

KEY DIFFERENCES BETWEEN THE TERMS “ORGANIZATIONAL CULTURE” AND “CORPORATE CULTURE”

Organizational culture and corporate culture are usually used as similar concepts. They both describe behavior of personnel, traditions that are used among company and common goals that are achieved by all members of one structure. But still it can be met that some researches use them separately and even divide in two different concepts. Obviously, the term corporate culture focuses on for-profit corporations, while organizational culture extends to all forms of organizations including small business, privately held companies and nonprofit organizations. However, the meaning is essentially the same [1].

In order to prove all of the above it is necessary to consider definitions of terms “organizational culture” and “corporate culture” and “culture” in general. Nowadays there are more than 500 definitions of term “culture”, but the shortest and most comprehensive definition is proposed by the American scientist M. Herskovitz: “Culture is a part of the human environment created by people themselves (these are buildings, clothes, cooking methods, raising children, social interaction, religion, science, art, technology, tools, household items, language, traditions and customs, and much more)” [2]. It can be added that culture is that surround us in daily life.

In the scientific literature there is a wide variety of definitions of these concepts and the difference in the conceptual essence of which lies in the difference in specific definitions. According to authors such as E. Shein, V. Spivak, V. Tomilov, V. Volobuev corporate culture is a specific “constitution” of an organization; system of material and spiritual values, manifestations; formal and informal rules and norms of activity, customs and the environment, the implementation of internal integration, determines the specifics and characteristics of the organization.

Corporate culture is a certain background of the organization’s activity, especially manifested by dynamic changes in the structure or type of activity, which contributes to the strengthening of the performance vector depending on the degree of controllability of the organization’s conscious values. This background includes a set of collective basic representations of participants in the organization. As a concept, corporate culture allows us to consider the general culture of the organization, directs the behavior of employees to fulfill the statutory tasks and maintain a certain level of relations between participants in the activity process, forms a system of values and a corresponding system of norms and standards of

behavior that do not contradict corporate morality and universal values [3].

Corporate cultures tend to emphasize ways of operating and functioning that lead to optimum profit. Different businesses and industries embody different cultural bents to meet strategies that work for them. For example, companies in industries like information technology and creative marketing often have cultures that emphasize employee freedom and creativity. This is because these industries compete for top talent and rely on employees’ creativity and motivation to excel. Meanwhile, the banking industry tends toward more serious and structured cultures in part because financial institutions must keep strict controls and follow detailed protocols to comply with regulations, work in their customers’ interests and safeguard financial assets [1].

Concerning term “organizational culture” E. Shein gave such one: “Organizational culture is the pattern of basic assumptions that a given group has invented, discovered, or developed in learning to cope with its problems of external adaptation and internal integration, and that have worked well enough to be considered valid, and, therefore, to be taught to new members as the correct way to perceive, think, and feel in relation to those problems” [4].

Beside this it can be said that organizational culture describes people’s common goals, beliefs and assumptions, how they can exist in similar environment and solve current issues.

Two main functions of organizational culture are:

- internal integration (helps members of organization to interact with each other);
- external adaptation (helps organization to adapt to the environment).

The main elements of organizational culture:

Behavioral stereotypes: a common language used by members of the organization; customs and traditions that they adhere to; rituals performed by them in certain situations.

Group norms: standards inherent in groups and patterns governing the behavior of their members.

Proclaimed values: articulated, publicly declared principles and values that an organization or group seeks to realize (“product quality”, “market leadership”, etc.).

Organization philosophy: the most general political and ideological principles that determine its actions in relation to employees, customers or intermediaries.

Rules of the game: rules of conduct when working in an organization; traditions and limitations that a

beginner should learn in order to become a full member of the organization; “routine”.

Organizational climate: a feeling determined by the physical composition of the group and the characteristic manner in which the members of the organization interact with each other, customers or other third parties.

Existing practical experience: methods and techniques used by group members to achieve specific goals; the ability to carry out certain actions, transmitted from generation to generation and not requiring mandatory written fixation.

Until recently, the concepts of “corporate culture” and “organizational culture” were not clearly distinguished. Some scientists attempt to isolate and classify existing points of view on the relationship of these concepts. One of them proceeds from the fact that corporate and organizational cultures are independent phenomena. Organizational culture is a holistic view of the goals and values inherent in the organization, specific principles of behavior and ways of responding. Corporate culture is a set of assumptions accepted by all members of a particular organization, and defines the general framework of behavior accepted by most of the organization.

The main difference between organizational culture and corporate culture is that it is considered as a theoretical model, and the corporate culture of each particular organization is a certain mix of types of organizational cultures. Sometimes it is believed that the concept of organizational culture is more suitable for a small organization, and for an organization whose size is significant, where there are no status-role contacts, the concept of “corporate culture” can be used. The same approach underlies the definition of a local industry organization and a multidisciplinary international corporation, and the term “entrepreneurial culture” refers to the culture of small enterprises. From this point, corporate culture is a part of organizational culture, the concept of “organizational culture” is broader than the concept of “corporate culture”, so from the perspective of management the term “organizational culture” is more used [3].

Considering presented information, it can be made conclusion that like many other concepts of organizational and managerial disciplines, the researched concepts does not have a single interpretation, therefore, each of the authors seeks to give their own definition.

In this regard, it seems very important to carry out the positioning of the phenomenon in the context of related theoretical concepts, such as corporate culture and organizational culture. The organization’s culture, pronounced or hidden in absolutely all organizations, is such context or foundation that determines the acceptability of other management concepts in relation to the organization, i.e. in the implementation of a control action, an inevitable clash occurs with the organization’s culture, which affects the way in which any of the managerial concepts is applied.

The positioning of the concepts of organizational and corporate culture is presented in table 1 [5].

Table 1
Comparison of the concepts of organizational and corporate culture

Parameter	Organizational culture	Corporate culture
Object of analysis	Local industry organization	Multidisciplinary company International corporation
Conceptual range	At the organization level	At the corporation level
Content	General	Private, not typical for all organizations
A source occurrence	Head	Board of directors
Level of analysis	Macro	Meso
Dominant institutional value	Quality improvement Resource saving Market expansion Office equipment development Personal development	Quality improvement Resource saving Market expansion Office equipment development Personal development
A situation illustrating the relevance of given culture’s problem	Inconsistency of organization’s structure, strategy and culture	Merger, absorption of some enterprises by others Creation and functioning of foreign firms
Influence	Elements of the organization and its staff	Interaction between business partners

According to this table we can see that there are some key differences between these two concepts, it concerns content, situation that illustrates the relevance of given culture’s problem and influence. But other parameters are the same or nearly the same. From this we can make conclusion that these two terms are very similar, but still there are people who claim the opposite. So there isn’t right answer in this sphere and in scientific researches should be used those definitions that the author accepts himself and on which his works are based on.

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