

Corporate Values in the Formation of the Identity of Russian Corporations

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Abstract—The paper presents the results of the analysis of the role of core values in corporate identity formation. The study was carried out based on the analysis of documents and information materials about 60 large Russian commercial companies and non-profit organizations placed on the Internet. The analysis was performed based on an axiological model, which implies the formation of the system of corporate values at four levels: global, socio-cultural, corporate and personal.

The study showed that core values are becoming the drivers of the corporate identity formation in Russian corporations. Commercial companies are typically focused on core values of global and corporate levels, and this reduces the potential for the uniqueness of the corporate identity since it lacks the values of socio-cultural and personal levels. Non-profit organizations are aimed at the formation of core value systems that take into account global and personal levels, which reduces the potential for uniqueness of the corporate identity since it lacks socio-cultural and corporate values and carries potential risks of losing corporate identity when corporate management team changes. The authors argue that in order to reinforce corporate identity Russian corporations need to consider all levels of core value formation, to more actively involve employees in the implementation of core values at all levels, and to more extensively cover the processes of implementation of core values on corporate Internet resources and in traditional and new media.

Keywords—core values; corporate identity; commercial companies; non-profit organizations

I. INTRODUCTION

In recent decades, corporate values have become the object of close attention of researchers, who study the role of corporate identity in the formation of the image and reputation, and in enhancement of competitiveness of commercial companies and non-profit organizations. Due to the growth of business decentralization and expansion of the activities of international non-profit organizations in management, management by instructions (MBI) has been replaced by management by objectives, which is currently being displaced by management by values (MBV) [1].

The theoretical basis of current studies addressing the issues of corporate values is the philosophical study of the values that originated in Antiquity and most actively developed in the second half of the XIX century, when axiology as a theory of values emerged and systemically developed as an independent philosophical trend. According to M. Heidegger, it was at this time when “the value idea took the lead in this clearly expressed

form and strove to become dominant as something axiomatic” [2].

II. LITERATURE REVIEW

The first axiological studies developed the ideas of enormous theoretical, practical and prognostic significance for understanding modern corporate values and their role in corporate identity formation.

Thus, the idea of G. Rickert that values form the content of human culture [3] becomes crucial for understanding corporate values as the foundation of the corporate culture of each organization that has unique content. M. Weber’s opinion on the relativity of values requires focus on reflection of “the spirit of times and the spirit of culture” in corporate values [4]. The idea of F. Nietzsche about inevitability of “reassessment of values” at crucial moments in human culture development [5] allows us to consider corporate culture as manifestation of human culture, where dramatic changes in lives and activities of corporations make rethinking and reassessment of values a condition for their development.

The ideas proposed in the studies by V. Windelband that values act in the human world as ultimate normative grounds, without which human existence is impossible, are also of great importance for understanding the processes of corporate value formation [6]. Today, almost all researchers of corporate values recognize that certain values are intrinsic to all corporations regardless of whether corporations show interest in value system formation and incorporation of the system into practice or not. These values make the ultimate basis for the professional and social activities and form corporate identity.

M. Scheler’s ideas about “positive” and “negative” values (“anti-values”) and the destructive impact of the latter on human communities and personality are also of particular importance for understanding the role of corporate values in the development of modern corporations [7]. M. Scheler believed that anti-values should not have the right to exist. This is practically evidenced by the results of modern studies, which state a destructive impact of “anti-values” on corporate employees and their attitude to professional activities and to their colleagues and management, which has extremely negative effects on corporation growth.

The philosophical study of the German philosopher Dietrich von Hildebrand that resulted in the work *Metaphysics of Communications*, published for the first time in 1930, remains

relevant for understanding the role of corporate values in corporate identity formation. [8] Analyzing the value of community, the thinker comes to the conclusion that people in each community are united by “name” (in nomen) of a certain value sphere. In addition, in all communities the domination of the value sphere, which name unites its members, increases.

The study results obtained by Hildebrand, which show that uniting people around the values in which they are jointly incorporated increases the impact of these values on all aspects of the community life and each community member, are particularly consonant with the objectives of the “ideal corporate values”. In addition, values in united people develop more fully than those in people who exist autonomously. Thus, unification of people around values realizes an intensifying function, and the values develop to a greater extent due to efforts and individual abilities of the people incorporated in the community. And this, in turn, leads to development of the identity of each human community, in which people are jointly incorporated [8, 289].

In the 80s of the last century, based on the analysis of a large array of empirical data, researchers concluded that corporate values are crucial for organization management; moreover, they emphasized the importance of harmonized corporate values and personal values of corporate employees to maintain and improve management efficiency [9].

Current studies show that core values which reveal the unique identity of corporations are becoming more crucial for increasing their attractiveness, and the latter in turn allows corporations to develop more efficiently and to be more stable during crisis [10]. For example, the study of the role of various values in company activities by Michel L. Ehrenhard and Timo L. Fiorito allowed the authors to conclude that implementation of such values as respect, solidarity and equality enables companies to maintain their reputation during crisis [11]. The analysis of the core values of the world’s most reputable companies helped Maria Assunta Barchiesi and Agostino La Bella define “five independent core value orientations: to customer/user, to employees, to economic and financial growth, to excellence, and to social responsibility” [12]. The authors insist on direct link between high incomes, global admiration and core values focused on social responsibility.

Numerous studies of business practices, which often include non-profit structures, convey the idea of profit as the main and final goal, and the idea of value-based management as a tool to increase profitability and enhance the survival of the company in competitive and risky environment, however, recent studies show with increasing frequency that “corporate values are virtually not directly related to profit” [13]. However, being the foundation for building a corporate philosophy that guides the development of corporate culture, corporate values affect the degree of involvement of corporate employees in implementation of company's plans and formation of its identity.

III. PURPOSE AND OBJECTIVES OF RESEARCH

The purpose of the study was to reveal the role of core values in formation of the corporate identity of Russian commercial companies and non-profit organizations. In the

study, the following objectives were set: to perform a comparative analysis of formalization of the values of Russian commercial companies and non-profit organizations; to analyze the content of the declared values and their potential in corporate identity formation; to explore means of disseminating information about implementation of the declared values and their impact on understanding the corporate identity by employees and their involvement in the implementation of core values in professional and social activities that enhance corporate identity.

IV. RESEARCH METHODOLOGY

The study was based on the analysis of documents and information posted on official websites of companies and on corporate accounts on social networks of 30 large Russian commercial companies and 30 large Russian non-profit organizations. The commercial companies were chosen for analysis based on “Rating of the most expensive public Russian companies”. Non-profit organizations were chosen from the leaders of the National Union of Non-Profit Organizations, and based on ratings of charitable, cultural, sports and other institutions.

The study used quantitative and qualitative methods. Quantitative methods were used to determine the share of corporations whose values are formulated and presented in open sources of information, and to analyze the channels for dissemination of information about corporate values and the amount of information about the processes of their implementation in professional and social activities.

Content analysis was used to identify the attitude of employees of commercial companies and non-profit organizations to corporate core values, and the potential of corporate values in corporate identity formation.

The analysis was performed based on the axiological model proposed by E.A. Osipova [14]. According to this model, the system of corporate values used to create corporate identity should be formed at four levels: global level, socio-cultural level, level of the social subject (in this case, the corporation) and personal level.

At the global level, the system includes basic values of one or another professional sphere of the company. So, for all companies whose work is associated with a risk to human life, the core value at the global level should be the value of human life. For companies whose activities are associated with damage to nature, the core value is the value of nature. For all medical institutions, regardless of the scale of their activities and regions where they operate, the value of health should be the baseline, for all educational organizations, it is the value of education, etc.

At the socio-cultural level, the corporation highlights values associated with preservation of socio-cultural identity in the regions where it operates. This level ensures corporation's involvement in preservation of cultural diversity and allows you to identify the corporation as the bearer of cultural values of a particular region.

At the level of the social subject (corporation), unique values related to the history, traditions, individual experience,

unique human resources and corporate traditions of each commercial company or non-profit organization are formulated. This level allows the corporation to significantly reinforce its corporate identity.

Finally, the personal level reflects those values, “in nomen” (Hildebrand) of which corporations unite people with their personal values, that is, this level implies coordination of employees' personal values, which allow the corporation to acquire unique identity based on unique identity of people involved in its activities.

V. STUDY RESULTS

The study showed that the core value systems of all large Russian commercial companies and non-profit organizations are formalized and presented as public information.

At the same time, 79% of large commercial companies list core values on corporate websites, 100% of companies include these values either in ethical codes, or in electronic versions of corporate publications, or in brand books and social reports. Most commercial companies demonstrate core values via all media.

Corporate sites also house core values of 47% of non-profit organizations. In 53% of organizations, core values are not formally mentioned, but missions, objectives, positions, and content of project activities formulated in statutory documents make them quite transparent. This is especially true of charitable foundations, whose values are often reflected through their concretized activities.

The mission of one of the foundations which distributes products from manufacturers, cafes, restaurants, and agroholdings – to provide food and nonfood goods for people in difficult life situations – can be taken as an example. The core values of the foundation can be estimated through its projects: “Products to help mother”, the all-Russian program of assistance to low-income families with children (together with the ombudsman for children); “Products to the province”, the program of assistance to low-income people in villages; “People's lunch”, the all-Russian charity campaign (together with the Russian Orthodox Church); “Basket of kindness”, the all-Russian food marathon; “Breakfast Club”, the program of free school breakfasts for children from low-income families.

The statutory documents and the corporate website of one of the most authoritative foundations in Russia providing help to seriously ill children state the following: “The foundation’s position is to awaken people’s desire to become participants in charitable projects. We do not build our activities on sad stories and do not beg for sympathy. We strive to attract money as positively as possible, and we are convinced that good deeds should be accomplished with a smile and in good mood. It is important to make sure that everyone has the opportunity to help regardless of his financial situation and age.” This position clearly indicates the core values of the foundation – participation, assistance, kindness, and positivity.

At the same time, more and more large Russian cultural institutions are paying serious attention to formulation of core values. For example, the core values of a famous Russian art gallery are inspiration, pride, orientation to visitors, creativity,

openness for cooperation, hospitality, compliance with high quality standards, and professionalism. The combination of these values allows us to get an idea of the institution corporate identity, and each value helps significantly enhance this identity.

In general, materials from websites, corporate publications and social media accounts of both commercial companies and non-profit organizations in Russia indicate a systematic work on the implementation of core values and gradual incorporation of core values into all areas of professional and social activity.

It is important to note that many commercial companies take into account core values when choosing the areas of social partnership in collaborations with charitable, educational, medical, sports, scientific, and other organizations.

When building partnerships, commercial companies and cultural institutions tend not just to help develop cultural projects and programs, but to reinforce the corporate identity of all the collaboration participants, which is based on common core values [15].

According to information posted on corporate websites and on social networks, the majority of commercial companies (76%) and non-profit organizations (100%) familiarize their potential and recent employees with corporate values. They also train their staff in implementing these values in professional and social activities. (Information materials on corporate websites, corporate publications, content of social networks of large Russian commercial companies and non-profit organizations show that an increasing number of organizations are focused on the development of corporate values and reinforcement of corporate identity.

The study showed a positive dynamics of the employee attitude to corporate core values, which is typical of both commercial companies and non-profit organizations; however, they still exhibit noticeable differences.

The study of social network content revealed that not all employees of commercial organizations whose values are formalized in corporate documents find the correlation between the core values and practical activities of the company, and not all of them consider these values significant for the development of the company, for professional and personal growth of its employees, and for corporate identity formation. This may be due to several reasons.

One of them is formation of the core values of some companies at the global level, which does not reflect the specificity and uniqueness of the companies. For example, such values as quality, honesty, integrity, professionalism, respect, responsibility, improvement, etc., claimed by the majority of commercial organizations are crucial for companies representing different business fields. They indicate the modern level of professional culture, and therefore cannot reinforce corporate identity or help employees understand the positive distinctive features of the company they work for.

Socio-cultural specificity of the regions where the company operates is often not considered for the formation of its core values. The coordination of corporate and personal core values is a significant problem of commercial companies.

On the contrary, the employees of non-profit organizations, even of those whose values are not formally designated, can articulate core values and give details about their implementation. This can be due to a higher percentage of employees whose personal values are consistent with corporate values at the stage of applying for a job in a certain non-profit organization. In addition, employees are involved in the implementation of corporate values, and corporate websites, social networks, and traditional and new media provide more systematic and thorough information about value-oriented activities of the organization.

In terms of corporate identity formation, companies involved in the primary sector, banking, and information technology and telecom industries are the leaders among commercial companies in core value formation. This is not only due to the increasingly strict standardization of professional activity and social responsibility in these areas, but also due to the fact that these areas are developing based on advanced technologies and pay great attention to the development of corporate culture and personnel development.

Among non-profit organizations, the core values of museums, exhibition halls, concert halls and theaters have the greatest potential for corporate identity formation. The core values of these institutions include basic values of their professional fields, values associated with preservation of socio-cultural identity of the regions of their operation, unique values associated with their history and traditions. In addition, the core values harmonize corporate values with the personal values of their employees.

The core values of large charitable organizations are often dependent on global values (life, health, etc.) and personal values of their founders, which, on the one hand, reinforces corporate identity based on the awareness of key people of organizations, and on the other hand, poses potential risks when management changes.

VI. CONCLUSIONS

The study showed that corporate values play a key role in formation of the corporate identity of Russian commercial companies and non-profit organizations, which is recognized by numerous modern Russian corporations operating in both spheres. Thus, core values are gradually becoming the drivers of corporate identity formation.

This is evidenced by the growing number of corporations that formulate core values at four levels: global, socio-cultural, corporate and personal. At the same time, commercial companies are more often focused on the core values of global and corporate levels, which somewhat reduces the potential for the uniqueness of corporate identity since the values of socio-cultural and personal levels are ignored.

Non-profit organizations tend to develop the core value systems that take into account global and personal levels, which limits the potential for the uniqueness of corporate identity since the values of socio-cultural and corporate levels are ignored, and poses potential risks for corporate identity when management changes.

The comparison of the formation of the core value systems of Russian commercial companies and non-profit organizations shows that many commercial companies are ahead of non-profit organizations in core value formalization. The core values of non-profit organizations are supported by the employees of organizations, are more efficiently implemented in the professional activities and have a greater impact on corporate identity.

Taking into account the specifics of commercial and non-commercial spheres, it can be concluded that Russian commercial companies and non-profit organizations face the tasks of both general and specific character in core value formation, and fulfillment of these tasks can reinforce their corporate identity.

The general tasks include consideration of all levels of core value formation to ensure an absolutely unique combination of values for each corporation, realization of which will reinforce corporate identity; active involvement of corporate employees in the implementation of core values at all levels; extensive coverage of the implementation processes of core values at all levels on corporate sites, social networks, and traditional and new media.

The specific tasks include the formation of the realistic core value systems relevant for the identity of organizations that will be supported by both employees and stakeholders.

The specific tasks of non-profit organizations in the formation of core values are associated with the need to formalize these systems. Formalization of the core value systems will provide, on the one hand, a more conscious inclusion of employees in the implementation of the core and similar corporate values, and on the other hand, this will open new prospects by attracting new target audiences that share the core values of the organization.

Researchers investigating core values and their role in formation of the corporate identity of commercial companies and non-profit organizations are also facing challenges. First of all, this involves the study of best practices of organizations that exhibit a distinct corporate identity in core value formation. One of the priority tasks is identification of conditions and development of new humanitarian technologies for harmonizing corporate and personal values in commercial companies and non-profit organizations.

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