financial statements of described companies showed that these companies extensively outrun the average market growth index. Primarily, the influence of the leader on the company revenues reflects the role of this or that leader in the formation of corporate culture. However, obtained results could not fully

illustrate the exclusive development of leader ambitions and potentials, lack of following corporate culture changes, especially in project teams. In view of this, the community, having shaped an ideal image of a leader, could be the main prosecutor in cases of a collision with formidable challenges in the future.

Integrating leadership "path", as well as, supporting corporate culture, is possible despite the existing changes in the company principles throughout the years. The team and company activities should include shaping common base values and developing leader personality as sustainable growth is only possible under the conditions of supporting human resource values.

REFERENCES

1. Bridges and barriers to developing and conducting Interdisciplinary graduate-student team research / W. Morse, M. Nielsen-Pincus, J. Force, J. D. Wulforth // *Ecology & Society*. – 2007. – Vol. 12, Iss. 2. – P. 1–14.
2. Real companies, real strategy, and real growth [Electronic resource] // A.T. Kearney: website. – [Chicago, 1994–2016]. – URL: https://www.atkearney.com.au/strategy/ideas-insights/article/-/asset_publisher/LCcgOeS4t85g/content/real-companies-real-strategy-and-real-growth/10192, free. – Tit. from the screen (usage date: 05.05.2016).
3. Pushnikh V.A. Rol' lidera v izmenenii korporativnoj kul'tury organizacii v uslovijah nestabil'nosti. Integracija Rossii v mirovuju jekonomicheskiju kul'turu v postkrisisnyj [Role of leadership in changing organization corporate culture under unstable conditions. Russian integration into global economic culture within post-crisis period]. Ekaterinburg USTU, 2009, vol 2 pp. 93–98.
4. Top Companies for culture & values [Electronic resource] // Glassdoor: website. – [Mill Valley, 2003–2016]. – URL: https://www.glassdoor.com/Top-Companies-for-Culture-and-Values-LST_KQ0,36.htm, free. – Tit. from the screen (usage date: 07.05.2016).
5. GDP growth (annual %) [Electronic resource] // The World Bank: website. – Washington, cop. 2016 the World Bank Group. – URL: <http://data.worldbank.org/indicator/NY.GDP.MKTP.KD.ZG>, free – Tit. from the screen (usage date: 10.05.2016).