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MANAGING CORPORATE CULTURE IN SERVICE COMPANIES: MODERN APPROACHES AND CHALLENGES

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Annotation. *The aim of the article is to explore the specific features and mechanisms of managing corporate culture in service companies under modern economic conditions. The study emphasizes the strategic importance of corporate culture as a driver of customer orientation, service quality, and competitive advantage. Unlike manufacturing enterprises, service organizations rely on intangible assets, employee competencies, and the quality of client interaction, which makes corporate culture a critical factor for sustainable development. Methods applied in the research include theoretical analysis of international and domestic literature, synthesis of conceptual approaches such as service-dominant logic, and comparative review of management practices in service organizations. The study also integrates insights from models of cultural transformation and strategic alignment to identify effective tools for embedding corporate values into operational processes. The results of the study demonstrate that corporate culture in service companies functions as a cross-cutting mechanism that unites strategic priorities, managerial decisions, and service practices. At the tactical level, transformation of culture is achieved through policies, HR tools, operational routines, communication channels, leadership development, and cultural risk management. At the operational level, service culture acts as a practical manifestation of corporate values, ensuring consistency in customer interactions and enhancing loyalty. The research confirms that strong corporate culture significantly improves service effectiveness and brand perception. The practical significance of the study lies in providing a framework for service companies to integrate corporate culture into their business models. Recommendations include implementing service standards, customer satisfaction metrics (NPS, CSI), emotional intelligence training, and internal service practices to strengthen customer orientation and organizational resilience.*

Keywords: corporate culture, service company, service-dominant logic, customer orientation, service culture, strategic management, operational practices.

General statement of the problem and its connection with the most important scientific or practical tasks. Managing corporate culture in service companies has become a critical challenge in the context of rapid technological advancements, globalization, and evolving customer expectations. Unlike manufacturing firms, service organizations rely heavily on human interaction and intangible value creation, making corporate culture a decisive factor in shaping employee behavior, service quality, and overall customer experience. However, the dynamic nature of the service sector introduces complexities such as cultural diversity, remote work trends, and the integration of digital tools, which often lead to inconsistencies in shared values and organizational norms.

The problem lies in the lack of unified approaches to developing and sustaining a strong corporate culture that aligns with strategic objectives while remaining adaptable to external changes. Many service companies struggle to balance flexibility with stability, especially under conditions described by modern management paradigms such as VUCA (Volatility, Uncertainty, Complexity, Ambiguity) and BANI (Brittle, Anxious, Nonlinear, Incomprehensible). This creates a pressing need for innovative frameworks

that address cultural transformation, employee engagement, and leadership practices in a volatile environment.

The connection with key scientific and practical tasks is evident in several areas:

Scientific relevance. The study contributes to the theoretical understanding of corporate culture as a strategic resource in service organizations, exploring its role in organizational resilience and adaptability.

Practical significance. Findings can inform managers on effective tools and methodologies for cultural diagnostics, change management, and the integration of digital technologies to reinforce cultural values.

Societal impact. Strengthening corporate culture in service companies enhances service quality, customer satisfaction, and employee well-being, which are essential for sustainable economic development.

Analysis of recent research and publications. The evolution of service companies and their corporate culture has been widely discussed in both classical and contemporary literature. Foundational works by D. Bell [1] and W. W. Rostow [2] laid the groundwork for understanding the transition to post-industrial society and the stages of economic growth, emphasizing the increasing role of services in modern

economies. These ideas were further developed through the Service-Dominant Logic proposed by S. L. Vargo and R. F. Lusch [3; 4], which redefined marketing and business models by prioritizing value co-creation and customer-centric approaches. This paradigm shift has influenced subsequent research on servitization and business model innovation, as highlighted by C. Grönroos [8] and H. Wieland, N. Hartmann, and S. L. Vargo [9].

Recent studies have focused on the structural and operational aspects of service firms. A. Von Nordenflycht [10] introduced a taxonomy of professional service firms, while J. Hofmeister, D. K. Kanbach, and J. Hogreve [11] provided a systematic review of service productivity, identifying gaps for future research. F. Ponsignon, A. Smart, and R. Maull [12] examined process design principles, questioning their universality across different service contexts. Ukrainian scholars, such as S. V. Kolyadenko and S. O. Tytarchuk [13], and Ya. V. Lisun [14], explored the strategic potential and profitability of service-oriented approaches in domestic companies, while Z. Andrushevych, R. Boiko, and V. Nyanko [15] emphasized client-oriented branding strategies.

Modern research increasingly addresses cultural and ethical dimensions. A. Roy, A. Newman, H. Round, and S. Bhattacharya [16] reviewed organizational ethical culture, proposing an agenda for future studies. P. Mosquera and M. E. Soares [17] highlighted onboarding as a critical factor for employee retention and well-being, whereas P. S. Walentynowicz [18] presented a Kaizen-based model for shaping organizational culture. Practical insights on psychological safety and leadership development were provided by A. De Smet, K. Rubenstein, and M. Vierow [19], reinforcing the importance of adaptive leadership in fostering resilient corporate cultures.

Overall, the literature demonstrates a clear trend toward integrating service logic, cultural adaptability, and employee-centric practices into strategic management. However, challenges remain in operationalizing these concepts across diverse service environments, particularly under conditions of volatility and uncertainty.

Formation of the objectives of the article (task statement). The objective of this article is to examine the peculiarities of managing corporate culture in service companies, considering modern approaches and the challenges they face. The task is to reveal how corporate culture influences service quality and competitiveness, analyze current management practices, and outline key factors that determine successful cultural development in today's dynamic business environment.

Presentation of the main research material with full justification of the scientific results obtained. The concept of a "service company"

emerged not from legal frameworks but from the evolution of economic thought during the transition from industrial to post-industrial economies, where services, knowledge, and intangible assets dominate. In the 1970s, D. Bell outlined the "coming of post-industrial society," linking it to a shift from goods to services and the growing role of knowledge and professional labor in value creation, as presented in *The Coming of Post-Industrial Society* (1973) [1]. Macro-level models, such as W. Rostow's stages of economic growth [2], also recognized the phase of "high mass consumption," where the service sector becomes dominant in employment and GDP, paving the way for service-based business models.

Service-centric business logic was formalized in 2004 with the introduction of service-dominant logic (S-D logic) by S. Vargo and R. Lusch, who argued that economic exchange should be viewed as mutual service exchange rather than goods transfer, emphasizing co-creation of value between company and client [3]. Thus, a service company is understood as an organization whose core offering is a process of value creation through interaction with the customer, rather than delivering pre-embedded value in a product.

International standards (ISIC, NACE, SNA) classify services as intangible outputs but do not legally define "service company." Instead, the term is used in academic and applied discourse to describe a business model focused on long-term client relationships, adaptability, and resource coordination for achieving results rather than mere deliveries [3–7]. Sector-specific definitions exist for niches, such as energy service companies (ESCOs), but they do not cover the entire spectrum of service businesses.

Key characteristics include co-creation of value with clients [3; 4; 8], orientation toward long-term relationships [3; 13], reliance on human capital and knowledge [3; 14], low material intensity, and high adaptability [10; 14]. Innovation and digitalization drive competitiveness, supported by servitization models [11]. Performance is measured not only by financial indicators but also by customer satisfaction metrics (NPS, CSAT) and economic indicators like LTV and CAC [11; 13].

Service companies are distinguished by a set of characteristics combining customer orientation, flexibility, knowledge, innovation, and the ability to co-create value. These features define their business model and strategic priorities in today's economy. Corporate culture plays a central role, shaping internal values and the quality of client interaction, which is critical for service businesses.

1. Foundation for customer orientation. Corporate culture establishes values that underpin service culture: respect for clients, responsiveness, ethics, and innovation. Ukrainian scholars emphasize customer orientation as a key competence aimed at building

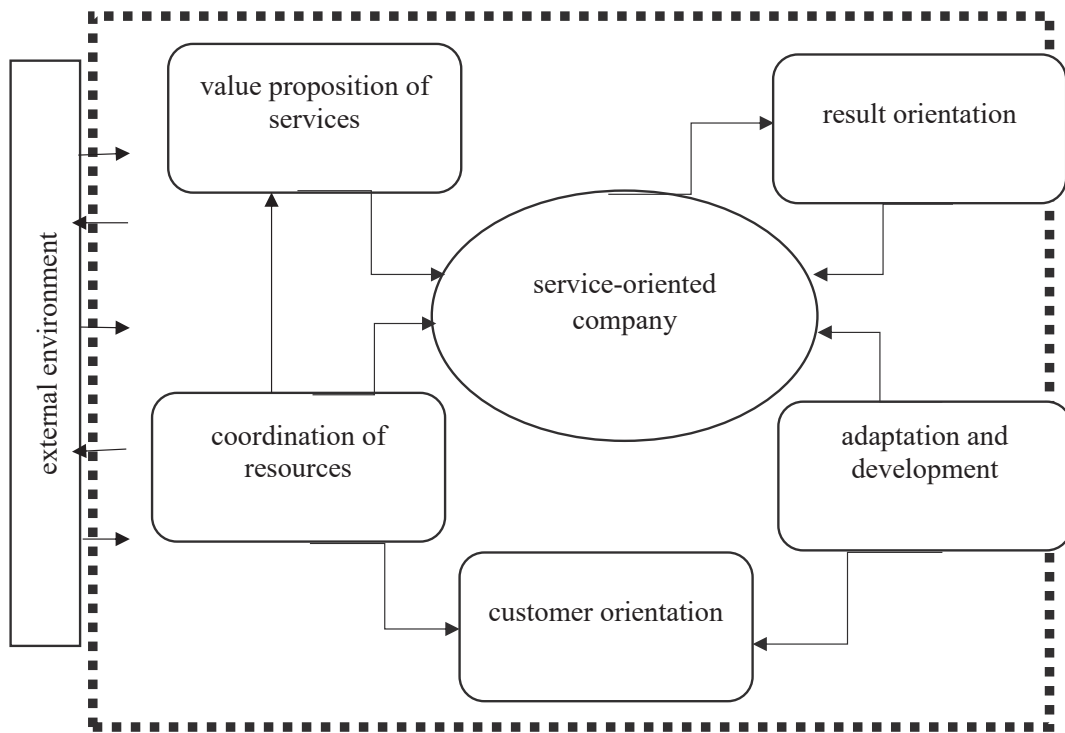


Figure 1. Service Company as a Business Model

Source: compiled by the author based on [3–7]

long-term partnerships and meeting both explicit and latent needs to maximize profit and strengthen the brand [15, p. 170]. Without a strong corporate culture, customer orientation remains declarative rather than a real competitive advantage.

2. Integration into the company system. Corporate culture acts as a system-forming element, aligning strategic goals, tactical decisions, and operational processes. At the strategic level, it defines mission, vision, and values, forming the basis for identity and brand. Researchers note that managing corporate culture begins with analyzing its current state, identifying gaps, and implementing changes

to build a strong culture rooted in mission and stable behavioral norms [3, p. 97].

Thus, corporate culture is inseparable from company strategy, serving as its foundation and practical driver (see Fig. 2).

At the tactical level, it is transformed into specific management tools: service standards, staff training programs, motivation systems, and key performance indicators (KPIs) that ensure the implementation of strategic values in business processes.

The tactical transformation of corporate culture is essential for embedding strategic values into business processes. Its effectiveness depends on the systematic

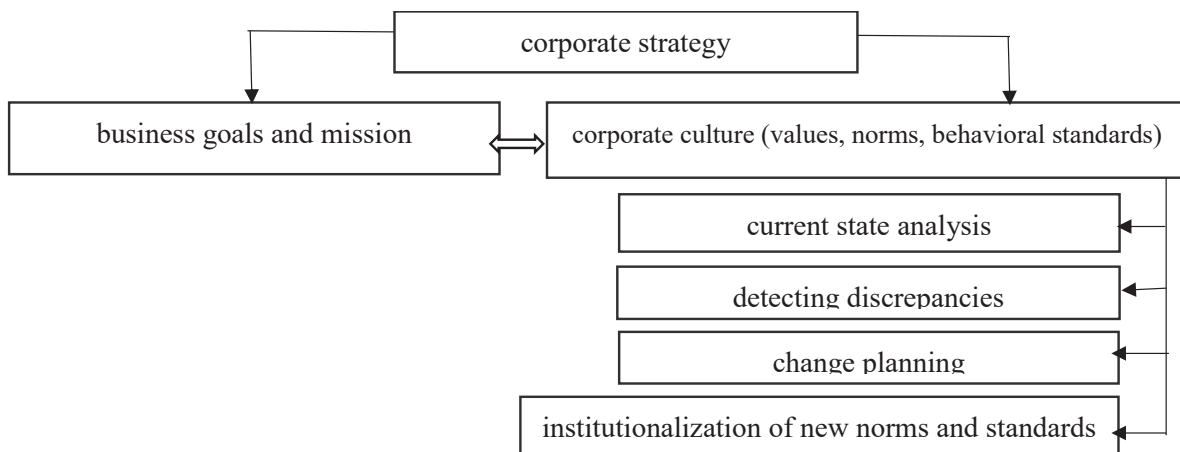


Figure 2. Relationship between Company Strategy and Corporate Culture

Source: compiled by the author

use of management tools that align behavioral norms with the organization's strategic orientation [16; 17]. Key tool groups include:

1) Policies and standards – ethical codes, communication standards, RACI matrices, and formalized feedback to unify behavior and decision-making, increase transparency, and build accountability [16];

2) HR tools – competency profiles with cultural indicators, behavioral interviews, onboarding, 360° feedback, and values-linked rewards to align personnel with the company's value model and raise engagement [17];

3) Operational practices – daily stand-ups, retrospectives, visual management, kaizen suggestions, and after-action reviews (AAR) for rapid deviation detection and continuous improvement [18];

4) Communication tools – town halls, CEO notes, internal media, “culture hero” stories, and anonymous feedback channels to foster openness, trust, and shared understanding of goals [16];

5) Learning and leadership – leadership development, coaching, mentoring, a “conversation code,” and psychological safety training to model behaviors that sustain change [19];

6) Culture risk management – risk maps (declarativeness, subcultural conflicts, cynicism, change overload) and mitigation plans to preserve strategic resilience [96].

In service companies, culture has distinctive features due to the business model's dependence on customer experience. Unlike manufacturing, culture directly shapes brand perception, requiring tailored tactical tools: service regulations, communication scripts, and customer satisfaction metrics (NPS, CSI); HR practices that assess customer orientation, embed service cases in onboarding, and reward service quality; operational tools such as service huddles and incident AARs; communication focused on service success stories and rapid customer feedback; and leader development emphasizing emotional intelligence and soft skills for client-facing roles. Culture risk management covers service-failure risks, subcultural tensions, and employee overload, with mitigation to prevent negative customer experience.

At the operational level, corporate culture is expressed in daily behaviors at customer touchpoints. Service culture operationalizes corporate principles into actions that shape customer experience and maintains relationships with both external customers and internal clients (other units). According to the Service Profit Chain, internal service quality increases employee satisfaction, which in turn improves

external service quality [19]. Evidence shows that strong cultures with clear customer orientation enhance service effectiveness across levels [18]. Service culture sets interaction standards, social and emotional norms, and quality assessment systems (NPS, CSI) [13]. Internal service – employees serving employees – directly affects motivation and efficiency [19].

At the operational level, the formation of service culture includes [17–19]:

1. Establishing service standards and interaction scripts.

2. Introducing quality metrics for both external and internal service.

3. Developing employees' communication and emotional competencies.

4. Providing staff support through internal services.

All these measures ensure the alignment of corporate values with practical interactions, making customer orientation an integral part of daily operations. Service culture acts as a mechanism for integrating corporate values into everyday activities, ensuring consistency in interactions and increasing customer loyalty. Thus, it is a key element of operational-level management that connects the organization's strategic priorities with the practice of service delivery.

Consequently, corporate culture is integrated into the company's system as a cross-cutting mechanism that unites values, managerial decisions, and service practices, creating a foundation for sustainable development and competitive advantages in the market.

Conclusions from these problems and prospects for further research in this area. Corporate culture in service companies plays a pivotal role in shaping customer experience and ensuring strategic alignment across all levels of management. Unlike manufacturing firms, service organizations depend heavily on intangible assets, employee competencies, and the quality of client interaction, making culture a key driver of competitiveness and sustainable growth.

The integration of corporate culture into strategic, tactical, and operational processes ensures consistency of values, decision-making, and service practices. Service culture, as its practical manifestation, transforms strategic principles into everyday actions, fostering customer orientation, loyalty, and long-term relationships. Therefore, managing corporate culture is not only an internal governance task but a strategic imperative that directly influences brand perception and market success.

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Анотація. Метою статті є дослідження особливостей та механізмів управління корпоративною культурою в сервісних компаніях в умовах сучасної економіки. У роботі акцентовано стратегічне значення корпоративної культури як чинника клієнтоорієнтованості, якості сервісу та конкурентних переваг. На відміну від виробничих підприємств, сервісні організації ґрунтуються на нематеріальних активах, компетенціях персоналу та якості взаємодії з клієнтами, що робить корпоративну культуру ключовим фактором сталого розвитку. **Методологія дослідження включає теоретичний аналіз міжнародних і вітчизняних джерел, синтез концептуальних підходів, зокрема логіки сервісної домінанти (*Service-Dominant Logic*), а також порівняльний огляд практик управління в сервісних організаціях. У роботі інтегровано положення моделей культурної трансформації та стратегічного узгодження для визначення ефективних інструментів впровадження корпоративних цінностей у бізнес-процеси. **Результати дослідження** засвідчили, що корпоративна культура в сервісних компаніях виступає наскрізним механізмом, який поєднує стратегічні пріоритети, управлінські рішення та сервісні практики. На тактичному рівні трансформація культури реалізується через політики, HR-інструменти, операційні процедури, комунікаційні канали, розвиток лідерства та управління культурними ризиками. На операційному рівні сервісна культура є практичним втіленням корпоративних цінностей, забезпечуючи послідовність у взаємодії з клієнтами та підвищення їхньої лояльності. Доведено, що сильна корпоративна культура суттєво підвищує ефективність сервісу та сприйняття бренду. **Практична значущість** дослідження полягає у формуванні концептуальної основи для інтеграції корпоративної культури в бізнес-моделі сервісних компаній. **Рекомендації** включають впровадження сервісних стандартів, використання показників задоволеності клієнтів (NPS, CSI), тренінгів з емоційного інтелекту та внутрішніх сервісних практик для посилення клієнтоорієнтованості та організаційної стійкості.**

Ключові слова: корпоративна культура, сервісна компанія, логіка сервісної домінанти, клієнтоорієнтованість, сервісна культура, стратегічний менеджмент, операційні практики.

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