“In a world parallel to the power of death and the power of coercion, there is another huge driving force that carries confidence, and its name is culture”

Albert Camus

**TOPIC**

4. THE CORPORATE CULTURE OF PHARMACY / PHARMACEUTICAL AND MEDICAL ORGANIZATION

**The purpose of the lesson:** be able to interpret the concept of corporate culture of the organization, to know the components of the corporate culture, the ways of its creation; to analyze types of corporate cultures of the organization.

**Theoretical questions**
1. The concept of culture. Corporate culture of pharmacy / pharmaceutical and medical institutions.
2. Components of corporate culture.
3. Types of corporate cultures.

**Theoretical questions for self-study**
1. System of values, rules, psychological climate.
2. Ethical codes.
3. Image of pharmacy and medical institution.

**Key concepts of the topic:**

Corporate culture, reference group, psychological climate, organization’s mission, affection.

**THEORETICAL PART**

**The concept of culture**

In Ukrainian encyclopedic sources, culture is mainly defined as a combination of the material and spiritual achievements of mankind.

Fig. 4.1 shows the hierarchy of culture.

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<th>Culture of society</th>
<th>The hierarchy of culture</th>
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<td>the objective integrity of cultural creativity, the structure of which does not depend on the activity of individual collectives or personalities</td>
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Fig. 4.1. The hierarchy of culture, developed by the authors

Culture has several functions. Among them are the following:
✓ cognitive;
✓ informative;
✓ communicative;
✓ regulatory;
✓ philosophical;
✓ educational;
✓ axiological (the formation of a person of certain value orientations, moral attitudes, cultural values of a person).

Corporate culture

Corporate culture is a set of norms of behavior and values common to all employees of the organization.

In the absence of direct instructions on corporate culture, it:
✓ defines the way of action and interaction of people, greatly affects the progress of work;
✓ regulates behavior in relation to patients, colleagues, managers, shareholders, and other people.

Fig. 4.2 shows the tasks of corporate culture.

The role of corporate culture:
✓ informal basis of organization formation;
✓ the context of the internal environment;
✓ an instrument of competitive struggle (collective programming of thoughts that distinguish one organization from another).

Corporate culture allows

- to form the necessary value benchmarks of the employees
- to get the most return of your employees
- to form the necessary thinking stereotypes
Fig. 4.2. The tasks of corporate culture, developed by the authors

Components of corporate culture

A number of companies are working with the office microclimate, and corporate culture is understood simplified and reduced to corporate celebrations; others develop Corporate Codes, write about the Mission, Values of the organization.

Large companies:
✓ open educational centers;
✓ publish magazines and newspapers;
✓ develop the Code of Corporate Ethics;
✓ create standards and standards for employee behavior;
✓ develop models of corporate competencies (skills);
✓ conduct team-building trainings.

Fig. 4.3 shows the levels of corporate culture.

In the United States, many studies have been conducted on corporate culture at enterprises.
To the question: “What kind of information about the employer is most important to you?” 63% of students from the best American business schools placed the corporate culture on the first place, 37% – on the company's history and its plans for the future.

Interests of respondents in the choice of the employer-pharmaceutical company were distributed as follows:
- 15.3% – high ethical standards;
- 34.4% is a strong corporate culture.

As for domestic companies, according to experts, few companies are serious about the problem of corporate culture. Experts believe that the ratio of the consciously and unconsciously formed culture of the organizations of the world looks like this: Russian companies – 20% to 80%, Western – 70% to 30%, Eastern – 90% to 10%.

HR-specialists (specialists in human resource management) believe that the influence of corporate culture and group values is one of the important factors of motivation (and in the absence of a corporate culture – demotivation) of employees. An effective HR-manager should take into account the need for a person to recognized by the team and purposefully increase the motivation of employees at the expense of the group.

According to theories of M. Tugan-Baranovsky and A. Maslou one of the basic human needs is belonging to a group or a social need. How does organizational culture affect the motivation of employees? It prompts some actions, supports the existing norms. We are motivated when we receive the recognition of people belonging to our reference group, that is, those whose opinion is significant to us. Therefore, the motivation of an employee in an organization implies the influence on him of the team and group norms.

Stable team norms affect its members. Different people have a different degree of dependence on group norms, as well as the need for belonging to a team. There are patterns that should be considered:

1. The greater the desire for external evaluation and the need to support those who surround, the stronger the person is dependent on the group, needs affiliation and approval. It is very important to identify reference groups (there may be several of them) and their sphere of influence.

2. The more often the impact “the law is so accepted” is used (and this leads to success), the greater the impact on the employee make group norms and values.

In addition, while recruiting, one needs to explain what is happening in the company, what is not welcomed and why.
Fig. 4.4 shows the motivational impact of corporate culture.

How to create a corporate culture?

The perspective is the model of the so-called circles. These "circles" are characteristic of large and small, state and private organizations.

In the center of concentric circles there is the “I”, then informal relations, formal relations, material and technical relations, on the outer circle – goals, strategy, politics, tactics (fig. 4.5).

1 – “I”
2 – informal relations
3 – formal relations
4 – material and technical relations
5 – goals, strategy, politics, tactics

Fig. 4.5. Creating a corporate culture – a model of “circles”
The only one effective way is to start with each “I”, in the first place with the “I” owner. Everyone must realize their value systems, and then move on.

Corporate culture should also include:
• a system of internal communications between top management and ordinary employees;
• a transparent and understandable wage system;
• a system of non-material motivation;
• an effective system of personnel training and development.

Corporate culture monitoring is carried out using:
- anonymous questionnaire;
- interviews with key employees;
- monitoring meetings.

NB! Serious projects to change the corporate culture in large companies last 1-2 years. The cost can be up to 10% of the profit of the enterprise (subject to the involvement of external specialists).

Types of corporate cultures
There are different types of corporate culture. Under the type of corporate culture are understood a certain group of cultures, united by a general feature that distinguishes this type of culture from others.

Classification of the main types of corporate cultures
1. Depending on the nature of the impact of corporate culture on the enterprise:
   - positive;
   - negative.
2. According to the degree of adequacy of the hierarchy of values and the prevailing ways of their implementation:
   - stable (high degree of adequacy);
   - unstable (low degree of adequacy) cultures.
3. According to the degree of intensity of culture and external or internal focus of corporate culture:
   - strong (mostly organizations that are intensively supported);
   - weak cultures (mainly young organizations or organizations characterized by constant rotation).
4. According to the potential to maintain the status and success of the company (typology of J. Sonnenfeld), fig. 4.6.
Classification of corporate culture according to potential to maintain the company’s position and success (typology of J. Sonnenfeld)

“Baseball team”: occurs in a situation where risky decisions are taken

“Academic Culture” (academy): provides for a gradual career growth. The company is recruiting new young employees for the slow advancement of service ladders

“Club culture” (club): characterized by loyalty, team work that promotes professional growth

“Defensive culture” (fortress): arises in the situation of the need for survival; there is no guarantee of permanent work, companies often reduce their staff to adapt to new external conditions

Fig. 4.6. Classification of corporate culture according to potential to maintain the company's position and success (typology of J. Sonnenfeld)

5. According to the nature of the organization's management (typology by Prof. C. Handy):
   - culture of Role (culture of Apollo: procedures, rules);
   - culture of Personality (culture of Dionysus: human potential, his skill)
   - culture of Power (culture of Zeus: the emphasis is on the growth of the organization, and the importance of employees is determined by the occupied position)
   - culture of Tasks (the culture of Athens: the fulfillment of the task, the ability to cope with the task, the new situation, the ability to adapt to it).

6. Corporate cultures depending on the company’s orientation on the internal or external environment:
   - introvert (characterized by emphasis on the internal environment of the organization: between departments, employees);
   - extrovert cultures (focus on external relations and relationships).
7. The classification of corporate culture according to the general characteristics of the company is shown on fig. 4.7

- **Clan**: focusing on flexibility in making decisions within the organization, caring for people. Leaders in such organizations are educators

- **Adhocratic**: focusing on external positions, combined with high flexibility and an individual approach to people, people are willing to take risks. Leaders are innovators

- **Market**: focusing on external positions, coupled with the necessary stability and control. The main concern of the organization is to achieve the goal. Leaders are solid managers and hard rivals

- **Hierarchical**: focusing on internal support coupled with the required stability and control, the place of work is formalized and structured. Leaders are rational-minded coordinators and organizers

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* An open standard questionnaire (OCAI, Organizational Culture Assessment Instrument)

8. According to the nature of development, corporate marketing cultures are divided into:
- “male” cultures;
- “female” culture.

7. Different types of corporate culture are distinguished in management (fig. 4.8).

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Types of corporate cultures in management

- **“Culture of power”**: provides for the effective use and redistribution of resources by management in the organization

- **“Culture of tasks”**: culture is focused on solving the tasks and realization of projects

- **“Culture of personality”**: provides for the development of personal qualities of employees

- **“Culture of role”**: focuses on the fulfillment of roles and responsibilities of employees
10. **Types of corporate cultures according to the classification of J. Mouton – R. Blake**

R. Blake and J.S. Mouton are American experts in management theory from the University of Ohio. They developed the Leadership "grid", which included 5 basic leadership styles.

J. Mouton and R. Blake singled out the following types of corporate cultures:

1. **“Country club”**
   - primary human interests, increased attention to employees, important good relations in the team. Appropriate and acceptable in small family-type organizations.

2. **“Authority – compliance”**

3. **Organizational management**
   - balance of interests of employees and the company within clearly defined rules, which determine all the main actions and decisions of the organization.

4. **Group management or team**
people are united by common goals, their goals are close to the general due to motivation. Corporate culture is characterized by flexibility and great achievements.

5. **Impoverished management**
- unequivocally negative corporate culture: the minimum of attention to business and to people. Fig. 4.9 shows the Leadership “grid” – the types of corporate culture J. Mouton and R. Blake.

**The Leadership Grid**

![The Leadership Grid](image)

**Fig. 4.9. The Leadership “grid”**

Most companies have their own website, which features logo, slogan, company history, mission, and strategic goals. The mission of the organization details the firm’s status and provides direction and benchmarks for defining goals and strategies at different organizational levels. There are the components of corporate culture on fig. 4.10.

**The components of the corporate culture of the organization**

- mission
- mottos
- labor ethics
- heroes
- legends
- values
- motivation
- faith
- symbols
- ceremonies
- microclimate
- Corporate code
- business environment
- communication
- rituals and traditions
The components of corporate culture, developed by the authors

The organization has three “climate zones”:
1) **social climate** – is determined by the high level of awareness of employees in this enterprise about the common goal and objectives;
2) **moral climate** – is determined by moral values commonly accepted in this group;
3) **psychological climate** – an informal atmosphere that is formed between workers in direct contact.

*The indicator of corporate culture is adaptation of young specialists*

**Adaptation** is a transition to a full-fledged activity in the new environment. There are the following types:
- ✓ professional adaptation (to work, areas of responsibility, acquisition of competences);
- ✓ socio-psychological (addictive to the team);
- ✓ socio-organizational (study of administrative-legal norms, acquaintance with strategic plans, company’s history);
- ✓ psychophysiological (addictive organism to unusual conditions of work and rest).

For the young specialists, the last 2 types of adaptation are important.

*Corporate missions of domestic pharmaceutical companies*

*OJSC “Farmak”*. Our Mission addresses the socially important and vital interests of many people who either help us create or use our medicines and services. In general, we bear Corporate Social Responsibility for the daily execution of our Mission to the entire Society. Our Mission has three main aspects – Social, Economic and Corporate.

Our Social mission is to create, implement and implement effective, safe and affordable medicines, both traditional, well-known to our compatriots and modern high-tech drugs. We help people become healthier and happier through our care of their health.
Our Economic mission is to manage all business processes of the company, to ensure the stable growth of its financial well-being and profitability, to create additional value for the interested parties.

Our Corporate mission is to provide our employees with an opportunity for professional and career growth, to reveal their intellectual and emotional potential. Our corporate mission is to create the best jobs, to attract proactive, creative people, to reveal their talents, to fairly evaluate and compensate their efforts, to inspire new and new accomplishments.

Pharmaceutical company “Zdorovya” Ltd. The mission of the company is to promote the high quality of life of every person, regardless of social status.

Pharmaceutical company "Apteka-95" Ltd. Our mission is to improve the living conditions of people, to care for people, and to help them with high-quality medicines.

The pharmacy mission of the company “Farm-Soyuz” is to care for the health of people through the provision of their medicines and medical supplies, providing a high level of service, which maximizes the effect and justifies the expectations of our pharmacy visitors.

International Specialized Pharmaceutical Corporation “Yuriy-Farm”. Our mission – we create unique solutions for the health and treatment of people. We seek Community respect, Doctor’s recognition and Patient’s trust. We attract the creativity of our employees and our partners and increase their well-being. Our innovations shape the style of the pharmaceutical business.

Examples of existing corporate cultures of foreign pharmaceutical companies

A good example is the corporate culture of the worldwide famous Takeda Pharmaceutical Company Limited, one of the 15 largest in the world.

The company employs more than 29 thousand people. Areas of interest of the company are medicines for cardiovascular and metabolic diseases, gastroenterology, respiratory diseases and immunology, neurology, inflammation, oncology (a separate unit Millennium: The Takeda Oncology Company), vaccines.

The company has research centers in the US, Europe and Asia, owns factories in Japan, China, Indonesia, Italy and Ireland.

The main directions of the company’s management include: setting goals and objectives that are understandable to managers and workers. At the firm deliberately abandoned solid plans and control over their implementation. It is believed that the manager should act under circumstances, mechanical
thoroughness, is quite acceptable in routine work, can only lead to failure of the case. Prevailing anti-bureaucratic leadership style.

In the organizational structure of the company, units can be created for a certain period, having almost complete administrative and economic independence; the most important projects are entrusted to innovators.

The administration of the firm believes that the gifted employee is “burning at work”, he can most difficultly and quickly complete any difficult task; the younger post has the right to disagree with the elder.

This principle means that the interests of the case have a higher priority for the company and for their sake the manager should concede not only personal ambitions, but also age-old traditions of respect for the older juniors. Employees have a sense of belonging to a large family called “Takeda”. To do this, there is an efficiently operating system of lifelong hiring, collective forms of rest are organized, and so on.

**Pfizer’s** distinctive features have always been social responsibility and innovative approach.

The strong position of Pfizer in the market allows the company to provide employees with a stable, decent wage and confidence in the future regardless of the foreign economic situation. But Pfizer’s leadership does not stop there, constantly introducing new incentive schemes and incentives, policies aimed at maintaining a balance between personal and working time of staff, improving quality of life and maintaining staff in all life situations. For example, it should be noted the policy of flexible benefits, which takes into account the interests of different categories of employees – young people, parents with children, employees working in remote regions – and it is precisely their motivational expectations. The company is encouraged and encouraged when the manager recognizes the merits of his colleagues and shares his success with them.