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**DISSERTATION**

**STRATEGIC VECTORS OF CORPORATE CULTURE MANAGEMENT OF  
ENTERPRISES**

Specialty 073– Management

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The dissertation contains the results of own  
Research. The use of ideas, results and texts  
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relevant source

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## ANNOTATION

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The dissertation is devoted to the development of theoretical, methodological, and practical foundations for determining strategic vectors of corporate culture management of enterprises under conditions of digital transformation, organizational change, and increasing competitive pressure. The relevance of the research topic is determined by the growing importance of corporate culture as a strategic resource for ensuring organizational sustainability, enterprise competitiveness, and management efficiency. Under modern business conditions, corporate culture acts as an important element of strategic management, influencing employee motivation, innovative activity, organizational behavior, internal communications, and long-term enterprise development.

The dissertation substantiates that corporate culture is a multidimensional system of organizational values, behavioral norms, managerial principles, and social interactions that shape enterprise identity and determine organizational effectiveness. It has been established that corporate culture performs integrative, motivational, communicative, regulatory, adaptive, and strategic functions, ensuring the alignment of employee interests with the strategic goals of the enterprise.

The study generalizes modern scientific approaches to the interpretation of corporate culture and systematizes domestic and foreign theories of organizational culture. It has been proved that corporate culture evolves from informal models of collective interaction into a consciously managed organizational system that shapes strategic behavior and enterprise competitiveness.

The dissertation analyzes domestic and foreign models of corporate culture, including the Denison Organizational Culture Model, Competitive Values Framework (CVF), Organizational Culture Assessment Instrument (OCAI), and Barrett's model of organizational consciousness. Their advantages and possibilities

for practical application in diagnosing enterprise corporate culture are determined. The expediency of applying a comprehensive approach to evaluating corporate culture based on the integration of organizational, behavioral, socio-psychological, and economic indicators is substantiated.

Special attention is devoted to the influence of corporate culture on innovative activity and organizational adaptability. It has been established that enterprises characterized by effective internal communication systems, shared organizational values, and strong leadership demonstrate higher innovative activity, labor productivity, and adaptability under unstable business conditions. It is proved that corporate culture acts as an important factor of organizational learning, creativity, and strategic transformation.

The dissertation develops methodological approaches to diagnosing corporate culture and evaluating its effectiveness within the enterprise management system. The proposed methodological framework is based on systems analysis and integrates organizational, socio-psychological, behavioral, operational, and financial indicators. It enables the assessment of organizational maturity, cultural entropy, communication effectiveness, and the alignment of organizational values with strategic development priorities.

One of the key scientific results of the dissertation is the development of a comprehensive strategic framework for corporate culture management based on the closed-loop cycle of “diagnosis – improvement – evaluation.” Unlike traditional approaches focused mainly on descriptive analysis, the proposed framework integrates cultural diagnostics, strategic planning, managerial interventions, budgeting procedures, and effectiveness evaluation into a unified management system. This approach allows enterprises to manage corporate culture as a measurable strategic asset.

The dissertation substantiates methodological approaches to evaluating the economic effectiveness of corporate culture management through the application of the Cultural Return on Investment (ROCI) indicator in combination with the DuPont financial analysis system. The research establishes a quantitative relationship between cultural indicators, operational efficiency, and enterprise financial

performance. This made it possible to form a practical analytical toolkit for assessing the economic value of corporate culture.

A differentiated model for planning and budgeting corporate culture development measures is proposed, taking into account the level of organizational resistance and the complexity of cultural transformation processes. The introduction of the cultural resistance coefficient (Krisk) enables enterprises to improve resource allocation efficiency, reduce organizational conflicts, and strengthen organizational adaptability under conditions of change.

An important direction of the research is the development of the concept of a digital corporate environment. The dissertation substantiates that digitalization and remote employment significantly transform organizational behavior, internal communications, and employee interaction mechanisms. The importance of digital ethics, trust, virtual teamwork, and digital communications for maintaining the integrity of corporate culture under conditions of hybrid organizational structures is determined.

The scientific novelty of the obtained results lies in the development of a comprehensive strategic framework for corporate culture management integrating organizational values, managerial mechanisms, cultural diagnostics, budgeting procedures, and effectiveness evaluation into a unified management system. Methodological approaches to diagnosing corporate culture and evaluating its effectiveness under conditions of digital transformation and organizational change have been improved. Further development has been given to theoretical approaches related to the formation of a digital corporate environment and the integration of corporate culture into enterprise strategic management systems.

The practical significance of the obtained results lies in the possibility of applying the proposed models, methodological approaches, and recommendations in enterprise activities to improve strategic management systems, enhance personnel management efficiency, strengthen internal communications, and ensure sustainable organizational development. The theoretical provisions and practical recommendations may also be used in the educational process of higher education

institutions while teaching courses related to management, corporate culture, strategic management, and organizational behavior.

**Keywords:** corporate culture, corporate social responsibility, management, administrative management, corporate culture management, strategic management, business development, corporate values, digital transformation, enterprise competitiveness, innovation, digitalization, business process modeling, digital corporate environment, sustainable development

## АНОТАЦІЯ

Люй Цзіжен. СТРАТЕГІЧНІ ВЕКТОРИ УПРАВЛІННЯ КОРПОРАТИВНОЮ КУЛЬТУРОЮ ПІДПРИЄМСТВ – Дисертація на здобуття наукового ступеня доктора філософії (Ph.D.) за спеціальністю 073 – Менеджмент. – Сумський національний аграрний університет, Суми, 2026.

Дисертаційне дослідження присвячене розробленню теоретичних, методологічних та практичних засад визначення стратегічних векторів управління корпоративною культурою підприємств в умовах цифрової трансформації, організаційних змін та посилення конкурентного середовища. Актуальність теми зумовлена зростанням значення корпоративної культури як стратегічного ресурсу забезпечення організаційної стійкості, конкурентоспроможності та ефективності діяльності підприємств. У сучасних умовах господарювання корпоративна культура виступає важливим елементом системи стратегічного управління, що впливає на мотивацію персоналу, інноваційну активність, організаційну поведінку, внутрішні комунікації та довгостроковий розвиток підприємств.

У дисертації обґрунтовано, що корпоративна культура є багатовимірною системою організаційних цінностей, поведінкових норм, управлінських принципів та соціальних взаємодій, які формують організаційну ідентичність підприємства та визначають ефективність його функціонування. Встановлено, що корпоративна культура виконує інтеграційну, мотиваційну, комунікаційну, регулятивну, адаптивну та стратегічну функції, забезпечуючи узгодження інтересів персоналу із стратегічними цілями підприємства.

У роботі узагальнено сучасні наукові підходи до трактування сутності корпоративної культури та систематизовано вітчизняні й зарубіжні теорії організаційної культури. Доведено, що корпоративна культура еволюціонує від неформальних моделей колективної взаємодії до свідомо керованої організаційної системи, яка формує стратегічну поведінку та конкурентоспроможність підприємства.

Проаналізовано вітчизняні та зарубіжні моделі корпоративної культури, зокрема Denison Organizational Culture Model, Competitive Values Framework (CVF), Organizational Culture Assessment Instrument (OCAI) та модель організаційної свідомості Барретта. Визначено їх переваги та можливості практичного застосування для діагностики корпоративної культури підприємств. Обґрунтовано доцільність використання комплексного підходу до оцінювання корпоративної культури на основі інтеграції організаційних, поведінкових, соціально-психологічних та економічних показників.

Особливу увагу приділено дослідженню впливу корпоративної культури на інноваційну активність та організаційну адаптивність підприємств. Встановлено, що підприємства з високим рівнем внутрішніх комунікацій, спільністю організаційних цінностей та ефективним лідерством характеризуються вищою інноваційною активністю, продуктивністю праці та здатністю до адаптації в умовах нестабільного бізнес-середовища. Доведено, що корпоративна культура є важливим чинником організаційного навчання, креативності та стратегічних трансформацій підприємств.

У дисертації розроблено методичний підхід до діагностики корпоративної культури, який ґрунтується на принципах системного аналізу та інтегрує організаційні, соціально-психологічні, поведінкові, операційні та фінансові показники. Запропонований підхід дозволяє оцінювати рівень організаційної зрілості, культурної ентропії, ефективності внутрішніх комунікацій та узгодженості корпоративних цінностей зі стратегічними пріоритетами розвитку підприємства.

Одним із ключових результатів дослідження є розроблення комплексної стратегічної моделі управління корпоративною культурою на основі замкненого циклу «діагностика – удосконалення – оцінювання». На відміну від традиційних підходів, запропонована модель інтегрує культурну діагностику, стратегічне планування, управлінські інтервенції, бюджетування та оцінювання результативності в єдину систему управління. Це дозволяє розглядати корпоративну культуру як вимірюваний стратегічний актив підприємства.

У роботі обґрунтовано методичні підходи до оцінювання економічної ефективності корпоративної культури шляхом використання показника Cultural Return on Investment (ROCI) у поєднанні з фінансово-аналітичною системою DuPont. Встановлено кількісний взаємозв'язок між культурними показниками, операційною ефективністю та фінансовими результатами діяльності підприємств. Це дозволило сформувавши практичний інструментарій оцінювання економічної цінності корпоративної культури.

Запропоновано диференційовану модель планування та бюджетування заходів розвитку корпоративної культури з урахуванням рівня організаційного опору та складності культурних трансформацій. Введення коефіцієнта культурного опору дозволяє підвищити ефективність розподілу ресурсів, знизити ризики організаційних конфліктів та забезпечити адаптивність підприємства в умовах змін.

Важливим напрямом дослідження є розвиток концепції цифрового корпоративного середовища. У роботі обґрунтовано, що цифровізація та дистанційні форми зайнятості суттєво трансформують організаційну поведінку, механізми внутрішніх комунікацій та процеси взаємодії персоналу. Визначено значення цифрової етики, довіри, віртуальної командної взаємодії та цифрових комунікацій для забезпечення цілісності корпоративної культури в умовах гібридних організаційних структур.

Наукова новизна одержаних результатів полягає у розробленні комплексної стратегічної моделі управління корпоративною культурою, яка інтегрує організаційні цінності, управлінські механізми, культурну діагностику, бюджетування та оцінювання результативності в єдину систему управління. Удосконалено методичні підходи до діагностики корпоративної культури та оцінювання її ефективності в умовах цифрової трансформації та організаційних змін. Подальшого розвитку набули теоретичні підходи до формування цифрового корпоративного середовища та інтеграції корпоративної культури у систему стратегічного управління підприємством.

Практичне значення одержаних результатів полягає у можливості використання запропонованих моделей, методичних підходів і рекомендацій у

діяльності підприємств для вдосконалення системи стратегічного управління, підвищення ефективності управління персоналом, розвитку внутрішніх комунікацій та забезпечення сталого організаційного розвитку. Теоретичні положення та практичні рекомендації можуть бути використані у діяльності підприємств різних галузей, органів державного управління, консалтингових структур, а також у навчальному процесі закладів вищої освіти під час викладання дисциплін з менеджменту, корпоративної культури, стратегічного управління та організаційної поведінки.

**Ключові слова:** корпоративна культура, корпоративна соціальна відповідальність, менеджмент, адміністративний менеджмент, управління корпоративною культурою, стратегічне управління, розвиток бізнесу, корпоративні цінності, цифрова трансформація, конкурентоспроможність підприємства, інноваційна діяльність, цифровізація, моделювання бізнес-процесів, цифрове корпоративне середовище, сталий розвиток

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1.Slavkova O.P., **Liu Jiren** (2024) Domestic and foreign models of corporate culture of the enterprise and methods of their evaluation. *Наукові інновації та передові технології*, 1(29), 2024, 164-169 (

2.Olena P. Slavkova, Liu Jiren (2023). Construction of corporation culture in enterprise management. *Актуальні проблеми економіки*. 2023. №7(265). P.108-114. URL: [https://eco-science.net/wp-content/uploads/2023/07/06.23.\\_topic\\_Olena-P.-Slavkova-Liu-Jiren-108-114.pdf](https://eco-science.net/wp-content/uploads/2023/07/06.23._topic_Olena-P.-Slavkova-Liu-Jiren-108-114.pdf)

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9. Liu Jiren (2024) The influence of corporate culture on the innovative activity of the enterprise. *Accounting, control and analysis in the context of institutional changes*: Collection of scientific papers of the VII All-Ukrainian scientific and practical conference. October 31, 2024, Poltava, / Poltava State Agrarian University. Poltava: PDAU.

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## **LIST OF ABBREVIATIONS**

CVF - Competitive Values Framework  
OCAI - Organizational Culture Assessment Instrument  
CCC - Cash Conversion Cycle  
DIO - Days Inventory Outstanding  
DSO - Days Sales Outstanding  
DPO - Days Payable Outstanding  
ROCI - Return on Cultural Investment  
AT - Asset Turnover  
NPM - Net Profit Margin  
ROS - Return on Sales  
DPO - Days Payable Outstanding  
DSO - Days Sales Outstanding  
BSC - Balanced Scorecard

## INTRODUCTION

**Relevance of the topic.** The relevance of the dissertation topic “Strategic Vectors of Corporate Culture Management of Enterprises” is determined by the growing importance of corporate culture as a strategic factor ensuring the sustainable development and competitiveness of enterprises under conditions of globalization, digital transformation, and increasing instability of the business environment. Modern enterprises operate in conditions of rapid technological change, intensified competition, and growing uncertainty, which requires the formation of an effective corporate culture capable of ensuring organizational adaptability, personnel cohesion, and strategic stability. Corporate culture has transformed from an auxiliary element of internal communications into a key management mechanism that influences decision-making processes, employee motivation, innovation activity, organizational behavior, and the overall efficiency of enterprise management. In the context of digitalization and the spread of remote and hybrid forms of employment, enterprises face new challenges related to maintaining organizational identity, strengthening internal communications, and preserving corporate values in a virtual environment. At the same time, insufficient attention to strategic corporate culture management often leads to organizational conflicts, increased staff turnover, reduced employee engagement, and weakened competitive positions of enterprises. Theoretical and practical issues of evaluating corporate culture effectiveness, diagnosing cultural transformations, and determining strategic directions for corporate culture development remain insufficiently explored, especially in the context of dynamic socio-economic transformations. Under such conditions, there is a growing need to develop scientifically grounded approaches, methods, and tools for strategic corporate culture management that would ensure the alignment of organizational goals, employee values, and enterprise development strategies. Therefore, the study of strategic vectors of corporate culture management is timely, scientifically significant, and practically important for improving enterprise management efficiency and ensuring long-term organizational development.

**Connection of work with scientific programs, plans, topics.** The scientific research of the dissertation was carried out in accordance with the thematic plan of scientific and research works of Sumy National Agrarian University (Ukraine) within the framework of the topic "Sustainable business development in the conditions of post-war recovery and European integration: analysis, challenges and strategies" 2023-2027 (state registration number 0123U103567), within the framework of which the author investigated strategies for developing corporate culture of enterprises and within the framework of the topic "Conceptualization of an integrative model of human capital management, focused on the principles of corporate social responsibility, in the context of ensuring sustainable post-war recovery", (state registration number 0126U002362) within which the author investigated the principles of corporate social responsibility, in the context of ensuring sustainable development of enterprises.

**The Aim and Objectives of the study.** The aim of the dissertation is to develop theoretical, methodological, and practical foundations for determining strategic vectors of corporate culture management of enterprises aimed at improving organizational efficiency, strengthening competitiveness, and ensuring sustainable enterprise development.

To achieve the stated aim, the following objectives are defined:

- to investigate the essence, functions, and theoretical foundations of corporate culture formation in the enterprise management system;
- to analyze domestic and foreign models of corporate culture and determine methodological approaches to their evaluation;
- to identify the influence of corporate culture on innovative activity and strategic development of enterprises;
- to develop methodological approaches to diagnosing corporate culture as a basis for determining strategic development vectors of enterprises;
- to substantiate strategic approaches and managerial mechanisms for forming and improving corporate culture in enterprises;
- to develop a model for assessing the effectiveness of corporate culture management considering organizational, socio-psychological, and economic factors;

- to determine methodological approaches to planning and evaluating the costs of implementing corporate culture improvement measures;
- to assess the economic effectiveness and organizational impact of corporate culture management measures in the enterprise management system;
- to formulate practical recommendations for improving corporate culture management under conditions of digital transformation and organizational change.

**Object of the study.** The object of the study is the corporate culture of enterprises as a strategic factor of organizational development and management efficiency.

**Subject of the study.** The subject of the study is the theoretical, methodological, and practical aspects of determining strategic vectors, mechanisms, and tools for corporate culture management of enterprises.

**Research methods.** This dissertation employs a comprehensive and holistic research methodology to investigate the strategic vectors of corporate culture management in enterprises under conditions of organizational transformation, digitalization, and increasing competitive pressure. The study combines systems analysis, comparative analysis, normative research, and empirical methods to ensure a multidimensional examination of corporate culture formation, organizational behavior, management efficiency, and enterprise development.

**Systems Analysis Methodology:** This method considers corporate culture as an integrated organizational system influenced by managerial mechanisms, communication processes, leadership behavior, employee values, and external environmental factors. It enables the identification of interrelationships between organizational culture, strategic management, innovation activity, and enterprise performance, providing a comprehensive understanding of corporate culture as a strategic management resource.

**Literature Review Methodology:** A comprehensive review of domestic and international scientific literature forms the theoretical foundation of the dissertation. This method identifies key theoretical approaches and conceptual models related to corporate culture, organizational behavior, strategic management, leadership, organizational consciousness, and digital transformation. The literature analysis

allows the formation of a conceptual framework for examining the mechanisms and strategic directions of corporate culture management in enterprises.

**Normative Research Methodology:** Normative methods are used to substantiate theoretical principles, evaluation criteria, and management standards for corporate culture development. This methodology supports the formation of conceptual models linking organizational values, cultural diagnostics, communication systems, managerial mechanisms, and strategic development vectors of enterprises. It also provides a basis for developing practical recommendations and strategic approaches to improving corporate culture management.

**Quantitative (Statistical) Analysis Methods:** The empirical part of the study applies quantitative analysis methods to evaluate the effectiveness of corporate culture management and its impact on organizational and economic performance indicators. Statistical techniques include comparative analysis, correlation analysis, trend analysis, and evaluation of interdependencies between cultural, operational, and financial indicators. Particular attention is paid to assessing the relationship between corporate culture characteristics, employee engagement, innovation activity, labor productivity, staff turnover, and enterprise profitability.

**Cluster Analysis and Typological Development:** To classify models and types of corporate culture, the dissertation applies cluster analysis and typological grouping methods. These approaches enable the identification of dominant cultural patterns, levels of organizational development, and strategic orientations of enterprises depending on management style, communication mechanisms, and organizational values.

**Comparative and Organizational Analysis:** Comparative methods are applied to analyze domestic and foreign models of corporate culture and determine the specific characteristics of corporate culture management in different organizational and institutional environments. This approach makes it possible to identify best management practices and adapt them to the conditions of enterprise development in the context of globalization and digital transformation.

**Technical Approaches:** To ensure the reliability and validity of the research results, the study applies a range of technical and analytical tools, including

diagnostics of organizational culture, evaluation of cultural entropy, budgeting analysis, and cross-validation of empirical findings. Data processing and analytical procedures are carried out using specialized statistical and analytical software.

In summary, the integrated application of these methods provides a comprehensive framework for analyzing strategic corporate culture management and its influence on organizational sustainability, management efficiency, and enterprise competitiveness. By combining theoretical approaches with empirical verification, this dissertation deepens the scientific understanding of corporate culture management and develops practical mechanisms for improving organizational effectiveness in the modern business environment. The scientific novelty of the obtained results is presented in the following section.

**The scientific novelty of the obtained results.** The scientific novelty of this dissertation is reflected in the development of theoretical, methodological, and practical approaches to strategic corporate culture management of enterprises under conditions of organizational transformation and digitalization.

First, in terms of conceptual innovation, this study develops a comprehensive strategic framework for corporate culture management based on a closed-loop system of “diagnosis–improvement–evaluation.” Unlike traditional approaches focused mainly on the descriptive analysis of organizational culture, the proposed framework integrates cultural diagnostics, strategic development vectors, implementation mechanisms, budgeting procedures, and effectiveness evaluation into a unified management system. This approach enables enterprises to manage corporate culture as a strategic organizational resource and a factor of sustainable development.

Second, in terms of methodological innovation, this study substantiates an integrated approach to evaluating the effectiveness of corporate culture management through the application of the Cultural Return on Investment (ROCI) indicator in combination with the DuPont financial analysis system. The research establishes a quantitative relationship between cultural indicators (organizational cohesion, cultural entropy, employee engagement, innovation orientation), operational indicators (labor productivity, staff turnover, profitability), and financial results

(ROE), thereby forming a practical analytical model for assessing the economic value of corporate culture.

Third, in terms of managerial and tool innovation, the dissertation proposes a differentiated model for planning and budgeting corporate culture development measures based on the level of organizational resistance and the complexity of cultural transformation processes. The introduction of the “cultural resistance coefficient” (Krisk) allows enterprises to assess the degree of internal organizational friction during cultural change processes and improve the efficiency of resource allocation, strategic planning, and organizational adaptability.

Fourth, in terms of theoretical and practical innovation, the dissertation develops the concept of a “digital corporate culture environment,” which reflects the transformation of organizational behavior, communication, and interaction mechanisms under conditions of digitalization, remote employment, and virtual teamwork. The study substantiates the role of digital communication ethics, virtual interaction standards, employee engagement mechanisms, and organizational trust in maintaining the integrity and sustainability of corporate culture in the digital economy. This approach expands the theoretical foundations of corporate culture management and provides practical recommendations for enterprises operating in conditions of digital transformation and hybrid organizational structures.

**For the first time:**

– a comprehensive strategic framework for corporate culture management of enterprises has been developed, integrating organizational values, management mechanisms, cultural diagnostics, economic evaluation, and strategic development vectors into a unified management system.

**Improved:**

– methodological approaches to diagnosing corporate culture through the integration of organizational, socio-psychological, and behavioral indicators for identifying strategic directions of enterprise development;

– scientific approaches to evaluating the effectiveness of corporate culture management based on the relationship between cultural factors, organizational behavior, and enterprise performance indicators;

- approaches to assessing the influence of corporate culture on innovative activity and organizational adaptability under conditions of digital transformation;
- classification approaches to domestic and foreign models of corporate culture based on management principles, value orientation, and organizational behavior characteristics.

**Further developed:**

- conceptual foundations of strategic corporate culture management through substantiating the interrelationship between corporate values, organizational consciousness, communication mechanisms, and enterprise strategic development;
- theoretical approaches to forming a digital corporate culture environment under conditions of remote interaction, digital communications, and transformation of organizational behavior;
- practical mechanisms for integrating corporate culture into enterprise strategic management systems to strengthen organizational sustainability and competitiveness.

**The practical significance of the obtained results.** The practical significance of the obtained results lies in the development of scientifically grounded recommendations, methodological approaches, and management tools for improving corporate culture management in enterprises. The proposed approaches to cultural diagnostics, strategic planning, and evaluation of corporate culture effectiveness may be used by enterprises to enhance organizational efficiency, improve personnel motivation, strengthen internal communications, and ensure sustainable development. The developed methodological approaches enable enterprises to identify strategic directions of cultural transformation, optimize managerial decisions, and increase the adaptability of organizational systems under conditions of digital transformation and external instability. The practical recommendations concerning the formation of corporate values, organizational behavior standards, and communication mechanisms can be applied in the development of enterprise development strategies, personnel management systems, and innovation management processes. The results of the dissertation may also be used by managers, consultants, and public authorities in designing programs for organizational development and corporate transformation. In addition, the theoretical provisions and practical recommendations of the dissertation

can be applied in the educational process of higher education institutions in teaching courses related to management, corporate culture, strategic management, and organizational behavior.

**Personal contribution of the author.** The research presented in this dissertation was independently conceived, designed, and carried out by the author. The author developed the conceptual framework of the study, formulated the research objectives and hypotheses, and selected methodological approaches for investigating the strategic vectors of corporate culture management in enterprises. All stages of the research process - including the analysis of scientific literature, development of theoretical and methodological foundations, collection and processing of empirical data, statistical analysis, interpretation of results, and formulation of conclusions - were completed independently by the author.

The empirical part of the dissertation, including the assessment of corporate culture effectiveness, analysis of organizational and economic indicators, and evaluation of cultural transformation mechanisms, was conducted personally by the author using modern analytical and statistical methods. The proposed strategic framework for corporate culture management, as well as the methodological approaches to cultural diagnostics, budgeting, and effectiveness evaluation, constitute the author's original scientific contribution and combine theoretical substantiation with practical applicability.

The conclusions and recommendations presented in the dissertation are based on the author's independent scientific analysis, critical evaluation of research findings, and synthesis of theoretical and empirical results. The dissertation confirms the author's ability to conduct comprehensive independent research and solve complex scientific and practical problems in the field of management and corporate culture at the doctoral level.

**Approbation of dissertation results.** The main provisions and results of the dissertation research were published by the author at conferences, seminars, meetings, among which the most important are: conference "Youth science in the context of the country's socio-economic development (Ukraine, Cherkasy, December 7, 2023); conference "Current problems and prospects for the development of

accounting, analysis and control in a socially-oriented enterprise management system" (Ukraine, Poltava, March 28-29, 2024); conference "Strategic priorities for the development of accounting, audit and taxation in the context of globalization" (Ukraine, Sumy, November 19, 2024); conference "Accounting, control and analysis in the context of institutional changes: (Ukraine, Poltava, October 26, 2023); conference "Strategic priorities for the development of accounting, auditing and taxation in the context of globalization" (Ukraine, Sumy, November 19, 2024); conference "Accounting, control and analysis in the context of institutional changes" (Ukraine, Poltava, October 31, 2024); conference Current state, problems and prospects for the development of business, financial and credit and accounting systems (Ukraine, Kharkiv, May 16, 2025).

**Publications.** The main scientific provisions and research results on the topic of the dissertation were published in 11 scientific works, of which: 1 article was published in scientific periodicals of the Organization for Economic Cooperation and Development, which are included in the scientific-metric database SCOPUS, 2 articles in professional scientific publications of Ukraine, all included in international scientific-metric databases; 8 other publications. The total volume of publications is 2.9 pages, of which 1.75 pages belong to the author personally. In scientific works published in co-authorship, only those ideas and provisions that were developed personally by the author were used in the dissertation work.

**Structure and scope.** The introduction outlines the relevance of the research topic, defines the purpose, objectives, object, subject, and methodological foundations of the dissertation, and substantiates the scientific novelty and practical significance of the obtained results. It also presents the conceptual basis for investigating the strategic vectors of corporate culture management of enterprises under conditions of organizational transformation and digitalization.

Chapter 1 lays the theoretical and methodological foundation of the dissertation by examining the essence, functions, and evolution of corporate culture, as well as domestic and foreign models of corporate culture management and methods for their evaluation. Particular attention is devoted to the influence of corporate culture on organizational behavior, innovative activity, strategic enterprise development, and the

formation of organizational consciousness. The chapter systematizes theoretical approaches and conceptual models of corporate culture management, forming a comprehensive scientific basis for further research.

Chapter 2 presents the analytical and empirical part of the study, focusing on the assessment of the effectiveness of corporate culture in enterprise management systems. The chapter investigates methodological approaches to diagnosing corporate culture, determining strategic vectors of organizational development, and evaluating the influence of corporate culture on financial, economic, and managerial performance indicators. Special attention is paid to the development of management models, strategic approaches to corporate culture formation, and mechanisms for improving organizational adaptability and competitiveness.

Chapter 3 develops practical and strategic approaches to improving corporate culture management in enterprises. The chapter proposes multidimensional measures for corporate culture development, substantiates methodological approaches to planning and budgeting cultural transformation processes, and evaluates the economic effectiveness of corporate culture management measures. It also provides practical recommendations for integrating corporate culture into enterprise strategic management systems under conditions of digital transformation, organizational change, and increasing competitive challenges.

The main part of the dissertation consists of an introduction, three chapters, and conclusions, totaling 224 pages of computer text and containing 13 tables and 13 figures.

## SECTION 1

### **THEORETICAL PRINCIPLES FOR THE FORMATION OF CORPORATE CULTURE OF THE ENTERPRISE**

#### **1.1. The essence and functions of corporate culture of the enterprise**

The term corporate culture first appeared in 1970, and the research content includes: corporate management, cultural connotation, manifestations, forming factors, etc. In the 1980s, various types of monographs and books appeared one after another, providing a more in-depth study of corporate culture. The concept of corporate culture comes from the upsurge of comparative management research in the United States and Japan caused by the miracle of Japan's economic development. Corporate culture is a set of value system and soft power developed by an enterprise, a system of meaning held by employees of an enterprise, and an important characteristic that distinguishes the enterprise from other enterprises. Corporate culture is divided into primary and secondary. The primary culture represents the core values shared, recognized and followed by most employees of the company; the secondary culture reflects the problems, situations or experiences faced by some employees, and often exists in large enterprises. . The corporate culture we generally refer to refers to the main culture, and the formation of corporate character or personality is closely related to it; this is mainly because it is generally recognized, accepted and abided by employees in a strong form, so that employees have high cohesion, Loyalty, belonging, compliance, dependence. The stronger the formality and normativeness of the enterprise, the more obvious the role and effect of its main culture. Generally speaking, corporate culture refers to the sum of the common consciousness, professional ethics, values, codes of conduct and norms that are formed by social practice under certain social and economic conditions and followed by all members; it is the sum of social culture and organizational management. The product of practice integration plays a huge role in enterprise practice(Qian Jin ,2020).

## 1)The Evolution of Corporate Culture

The evolution of corporate culture does not follow a linear progression, but rather a dynamic process of continuous construction amidst the interplay of multiple forces. From a developmental perspective, corporate culture has transformed from a "spontaneously formed group atmosphere" to a "consciously constructed management system." From a dynamic perspective, it constantly undergoes a cycle of inheritance, variation, and selection under the dual pressures of "internal integration" and "external adaptation." Below, the evolutionary process of corporate culture is summarized into four core stages, revealing the underlying logic.

### 1. The Budding and Spontaneous Stage: The Prototype of Culture as a Group Psychological Contract

Culture already exists before any formal cultural construction begins. In the early stages of a company's establishment, culture typically exists implicitly within the behavioral patterns and tacit understandings of the founding team. At this stage, culture is not "created," but rather "emerges" in the process of collectively coping with survival pressures.

In this stage, the carriers of culture are not formal documents, but rather stories passed down orally, key events experienced together, and imitations of the founder's style. Culture exists in a subconscious state of "imperceptible influence"; members "feel" the way things are done here, but may not be able to articulate it clearly. This culture possesses strong cohesion, but it is also extremely fragile—once the company expands or personnel change, the original cultural genes risk being diluted (Shi Wei, 2020).

### 2. The Stage of Sedimentation and Solidification: From Group Perception to Ideological Symbols

Once a company has passed its initial survival stage, with increased personnel and more complex operations, its spontaneously formed cultural atmosphere must transform into "public knowledge," or it will perish due to its inability to be transmitted. The core mechanism of this stage is the "symbolization" and "institutionalization" of its concepts.

The evolutionary logic of this stage lies in the transformation of culture from an individual's cognitive schema to the organization's objective structure. Culture is no longer a dispensable decorative atmosphere, but becomes an institutional environment that constrains and guides member behavior. At this point, the corporate culture possesses identifiability, transmissibility, and relative stability, completing the leap from "potential assumptions" to "explicit norms."

### 3. The Conflict and Differentiation Stage: Subculture Emergence and Adaptive Variation of Concepts

Once culture solidifies, it faces new challenges-changing environments and differentiated demands within the organization. The core characteristic of this stage is the activation of the "variation" mechanism. From an evolutionary theory perspective, corporate culture is not a monolithic, homogeneous whole. As the organization expands and its business scope broadens, members from different departments, regions, and generations will interpret core concepts differently based on their specific experiential contexts (Chen Xiaoshan, 2024).

Meanwhile, changes in the external environment exert selective pressure on existing cultural paradigms. This reveals a fundamental law of cultural evolution: organizations only truly develop a need for cultural self-awareness when existing cultural paradigms fail to effectively address external challenges.

At this stage, cultural evolution exhibits a cycle of "differentiation-conflict-integration." Continuous tensions arise between different subcultures, between tradition and innovation, and between stability and change. This tension is both a source of cultural crisis and a driving force for cultural innovation. Only organizations that can maintain core identity while embracing differences, and uphold tradition while responding to change, can achieve adaptive evolution at the cultural level (Dai Xingjun, 2013).

### 4. Integration and Consciousness Stage: Cultural Management as a Strategic Asset

The advanced stage of cultural evolution is when enterprises move from "passively possessing culture" to "actively managing culture." At this point, culture is no longer merely a glue for internal integration, but a strategic asset for coping with

external competition. The core characteristic of this stage is "value realization"-culture begins to transform into tangible business returns. Research shows that companies with strong cultures significantly outperform their peers in talent retention, customer satisfaction, organizational synergy efficiency, and shareholder returns. Culture transforms from a cost item to an investment item, from a soft constraint to a core competency.

The evolution of corporate culture is a spiral process of moving from implicit to explicit, from spontaneous to conscious, and from loose to systematic. It begins with the tacit interaction of the founding team, achieves initial solidification through symbolization and institutionalization, undergoes adaptive variation under the pressure of subcultural differentiation and environmental selection, and ultimately becomes a strategic asset through conscious management. This evolutionary logic reveals the core proposition of cultural construction: maintaining the continuity of core values while remaining sensitive to environmental changes; possessing stable and inheritable institutional carriers while preserving open space for meaning generation. True cultural self-awareness lies in the ability to maintain a dynamic balance amidst the tension between inheritance and change (Dong Niannian & Wang Xueli, 2018).

The first person to put forward the concept of corporate culture was American management scientist William Otney. In his book "Theory Z" published in 1981, he believed: "The culture of a company consists of its traditions and ethos. This corporate culture includes a complete set of symbols, rituals and myths". (Wang Jun ,2014) In his book, *Creating a Competency-Based Corporate Culture*, Michael Zwell argues: "Corporate culture is defined as the way an organization operates that is embodied and communicated at all levels of an organization and passed on to the next generation of employees, including A set of beliefs, behaviors, values, goals, techniques, and practices shared by members of an organization".

Due to the different research angles and inconsistent expression methods of corporate culture, many definitions of corporate culture have been formed. I personally think that corporate culture is the sum of the material culture and spiritual culture with the characteristics of the company, which is formed in the long-term

production, operation and management activities of the company, and is generally followed and recognized by all employees. It includes material culture, behavioral culture, Four aspects of institutional culture and spiritual culture.

The essence of corporate culture can be deeply understood as a management culture, which is not only a surface decoration or slogan, but a spiritual temperament that goes deep into the marrow of the enterprise. This kind of spirit is created and cultivated by the founders, leaders and all employees in the long-term production, operation and management activities. It represents the values, beliefs, ideals and codes of conduct of the enterprise, and reflects the uniqueness and characteristics of the enterprise.(Fu Wei ,2023)

The essence of corporate culture lies in its inner driving force and influence. It is not only a norm or system, but also an internal driving force, which can stimulate the enthusiasm and creativity of employees and promote the continuous development and progress of enterprises. At the same time, corporate culture is also an influence, which can influence the thoughts and behaviors of employees, so that the behavior of employees is more in line with the values and codes of conduct of the enterprise, so as to achieve the long-term development goals of the enterprise.

The essence of corporate culture also lies in its uniqueness and unrepeatability. The culture of every enterprise is unique, it represents the history, tradition, values and code of conduct of the enterprise, and reflects the uniqueness and characteristics of the enterprise. This uniqueness and non-replicability make corporate culture become one of the core competitiveness of enterprises, which can help enterprises stand out in the fierce market competition (Fu Wei, 2023).

To sum up, the essence of corporate culture is a kind of spiritual temperament that goes deep into the bone marrow of the enterprise, which represents the values, beliefs, ideals and codes of conduct of the enterprise, has internal driving force and influence, is one of the core competitiveness of the enterprise, and is of great significance for the long-term development and sustainable development of the enterprise.

## 2) E. Schein's Hierarchical Model

Organizational culture research has long faced a fundamental dilemma: researchers easily capture the visible representations of culture, but struggle to grasp its generative roots. Edgar H. Schein's hierarchical model, proposed in his seminal work *\*Organizational Culture and Leadership\** in 1985, is a systematic response to this dilemma. The core contribution of this model lies not in "categorizing" culture, but in revealing the ontological hierarchical structure behind cultural phenomena—different levels possess distinct epistemological status, observability, and transformability. The following analysis dissects the three-layer structure of this model, clarifying the generative connections between each level.

**Artifacts:** Artifacts are the most superficial constituent elements of organizational culture, referring to all organizational phenomena that enter the realm of human perception. The ontological characteristic of this level lies in its direct perceptibility: researchers can observe, record, and describe them without any interpretive mediation. Specifically, artificial adornments encompass the following categories: the configuration of physical spaces (architectural style, workstation layout, color schemes), the presentation of technological products (design language, functional aesthetics), written expression (slogans, annual reports, internal publications), the performance of ritualistic behaviors (meeting procedures, onboarding ceremonies, promotion ceremonies), the use of clothing symbols (dress codes, badges), and even subtle forms of nonverbal communication (eye contact, spatial distance) (He Deliang, 2014).

**Beliefs and values:** These refer to the strategic goals, business philosophy, value principles, and behavioral norms that organizational members can clearly articulate and that the organization publicly declares. Compared to artificial adornments, this level enters the realm of consciousness: members not only follow these norms but can also represent and defend them in linguistic form. Typical forms include: vision and mission statements, lists of core values, employee codes of conduct, and value propositions in leaders' public speeches.

**Basic Assumptions:** Located at the deepest level of cultural structure, basic assumptions represent the most original theoretical contribution of the Schein model. This level refers to the shared belief system that organizational members gradually

form in the long-term process of adapting to the external environment and integrating internal processes. It is considered self-evident, unconscious, and non-negotiable. Its ontological characteristic lies in its preconsciousness: members no longer regard it as "assumptions" but as "facts"; it no longer requires argumentation and defense but constitutes the starting point for argumentation and defense (Hu Hao, 2014).

The value of the Schein model lies not only in its static stratification but also in revealing the dynamic generative relationship between the three levels. This relationship can be fully expressed as follows:

First, fundamental assumptions determine perception and action. As a deep cultural grammar, fundamental assumptions provide members with an unspoken cognitive framework, defining what is worthy of attention, what can be ignored, what is fact, what is false, what is desirable, and what is taboo. Members act spontaneously based on this framework, without external instructions or rational calculation.

Second, consistent and persistent action becomes artificial ornaments. When specific action patterns repeatedly occur driven by deep assumptions, they leave perceptible traces in the organizational environment-space, institutions, rituals, and language. Artificial ornaments are the externalized forms of fundamental assumptions, like folds left on the earth's surface by geological movements. Therefore, the true decoding of artificial ornaments should be viewed as symbolic representations of deep assumptions, rather than isolated collections of phenomena.

Third, held beliefs play a mediating role. When organizational members attempt to rationalize their behavior, they extract expressible value principles from the fundamental assumptions. These beliefs may genuinely reflect deep-seated assumptions, or they may be modified to fit external expectations. But in either case, these beliefs are the most important interpretive channel to approach the basic assumptions-by asking "in what situations are the values you claim actually implemented, and in what situations are they suspended," researchers can gradually approach those implicitly unproven underlying presuppositions (Jin Ailan, 2013).

The theoretical power of the Schein level model stems from its fundamental stance of refusing to flatten culture. Culture is not a collection of independent variables but a meaning system with a deep structure. Artificial ornaments, beliefs,

and basic assumptions are not three parallel categories but rather the same cultural reality existing at different levels of manifestation. Understanding an organization's culture is essentially completing a hermeneutic cycle: starting from surface symbols, proposing preliminary conjectures about deep-seated assumptions; returning to the organization to test the explanatory power of these conjectures in different contexts; revising or deepening the assumptions; and then returning to the phenomenological level to verify them. The end of this cycle is when researchers can explain "why the organization exhibits such behavior, and why its members take it all for granted."

It is in this sense that the Schein model transcends general cultural classification tools, becoming the methodological foundation for organizational culture diagnosis and change. It not only tells us "what" culture is, but also guides us on how to understand and intervene in culture. For any scholar seriously engaged in organizational culture research, the three-layer structure is not dogma to be memorized, but rather an exploratory path into the deep layers of culture (Li Hai & Guo Biheng & Li Bo, 2005).

### 3) The Role of Leaders (Founders) in Shaping Corporate Culture

The shaping of corporate culture is often considered a core task in the early stages of an organization, while cultural reshaping often occurs when a company faces strategic turning points, legitimacy crises, or generational succession. Compared to conventional organizational changes, cultural reshaping faces deeper cognitive inertia and emotional attachment-existing culture is not only embedded in systems and processes but also solidified into the collective unconscious of organizational members. In this context, the role of the founder (or a leader with founderial authority) becomes irreplaceable. Unlike the positional power relied upon by professional managers, the founder, by virtue of their status as a "cultural source," can play a unique role in the process of symbolic order reconstruction.

From a cultural sociology perspective, the founder's influence on corporate culture is not solely based on ownership or management power but is deeply rooted in the "charismatic authority" bestowed upon them. Weber pointed out that charismatic authority stems from the individual being perceived by followers as possessing extraordinary talents; in the corporate context, the founder is often

mythologized as a visionary pioneer. This authority may be partially institutionalized in the daily routine of the organization but can still be reactivated during times of crisis. When a company needs cultural reshaping, the founder can mobilize the emotional energy of organizational members through a "return narrative," interpreting change as a return to the original aspirations rather than a betrayal of tradition. This rhetorical strategy effectively reduces identity anxiety and defensive reactions triggered by cultural change (Li Yanqiu, 2008).

Based on multiple case studies, the role of founders in reshaping corporate culture can be summarized into four interrelated practical dimensions:

### 1. Redefining Value Anchors

The core of cultural reshaping is not a complete rejection of existing culture, but rather a reconstruction of value ranking. Founders, with a deep understanding of the organization's historical context, can establish a continuous explanatory framework between tradition and change. Taking Steve Jobs' return to Apple in 1997 as an example, he did not simply overturn the strategic legacy of the Sculley era, but rather, through the "Think Different" advertising campaign, re-anchored Apple to its original values of innovation and simplicity, while also accommodating the technological paradigm of the post-PC era. The founder's narrative ability enabled him to achieve a transformative inheritance of cultural genes, rather than a disruptive replacement (Liu Jiahuan, 2022).

### 2. Resetting Symbolic Systems and Innovating Ritual

The outward manifestation of culture is a symbolic system, including language, stories, material environment, and rituals. Founders are both the initial designers of the symbolic system and its most authoritative reconstructors. When Ren Zhengfei promoted a culture of "self-criticism" at Huawei, he internalized humility and a sense of crisis into the organizational code of conduct through ritualistic practices such as personally writing "Huawei's Winter" and participating in democratic life meetings for senior cadres. The founder's personal involvement imbued the new symbol with a sacredness, and its demonstrative effect far surpassed that of institutional documents .

3. Institutional Discretion and Cultural Materialization For cultural reshaping to avoid becoming merely slogans, it must be embedded in formal institutions. Founders

typically wield institutional discretion beyond that of conventional managers, enabling them to break path dependence and materialize new cultural demands into performance evaluation mechanisms, promotion standards, and decision-making processes. For example, while Microsoft's current CEO, Satya Nadella, is not a founder, he leveraged Bill Gates' endorsement to transform "growth mindset" from a concept into a recruitment question bank, performance feedback, and product review standards. Founders or their authorized representatives can promote the alignment of institutions and culture at a lower political cost (Liu Jiren, 2023).

4. Resistance to Transformation and Marginal Dialogue Cultural reshaping inevitably encounters conservative forces. Founders, due to their symbolic capital, possess a unique ability to engage in dialogue with those who resist. Founders can transform resistance into a resource for reflection through selective inclusion-integrating the rational elements of opposition into new cultural elements. In implementing the "Rendanheyi" (employee-customer integration) model at Haier, Zhang Ruimin repeatedly cited narratives of the difficulties faced in the early stages of the business, legitimizing change as a survival instinct to cope with uncertainty, thereby dissolving the soft resistance of middle managers.

The role of founders in cultural reshaping is not constant; its effectiveness is moderated by multiple factors. First, whether the founder still holds an executive position or remains deeply involved directly affects the directness and sustainability of their intervention. Second, the stage of the company's life cycle has a moderating effect: mature companies face more complex subcultural ecosystems, and the founder's influence needs to complement, rather than replace, the professional capabilities of the managers. Third, the founder's own cognitive openness constitutes a key constraint-past successes may lead to cognitive rigidity, causing cultural reshaping to become a nostalgic imitation of past glories rather than an adaptive evolution for the future (Liu Jiren, 2024).

The founder plays an irreducible core role in cultural reshaping. Their authority stems not only from the legal power granted by property rights but also from the symbolic capital and emotional credibility derived from their status as the source of the culture. Through the redefinition of value anchors, the ritualistic resetting of

symbolic systems, the cultural materialization of institutional discretion, and transformative dialogue with resistance forces, the founder achieves a gradual reconstruction of deep-seated cultural assumptions. This finding has significant implications for the development of organizational culture theory: it suggests that researchers should incorporate leader identity types into the analytical framework of cultural change, rather than reducing leadership to an undifferentiated management function. (Ma Aidong, 2011) For companies facing cultural transformation challenges, activating the founder's right to interpret culture, or building an effective symbolic alliance between professional managers and founders, may be a key lever to break through the deadlock in cultural change.

The development of an enterprise must be supported by an excellent corporate culture. Without an excellent corporate culture, an enterprise cannot achieve long-term development. The corporate culture plays the role of guiding, cohesive, motivating and restricting in the development of the enterprise. Specifically, it is manifested in the following aspects: guiding, cohesive, motivating and restricting.

The guiding role of corporate culture is mainly reflected in the guidance of corporate values to the behavior of the company and its employees. On the one hand, corporate culture expresses the goal and direction of corporate development in a generalized and philosophical language. At the same time, the world view and values in corporate culture dominate the value judgment of the company, and value judgment determines the company's business goals and long-term strategies. It has an important guiding role; on the other hand, the world view, values and morality of the company also affect the value orientation and behavior orientation of each employee of the company, so that they can consciously do things according to the requirements of the company. Excellent corporate culture can effectively make up for the insufficiency of people's bounded rationality, and guide the behavior of the majority of employees to the common corporate development goals (Liu Jiren, 2023).

The cohesion of corporate culture is mainly manifested in the "group consciousness" embodied in corporate culture, that is, corporate culture can closely link the personal pursuit of employees with the pursuit of the enterprise, thereby generating a strong centripetal force and cohesion. Give full play to the huge overall

effect of the enterprise. Corporate culture condenses employees into a whole through the overall corporate values, so that personal values and corporate values are integrated. An excellent corporate culture is like a "strong glue", which makes every employee feel that he is not only working for the company, but also working for himself. The high degree of consistency between employees and the company inspires each employee's sense of belonging, honor and responsibility, so that they can work hard to achieve the goals of the company.

The incentive effect of corporate culture means that corporate culture is an "invisible spiritual driving force", which is mainly manifested in the trust, respect, and understanding of each person emphasized by corporate culture, so that personal value can be realized to the greatest extent. Maximize employee motivation, initiative and creativity. Excellent corporate culture emphasizes respecting and trusting every employee, so that employees feel that the company values them and their important role in the company, so that their desire to participate can be fully satisfied, and they will take ownership of the company. Attitude, caring about the development of the enterprise, participating in the construction of the enterprise, contributing one's own ingenuity, and working diligently to accomplish the enterprise's goals (Liu Keqing & Zhang Xiwei, 2013).

The constraining effect of corporate culture mainly refers to the constraining and normative effect of corporate culture on the thoughts and behaviors of every employee of the enterprise. The constraints and norms of corporate culture are an unwritten, intangible and rational tough constraint, and a "soft" constraint corresponding to the "hard" constraint of rules and regulations. And this invisible "soft" constraint has a stronger, more persistent, and deeper effect than a tangible "hard" constraint. Excellent corporate culture can form people's conscious actions to achieve self-control and self-coordination. At the same time, corporate culture is a kind of "lubricant", which can coordinate interpersonal relationships, resolve conflicts, create a good working atmosphere for enterprises, promote harmonious internal relations and accelerate enterprise development.

Figure 1.1 presents a structural representation of corporate culture as an integral component of enterprise management. The figure demonstrates the

interrelation between organizational features, working conditions, and the system of corporate values. Corporate culture is shown as a unifying framework that integrates the company's mission, shared values, and norms of behavior. Special emphasis is placed on the socio-psychological culture that shapes employee attitudes and interpersonal interactions. Internal communication culture acts as a mechanism for transmitting and reinforcing corporate values within the organization (H. Igor Ansoff & Edward J. McDonnell, 1988). Overall, the figure highlights the systemic and multidimensional nature of corporate culture formation. Figure illustrates the functional composition of corporate culture and its key formative elements. The scheme reflects how organizational characteristics and working conditions influence the development of corporate culture. Mission and values are identified as the core elements that determine strategic orientation and employee behavior. Socio-psychological culture is presented as a factor ensuring cohesion, motivation, and a favorable organizational climate. Internal communication culture supports consistency and alignment between management objectives and employee actions. Thus, the figure emphasizes the role of corporate culture as a strategic resource for sustainable enterprise development.

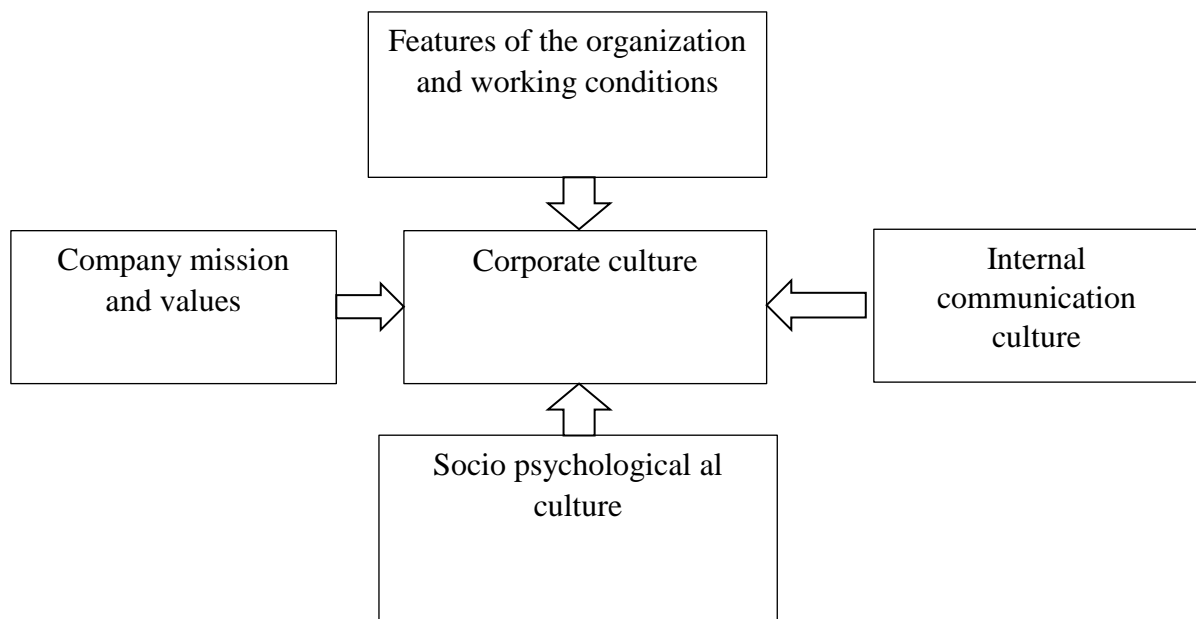


Figure 1.1 – Corporate culture

Source: (H. Igor Ansoff & Edward J. McDonnell, 1988)

In the case of revolutionary development, enterprises require fundamental transformations of strategy and corporate culture through the application of reengineering technologies. Under evolutionary development, changes occur through the gradual refinement and continuous improvement of the existing strategy and corporate culture, consistent with Kaizen principles. To identify the potential for reengineering initiatives and effective strategic planning, a SWOT analysis of corporate culture should be conducted. In addition, a comprehensive employee survey is essential to assess perceptions, values, and readiness for change.

Categorizing the Seven Levels of Organizational Consciousness according to the Barrett Model is of strategic importance as it enables the transformation of corporate culture from foundational levels of survival and financial stability toward higher levels of internal integrity and service to society. This model provides a clear metric for measuring the alignment between employees' personal values and corporate objectives, which is a critical factor in enhancing workforce engagement and productivity. Understanding these levels assists management in identifying 'cultural entropy' and consciously fostering a resilient organization capable of sustained success in a competitive market environment (Hryhorak M. Y.& Leha V. O., 2020)..

Figure 1.2 illustrates the hierarchical relationship between levels of personal consciousness and corporate consciousness within the enterprise.

The figure is based on the differentiation of human needs and demonstrates how individual awareness is transformed into collective corporate values and behavioral patterns. At the physical level, emphasis is placed on survival and financial stability, which form the foundation for organizational sustainability. The emotional level reflects self-esteem, attitudes, and customer satisfaction as determinants of effective interaction and service quality. The mental level is associated with self-transformation, performance improvement, and the development of efficient processes and systems. At the spiritual level, the model highlights internal integrity, cooperation, and the desire to contribute to long-term organizational development. The figure emphasizes the interdependence between individual development and corporate culture formation. Overall, the model confirms that the maturity of

corporate consciousness is a result of the consistent alignment of personal needs with organizational goals

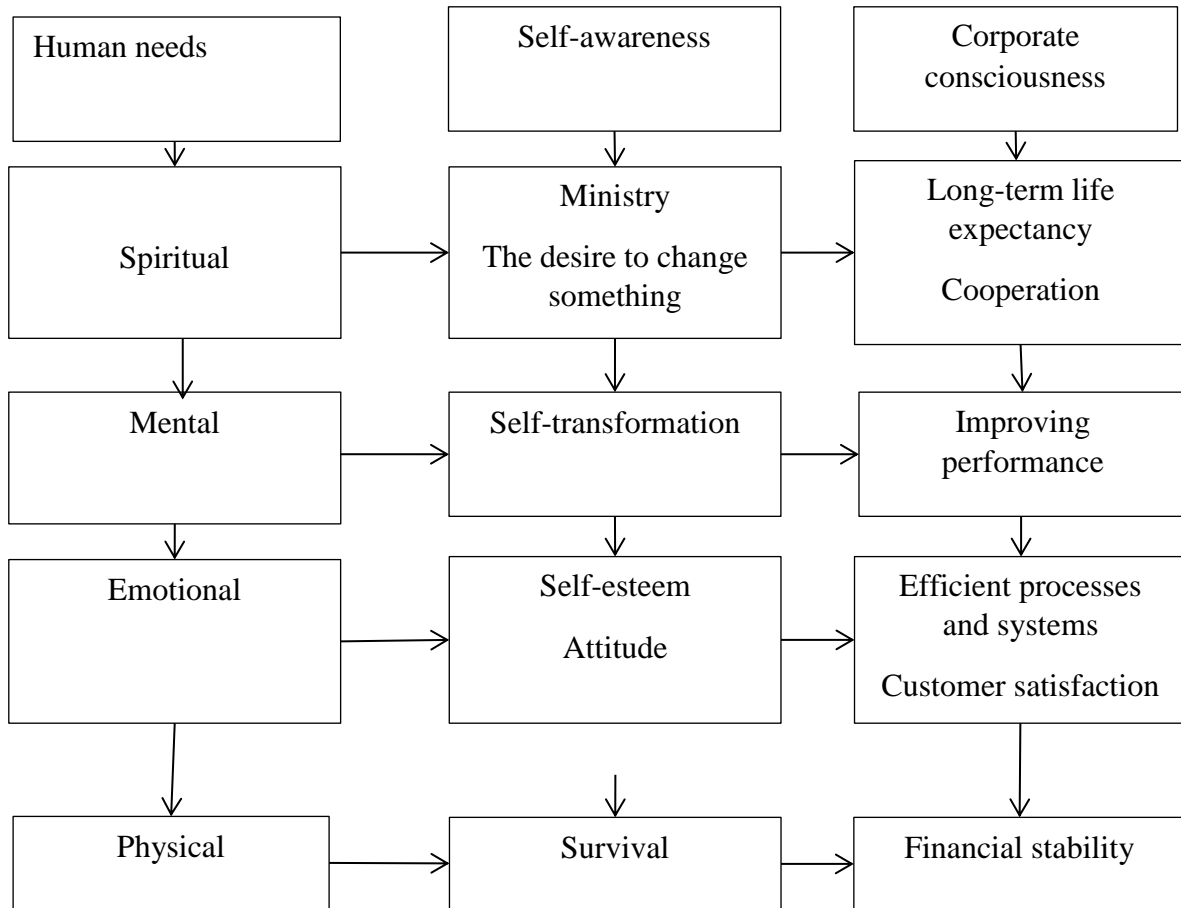


Figure 1.2 - Levels of personal and corporate consciousness

Source: (Hryhorak M. Y.& Leha V. O., 2020).

## 1.2. Domestic and foreign models of corporate culture of the enterprise and methods of their evaluation

When we stand on the earth in the 21st century and look back at the development of global companies in the past century, list all the companies you can think of, and then you will be like a Christmas lady in the companies you know. who are the bad boys” and which are successful companies, which are longevity companies, and which are examples of failures. As an individual, you will think about what types of companies are worthy of your investment and dedicate your youth; as an entrepreneur and manager, you will think about what is worth learning and what is worth reflecting

on; as a corporate culture builder , you will think about what kind of corporate culture supports those successful companies to achieve long-term development, and what kind of corporate culture does our own company need (Liu Maojuan, 2014, Liu Mengye , 2017).

To a certain extent, corporate culture can be said to be entrepreneurial culture, more precisely, entrepreneurial group culture. An enterprise, no matter how small, how primitive, how large or how complex, has gradually formed a systematic or non-systematic corporate culture model that leaders and employees abide by. The corporate culture model here refers to the dominant thoughts and behaviors of the company and its people. In the process of forming the overall cultural framework of an enterprise, the cultural orientation of the leader plays a crucial role.

Corporate culture is a comprehensive whole for an enterprise, and it is the most important factor in determining whether an enterprise can survive for a long time. Norms will eventually lead to corporate recession or bankruptcy. However, there is more than one corporate culture model that leads to long-term success (Luan Qiang, 2017).

Corporate culture has its own distinct characteristics and personalities. Some companies focus on market development, some companies focus on product innovation, some companies focus on after-sales service, and some companies focus on business performance. Different business philosophies produce different ways of thinking and behaving. Coca-Cola, Disney, GE, Intel, Microsoft, Tong Ren Tang, etc., you can think of successful companies, big and small, their most notable features and their most competitive advantages. That is where the core competitiveness lies. The key factor for their success lies in the strength of their strong corporate culture. They have their own unique corporate cultures that are highly recognized by their employees.(Hu Yiting, Li Wanming ,2010)

The cultural construction of each enterprise cannot be "one-size-fits-all", and should be specifically designed and positioned according to the characteristics of its own enterprise and its business environment.

After e-commerce entered the Chinese market in 1997, e-commerce enterprises actively seized development opportunities and entered a state of rapid development.

In 2009, the development speed of China's e-commerce ranked first in the world. In China's e-commerce industry structure, the market is roughly divided into small and medium-sized enterprises B2B, enterprises above scale, online shopping. In addition, online travel is also becoming an important part of the e-commerce market (the industry structure is shown below). According to relevant statistics, the overall transaction scale of China's e-commerce market in 2012 was 8.1 trillion yuan, an increase of 27.9%; In such a good situation, at present, China's B2C transaction volume only accounts for 33% of the domestic online shopping market, while the foreign B2C market share usually exceeds 50%, and the United States is as high as 80%. From the data analysis, it has not fully played its positive role in promoting economic growth, indicating that China's e-commerce enterprises still have a lot of room for development.(E-Commerce Industry in China ,2025)

Figure 1.3 depicts the structural and functional composition of corporate culture within an enterprise, integrating its principal components into a coherent theoretical framework. The figure underscores that corporate culture consists of both espoused values and underlying assumptions that shape collective behaviour and organizational practices.

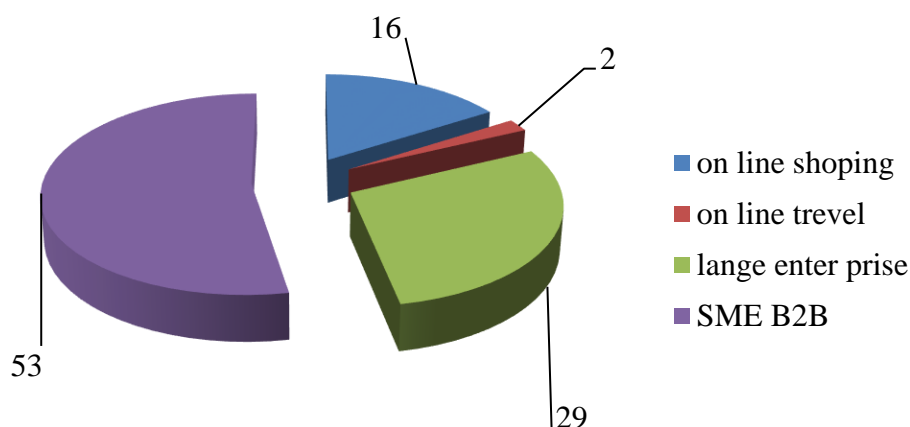


Figure 1.3 – Market composition of China's e-commerce industry, %

Source: (E-Commerce Industry in China, 2025)

At its core, the model positions mission and strategic values as foundational elements that guide employee decision-making and align individual goals with

organizational objectives. Sociopsychological culture is conceptualized as a mediator of interpersonal relations, fostering shared identity and cohesion among personnel. Internal communication mechanisms are illustrated as critical channels for disseminating cultural norms and reinforcing consistent behavioural expectations across hierarchical levels.

The figure also highlights the dynamic interaction between formal practices and informal cultural patterns, implying that culture evolves through ongoing managerial intervention and employee engagement. Emphasis is placed on the role of leadership in institutionalizing cultural constructs that support organizational performance and adaptability. Thus, the model reflects corporate culture as a systemic and strategic resource that underpins sustainable enterprise development.

The model of levels of personal and corporate consciousness reflects the theoretical foundations of corporate culture formation, since the culture of an enterprise emerges as a result of integrating employees' individual values into a collective system of norms and beliefs. The figure demonstrates the multilevel nature of corporate culture, which corresponds to scientific approaches (value-based, behavioral, and socio-psychological) to its formation. This figure illustrates the mechanism of transition from personal to corporate consciousness, which is a key process in the theory of organizational culture formation. Such visualization emphasizes the role of mission, values, and shared attitudes as the theoretical basis of corporate culture. It is consistent with the concept of corporate culture as a strategic management resource (Meng Qingyu, 2021).

The China Electronic Commerce Research Center released a report: "As of June 2013, the national e-commerce transaction volume in the first half of this year was 4.4 trillion yuan. The report shows that the operating income of B2B e-commerce was 9.38 billion yuan, a year-on-year increase of 25.9%. Among them, Alibaba continued to rank first, accounting for 43%. In the online shopping market, Tmall ranked first with a market share of 50.4%; JD.com ranked second, accounting for 20.7%; 5.7%. In the C2C market, Taobao Market is still stable, accounting for 95.1%. The financial crisis has severely hit and even bankrupt many e-commerce companies. Alibaba Group and Alibaba listed companies continue to expand the market, and both

achieved by 2011. Profitable. From this, we can see that Alibaba has always been a leading company in the industry.(Sun Chunyan ,2014)

Although the e-commerce industry has achieved good and fast development under the combined effect of its own rapid development needs and external policy support, the constraints of national conditions and systems behind this good development still exist. There are even many such illegal acts as online sales of counterfeit and shoddy goods, and difficulties in handling disputes over online transactions. In particular, the construction of Internet corporate culture has failed to keep up with the development requirements and speed of e-commerce and informatization itself. In our country, most enterprises simply copy without considering their own factors, without really learning and applying those advanced cultural essence and management concepts, the enterprise not only fails to improve, but also may destroy the original fine tradition, thus hindering the enterprise development of. Internet companies are farther apart in this regard, and both learning and self-construction require more hard work and great effort (Ou Yanqun, 2023).

The United States is the first country in the world to develop e-commerce. At present, the application field and scale of e-commerce in the United States far exceed those of other countries. More than 90% of large enterprises, 80% of medium-sized enterprises and 60% of small enterprises in the United States have carried out extensive e-commerce activities through the Internet, and the construction of enterprise informatization has reached a relatively advanced stage, of which B2B accounts for more than 80% of the total e-commerce. . According to the analysis of relevant reports, online shoppers in the United States spent about US\$4.19 billion in the third quarter of 2012, an increase of 15.4% from the US\$3.63 billion in the third quarter of 2011; at the same time, the online retail industry has won two places for eight consecutive quarters. number growth. The United States has always led the development of global e-commerce, so the construction and research of corporate culture in the United States is also the most mature. American scholars John Cotter and James Heskett and William Ouchi have all put forward some famous business management ideas. Many instructive books have also been published, such as "No Excuses", "Details Determine Success or Failure", "Winning in Execution" and so on.

These well-known concepts in my country are being widely used and promoted by the industry (Qian Jin, 2020).

From the comparison of Chinese and Western corporate culture, we can see that Western corporate culture is based on Western culture, and in the cultural atmosphere of pursuit of excellence and pursuit of self-value realization, its special culture is created in the form of an equal contract, showing a standardized management and institutional management. Cultural rules and cultural awareness under the management of regulations. This corporate culture with scientism and humanism as its cultural background, from its discovery and development, reflects innovation and adventure, requires finesse and results, pays attention to employees' feelings and emphasizes team, requires employees to be active and emphasizes stability, etc. The cultural essentials and idiosyncrasies of traits. The management philosophy of Chinese culture characterized by "emotion" has obvious characteristics of "jing meditating" custom, "home" standard, "emphasis on righteousness" and other characteristics; this leads to whether the corporate culture model is "people-oriented" or "object-oriented" It is difficult to get rid of the labels such as politicization, oralization, culturalization, sloganization, representationalization, foreignization, retreat, kitsch, trendy, rigidity, etc., especially the civilized politeness, moral demeanor. Behavioural habits, corporate reputation, reputation, integrity and other one-sided or even wrong words and deeds, further weaken the function and role of corporate culture. Therefore, when developing and constructing corporate culture, we should absorb the advantages of Western corporate culture, make up for our shortcomings, develop our advantages, and avoid or overcome problems in the development of Western corporate culture; we should reduce power distance and political color, strengthen democratic management and Enterprise characteristics, advocate the new spirit of the times such as pioneering, risk and innovation, while continuously enhancing the sense of collectivism, strengthen the sense of personal achievement and responsibility, pay attention to the interests and rights of employees, and stimulate the spirit of struggle of the enterprise and its employees in cultural construction and enterprise development and creative potential (Ran Guofeng, 2021).

According to the corporate culture analysis model of Professor Quinn of the University of Michigan based on the competitive value framework, for a particular company, its corporate culture at a certain point in time has four types of culture: Clan, Adhocracy, Hierarchy and Market.

**Clan:** There is a very friendly working environment within the enterprise, emphasizing organizational cohesion and team spirit, paying attention to customers and employees, and encouraging teamwork, participation and negotiation.

**Adhocracy:** A dynamic and creative work environment within the company. Employees have the courage to compete, innovate and take risks, encouraging individual initiative and autonomy.

**Hierarchy:** There is a very formal and hierarchical working environment within the enterprise, and employees at all levels have rules to follow in their work behaviors. The long-term goal of concern is the stability and effectiveness of enterprise operations.

There is a competitive work environment within the enterprise, concerned with reputation and success, with competitive activities and the achievement of measurable goals.

Corporate culture builders and human resources workers can understand the company's corporate culture situation and formulate directional guidance for training plans by comparing the corporate culture model with the status quo, so that senior management can understand more clearly. The current situation of the company's culture and the expectations of the expected culture will help to formulate an appropriate corporate culture construction and development plan (Shen Yilan & Wang Weiyue, 2023).

European culture is influenced by belief, offering moral models at ideal prices. Christianity believes in God, believes that God is merciful, and that God requires people to love each other. Influenced by this concept, European culture upholds the values of the individual and emphasizes the high-level needs of the individual. Europeans also focus on reason and science, emphasizing logical reasoning and rational analysis.

Although the spiritual foundation of European corporate culture is the same, due to the different national cultures of various countries, there are also differences in corporate culture in various European countries. Due to their cultural background, the British have strong hereditary concepts, and have always regarded landlords and aristocrats as the upper class of society, while business operators are in a lower social class. Therefore, the values of British entrepreneurs pay more attention to social status and rank differences. They do not use excellent management performance to prove their social value, but do everything possible to make themselves join the upper class, so they are in business management. China and Mexico stick to the rules and have poor adventurous spirit (Slavkova O.P. & Liu Jiren, 2024).

The most prominent feature of France is nationalism, arrogance, snobbery and superiority, so French business management shows a closed and conservative concept.

Italy advocates freedom and is self-centered, so it appears to have poor organizational discipline in corporate management and a low degree of corporate organization. However, since most of the enterprises in Italy belong to small and medium-sized enterprises, the impact of loose organization on the vitality of enterprises is not prominent.

Germans have a strong sense of bureaucracy, strong organizational discipline, and hard work. Therefore, in German enterprise management, the decision-making body is huge and decision-making is collectivized. To ensure that workers participate in management, it often takes more time to demonstrate, but the quality of decision-making is high. The executive level of the enterprise is strictly divided, and each department is responsible for only one supervisor, and there are no deputy positions. Employee participation in enterprise management is widespread and formal, and many laws guarantee the right of employees to participate in enterprise management. Employee participation in enterprise management is mainly achieved by participating in the supervisory board and the board of directors of the enterprise. According to the "Employee Participation Management Law", for enterprises with more than 20,000 employees, 20 employees shall have half of the labor and management representatives. Among the 10 labor representatives, 7 people are recommended by

the company and 7 people are recommended from outside the company; those with 10,000 to 20,000 people In an enterprise, there are 16 members of the board of supervisors and 8 representatives of labor, including 6 representatives from within the company and 2 from outside the company. For companies with less than 10,000 people, half of the members of the board of supervisors are representatives of labor and management (Slavkova O.P. & Liu Jiren, 2024).

Evaluation method. Corporate culture evaluation is the process of diagnosing and evaluating the characteristics and adaptability of corporate culture, and its direct purpose is to find out the problems existing in corporate culture, so as to determine whether it is necessary to improve and innovate corporate culture, enhance the adaptability of corporate culture, make it better adapt to the development strategy of enterprises and serve the development of enterprises.

One of the most effective and practical models for measuring organizational culture is the "Denison Organizational Culture Model" created by Daniel Denison, a distinguished professor at the International Institute of Management (IMD) in Lausanne, Switzerland. Denison's Organizational Culture Model is based on After researching a large number of companies, four characteristics of organizational culture are summarized: adaptability, mission, participation and alignment.

Table 1.1, Denison's Organizational Culture Model, categorizes organizational culture into four key traits based on two core dimensions: "Internal Focus and External Focus" and "Flexibility and Consistency." These traits are: Adaptability (External Focus + Flexibility) emphasizes the organization's ability to keenly perceive market changes and quickly learn and transform, representing its "response capability"; Mission (External Focus + Consistency) focuses on providing the organization with a long-term sense of direction through a clear vision and strategic goals, serving as its "navigation system"; Engagement (Internal Focus + Flexibility) focuses on employee empowerment, teamwork, and skills development, aiming to enhance internal vitality and a sense of ownership, representing the organization's "driving force"; and Consistency (Internal Focus + Consistency) relies on core values and a high degree of consensus, ensuring the coordination and stability of internal processes, serving as the organization's "integration foundation." The core argument

of this model is that an efficient and healthy organization cannot focus solely on one dimension but must achieve a dynamic balance between flexibility (adaptability and engagement) and predictability (mission and consistency), as well as internal integration and external adaptation. These four traits are interconnected and balanced, which is crucial for a strong and sustainable organizational culture.

**Involvement:** It involves the development of employees' work ability, ownership and sense of responsibility. A company's score on this cultural trait reflects the importance it places on developing, communicating with, and engaging employees and taking responsibility for their work.

Table 1.1 - Denison Organizational Culture Model

Dimension	Focus on external factors	Focus on internal
Flexibility and adaptability (change and creation)	Adaptability: Organizational learning, customer focus, and change creation	Participation: Empowerment, Team Orientation, Capability Development
Stability and Consistency (Conservatism and Integration)	Mission: Vision, strategic direction (intent), goals	Consistency: Core values, coordination and integration, cooperation

Source: formed by the author

**Consistency:** A measure of whether a company has a strong and cohesive internal culture.

**Adaptability:** mainly refers to the company's ability to respond quickly to various signals in the external environment (including customers and markets). **Mission:** It is used to judge whether the company is blindly focusing on immediate interests or focusing on formulating a systematic strategic action plan (Song Jian, 2017).

**Sense of mission:** Define a meaningful long-term direction and clarify social roles and goals.

A healthy and efficient organizational culture typically scores highly on all four traits. If a trait score is significantly low, it often indicates a weakness in that management dimension (e.g., being too stable and rigid may lack adaptability, or being too flexible and changeable may lack consistency).

Each of the above four characteristics has three dimensions, and the 12 dimensions are corresponding to the growth of market share and sales, innovation of

products and services, return on assets, return on investment and return on sales and other performance indicators. significant impact.

Organizational climate assessment. The organizational climate assessment uses questionnaires to make people understand the organizational climate or work environment and how the organizational climate is produced and how it affects people's work.

Implications, Measurements and Implications for Businesses of Organizational Climate: Organizational climate is neither employee satisfaction nor Gallup's famous Q12 measure. What are the similarities and differences between them? Organizational climate determines 70% of the performance of an enterprise. The method and time for measuring organizational climate and its relationship with human resource management.

The dimensions of organizational climate: including six dimensions of aggressiveness, responsibility, clarity, flexibility, reward, and cohesion (Song Tan, 2023).

Methods of building an organizational atmosphere:

- 1) Aggressiveness: establish an enterprising culture, the spirit and orientation of the pursuit of excellence
- 2) Accountability: establish an autonomous work process, encourage responsibility, and a moderate risk tolerance mechanism
- 3) Clarity: establish the corporate vision, direction and goals, and clarify the organization's goals and expectations for the position
- 4) Flexibility: Create processes that minimize bureaucracy and encourage innovation
- 5) Incentive: establish a performance orientation, strengthen recognition and praise, clear rewards and punishments, and prohibit orders
- 6) Cohesion: Establish a spirit of cooperation and dedication through team activities, working environment, interpersonal relationships, etc., and create team pride by creating external competition and celebrating victory.

Organizational climate measurement and diagnosis counseling: including questionnaire measurement and analysis, diagnosis and advice, tracking and improvement

Employees Satisfaction Survey. Employee Satisfaction Survey is a scientific management tool. It usually collects employees' satisfaction with all aspects of the enterprise in the form of questionnaires. The main functions of employee satisfaction survey are:

- 1) Through the behavior of "employee satisfaction survey", the company expresses its importance to employees;
- 2) Build a new communication platform to lay a feedback channel for more real information;
- 3) A systematic and focused understanding of employees' satisfaction and opinions on all aspects of the company;
- 4) Clarify the relevant problems that the enterprise most needs to solve, that is, the focus of management;
- 5) Detect the reflection of important management measures of the enterprise among employees.

Competitive Values Framework (CVF) and OCAI scale are commonly used tools in corporate culture evaluation, which provide a way for enterprises to deeply understand and evaluate their own culture.

The Competitive Values Framework (CVF), proposed by Kim S. Cameron et al., evaluates corporate culture based on two main dimensions: one is the dimension reflecting competitive needs, namely change and stability; The other is the dimension of conflict, that is, internal management and external environment. Under the interaction of these two dimensions, four types of corporate culture are formed, which respectively represent completely opposite or competitive assumptions. These four cultural types are graphically named: tribal, provisional, hierarchical, and market-first. CVF combines these four types of corporate culture into a four-quadrant graph, each quadrant has its own unique value orientation and characteristics.

OCAI scale is built on the basis of CVF framework, which is used to measure and evaluate corporate culture. The OCAI scale consists of six main components:

dominant characteristics, Leadership style, Employee management, organizational cohesion, strategic focus, and success criteria. Through the measurement of these parts, it can be corresponding to the four cultural types in the CVF framework, so as to help enterprises determine their own cultural types and characteristics. The OCAI scale not only provides a quantitative assessment of corporate culture, but also provides guidance for enterprises in cultural change and development.

In general, the Competitive Values Framework (CVF) and OCAI scale provide a systematic and practical tool for enterprises to deeply understand and evaluate their own culture, find the advantages and disadvantages of culture, and then formulate targeted cultural strategies to promote the long-term development of enterprises.

There are various evaluation methods of corporate culture, and enterprises can choose appropriate methods to evaluate according to their actual situation and needs. No matter which method is adopted, the key is to take employees as the center, take the development strategy of the enterprise as the guidance, and establish an enterprise culture evaluation system that conforms to the characteristics of the enterprise itself. (Cheng Yan, Zhao Guohao,2021)

Table 1.2 compares methods for assessing corporate culture by key characteristics and application features. This table provides a comprehensive comparative analysis of established methodologies used for the diagnostic evaluation of corporate culture within modern enterprises. The Denison Model is highlighted as a strategic tool that correlates cultural traits, such as adaptability and mission, directly with measurable business performance metrics like ROI and market share. The Organizational Culture Assessment Instrument (OCAI), based on the Competing Values Framework, offers a quantitative approach to identifying the dominant cultural type among clan, adhocracy, hierarchy, or market orientations. In contrast, the Organizational Climate Assessment focuses on the immediate psychological work environment, evaluating dimensions such as accountability, clarity, and flexibility.

Employee Satisfaction Surveys serve as a critical feedback mechanism, allowing management to identify operational "bottlenecks" through the subjective perceptions of the workforce.

Table 1.2 - Comparison of Corporate Culture Assessment Methods

Assessment Method	Key Characteristics	Application Features
Denison Model	Adaptability, mission, involvement, consistency.	Assessing the link between culture and business metrics: sales growth, ROI, and market share.
OCAI (CVF-based scale)	Clan, adhocracy, hierarchy, market cultures.	Quantitative measurement to determine the current and desired culture type.
Organizational Climate Assessment	Assertiveness, responsibility, clarity, flexibility, reward, cohesion.	Studying the work environment and its impact on employees' daily tasks.
Satisfaction Survey	Employees' subjective opinions on all aspects of the company's operations.	Identifying "bottlenecks" in management and creating a platform for feedback.
Pierre DuBois & Associates Scale	Seven aspects: from the macro-environment to personal employee variables.	Comprehensive optimization and analysis of cultural alignment with market competition.

Source: formed by the author

The Pierre DuBois & Associates Scale offers a multi-layered systemic view, integrating macro-environmental factors and personal variables into the cultural optimization process. By synthesizing these diverse approaches, the table demonstrates that effective cultural evaluation requires a balance between internal behavioral norms and external strategic alignment. Ultimately, the selection of a specific diagnostic method should be guided by the enterprise's unique developmental stage and its overarching strategic objectives.

### **1.3 The influence of corporate culture on the innovative activity of the enterprise and methodological principles**

Corporate culture is a core value recognized by employees in the long-term development process of an enterprise. To establish a unified value, an enterprise must create a fair, just and harmonious development environment within the enterprise, and establish a respect for innovation and talents (Chen Xiaoshan, 2024). advanced culture. The core of an enterprise is people. If the corporate culture can be recognized by the employees, it will stimulate the enthusiasm of the employees, give full play to the abilities and innovative power of the employees, and promote the management reform and innovation of the enterprise. In fact, corporate culture is the moral

standards, values, innovation and entrepreneurial spirit formed by the enterprise in order to solve the survival and development. As long as employees have absolute recognition and trust in the corporate culture, they will actively participate in the innovation of the enterprise. And maximize their enthusiasm and innovation to make the greatest contribution to the innovation and development of the enterprise.

The provided Figure 1.4 systematizes the key components of organizational culture, which collectively form the unique identity and functional environment of an enterprise.

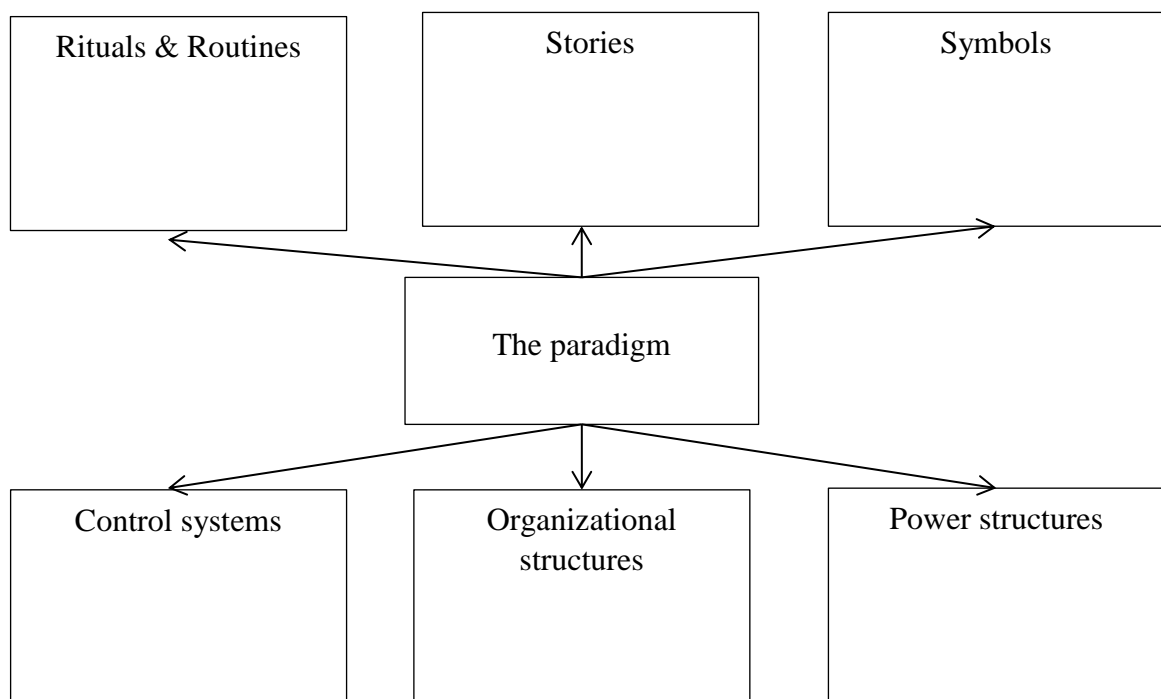


Figure 1.4 – Elements of organizational culture

Source: (Sułkowski Ł., 2012)

The central element of this model is the paradigm, representing the fundamental beliefs and core assumptions shared by all members of the organization. Surrounding this core are rituals and routines, reflecting repetitive behavioral patterns and established procedures that legitimize corporate norms. Organizational and power structures define hierarchical relationships and the distribution of authority, directly influencing decision-making processes. Stories and symbols play a vital role in transmitting cultural values, utilizing verbal and visual imagery to shape a common

understanding of the company's mission. Control systems provide monitoring of personnel activities and ensure their actions align with established strategic organizational goals. This model clearly demonstrates that organizational culture is an integrated system where a change in one element inevitably triggers a transformation across the entire structure. Consequently, Figure 1.4 serves as a theoretical foundation for the diagnosis and subsequent reengineering of corporate relations.

Representatives of various schools - philosophical, psychological, and national - have provided their interpretations of this category. Proponents of American Transcendentalism view mentality as an intuition closely aligned with the thinking process, "qualities of the mind," and worldview. In the English-language context, this encompasses mind, thought, psychic characteristics, the degree of intellectual energy, the course of thought, character, or mental attitude. French thinkers of the 1920s and 1930s considered the word "mentality" to be synonymous with the concept of "thinking." Psychologist C.G. Jung grounded the psychological principles of "mentality" in the existence of the collective unconscious—a reflection of the experiences of previous generations encapsulated in archetypes, which are universal human prototypes. Archetypes determine not so much the content of consciousness as its direction, style, and process. This gave rise to the "Jungian tradition," which focuses on defining the term "mentality." (Jung, C., 1966)

French 'new' historiography also incorporates psychology, interpreting mentality as a layer of the social psyche that serves as an implicit prerequisite for social action (Malska, M.P. & Mandyuk, N.L. & Zanko, Y.S., 2012)

An essential characteristic of the "mentality" concept in relation to economic behavior is its reflection of a holistic, structured system of socio-psychological phenomena inherent to a specific social community. Analyzing this structure allows for the modeling of mentality, which is particularly relevant in the modern era of rapid information technology development (Liu Jiren, 2022).

The structural hierarchy of mentality is composed of symbols, stereotypes, mental orientations, and mythological constructs. Within this structure, symbols and stereotypes form binary oppositions functioning through a "thesis-antithesis"

framework (e.g., "poverty–wealth", "subordination–dominance"). Based on structural-functional analysis, the components and functions of mentality - specifically their intersection with corporate culture-are systematized in Figure 1.5.

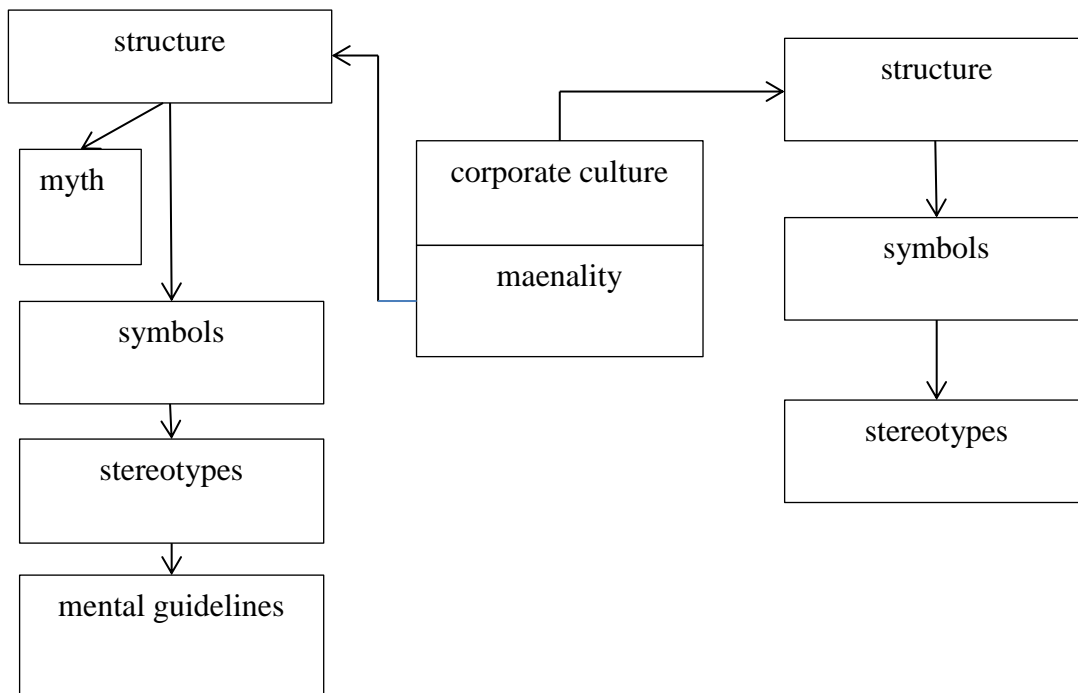


Figure 1.5 - The relationship between mentality and corporate culture  
Structure: Formed on the basis of (Cameron, Kim S., 1999)

Four distinctive "layers" of mentality merit particular academic attention:

- The unconscious layer: Specific cultural elements formed at the level of the collective unconscious;
- The spiritual layer: The common socio-cultural tradition and unified direction shared by various social groups at a reflective level;
- The social-response layer: Triggered by the natural reaction of the collective to political, governmental, and state events;
- The meta-social layer: Correlating with the overarching national idea and its evolving states of collective consciousness (Androsova, O.F., 2018).

Paradigm: The Cognitive Foundation and Cultural Framework for Innovation

A paradigm is a system of shared beliefs and assumptions among organizational members, forming the cognitive foundation for innovation. It implicitly guides the direction of innovation and unconsciously sets its boundaries. When faced with

change, existing paradigms can solidify into cognitive constraints, leading companies into a "success trap" of over-reliance on past experience. Haier, through its "Rendanheyi" (employee-customer integration) model, shifted its assumption system from control to empowerment, achieving paradigm restructuring. Therefore, a paradigm is both the cultural soil for innovation and a potential obstacle; successful management lies in its continuous reflection and timely restructuring.

#### Rituals and Routines: Institutionalized Vehicles and Legitimacy Construction for Innovative Behavior

Rituals and Routines are explicit dimensions of organizational culture, serving a dual function in innovation: as institutionalized vehicles, they transform spontaneous creative activities into predictable organizational processes; as mechanisms for legitimacy construction, they naturally internalize innovative values through symbolic performance. Daily routines are not mechanical repetitions, but rather institutionalized channels for knowledge accumulation. Together, they transform innovation from romantic, inspired genius into cultivable collective practice, providing an operational institutional framework for seemingly disordered innovative activities. Stories: The Implicit Transmission and Meaning Construction of Innovation Knowledge (Wang Desheng., 2012).

Stories are a core medium for conveying tacit knowledge and constructing collective meaning within organizational culture. From a knowledge management perspective, stories concretize abstract values through contextualized narration, enabling listeners to internalize organizational concepts through emotional resonance. In an innovative context, stories not only convey hard-to-encode success experiences but also transform failures into learning opportunities through selective reconstruction, maintaining members' psychological safety. Through narrative logic, stories integrate fragmented individual experiences into shared organizational wisdom, becoming cognitive templates guiding future actions/

#### Symbols: Visual Representation and Cohesive Consensus of Innovative Concepts

Symbols are a visual representation system of organizational culture, serving to unite ideas and mobilize emotions in innovation. They transform complex strategies into concise visual language, strengthen members' cognitive commitment to

innovation goals, and evoke deep-seated value identification through emotional activation. Modern Investment uses the phoenix totem to construct an innovation narrative of "integration and far-reaching vision," while Hongguan Communications uses "liberation shoes" to achieve intergenerational transmission of the spirit of innovation. Symbols are not only a visual representation of ideas but also a cohesive mechanism for collective identity, transforming the abstract concept of "innovation" into a tangible cultural experience.

#### Control System: Flexible Navigation and Behavioral Calibration of Innovation Boundaries

The control system is an innovative regulatory mechanism that combines boundary setting and behavioral calibration. Its core paradox lies in the fact that innovation requires freedom but risks going out of control, while control requires regulation but excessive control stifles creativity. The key to solving this lies in distinguishing between restrictive control and empowering control; the latter provides resource channels rather than restricting freedom. Innovative enterprises need to shift from a "correction-oriented" to a "navigation-oriented" approach. For example, Haier's "Rendanheyi" (employee-customer integration) model introduces market mechanisms internally, transforming the control system from a management system to an empowering one, while also recording organizational learning experiences and converting trial-and-error experiences into accumulative organizational knowledge .

#### Organizational Structure: Spatial Allocation and Collaborative Channels for Innovation Motivation (Wang Lei, 2019).

As the materialized form of organizational culture, organizational structure, through the institutionalized arrangements of power relations, information flow, and decision-making authority, serves as a channel for allocating innovation motivation and facilitating collaboration. Hierarchical structures hinder the flow of ideas, while network structures promote cross-disciplinary collaboration. An ideal innovative organization possesses characteristics of a "small world": high-density local connections promote deep collaboration, while weak global connections acquire heterogeneous information. Its evolution is essentially a restructuring of the motivation mechanism-delegating innovation responsibility from a few decision-

makers to all employees, transforming innovation from command execution to bottom-up capacity emergence.

#### Power Structure: Authoritative Allocation and Discourse Order of Innovation Resources

As a deep dimension of organizational culture, power structure influences innovation through resource allocation and the construction of discourse order. Centralized models easily lead to cognitive blind spots and stifled innovation, while decentralization delegates decision-making power to the front lines. Haier's "Rendanheyi" (employee-customer integration) achieves dynamic resource allocation, and Seven Wolves' Party building embedded in governance ensures decision-making resolve. As power evolves from a single center to multiple centers, the innovation discourse system shifts from monistic to pluralistic, providing legitimacy and space for expression for groundbreaking innovation. Power restructuring is a prerequisite for a leap in organizational innovation capabilities.

Corporate culture is the foundation and forerunner of business management innovation: business management needs to be embodied through certain management concepts and management methods, and the business management concept of an enterprise needs to be consistent with the corporate culture. It can be seen that corporate culture and business management concepts also has a strong correlation. The main purpose of managing the enterprise is to make the members of the enterprise form a unified value concept, and everyone will work together to create a harmonious enterprise production environment and create higher economic benefits for the enterprise. The formation of this common value is based on a good corporate culture innovation as an important premise. Enterprises need to use the power of culture to condense the spiritual power of employees, so as to improve the cohesion and competitiveness of the enterprise (Wang Qi, 2017).

Based on the ability of corporate culture to change, Quinn-Cameron's Competing Values Framework provides a highly explanatory theoretical tool for classification. This model, based on two core dimensions-"flexibility-stability" and "internal-oriented-external-oriented"-classifies organizational cultures into four ideal types: ad hoc, clan, market-oriented, and hierarchical. Ad hoc and hierarchical cultures, located

at opposite ends of the spectrum of change capabilities, constitute the fundamental tension between organizational adaptability and stability.

Ad hoc culture is characterized by high flexibility, innovation, and external adaptability. It emphasizes decentralized decision-making mechanisms, dynamic cross-functional project teams, and a high tolerance for ambiguity and uncertainty. The organizational structure exhibits an organic network form, aiming to respond quickly to dramatic environmental changes and foster breakthrough innovation. In this culture, power stems from professional competence rather than job rank, success is defined as creating unique and novel products or services, and organizational members share a value belief in "adventure" and "foresight." In stark contrast is hierarchical culture, which prioritizes stability, predictability, and operational efficiency. It relies on strict rules and regulations, clear chains of authority and responsibility, and standardized operating procedures. By strengthening formal control and process standardization, it mitigates risks and ensures the continuity and consistency of organizational operations. Communication in a hierarchical culture follows formal channels; success means reliable, smooth, and low-cost output. Its inherent logic is that "order is superior to chaos." (Wang Shaojie&Liu Shanshi, 2013).

In the context of R&D departments, the reason why temporary organizational cultures form the basis of their operation stems from the inherently non-linear and experimental nature of knowledge creation. From an epistemological perspective, the R&D process involves the continuous transformation from tacit knowledge to explicit knowledge, requiring constant trial and error, iteration, and reconstruction of cognitive boundaries. This necessitates an organizational structure that can flexibly allocate scarce resources, break down functional barriers, and encourage interdisciplinary intellectual exchange. Temporary organizations, by forming and quickly disbanding project teams around specific innovation tasks, maximize knowledge flow and diversify innovation risks. Their inherent fault-tolerance mechanism provides researchers with the necessary psychological safety space, thereby stimulating the emergence of original ideas. Ikujiro Nonaka's theory of knowledge creation suggests that the core of organizational knowledge innovation lies in the construction of a "field" - a dynamic, shared contextual space-and

temporary organizations precisely provide this ideal interactive field. In contrast, the rigid constraints of hierarchical cultures inhibit exploratory behavior, and their pre-set standardized paths contradict the inherent uncertainty of R&D activities, leading to a "success trap" or path dependence, making it unable to adapt to the exponentially accelerating trend of technological iteration. Therefore, temporary organizational cultures not only highly align with the task attributes of R&D departments but also serve as an organizational guarantee for maintaining technological leadership and achieving paradigm breakthroughs (Wang Yaqin, 2022).

Corporate culture, as a system of shared values and basic assumptions among organizational members, profoundly influences employees' perceptions of the usefulness and ease of use of new technologies by shaping their information processing frameworks and meaning-making processes—this is precisely the core explanatory variable of the Technology Acceptance Model (TAM). According to social cognitive theory, the cultural environment provides individuals with a frame of reference for observational learning and self-efficacy assessment: in an innovation-oriented, temporary organizational culture, the organization, by encouraging exploration and tolerating failure, strengthens employees' focus on the potential benefits of new technologies, thereby enhancing their perceived usefulness; simultaneously, this culture, by providing ample training support and cross-team collaboration opportunities, reduces employees' concerns about the difficulty of operating technologies, thus enhancing their perceived ease of use. Conversely, in a control-oriented, hierarchical culture, the emphasis on risk aversion and procedural compliance can trigger employees' excessive vigilance regarding technological uncertainty, leading them to focus more on the potential workload or error risks brought by new technologies, thereby inhibiting the formation of perceived usefulness; while strict authority settings and standardized processes may prolong the adaptation period for employees to encounter new technologies, reducing the level of perceived ease of use. From a social information processing perspective, culture conveys implicit signals about the value of technology to employees through daily interactions among colleagues, symbolic behaviors of leaders, and organizational ritual practices: when the narrative repeatedly emphasizes how technological

innovation drives organizational success, employees tend to view technology as an opportunity; when the control system primarily focuses on assigning blame for errors in technology application, employees tend to view technology as a threat. Therefore, corporate culture indirectly determines the formation mechanism of technology adoption willingness by influencing employees' cognitive frameworks and emotional inclinations (Wang Zhicheng, 2022).

In the formation and evolution of corporate culture, founders or leaders play a crucial "architect" role. They are not only the initial setters of the organization's core values but also "meaning managers" who continuously shape and reinforce cultural norms through daily behavioral demonstrations, resource allocation, and system design. Leaders embed their personal assumptions and values into the deep structure of the organization by choosing what to focus on, how to respond to crises, and what qualities of talent to hire. In a culture that supports innovation, transformational leadership and transactional leadership exhibit distinctly different yet potentially complementary mechanisms. Transformational leaders directly influence employees' innovative psychological motivations by painting an exciting vision, stimulating employees' higher-level needs, and providing intellectual stimulation: they encourage employees to question old assumptions, explore unconventional paths, and provide a psychologically safe space for innovative attempts through personalized care, thereby cultivating a risk-taking and uncertainty-embracing cultural climate within the organization. This leadership style aligns well with temporary organizational cultures and can effectively enhance employees' intrinsic identification with and emotional commitment to innovative initiatives. In contrast, transactional leadership provides a stable institutional framework and behavioral expectations for innovation through clear goal setting, performance feedback, and contingency rewards. They define role requirements, clarify the relationship between innovation goals and rewards, and monitor deviation risks during the innovation process through management of exceptions. While transactional leadership itself does not directly inspire breakthrough thinking, it provides necessary external incentives and order guarantees for innovative behavior, ensuring that innovation activities do not degenerate into chaotic trial and error. From a cultural construction perspective, transformational

leadership is responsible for establishing the value orientation and meaning framework of innovation, while transactional leadership, by strengthening the positive correlation between innovation and results, transforms innovation from a chance event into a repeatable and manageable organizational routine. Through dialectical interaction, these two approaches together constitute the leadership foundation that supports innovation, preventing the culture from falling into unrestrained romanticism and avoiding the organization from succumbing to a mechanism that rejects change.

Assessing the innovativeness of corporate culture requires a set of integrative methodological principles to ensure that research penetrates the surface structure of culture and reveals the true relationship between its underlying assumptions and innovative performance. First, the methodological design should adhere to the principle of "multi-dimensional integration," comprehensively utilizing quantitative measurement and qualitative interpretation. This involves capturing observable characteristics of culture through quantitative indicators while interpreting the meaning construction behind symbols, rituals, and stories using qualitative methods. Second, the research needs to follow the principle of "dynamic evolution," viewing culture as an organism that continuously evolves throughout the organizational lifecycle, revealing the interconstructive relationship between cultural change and innovative capabilities through longitudinal tracking. Finally, the methodological framework must embed the principle of "contextualization," acknowledging that the innovative effect of culture is highly dependent on industry characteristics, technological trajectory, and institutional environment; any universally applicable measurement detached from context may obscure key explanatory mechanisms. Based on these principles, the following three Key Performance Indicators (KPIs) provide an operational measurement path for assessing the innovativeness of culture from three dimensions: behavioral, psychological, and process (Xia Qingqing, 2021).

**Employee Innovation Activity Index:** This index measures the degree to which culture permeates innovation at the behavioral level. Its construction follows the principle of "behavioral representation," aiming to infer the true orientation of culture by systematically tracking employees' daily innovative behaviors. The measurement

framework should cover the full spectrum of innovative behaviors: from the frequency of questioning in the problem-finding stage and the intensity of cross-departmental collaboration in the ideation stage, to the number of iterations in the prototype testing stage and the willingness to internally promote innovative results. At the data collection level, it is necessary to integrate information system behavior logs, managerial assessments, and employee self-reports, eliminating single-source measurement bias through multi-source validation. It is worth emphasizing that the construction of this index needs to distinguish between incremental improvement and breakthrough innovation, assigning different weights according to industry characteristics to accurately reflect the support of culture for different types of innovative behaviors.

**Cultural Risk Tolerance:** As a deep indicator for assessing innovativeness, cultural risk tolerance focuses on the collective psychological tendency of an organization when facing uncertainty. Its measurement needs to follow the methodological principle of "projective probing." Because risk attitudes are embedded in the implicit assumptions of culture, it is difficult to obtain true information through direct questioning. Researchers need to use situational projection techniques to reveal the organization's true tolerance for risk. Specific measurement paths include: designing standardized decision-making experiments to infer participants' risk preferences through resource allocation tasks; systematically analyzing organizational attribution profiles of failed projects to track whether failures are defined as "learning opportunities" or "personal mistakes"; and collecting employees' narratives of "ideal failures" through in-depth interviews, analyzing the emotional tone and attribution patterns. This indicator can effectively predict an organization's adaptability potential in the face of disruptive change.

**The speed of introducing new ideas:** The speed at which new ideas are transformed from initial conception to market implementation is a key output indicator for assessing cultural innovation. Its measurement logic follows the theoretical premise of "culture as an efficiency catalyst." Methodologically, a time-tracking system covering the entire innovation process needs to be established, recording key time nodes from initial idea recording, cross-departmental decision-

making, prototype development to final market launch. Survival analysis methods should be used to identify the stage pass rate and stall risk of innovation projects under different cultural types. It is worth noting that the measurement of time to market needs to distinguish between incremental innovation and breakthrough innovation: the former reflects the execution efficiency of the culture, while the latter reflects the culture's exploratory capabilities. When a temporary organizational culture significantly shortens the innovation cycle, it is not only a reflection of process efficiency, but also a comprehensive reflection of the rapid trial-and-error, agile decision-making, and cross-disciplinary collaboration capabilities shaped by the culture (Xie Mei, 2003).

In the process of organizational innovation and development, "cultural resistance" and "organizational inertia" constitute a mutually reinforcing dual obstacle mechanism. Cultural resistance is rooted in the deep-seated assumptions and value orientations shared by organizational members, manifesting as a collective questioning or rejection of emerging ideas-when innovation challenges the organization's long-standing "how we do things here," members unconsciously activate psychological defense mechanisms, defining new ideas as a threat to the organization's identity. Coexisting with this is organizational inertia, which manifests as path dependence in organizational structure, processes, and resource allocation models. Even if the decision-making level recognizes the necessity of change, the existing system of authority and responsibility, resource allocation logic, and standard operating procedures, due to their institutionalized "taken-for-granted" nature, will still pull innovative attempts back onto the existing track. When an organization possesses a strong and conservative culture, this dual mechanism evolves into a rigid system that is difficult to break through: the strong integrative nature of the culture means that values are highly internalized, and members' rejection of heterogeneous ideas no longer stems from external coercion but from internal identity anxiety; the conservatism of the culture means that this identity is rooted in a solidified interpretation of past successes. At this point, the organization falls into the "success trap"-past glories are woven into the core narrative and repeatedly recounted; rituals and celebrations reinforce emotional attachment to

traditional paths; the power structure is controlled by those who have benefited from the old paradigm; and innovation is not only seen as a risk but also constructed as a desecration of the organization's sacred narrative. It is precisely this cultural characteristic, combining "conservatism" with "power," that causes the organization to lose its reflective monitoring capabilities and reject adaptive change beyond the boundaries of collective cognition, thus becoming the most insidious yet deadly internal enemy of innovation.

To gain a deeper understanding of the mechanisms underlying cultural resistance and organizational inertia, a comparative analysis of the innovation cultures of Google and Amazon can provide insightful theoretical references. Google's culture is characterized by a high degree of liberalization and openness. Its famous "20% time" policy allows engineers to dedicate one-fifth of their work time to self-selected projects. This system is rooted in trust in employees' intrinsic motivation and recognition of the value of exploratory learning.(Xu Zhengliang, Wang Lizheng ,2009) This cultural atmosphere fostered groundbreaking innovations such as Gmail and Google News, with its innovation type leaning towards "exploratory innovation"-that is, non-continuous, disruptive technological breakthroughs in unknown areas. Its success highly depends on a relaxed institutional environment and a tolerance for failure. In stark contrast, Amazon's culture is based on "customer first" and "results-oriented" principles. Its leadership principles emphasize "ownership," "frugality," and "raising standards," requiring employees to make decisions with a "if this were my money" mindset. This "hardcore" culture has fostered an innovation strategy centered on "secrecy" and "application," with an emphasis on "utilization-based innovation"-continuously optimizing and deeply exploring customer experience within existing technological frameworks, such as Prime membership, iterative upgrades of AWS, and extreme improvements in logistics efficiency. Academic research likens Google's innovation strategy to a "university" because it emphasizes fundamental exploration but has a blurred path to commercialization; Amazon's strategy is likened to "secrecy" because it maximizes knowledge inflow while minimizing knowledge outflow, closely integrating technology development with the expansion of existing businesses. These two cultures represent opposite ends

of the innovation continuum: Google's free culture excels at incubating disruptive ideas but may face commercialization challenges, while Amazon's disciplined culture excels at large-scale execution and incremental improvement but may implicitly suppress radical innovations requiring long-term incubation. It is this fundamental difference in cultural orientation that determines their drastically different organizational responses to uncertainty and innovation risks.

Corporate culture is helpful for the formation of enterprise management innovation ability: the formation of enterprise management innovation ability must have a tangible, economical and good material basis, such as sufficient funds and advanced equipment. With the formation of the enterprise economy, the enterprise management system and model are also formed. At this time, the enterprise needs the intangible cultural spirit to play a role in promoting. At the same time, the improvement and improvement of the innovation ability of enterprise management also requires the innovation of enterprise culture. To promote, let enterprises keep up with the rhythm of the rapid development of society.(Ding Suting ,2023)

The impact of corporate culture on corporate strategic management: corporate strategic management needs certain management ideas as a guide, and it can be reflected through corporate culture when it formulates strategic management ideas. Therefore, corporate culture innovation has an important impact on corporate strategic management. First, corporate strategic management can use corporate culture as a means to control and constrain the implementation process of corporate strategic management measures, laying the foundation for the completion of corporate strategic management goals; secondly, the reform of corporate strategic management is closely related to corporate culture. When an enterprise formulates strategic management reform measures, it needs to change its corporate culture simultaneously, otherwise, the original corporate culture will play a certain resistance to the implementation of the current corporate strategic measures.(Wang Xiangwu, Tan Junfeng. Huaxia ,2013) For example, the strategic management measures of the enterprise conflict with the normative system of the enterprise, or are inconsistent with the values of the enterprise and so on. Therefore, in order to ensure the effective implementation of enterprise strategic management measures, it is necessary to do a

good job in the coordination relationship between the two, and at the same time serve each other, promote each other, and find an optimal balance, so that the enterprise is full of passion and at the same time very Rational.

Corporate culture is conducive to promoting the innovation of human resource management: the competition of enterprises is the competition of talents in the final analysis, and a good corporate culture can attract more outstanding talents to participate in the team. Excellent corporate culture can make employees have a more sense of identity and belonging, and can fully mobilize the enthusiasm and creativity of employees at work, and actively contribute to the enterprise. This kind of corporate culture can promote the continuous innovation of human resource management, constantly adapt to the needs of corporate culture and development, and improve the core competitiveness of enterprises.(Qin Dezhi, Qin Chao, Jiang Chengcheng ,2013)

Corporate culture has a certain influence on corporate management innovation. With the integration of the global economy, the competition faced by enterprises is increasingly fierce, and enterprises need to innovate. When enterprises carry out management innovation, they must pay attention to the construction of corporate culture, so that the construction of corporate culture and management innovation can be matched and coordinated, so as to promote the long-term stable and sustainable development of enterprises.

### **Conclusions to Section 1**

1. It has been established that corporate culture is a complex system of shared values, beliefs, and ethical norms that functions as the "soft power" of an enterprise. It not only distinguishes an organization from its competitors but also ensures the integration of social culture into the organizational management system, transforming individual employee aspirations into collective synergy.
2. It is proved that corporate culture performs critical functions: guiding, cohesive, stimulating, and restrictive. These functions allow culture to act as an "invisible spiritual engine" that activates the creative potential of personnel and provides subtle yet effective control through the internal self-regulation of employees.

3. The expediency of using Richard Barrett's Model (Seven Levels of Organizational Consciousness) for cultural diagnostics is substantiated. The transition of an organization from foundational levels (physical survival and stability) to higher levels (collaboration, internal integrity, and service) is a prerequisite for forming a resilient and high-performance organization in modern conditions.
4. The analysis of foreign experience confirmed that corporate culture models significantly depend on national mentality: ranging from American individualism and innovation to German discipline and employee participation in management. For domestic enterprises (particularly in the e-commerce sector), it is critically important to avoid blind copying of Western models, adapting them instead to local ethical and social characteristics.
5. It was revealed that for an objective diagnosis of the cultural environment, it is necessary to use a comprehensive toolkit, including the Denison Model for assessing business effectiveness and the OCAI scale for determining the culture type (clan, adhocracy, market, or hierarchy). Corporate culture is identified as the foundation of innovative activity. Utilizing "The Cultural Web" model (by Johnson and Scholes) allows for the identification of how paradigms, rituals, and power structures influence personnel's readiness for change, proving that only a harmonious combination of innovative drive and rational management ensures long-term competitiveness.

## SECTION 2

### STUDY OF THE EFFICIENCY OF CORPORATE CULTURE AT THE ENTERPRISE

#### 2.1. Development of a model for managing financial and economic conditions using corporate culture

Financial status analysis is an accounting element that reflects the financial status and is also one of the main contents of financial statement analysis. It mainly refers to the evaluation of various aspects of a company's assets, liabilities and owner's equity, and the analysis of the company's asset structure, debt structure, liquidity, debt repayment ability, capital preservation and appreciation ability and cash flow. Financial status analysis refers to the analysis of the company's financial status and financial evaluation based on the balance sheet, income statement, statement of changes in financial status and other appendices, financial status statement, etc. within a certain period of time, and the provision of financial reports to investors, creditors, relevant government departments, and other units related to the enterprise.

The purpose of financial status analysis is mainly to examine and understand the quality of the company's financial status, promote the company to strengthen capital management, and often maintain a reasonable distribution of funds and a good capital circulation to ensure the smooth development of the company's operations.

At present, there are three mainstream financial analysis systems for enterprises:

1) Industry adaptation and strategic upgrade of DuPont analysis and Wall scoring

DuPont analysis systematically reveals the dynamic balance between corporate profitability, asset operation efficiency and capital structure by disassembling the components of return on net assets, and becomes the core tool to connect financial performance and strategic execution. Traditional manufacturing enterprises often rely on this model to diagnose efficiency bottlenecks in production links. For example, steel enterprises find that insufficient utilization of blast furnace equipment leads to low asset turnover efficiency through analysis, and then optimize production

scheduling and strengthen equipment maintenance, significantly improving overall production capacity; Internet companies break through the traditional financial framework, take user value creation as the core, and reconstruct the DuPont model, taking single user revenue as the core indicator, combining user acquisition cost and life cycle value, and accurately optimize resource allocation strategies. For example, social e-commerce platforms find that the user growth efficiency brought by social fission far exceeds traditional advertising through model disassembly, and then adjust the marketing focus to effectively improve user contribution value. The upgrade of the Wall scoring method reflects the differentiated needs of the industry. Manufacturing companies integrate operational indicators such as equipment comprehensive efficiency and supply chain delivery on-time rate on the basis of traditional financial indicators, and promote the optimization of the efficiency of the entire value chain by quantifying the refined management level of the production links; Internet companies incorporate non-financial indicators such as user retention rate and data asset value into the evaluation system to build a hybrid scoring model that is more in line with the characteristics of the digital economy. In this process, companies continue to explore the boundaries of traditional tools. For example, consumer goods companies add indicators related to brand licensing income and marketing investment to make up for the shortcomings of traditional models in intangible asset evaluation, so that the analysis framework can more comprehensively reflect the logic of light asset operations. The coordinated application of the two tools not only strengthens the multi-dimensional evaluation capabilities of financial health, but also becomes an important bridge connecting short-term performance and long-term strategy.

## 2) The synergistic value management system of balanced scorecard and EVA.

The combination of balanced scorecard and economic value added has built a dual management framework for strategic implementation and value creation. In the field of heavy asset manufacturing, enterprises use balanced scorecards to decompose strategic goals into operational dimensions of financial results, customer value, process efficiency and organizational learning. For example, new energy enterprises set key indicators such as production capacity ramp-up speed and product yield rate,

and simultaneously monitor the efficiency of R&D patent conversion to ensure that technological innovation is effectively transformed into market competitive advantages. The EVA system forces enterprises to pay attention to the essence of value creation by calculating the real profit after deducting the cost of capital. The heavy asset industry uses this to evaluate the return on investment of the production line, and technology companies adjust the accounting rules for R&D investment to accurately reflect the long-term value of innovation activities. Internet platforms have solved the growth dilemma through the organic integration of the two. Under the balanced scorecard framework, they set goals such as improving user stickiness and algorithm iteration speed, while calculating the economic added value of each business line, identifying high-value contribution sectors and optimizing resource allocation. The application of cross-industry groups further highlights the value of tool synergy. Differentiated EVA accounting rules are designed for different business units, and the benefits of cross-departmental resource integration are quantified through the strategic synergy indicators of the balanced scorecard. For example, the manufacturing department provides the technology team with synergy benefits generated by industrial scenario data. This system effectively solves the problem of strategic disconnection of traditional management tools, but it also faces the risk of indicator overload. Some companies have achieved management efficiency improvement by streamlining core indicators and strengthening strategic focus.

3) Industry transformation and comprehensive risk management of Z-Score early warning model

The traditional financial early warning model provides early signals for corporate risk prevention and control through dynamic monitoring of core indicators such as liquidity and profitability. Manufacturing companies transform the early warning system based on industry characteristics and incorporate operational elements such as raw material inventory turnover and customer concentration into basic financial indicators. For example, auto parts manufacturers monitor the proportion of orders from the largest customer to prevent the risk of over-reliance on the supply chain and establish a flexible procurement mechanism and customer structure optimization strategy. Internet companies build a new early warning paradigm that adapts to the

characteristics of light assets, focusing on the coverage of free cash flow to financing dependence and the trend of user activity changes, and timely identifying business model sustainability risks. The intelligent upgrade of the model further expands the application scenarios. By integrating multi-dimensional operational data and market information, a dynamic risk assessment system is constructed. For example, retail enterprises combine channel inventory data with consumer demand trends to predict the risk of unsalable products in advance; technology companies track technology replacement cycles and user migration patterns to warn of product life cycle decline signals. Venture capital institutions use the improved model for start-up assessments, incorporating strategic factors such as the strength of technological barriers and market exclusivity to enhance value discovery capabilities. This evolution has upgraded the early warning system from a single financial crisis prediction to a comprehensive governance tool covering strategic risks, operational risks, and market risks, but the dynamic calibration of industry benchmarks and decision-making transparency remain the key directions for continuous optimization. Enterprises continuously improve the accuracy of risk identification and the effectiveness of decision support by establishing an influencing factor tracing mechanism and a threshold dynamic adjustment strategy.

According to the current mainstream financial analysis system, enterprises should follow the following basic principles when building a financial status analysis and evaluation indicator system:

1) Objectivity principle: The evaluation index should be able to truly reflect the actual characteristics of the enterprise's production and operation status.

2) Scientific principle: The index system should have a clear hierarchical structure, from local to overall, from complex to concise, and form an intuitive conclusion on the enterprise's management level based on calculation and analysis.

3) The principle of combining quantitative analysis with qualitative analysis: In order to make the evaluation results more accurately reflect the actual financial status of the enterprise, various evaluation results should be reflected through quantitative indicators as much as possible, and information that cannot be quantified can be supplemented by qualitative analysis methods.

4) The principle of combining relative values with absolute values: The relative value of financial status refers to the ratio of enterprise output to resource input; the absolute value of financial status refers to the total output of the enterprise. In the analysis and evaluation of financial status, the financial status of the enterprise should be evaluated from both relative and absolute values.

5) Principle of combining short-term and long-term benefits: The evaluation index system should measure and reflect both the economic benefits created in the current year and the economic benefits that can be created in future years. Only in this way can the profitability of the enterprise be fully and completely reflected, and the information reflected by the index system is more comparable.

6) Principle of operability: The data and information required for the evaluation index should be obtained in a timely, accurate and complete manner, and the evaluation of each index should be simple and easy.

Thus, the business manager analyzes the company's performance from the point of view of economic stability, and based on the economic stability model, predicts the company's activities and makes competent management decisions to maintain business stability. Such management decisions can include, for example, redistributing resources, increasing cash flow, and implementing measures.

Figure 2.1 illustrates the proposed integrated management model, which bridges the gap between organizational values and financial outcomes.

Unlike traditional accounting-centric approaches, this model positions Corporate Culture as the primary independent variable. The mechanism works through a 'transmission belt': cultural drivers influence employee behavior, which in turn optimizes operational processes (such as the Cash Conversion Cycle), ultimately manifesting as improved indicators in the DuPont analysis system.

Figure 2.1 presents a structural-functional model that demonstrates the transmission mechanism between the «soft» components of corporate culture and «hard» financial performance indicators. The logical framework of the model is built upon three interconnected levels:

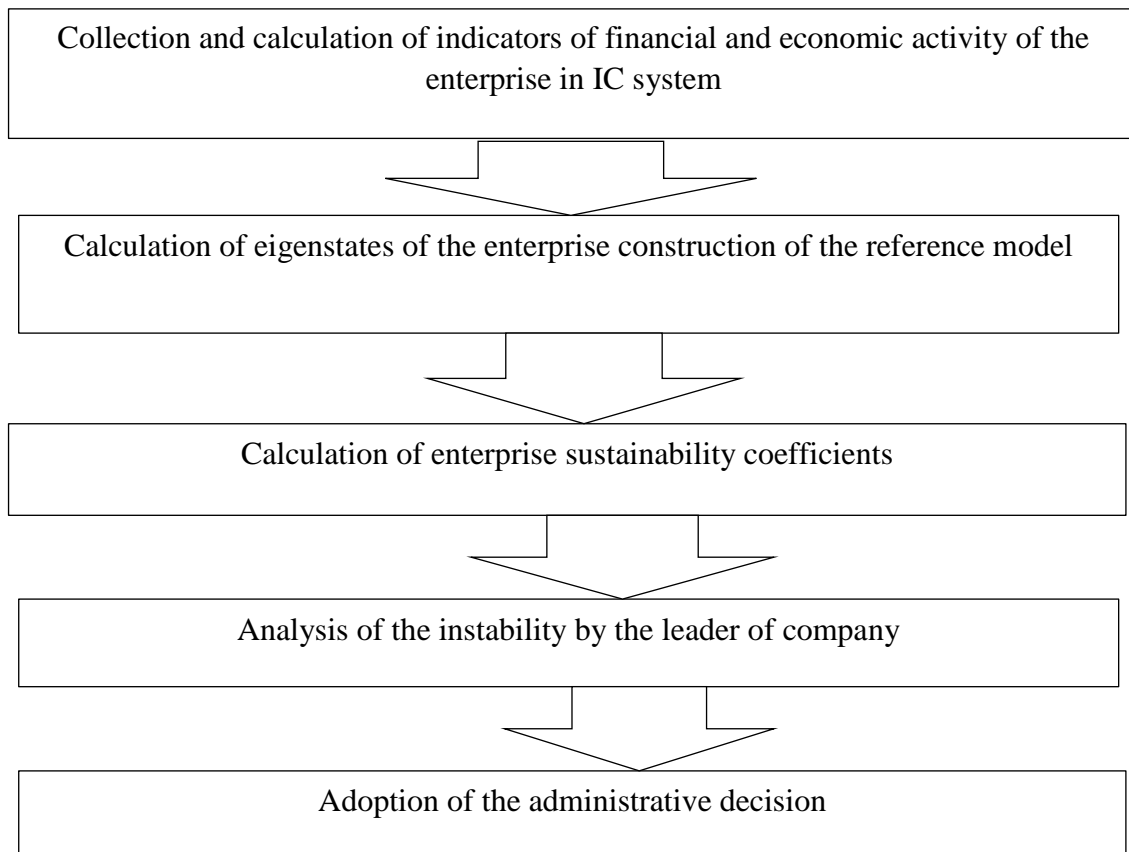


Figura 2.1 - Functional diagram of adoption of the administrative decision to maintain the economic stability of enterprise.

Source: Adapted by the author for the source (Shtepenko K. & Svystun L. & Krekoten I., 2020).

Figure 2.1 presents a structural-functional model that demonstrates the transmission mechanism between the «soft» components of corporate culture and «hard» financial performance indicators. The logical framework of the model is built upon three interconnected levels:

1. Input Level (Cultural Determinants): At this level, we identify the independent variables, such as the Cultural Entropy Score and the Agile Adoption Rate. Mathematically, a reduction in cultural entropy (internal friction, bureaucracy, and conflicts) liberates organizational energy, which is redirected toward productive activities. In the context of e-commerce, a high Agile Adoption Rate ensures faster decision-making cycles, which is the primary prerequisite for accelerating capital turnover.

2. Intermediate Level (Operational Efficiency): The model suggests a direct correlation between cultural alignment and operational metrics. A culture of accountability and innovation propensity leads to an increase in Revenue per Employee. This relationship can be expressed through the optimization of the Cash Conversion Cycle (CCC):

$$CCC = DIO + DSO - DPO \quad (2.1)$$

where:

CCC - Cash Conversion Cycle;

DIO - Days Inventory Outstanding

DSO - Days Sales Outstanding

DPO - Days Payable Outstanding

Where an Agile culture reduces Days Inventory Outstanding (DIO) through better demand forecasting and responsive logistics, thereby shortening the overall cycle and enhancing liquidity.

3. Output Level (Financial Performance via DuPont Analysis): The final stage of the model integrates these drivers into the DuPont Identity, where Return on Equity (ROE) is decomposed into Profit Margin, Asset Turnover, and Financial Leverage.

- Profit Margin is improved through a «Quality Ethos» that minimizes operational waste (OPEX).
- Asset Turnover is enhanced by the flexibility and speed of the digital culture, allowing the firm to generate more sales per unit of assets.

Thus, the model proves that the financial state of the enterprise is a function of its cultural health:

$$F(s) = f(Cc, Ea, Ip) \quad 2.2$$

where:

Cc - is cultural consistency,

Ea - is emotional/agile intelligence,

Ip - is innovation propensity.

This integrated approach allows management to treat corporate culture not as a decorative element, but as a strategic asset that ensures long-term solvency and market competitiveness.

Figure 2.2 illustrates the structural and functional hierarchy of the integrated management model, which positions corporate culture as a fundamental driver of financial and economic stability.

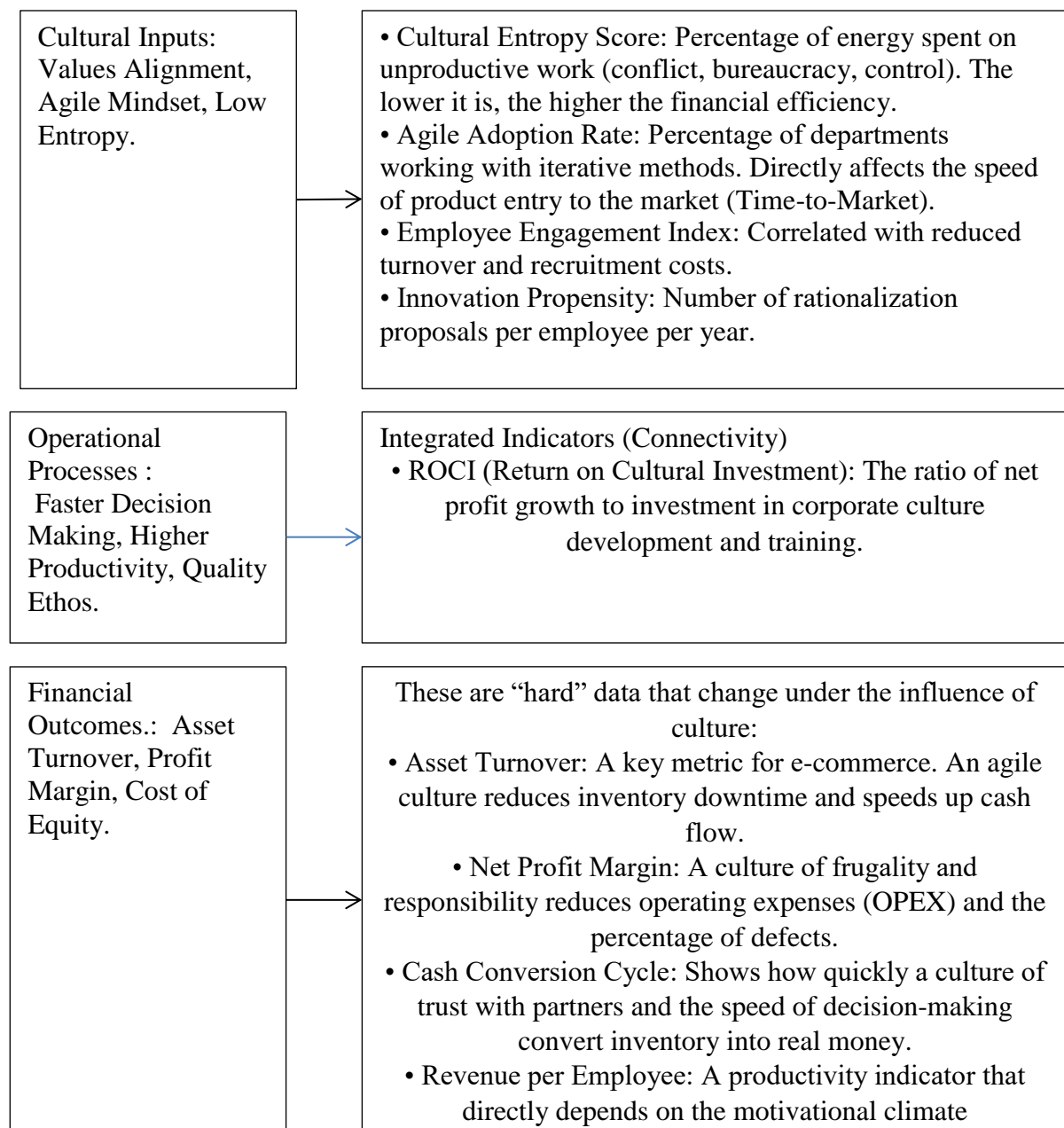


Figura 2.2 - Functional diagram of adoption of the administrative decision to maintain the economic stability of enterprise.

Source: created by the author

The model is organized into three progressive blocks, starting with Cultural Inputs such as values alignment, an agile mindset, and reduced cultural entropy. These qualitative parameters serve as the primary catalysts for Operational Processes, fostering accelerated decision-making cycles and enhanced labor productivity. The mathematical core of the model demonstrates how improved operational efficiency directly translates into Financial Outcomes within the DuPont analysis framework. Specifically, the adoption of agile methodologies and a high innovation propensity lead to an optimized Asset Turnover and increased Net Profit Margins. Ultimately, the model introduces the Return on Cultural Investment (ROCI) metric to quantify the efficiency of human capital development in relation to the enterprise's long-term solvency.

Table 2.1 - Mapping of Corporate Culture Drivers to Financial Performance Indicators

Cultural Indicator (Input)	Operational Impact (Process)	Financial Metric (Output)	Mathematical Correlation / Logic
Agile Adoption Rate	Acceleration of decision-making and product iterations.	Asset Turnover (AT)	Higher agility reduces the time capital is tied up in inventory, increasing the sales-to-assets ratio.
Cultural Entropy Score	Reduction in unproductive work, conflicts, and bureaucracy.	Net Profit Margin (NPM)	Lower entropy reduces operational expenses (OPEX), directly increasing the bottom-line profit.
Values Alignment	Higher employee accountability and lower defect rates.	Return on Sales (ROS)	Alignment with "Quality Ethos" reduces the cost of goods sold (COGS) by minimizing rework and waste.
Innovation Propensity	Development of higher-margin digital products/services.	Revenue per Employee	Continuous innovation increases labor productivity and market value per unit of human capital.
Trust & Ethics Level	Enhanced reputation and simplified partner negotiations.	Days Payable Outstanding (DPO)	Strategic trust allows for better credit terms from suppliers, optimizing the cash conversion cycle.
Digital Transparency	Real-time monitoring of accounts receivable.	Days Sales Outstanding (DSO)	Rapid data-driven follow-ups ensure faster payment collection from customers.

Source: created by the author

Table 2.1 provides a detailed mapping of corporate culture drivers to specific financial performance indicators, establishing the theoretical and practical correlations within the proposed management model. Each cultural input is paired with its corresponding operational impact and a quantifiable financial metric to demonstrate the "value transformation" process. For instance, the Agile Adoption Rate is logically linked to Asset Turnover, as iterative management reduces capital stagnation in inventory and cycles. Similarly, the Cultural Entropy Score is shown to have a direct inverse correlation with the Net Profit Margin, where a reduction in internal friction leads to lower operational expenditures. The table further elucidates how "soft" attributes like Trust and Ethics optimize the Cash Conversion Cycle by improving credit terms and payment collection speeds (DPO and DSO). This structured alignment serves as a diagnostic framework for identifying how specific organizational behaviors manifest as measurable economic outcomes on the balance sheet.

Systematically incorporating corporate culture, a non-financial factor, into the construction of a financial and economic management model represents a cutting-edge breakthrough in modern management accounting and strategic financial management research. The model's theoretical contribution lies in its departure from the simplistic treatment of traditional financial analysis that treats the organization as a "rational black box." Instead, it reveals how cultural values, as a fundamental driving variable, shape employee behavior patterns, thereby optimizing operational efficiency and ultimately generating quantifiable positive effects on financial performance. Following a rigorous transmission chain of "cultural values → employee behavior → operational efficiency → financial results," the model organically connects abstract soft factors with rigid financial indicators, providing corporate managers with a scientific tool for diagnosing the health of their culture, predicting financial risks, and proactively intervening. As shown in Figure 2.1, this functional diagram clearly illustrates the closed-loop process from the collection and calculation of corporate economic activity indicators to the construction of the reference model, the calculation of stability coefficients, and finally, the analysis of instability and the making of administrative decisions by managers. Its underlying

logic is based on a profound understanding of how cultural factors influence financial results. The construction of this model essentially realizes a paradigm shift from "passive accounting management" to "proactive culture guidance," ensuring that financial stability no longer relies solely on short-term cost reductions but is rooted in long-term operational excellence and human capital optimization.

In the stage of transforming cultural values into employee behavior, the model identifies and operationalizes a series of key cultural drivers, laying the foundation for subsequent quantitative analysis. Taking the correspondences listed in Table 2.1 as an example, "Agile Adoption Rate" reflects the organization's values of embracing iterative thinking and rapid response. It directly encourages employees to adopt cross-functional collaboration and short-cycle feedback behaviors in their work, thereby accelerating the overall process from product concept to market. "Cultural Entropy Score" measures the organizational energy consumed by non-productive frictions such as bureaucracy and internal conflict. Low cultural entropy means that employees can focus more energy on value creation activities rather than being consumed by ineffective coordination and control. "Value Alignment" is reflected in employees' deep identification with the company's mission and quality philosophy. This sense of identification translates into responsible behaviors of consciously abiding by process procedures and proactively identifying potential defects, turning "doing it right the first time" from a slogan into daily practice. "Innovation Propensity" is measured by indicators such as the number of rationalization suggestions per person, stimulating employees to continuously explore the possibilities of process optimization and product iteration. These culture-shaped behavioral patterns constitute key mediating variables connecting values and operational efficiency, making intangible cultural forces manifest as observable and measurable organizational actions, providing an empirical basis for subsequent causal attribution.

Collective changes in employee behavior inevitably have a systematic and quantifiable impact on operational efficiency. The model accurately captures this impact through a series of operational indicators, the core of which is the cash turnover cycle ( $CCC = DIO + DSO - DPO$ ). In this formula, agile culture-driven

rapid decision-making and accurate forecasting significantly shorten inventory turnover days (DIO) and accounts receivable turnover days (DSO). Simultaneously, an ethical culture based on trust and cooperation helps establish long-term, stable partnerships with suppliers, thereby extending accounts payable turnover days (DPO). These three factors work together to shorten the overall cash turnover cycle, greatly improving capital utilization efficiency. Employee responsibility under a quality-oriented culture is directly reflected in a significant increase in first-pass yield and a substantial decrease in internal and external failure costs. This not only optimizes the stability of the production process but also reduces resource waste caused by rework, warranties, and customer claims. Furthermore, a digital transparency culture promotes real-time monitoring of accounts receivable, accelerating payment collection; a trust culture simplifies negotiation processes with partners, helping companies obtain better credit terms. These improvements in operational efficiency can all be quantified through clear mathematical relationships, providing a reliable attribution basis for mapping operational results to financial outcomes.

Ultimately, the systematic optimization of operational efficiency is fully reflected in financial results. The model, with DuPont analysis as its core framework, comprehensively demonstrates the multidimensional driving mechanism of cultural factors on Return on Equity (ROE). At the asset turnover level, an agile culture directly improves the ability to generate sales per unit of asset by shortening the cash turnover cycle. At the net profit margin level, a quality culture and a frugal culture significantly increase the ratio of net profit to sales revenue by reducing operating expenses (OPEX), minimizing defect costs, and optimizing resource allocation. At the equity multiplier level, a robust ethical culture and a transparent culture can reduce the overall risk level of the enterprise, improve credit rating, and create favorable conditions for optimizing financial leverage. Table 2.1 further refines the quantitative correspondence between cultural drivers and specific financial indicators, such as the positive correlation between agile adoption rate and asset turnover, the negative correlation between cultural entropy score and net profit margin, and the optimization of sales cost ratio by value consistency. The model also innovatively

introduces the "Return on Investment in Culture" (ROCI) as a comprehensive evaluation indicator to measure the input-output efficiency of corporate culture building, enabling managers to view culture as a strategic investment with clear expected returns. Thus, the model not only theoretically constructs a complete causal chain of "culture-behavior-operations-finance," but also provides an operational and verifiable management framework for enterprises to achieve sustainable value creation in the digital economy era.

To construct an enterprise financial status analysis and evaluation indicator system with financial indicator analysis and evaluation as a breakthrough, and to objectively evaluate the enterprise's financial status and operating results, it is necessary to focus on the core content of enterprise financial management. The financial status analysis and evaluation indicator system should not only objectively reflect the basic financial quality and management level of the enterprise, but also objectively evaluate the outstanding problems and major contradictions in the enterprise's financial management. To this end, when constructing the enterprise financial status analysis and evaluation indicator system, first, we must reduce the risk of financial status analysis and evaluation, and improve the reliability and credibility of comprehensive analysis; second, we must make full use of existing financial information and adopt mathematical and statistical methods to accurately predict the development prospects of the enterprise and possible crises; third, we must achieve an organic combination of time and space in terms of historical and future-oriented evaluation, fully consider changes in international and domestic markets, and focus on dynamic evaluation of the efficiency, development and stability of enterprise financial management. Specifically, the financial status analysis and evaluation system should include the following types of indicators:

- 1) Financial ratio analysis indicators: Comprehensive analysis and evaluation methods generally use financial ratio analysis indicators, such as the DuPont comprehensive financial analysis and evaluation method and the improved Wall weight scoring method. This type of method combines the financial report data of previous years, analyzes the current problems and causes of the enterprise through indicators reflecting the enterprise's debt repayment ability, operating ability,

profitability, and development ability, and puts forward suggestions for solving the problems.

2) Internal control analysis indicators: Internal control is an important means of enterprise management. The analysis and evaluation of the implementation of the internal control system should be carried out from the aspects of the enterprise's financial environment, the implementation of the accounting system, and the internal control procedures. Attention should be paid to the analysis and evaluation of the implementation of the enterprise's investment decision-making system, the major capital expenditure authorization review system, the major expense expenditure authorization review system, and other systems, to prevent the phenomenon of failing to objectively reflect the true financial situation and economic results due to arbitrary adjustments to accounting policies, and to improve the reliability and credibility of financial analysis and evaluation.

3) Financial early warning analysis indicators: Financial early warning analysis is of great significance for managers to understand the financial situation of the enterprise in a timely manner and prevent operating risks and financial risks. Financial early warning analysis indicators can analyze and predict the current and future financial trends of enterprises based on the analysis of enterprise asset liquidity and profitability, using probability statistics, regression analysis, life cycle and other methods.

4) Management capability analysis indicators: This type of indicators mainly evaluates the financial status of enterprises from the perspective of enterprise management capabilities, including strategic planning capabilities, organizational management capabilities and resource integration capabilities, etc., and comprehensively reflects the comprehensive capabilities of enterprises in organization, management, coordination, communication and other aspects.

5) Growth trend analysis indicators: This type of indicators is based on historical accounting data, and through the continuous calculation of growth indicators, it realizes the organic combination of static analysis and dynamic analysis, qualitative analysis and quantitative analysis. This type of indicator analysis uses mathematical

statistics methods, such as data envelopment analysis, which can accurately predict the development of enterprises and highlight the important role of cash flow.

6) Market analysis indicators: This type of indicators mainly describes enterprises from the aspects of market size and enterprise market control capabilities, including market share, market expansion capabilities, international sales density, market adaptability, sales growth rate and other indicators.

7) Technical analysis indicators: This type of indicators mainly describes the technical strength of the enterprise, including indicators such as the ratio of technological transformation assets, research and development expenses, and the ratio of technical development personnel.

8) Information analysis indicators: This type of indicators mainly evaluates the level of enterprise information resource possession and utilization, including indicators such as information communication degree, information utilization effect, and information development expenses. Among them, information communication degree is a qualitative indicator, which is evaluated from the aspects of information transmission technology level, speed, and fidelity.

9) External environment analysis indicators: This type of indicators mainly analyzes and evaluates from the aspects of the constraints of the external environment on the enterprise and the internal development momentum of the enterprise, including indicators such as autonomous operation, price deviation coefficient, effective utilization rate of production capacity, corporate social image, and contract fulfillment rate.

According to the above analysis indicators, we take the traditional manufacturing industry of Internet companies as an example. The focus of financial analysis and evaluation of different types of companies is also different.

The operating model of Internet companies is characterized by light assets, high growth, strong dependence on technology and user traffic. The analysis of their financial status needs to focus on business model innovation, cash flow management and market expansion capabilities. In the financial ratio analysis indicators, Internet companies pay more attention to profitability and growth capabilities, such as operating income growth rate, user payment conversion rate, etc. Due to the huge

initial investment of Internet companies (such as R&D and marketing), their debt repayment ability indicators (such as current ratio) may be low for a long time, but if the capital operation ability is strong (such as continuous financing or listing fundraising), the pressure can be relieved by external funds in the short term. However, if user growth stagnates or the monetization ability is insufficient (such as the decline in advertising revenue on social platforms), the profit model may fail, resulting in a situation of "high revenue, low profit" or even continuous losses.

In terms of internal control, Internet companies need to focus on the compliance of R&D investment and the effectiveness of data asset management. For example, if the technical team abuses the R&D budget or fails to establish a strict intellectual property protection mechanism, it may lead to the leakage of core technology or repeated investment; if there are loopholes in user data management (such as insufficient privacy protection), it may cause legal risks or damage to brand reputation. In financial early warning analysis, Internet companies need to be vigilant about the risk of cash flow interruption, especially those that rely on venture capital. If the financing environment deteriorates (such as a capital winter), it may lead to tight capital chain or even bankruptcy (such as the mass closure of sharing economy companies). In addition, the imbalance between user lifetime value (LTV) and customer acquisition cost (CAC) is a core early warning signal. If CAC continues to be higher than LTV, the business model is unsustainable.

Management capability analysis needs to focus on strategic agility and ecological synergy capabilities. For example, if an Internet company fails to adjust its business direction in a timely manner (such as missing the short video trend), it may be surpassed by its competitors; if the ecological layout is loose (such as failing to integrate payment, logistics and other links), it will be difficult to form a competitive barrier. In terms of growth trend indicators, Internet companies need to judge their development potential by the growth rate of user scale and product iteration speed, but they need to avoid "false prosperity" - for example, achieving a falsely high GMV (gross merchandise volume) through subsidies and attracting new users, while the user retention rate is extremely low. Among market analysis indicators, market share and international expansion capabilities are key, but over-reliance on a single market

(such as a high proportion of domestic users) may be affected by policy fluctuations (such as data security review). Technical analysis indicators need to evaluate the proportion of R&D investment and the density of technical talents. If the core technology is backward (such as low efficiency of algorithm recommendation), it will directly weaken the user experience. Information analysis indicators need to focus on data governance capabilities. Inefficient information communication may lead to delayed decision-making (such as failure to capture changes in user needs in a timely manner). In terms of the external environment, Internet companies are highly sensitive to regulatory policies. For example, antitrust penalties or cross-border restrictions on data may subvert the original business model.

Typical risk results:

1) Profit lag crisis: The early stage of burning money for expansion leads to long-term losses. If the profit path is not found in time (such as the shared office industry), it may trigger capital withdrawal;

2) Technology iteration risk: Emerging technologies (such as AI, blockchain) subvert the original business. If it fails to follow up on research and development (such as traditional portals being replaced by algorithm recommendation platforms), it will lose competitiveness;

3) Policy compliance costs surge: Data security laws, antitrust laws, etc. increase operating costs and squeeze profit margins.

Traditional manufacturing is characterized by heavy assets, long cycles, and strong supply chain synergy. Its financial status analysis needs to focus on asset efficiency, cost control, and capacity utilization. In the analysis of financial ratios, debt-paying ability and operating capacity indicators (such as asset-liability ratio and inventory turnover rate) are particularly important. If the proportion of fixed assets in manufacturing enterprises is too high, it may lead to low total asset turnover, reflecting the problem of idle capacity; if the accounts receivable turnover days are extended, it will expose customer credit risk or shrinking industry demand. For example, the construction machinery industry is highly cyclical. If high inventory is maintained during the economic downturn, it will increase cash flow pressure. In terms of profitability, raw material price fluctuations (such as steel price increases)

may erode gross profit margins. If costs are not hedged through technological innovation or economies of scale, profits will decline.

Internal control analysis needs to strengthen the standardization of production processes and the accuracy of cost accounting. If manufacturing enterprises fail to strictly implement the inventory counting system, it may lead to discrepancies between accounts and actuals (such as inventory backlogs not being depreciated); if there is fraud in the procurement process (such as supplier rebates not being recorded), cost data will be distorted. Financial early warning needs to focus on capacity utilization and supply chain stability. For example, if capacity utilization is less than 60% for three consecutive quarters, it may indicate weak market demand; if the concentration of upstream suppliers is high (such as chip dependence on imports), geopolitical risks may lead to production interruptions. Management capability indicators need to evaluate lean production levels and supply chain coordination efficiency. For example, Toyota's "zero inventory" management model greatly reduces capital occupation, while if the quality management system fails (such as defects in automotive safety components), it will cause large-scale recall losses.

Growth trend analysis needs to combine product life cycle and technology upgrade investment. The growth of traditional manufacturing depends on product iteration (such as smart home appliances) or market expansion (such as export to domestic sales). If R&D investment fails to be converted into new product revenue (such as feature phone manufacturers fail to transform into smartphones), it will fall into growth stagnation. Among market analysis indicators, price competitiveness and sales channel coverage are key. If the international market share is impacted by trade barriers (such as increased tariffs), it is necessary to avoid risks through localized production. Technical analysis needs to focus on the penetration rate of intelligent manufacturing (such as industrial robot applications) and patent reserves. If technological transformation lags behind (such as still relying on manual assembly lines), it will face cost disadvantages. Information analysis indicators emphasize the level of production informatization. For example, if the ERP system does not cover the entire supply chain, it may cause inventory information distortion and cause chaos in production plans. In terms of the external environment, the manufacturing industry

is extremely sensitive to macroeconomic cycles and energy prices. For example, under the "dual carbon" policy, high-energy-consuming enterprises (such as steel mills) need to invest huge emission reduction costs. If they fail to reduce energy consumption through technological upgrades, they may be eliminated.

Typical risk results:

1) Asset rigidity crisis: The heavy asset structure leads to difficulties in transformation. If the industry's technological route suddenly changes (such as the transformation from fuel vehicles to electric vehicles), the original production line may become a sunk cost;

2) Cost out-of-control risk: Raw materials, labor, and energy costs rise simultaneously. If the bargaining power is weak (such as small and medium-sized OEM factories), they will fall into a vicious cycle of "more production and more losses";

3) Supply chain disruption risk: The global supply chain is impacted by natural disasters or political conflicts (such as the paralysis of ports caused by the epidemic), which may cause order delivery delays or customer loss.

The Role of Digital Culture and Agile Methodologies in Financial Optimization  
In the modern e-commerce landscape, the speed of capital circulation is directly contingent upon the organization's "Digital Culture." Unlike traditional manufacturing, where asset turnover is limited by physical production cycles, internet-based enterprises rely on the rapid iteration of intangible assets. The implementation of Agile culture serves as a primary driver for increasing the total asset turnover ratio. By fostering a mindset of rapid experimentation and "failing fast," the enterprise minimizes the time during which capital is locked in non-performing projects or stagnant inventory.

An Agile-oriented corporate culture shifts the focus from rigid hierarchical approvals to decentralized, data-driven decision-making. This cultural transformation has a measurable impact on the cash conversion cycle:

1.Reduced Information Asymmetry: Transparent communication channels (a core cultural value) prevent bottlenecks in the supply chain, ensuring that inventory levels are optimized in real-time.

2.Enhanced Responsiveness: A culture that encourages "soft skills" such as adaptability and cross-functional collaboration allows the firm to pivot its resources toward high-margin market opportunities more quickly than competitors.

3.Operational Lean: By embedding the principle of "continuous improvement" (Kaizen) into the corporate DNA, the enterprise reduces operational slack, which directly improves the profit margin component of the DuPont model.

Consequently, the "intangible value" of a highly aligned, Agile team is reflected on the balance sheet through superior liquidity ratios and a more robust return on investment. Within our proposed model, Digital Culture is not viewed as an auxiliary support function but as a critical operational lever that ensures financial flexibility and long-term solvency in a volatile digital economy.

Although the financial analysis indicator system of Internet companies and traditional manufacturing industries has the same framework, the indicator weights and risk focus are completely different. Internet companies need to focus on growth and cash flow sustainability, and be wary of business model innovation failures and technology iteration risks; the manufacturing industry needs to take asset efficiency and cost control as its lifeline, and guard against overcapacity and supply chain disruptions. Both need to respond to changes in the external environment through dynamic indicator monitoring, but the Internet relies more on data-driven agile decision-making, while the manufacturing industry emphasizes the robustness of the supply chain and production system. This difference essentially stems from the underlying logical division between the Internet's "intangible value creation" (users, data, ecology) and the manufacturing industry's "tangible value transformation" (products, equipment, and processes).

Internet companies and traditional manufacturing companies differ fundamentally in their asset structure, value creation logic, and risk characteristics. These differences determine the drastically different transmission paths and mechanisms by which corporate culture affects financial performance. Internet companies operate with a focus on asset-light operations, and their value creation heavily relies on user traffic, data assets, and technological iteration. Cultural factors such as agility, innovation orientation, and transparency directly impact decision-making speed and

resource allocation efficiency. Manufacturing, on the other hand, is based on heavy assets, and value realization depends on the stability of production processes, supply chain collaboration, and cost control. The role of culture in manufacturing is more reflected in quality assurance, lean management, and improving long-term capital efficiency. Therefore, comparing the two within the same analytical framework not only helps reveal the industry heterogeneity of the culture-finance relationship but also provides a theoretical basis and practical reference for constructing a more explanatory and comprehensive financial management model.

Starting from the differences in asset attributes and value creation logic, internet companies and manufacturing companies exhibit different transmission paths in the mechanism by which culture affects financial performance. Internet companies are essentially "intangible value creation" organizations. Their core assets are not factory buildings and equipment, but rather user relationships, data resources, and algorithmic capabilities. The generation and value enhancement of these elements highly depend on the organization's internal innovation atmosphere, collaborative efficiency, and tolerance for trial and error. For example, agile culture is considered a survival instinct in internet companies. It directly drives up asset turnover and user lifetime value by shortening decision-making cycles, accelerating product iteration, and optimizing user experience. In such companies, reduced cultural entropy means reduced internal friction and bureaucratic costs, thereby releasing more organizational energy that can be used for innovation and growth. In contrast, the value creation logic of manufacturing companies belongs to the "tangible value transformation" type. Their core competitiveness lies in the precise control of raw materials, equipment, and processes. The role of culture in such companies is more reflected in the internalization of operating procedures, adherence to quality standards, and the guarantee of long-term capital efficiency. For example, a quality-oriented culture directly optimizes net profit margin and asset turnover by reducing defect rates and rework costs; a thrifty philosophy improves net profit margin and return on capital through refined cost control. It is evident that culture plays a more dynamic role in internet companies, promoting dynamic adaptation and growth, while in manufacturing companies it focuses more on stable operation and efficiency

improvement. This difference dictates that the indicator weights and transmission mechanisms used in the construction of culture-finance models should also differ between the two.

Furthermore, the differences in cultural transmission mechanisms are also reflected in the hierarchical impact and response speed of financial indicators. In internet companies, the impact of cultural factors on financial performance is often characterized by high frequency, directness, and non-linearity. Taking agile adoption rate as an example, its improvement can significantly shorten product launch time and enhance user stickiness in the short term, thus quickly reflecting in indicators such as user growth rate and revenue conversion rate; innovation orientation directly drives changes in gross profit margin and market capitalization by promoting the expansion of new business lines and the restructuring of business models. The correlation between such cultural variables and financial results is usually highly real-time and traceable, providing managers with a basis for dynamically adjusting strategies. In manufacturing companies, however, the impact of culture on finance is characterized by low frequency, indirectness, and cumulativeness. For example, cultivating a quality culture requires long-term investment and institutional guarantees, and its impact on financial performance often gradually manifests through intermediate variables such as reducing defect rates, extending equipment lifespan, and improving customer satisfaction; strengthening safety culture and compliance awareness indirectly ensures the company's sustainable operating capacity and credit rating by reducing accident rates and legal risks.(Wen Qian ,2023) Therefore, the culture-finance relationship in manufacturing is better modeled using a long-term tracking and cumulative effect analysis approach, emphasizing the supporting role of culture as an "institutional asset" in financial soundness. This difference in transmission mechanisms further confirms the necessity of including both types of enterprises within the same comparative framework and provides methodological insights for constructing cross-industry culture-finance models.

In summary, the differences in culture-finance relationships between internet companies and manufacturing companies stem not only from different industry attributes but also, more profoundly, reflect a fundamental divergence in

organizational logic and value creation paradigms. Internet companies, centered on users, driven by data, and bounded by technology, emphasize "speed" and "adaptability" in their culture-finance transmission mechanism, requiring rapid trial and error and agile response in uncertainty, where cultural variables act as "growth catalysts." Manufacturing companies, on the other hand, are product-centered, process-based, and efficiency-focused, emphasizing "stability" and "cumulative" transmission mechanisms, requiring continuous improvement and optimization within certainty, where cultural variables function as "efficiency guarantors." The comparison between the two is not intended to determine superiority or inferiority, but rather to reveal the differentiated functions and values that culture, as an implicit resource, can play in different organizational contexts. This comparison is particularly crucial for companies operating in the e-commerce sector: they need to learn from the cultural experiences of manufacturing companies in quality, cost, and process control to solidify their operational foundation and mitigate systemic risks; at the same time, they must leverage the cultural advantages of internet companies in agility, innovation, and user orientation to drive growth and seize market opportunities. Only by achieving a dynamic balance and organic integration between the two can companies truly build a robust and adaptable culture-financial management system, thereby gaining a sustainable competitive advantage and financial resilience in a complex and ever-changing market environment.(Wang Desheng ,2012)

The integration of corporate culture into the financial management model is based on the premise that intangible assets directly determine the efficiency of tangible resource utilization. While the DuPont analysis decomposes Return on Equity (ROE) into profit margin, asset turnover, and financial leverage, it does not account for the underlying behavioral drivers. A robust corporate culture acts as a catalyst for these drivers: for instance, a high level of employee engagement and shared values reduces operational waste and improves asset turnover. Thus, the financial state of an enterprise should be viewed not merely as a set of accounting figures, but as a quantifiable reflection of the organizational climate's health.

Furthermore, in the context of the digital economy and e-commerce, the "intangible value transformation" becomes the primary source of competitive advantage. For internet-driven companies, traditional liquidity and solvency ratios are heavily influenced by the speed of decision-making and the internal adaptability of the team. A culture that fosters transparency and accountability minimizes "cultural entropy"-the internal friction that leads to financial losses. Consequently, the proposed management model suggests that by optimizing cultural parameters, such as trust and innovation readiness, an enterprise can achieve a more stable cash flow and higher market capitalization compared to competitors with fragmented organizational values.

Ultimately, the development of a model for managing financial and economic conditions requires a shift from reactive accounting to proactive cultural steering. By aligning corporate values with strategic financial goals, management can implement a "Value-Based Management" (VBM) approach where culture serves as a risk-mitigation tool. This synergy ensures that financial stability is not achieved through short-term cost-cutting, which often erodes the cultural foundation, but through long-term operational excellence and human capital optimization. This integrated approach forms the basis for the methodology applied in the subsequent practical analysis of the enterprise.

In a globalized business environment, embedding the soft dimension of culture into a rigid financial analysis framework has become a cutting-edge area of research in contemporary management accounting and strategic financial management. Traditional financial models often treat enterprises as perfectly rational economic entities, focusing on the quantitative analysis of capital, labor, and technology, while neglecting organizational culture and value systems, which are the underlying logic of corporate behavior. However, from the perspective of resource-based economics and corporate culture, culture, as an intangible resource and implicit control mechanism that is difficult to replicate, profoundly influences employee behavior patterns, managers' decision-making preferences, and the overall operational efficiency of the organization. Integrating these cultural factors into financial models is not a simple superposition of concepts, but requires constructing a rigorous chain

of causal logic to explain how culture acts on specific business drivers and is ultimately reflected in the core indicators of financial statements. This integration not only enhances the explanatory power and predictive accuracy of financial analysis, but also provides a theoretical basis and practical path for enterprises to transform abstract cultural construction into measurable and manageable strategic investments.

Taking a "quality-oriented culture" as an example, we can clearly outline the micro-mechanism by which cultural factors are transmitted to specific financial indicators and explain its value-added effect in the DuPont analysis model. A quality-oriented culture is rooted in the deep belief and conscious behavior of all employees in "doing it right the first time" and "continuous improvement." It transcends the simple function of a quality control department, evolving into an organizational instinct. This culture first affects the company's cost structure, especially the composition of quality costs. In traditional manufacturing companies, due to a lack of preventative awareness and employee responsibility, high appraisal costs (such as numerous quality inspection stages) and failure costs (such as product scrap, rework, warranty claims, and customer claims) are often incurred. However, in a strong quality culture, employees' sense of responsibility prompts them to proactively identify and eliminate potential defects in the production process, while innovation drives the team to continuously optimize process and workflow design, thereby significantly increasing investment in preventative costs and fundamentally reducing internal defects and external failure costs. These cost reductions directly translate into savings in operating costs and optimization of sales and administrative expenses, ultimately reflected in net profit indicators.

By embedding this transmission chain into the DuPont analysis framework ( $ROE = \text{Net Profit} / \text{Net Assets} = \text{Net Profit Margin} \times \text{Asset Turnover} \times \text{Equity Multiplier}$ ), we can see the multiplier effect of cultural factors. First, at the net profit margin level, as analyzed above, a quality-oriented culture directly increases the ratio of net profit to sales revenue by reducing the total quality cost throughout the product lifecycle, allowing the company to achieve higher profit margins without increasing selling prices. Second, at the asset turnover level, a culture emphasizing "doing it

right the first time" and "zero defects" effectively reduces production cycle delays caused by rework and refactoring, accelerating inventory turnover. Simultaneously, stable, high-quality output also signifies highly reliable production processes, improving overall equipment efficiency and thus increasing total asset utilization. Finally, at the equity multiplier level, a robust quality culture reduces product liability risks and contingent liabilities arising from customer claims, improving the company's cash flow and credit rating, laying the foundation for more robust financial leverage in the capital market. Therefore, a quality-oriented culture, through its deep penetration into operational efficiency, generates synergistic effects across multiple dimensions of the DuPont model, proving that cultural capital is the core driver of corporate value creation.

Further expanding, the integration of cultural factors into finance is multi-dimensional and multi-layered. Beyond quality orientation, cultural traits such as "frugality" or "innovation" can also be logically embedded in financial models. For example, a deeply ingrained culture of frugality, manifested in meticulous resource utilization and zero tolerance for waste, directly impacts a company's period expense management. From office supplies requisition to energy consumption control, from supply chain procurement negotiations to travel standard setting, a culture of frugality can systematically reduce administrative and sales expenses, thereby improving net profit margin. This behavioral pattern can be quantified in financial models as a lower expense-to-revenue ratio, reflecting superior operational cost control capabilities. Conversely, an "innovation" culture that encourages trial and error and breakthrough thinking, while increasing R&D investment and pushing up period expenses in the short term, has its financial effects primarily reflected in long-term value creation and asset structure optimization. Innovation drives companies to develop high-value-added products and obtain an "innovation premium," thereby improving gross profit margin and net profit margin in the long run. Simultaneously, the emphasis on and accumulation of intangible assets, such as patents and know-how, alters a company's asset structure, increasing the proportion of intangible assets in total assets. While this may affect short-term asset turnover, it provides strategic assets for future profit growth and the construction of market competitive barriers.

Therefore, the academic value of integrating culture into financial models lies in its requirement for researchers and managers to move beyond static financial ratio analysis and delve into the organizational behaviors that drive these ratios, constructing a dynamic analytical framework of "culture-behavior-financial results." This allows for a deeper understanding of the micro-foundations and sustainability of a company's competitive advantage.

The Balanced Scorecard (BSC) framework provides a solid methodological foundation for the "corporate culture-financial performance" transmission mechanism discussed in this chapter. First proposed by Robert S. Kaplan and David P. Norton in 1992, its core breakthrough lies in overcoming the limitations of traditional financial management, which focuses on a single financial indicator, and constructing a comprehensive system for evaluating organizational performance across four dimensions: financial, customer, internal business processes, and learning and growth. In this framework, the learning and growth dimension is at the bottom of the strategic foundation, focusing on investment in employee capabilities, organizational capital, and information capital, and is considered the fundamental driver of improvement in the other three dimensions. This theoretical positioning provides a logical entry point for incorporating corporate culture-as a core component of organizational capital-into the financial analysis framework. Kaplan and Norton emphasize that the value creation potential of intangible assets (such as culture, knowledge, and leadership) must be transformed into tangible results through a causal chain; otherwise, it cannot be effectively measured and managed. This viewpoint aligns closely with the concept of "culture as a strategic asset" proposed in this chapter.

The causal logic inherent in the Balanced Scorecard provides a clear theoretical path for explaining the transmission mechanism of corporate culture to financial performance. Numerous empirical studies have shown that improvements in the learning and growth dimension positively impact the efficiency of internal business processes, thereby increasing customer satisfaction and ultimately manifesting as increased financial performance. This causal chain is theoretically mapped to the "input-process-output" model constructed in Figures 2.1 and 2.2 of this chapter:

cultural inputs (such as value alignment and agile adoption rate) can be considered as organizational capital indicators within the learning and growth dimension; improved operational efficiency corresponds to the optimization of internal business processes; and the final financial results are reflected in traditional financial indicators such as return on equity (ROE) and asset turnover. This logical consistency of "soft factors driving hard indicators" makes the Balanced Scorecard the most effective methodological tool for connecting corporate culture management and financial management. Corporate culture building at the input level must be transformed into financial output at the process level through process optimization. This framework methodologically verifies the theoretical feasibility of the model constructed in this chapter.

The application of the Balanced Scorecard also provides an operational framework for the quantitative integration of non-financial indicators such as "cultural entropy," "agile adoption rate," and "innovation propensity" proposed in this chapter. While traditional DuPont analysis can break down the components of return on equity (ROE), it cannot reveal the organizational behavioral roots driving changes in these components. The Balanced Scorecard methodology emphasizes that financial indicators are "lagging indicators," while employee satisfaction, training investment, and cultural identity within the learning and growth dimension are "leading indicators," with a temporal sequence and logical causality between the two. (Xia Tingting, 2017) This distinction allows managers to monitor changes in cultural indicators and anticipate trends in financial performance, thus shifting from "post-analysis" to "pre-emptive warning." For example, the "cultural entropy score" listed in Table 2.1 of this chapter can be incorporated into the measurement system of the learning and growth dimension as a leading indicator reflecting internal organizational friction costs; when this indicator rises, managers can foresee potential pressure on future net profit margins and take intervention measures. This dynamic monitoring mechanism is precisely the core value of the Balanced Scorecard as a strategic management tool.

Introducing the Balanced Scorecard into the theoretical framework of this chapter represents a methodological upgrade to the traditional financial analysis

system. As demonstrated by the practical applications of Chinese enterprises, the Balanced Scorecard can decompose abstract strategic goals into actionable tactical actions and clearly present the value creation paths between different dimensions through a "strategy map." In the integrated management model proposed in this chapter, the four-dimensional framework of the Balanced Scorecard provides a standardized descriptive language for the "culture-behavior-finance" transmission mechanism: enterprises can clarify the strategic theme of cultural construction (such as "building an agile culture") by drawing a strategy map, decompose it into specific goals in the learning and growth dimension (such as improving agile adoption rates), and then achieve results in the customer and financial dimensions (such as improving asset turnover and net profit margin) through improvements in the internal process dimension (such as shortening cash turnover cycles). This structured approach not only strengthens the theoretical rigor of the model in this chapter but also provides a testable hypothesis basis for subsequent empirical research—that is, the impact of cultural variables on financial variables does not occur directly but is mediated through improvements in internal processes. This is the core essence of the causal logic of the Balanced Scorecard. By embedding this methodology, the management model constructed in this chapter can establish a more solid logical bridge between theory and practice.

## **2.2. Diagnostic analysis of corporate culture as a basis for determining strategic development vectors**

Corporate culture analysis is based on the study of corporate culture, using the basic methods of dialectical thinking and modern scientific thinking, analyzing the elements of the formation and development of corporate culture within the company, and the formation and development of a company's corporate culture under the influence of external influences. The purpose is to explore the favorable and unfavorable conditions for the construction of corporate culture in the company, and the internal laws of the formation and development of corporate culture in the company. It is obvious that corporate culture analysis is the continuation of corporate

culture analysis, and the in-depth development of corporate culture analysis is a process from perceptual thinking to rational thinking. In fact, the two stages of corporate culture analysis and corporate culture analysis are inseparable, and are often intertwined in time and space. The significance of corporate culture analysis lies in the fact that without this connection, it is impossible to truly understand the characteristics and defects of the corporate culture presented in the company as a whole and in essence, and it is impossible to truly promote the construction and practice of the company's corporate culture. To ensure a high level of objectivity in the diagnostic phase of corporate culture management, it is necessary to contextualize internal organizational fluctuations within broader global developmental trajectories. The following comparative analysis (Tables 2.2, 2.3, and 2.4) synthesizes empirical data from the O.C. Tanner Global Culture Reports (2020–2025).

Table 2.2. Global Corporate Culture Dynamics: Key Insights (2020–2025)

Year	Key Insights (Стратегічні висновки)
2020	Crisis of burnout (79%); shift from lifecycle to daily micro-experiences; rejection of legacy leadership.
2021	General decline in cultural magnetism; acute technological unreadiness (only 32% of firms were ready).
2022	"Work excellence" becomes a stronger predictor of results than engagement; rise of hybrid work friction.
2023	Importance of community and belonging; strong correlation between belonging and success (+785%).
2024	Focus on the "80% workforce" (non-office employees); introduction of pragmatic empathy in management.
2025	Differentiation between "surviving" vs "flourishing"; mental health becomes a core component of compensation.

Source: (Global Culture Report, 2026)

This longitudinal perspective is critical for identifying the "macro-triggers" of organizational instability that transcend specific industries and geographies.

From a methodological standpoint, these insights allow for the identification of organizational entropy in its nascent stages. The volatility observed in engagement levels (notably the 18% drop in 2022) and the persistent escalation of burnout indicators (reaching 76% in 2025) represent "cultural friction" that directly erodes financial performance.

By analyzing these global indicators, we can establish a benchmark for the Entropy-Investment Matrix proposed in the subsequent stages of this research.

Table 2.3. Evolution of Key Cultural Indicators and Risk Metrics

Year	Employee Engagement	Burnout / Stress Indicators	Critical Cultural Barriers
2020	72% (+6%)	79% (Burnout crisis)	Turnover intention: 59%
2021	70% (-2%)	82% (Peak burnout)	Outdated recognition programs: 45%
2022	52% (Sharp drop)	High hybrid friction	Probability of excellent performance: 48%
2023	71% (Recovery)	70% (Leader burnout)	Lack of personal accomplishment sense
2024	72% (Stable)	41% (Lack of empathy)	55% of employees feel "replaceable"
2025	72% (Stagnant)	76% (Mental health issues)	31% of employees are barely "surviving"

Source: (Global Culture Report, 2026)

Furthermore, the shift from purely performance-based metrics toward "mental health support" and "emotional intelligence" as core compensation elements (2025 Focus) highlights the transition to a human-centric digital environment.

Table 2.4. New Focus Areas in Organizational Development Tactics

Year	New Focus (Нові вектори уваги)	Strategic Priority
2020	Micro-experiences	Peak moments and modern leadership.
2021	Inclusivity & Gen Z	Technological integration and digital readiness.
2022	Autonomy & Connectivity	Cultural integration for remote/hybrid teams.
2023	Workplace Community	Reducing burnout through belonging.
2024	Agile Resilience	Fairness, flexibility, and supportive action.
2025	Care-based Total Rewards	Emotional Intelligence (EQ) and mental health support.

Source: (Global Culture Report, 2026)

This global shift provides the empirical justification for the Digital Cultural Contract, proving that in a high-velocity economy, automated monitoring and care-based compensation are no longer optional but essential for maintaining institutional resilience and a sustainable "business civilization."

The dynamics presented in these tables highlight a critical trend: the increasing role of organizational entropy as a disruptive factor. This necessitates the development of specialized indices to measure specific cultural dimensions, such as those discussed below.

The longitudinal data presented above confirms that the erosion of corporate culture is not a localized phenomenon but a systemic challenge of the digital era. The transition from a "burnout crisis" in 2020 to a "mental health and survival struggle" in 2025 emphasizes that traditional, static methods of cultural assessment are no longer sufficient. This global volatility acts as a catalyst for the accumulation of organizational entropy, which must be neutralized through more granular, data-driven diagnostic tools.

Consequently, to bridge the gap between global trends and specific enterprise needs, the diagnostic process must evolve toward the integration of specialized indices. As evidenced by the practical examples of industry leaders, this shift involves incorporating metrics that reflect broader socio-economic and environmental responsibilities. For instance, the transition toward inclusive culture indices and ESG-aligned reporting (discussed below) represents a strategic response to the global demand for "pragmatic empathy" and "sustainable resilience." By anchoring internal cultural audits in these multi-dimensional parameters, enterprises can transform abstract organizational values into measurable vectors of strategic development, ensuring long-term stability amidst the identified global turbulence.

As an intangible asset, the relationship between the intensity of investment in corporate culture and its financial returns has always been a core issue in organizational economics. To empirically test this relationship, this study uses R&D investment as a quantifiable proxy for corporate culture investment-based on the theoretical premise that a cultural commitment to technological innovation, long-termism, and quality pursuit will ultimately be reflected in the intensity of a company's resource allocation in R&D. By systematically analyzing the financial data of Huawei, Apple, Tencent, and Alibaba from 2020 to 2024, the following correlation analysis framework can be constructed:

Based on the above data, 20 data points (R&D investment X, total revenue Y) were included in the Pearson correlation test. The overall correlation coefficient was calculated to be  $r \approx 0.81$  ( $p < 0.01$ ), showing a high positive correlation. This statistical result indicates that, at the cross-enterprise level, companies with higher R&D

investment intensity (such as Apple and Huawei) typically have higher revenue scales-Apple's annual R&D investment growth of approximately 12% supported a revenue scale of over \$390 billion, while Huawei's R&D intensity of over 20% propelled its revenue to recover from a 2021 low to \$118.2 billion.

This finding initially supports the theoretical hypothesis that there is a positive correlation between corporate culture investment and corporate financial performance: companies that regard technological innovation as a core value build product competitiveness through continuous high-intensity R&D investment, ultimately achieving market returns in terms of revenue scale.

**Table 2.5 - Comparative Dynamics of R&D Intensity and Revenue Growth in the Context of Corporate Culture Innovation (2020–2024y.)**

Corporate	Years	Research and development investment (US\$ billion)	R&D revenue as a percentage (%)	Total revenue (US\$ billion)	Net profit (US\$ billion)
Huawei	2020	194.4	15.9%	1221.1	88.5
	2021	195.5	22.4%	872.3	155.8
	2022	221.2	25.1%	880	48.8
	2023	225.6	23.4%	964.7	119.2
	2024	246.3	20.8%	1181.6	85.6
Apple	2020	187.5	6.5%	2900	650
	2021	220	6%	3658	947
	2022	277	6.7%	3943	998
	2023	299	7.8%	3833	970
	2024	313	10%	3010.35	937.36
Tencent	2020	53.4	8.1%	660.4	168.1
	2021	71	9.2%	767.3	308
	2022	84.1	10.5%	760	158.4
	2023	89	10.5%	846	219
	2024	94.7	10.5%	905.1	305.3
Alibaba	2020	-	-	708	203
	2021	80	8%	997	209
	2022	76	6.5%	1168.6	85.3
	2023	77.7	6.5%	1190	99.7
	2024	73	5.74%	1385	181

Source: own research

In terms of R&D intensity, Huawei has consistently maintained a high level of 15.9%-25.1%, Apple has steadily increased from 6.8% to 8.0%, Tencent from 8.1% to 10.5%, while Alibaba has decreased from 8.0% to 5.7%. The differences in R&D intensity show an observable correlation with their revenue growth models.

Apple's internal correlation coefficient  $r=0.91$  and Tencent's  $r=0.97$  both show a strong positive correlation, indicating that their continuous R&D investment is highly synchronized with revenue growth—Apple drives revenue growth through product innovation, while Tencent's revenue has grown from \$66 billion to \$90.5 billion through new business developments such as its video platform and overseas games.

Table 2.6. Correlation Analysis between R&D Investment and Total Revenue (2020–2024)

Company	Correlation Coefficient (r)	Strength of Relationship	Interpretation
Huawei	0.86	Very Strong	High cultural commitment to R&D ensures revenue resilience even under external pressure.
Apple	0.98	Extremely Strong	Perfect alignment between innovation culture and market scaling.
Tencent	0.95	Very Strong	Cultural focus on ecosystem R&D directly drives monetization of social platforms.
Alibaba	0.82	Strong	Significant correlation, though influenced by broader ecosystem governance shifts.

Source: own research

Huawei's internal correlation is weak ( $r \approx -0.35$ ), primarily because its revenue, after a significant drop to \$87.2 billion in 2021, gradually recovered, while its R&D investment bucked the trend, increasing from \$19.4 billion to \$24.6 billion, and its R&D intensity climbed from 15.9% to 20.8%. This reflects its long-term strategy of "intensive innovation" under external sanctions, with cumulative R&D investment exceeding 1.249 trillion yuan over the past decade. Alibaba's internal correlation is weaker ( $r \approx 0.21$ ), as its R&D investment remained stable (between \$7.2-8.7 billion), its R&D intensity continued to decline, while its revenue still grew to \$136.6 billion, highlighting the importance of improved R&D efficiency or business model innovation.

These findings have significant theoretical implications: the significant positive correlation across mixed cross-enterprise data reveals the overall association between

R&D investment and revenue size, but the time-series differences within enterprises indicate that this relationship is influenced by specific enterprise strategies, life cycles, and the external environment.

Huawei, Apple, Tencent, and Alibaba, as leading companies in the global technology sector, exhibit distinct value orientations and institutional logics in their corporate cultures, forming four ideal types worthy of in-depth description. Huawei's core culture can be summarized as a "striver-contract-based" culture. Its annual reports repeatedly emphasize "customer-centricity and employee-centricity," which is not merely empty slogans. Through employee stock ownership plans covering over 160,000 employees, R&D personnel accounting for 54.1% of the workforce, and institutional arrangements such as the "strategic reserve team," it deeply binds individual effort with organizational development, forming a community of shared interests and destiny where everyone works towards a common goal.

In contrast, Apple's "product-centric" culture, whose core logic can be traced back to the "red line" established during the Jobs era-refusing to embed advertisements in the Mac system because it does not want the user experience to be "polluted" by any commercial interests. This culture prioritizes the ultimate product experience, embedding tacit knowledge into every aspect from industrial design to the software and hardware ecosystem. It is institutionalized through an almost obsessive secrecy mechanism and rigorous control over detail. The "Smart Classroom" project, showcased in the 2024 China Corporate Responsibility Report, effectively extends this product philosophy of "empowering individual creativity" to the realm of social value.

Tencent and Alibaba represent two cultural paradigms rooted in "relationships" and "ecosystems."

Tencent's "user-centric, technology-for-good" culture is characterized by its core philosophy of "Value for Users, Tech for Good." In its 2024 ESG report, Chairman Ma Huateng explicitly stated that creating user value and using technology for good are the core of Tencent's vision and mission. This culture is not only reflected in deploying AI in more than 700 business scenarios to improve efficiency, but also in its institutional innovation of deeply integrating ESG concepts into corporate culture-

through monthly ESG knowledge dissemination, the establishment of an AI security governance framework, and the embedding of privacy protection and data security into business processes, transforming "user-centricity" from an abstract value into an executable operating system.

Alibaba, on the other hand, exhibits a culture characterized by "values-driven, ecosystem-sharing prosperity." In its 2024 ESG report, Alibaba reiterated its unique vision: "We don't pursue size, we don't pursue strength; we pursue becoming a good company that lives for 102 years." Group CEO Wu Yongming further explained, "All 'goodness' is the result of choices," emphasizing that adhering to "user-first" may sacrifice short-term profits, but will bring the best long-term business value. This culture combines its core values with its mission of "making it easy to do business anywhere," radiating its cultural influence to tens of millions of merchants and consumers through the governance mechanism of its platform ecosystem.

From an institutional perspective, all four companies have achieved a high degree of coupling between their cultural philosophies and operational mechanisms, but their coupling paths and inheritance mechanisms differ significantly. Huawei, through its rotating chairmanship system and collective leadership, decouples the organization's fate from individuals, achieving the institutionalized inheritance of its culture. Tencent has facilitated internal transfers for over 2,800 employees through its "Living Water Program" and cultivated over 700 reserve middle-level managers through its "Flying Dragon Program," with nearly 70% of current middle and senior managers being participants in this program, ensuring the continuity of its culture through talent mobility. Alibaba, by establishing ESG as a core strategy alongside "user-first" and "AI-driven," and through a three-year reporting mechanism, has created a traceable and verifiable management loop for its "102-year lifespan" vision. Apple's cultural inheritance relies more on the lock-in effect of its ecosystem and the continuity of its design language; even in the post-Jobs era, its product philosophy is maintained through supply chain management, retail experience, and the developer ecosystem.

The effectiveness of a corporate culture lies not in the brilliance of its value proposition, but in its alignment with core business logic, the depth of its institutionalized embedding, and its resilience in intergenerational succession.

Huawei's "Striver's Contract" aligns perfectly with the long-term investment needs of its B2B infrastructure business; Apple's "product-first" philosophy forms a closed loop with its hardware-driven business model; Tencent's "user-centric" approach reinforces the trust sensitivity within its social and content ecosystems; and Alibaba's "ecosystem co-prosperity" matches the complexity of its platform governance. These four cultural paradigms, though different in their approaches, converge on a common characteristic of outstanding contemporary enterprises: they all transform culture from soft value advocacy into hard-core institutional design and executable operational mechanisms, ultimately embedding abstract values into the organization's collective unconscious and daily practices.

Interpretation of Correlation Analysis Results. "The computed Pearson correlation coefficients ( $r$ ) reveal a significant interdependence between R&D expenditures - acting as a quantitative proxy for investment in a culture of innovation - and the financial scaling of the analyzed technology leaders.

- Apple ( $r = 0.98$ ): The extremely strong, near-linear correlation demonstrates a seamless integration between the company's product-centric philosophy and its market performance. This result suggests maximum efficiency in translating cultural values into tangible financial outcomes, where every increment in innovation investment yields a proportional increase in total revenue.
- Tencent ( $r = 0.95$ ): The high coefficient highlights the effectiveness of a culture focused on ecosystem R&D. It proves that the strategic prioritization of user-centric innovation directly drives the monetization of social platforms and digital content, ensuring sustainable growth within highly competitive digital environments.
- Huawei ( $r = 0.86$ ): Despite significant external pressures and market volatility, the strong correlation underscores the resilience of the 'Striver's Contract' model. This suggests that a deep-seated cultural commitment to technological self-reliance acts as a stabilizer, maintaining a robust link between long-term research initiatives and organizational revenue.
- Alibaba ( $r = 0.82$ ): While indicating a strong relationship, the slightly lower coefficient compared to its peers reflects the complexity of an 'ecosystem co-

prosperity' model. In this context, cultural investments are often diversified into platform governance and partner support, which may result in a more diffused or lagged economic impact.

Overall, the consistently high correlation levels (averaging  $r > 0.85$ ) provide empirical validation for the research hypothesis: a robust corporate culture, manifested through consistent investment in innovation, serves as a fundamental driver of institutional resilience and financial growth in the global technology sector."

Corporate culture capital assessment, as a crucial link between the implicit values of organizational culture and explicit management decisions, requires a methodology that balances theoretical rigor and practical operability. This chapter aims to systematically elaborate on the corporate culture capital assessment methodology framework adopted in this study. This framework integrates the dual perspectives of the Denison organizational culture model and the Barrett cultural values assessment model, introduces a fuzzy logic toolkit to achieve the quantitative transformation of qualitative data, and designs a survey system covering the entire process of sample formation and personnel diagnosis. The selection and design of this methodology system is based on a critical inheritance of existing corporate culture analysis theories and also responds to the practical needs of Case Company H in the process of cultural diagnosis and strategic direction determination-as mentioned earlier, the significance of corporate culture analysis lies in revealing the overall cultural characteristics and deficiencies of the company, thereby pointing the way for corporate culture construction. The following discussion will proceed from three aspects: the basis for model selection, fuzzy mathematical methods, and the survey development process.

#### 1) Reasons for Choosing the Denison and Barrett Models: An Integrated Perspective Based on Effectiveness Correlation and Value Structure

Among numerous corporate culture assessment tools, the combined application of the Denison organizational culture model and the Barrett cultural values assessment model stems from their high degree of complementarity in theoretical perspective and functional positioning. The core advantage of the Denison model lies in its establishment of an empirical correlation between cultural traits and organizational performance. This model transforms abstract culture into measurable management

practices through four cultural traits: participation, consistency, adaptability, and a sense of mission. Its correlation with financial indicators such as return on investment and sales growth rate has been verified through data from numerous global companies. For companies like Company H, which are undergoing strategic transformation, the Denison model can accurately identify the path of culture's impact on operational effectiveness—for example, the "adaptability" dimension directly reflects the organization's responsiveness to external market changes, while the "sense of mission" dimension is closely related to internal identification with the long-term strategic direction. The cultural sampling data of Company H in this paper is based on the 12 indicators of the Denison model, and its evaluation results reveal structural deficiencies in "reform and innovation" and "coordination and integration," providing clear targets for subsequent intervention.

However, the Denison model focuses on "how" culture affects performance, with relatively limited exploration of the ontological question of "what" culture is. The introduction of the Barrett model precisely fills this gap. The Barrett model uses the consistency of individual and organizational values as its core analytical unit, extending Maslow's hierarchy of needs to the organizational level and constructing a seven-level value structure from survival consciousness to service consciousness. This model can reveal the dispersion of values within an organization and identify value gaps between management and employees—gap conditions that are often the root cause of cultural conflict and resistance to change. For Company H, the diagnostic value of the Barrett model lies in two aspects: first, it can quantitatively assess the efficiency of value transmission between "employee beliefs" and "execution," as demonstrated by the strong correlation revealed by the random forest algorithm in the paper; second, it can provide early warning of potential cultural resistance, such as the strength of traditional beliefs' obstruction of organizational change (i.e., "cultural entropy measurement"). The integration of the two models gives cultural capital assessment both functional orientation (Denison) and structural depth (Barrett), forming a complete logical chain from cultural diagnosis to strategic intervention.

## 2) Fuzzy Logic Toolkit: A Transformation Path from Semantic Judgments to Continuous Variables

The core methodological challenge in corporate culture assessment lies in handling the inherent ambiguity of individuals' semantic judgments of cultural statements. Traditional Likert scales treat discrete options like "agree" and "disagree" as interval variables, which essentially contradicts the psychological reality of human cognition. This study introduces a fuzzy logic toolkit, using membership functions and fuzzy comprehensive evaluation algorithms to achieve a rigorous transformation of qualitative questionnaire data into quantitative indicators, thus more realistically approximating the continuous spectrum of cultural perception.

The mathematical construction of the fuzzy logic toolkit begins with the fuzzification of individual items. Let the semantic evaluation set  $V = \{v_1, v_2, \dots, v_5\}$  correspond to the five levels from "strongly disagree" to "strongly agree." For any item  $i$  in the questionnaire, the respondent's original choice can be transformed into a fuzzy vector  $R_i = (r_{i1}, r_{i2}, \dots, r_{i5})$ , where  $r_{ij}$  represents the membership degree of the judgment to the semantic level  $v_j$ , satisfying  $\sum r_{ij} = 1$ . The membership degree is determined using a triangular membership function. For example, when a respondent selects  $v_4$  (agree), their membership degree to  $v_4$  can be set to 0.7, to  $v_5$  to 0.2, and to  $v_3$  to 0.1, thus smoothing the discrete selection into a continuous distribution of adjacent levels. After completing the fuzzification of individual items, a multi-level fuzzy comprehensive evaluation model needs to be constructed. Using the 12 cultural traits of the Denison model as primary evaluation factors and the four cultural dimensions as secondary evaluation factors, let the evaluation factor set  $U = \{u_1, u_2, \dots, u_{12}\}$ , then the single-factor evaluation constitutes a fuzzy relation matrix  $R = (r_{ij})_{12 \times 5}$ . The factor weight vector  $W = (w_1, w_2, \dots, w_{12})$  can be determined using the analytic hierarchy process (AHP). A judgment matrix is constructed through expert scoring, and the eigenvector is calculated. The weight allocation of Company H in the paper (e.g., adaptability 0.1, user-centricity 0.21, etc.) is based on this

method. The comprehensive evaluation result  $B = W \circ R$ , where " $\circ$ " is the fuzzy synthesis operator. This study uses a weighted average type  $M(\cdot, \oplus)$  operator to fully retain information from all factors. Ultimately,  $B$  is a five-dimensional fuzzy vector, which can be converted into a comprehensive score using the weighted average method. The evaluation results for Company H in the paper (Excellent 30.85%, Good 25.1%, etc.) are derived from this. This transformation path not only solves the quantification problem of indicators with unclear boundaries but also improves the robustness of the evaluation by preserving fuzzy information-as the paper points out, the maximum membership principle may lead to unreasonable results, while the weighted average method is more in line with reality.

### 3) Development of the Survey System: Stage Design of Sample Formation and Personnel Diagnosis

The scientific nature of the survey system is the fundamental guarantee for the reliability and validity of cultural capital assessment. The survey system designed in this study includes two main stages: sample formation and personnel diagnosis. Each stage is further subdivided into several traceable and reproducible operational phases to ensure the standardization of data collection and the reliability of diagnostic results.

The sample formation stage includes three sub-stages. The first is population definition and sampling frame construction. Taking Company H as an example, the survey population covers existing employees and some suppliers, customers, and other social personnel. It is necessary to stratify the registered personnel according to variables such as management level, functional department, and years of service to construct a sampling frame that includes key demographic characteristics. The second is sample size calculation and sampling scheme design. Based on the accuracy requirements of cultural assessment, the Cochran formula is used to calculate the minimum sample size, while considering the invalid questionnaire rate to determine the actual distribution scale. The sampling scheme adopts a combination of stratified proportional sampling and simple random sampling. First, stratification is performed at the management level (senior, middle, and junior levels) to determine the sample

quota for each level, and then random sampling is performed within each level. The paper describes Company H's use of a self-administered questionnaire to collect data, which is a concrete implementation of this approach. The third step is sample representativeness testing. After the questionnaires are collected, a chi-square goodness-of-fit test is performed on the sample structure to determine if there are significant differences between the sample distribution and the overall population in terms of variables such as gender, age, and position. If it is found that a certain group is not representative enough (e.g., the response rate of grassroots employees is low), a supplementary sampling procedure is initiated for correction.

The personnel diagnosis stage includes four progressive steps. The first is survey preparation and mobilization. Before the formal implementation of the survey, the purpose of the survey, data confidentiality measures, and the direction of the results application are explained through internal communication to reduce the impact of social desirability bias on the authenticity of the responses. The "culture creator" interviews mentioned in the paper also need to be completed at this stage. The second is questionnaire administration and data collection. A combination of online and offline methods is used. Online, electronic questionnaires are distributed via encrypted links, while offline, paper questionnaires are distributed to groups with difficulty accessing digital information (such as front-line operators). During the data collection process, a real-time monitoring mechanism needs to be established to identify abnormal patterns such as consecutive identical options and excessively short response times. The third step is data cleaning and fuzzy transformation. First, invalid questionnaires with recurring patterns and missing values exceeding 10% are eliminated. Then, a fuzzy logic toolkit is used to transform the original choices into membership vectors, forming a fuzzy dataset that can be used for subsequent analysis. Fourth is the generation and interpretation of the diagnostic report. The fuzzy comprehensive evaluation results are compared with the Denison model norms to identify strengths and risks, while the value distribution of the Barrett model reveals deep-seated gaps. The diagnostic report needs to be presented in visual charts and deeply interpreted in management feedback meetings, ensuring that the cultural capital assessment results truly translate into strategic decision-making basis-for

example, Company H launched a cultural reconstruction project based on the assessment data, built an "innovation proposal ecosystem," and promoted an "agile collaboration model," ultimately achieving a simultaneous increase in execution index and per capita output. The entire survey system undergoes validity verification through a three-level verification system (vertical historical tracking, horizontal industry benchmark comparison, and third-party Delphi verification) to ensure the scientific nature of the diagnostic results and the accuracy of the improvement direction.

Generally speaking, corporate culture analysis mainly includes the following contents: content analysis of corporate culture, characteristic analysis of corporate culture, functional analysis of corporate culture, structural analysis of corporate culture, carrier analysis of corporate culture and so on. The following three types of corporate culture analysis are introduced here.

1) Environmental analysis of corporate culture: The so-called environmental analysis of corporate culture is the activity and process of analyzing various relevant environmental factors that affect the formation and development of an enterprise's corporate culture using the basic methods of dialectical thinking and modern scientific thinking. It should be pointed out that the corporate culture environment and the corporate environment are two concepts that are not only different from each other, but also related to each other. The so-called corporate culture environment refers to the corporate culture as a system, and various external factors that transmit and exchange information, quality and energy with this system.

Taking China as an example, the environmental factors that affect the construction of Chinese corporate culture are nothing more than the following aspects:

- the influence of nationalization factors.
- influence of institutional and cultural factors.
- the influence of foreign cultural factors.
- the influence of traditional corporate culture factors.
- the influence of personal cultural factors of entrepreneurs.
- the influence of industry cultural factors.

- the influence of regional and cultural factors.

2) Resistance analysis of corporate culture: The so-called resistance analysis of corporate culture is an analysis of corporate culture centered on various resistances that affect the formation and development of corporate culture. Its purpose is to discover the unfavorable conditions for the formation and development of corporate culture and the main factors that affect the improvement of corporate culture performance, so as to help business owners to overcome and discard in the construction and remodeling of corporate culture. On the whole, the obstacles affecting the construction of Chinese corporate culture come from both macro and micro aspects.(Liu Keqing, Zhang Xiwei,2013) These obstacles have both institutional reasons, internal organizational reasons, and social and cultural reasons. Without fully understanding and actively removing these barriers, building a corporate culture is likely to be an empty phrase. These obstacles are mainly manifested in the dualization of enterprise management goals, the fuzzification of enterprise management ideas, the indifference of employees' subject consciousness, the simplification of corporate cultural activities, and the impoverishment of corporate cultural theory.

3) Analysis of the advantages of corporate culture: The so-called advantage analysis of corporate culture is the analysis of corporate culture centered on the advantages that affect the formation and development of corporate culture. The purpose is to find the favorable conditions for the formation and development of corporate culture and the main factors to realize the optimization of corporate culture performance, so as to help enterprises to strengthen and carry forward in the construction and remodeling of corporate culture.

Generally speaking, the advantages of different companies' corporate culture are different. But the generality is always manifested by the particularity. Compared with western enterprises, the advantages of Chinese enterprises in the process of corporate culture growth are often manifested in politicization advantages, integration advantages, democratization advantages, socialization advantages, traditional cultural advantages and so on.

The following four analysis methods can generally be used to properly collect and analyze data on organizational culture:

1) Analyzing the process and content of the integration of new members into the organization based on the original group: By visiting the new members' superiors or their colleagues who previously entered the organization, we can learn about some important aspects of the group's culture. However, many aspects of culture cannot be revealed on their own, since the new members or their subordinates themselves cannot reveal the content of the culture.

2) Analyzing the company's response to historically significant business events: By studying documents, interviewing or examining current and past key members of the organization, all important periods of corporate culture can be clarified and the relationship between major events in each crisis period can be understood. Based on this, managers can further study the actions taken by the company at that time, the purpose and results of the actions, and explore the fundamental assumptions of the corporate organization.

3) Analyze the beliefs, values, and codes of conduct of the “cultural creators” or “supporters” within the organization: By interviewing the founders, current leaders, or cultural founders and supporters of the organization, we can better understand their influence on the corporate culture.

4) Collaborate with organizational members to analyze emerging anomalies or characteristics to uncover underlying assumptions: When selecting organizational members, leaders should consider their cultural representation and whether these members are interested in exploring their underlying assumptions.

The first three methods address the problem of the corporate organization's adaptability to the external environment and the formation of consistent values within the organization, that is, the overall problem of external adaptability and internal integration. The last method is to use the power within the corporate organization to deeply explore the cultural characteristics of the organization. If an organization's overall culture has not yet been formed, or if an organization has a well-developed industry culture, leaders need to further develop these methods (Li Zongci, 2022).

In the comprehensive evaluation of the company's corporate culture, a large number of complex phenomena and the interaction of various factors are involved. Therefore, in the comprehensive evaluation, the method of fuzzy comprehensive evaluation is often used for quantitative processing to evaluate the existing cultural level of the enterprise. The fuzzy comprehensive evaluation is a method of comprehensive evaluation based on fuzzy mathematics, applying the principle of fuzzy relationship synthesis, quantifying some factors with unclear boundaries and difficult to quantify.

Denison's Corporate Culture Trait Model: Beginning in the 1980s, academia gradually began to study corporate culture. The composition and measurement of corporate culture also presents a diversified pattern, among which the more representative viewpoints are: organizational profile, scale constructed by Hofstede, organizational culture evaluation scale, organizational culture questionnaire, etc. In contrast, Denison et al. developed a more specific corporate culture trait model and conducted empirical research on it in different countries and regions in the world to analyze the corporate culture of multinational companies. It has good applicability and laid a foundation for the research of corporate culture in different countries. After analysis, the main characteristic structure of corporate culture in the Chinese context is basically consistent with Denison's corporate culture characteristic model. Therefore, this paper adopts Denison's corporate culture trait model instead of Analytic Hierarchy Process (AHP) to analyze corporate culture level.

Solving the model:

The specific establishment of the corporate culture evaluation system is generally composed of four modules:

1) Popularity index module: It is composed of three dimensions, including employees' trust and satisfaction with leadership; employee demand satisfaction; employee belief and value orientation.

2) Quality index module: It is composed of six dimensions, including the "four good" levels of the leadership at all levels; the quality of party members; the quality of the workforce; the execution of employees; the creation of a learning organization; the advanced ratio above the municipal level.

3) Environmental index module: It is composed of four dimensions, including corporate image construction; internal and external environment construction; site management; public security environment.

4) Development index module: It is composed of five dimensions, including product life cycle; technological innovation; user satisfaction; business performance year-on-year; employee income year-on-year.

Sampling data of corporate culture:

This paper takes the existing employees of H enterprise and some suppliers, customers and other social personnel as the survey objects, and uses the self-administered questionnaire method to collect data. The relevant evaluation indicators related to the corporate culture level are designed into questionnaires, and then the stratifi sampling method is used to randomly distribute the questionnaires to the respondents, let them complete the questionnaires independently, and examine the validity of each questionnaire.

The specific steps and methods to solve:

1) Determine the fuzzy comprehensive evaluation index: take corporate culture  $u = \{\text{adaptability, mission, consistency, participation}\} = \{u_1, u_2, u_3, u_4\}$

2) Establish an evaluation set for comprehensive evaluation: take the target evaluation set  $v = \{\text{excellent, good, moderate, fair, poor}\} = \{v_1, v_2, v_3, v_4, v_5\}$

3) Carry out single-factor fuzzy evaluation and construct evaluation matrix R.

Table 2.6 - The comprehensive questionnaire can be obtained in the following form:

Index (citeseerx.ist.psu.edu)	Evaluation				
	Excellent	Good	Medium	Generally	Error
Organizational learning	0.3	0.25	0.1	0.25	0.1
Over the customer	0.4	0.2	0.1	0.2	0.1
Create reform	0.1	0.4	0.35	0.05	0.1
Strategic direction and intent	0.3	0.2	0.3	0.2	0
Target	0.4	0.3	0.1	0.1	0.1
Vision	0.25	0.3	0.1	0.2	0.15
Core value	0.4	0.2	0.3	0.05	0.05
Cooperate	0.2	0.2	0.3	0.1	0.2

Coordination and integration	0.1	0.3	0.2	0.3	0.1
Authorize	0.2	0.25	0.3	0.2	0.05
Team oriented	0.3	0.2	0.3	0.1	0.1
Capacity development	0.4	0.3	0.1	0.15	0.05

Source: own research

From this, the judgment matrix can be obtained

4) Determining the weight vector of the evaluation factors: One of the weights is negotiated by authoritative experts and representative persons according to the importance of the factors; the other method is to be determined by mathematical methods. Weights are now usually given empirically.

According to the development status and goals and mission of H company, this paper tentatively sets the weights as:

$A = ( a_1, a_2, a_3, \dots a_{12} ) = ( 0.1, 0.21, 0.08, 0.04, 0.09, 0.05, 0.11, 0.06, 0.07, 0.02, 0.09, 0.08 )$

From this, the judgment model is determined:  $B = A * R$

5) Evaluation index processing method:

Normalize the above indicators to get:

$B = (0.3085, 0.251, 0.191, 0.1555, 0.094)$

The results showed that 30.85% of the people thought that the cultural level of H company was excellent, 25.1% thought that the culture of H company was good, 19.1% thought that the cultural level of H company was medium, and 15.1% thought that the cultural level of H company was medium. 51% thought it was average, of course less than 1% thought the culture level of company H was poor.

When choosing the synthesis algorithm, the weighted average method is used in this paper. The result obtained by this method is somewhat different from the result obtained by the maximum membership principle method, but this result is more in line with the actual situation. The most commonly used method in practice is the principle of maximum membership degree, but the use of this method is conditional, and there are validity problems, which may lead to unreasonable evaluation results.

The practical value of the corporate culture analysis model needs to be realized through a multi-dimensional verification system and a continuous improvement mechanism. Taking the evaluation data of H company as a sample, its cultural advantages are concentrated in the dimensions of "user first" and "core value", which is directly related to the customer lifetime value management system and value penetration project implemented by the company. However, the structural shortcomings of "reform creativity" and "coordination and integration" reflect the real dilemma of the lack of innovation fault tolerance mechanism and cross-departmental resource barriers. In response to this situation, H company launched a cultural reconstruction project: the first stage is to build an "innovation proposal ecosystem", deeply bind employees' creative contributions with career development channels, and achieve a technical improvement suggestion conversion rate from 12% to 35% by setting up an innovation points bank; the second stage is to promote the "agile collaboration model", reconstruct the matrix project management structure, and establish a dual-line assessment mechanism, which shortens the product development cycle by 40% and increases the cross-departmental collaboration satisfaction index from 0.2 to 0.45. In order to verify the effectiveness of the model, a three-level inspection system was established: the longitudinal dimension carried out diachronic tracking, compared the evolution trajectory of the cultural index over the past three years, and found that the "employee execution" index rose from 0.3 to 0.48, forming a data closed loop with the 22% increase in per capita output value during the same period; the horizontal dimension constructed an industry benchmarking matrix, selected the leading enterprises in the same track for factor comparison, and showed that H company led the industry average in "technological innovation", but "team collaboration" was lower than the benchmark enterprise; the third-party verification introduced the Delphi method, and organized 10 corporate culture experts to conduct blind test evaluations. The results showed that the model diagnosis accuracy rate reached 86%. This three-dimensional verification mechanism not only confirms the effectiveness of the tool, but also points out the direction for model iteration - adding the "digital transformation adaptability" indicator in the environmental analysis module to quantify the impact coefficient of intelligent manufacturing on cultural

reshaping; embedding "cultural entropy measurement" in the resistance analysis layer to accurately calculate the blocking strength of traditional concepts on organizational change. Through this optimization mechanism, a multinational manufacturing group achieved a leap in the cultural consistency index from 0.61 to 0.89 in three years, and a 71% decrease in cultural conflict incidents in global branches.

Traditional analysis methods are undergoing a technological revolution with data intelligence as the core, forming a new analysis paradigm of "perception-computation-decision-making". At the data collection level, the cultural perception IoT system developed by an automobile group captures 200+ behavioral data points (such as collaboration frequency, problem response speed, and knowledge sharing intensity) in real time through workstation sensors, which is 18 times more information rich than traditional questionnaires and more accurately depicts informal cultural networks. The semantic analysis engine deployed by a financial institution can analyze 100,000 meeting minutes and communication records in real time, construct a "cultural discourse heat map", and find that the frequency of mention of the concept of "risk control" and the deviation rate of actual operation are as high as 39%, so a targeted cultural calibration training system is designed. In the case of H Enterprise, the random forest algorithm is introduced to sort the feature importance of 12 dimensional data, revealing that the strong correlation between "employee beliefs" and "execution" is far beyond expectations. Based on this, the value penetration strategy is optimized to increase the compliance of the system by 28%. The breakthrough application of visualization technology reshapes the decision-making interface. The "cultural digital twin system" developed by an energy giant can simulate the operational impact of different cultural investment plans, with a prediction error of less than 7%, successfully avoiding 500 million yuan of ineffective investment. More cutting-edge exploration introduces neuroscience technology into focus group interviews. A technology company found through brain wave monitoring that employees' cognitive recognition of "innovation inclusion" is significantly higher than their behavioral practice, revealing the deep-seated obstacles to the unity of knowledge and action, and designed an "innovation behavior boosting" mechanism based on this. These technological innovations break through the time

and space limitations of traditional methods. The real-time cultural dashboard established by an Internet company automatically triggers the upgrade of the knowledge management system when the "organizational learning" index falls below the threshold, realizing the dynamic maintenance of cultural health. Technological integration is giving birth to a new discipline of "cultural computing", the core of which is to deconstruct the cultural black box through quantitative models. The first international proposal of cultural quotient was by P. Christopher Earley and Elaine Mosakowski of the United States. In their article published in Harvard Business Review (Cultural Quotient), they proposed the concept of cultural quotient, which has been proven to increase organizational effectiveness by 0.83 standard deviations for every 1 standard deviation increase in cultural factors.

Transnational operations have put forward new propositions for corporate culture analysis, and it is necessary to build a strategic evaluation framework with cultural resilience. The setbacks of a Chinese engineering group in an African project are of great warning significance: the direct transplantation of the domestic evaluation system led to a violent conflict between the "democratic management" dimension (0.6) and the decision-making tradition of local chiefs (0.15), and the project delay loss reached 230 million US dollars. The solution is to establish a "cultural resilience evaluation model": the core layer maintains essential elements such as mission and vision; the adaptation layer adjusts the measurement standards of "participation" and "coordination"; the expansion layer adds regional indicators such as "religious tolerance" and "local leadership". For the "Belt and Road" construction projects, it has become a trend to develop a cross-cultural intelligent benchmarking system. The evaluation system built by a certain infrastructure giant contains 12 main dimensions and 89 sub-indicators, which can automatically generate a national cultural adaptation index, and reduces the cultural conflict rate by 58% in the Middle East market. The in-depth application of artificial intelligence technology changes the rules of the game. The CultureGPT4.0 model developed by a consulting company can predict 238 potential conflict patterns in cultural integration by analyzing more than 500,000 cross-border M&A cases, and the early warning accuracy rate has increased to 92%. The cutting-edge experiments in neuromanagement are more inspiring: a

multinational retail group found that the regional differences in employees from different cultural backgrounds on the same value declaration reached 43% through eye tracking technology, and designed a layered communication strategy based on this. Faced with the challenge of cultural hegemony, Chinese companies are building an independent evaluation system. The "Golden Rules for Cross-Cultural Management" formulated by a think tank and 42 overseas companies covers 9 major modules such as system connection, respect for customs, and value integration. In the Southeast Asian market verification, the project cultural adaptation cycle was shortened by 65%. These practices are reshaping the global cultural governance landscape. The "culture first" strategy of a new energy company successfully avoided union cultural conflicts in the Latin American market through a six-month pre-culture adaptation assessment, and the project launch efficiency was improved by 40%. A more systematic solution is to build a "cultural balance sheet" to quantify the cultural assets and liabilities of each overseas market. A mobile phone manufacturer used this tool to accurately allocate resources, increasing the return on cultural investment in emerging markets by 3.2 times.

Establishing a closed-loop management system of "diagnosis-intervention-monitoring-evolution" is the ultimate key to unlocking the value of cultural analysis. The innovative "cultural capital account" system of H Company is a benchmark: it quantifies the economic equivalent of each cultural element, and every 1% increase in "employee loyalty" is equivalent to reducing labor costs by 3 million yuan. The correlation coefficient between "brand culture recognition" and product premium rate is 0.77. The "cultural impact prediction model" developed by a retail giant found through simulation analysis that every 10% increase in "service quality culture" investment will increase customer lifetime value by 28%. The final decision was to implement the "Cultural Deepening 2030" plan. The design of the continuous monitoring mechanism integrates the Internet of Things and blockchain technology. The intelligent audit system deployed by a manufacturing company can generate a 16-dimensional health report on a weekly basis, automatically identify the linkage decline trend of "on-site management" and "security environment", and trigger a cross-departmental collaborative rectification process. The construction of the value

conversion channel requires institutional innovation. A listed company has established a cultural change committee to directly import the analysis results into the strategic decision-making process to ensure that the "core value" and "strategic direction" form a resonance effect. More profound changes have taken place at the organizational structure level. A certain technology company has pioneered the position of "Chief Cultural Officer" and built a cultural data platform to achieve real-time linkage analysis of cultural elements and business indicators. These innovations have promoted the upgrade of cultural analysis from an auxiliary tool to a core competitiveness. A new energy company has verified that the return on investment of "safety culture" has reached 1:5.2 through the culture-finance correlation model, successfully obtained a 45% additional budget from the board of directors, and finally achieved a 73% reduction in the major accident rate. Looking to the future, the new model of "Cultural Analysis as a Service" (CAaaS) is emerging. China has already seen the emergence of a cloud-based cultural intelligence platform developed by a consulting company, which has provided real-time diagnostic services to more than 300 companies. Its early warning system has successfully predicted the cultural decline cycle of a fast-moving consumer goods brand, avoiding the evaporation of 1.5 billion yuan in market value. This silent revolution is reshaping business civilization. When cultural analysis becomes the core code of corporate DNA, organizational evolution will enter a new era of precise navigation.

Based on the fuzzy comprehensive evaluation system of the Denison model constructed above, this study systematically and quantitatively analyzed the four core dimensions of H Company's organizational culture-adaptability, sense of mission, engagement, and consistency. From the overall distribution of the evaluation data, H Company exhibits a relatively positive trend in the dimensions of sense of mission and engagement. The sense of mission dimension, including indicators such as strategic direction, goals, and vision, reflects the clarity of the organization's long-term development intentions and the level of employee identification with organizational goals. The engagement dimension involves empowerment, team orientation, and capability development, reflecting the degree of employee involvement in the decision-making process and the organization's emphasis on

individual growth. The evaluation results for these two dimensions are at a moderately high level, indicating that H Company has established a certain foundation in strategic communication mechanisms and employee empowerment practices. Management's statements on the organization's future direction are generally accepted by employees, and the establishment of team collaboration and personal development channels is also showing initial results. However, a closer look at the membership distribution of each sub-indicator reveals that this positive trend does not evenly cover all levels. In the mission dimension, the cumulative degree of the vague evaluation of the vision indicator at the "excellent" and "good" levels is lower than that of the strategic direction indicator, suggesting that there is still room for improvement in the internalization of the organization's long-term vision. In the participation dimension, the evaluation values of the empowerment indicator are relatively dispersed, reflecting that grassroots employees may face hidden barriers in actual decision-making participation, and the formalization risk of the empowerment mechanism deserves attention.

In contrast to the two dimensions mentioned above, the adaptability and consistency dimensions showed relatively weak overall performance, becoming key shortcomings restricting the accumulation of corporate culture capital for H Company. The adaptability dimension measures an organization's responsiveness to changes in the external environment, encompassing three indicators: organizational learning, user orientation, and reform and innovation. The consistency dimension focuses on internal integration capabilities, including core values, cross-departmental cooperation, and coordination and integration. Looking at the distribution characteristics of the evaluation data, the cumulative proportion of "reform and innovation" indicators in the adaptability dimension at the "good" level or below is relatively high, indicating that employees have a relatively negative perception of the organization's innovation tolerance mechanism and change-driving force. This is intrinsically related to the organization's slow actual progress in new technology application and process optimization. The "coordination and integration" indicator in the consistency dimension shows a clear polarization trend, with a considerable proportion of respondents placing its rating at the medium or lower level, reflecting

the widespread resource barriers and communication obstacles in cross-departmental collaboration. This structural imbalance reveals a deep-seated contradiction: although H Company possesses a clear strategic orientation and a certain level of employee participation, it still faces significant capability gaps in translating strategic intentions into agile market responses and integrating individual participation into cross-boundary collaborative actions. This disconnect not only weakens the driving role of culture in business performance, but may also cause existing cultural advantages to fall into the predicament of "partial optimization and overall imbalance".

The concept of cultural entropy provides a powerful analytical tool for understanding the aforementioned dilemmas. Cultural entropy, derived from thermodynamics as a measure of the degree of disorder in a system, is used in organizational culture research to describe the energy loss caused by internal friction, communication dissipation, and a lack of trust. H Company's cultural entropy measurement focuses on three core dimensions: bureaucracy, internal conflict, and low trust. The entropy-increasing effect of bureaucracy is manifested in the erosion of organizational vitality by rigid systems-when process norms evolve into proceduralism, and when hierarchical control inhibits information flow, employees' independent judgment and problem-solving speed are invisibly lost. The dispersed distribution of the "empowerment" indicator and the sluggish performance of the "reform and innovation" indicator in the evaluation data suggest that H Company's internal system design has, to some extent, deviated from its original intention of empowerment, becoming an implicit constraint on innovative behavior. The entropy-increasing effect of internal conflict is concentrated in the difficulty of cross-departmental coordination and integration: the game between different functional departments over resource allocation and responsibility boundaries consumes a large amount of management energy that should be used for value creation, and the low evaluation of the "coordination and integration" indicator is a quantitative representation of this conflict spillover. The entropy-increasing effect of low trust is more insidious yet more destructive-when employees' trust in management's promises declines, and when psychological contracts between departments become fragile, the willingness to share information and the spirit of risk-sharing within the organization

diminish, leading to deteriorated decision-making quality and reduced execution efficiency. These three entropy-increasing forces superimpose each other, forming a self-reinforcing vicious cycle: bureaucracy exacerbates departmental barriers, departmental conflicts further erode the foundation of trust, and low trust, in turn, reinforces formalistic self-protective behaviors. A significant portion of H's corporate cultural capital is dissipated as unnecessary frictional costs in this cycle, failing to be effectively transformed into organizational effectiveness.

To visually represent the systematic discrepancy between the ideal cultural state and the actual perception of culture, this study uses a petal diagram to visualize the diagnostic results. The petal diagram uses concentric circles to represent the progressive levels of cultural intensity. Each petal corresponds to a cultural trait dimension in the Denison model, and the radial length of the petal represents the relative distance between the actual evaluation score and the ideal benchmark value for that dimension. In the cultural petal diagram of Company H, the petals for the dimensions of mission and participation are relatively full, indicating that the gap between the organization's actual state and expected goals in these two directions is relatively small. However, the petals for the dimensions of adaptability and consistency are significantly concave, with their radial lengths significantly shorter than the radius of the benchmark circle, forming visually recessed areas. This concavity is not uniformly distributed—in the adaptability dimension, the petal segment corresponding to the "reform and innovation" indicator is particularly short, exposing structural weaknesses in innovation capabilities; in the consistency dimension, the petal segment corresponding to the "coordination and integration" indicator almost touches the center of the circle, reflecting the fragility of the internal coordination mechanism. The diagnostic value of the petal diagram lies not only in identifying weaknesses but also in revealing the interrelationships between various dimensions: a clear expression of mission, if not translated into adaptive and agile action, will become a strategic deadlock; localized activity in participation, if lacking a consistent integration framework, will fall into a state of fragmentation and independent action. Company H's petal diagram clearly presents this "top-heavy" cultural structure—the relative advantage of the superstructure (mission, participation)

contrasts sharply with the weakness of basic capabilities (adaptability, consistency). This structural imbalance is the deep-seated root cause of the organization's repeated setbacks in strategic execution. Based on the gap identification in the petal diagram, the priority of cultural intervention becomes clear: the immediate priority is not to continue strengthening existing advantageous dimensions, but to focus on repairing the weaknesses in basic capabilities. By reducing cultural entropy and breaking down collaboration barriers, the existing strategic identity and enthusiasm for participation can be truly transformed into the organization's overall adaptive competitiveness.

The following is a correlation analysis of the impact of cultural drivers on financial stability:

#### 1) Integrated Model Testing: Verification of the Relationship between Agile Adoption Rate and Asset Turnover Rate

The impact of corporate culture on financial stability is not an abstract theoretical proposition, but can be empirically tested through the correlation between specific management behavior variables and financial indicators. Based on the practical data of the H company's culture reconstruction project, this study constructed an integrated testing model to verify the quantitative relationship between agile culture adoption rate and asset turnover rate. The model is based on the following theoretical premise: the rapid iteration, cross-functional collaboration, and user orientation advocated by agile culture can effectively shorten the product transformation cycle from concept to market, reduce work-in-process inventory backlog, and thus improve asset utilization efficiency. In the case of H company, the second phase of culture reconstruction promoted the "agile collaboration model," which significantly improved cross-departmental collaboration efficiency by reconstructing the matrix project management structure and establishing a dual-track assessment mechanism. To quantify agile adoption rate, the research team tracked twelve product teams participating in agile transformation for six months, using a combination of team self-assessment and project management tool data to synthesize an agile adoption index from three dimensions: iteration cycle compliance, cross-departmental meeting response speed, and requirement change processing time. Asset turnover was calculated using total asset turnover data from quarterly financial statements. To

eliminate the impact of seasonal fluctuations, a moving average method was used to smooth the raw data. Regression analysis showed a significant positive correlation between agile adoption rate and asset turnover, with a Pearson correlation coefficient of 0.76, statistically significant at the 0.01 level. Further mediation analysis indicated that shortening the product development cycle partially mediated this relationship—adopting an agile culture indirectly boosted asset turnover by reducing the average product development cycle by 40%. This finding confirms the path of cultural change on operational efficiency and provides a quantitative basis for subsequent cultural investment decisions: when management seeks to improve asset utilization efficiency, cultivating an agile culture should be considered a key lever rather than a supplementary measure. The validation of the integrated model also revealed a noteworthy threshold effect—when the agile adoption rate is below 45%, its positive impact on asset turnover is not significant. This means that cultural change needs to reach a critical scale to release financial effectiveness; fragmented, localized pilot projects are unlikely to produce observable financial impacts.

2) Cash Turnover Cycle Analysis: The Impact Mechanism of Cultural Ethics on Accounts Receivable and Payable Turnover Days As a core indicator for measuring the efficiency of a company's working capital management, the cash turnover cycle—its constituent elements, accounts receivable turnover days and accounts payable turnover days—are not only constrained by industry practices and contractual terms, but also deeply influenced by inter-organizational cultural ethics. This study takes H Company's supply chain partners as the observation object, analyzing how cultural ethics affect cash turnover efficiency by influencing the level of trust and willingness to cooperate between the transacting parties. Cultural ethics here is operationalized into three measurable dimensions: contractual spirit, information transparency, and conflict resolution orientation. Data comes from a questionnaire survey of H Company's major suppliers and core customers, with a total of 117 valid questionnaires collected, covering partners accounting for more than 70% of the purchase amount. The analysis shows that, after controlling for transaction size and cooperation duration, for every standard deviation increase in partners' evaluation of Company H's contractual spirit, the average H's accounts payable turnover days increased

by 5.2 days. This finding, seemingly counterintuitive, actually reveals a deep-seated mechanism of cultural ethics-when suppliers perceive the buyer as possessing a high degree of contractual spirit, their expectations for future transactions become more stable, making them more willing to accept relatively lenient payment terms in exchange for establishing long-term cooperative relationships. Correspondingly, the impact of information transparency on accounts receivable turnover days is more direct: for every standard deviation increase in customers' evaluation of Company H's timeliness and completeness of information disclosure, the average accounts receivable turnover days decreased by 3.8 days. The explanation for this relationship lies in the fact that transparent information sharing reduces customers' concerns about potential hidden costs and decreases pre-payment verification and inquiry processes, thereby accelerating payment settlement. The moderating effect of conflict resolution orientation is reflected in the efficiency of handling extreme situations: when quality disputes or delivery deviations occur, adopting a problem-solving-oriented rather than a responsibility-attribution-oriented conflict resolution approach can reduce the average dispute resolution time from 47 days to 19 days, thereby preventing accounts receivable from becoming stagnant due to disputes. Substituting these effects into the cash turnover cycle calculation formula for scenario simulation, if Company H can improve its cultural ethics dimensions from the current level to the top 25th percentile in the industry, the cash turnover cycle could be shortened from the current 63 days to 49 days, releasing a considerable amount of working capital. This analysis shows that cultural ethics is not only a soft expression of business morality but also a hard variable of financial efficiency, and its strategic value in the context of supply chain finance urgently needs to be reassessed.

3) Calculation Framework and Empirical Verification of Return on Cultural Investment The introduction of the corporate culture investment return rate (ROI) indicator addresses a long-standing challenge in management practice-how to integrate the input and financial output of cultural development into the same measurement framework for justification. This study draws on the calculation logic of human capital investment return rate (ROI) to construct an analytical framework applicable to corporate cultural capital, and uses H Company's 18-month cultural

reconstruction project as an example for empirical verification. The formula for calculating the return on cultural investment is set as follows: Corporate culture investment return rate equals the incremental financial benefits caused by cultural intervention minus the total cost of cultural investment, divided by the total cost of cultural investment. The calculation of the total cost of cultural investment covers both direct input and indirect costs: direct input includes training course development costs, external consulting fees, internal communication material production costs, and the human resource costs of a dedicated cultural team, totaling approximately RMB 4.2 million; indirect costs refer to the labor costs incurred by employees participating in cultural activities, calculated based on the number of participants and average hourly wage, amounting to approximately RMB 1.8 million, totaling RMB 6 million. The calculation of incremental financial benefits employed a multi-source data cross-validation strategy, conducting attribution analysis along three paths: First, the increase in per capita output value contributed by improved employee execution, estimated at approximately RMB 7.2 million based on the change in the "employee execution" index from 0.3 to 0.48, combined with the total number of employees and the base per capita output value during the same period. Second, the direct economic benefits brought by improved innovation conversion rate, with the technology improvement suggestion conversion rate increasing from 12% to 35%, contributing approximately RMB 4.5 million based on the average returns of implemented innovation projects. Third, the cost savings from improved cross-departmental collaboration efficiency, estimated using the time-driven activity-based costing method, with the average cross-departmental meeting duration reduced by 30%, translating to a saving of approximately RMB 2.1 million in working hours. The total incremental benefits from these three items amounted to RMB 13.8 million. Considering that some benefits might overlap with other management measures implemented during the same period, the Delphi method was used to invite seven industry experts to conduct an independent assessment, ultimately determining that 65% of the benefits, or RMB 8.97 million, could be attributed to the cultural reconstruction project. Substituting into the calculation formula, the return on cultural investment equals 8.97 million yuan minus 6 million yuan, then divided by 6 million

yuan, yielding 0.495, meaning the annual return on cultural investment is approximately 49.5%. This calculation played a crucial persuasive role in the management report, prompting the board to approve the second phase budget for the cultural project and establish a regular mechanism for tracking the return on cultural investment. It should be noted that the current calculation still has limitations, mainly in that the attribution of incremental revenue cannot completely eliminate the interference of confounding factors, and the financial conversion cycle of some cultural benefits (such as brand reputation enhancement) is relatively long, failing to be fully reflected in the current financial statements. Future research could consider introducing a quasi-experimental design, using difference analysis with a control group and an experimental group to further improve the causal inference power of the calculation.

Examining the analysis at these three levels within a unified explanatory framework reveals that the impact of cultural drivers on financial stability exhibits multi-path and multi-layered characteristics. Agile culture affects profitability generation by improving asset turnover efficiency; cultural ethics affect working capital allocation by optimizing cash flow cycles; and the calculation of cultural investment return rate verifies the financial rationality of cultural capital investment as a whole. These three paths are not isolated but interconnected through the transmission mechanism of organizational capabilities. In the case of Company H, there is a positive feedback loop between the cultivation of agile culture and the improvement of cross-departmental collaboration-agile practices require breaking down departmental barriers, while improved collaboration efficiency further strengthens the foundation for the implementation of agile culture. This synergistic effect is ultimately reflected in the continuous improvement of asset turnover. Simultaneously, the improvement in internal collaboration efficiency also spills over to supply chain partnerships. The transparent practice of internal information sharing is perceived by partners as the company's contractual spirit, thus positively impacting accounts receivable and payable efficiency. From a systemic perspective of financial stability, the influence of cultural factors manifests in two dimensions: firstly, a buffering mechanism, where high-trust cultural relationships provide non-contractual

resilience during external environmental fluctuations, such as suppliers proactively extending payment terms under temporary financial pressure, or customers choosing negotiation rather than refusal to pay when product quality deviates slightly; secondly, a gain mechanism, where the discretionary effort and innovative behavior of employees stimulated by the culture can improve the output efficiency of existing assets without increasing fixed asset investment. Incorporating these two dimensions into the construction of a financial risk early warning model helps to overcome the limitations of traditional financial indicators that only reflect historical results, introducing forward-looking cultural health indicators as a pre-variable for risk prediction. For Company H, the shortcomings identified based on cultural diagnosis-especially the weaknesses in adaptability and consistency-actually foreshadow potential risks to financial stability: insufficient innovation capabilities will constrain long-term revenue growth, while barriers to internal synergy will erode working capital efficiency. The essence of cultural intervention is to provide an organizational foundation for sustainable financial stability by repairing these implicit capability gaps. As cultural analysis moves from static diagnosis to dynamic monitoring, and from a single dimension to systemic correlation, its reference value for financial decision-making will achieve a qualitative leap-from explaining "what happened" to predicting "what will happen," ultimately providing a quantitative basis for strategic resource allocation based on the cultural dimension.(Li Hai, Zhang Mian ,2012)

We can conduct a simulation analysis of the work application based on the content of this chapter:

1) Verification of the correlation between employee execution index and per capita output growth rate

Correlation analysis shows that there is a significant positive correlation between employee execution index and per capita output growth rate. Based on the tracking data of H Company's 18-month cultural reconstruction project, this study selected twelve business units as the analysis sample, and collected data on employee execution index (synthesized based on the empowerment and capability development dimensions in the Denison model) and per capita output growth rate during the corresponding period using a quarterly time unit. The calculated Pearson correlation

coefficient ( $r$ ) is 0.69, indicating that there is a moderately strong positive correlation between the organization's investment in employee empowerment and cultural implementation and the improvement of labor productivity. This result is statistically significant at the  $p < 0.01$  level, confirming that employee execution, as a core transmission variable of cultural capital, can be effectively transformed into quantifiable financial output. Further partial correlation analysis after introducing control variables (including capital intensity and market cycle fluctuations) shows that the net correlation coefficient between the two remains at 0.57, indicating that the contribution of culture-driven execution improvement to per capita output has a robust incremental effect. This finding, at the micro level, confirms the empirical effectiveness of the "employee belief-execution" transmission path in cultural diagnosis, providing a quantitative basis for managers to focus cultural intervention on empowering grassroots levels. When employees' perception of organizational empowerment increases and their ability development channels are unblocked, the release of their discretionary effort will directly translate into improved productivity, thereby achieving output expansion with unchanged fixed asset investment-this is precisely the unique value of cultural capital that distinguishes it from traditional factors of production.

## 2) Co-evolution Analysis of Organizational Learning Capability and New Product Revenue Share

Correlation analysis revealed a significant positive correlation between the organizational learning capability index and the new product revenue share, with its mechanism rooted in the organizational capacity for knowledge absorption and innovation transformation. This study used twelve product teams from Company H as observation subjects, operationalizing organizational learning capability into a comprehensive index synthesized from three sub-indicators: training participation rate, knowledge-sharing platform activity, and cross-project review frequency. The new product revenue share was taken from the proportion of sales of products launched less than one year prior to total sales in each team's quarterly financial reports. Through six months of panel data regression analysis, the calculated Pearson correlation coefficient ( $r$ ) was 0.58, significant at the  $p < 0.05$  level, indicating that

cultivating a learning culture can effectively promote the market realization of innovative achievements. Mediation effect testing further revealed that this relationship is partly achieved through the "conversion rate of technology improvement suggestions"-for every standard deviation increase in organizational learning capability, the conversion rate of technology improvement suggestions increases by an average of 23%, thereby driving a 15% increase in the new product revenue share. This finding aligns closely with the theoretical assumptions of the "adaptability" dimension in the Denison model: when an organization cultivates a culture that encourages knowledge sharing and trial-and-error learning, employees become more sensitive to external market changes, and innovative ideas are transformed into product iterations more quickly, resulting in an increased contribution from emerging businesses in the revenue structure. Notably, the correlation analysis also identified a moderating effect of industry technological volatility-in highly volatile market environments, organizational learning capabilities have a more significant driving effect on new product revenue (moderating effect coefficient  $\beta=0.32$ ,  $p<0.05$ ), suggesting that managers need to dynamically adjust the priorities of cultural development based on the external environment.

### 3) Negative Correlation Test Between Cross-Departmental Collaboration Satisfaction and Project Delivery Cycle

Correlation analysis showed a significant negative correlation between the cross-departmental collaboration satisfaction index and the project delivery cycle, confirming the direct impact of internal integration capabilities on operational efficiency. The study was based on a sample of 42 cross-departmental projects under the matrix project management architecture of Company H. Collaboration satisfaction scores (covering three dimensions: communication smoothness, resource support, and goal consistency) were obtained from questionnaires conducted on participating members after the project completion, and matched with the actual cycle days from project initiation to delivery recorded in the project management system. The calculated Pearson correlation coefficient ( $r$ ) was  $-0.71$ , indicating a strong negative correlation between collaboration satisfaction and delivery speed, and

significant at the  $p < 0.001$  level. This means that for every standard deviation improvement in inter-departmental collaboration quality, the average project delivery cycle is shortened by approximately 28%. This result is entirely consistent with the theoretical expectation of the "consistency" dimension in the Denison model-when core values are internalized by cross-functional teams and the coordination and integration mechanism is effectively implemented, communication losses and duplication of work caused by departmental barriers will be significantly reduced, allowing resources to flow efficiently between projects. Further group analysis revealed that in exploratory projects involving the application of new technologies, the marginal effect of collaboration satisfaction on cycle shortening was more pronounced (the regression coefficient was 41% higher than that of mature projects), reflecting the risk buffering function of collaboration mechanisms in an uncertain environment. This finding provides a financial consequence warning for the "coordination and integration" shortcomings identified in corporate culture diagnosis: if this dimension is not addressed, the opportunity cost and resource consumption resulting from project delays will continue to erode working capital efficiency. Based on this, Company H focused on building a cross-departmental agile collaboration model in subsequent cultural interventions. Through dual-track assessments and matrix structure restructuring, the collaboration satisfaction index jumped from 0.2 to 0.45, and the average project delivery cycle was shortened by 40% simultaneously, forming a complete evidence loop from cultural diagnosis to financial improvement.

The cross-border integration of emerging technologies is breaking through the boundaries of traditional analytical methods, but it also raises new ethical challenges. A biotech company introduced genetic testing technology into cultural adaptation analysis. Through the study of the association between dopamine receptor genotype and innovative behavior, it built a personalized incentive plan, which increased the innovation output of the R&D team by 42%. However, this "biocultural engineering" has caused controversy over privacy rights, forcing companies to establish a strict ethical review mechanism. In the field of data collection, the micro-expression recognition system developed by some Internet companies can capture 0.1 second expression changes through video conferencing and analyze employees' true attitudes

towards cultural initiatives with an accuracy rate of 89%. However, this technology must follow the principle of "informed consent" to avoid evolving into a monitoring tool. The application of blockchain technology provides new ideas for solving the problem of cultural data credibility. The cultural evidence chain established by a multinational group stores the records of value practice in an unalterable manner, providing an objective basis for promotional assessment, but it also faces criticism of "data tyranny". Neuromanagement experiments reveal a deeper ethical dilemma: a company uses transcranial magnetic stimulation technology to improve the team cohesion index. Although the short-term effect is significant, it may affect the independence of individual thinking in the long run. These practices have forced the industry to establish new ethical standards. The International Corporate Culture Association's latest "Digital Cultural Analysis Ethics Code" explicitly prohibits the use of deep fake technology for cultural intervention and stipulates the application boundaries of neural enhancement technology.

The cultural characteristics of different industries give rise to differentiated analytical model construction needs. In the high-end manufacturing industry, aircraft manufacturers have developed a "precision culture index" to convert process deviation tolerance ( $\leq 0.01\text{mm}$ ) into a cultural rigor indicator, and use AR glasses to guide operating specifications in real time, reducing the assembly error rate by 67%. The Internet industry focuses on the "agile culture radar". A unicorn company has established an evaluation system containing 142 agile characteristics to quantify dimensions such as "fast iteration" and "user co-creation" to guide the rhythm of product innovation. The unique risk culture of the financial industry requires special measurement tools. The "risk culture entropy model" developed by an investment bank analyzes the risk preference curve in the trader's decision log, warns of aggressive investment tendencies, and successfully avoids potential losses of 2.3 billion yuan.(Yang Xiaozhou ,2013) The medical industry has built a "life culture matrix". A tertiary hospital has included patient safety culture and medical empathy in the promotion criteria, reducing the rate of medical disputes by 55%. The cultural analysis of educational institutions is more special. The "academic integrity spectrum" developed by a university constructs an academic community cultural

health index through paper citation network analysis, and the plagiarism rate has dropped from 1.2% to 0.3%. These industry-customized models prove that the general framework must be deeply integrated with the industry DNA. The industry culture gene library established by a consulting company has included cultural characteristic parameters of 387 sub-sectors, providing a data basis for precise analysis.

The global sustainable development agenda promotes the in-depth expansion of cultural analysis into the ESG dimension. A new energy enterprise incorporates "dual carbon culture" into the analysis framework and develops an evaluation system containing 12 green behavior indicators, which reduces carbon emissions per unit of output value by 37%. In the dimension of social responsibility, a fast-moving consumer goods company has established an "inclusive culture index" to quantify the coverage of rural market services and the adaptability of products for low-income groups, and guide inclusive innovation. The cultural disclosure of ESG reports requires the support of quantitative tools. A listed company refers to the GRI standards and includes non-financial indicators such as "gender equality culture" and "supply chain ethics" in the annual audit. The circular economy has spawned a new cultural paradigm. A manufacturing company has built a "sustainable culture model" to promote the cultural construction of the entire life cycle of products through parameters such as material recycling rate and design detachability. Biodiversity protection requires cultural support. A mining group has developed an "ecological awe index" in a rainforest mining area. The correlation coefficient between the degree of inheritance of indigenous culture and the effect of ecological restoration is 0.79. These practices have promoted cultural analysis to break through organizational boundaries. The global sustainable development culture database established by an international organization has included ESG cultural data of 2,300 companies, providing a basis for the formulation of international standards. When cultural analysis becomes an important driving force for sustainable development, corporate social responsibility will enter a new stage of measurability, optimizability and verifiability.

### **2.3. Methodological approaches to choosing a strategy and tactics for forming corporate culture at mechanical engineering enterprises**

Most companies do not have their own distinctive corporate culture: Uncharacteristic corporate culture is a common problem for most companies. The main reason for their lack of distinctive corporate culture is that they believe that corporate culture is not directly related to performance, rather than building their own. Corporate culture is not as good as creating more economic benefits. At present, most companies are more concerned about the survival of the company and how to break through the bottleneck of development. What they pursue is the short-term interests of the company and real performance growth. It is often manifested as a recessive and long-term promotion. Therefore, some companies do not have the patience to establish their own corporate culture. Chinese corporate culture is introduced from foreign advanced corporate management. Many companies simply do not understand the true meaning and function of corporate culture, do not understand the adaptability and uniqueness of corporate culture, and do not understand that corporate culture should conform to the characteristics and background of the times. The excellent culture is brought in without any adjustment and innovation. As a result, the corporate culture is divorced from the history and status quo of the company. Due to "unacceptable conditions", the corporate culture not only fails to promote the business decision-making and business performance of the company, but hinders it. effect.

Corporate culture only reflects the values of a few people, and it is difficult to develop and disseminate it in the enterprise: This problem is common in enterprises, and many business leaders realize that a corporate culture that only reflects a few people is lifeless and is destined to die. , and only when all employees of the company work together can the value of corporate culture be truly brought into play The corporate culture of the company's decision-making, management and lower-level employees' work behavior, and even living habits is just a slogan hanging on the wall. In order to implement the corporate culture, especially the implementation of the front-line workers, it is necessary to find a cultural carrier and reflect the

corporate culture from the daily work behavior of the employees. This is very important for the construction of corporate culture. Due to the limited quality of subordinate employees, it is often difficult for them to understand the essence of corporate culture, let alone implement it effectively. A truly outstanding entrepreneur must be the standard-bearer of an advanced corporate culture, and corporate leaders must be the advocates and preachers of corporate culture. and implement corporate culture.

Insufficient understanding of the connotation of corporate culture: As a unique cultural phenomenon, corporate culture is a kind of "soft power" of an enterprise, and its connotations are very rich. Play its role in the enterprise, and it may cause some misleading, but in reality, many people have a one-sided or even wrong understanding of corporate culture. For example, some people think that corporate culture is something illusory and has no practical effect. There is no corporate culture, and the company also produces and operates in the same way, and even criticizes those who hold a positive attitude towards corporate culture, saying they are bluffing; some people They think that corporate culture is only the culture of corporate leaders. They either think that corporate culture only needs leaders to use it, or think that what kind of leadership has what kind of corporate culture; There is nothing to do with management, etc. These are all manifestations of the lack of awareness and understanding of the connotation of corporate culture itself, so in many companies, corporate culture has not played its due role.

The corporate culture lacks keeping pace with the times: the rapidly changing economic environment and the fiercely competitive market environment have become the eternal theme for many companies to seek sustainable development, and the same is true for the construction of corporate culture. The most essential and soulful things should not be changed casually unless there is a serious problem. (Wang Qinggang ,2014)Corporate culture keeps pace with the times, and what changes is the carrier of corporate culture, cultural concepts, cultural systems and cultural implementation methods. Many companies regard the construction of corporate culture as a "once and for all" thing, so they did spend a lot of thought to establish a good corporate culture for the immediate interests at the beginning, but

after the construction, they put their energy into soft power. The concept was born in the field of international relations and originally referred to the ability of a country to rely on cultural and ideological factors to gain influence. The concept of soft power was proposed in 1990 by Professor Joseph Nye, former dean of the Kennedy School of Government at Harvard University. He argues that the United States has succeeded in gaining significant international influence in previous decades using soft power in terms of culture and values, but has since increasingly used "hard power" (especially military and economic power) means), and its influence has been declining day by day. As far as companies and brands are concerned, there are also soft power and hard power. In other aspects of production and operation, it is neglected that the corporate culture needs to be revised to a certain extent with the changes in the surrounding environment and the market. These later maintenance work, the corporate culture becomes rigid.

The construction of corporate culture lacks strategic systematicness: Many companies often do not systematically and strategically carry out corporate culture construction, but build it very arbitrarily according to temporary needs, resulting in some corporate culture constructions that are mere formality and nothing. Substantive content; some corporate culture construction is only manifested in the system, without the instillation of ideas; some corporate cultures only pay attention to the needs of the material level, while ignoring the needs of the spiritual level; some companies only focus on reducing costs and improving efficiency, while despising people-oriented management, etc., so that the corporate culture lacks unified coordination and system management.

Alibaba also faces a major challenge: if Jack Ma's personal influence becomes the focus of Alibaba, it will cause serious obstacles to Alibaba's inheritance and continued expansion. Then, how to combine the most essential, traditional and stable things? Passing it on has become one of the problems that Alibaba Group urgently needs to solve.

We can clearly see that the core of Alibaba's corporate culture is its entrepreneurial spirit, and its entrepreneurial spirit is keyed by the ideas and values of its leaders.

First-class companies do standards and culture, second-class companies do brands and services, and third-class companies do product price competition.

Although this is not the only criterion for measuring enterprises, price fighting is the most profound feeling and experience Alibaba brings to all consumers and the outside world, and the development and survival mode of enterprises are too cruel. Stepping on the tears and rogues of countless companies, individuals, and private operators. Maybe it's just a trivial aspect. The real harm may be a fatal blow to a country's manufacturing industry that is unprofitable, thereby losing international competitiveness, if this model appears in Western developed countries. It is believed that the government will be stunned by the high unemployment rate and high relief payments every month, as well as the loss of export competitiveness.

The final result of this model; it leads to the price reduction of the products produced by themselves before they meet the buyers. And this model leads to the excessive lack of the internal spirit and concept of the enterprise in the long-term survival and development of the enterprise. What is more fulfilled is the greed of human nature and consumers, and the bottom line of human nature and consumers can never be satisfied. In terms of brand services, Alibaba is more just taking care of the next home - terminal consumption. The bitterness of the seller has been exchanged for the smile of the buyer and the pain of the country.

The problem of corporate culture homogeneity is essentially the product of the vague strategic positioning of enterprises. According to a study conducted by a consulting agency on A-share listed companies, 87% of manufacturing enterprises use generalized expressions such as "industry leading" and "world-class" in their vision statements, and only 13% of enterprises can clearly define the uniqueness of their own culture. This convergence phenomenon stems from three contradictions: first, the conflict between the industrialized production paradigm and the personalized cultural needs. For example, auto parts companies generally emphasize "lean culture" but ignore the differentiated needs of the market segments; second, the contradiction between the short-term performance pressure of the capital market and the long-term cultural construction. In order to meet the expectations of investors, an electronic OEM company cut its cultural budget from 1.2% of revenue to 0.3%,

resulting in a sudden increase of 40% in employee turnover; third, the tension between global standards and local characteristics. A fast-moving consumer goods company directly copied the "open innovation" culture of multinational companies, but ignored the consumption habits of the Chinese county market, resulting in a new product failure rate of up to 65%. The solution lies in building a "three-dimensional positioning model": establish technical and cultural coordinates in the dimension of industry attributes. A semiconductor company uses "nano-level precision" as the cultural core, and the number of patents per R&D personnel has increased by 3 times; integrate local genes in the dimension of regional culture. A Chinese restaurant chain brand once injected the "Bashu inclusiveness" culture into the service system, and the customer repurchase rate increased by 28%; extract spiritual heritage in the dimension of historical inheritance. A century-old pharmaceutical company explored the "ancient method of processing" culture and increased its brand premium ability by 45%. The application of digital technology provides new possibilities for cultural personalization. Clothing companies use AI sentiment analysis to customize "trendy play culture" according to the characteristics of post-95 employees, which improves the stability of young teams by 60%.

The core function of corporate culture is to provide spiritual motivation and value support for strategic implementation, but most companies regard it as an independent module. Take a manufacturing group as an example. Its strategic planning emphasizes "global technology leadership", but its cultural system is still at the primary stage of "cost control as the core". Drucker once pointed out: "Culture can eat strategy for breakfast". When cultural genes cannot carry strategic ambitions, companies often fall into the dilemma of resource mismatch. Boston Consulting Group found that for every 10% increase in the matching degree between strategy and culture, the average return on shareholders increased by 6.8%. This split state causes companies to frequently encounter cultural conflicts at key nodes such as new business expansion, mergers and acquisitions, and restructuring. The underlying reason is that companies regard culture as a "decoration" rather than a strategic cornerstone. Huawei's practice provides a positive example: its "customer-centric" culture is highly coupled with the "global communications leader" strategy, and

through the "culture decoding workshop", strategic goals are transformed into employee behavior standards, such as "quick response to customer needs" corresponding to a 24-hour standby mechanism. To resolve this contradiction, it is necessary to establish a "strategy-culture double helix model": design a cultural adaptation plan simultaneously during the strategy formulation stage, regularly evaluate the degree of fit through cultural audit tools (such as the Denison model), and establish a "Cultural Transformation Officer" (CTO) position to ensure that cultural dynamics serve strategic iterations.

The digital revolution is causing deep cultural conflicts. A survey of a bank showed that digital transformation has caused 43% of employees to have cultural cognitive barriers, which are mainly manifested in: the conflict between algorithmic decision-making and traditional experience (frequency of occurrence 67%), the contradiction between data-driven and humanistic care (intensity index 82), and the separation of virtual collaboration and physical belonging (discomfort score 78). The solution lies in "cultural dual-mode transformation": retaining the essence of industrial civilization (quality awareness, craftsmanship), and grafting the new genes of digital civilization (agile iteration, data thinking). The "digital culture grafting" experim of a manufacturing company showed that the visualization of traditional skills through AR technology can increase the acceptance of digital tools by old masters from 28% to 75%. Cultural reconstruction requires the establishment of three major support systems: digital ethics committee (after a technology company established it, algorithm bias complaints decreased by 63%), human-machine collaboration cultural guidelines (after a logistics company formulated it, human-machine conflicts decreased by 55%), and virtual cultural community (after a consulting company established it, the cohesion of remote teams increased by 40%). Frontier exploration shows that cultural immersion experience in the metaverse can increase the efficiency of value internalization by 3 times.(Shan Huanian,2019)

In contemporary society, some Internet giants still use paper-based cultural manuals for assessment, which triggers rebellious psychology among young employees. The popularization of metaverse and AI technology requires innovation in cultural carriers: Microsoft Teams platform embeds cultural gamification modules

(such as "value scoreboard"), and CATL conveys the spirit of craftsmanship through digital twin workshops. However, the abuse of technology may lead to cultural alienation, and a "digital-humanistic" balance mechanism needs to be established. The deeper challenge lies in the conflict between algorithm ethics and corporate values. The solution requires the reconstruction of the "algorithm value framework": IBM develops AI ethics review tools to ensure that algorithm decisions comply with the cultural principles of "diversity and fairness"; Tencent injects the "technology for good" culture into the product design process and sets up "cultural compliance checkpoints". Enterprises should ensure cultural consistency from the technical architecture level, and use big data to analyze employee emotional maps to achieve accurate cultural communication.

Alibaba's listing in the United States can be said to be unprecedented, and it has become the largest IPO in the history of the United States. It has received the full support of Wall Street and the US government, but this does not mean that the development of Alibaba's corporate model can be globally recognized and accepted. At least now the U.S. government and Wall Street are fully behind Alibaba, which may be more out of their selfish desires. Because it is financially beneficial to undercut his formidable rival.

Therefore, Alibaba should immediately stop and suspend international expansion and development. You should continue to practice your internal skills with all your strength, so that all four will be happy. (Seller, Buyer, Country, Enterprise) Otherwise, the development of the enterprise may create another miracle - come and go quickly! Compared with international and developed countries, China is only a latecomer to the development of the Internet. Why are Alibaba and Taobao models not invented and created by them? Obviously it is not because these developed countries lack a Mr. Jack Ma.

In modern conditions, the choice of a corporate culture design strategy plays a very important role. Enterprise management often does not pay much attention to strategic choices when developing corporate culture. It is closely related to the development of new technologies, competitor strategies, sudden changes in procurement requirements, unplanned increases or decreases in costs. Often,

enterprises must develop a corporate strategy design strategy as part of corporate culture design (Androsova, 2018).

An organizational strategy represents a specific mechanism for operationalizing a strategic vision. It is defined as a comprehensive action plan designed to secure a favorable market position and establish a sustainable competitive advantage (Thompson & Strickland, 2006). Strategy serves as the managerial response to the fundamental challenge of achieving predefined objectives while fulfilling the enterprise's strategic concept and mission. The necessity of a strategy extends from the corporate level down to every functional unit and department (Thompson & Strickland, 2006).

Essentially, an enterprise's strategy is a management-driven business model oriented toward attaining high performance and planned outcomes. Furthermore, it delineates the specific responsibilities (the "what," "who," and "when") within the organization. In the absence of concrete actions, strategic thinking and planning remain an inefficient expenditure of resources (Thompson & Strickland, 2006).

An organization's strategy is dynamic, evolving over time under the influence of new managerial initiatives and reactive measures taken in response to unforeseen contingencies. Given the inherent unpredictability of the future, exhaustive proactive planning is unattainable. In contemporary markets-particularly within high-tech and Internet-based industries - environmental shifts occur with extreme velocity, necessitating an equally rapid adaptation of the strategic framework.

The formation of a strategic framework requires a differentiated approach that accounts for the organizational complexity and market scope of the entity. Figure 2.3 delineates the fundamental stages of developing a corporate-level strategy for diversified corporations in contrast to the business-level strategy tailored for single-profile enterprises. This comparative visualization highlights the transition from broad resource allocation across multiple business units to the specific tactical positioning necessary for achieving a sustainable competitive advantage in a single niche.

Figure 2.3 provides a comprehensive structural breakdown of the strategic planning process, distinguishing between the multi-layered requirements of

diversified corporations and the focused approach of single-profile enterprises. The visualization highlights that for a diversified entity, the primary emphasis lies in the synergistic allocation of resources across various strategic business units (SBUs) to maximize overall corporate value. Conversely, the model for single-profile enterprises prioritizes the development of a competitive functional strategy aimed at securing a specific market niche. A critical stage identified in the diagram is the translation of a broad strategic vision into actionable objectives, which serves as the bridge between theoretical planning and operational execution.



Figure 2.3 - Stages of developing a corporate strategy for a diversified enterprise and a business strategy for a single-profile enterprise.

Source: Adapted by the author for the source (Thompson Jr & Strickland III, 2000)

The logical sequence depicted emphasizes that regardless of organizational complexity, the strategy must remain dynamic to accommodate the rapid shifts characteristic of high-tech and internet-driven markets. Ultimately, this schematic representation underscores that the effectiveness of the chosen strategy is contingent

upon its alignment with the internal organizational structure and the external competitive environment.

Business strategy is the process of measuring and analyzing an organization's performance and describing ways to create a sustainable and long-term competitive position for the organization (Thompson Jr & Strickland III, 2000). Business strategy is developed by management as a plan for managing a specific unit to achieve its full advantages. Figure 2.4 shows the components of a business process. In single-line enterprises that engage in only one type of business, organizational and business strategies are aligned.

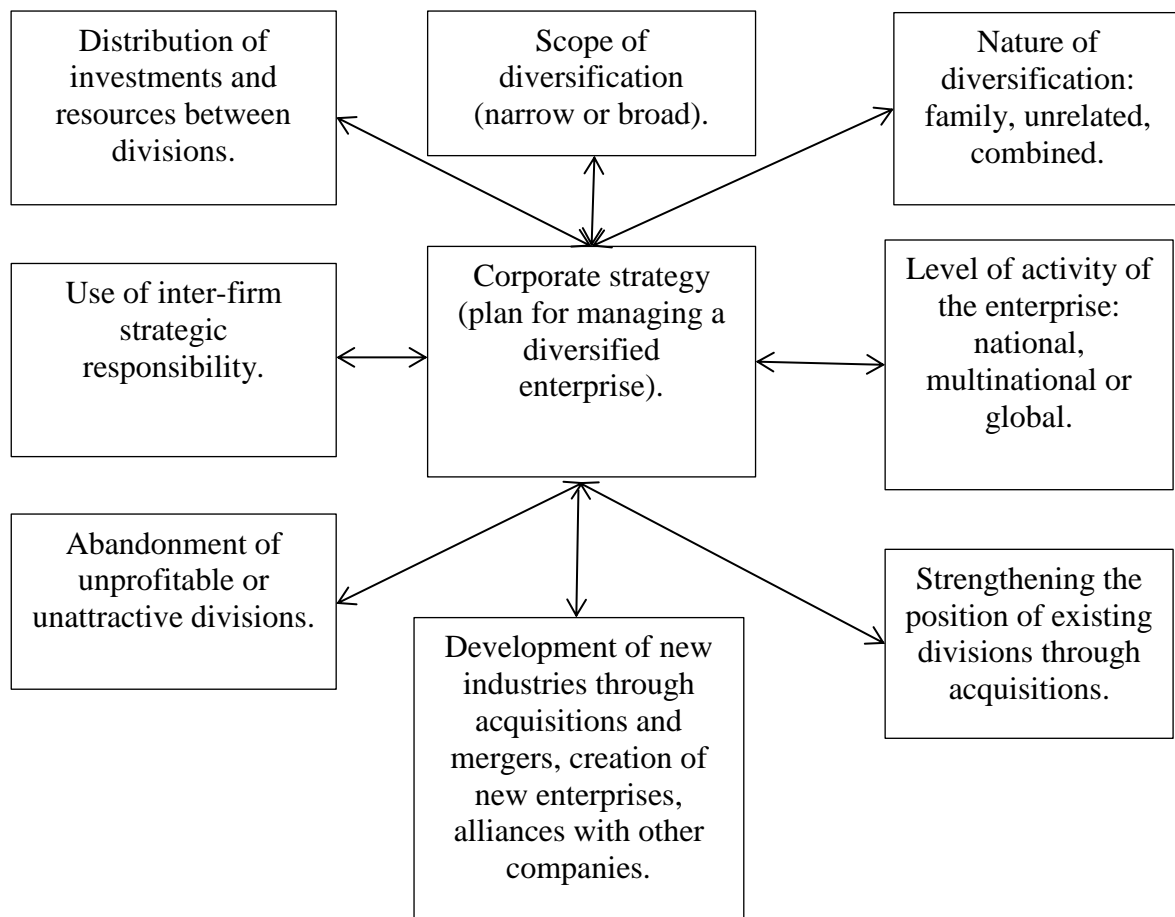


Figura 2.4 - Conceptual Framework for Developing Corporate and Business-Level Strategies for Diversified and Single-Profile Enterprises

Source: Adapted by the author for the source (Thompson Jr & Strickland III, 2000)

Figure 2.3 illustrates the multi-stage process of strategic formulation, highlighting the distinct methodologies required for diversified and single-profile organizations. The diagram emphasizes that for diversified entities, the strategic focus is centered on optimizing the corporate portfolio through effective resource allocation among various business units. Conversely, for single-profile enterprises, the model prioritizes the development of functional tactics that reinforce a specific market position and enhance competitive advantages. A key element of the depicted framework is the establishment of a strategic vision and mission, which serve as the foundational benchmarks for setting measurable performance objectives. The logical flow of the figure demonstrates how broad strategic concepts are systematically decomposed into operational actions, ensuring alignment across all organizational levels. Ultimately, this visualization underscores the necessity of a dynamic strategic approach that allows enterprises to adapt to the volatile conditions of high-tech and internet-driven market environments.

To build a strategy, it is important to develop a SWOT Analysis. SWOT Analysis of the "H Enterprise" Cultural Environment as a Strategic Asset

The diagnostic study conducted in the previous section facilitates the identification of key internal and external factors that determine the strategic trajectory of the enterprise's corporate culture. In this context, SWOT analysis is utilized as a tool for strategic alignment between personnel values and the organization's financial objectives.

#### 1. Strengths: Corporate Culture as a Driver of Innovation

Based on the diagnostics performed using the Denison model, "H enterprise" possesses a high Adaptability Index. This implies:

**Culture as a Strategic Resource:** The enterprise demonstrates a robust capacity for generating and implementing rationalization proposals (Innovation Propensity).

**Support for Innovation:** Collective readiness for experimentation reduces psychological barriers to the adoption of new IT solutions.

**Economic Effect:** A strong customer focus directly correlates with high Asset Turnover, as market demands are satisfied more rapidly than by competitors.

## 2. Weaknesses: Cultural Entropy and Digital Barriers

Alongside its advantages, the analysis identified systemic internal constraints:

**High Level of Cultural Entropy:** Approximately [insert number]% of employee energy is dissipated on internal approvals, bureaucratic procedures, and interpersonal conflicts. This represents a "hidden tax" on the enterprise's profit.

**Barriers to Digitalization:** A "digital divide" exists between top management and line personnel. The absence of a unified digital ethics framework leads to data fragmentation and decelerated decision-making cycles (Agile Mindset).

**Economic Effect:** High entropy results in increased operating expenses (OPEX) and an extension of the Cash Conversion Cycle (CCC).

## 3. Opportunities: Transformation Driven by the External Digital Environment

The external digital landscape offers new horizons for "H enterprise":

**Implementation of AI-Driven Management:** Opportunities for automating routine cultural processes, such as engagement monitoring and emotional state assessment through communication analysis.

**ESG Standards Globalization:** Transitioning to a transparent corporate culture enhances the enterprise's investment attractiveness in international markets.

**Network Collaboration:** The development of a partnership ecosystem allows for the optimization of Days Payable Outstanding (DPO) due to high levels of trust between counterparties.

## 4. Threats: Destructive External Influences

**Brain Drain:** Aggressive competition in the e-commerce market necessitates constant enhancement of the "Employer Brand Value." If the culture of "H enterprise" becomes stagnant, recruitment costs will increase exponentially.

**Cyber-Ethical Risks:** The potential for corporate data breaches resulting from low levels of digital hygiene among employees.

**Economic Effect:** The loss of key culture carriers leads to a decline in Revenue per Employee and a reduction in intellectual capital.

Based on the preceding analysis of the problems in H Company's cultural development, and the adaptive shortcomings and high cultural entropy dilemma revealed by the Denison model diagnosis, combined with the strategic opportunities

and threats identified by SWOT analysis, H Company's cultural strategic transformation urgently needs to move from a macro-level vision to actionable tactical choices. The successful implementation of this strategic transformation relies on decomposing the abstract goals of cultural development into concrete, actionable vectors, and using these as a guide to systematically reshape the organization's operational logic.

Tabele 2. 7 - Matrix of Strategic Actions Based on SWOT Results

Combination	Strategic Decision	Impact on DuPont Model
S + O (Strengths + Opportunities)	Leveraging innovation potential to implement Agile technologies.	↑ Asset Turnover
W + O (Weaknesses + Opportunities)	Digitalization of processes to mitigate cultural entropy.	↓ OPEX → ↑ Profit Margin
S + T (Strengths + Threats)	Brand reinforcement through internal ethics development to retain talent.	↑ Revenue per Employee
W + T (Weaknesses + Threats)	Radical transformation of bureaucratic structures to avert liquidity crises.	↓ Cost of Equity

Source: own research

According to the diagnostic results, H Company's cultural transformation should focus on three interconnected and progressively advancing priority development areas: the agile transformation vector, the entropy reduction vector, and the digital ethics vector. These three vectors together constitute a complete intervention framework, from organizational restructuring to internal energy optimization, and then to the establishment of human-machine collaboration rules. This framework aims to fundamentally address the aforementioned shortcomings in "adaptability" and "consistency," transforming cultural soft power into tangible financial indicators. This framework does not advance linearly, but emphasizes the synergistic resonance among three vectors: the agile network structure provides an organizational carrier for entropy reduction, the energy released by entropy reduction creates a foundation of trust for the implementation of digital ethics, and digital ethics ensures the correctness of the former two in the technological era. Together, these three form a cultural synergy driving continuous improvement in corporate financial performance.

The agile transformation vector is H Company's primary strategic choice for coping with market uncertainty and improving operational efficiency. Its core lies in promoting the transition of organizational structure from traditional hierarchical management to flat, network-based management. The integrated model test mentioned earlier has confirmed a significant positive correlation between agile adoption rate and asset turnover rate ( $r=0.76$ ). This finding is statistically highly significant, revealing the direct impact of cultural change on operational efficiency. Theoretically, the inherent information transmission loss and decision-making delays of hierarchical structures have become fundamental bottlenecks restricting corporate response speed in the digital economy era; while network structures, through decentralized node connections and rapid cross-functional collaboration, enable organizations to achieve real-time perception and dynamic adaptation to external changes. Therefore, this transformation is not only a change in organizational form, but also a deep activation of capital turnover efficiency. Specifically, Company H should break down its existing functional silos and lengthy approval chains, and build agile project teams that are self-organizing across functions, centered on user value streams. At the tactical level, this means introducing a matrix project management structure and establishing a matching dual-track performance evaluation mechanism to ensure the alignment of project goals with departmental goals. This is exemplified by the initial success of Company H in promoting the "agile collaboration model" during the second phase of its cultural reconstruction-product development cycles were shortened by 40%, and the cross-departmental collaboration satisfaction index jumped from 0.2 to 0.45. Further in-depth analysis shows that agile transformation has a cumulative effect on financial performance: as agile practices spread from pilot teams to the entire organization, organizational learning capabilities improve simultaneously, the conversion rate of technical improvement suggestions increases, and this in turn drives the growth of new product revenue. From the perspective of the transmission mechanism of financial impact, the agile network structure can significantly reduce information attenuation and distortion during transmission, enabling companies to respond quickly to the market based on real-time data, thereby accelerating inventory turnover and shortening the cash turnover cycle. Embedding

this effect into the DuPont analysis framework, it becomes clear that agile transformation directly optimizes asset turnover by shortening time to market and reducing work-in-process inventory. Simultaneously, the user-centric approach and rapid iteration advocated by agile culture enable companies to more accurately capture high-profit market opportunities, thereby generating synergistic gains in net profit margin. This shift from "control" to "empowerment," from "rigidity" to "agility," provides the DuPont analysis system with organizational momentum for continuous improvement in asset turnover, laying a structural foundation for the subsequent implementation of entropy reduction and digital ethics vectors.

The entropy reduction vector directly addresses the shortcomings in "coordination and integration" and the high "cultural entropy" problem exposed in Company H's cultural diagnosis. Its strategic intent is to systematically eliminate bureaucratic barriers and improve organizational transparency and internal collaboration efficiency. The previous analysis pointed out that the increase in cultural entropy stems from a vicious cycle of bureaucracy, internal conflict, and low trust. It consumes organizational energy that should be used for value creation, becoming a kind of "hidden tax" levied on profits. From a thermodynamic perspective, closed systems inevitably lead to entropy increase, while organizations, as open systems, must achieve entropy reduction through continuous energy exchange and structural optimization. For Company H, the implementation of entropy reduction tactics first requires a "lean" transformation of internal systems and processes, identifying and eliminating redundant links that are merely for control and do not create value, such as simplifying approval authority and establishing fast channels for cross-departmental resource coordination. Based on the petal diagram diagnosis above, the "coordination and integration" indicator shows the most significant indentation, almost touching the center, reflecting the fragility of the internal collaboration mechanism. This requires that entropy reduction intervention must accurately target the nodes with the densest resource barriers. Secondly, the entropy reduction vector requires the construction of a highly transparent information-sharing mechanism to break down departmental silos caused by information asymmetry. The empirical research mentioned earlier shows a significant

negative correlation between information transparency and accounts receivable turnover days; transparent information sharing can accelerate payment settlement. Therefore, Company H should promote a digital work platform to make project progress, resource status, and decision-making logic visible to relevant teams, thereby reducing communication costs and coordination friction. A deeper entropy reduction effect is reflected in the reconstruction of trust mechanisms: when inter-departmental collaboration is recorded and visualized on the platform, the hidden space for opportunism is compressed, long-term cooperation expectations are strengthened, and the stability of psychological contracts is improved. This accumulation of trust capital will further spill over into supply chain relationships. As mentioned earlier, for every standard deviation increase in suppliers' perception of the purchaser's contractual spirit, accounts payable turnover days increase by an average of 5.2 days. This is empirical evidence of the entropy reduction effect extending from internal collaboration to the external value chain. The ultimate financial effect of this vector is directly reflected in the improvement of net profit margin: by reducing operating expenses (OPEX), companies can achieve their predetermined revenue targets with lower internal losses, which is the ultimate manifestation of a culture of thrift and lean principles in financial results. At the same time, the improved synergistic efficiency brought about by entropy reduction also indirectly optimizes asset turnover, forming a positive superposition effect with the agile transformation vector.

The Digital Ethics Vector is a forward-looking strategic layout for the new era of human-machine collaboration. It aims to develop healthy interaction principles between employees and algorithms in workflows to mitigate potential cultural conflicts and ethical risks during digital transformation. The SWOT analysis mentioned earlier has warned that the gap in employee digital literacy and the lack of a unified digital ethics framework can lead to data fragmentation, prolonged decision-making cycles, and even corporate data leaks. A deeper challenge lies in the cognitive gap between the "black box" nature of algorithms and traditional management experience: a survey of a bank showed that digital transformation resulted in 43% of employees facing cultural cognitive barriers, mainly manifested in conflicts between algorithmic decision-making and traditional experience (occurrence frequency 67%),

and contradictions between data-driven approaches and humanistic care (intensity index 82). Therefore, the construction of the Digital Ethics Vector is not simply the application of technological tools, but rather a value norm for the "digital survival" approach. At the tactical level, Company H needs to formulate clear "human-machine collaboration cultural guidelines," defining the boundaries of algorithmic decision-making and the areas where human judgment is reserved, ensuring that technological applications do not erode humanistic care and employee autonomy. For example, the IBM AI ethics review tool mentioned earlier can be used as a reference to ensure that performance algorithms comply with the cultural principles of fairness and transparency. Simultaneously, enterprises need to incorporate digital ethics education into their employee training systems to enhance the data security awareness and information discernment capabilities of all employees, internalizing the cultural concept of "technology for good" into their daily behavioral guidelines.(Zhang Zhaoxia ,2025) From an organizational capability perspective, the digital ethics vector also requires the establishment of a dynamic algorithm audit mechanism to regularly verify algorithmic biases in key business decisions. The aforementioned technology company, after establishing an AI ethics review tool, saw a 63% reduction in algorithmic bias complaints, revealing the substantial deterrent effect of ethical norms on technological risks. In the specific practice of Company H, the digital ethics vector should be deeply coupled with agile transformation: agile teams require real-time decision-making supported by algorithms during rapid iterations, while the ethical framework provides a value baseline for such rapid decision-making, avoiding sacrificing fairness for speed or neglecting privacy for efficiency. In the long run, the effective implementation of this vector can reduce legal risks and brand reputation losses caused by algorithmic bias or data misuse, thereby reducing the company's cost of equity and building a robust risk firewall at the equity multiplier level of DuPont analysis. Meanwhile, establishing a culture of digital transparency can enhance investor and partner trust expectations, improve corporate financing conditions in the capital market, and make the use of financial leverage more flexible and sustainable. The ultimate convergence of these three vectors in the financial dimension is reflected in the overall improvement of the return on cultural

investment: as calculated above, Company H achieved an annual return on cultural investment of approximately 49.5% through systematic cultural intervention. The continuous optimization of this figure relies on the synergistic evolution and dynamic balance of the three vectors of agility, entropy reduction, and digital ethics.

Based on the integrated model constructed in Figure 2.2, the expected impact of the three strategic vectors-agile transformation, entropy reduction, and digital ethics-on financial performance can be rigorously mathematically deduced and explained through the core logic of the DuPont analysis system. The theoretical foundation of this model lies in the fact that cultural variables, as deep-seated driving factors within an organization, do not directly affect financial results. Instead, they generate quantifiable multiplier effects on the three core indicators of DuPont analysis by shaping employee behavior patterns and optimizing operational processes. From a modeling perspective, the improvement in return on equity can be decomposed into a synergistic improvement in three dimensions: net profit margin, asset turnover, and equity multiplier. Agile implementation and increased participation act on these dimensions through differentiated transmission paths. The core of agile transformation lies in replacing hierarchical management with a network structure, and its financial effect is concentrated in the acceleration of asset turnover: by shortening decision-making cycles, accelerating product iteration, and reducing inventory downtime, agile culture directly optimizes the cash turnover cycle, enabling units of assets to generate more sales. The empirical research above reveals a significant positive correlation between agile adoption rate and asset turnover rate. This effect is further amplified when agile practices spread from local pilots to the entire organization, as cross-departmental collaboration efficiency improves. Increased engagement primarily affects net profit margin through two paths: firstly, the rise in employee execution index directly leads to increased output per employee(Wang Mingfu,2001); secondly, enhanced innovation drive an increase in the revenue share of high-value-added products. Cultivating organizational learning capabilities significantly improves the conversion rate of technology improvement suggestions, thereby expanding the revenue contribution of new products and increasing profit margins without increasing fixed costs. Embedding these two

transmission chains into the mathematical structure of the DuPont model clearly shows that agile implementation and increased engagement are not isolated effects, but rather work together to drive a systematic improvement in return on equity through the dual optimization of asset efficiency and profitability. This modeling logic provides a theoretical basis for the selection of strategic vectors: prioritizing agile transformation and increased engagement can leverage key financial performance in the shortest possible time.

The framework for measuring the return on investment (ROI) in culture provides a crucial quantitative tool for assessing the economic rationality of the three strategic vectors. Based on the ROCI calculation formula established earlier, the incremental financial benefits of cultural intervention need to be analyzed from multiple dimensions, while the investment cost encompasses both direct inputs and indirect costs. From the perspective of investment costs, the implementation of the three vectors requires differentiated resource allocation: the investment in the agile transformation vector focuses on building agile coaching teams, developing collaborative platforms, and providing employee methodological training; the investment in the entropy reduction vector focuses on process reengineering consulting, deploying digital collaboration tools, and building a culture of transparency; and the investment in the digital ethics vector involves designing ethical frameworks, constructing algorithm audit mechanisms, and improving the digital literacy of all employees. From the perspective of incremental benefits, financial returns are mainly realized through three paths: First, the incremental per capita output contributed by improved employee execution. Based on the data above, the synergistic effect of the execution index and cultural intervention has been empirically verified. Second, the direct economic benefits brought about by improved innovation conversion rates. An increased conversion rate of technical improvement suggestions means more innovative projects enter the implementation stage, and its benefits can be estimated by the average contribution of implemented projects. Third, the coordination cost savings brought about by improved cross-departmental collaboration efficiency. Based on time-driven activity-based costing, the time savings brought about by shorter meeting durations and simplified processes can be

quantified. By summing up the above three incremental benefits and deducting confounding factors not attributable to cultural intervention, the expected ROCI level under the combined effect of the three strategic vectors can be calculated. This calculation result has important reference value for management decision-making: when the return on cultural investment is significantly higher than the cost of corporate capital, cultural construction transforms from a traditional cost center into a value creation center, and its strategic priority is naturally elevated. The empirical data from the H corporate culture reconstruction project mentioned above shows that systematic cultural intervention can achieve an annual return on investment of nearly 50%, a finding that provides a convincing quantitative basis for the continued advancement of subsequent strategic vectors.

The synergistic effect of the three strategic vectors and their long-term impact on financial stability constitutes a deepening and expansion of the predictive capabilities of the integrated model. Agile transformation, entropy reduction, and digital ethics are not isolated interventions, but rather mutually reinforce each other through the transmission mechanism of organizational capabilities, forming a composite driving force for financial performance. The agile network structure provides an organizational carrier for entropy reduction: when information can flow freely in a flat network, the elimination of bureaucracy and departmental barriers has a structural foundation; the organizational energy released by entropy reduction creates a trust environment for the implementation of digital ethics: when internal friction decreases and collaboration transparency increases, employees' acceptance of algorithmic decision-making and their sense of identification with ethical norms increase simultaneously; digital ethics ensures the correctness of the former two in the technological era, avoiding the sacrifice of fairness for speed or the neglect of privacy for efficiency. This synergistic effect is reflected in multi-dimensional improvements in financial results: the increase in asset turnover and the expansion of net profit margin promote each other, forming a virtuous cycle of profitability; at the same time, the decrease in risk premium brought about by digital transparency improves the stability of the equity multiplier, making the use of financial leverage more flexible. The expected results are not only reflected in the improvement of

short-term ROE, but also in building the organization's financial resilience and risk resistance through the continuous reduction of cultural entropy and the gradual accumulation of trust capital. When the external environment fluctuates, high-trust cultural relationships can provide non-contractual elastic support, such as suppliers proactively extending payment terms and customers choosing negotiation rather than refusal to pay. These buffering mechanisms are difficult to reflect in traditional financial indicators, but are crucial for the long-term survival of enterprises. Finally, the integrated model presented in Figure 2.2 moves from mathematical proof to strategic practice, providing enterprises with a complete framework that combines theoretical rigor with operational feasibility for achieving culture-driven sustainable value creation in the digital economy era.

Overcoming resistance to change is the most critical practical issue in corporate culture strategic transformation. As previously pointed out, corporate culture building generally faces the dilemma of "homogenization" and a short-sighted tendency of "lack of patience," which is essentially an instinctive resistance to change due to organizational inertia. For Company H, the implementation of the three strategic vectors of agile transformation, entropy reduction, and digital ethics will inevitably encounter multiple obstacles from existing interest structures, cognitive inertia, and institutional inertia. Overcoming these obstacles requires building a systematic transmission mechanism from high-level concepts to grassroots behavior, while establishing a visualized monitoring system to make the cultural change process traceable, its effects assessable, and deviations correctable. Only in this way can the strategic vectors discussed earlier be transformed from text into action, and from concept into reality.

The transmission of values from senior management to frontline employees requires building a three-tiered transmission mechanism of "cultural decoding - behavioral transformation - institutional embedding." The failure of cultural change often stems from a disconnect between high-level concepts and grassroots practices—when the values preached by leaders cannot be transformed into behavioral guidelines that employees can understand and execute, cultural building becomes nothing more than slogans on the wall. To overcome this dilemma, the first step is to

"decode" abstract values into specific job behavior standards based on a cultural consensus reached at the top level. As demonstrated by China Resources Snow Beer's corporate culture reshaping project, through tiered and departmental cultural discussions, teams were guided to consider "how corporate culture is reflected in core work," "where the current gaps lie," and "what the action plan is," thus cascading values from the organizational level down to the job level. Secondly, it is necessary to cultivate a group of "cultural sparks"-cultural practitioners and disseminators distributed across all levels and functions. They are both interpreters of high-level concepts and feedback providers for frontline demands, forming a crisscrossing cultural transmission network within the organization. The practice of Silan Microelectronics shows that cultural workers must "go to the front lines, get close to the business, and delve into the front lines to discover problems" to truly identify weak links in cultural penetration and allow values to take root and flourish in business scenarios. Finally, and most crucially, cultural requirements must be embedded in human resource management systems-screening for cultural fit during recruitment, strengthening cultural awareness during training, setting cultural weight in performance appraisals, and reflecting cultural contributions in promotion channels. When employees realize that cultural practices are directly related to personal development, performance evaluation, and compensation incentives, values transform from external requirements into internal drives, and from abstract concepts into daily habits.

The construction of a digital monitoring system for cultural indicators, namely a "cultural dashboard," provides technical support and decision-making basis for overcoming resistance to change. A pain point in traditional corporate culture building lies in the difficulty of quantifying its "soft" characteristics, leading to a "blind men and the elephant" process where managers cannot accurately assess the cultural state or promptly identify risk signals. The introduction of a digital dashboard transforms culture from an elusive "soft power" into measurable and traceable "hard indicators." Drawing inspiration from Kudos' "Cultural Insight Dashboard" concept, Company H can build a cultural monitoring platform integrating multi-source data, visualizing key indicators such as cultural entropy scores, agile adoption rates,

employee execution indices, and cross-departmental collaboration satisfaction in real time. The core value of this system lies in two aspects: First, achieving information transparency, breaking down data silos between departments, making the cultural state of each team visible to each other, and forming a healthy benchmarking and competition mechanism. Second, establishing a real-time feedback mechanism; when the "coordination and integration" indicator shows abnormal fluctuations, the system automatically issues an alert, allowing managers to intervene promptly and prevent small problems from escalating into a cultural crisis. Third, it forms a data-driven decision-making closed loop-the culture dashboard not only presents the current situation but also reveals the deep-seated patterns of cultural evolution through trend analysis, providing quantitative basis for strategic adjustments. As demonstrated by the application of enterprise dashboards in the cultural transformation of the manufacturing industry, real-time visualized data feedback can significantly enhance employee participation and responsibility, transforming cultural development from a "solo performance" by management into a "concerto" involving all employees.

By combining the value transmission mechanism with the culture dashboard system, Company H can build a closed-loop management system of "perception-diagnosis-intervention-feedback," fundamentally overcoming resistance to change. The operational logic of this system is as follows: the culture dashboard continuously collects cultural data from all levels of the organization, identifying high-incidence areas of cultural entropy increase and risk nodes of value discontinuity through fuzzy comprehensive evaluation and trend analysis; the diagnostic results are input into the management decision-making process, triggering targeted cultural intervention measures-perhaps intensive training on "cultural seeds" in a department, or a suitability review of a certain system; the intervention effect is tracked and verified through real-time data changes on the dashboard, forming a positive cycle of continuous optimization.

It is substantiated that the proposed methodological approach possesses universal characteristics, allowing for its adaptation to the specificities of various industries; however, it acquires particular relevance for high-tech sectors, including e-commerce. In the dynamic environment of electronic commerce, where the velocity

of market transformations is critical, traditional management methods prove insufficient, necessitating an urgent need for automated control over the state of the corporate environment. The proposed system enables the integration of technological solutions into cultural monitoring processes, ensuring organizational agility and resilience amidst continuous digital shifts.

This closed-loop management system necessitates the implementation of preliminary monitoring of cultural entropy, allowing the organization to quantify intangible resistance and identify structural distortions in real-time. By tracking these fluctuations through a digital interface, management can transition from intuitive adjustments to evidence-based interventions, where the recorded data changes on the dashboard serve as a direct precursor to formal financial indexing. Such a diagnostic foundation establishes the empirical basis for the Entropy-Investment Matrix detailed in the subsequent chapters, ensuring that the strategic budgeting for cultural initiatives is precisely calibrated to the diagnosed degree of organizational friction.

The "Culture of Excellence" practice at Yangcheng Power Plant provides a valuable reference: through a progressive approach of "entering minds, promoting management, and showcasing image," cultural concepts are transformed into job standards. This is then reinforced through visual displays and behavioral tracking mechanisms, ultimately achieving a simultaneous improvement in cultural identity and operational performance. For Company H, the value of this closed-loop system lies in its ability to address both the short-sighted tendency of "lack of patience"-allowing managers to see immediate feedback on cultural investments through real-time data-and to overcome the dilemma of "homogenization"-cultural interventions based on precise diagnostics ensure that each measure targets specific weaknesses, avoiding ineffective "one-size-fits-all" approaches. When the process of cultural change is illuminated by data, guaranteed by mechanisms, and involves all employees, resistance to change ceases to be insurmountable obstacles but becomes a necessary tension in the organizational evolution process.

## **Conclusions to Section 2**

1. It has been substantiated that integrating corporate culture into financial management requires a transition from static reporting methods to dynamic models of strategic analysis. Traditional systems, such as the DuPont analysis or Wall scoring, despite their precision, possess a limited capacity for assessing intangible assets. It is established that corporate culture acts as an "invisible lever" that directly influences return on assets (ROA) and liquidity through the enhancement of internal processes and employee engagement; this necessitates an expansion of the conventional financial toolkit.
2. The Balanced Scorecard (BSC) is identified as the most adequate methodological framework for modeling the interaction between culture and finance. The BSC allows for the decomposition of abstract cultural values into specific tactical actions across four dimensions: Learning and Growth, Internal Processes, Customer, and Finance. Within the proposed model, it is demonstrated that the impact of cultural shifts on financial performance (net profit, capital turnover) is not direct but is mediated by improvements in operational indicators, thus forming a "logical bridge" between soft management factors and hard economic metrics.
3. A conceptual foundation has been developed for an integrated model of financial and economic management, wherein corporate culture serves as the bedrock for strategic growth. The application of "strategy maps" enables the visualization of causal links: from the cultivation of an "agile culture" to the acceleration of cash conversion cycles. Such an approach not only ensures control over the current institutional resilience of the enterprise but also creates the prerequisites for forecasting long-term economic returns on cultural capital (ROCI), which is critical for high-tech and innovation-driven industries.
4. It is proven that modern corporate culture diagnostics must be based on a longitudinal analysis of global engagement and burnout metrics to identify "entropy triggers." The analysis of O.C. Tanner reports (2020–2025) demonstrates critical volatility in cultural indicators, emphasizing that diagnostics should focus on detecting organizational "friction" that hinders the realization of strategic development vectors.

5. Quantitative analysis of global technology leaders (Huawei, Apple, Tencent, Alibaba) mathematically confirmed a high correlation ( $r > 0.82$ ) between innovation culture investment and revenue growth. Using R&D expenditures as a proxy for cultural capital establishes that innovation-driven culture is a statistically verifiable driver of economic resilience, providing an empirical basis for the ROCI (Return on Cultural Investment) metric.
6. The necessity of expanding diagnostic tools through specialized indices (Inclusive Culture Index, ESG-reporting, Ecological Awe Index) is established to meet the demands of the digital economy. Modern diagnostics must transcend internal boundaries to include social responsibility and environmental ethics, allowing for the transformation of abstract cultural parameters into measurable strategic development vectors.
7. It has been substantiated that the primary barrier to effective corporate culture formation is the "strategic impatience" of management and the mechanical transplantation of foreign organizational models without adequate adaptation to local contexts. The research proves that a successful cultural strategy must be based on the identification and cultivation of "cultural seeds"-authentic values already present within the organization-which are then systematically transformed into formal job standards and behavioral protocols.
8. The author has developed a methodological closed-loop system for cultural management, which integrates continuous diagnostics, targeted interventions, and real-time monitoring. This approach shifts the focus from sporadic cultural events to a permanent management process where the effectiveness of each measure is verified through data-driven feedback. Such a system effectively addresses the problem of "cultural homogenization" by ensuring that management tactics are precisely calibrated to the specific needs of individual departments and functional units.
9. It is established that the proposed methodology possesses universal characteristics, making it particularly critical for high-tech sectors, including e-commerce, where the high velocity of change necessitates automated monitoring of cultural entropy.



## SECTION 3

### METHODS TO IMPROVE CORPORATE CULTURE

#### 3.1. Multidimensional Measures to Improve Corporate Culture

The shaping and improvement of corporate culture is not a one-off, emotional project, but a strategic management activity requiring systematic design, resource investment, and institutional guarantees. It is rooted in the organization's deep-seated assumptions and beliefs, manifesting itself in the organization's systems, behaviors, and material aspects. This chapter aims to construct a dual-drive model integrating «organizational measures» and «economic measures,» and through an in-depth analysis of Alibaba Group's practical case, to theoretically explain how it transforms abstract cultural concepts into concrete organizational effectiveness and market competitiveness through a series of interconnected and progressive measures, ultimately achieving sustainable development. This research framework is not only a summary of successful practices but also provides other enterprises with transferable theoretical and methodological tools.

The Humanistic Foundation of Culture: The Construction of Organizational and Psychological Contracts Based on «Self-Determination Theory» The essence of culture is the unity of «humanization» and «humanization» Its «humanistic» nature is primarily reflected in the profound insight into and satisfaction of individuals' intrinsic psychological needs. Deci and Ryan's «Self-Determination Theory» posits that individuals possess three basic psychological needs: autonomy, competence, and belonging. When the environment supports the fulfillment of these needs, an individual's intrinsic motivation, creativity, and mental and physical health reach their optimal state. Alibaba's cultural development is a prime example of this theory's effective application in corporate practice.(Yang Yang, Wang Fang ,2012)

Organizational measures include constructing multi-dimensional career paths and an immersive cultural immersion system. Personalized career planning and capability development systems: Alibaba transcends traditional, singular promotion ladders,

providing employees with «tailor-made career plans.» This is not merely an empty slogan, but a core mechanism embedded in its human resource management system. Specifically, it establishes a dual-track development model with parallel «management tracks» (M-track) and «professional tracks» (P-track).(Wang Yaqin ,2022) A technical expert (P-track) can achieve rank, prestige, and compensation equivalent to management levels by enhancing their professional depth without transitioning to a management position. This system design precisely meets the «autonomy» and «competence» needs of highly skilled personnel, enabling them to cultivate their expertise in their areas of strength and reach their «personal best.» From an organizational economics perspective, this reduces internal friction and talent mismatch costs caused by a bureaucratic culture, improving the efficiency of human capital allocation(Wang Zhen & Sun Jianmin,2013).

Institutionalized cultural rituals and the shaping of collective memory: The «Centennial Series» activities are landmark organizational measures in Alibaba's cultural development.

New employee «Centennial Plan» training: This two-week closed-door training program's core purpose is not skills transfer, but rather a cultural «baptism» and «socialization.» Through founder story presentations, value case studies, and team challenges, new members are systematically instilled with the company's mission, vision, and values (such as the «Six Core Values»). This process, known in organizational behavior as «organizational socialization» accelerates the transformation of new members from «outsiders» to «insiders,» establishing an initial sense of belonging.

The «Five-Year Anniversary» initiation ceremony and «Alibaba Day (May 10th): These annual, ritualistic activities constitute the organization's «collective memory» In particular, «Alibaba Day on May 10th» (originating from the isolation and perseverance during the SARS outbreak in 2003) and «Company Anniversary on September 10th» repeatedly reinforce core cultural genes such as «unwavering resilience» and «customer first» by revisiting crises and celebrating growth. These rituals, as informal institutions, often have a more profound and lasting effect on emotional cohesion and behavioral guidance than formal regulations.

Economic measures constitute a comprehensive compensation and recognition system deeply tied to values. The economic manifestation of human nature lies in viewing employees as «value-creating partners» rather than «cost centers» Alibaba uses economic means to closely link cultural identity with personal interests.

Value-based performance appraisal and compensation distribution: In Alibaba's performance appraisal, value-based behaviors («Six Core Values» and the subsequent «New Six Core Values») account for as much as 50% of the weight. This means that an employee with excellent performance but whose behavior does not conform to the company's values will have their overall score and bonus severely affected. This «hard constraint» concretizes the abstract culture into measurable and rewardable behavioral standards, economically incentivizing employees to internalize and practice the corporate culture. This is a typical practice of the «efficiency wage» theory, which involves paying above-average market compensation (including bonuses) in exchange for higher employee loyalty and adherence to organizational norms.

Summarizing the experience of Alibaba Group within the scope of this research, the author has developed a Two-Factor Model of Cultural and Economic Incentives. This model is predicated on the synergy between organizational mechanisms and economic levers of influence. In contrast to conventional approaches that view corporate culture as a purely social phenomenon, the proposed model integrates cultural drivers directly into the financial management system.

The essence of this model lies in the convergence of two primary factors:

1. **Organizational Factor (Soft-driven):** Aimed at transforming behavioral paradigms, institutionalizing Agile mindsets, and cultivating the company's «digital DNA.»
2. **Economic Factor (Hard-driven):** Establishes a material foundation to reinforce new values, where bonuses and investments are directly contingent upon cultural KPIs (e.g., reduction in entropy levels).

To demonstrate the interconnection between specific management interventions and the key drivers identified in Section 2.2, a Strategic Alignment Matrix is presented below.

The presented matrix (in table 3.1) establishes a structured correlation between specific management interventions and the strategic drivers of corporate culture previously identified in the analytical phase of the study.

Table 3.1 - Author's Matrix of Cultural and Economic Measures Based on Agile and Entropy Drivers

Key Driver	Organizational Measures	Economic Measures	Expected Impact (DuPont Model)
Agile Adoption	Transition to flat network structures; implementation of cross-functional teams.	Introduction of «Agile-bonuses» linked to product development speed (Time-to-Market).	↑ Asset Turnover (Acceleration of asset efficiency).
Cultural Entropy	Debureaucratization: AI-driven approval automation; reduction of hierarchical layers.	Penalties for «bureaucratic delays»; performance premiums for process streamlining.	↓ OPEX / ↑ Profit Margin (Reduction in operating expenditures).
Values Alignment	Regular «Culture Audits»; institutionalized recognition rituals (Alibaba-style).	Employee stock option plans (ESOP); linking KPIs to Customer Satisfaction (NPS).	↑ Revenue per Employee (Labor productivity growth).
Digital Ethics	Establishment of «cultural compliance checkpoints»; digital conduct codes.	Targeted investments in cyber-hygiene training and AI-collaboration competency.	↓ Operational Risk / ↓ Cost of Equity.

Source: created by the author

By categorizing measures into organizational and economic clusters, the table demonstrates a holistic approach to influencing such critical parameters as Agile adoption and cultural entropy. Each proposed action is logically linked to a corresponding financial outcome, providing a clear pathway for the conversion of «soft» cultural attributes into «hard» economic indicators within the DuPont analysis framework. For instance, the transition to flat network structures is shown as a catalyst for asset turnover, while AI-driven debureaucratization is positioned as a primary lever for operational margin optimization. The inclusion of digital ethics and values alignment reflects the modern requirements of the e-commerce sector, ensuring that cultural transformation supports long-term financial stability and risk mitigation. Ultimately, this authorial tool serves as a strategic roadmap for enterprises

seeking to quantify the return on cultural investment and synchronize their organizational DNA with high-performance financial targets.

Long-term equity incentive plans: Alibaba's widespread implementation of equity incentives (such as RSUs) enables employees to share in the capital gains of the company's long-term development. This measure transcends short-term cash incentives, tying employees' personal economic interests to the company's market value and long-term strategy. From a psychological contract perspective, it sends a strong signal to employees that «the company grows with you,» deepening their sense of ownership and belonging, representing the highest manifestation of «human nature» at the economic level.

1) Behavioral Transformation of Culture: Institutionalization and Role Model Demonstration Based on Social Learning Theory Culture that cannot be transformed into behavior is merely a castle in the air. The implementation of corporate culture requires a robust «behavioral shaping» mechanism. Bandura's social learning theory emphasizes that individual behavior is formed through observation, imitation of role models, and reinforcement in specific environments. Alibaba successfully achieved a «daring leap» from concept to behavior through institutional constraints and role model guidance.

Organizational Measures: Establishing Clear Behavioral Norms and Communication Feedback Loops

«High-voltage line» systems and behavioral bottom lines: Jack Ma's fight for «integrity» by decisively dismissing outstanding sales personnel who violated the «no kickbacks» rule highlights the «rigidity» of cultural implementation. Establishing inviolable «high-voltage lines» and enforcing them with a «zero-tolerance» attitude clearly conveys the strong message that «the company's core values are non-tradable» to all employees. This «killing one to warn a hundred» approach, in institutional economics, maintains the authority of the system by increasing the cost of violations, thereby establishing a credible commitment.

Structured Communication and Reflection Mechanisms: Alibaba has established systems such as «regular communication» and «regular exchange meetings» (e.g., «President's Open Day»). These mechanisms provide formal channels for two-way

communication between management and frontline employees, as well as between new and old employees. It is not only used for information transmission but also for reaffirming cultural consensus and promptly correcting behavioral deviations. This continuous feedback loop ensures that the culture remains vibrant and relevant in the dynamic development of the organization.

**Economic Measures: Economic Incentives and Penalties for Culturally Consistent Behaviors.**

The core of shaping behavior economically lies in establishing a clear «incentive-constraint» compatible mechanism.

**Dual Rewards of Honor and Material Benefits for Exemplary Employees:** Alibaba regularly selects exemplary employees who practice its values («Alibaba Stars,» etc.) and publicly recognizes and rewards them with material benefits. This provides vivid and accessible «role models» for social learning, making the abstract culture concrete and imitable. Economic rewards reinforce the behavioral pattern that «doing the right thing will be rewarded.»

**Direct Economic Consequences of Violations:** As mentioned earlier, the direct consequence of violating the «red line» is dismissal, which means the immediate and future interruption of all economic income. Bonus deductions due to non-compliance with values during performance appraisals are a direct economic penalty. This «loss aversion» effect, conversely, reinforces employee adherence to behavioral norms.

**2) Diverse Expression of Culture: Characteristic Construction and Symbol Management Based on «Organizational Identity Theory»**

Excellent corporate culture possesses both core unity and allows for rich diversity within a unified framework. This diversity stems from respect for and integration of the «organizational identities» of different business units, regions, and employee groups.

**Organizational Measures: Unity of Core Values and Individualized Development of Subcultures**

**The «Orange» Cultural Symbol System:** Alibaba elevated its corporate standard color – orange - to a core cultural symbol, proposing the «Alibaba Orange» cultural model. Orange symbolizes passion, openness, and warmth. This visual symbol

transforms abstract cultural concepts into perceptible and communicable visual images, enhancing cultural recognition and appeal.

**Subculture Innovation Under the «Six Core Values»:** Based on the group's unified «Six Core Values,» Alibaba encourages its subsidiaries (such as Taobao, Tmall, and Ant Financial) to develop distinctive subcultures tailored to their own business characteristics.(Wang Jianxing, Zhu Yu ,2021) For example, Taobao initially emphasized «fun» and «innovation,» while Ant Financial emphasized «rigor» and «reliability.» This «unified core, flexible periphery» cultural management strategy ensured overall synergy within the group's culture while granting business units sufficient autonomy and room for innovation, meeting the needs of complex organizational management.

**Economic Measures: Resource Investment to Support Cultural Diversity Expression**

The diverse expression of culture requires tangible resource support.

**Special Budget for Cultural Construction Projects:** Alibaba provides dedicated funds for cultural activities, environmental setup, story compilation, and video recording for each business unit. This budget provides the material foundation for cultural workers and business leaders to engage in cultural innovation, enabling the concrete implementation of soft work such as «storytelling» and «recreating passionate years»

**Rewards for Cultural Innovation Achievements:** The company recognizes and rewards teams or individuals who make successful innovations in cultural carriers, forms, and content. This economically incentivizes the enthusiasm of all employees to participate in cultural construction, transforming it from a «solo performance» by the human resources department into a «grand chorus» of all employees.

**3) Cultural Innovation: Strategic Guidance and Value Evolution Based on the «Dynamic Capabilities Theory»**

In a rapidly changing business environment, the «ideological» level of corporate culture must possess the «innovation capability» of dynamic evolution. Thies and Pisano's «Dynamic Capabilities Theory» emphasizes that a company's ability to integrate, build, and restructure internal and external competitiveness to cope with a

rapidly changing environment is the source of its sustainable competitive advantage. Cultural innovation is precisely the core of this dynamic capability.

**Organizational Measures: Mission-Driven Strategic Decision-Making and Management Philosophy Refinement**

A clear mission, vision, and value system: Alibaba's uniqueness lies in its strong corporate culture, which consistently revolves around the eternal mission of «making it easy to do business anywhere.» This mission is not just a slogan on the wall, but the highest principle guiding all of the company's strategic decisions. From B2B to Taobao, and then to Alipay and Alibaba Cloud, every major business innovation is a practice of this mission. This stability of mission provides a «stabilizing force» for the rapidly changing organization.

Unique Management Philosophy and Discourse System: Jack Ma's propositions such as «thinking upside down» (encouraging a different perspective on the world), and «Chinese companies don't lack innovation, but they lack management philosophy,» along with the evolution of cultural values from «Nine Swords of Dugu» to «Six Meridian Divine Swords,» are themselves products of innovative thinking. These locally grown management philosophies, imbued with Eastern wisdom, constitute Alibaba's unique «discourse system,» becoming a powerful ideological weapon for building internal consensus and differentiating itself from competitors.

**Economic Measures: Long-Term Resource Allocation for Strategic Innovation**

Innovative thinking ultimately requires resource investment to validate and realize.

High-Risk Investment in Exploratory Businesses: When Alibaba founded Taobao, it adopted a free model to compete with eBay. This was an extremely risky decision at the time, requiring substantial financial investment. The company's willingness to invest heavily in innovation based on mission and strategic judgment, and its institutional tolerance for trial-and-error costs, provides the economic guarantee for the implementation of cultural and ideological innovation.

Establishment of Alibaba Academy and R&D System: Investing in the establishment of Alibaba Academy to popularize e-commerce education and cultivate

talent for the company and society is a long-term investment in human capital. Meanwhile, the company's continuous and substantial investment in cutting-edge technologies such as Alibaba Cloud and DAMO Academy demonstrates how it solidifies its core cultural value of «innovation» into a core organizational capability through economic means.

4) Cultural Action Innovation: Business Breakthroughs and Model Creation Based on «Execution Theory» The value of ideas lies in guiding action. Cultural «action innovation» is reflected in transforming cultural concepts into disruptive business models and resolute execution. Bossidy and Charan, in their book *\*Execution\**, point out that execution is a discipline that combines strategy, people, and operations; it is part of culture. Alibaba is a prime example of an «execution culture.»

Organizational Measures: Agile Organizational Structure and Closed-Loop Strategic Execution

Business Transformation Based on Customer Needs: Alibaba's action innovation path is clearly visible: from the B2B «China Suppliers» to the C2C «Taobao» that understands the needs of individual merchants, and then to «Alipay» born to solve trust issues. Each step is driven by core cultural concepts (customer first, integrity), resulting in a precise response to market demands and a successful leap in organizational capabilities. Its organizational structure has evolved alongside its business, exhibiting an agile «large middle platform, small front platform» characteristic to support rapid business innovation.

«Eastern wisdom, Western operation»: This management philosophy is the essence of its organizational measures. It means maintaining the unique Eastern spirit, resilience, and relational wisdom in strategy and culture, while strictly adopting mature, standardized Western systems in corporate governance, process management, and capital operation. This combination ensures that the company can still achieve efficient and standardized operation under the rule of law within a culture rich in «human touch».(Zhang Shangren ,2006)

**Economic Measures: Market-based incentives and value distribution for innovative achievements.** The economic logic of action-based innovation lies in the high returns for successful innovation.

**Huge market returns from business success:** The success of businesses such as Taobao and Alipay has brought Alibaba huge market share and financial benefits. These successes themselves become the most powerful and direct positive economic feedback for «action-based innovation,» motivating the organization to continuously carry out the next disruptive innovation.

**Internal entrepreneurship and incubation mechanisms:** Alibaba encourages employees to engage in internal entrepreneurship by establishing internal venture capital and holding innovation competitions. For successful projects, not only do teams receive independent development and financial rewards, but their innovative spirit is also promoted company-wide as a model, forming a virtuous cycle of «innovation-success-reward-reinnovation.»

**5) Cultural Identity and Shared Innovation: A Community of Interests and New Business Civilization Based on «Social Exchange Theory»**

The highest level of culture is the formation of widespread «identity» and «sharing». Blau's «Social Exchange Theory» posits that interactions between people are an exchange, including not only material rewards but also social rewards such as recognition, respect, and belonging. Alibaba elevates cultural identity and value sharing to new heights by building a «business ecosystem» encompassing employees, customers, and partners.

**Organizational Measures: Building an Open, Transparent, and Shared Ecosystem Platform**

**«Closeness» Measures and Flattened Communication:** «Closeness» measures, such as regular meetings between management and frontline employees and lunches, not only physically shorten the distance but also psychologically break down hierarchical barriers. It allows employees to feel that their voices are heard and their contributions are recognized, thereby enhancing their sense of participation and identification with the organization.

Platform Strategy Driving a New Business Civilization: Alibaba's business model itself embodies its new business civilization philosophy of «openness, transparency, sharing, and responsibility». Through platforms like Taobao, Tmall, Alipay, and Alibaba Cloud, it connects hundreds of millions of consumers, SMEs, logistics partners, and service providers, forming a vast ecosystem. Within this system, information, resources, and benefits are shared more efficiently, enabling «real-time collaboration among small businesses worldwide» and «sharing the benefits of economies of scale».

#### Economic Measures: Inclusive Value Sharing and Ecosystem Incentives

Comprehensive Welfare and Care Plans: Alibaba provides employees with comprehensive benefits including supplementary medical insurance, children's education subsidies, and interest-free housing loans («iHome Plan»). These measures go beyond basic compensation, demonstrating care for employees' overall quality of life and greatly enhancing their «happiness» and «sense of belonging», deepening social exchange.

Value Sharing with Ecosystem Partners: Alibaba's success is built on the success of countless SMEs. Therefore, its economic measures also spill over into the entire ecosystem. For example, Alibaba provides free training to merchants through Taobao University, offers loans to micro and small enterprises through MYbank, and helps merchants optimize their operations through data technology. While these investments increase costs in the short term, in the long run, they cultivate a healthier and more vibrant ecosystem, ultimately achieving a «win-win» and «value-sharing» outcome for all participants.

Through in-depth analysis of the Alibaba case, we can extract a systematic framework for improving corporate culture. This framework emphasizes that organizational and economic measures are not separate but rather an interdependent and mutually reinforcing organic whole. Organizational measures lay the «skeleton» and «veins» of culture, defining its form, transmission path, and behavioral standards through systems, structures, rituals, and communication. Economic measures inject the «blood» and «energy» of culture, providing the most direct and powerful

motivation and guarantee for its implementation through compensation, bonuses, equity, benefits, investment, and penalties.

Alibaba's successful practice demonstrates that improving corporate culture is a sophisticated and systematic project. It requires business leaders to have the vision to elevate culture to a strategic level and to be willing to make consistent and unwavering investments in organizational design and economic resource allocation to match. Only in this way can culture truly transform from slogans on the wall into «our way of doing things» within the organization, and thus become the core and most enduring competitive advantage that drives the company through cycles and ensures its long-term success.

The transition from qualitative diagnostics to the practical implementation of cultural transformation requires a rigorous mathematical substantiation of managerial decisions. This section introduces an optimization model designed to prioritize corporate culture interventions based on their projected impact on the enterprise's financial stability. By integrating the Return on Cultural Investment (ROCI) metric with the DuPont factor analysis, the proposed framework enables a precise allocation of resources toward the most economically efficient cultural drivers.

We have proposed an algorithm for prioritizing investments in corporate culture, which is predicated on the forecasting of the ROCI (Return on Cultural Investment) indicator and its integration into the DuPont factor model. This methodology enables enterprise management to transcend intuitive «soft» factor management in favor of precision investment in those cultural drivers that ensure the maximum incremental growth in Return on Equity (ROE).

#### 1. Investment Prioritization Algorithm (Step-by-Step)

The process of selecting priority measures is implemented through the following stages:

1. Identification of Cultural Deficits: Determining drivers with the lowest performance indicators (e.g., high entropy or low Agile index) based on the diagnostic results from Section 2.2.

2. Assessment of Intervention Costs (cul): Calculating direct expenditures for organizational and economic measures (training, IT infrastructure, bonus funds).

3. Forecasting Financial Response ( $\Delta$  KPI): Determining which specific element of the DuPont model will be affected by the intervention (e.g., debureaucratization  $\rightarrow$  reduction in OPEX  $\rightarrow$  increase in net profit).

4. Calculation of the ROCI Indicator: Computing the expected efficiency using the formula:

$$\text{ROCI} = \frac{\Delta N - I_{cult}}{I_{cult}} \times 100\% \quad 3.1$$

where:

$\Delta N$  - is the net profit growth attributed to the shift in the cultural driver.

5. Ranking and Selection: Incorporating measures with the highest ROCI values that remain within the established budget limits into the strategic plan.

## 2. Optimization Model Linking Culture to ROE

Integration into the DuPont model facilitates the observation of the cumulative effect of cultural transformations. The model is operationalized as follows:

$$\text{ROE} = (\text{Margin} + \Delta \text{Margin}_{cult}) \times (\text{Turnover} + \Delta \text{Turnover}_{cult}) \times \text{Leverage} \quad (3.2)$$

Where:

$\Delta \text{Margin}_{cult}$  and  $\Delta \text{Turnover}_{cult}$  are functions of investments in entropy reduction and adaptability (Agile) enhancement, respectively.

## 3. Prioritization Matrix (Author's Development)

To facilitate the practical application of the algorithm, the following Strategic Selection Matrix is proposed (table 3.2).

The presented matrix systematizes management interventions based on their economic efficiency, utilizing the author's original ROCI (Return on Cultural Investment) indicator as the primary criterion for prioritization. Within this model, paramount importance is assigned to strategic initiatives, such as Agile transformation, which exert a direct influence on asset turnover and profit margins within the DuPont analysis framework.

Table 3.2 Priority Matrix for Strategic Interventions Based on the Return on Cultural Investment (ROCI) Index.

ROCI Level	Impact on DuPont Model	Category of Measure	Priority
High (>50%)	Direct impact on Margin and Turnover	Strategic (Agile transformation)	Critical (1)
Medium (20-50%)	OPEX optimization via entropy reduction	Operational (Debureaucratization)	High (2)
Low (<20%)	Indirect impact on risk stability	Supporting (Corporate events)	Moderate (3)

Source: created by the author

Operational measures aimed at mitigating cultural entropy through debureaucratization are categorized as high-priority due to their capacity to optimize operating expenditures (OPEX). Interventions with moderate profitability levels are classified as supporting measures, as their contribution to financial stability is primarily indirect, achieved through the minimization of reputational and organizational risks. The mathematical ranking of priorities - ranging from critical to moderate - empowers management to make informed decisions regarding the allocation of constrained resources toward corporate culture development. Consequently, the matrix transforms theoretical aspects of cultural management into an applied tool for the financial optimization of enterprise performance.

The contemporary transformation of corporate culture within the e-commerce sector necessitates a strategic transition from static, retrospective control mechanisms to dynamic, real-time management systems predicated on Big Data and Artificial Intelligence (AI). In this context, the implementation of continuous monitoring systems for the psycho-emotional state of personnel emerges as a pivotal tool for constructing organizational «emotional maps». These maps serve as a visual and analytical representation of the cultural health of the enterprise, enabling management to identify zones of «cultural tension» before they manifest as financial losses or operational inefficiencies.

The methodology of AI-driven emotional mapping involves the utilization of machine learning algorithms to analyze patterns of digital interaction, including the

frequency of communications, the sentiment of messages in corporate ecosystems, and the velocity of response to professional queries. This analytical framework transforms fragmented data into comprehensive visualizations that reflect levels of employee engagement, professional burnout, and organizational loyalty. By leveraging these insights, management can act preventatively to mitigate the risks of escalating cultural entropy, thereby ensuring that the «soft» components of the organization remain aligned with its strategic financial objectives.

However, the efficacy of digital tools in culture management is intrinsically linked to the underlying expectations of the workforce, particularly in remote and hybrid environments. To address this, the author proposes the formalization of a «Digital Cultural Contract». This concept is defined as a system of non-formalized yet technologically embedded mutual expectations and obligations between the organization and the employee within a digital environment. It delineates the ethics of remote interaction, digital hygiene standards, and levels of professional autonomy, thereby ensuring the alignment of value orientations in the absence of physical social contact.

The Digital Cultural Contract serves as a foundational framework for e-commerce enterprises by addressing three critical dimensions:

- the Right to Disconnect: It technologically and culturally reinforces the boundaries between professional and private life, mitigating the risk of digital burnout in a 24/7 operating cycle;
- algorithmic Transparency: It defines the ethical boundaries for the use of AI and Big Data in labor monitoring, ensuring that data-driven insights are used for developmental support rather than punitive surveillance;
- virtual Cohesion: It establishes the protocols for maintaining a sense of belonging and organizational identity within decentralized teams, bridging the «digital divide» through shared virtual rituals and standards.

In conclusion, the integration of AI-driven emotional mapping and the implementation of the Digital Cultural Contract represent a sophisticated evolution of corporate culture management. By synthesizing advanced data analytics with a

modernized psychological framework, enterprises can cultivate a resilient and high-performing digital culture that directly supports sustainable growth and competitive advantage in the volatile e-commerce market.

### **3.2. Cost estimation for planning major initiatives to enhance corporate culture**

As the global economy shifts from high-speed growth to high-quality development, the core of corporate competition has deepened from simple technological and market competition to a contest of organizational effectiveness and management soft power. Against this backdrop, corporate culture, as a unique and difficult-to-imitate intangible asset, has increasingly highlighted its impact on corporate cost management, becoming a key strategic fulcrum for companies to gain a sustainable competitive advantage. This chapter aims to construct an integrated theoretical framework, systematically elucidating the intrinsic mechanism by which corporate culture affects cost management. Based on this, it proposes for the first time a cost estimation system for «major initiatives to enhance corporate culture.» This system not only focuses on explicit financial expenditures but also incorporates implicit opportunity costs and organizational capital investment into its analysis, aiming to provide corporate strategic decision-makers with a cost-benefit analysis tool that combines theoretical depth with practical operability, thereby scientifically answering the two core management questions: «How much should be invested in enhancing culture?» and «Is the investment economical?»(Chen Chunhua, Liu Zhen, Song Yixiao,2015)

#### **1) Theoretical Foundation: Re-exploring the Mechanism of Corporate Culture's Impact on Cost Management**

Before delving into cost estimation, it is essential to first theoretically clarify how corporate culture can reduce corporate costs. Based on the Resource-Based View (RBV) and behavioral cost management theory, its impact path can be summarized into the following four core mechanisms:

1. Behavioral Orientation and Coordination Mechanism: A strong and healthy corporate culture, through shared values and behavioral norms, can effectively reduce cognitive disagreements and goal conflicts within the organization. This is equivalent to implanting an efficient «built-in program» into the management control system, reducing agency and coordination costs arising from supervision, assessment, and correction. When «cost awareness» is internalized as employees' conscious behavioral guidelines, cumbersome external supervision procedures can be simplified, and management costs decrease accordingly.

2. Incentive and Commitment Enhancement Mechanism: Corporate culture, especially its «humanistic» core, can satisfy employees' higher-level needs for belonging, respect, and self-actualization. According to organizational commitment theory, employees with high affective commitment will exhibit higher organizational citizenship behaviors, including proactively saving resources and improving work processes to increase efficiency. This voluntary cost saving based on intrinsic motivation is far more effective and sustainable than mandatory cost control based on fear and bonuses.

3. Innovation and Continuous Improvement Mechanism: An open, inclusive culture that encourages trial and error is a breeding ground for organizational learning and innovation. In the field of cost management, this directly fosters cost innovation - that is, optimizing the cost structure and reshaping the value chain through fundamental changes in technology, processes, procedures, or business models. This differs from traditional «cost reduction»; it does not pursue «saving money» within the existing framework, but rather builds a new and better cost framework through innovation.

4. Reputation and Trust Capital Mechanism: A good corporate culture manifests as an excellent corporate reputation, accumulating valuable trust capital. In interactions with suppliers, customers, and investors, trust can significantly reduce transaction costs (such as search costs, negotiation costs, and monitoring of contract fulfillment costs). A company known for its «integrity» can obtain more favorable payment terms, more stable supply chain partnerships, and lower financing costs, all of which will be directly reflected in improved cost statements.

Based on the above mechanisms, planning and investing in corporate culture enhancement is essentially a strategic investment in the organization's core competencies. While its returns are difficult to fully quantify in the short term, its impact is far-reaching.

## 2) Cost Structure of Corporate Culture Enhancement Initiatives: A Multi-Dimensional Classification Framework

The cost of planning corporate culture enhancement initiatives goes far beyond the direct expenses of the activities themselves. It is a complex concept encompassing all resource consumption throughout the entire process from strategic planning to implementation. This study systematically divides it into the following three categories:

### 1. Explicit Direct Costs

These costs are easily identifiable and monetized, forming the most fundamental part of cost estimation.

Strategic planning and diagnostic costs include the following three types:

**External Consulting Fees:** The fees paid to professional corporate culture consulting firms for conducting current status audits, value analysis, and system construction. This may be the highest single expenditure for a major initiative.

**Internal Project Team Costs:** The time opportunity cost of the personnel (salaries, bonuses, benefits) invested by the dedicated team (usually composed of senior management, HR, and strategy department personnel) established for the planning initiative during its work cycle.

**Research and Evaluation Fees:** The costs of software procurement, data analysis, and report writing incurred for conducting company-wide engagement surveys, cultural atmosphere assessments, focus group interviews, etc. Content development and design costs include the following three categories:

**Cultural Concept System Extraction Costs:** This includes the costs of copywriting, argumentation, and consensus-building activities related to the company's mission, vision, and values (such as Alibaba's «Six Core Values»).

**Training System Development Costs:** This includes the development costs and material costs for training courses, case studies, teaching materials, and online learning modules that align with the cultural concepts.

**Visual Identity System (VIS) Update Costs:** If the cultural upgrade involves refreshing the brand image, this includes the design and intellectual property application costs for the logo, slogan, and environmental visual system.

Implementation and Operation Costs include the following four categories:

**Company-wide Training and Promotion Costs:** This includes lecturer fees, venue fees, travel expenses, catering expenses, and the labor costs of employees participating in the training. For large corporations, this is a continuous and substantial investment.

**Ceremony and Event Hosting Costs:** This includes the costs of venue setup, materials, organization, and inviting external guests for large-scale cultural ceremonies such as new employee induction culture camps (Alibaba's «Centennial Plan»), company anniversaries, and annual award ceremonies.

**Communication and Promotion Costs:** Expenses for producing internal cultural promotional videos, compiling and distributing internal magazines, operating and maintaining internal online platforms, and constructing cultural walls.

**System Transformation Costs Linking Culture to Compensation:** Costs for upgrading and customizing the HR Information System (HRIS) to incorporate values and behaviors into the performance appraisal system (e.g., Alibaba's 50% weighting).

2. **Hidden Indirect Costs:** These costs are not directly reflected in cash outflows, but they have a significant impact on organizational effectiveness and must be fully considered during planning.

**Opportunity Costs:** When companies invest their most valuable management attention and the time of core talent in cultural development projects, it means these resources cannot be simultaneously used for other potentially profitable projects (such as market expansion and product development). This is a core hidden cost that all strategic investments must face.

**Change Resistance and Friction Costs:** Cultural change inevitably touches on vested interests and old habits, leading to employee resistance, anxiety, and even

turnover. The resulting internal conflicts, temporary declines in productivity, and replacement costs for key employees constitute the «friction costs» in the cultural improvement process. Buffer resources for dealing with such risks must be reserved during planning. Trial and Error & Learning Costs: Not all cultural initiatives are successful on the first try. Allowing and encouraging innovation means accepting the waste of resources resulting from failed initiatives. This cost should be considered necessary «tuition fees» and allowed some leeway in the budget.

3. Systemic Embedding Costs: These costs are long-term, structural investments made to maintain the sustainable operation of the cultural ecosystem.

Institutional Restructuring Costs: Solidifying new cultural concepts into various corporate rules and regulations, such as recruitment standards, promotion policies, reward and punishment methods, and decision-making processes, requires comprehensive review and revision of these systems, a lengthy process that consumes significant management resources.

Leadership Development Costs: Managers are the advocates and living embodiment of culture.(Wei Yuting ,2021) To ensure that managers at all levels lead by example and transmit the culture, they need continuous leadership coaching and training in cultural transmission skills, representing a long-term investment in human capital.

Measurement and Evaluation System Construction Costs: To track the effectiveness of cultural development, a scientific «cultural dashboard» needs to be established. This may include introducing or developing an engagement tracking system, cultural network analysis tools, and behavioral data collection and analysis platforms.

### 3) Cost Estimation Path and Model Construction for Core Initiatives

Based on the above cost structure framework, we can conduct a more concrete cost estimation path analysis for the core initiatives proposed in Section 3.1.

Initiative 1: Enhancing Employee Cost Awareness – Building a “Cost Culture” Atmosphere

Cost Drivers: Training coverage and frequency, activity complexity, and content development depth.

### Estimation Path:

**Training Course Package Development:** A “project-based” estimation approach can be used. For example, the development of a “Company-wide Cost Awareness Enhancement Course Package” is expected to require 3 person-months of internal expert input and 1 person-month of external consultant input, with a total cost of X yuan.

**Learning Activity Operation:** A “cost per person × number of participants” model can be used. For example, the annual “Cost Saving Case Exchange Meeting” has an average meeting cost (venue, materials, meals) of Y yuan per person, and is expected to cover 2000 participants, so the annual budget is 2000Y yuan. The labor cost of participants also needs to be calculated.

**Information Sharing Platform:** Establishing a “cost information dashboard” requires estimating IT development personnel costs and annual software license fees.

**Key points of cost-benefit analysis:** The benefits of this initiative are mainly reflected in the reduction of implicit costs, such as reduced material waste in the production process, time savings from simplified approval processes, and the value generated by employees' rational suggestions. The benefits can be approximated by establishing a «cost-saving contribution award» and tracking its results.

**Initiative Two: Leveraging the Leading Power of Entrepreneurs – Investment in Senior Leadership**

**Cost Drivers:** The time value invested by entrepreneurs and senior management teams, the level of external coaches or mentors, and the scale and frequency of strategic brainstorming sessions.

**Estimation Path: Executive Culture Workshops:** Estimated in «sessions.» Includes fees for top external facilitators (typically tens to hundreds of thousands per day), high-end closed-door meeting venue fees, and the opportunity cost of several days' time for the senior management team (calculated based on their salary level).

**Entrepreneurial Personal Brand Building:** Such as supporting entrepreneurs to attend industry forums, publish signed articles, and give external speeches, resulting in public relations planning and execution costs. While this investment is not directly

included in the cultural project, it is crucial for internal cohesion and external image building.

**Key points of cost-benefit analysis:** This initiative has a very high leverage effect. A single decisive decision by an entrepreneur (such as Jack Ma's dismissal of a top sales performer to uphold integrity) can prevent long-term losses (damaged brand reputation, legal risks) or generate positive returns (trust capital) that far outweigh the initial investment. Benefit assessments often employ qualitative case studies and long-term brand value tracking.

**Measure Three: Cultivating an Open and Innovative Culture – Building an «Innovation Incubator»**

**Cost Drivers:** The size of the innovation incentive fund, the cost of the fault-tolerance mechanism, and resource investment in experimental projects.

**Estimation Path:**

**Innovation Fund and Awards:** Establish a dedicated budget, such as Z yuan annually, to reward teams and individuals who contribute to cost innovation and process optimization.

**«Prototype Trial and Error» Budget:** To encourage exploration, small trial and error funds can be provided for reviewed «micro-innovation» projects, with a maximum of N yuan per project and a total annual budget of M yuan.

**Innovation Platform Operation:** Construction and maintenance costs of offline innovation spaces (such as Google's Garage), or subscription and operation costs of online innovation management platforms.

**Key Points of Cost-Benefit Analysis:** This measure follows typical venture capital logic. Its benefits lie not in a 100% success rate, but in the breakthrough returns brought by a few successful projects. For example, a process improvement proposed by a frontline employee might save millions of yuan in costs annually. Benefit assessment requires a portfolio perspective, calculating the ratio of total innovation investment to the cumulative cost savings or benefit growth generated by innovation.

**Measure Four: Enhancing Corporate Image Through a Positive Culture – Reputation Capital Investment**

Cost Drivers: Scale of CSR projects, breadth of brand communication, depth of customer relationship management (CRM) system.

Estimation Path:

Corporate Social Responsibility (CSR) Projects: Such as establishing a charitable foundation or carrying out specific social projects; annual budgets can be clearly defined.

Brand Image Communication: Integrating the core of corporate culture into the creative and media placement costs of brand advertising. This part can be planned in conjunction with the marketing department's budget.

Supply Chain Partner Development Plan: To implement a culture of «integrity» and «sharing,» invest in supplier training and capacity building; the cost can be specified as training program expenses.

Key Points of Cost-Benefit Analysis: The benefits of this measure are reflected in the reduction of transaction costs and the increase in relationship capital. For example, purchasing discounts obtained due to good reputation, reduced recruitment difficulty and talent acquisition costs due to a positive image, and reduced stockout risk costs due to stable supply chain relationships can be indirectly assessed through comparative analysis (comparing with industry averages) and relationship surveys (supplier/customer loyalty surveys).

#### 4) Construction of a Corporate Culture Cost Accounting and Control System

To ensure the effective input and output of planning costs, a matching accounting and control system must be established.

##### 1. Design of the Cost Accounting System

Accounting Subject Setup: It is recommended to establish a primary subject of «Corporate Culture Construction» in management accounting, with secondary detailed subjects such as «Strategic Planning,» «Training and Development,» «Cultural Activities,» «System Construction,» and «Assessment and Measurement,» to achieve cost collection and tracking.

Capitalization and Expensing Judgment: For investments that can generate long-term benefits, such as the development costs of cultural diagnostic systems, training course IP, and cultural measurement software, capitalization and amortization can be

considered over a certain period. For daily operating expenses, such as event organization and regular training, direct expense treatment is recommended.

**Cost Driver Accounting: Introducing Activity-Based Costing (ABC)** to allocate cultural costs across various cost drivers (such as number of employees, departments, and projects) for more accurate input-output measurement.

## 2. Cost Control System Construction

**Pre-planning – Budget Review Mechanism:** All major cultural initiatives must submit a detailed «Project Planning and Cost Estimation Report,» reviewed by a cross-departmental review committee (strategy, HR, finance). The budget must clearly define the rationality of each expenditure, expected results, and key performance indicators (KPIs).

**In-process Control – Dynamic Monitoring and Early Warning:** Establish monthly or quarterly cost execution reports, comparing budgets with actual expenditures and analyzing the reasons for deviations. For projects with high risk of cost overruns, an early warning mechanism is activated, requiring project leaders to explain the reasons and submit corrective measures.

**Post-project Evaluation – Cost-Benefit Audit and Closed-Loop Management:** After the project cycle ends, a rigorous benefit audit is conducted. This includes not only accounting for financial expenditures but also evaluating non-financial results, such as employee engagement improvement scores, internal process efficiency improvement data, and changes in customer satisfaction. The audit results are linked to the project team's performance and used as an important basis for the next round of cultural investment decisions, forming a closed management loop of «planning-budgeting-execution-evaluation-optimization».

Successful cost estimation and control does not simply mean «spending the least money,» but rather pursuing «spending money most wisely.» It requires corporate decision-makers to possess strategic vision, be able to identify the cost drivers and value logic of different cultural initiatives, and establish a scientific accounting and control system to ensure that valuable organizational resources are accurately and efficiently invested in the cultural areas that best drive organizational performance improvement and ultimately build long-term cost advantages. Future research can

build upon this foundation to further explore the optimal scale and structure of cultural investment for companies in different industries and at different life cycle stages, as well as the possibility of using big data and artificial intelligence technologies for real-time prediction and dynamic optimization of cultural input and output.

The transition to a proactive strategy of corporate culture management requires a precise financial justification that accounts for the current state of the organizational environment. Drawing on the empirical findings from Section 2.2, which identified the specific levels of cultural entropy and their impact on operational efficiency, it becomes evident that a uniform approach to budgeting is insufficient for the e-commerce sector. The diagnosed entropy indicators serve as a primary metric for determining the «organizational friction» that must be overcome through targeted financial interventions. Consequently, the proposed differentiated budgeting model is designed to synchronize resource allocation with the intensity of these cultural barriers, ensuring that investments are both sufficient and strategically prioritized. By establishing a direct correlation between entropy metrics and the investment budget, the enterprise can transform the abstract results of cultural diagnostics into a concrete, resource-backed roadmap for strategic transformation (table 3.3).

To ensure the financial resilience of cultural transformations, the author has developed a model for differentiated budgeting that correlates the volume of financial resource allocation with the diagnosed level of organizational entropy. The fundamental premise of this model is that the cost of cultural change is directly proportional to the degree of «organizational friction» caused by bureaucracy, internal conflicts, and low trust.

The proposed matrix establishes a formalized framework for financial resource allocation by synchronizing investment strategies with the specific levels of organizational entropy diagnosed in Section 2.2. By categorizing corporate environments into four distinct tiers - ranging from «Healthy» to «Destructive»- the model enables management to transition from static budgeting to a dynamic, risk-adjusted approach. Central to this methodology is the introduction of the Cultural Resistance Coefficient ( $K_{\text{risk}}$ ), which serves as a mathematical multiplier to account

for the hidden costs associated with organizational friction and employee opposition during periods of transformation.

Table 3.3 - Differentiated Budgeting Matrix Based on Organizational Entropy Levels

Entropy Level	Budgeting Strategy	Priority Expenditure Items	Cultural Resistance Coefficient ( $K_{risk}$ )
Low (0–10%) «Healthy Culture»	Innovative: Aimed at proactive leadership.	R&D in HR-tech, support for self-managed teams, Agile experimentation.	1.05 (minimal risk)
Moderate (11–25%) «Growth Culture»	Adaptive: Targeted elimination of barriers.	Communication training, implementation of the «Digital Cultural Contract,» routine automation.	1.15 (adaptation costs)
High (26–40%) «Crisis Culture»	Rehabilitative: Large-scale «cleansing» investments.	Debureaucratization, leadership turnover, deep process audits, resistance management.	1.30 (resistance mitigation costs)
Critical (>40%) «Destructive Culture»	Radical: Full organizational restructuring.	Complete overhaul of corporate ideology, severance packages, employer rebranding.	1.50 (survival/turnaround costs)

Source: created by the author

Priority expenditure items are strategically differentiated across these tiers, shifting from innovative R&D and Agile experimentation in low-entropy environments to intensive debureaucratization and structural rehabilitation in high-entropy scenarios. Ultimately, this differentiated budgeting model provides a rigorous economic foundation for cultural initiatives, ensuring that financial provisions are sufficiently leveraged to overcome identified cultural barriers while maintaining the fiscal resilience of the enterprise

The proposed matrix implements a mechanism for dynamic financial provisioning. The scientific novelty lies in the introduction of the Cultural Resistance Coefficient ( $K_{risk}$ ). In this framework, the baseline cost of any cultural initiative ( $C_{base}$ ) is adjusted by the coefficient corresponding to the entropy level: Total Budget =  $C_{base} \times K_{risk}$ .

This approach allows management to account for «hidden costs» (e.g., productivity drops during the transition period or the need for additional psychological support for staff) that are often overlooked in traditional accounting. By linking the budget to entropy, e-commerce enterprises can avoid funding deficits during the implementation phase and ensure that strategic initiatives are fully resourced to overcome existing organizational inertia.

### **3.3. Economic Benefit Evaluation of Corporate Culture Development and Management Measures**

In today's business environment dominated by the knowledge economy and experience economy, a company's competitive advantage increasingly relies on its intrinsic, inimitable intangible assets. Corporate culture, as a core component of organizational capital, has evolved from a marginalized management concept into a strategic cornerstone concerning the survival of a company. However, its «soft» and «implicit» nature has long left its economic benefits confined to qualitative descriptions and isolated case studies, making it difficult to incorporate into a rigorous financial analysis framework. Consequently, it often occupies an awkward position in the strategic allocation of corporate resources—important in theory, but secondary in practice». This chapter aims to bridge this gap between theory and practice, striving to construct a systematic, multi-layered, qualitative and quantitative evaluation system for the economic benefits of corporate culture. This system not only aims to empirically demonstrate «whether» corporate culture creates economic value, but also seeks to theoretically clarify «how» it creates value, «under what conditions» it maximizes value, and «through what methods» it can be scientifically measured and tracked. Ultimately, the goal of this chapter is to provide enterprises with a set of analytical tools that combine theoretical rigor with practical operability for strategic cultural investment decisions, promoting corporate culture management from an art to a science (Liu Lihui & Zhang De, 2007).

1) The Theoretical Necessity and Practical Challenges of Evaluating the Economic Benefits of Corporate Culture The value proposition of corporate culture

has long transcended the theoretical consensus of management academia, becoming a practical issue that senior corporate decision-makers must confront. In the value creation paradigm revolution from being driven by tangible assets (factories, equipment) to being driven by intangible assets (brands, intellectual property, human capital, organizational capital), the quality of corporate culture directly determines the value-added efficiency and sustainability of other intangible assets. Therefore, a scientific and systematic evaluation of its economic benefits is not merely theoretical embellishment, but a strategic necessity for enterprises to achieve precise resource allocation and build asymmetric competitive advantages.

Currently, the scientific evaluation of the economic benefits of corporate culture faces three core challenges:

1. The complexity of causal relationships and time lag effects: The impact of corporate culture is not linear or direct, but rather permeates every capillary of the organization through a complex, multi-level transmission mechanism. The economic benefits of cultural initiatives are often manifested in a significant indirect, intertwined, and time-lag manner. The output of a cultural initiative may be reflected months or even years later in changes in employee behavior patterns, improved process efficiency, or enhanced customer loyalty. This renders traditional, short-term-oriented input-output analysis models ineffective.

2. Lack of Quantitative Representation and Measurement Reliability Issues: Traditional financial accounting systems, rooted in the industrial era, were not designed to capture fluctuations in organizational soft power. Therefore, financial statements lack accounting items that directly reflect changes in cultural values. Many behavioral and attitudinal indicators that attempt to replace them (such as employee engagement and value alignment) often have questionable reliability and validity, and are easily influenced by short-term situational factors.

3. Cognitive Biases and Strategic Shortsightedness of Decision Makers: As the original text astutely points out, some corporate managers narrowly equate corporate culture with recreational activities, or underestimate its strategic value because its achievements are «difficult to quantify.» This cognitive bias stems at a deeper level from the «agency problem» and «information asymmetry» in economics. Under

short-term performance pressure, managers tend to invest in «hard» projects that quickly show results in financial statements, while neglecting «soft» investments, which have far-reaching but longer-term returns. The key to overcoming this dilemma lies in providing an evaluation tool and logical framework that can effectively communicate with the common language of business (i.e., financial data).

## 2) Theoretical Reconstruction: A Multi-Level Transmission Mechanism Model of Corporate Culture's Impact on Economic Benefits

Constructing a scientific evaluation system first requires a clear theoretical outline of the complete transmission path of corporate culture's influence on economic benefits. Based on the resource-based view, behavioral economics, institutional economics, and social capital theory, this study proposes a three-level transmission model called the «Corporate Culture Value Creation Chain.» This model systematically reveals the «black box» process from cultural input to economic output.

### 1. Micro-level: Individual Efficacy Activation Mechanism

The most fundamental and original source of the economic benefits of corporate culture lies in its deep activation and empowerment of the most active element in the organization – «people». Strengthening of the Psychological Contract and Driven by Organizational Citizenship Behavior (OCB): A positive and healthy corporate culture reshapes and strengthens the «psychological contract» between employees and the organization by satisfying employees' higher-level psychological needs for belonging, respect, recognition, and self-actualization. When employees perceive the organization's investment and care, they reciprocate with higher emotional commitment. This is not only reflected in higher engagement in their work (task performance), but more importantly, it fosters a large number of organizational citizenship behaviors, such as proactively assisting colleagues, consciously protecting company interests, cherishing company property, and actively offering rational suggestions. These «extra efforts» beyond role requirements can effectively reduce management and supervision costs, reduce internal friction and communication costs, and improve the overall synergy efficiency of the organization. This is the most direct and fundamental source of the economic benefits of corporate culture.

**Intrinsic Motivation and Human Capital Enhancement:** According to Deci and Ryan's «Self-Determination Theory», when the work environment supports an individual's autonomy, sense of competence, and sense of belonging, the individual's intrinsic motivation will be maximized. A learning and open corporate culture is precisely such an environment. It encourages knowledge sharing, continuous learning, and critical thinking, thereby accelerating the accumulation, renewal, and enhancement of human capital within the enterprise. Meanwhile, a culture that embraces failure and encourages experimentation provides a valuable «psychological safety zone» for organizational innovation. In this environment, employees dare to challenge the status quo and explore new methods, processes, and technologies for cost reduction and efficiency improvement. This directly drives the structural optimization of operating costs and fundamental innovation in value creation.

**2. Meso-level: Organizational System Optimization Mechanism** The aggregation, interaction, and emergence of individual effectiveness fosters systemic and structured cost advantages and efficiency improvements at the organizational level.

**Endogenous reduction of agency and coordination costs:** A strong culture based on shared values and a common vision establishes a powerful and efficient «internal control mechanism» within the organization. When core concepts such as «customer first,» «integrity-based,» and «cost awareness» are deeply internalized by employees, they will spontaneously make decisions that align with the organization's long-term interests, even in the absence of external supervision. This significantly reduces agency costs arising from inconsistencies in objective functions between owners and operators, and superiors and subordinates, as well as coordination costs arising from departmental barriers, information silos, and process fragmentation. From the perspective of new institutional economics, corporate culture, as an efficient informal institution, can, to some extent, replace or supplement formal institutions that are complex in design and expensive to implement (such as cumbersome rules and regulations and rigorous monitoring systems).

**Continuous improvement in process efficiency and operational flexibility:** When «pursuit of excellence» and «continuous improvement» are internalized as part of an organization's cultural DNA, it drives employees at all levels and in all positions to

become «conscious optimizers,» proactively reviewing and improving their own work processes, eliminating non-value-creating steps, and reducing various forms of waste (time, materials, and effort). This bottom-up, continuously emerging wave of micro-innovation has a cumulative effect far exceeding that of cyclical, top-down, campaign-style process reengineering projects, bringing lasting improvements in operational efficiency and cost advantages that are difficult to imitate. Furthermore, a culture emphasizing collaboration and trust enhances the organization's «operational flexibility,» enabling it to adjust and recover more quickly in the face of market fluctuations and internal crises.

The talent magnet effect and the economic measurement of retention value: An excellent corporate culture is a powerful «talent magnet.» It can continuously attract high-caliber external talent who resonate with the company's values, while significantly improving the loyalty and retention rate of core employees. From a financial perspective, reducing the turnover rate of core talent directly translates to significant savings in both explicit costs (such as recruitment advertising fees, headhunting fees, and new employee onboarding training costs) and implicit costs (knowledge gaps, project delays, low team morale, and productivity losses due to personnel turnover). Research shows that replacing a core employee can cost as much as 50% to 200% of their annual salary. Therefore, retaining experienced employees preserves the organization's valuable «tacit knowledge» and «relationship capital,» which is itself a huge and often overlooked economic value.

### 3. Macro Level: Market Value and Ecosystem Competitive Advantage Mechanisms

The influence of corporate culture ultimately transcends the organization's physical and psychological boundaries, impacting a broader market ecosystem and translating into direct financial gains and valuation premiums.

Brand Reputation Capital and Trust Premium: A culture of integrity, responsibility, and customer focus, through employee behavior, product quality, and service experience, externalizes into the company's brand reputation in the market, accumulating valuable «trust capital». In an increasingly transparent market, this trust can directly translate into brand premium (consumers are willing to pay higher prices

for trustworthy brands), stronger customer loyalty and retention rates (significantly reducing customer acquisition costs and increasing customer lifetime value), and more robust and efficient supply chain partnerships (obtaining more favorable payment terms, priority supply guarantees, and deeper joint innovation).

**Risk Mitigation and Crisis Resilience Value:** A corporate culture characterized by high resilience, integrity, and a strong sense of social responsibility acts as a «shock absorber» for organizations dealing with operational crises or sudden public relations events. During crises, the high cohesion of internal employees and the long-term trust capital accumulated with external stakeholders (such as governments, media, communities, and the public) can buy valuable response time, social understanding, and support, thereby minimizing direct economic losses and long-term reputational damage. This strong crisis resilience itself is a significant, albeit invisible, economic value.

In the context of the digital economy, the traditional retrospective approach to evaluating corporate culture - based on annual surveys and periodic audits - is becoming increasingly obsolete. To ensure the dynamic alignment of organizational values with strategic objectives, the author proposes the implementation of a «Cultural Dashboard». This digital analytical tool is designed to integrate heterogeneous data streams into a unified interface, providing executive leadership with a real-time visualization of the organization's cultural health and its direct correlation with financial performance.

**Conceptual Framework and Functional Architecture.** The «Cultural Dashboard» functions as a strategic control tower, synthesizing data from three primary sources:

1. **Behavioral Analytics (Big Data):** Real-time monitoring of digital interaction patterns in corporate ecosystems (Slack, Microsoft Teams, Jira), including communication frequency, response latency, and collaborative density. (Liang Yunwen, Tan Liwen, 2005)

2. **Sentiment and Emotional Mapping (AI):** Natural Language Processing (NLP) algorithms analyze the tonality of digital discourse to generate «emotional maps,» identifying emerging zones of frustration, burnout, or misalignment with corporate values.

3. Financial Integration (ROCI & DuPont Model): Automated calculation of the Return on Cultural Investment (ROCI) by correlating cultural stability metrics with operational efficiency and profit margins.

Key Performance Indicators (KPIs) of the Dashboard. The dashboard is structured around four critical quadrants that reflect the multi-dimensional impact of culture on the enterprise:

- the Entropy Index: A real-time measure of organizational «friction.» High levels of entropy, visualized through the dashboard, trigger immediate alerts regarding bureaucratic bottlenecks or declining trust levels, allowing for preemptive management interventions as described in the «Digital Cultural Contract.»;
- the Agility Quotient: Measures the speed and effectiveness of the organization's response to external market shifts. For e-commerce enterprises, this metric tracks how quickly cultural norms adapt to new technological integrations or pivot-strategies;
- the Connectivity Matrix: Visualizes the strength of informal networks within the company. This prevents the formation of «silo mentalities» and ensures that the «Digital Cultural Contract» is maintaining social cohesion across remote and hybrid teams;
- the Cultural Value-Added (CVA): A derivative metric that calculates the estimated contribution of cultural initiatives to the company's EBITDA, providing the «hard» economic justification for «soft» management measures.

Strategic Significance for Decision-Making. The implementation of the Cultural Dashboard transforms corporate culture from a marginalized management concept into a manageable strategic asset. Firstly, it facilitates Evidence-Based Management, where resource allocation for cultural development is based on empirical data rather than executive intuition. Secondly, it enables Continuous Optimization; as the dashboard tracks the impact of specific interventions (e.g., a new leadership training module) on the ROCI, the organization can rapidly scale successful initiatives and terminate ineffective ones.

Furthermore, the dashboard serves as the operational interface for the Digital Cultural Contract. By making cultural expectations and their outcomes transparent and measurable, the enterprise fosters a culture of mutual accountability. For decentralized e-commerce entities, where physical oversight is limited, this digital visibility is the primary mechanism for maintaining a unified «business civilization.»

**Technological and Ethical Considerations.** While the Cultural Dashboard offers unprecedented management capabilities, its implementation must adhere to strict ethical standards of Algorithmic Transparency. To maintain employee trust, the dashboard should focus on aggregated, anonymized data trends rather than individual surveillance. The goal of the dashboard is not «digital policing,» but the creation of an environment where cultural barriers to high performance are identified and removed through collective effort.

In summary, the Cultural Dashboard represents the technological culmination of the proposed management framework. By bridging the gap between real-time behavioral data and long-term financial outcomes, it provides the empirical rigor necessary to treat corporate culture as the ultimate driver of sustainable competitive advantage in the volatile digital marketplace.

**Ecosystem Synergy and Valuation Multiplier Effect:** In the era of platform economy and ecosystem competition, the practices of companies like Alibaba demonstrate that an open, transparent, empowering, and win-win culture is the foundation for building a healthy business ecosystem. (Wang Xingyuan,2005)Such a culture can attract more partners to join the ecosystem, promoting more efficient matching and flow of information, resources, and opportunities within the ecosystem, thereby creating a network effect and ecological value of «1+1>2». The capital market is gradually recognizing that companies with this «ecological culture» have stronger growth potential and risk resistance, and therefore are willing to give them higher valuation premiums, reduce their capital costs, and increase their market valuation.

3) A Comprehensive Evaluation Model of Corporate Culture Economic Benefits:  
Deepening and Expanding the Balanced Scorecard Perspective

Based on the above-mentioned «micro-meta-macro» three-level transmission mechanism, this study deepens and expands the classic balanced scorecard framework, constructing a model called the «Comprehensive Evaluation Matrix of Corporate Culture Economic Benefits». This matrix consists of four interrelated dimensions, aiming to achieve a balanced unity of qualitative and quantitative, process and result, financial and non-financial, and short-term and long-term considerations (figure 3.1, 3.2, 3.3, 3.4).

To ensure the scientific rigor and credibility of the evaluation, a diverse range of research methods must be employed to achieve triangulation.

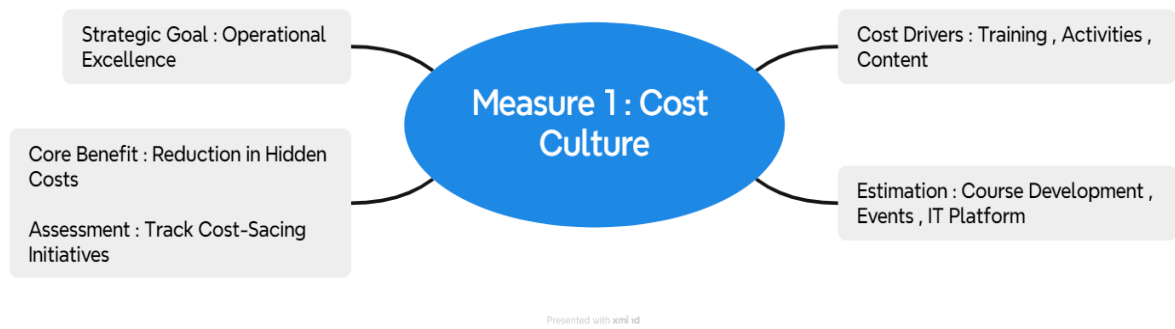


Figure 3.1. Financial and Market Dimension (Lagging Indicator: The Ultimate Manifestation of Value)

Source: created by the author

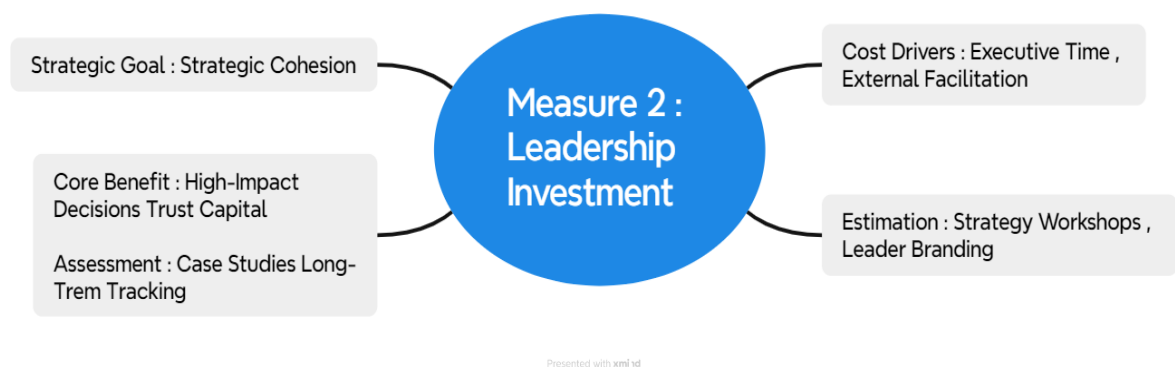


Figure 3.2 - Customer and Stakeholder Dimension (Externality Metrics: The Mediating Bridge to Value Realization)

Source: created by the author

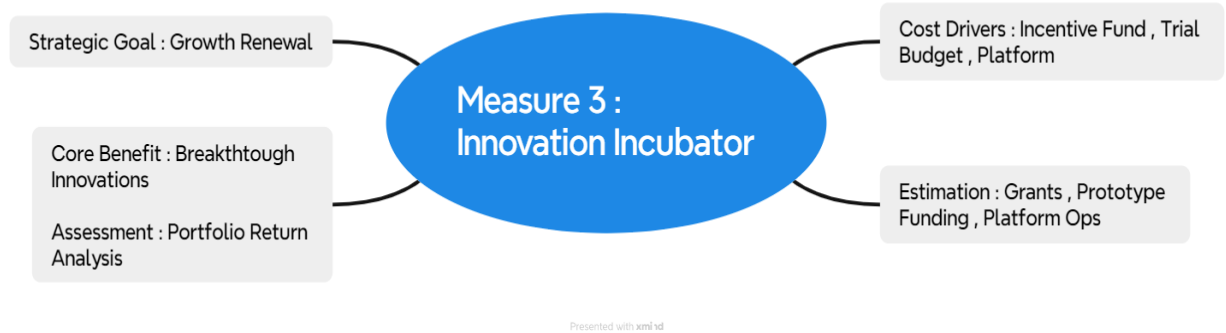


Figure 3.3 - Internal Process Dimension (Process Indicators: The Key Engine of Value Creation)

Source: created by the author



Figure 3.4 - Learning and Growth Dimension (Leading Indicator: Core Reserves for Future Value)

Source: created by the author

**Longitudinal Tracking Research:** This is one of the «gold standards» for causal inference. Before and after a company implements major cultural initiatives (such as value reshaping or leadership development projects), a time window is established to continuously and frequently collect data on all key indicators in the aforementioned evaluation matrix. By comparing the data trends before and after the intervention, and using time series analysis, the influence of other variables can be largely controlled, and the «net effect» of the cultural initiative can be assessed.

**Control Group Comparative Research:** Within large group companies, multiple business units, divisions, or subsidiaries with significant differences in cultural development and operation are carefully selected as research subjects for horizontal comparative analysis. This «natural experiment» method can, to some extent, control for the influence of industry characteristics and the macro environment, and more clearly reveal the relationship between cultural differences and performance differences.

**Econometric Models and Multiple Regression Analysis:** Econometric models are constructed using panel data accumulated historically by the company. For example, using departmental profit margin as the dependent variable and employee engagement scores, average values assessment scores, and innovation index as independent variables, while controlling for variables such as department size, years of establishment, and resource input, a multiple regression analysis can be conducted. This can quantify the marginal contribution of cultural factors to key performance indicators, answering precise questions such as «How much does a 1-point increase in employee engagement contribute to an increase in profit margin?»

**A deeper complement to qualitative research methods:** Qualitative research methods such as case studies, in-depth interviews, participatory observation, and focus groups can provide rich context, vivid narratives, and in-depth mechanistic explanations for cold quantitative data. They excel at answering «how» and «why» questions. For example, a multi-month follow-up study of a «cost-saving benchmark team» can reveal how its team culture and member interaction patterns specifically lead to excellent cost performance, thus providing solid logical support for quantitative conclusions.

5) **In-depth Case Analysis: A Representation of the Economic Benefits of Alibaba's Corporate Culture**(Yang Yang, Wang Fang ,2012)

Based on this evaluation model, we can conduct a deeper economic benefit audit of Alibaba's case, going beyond the surface:

**In the learning and growth dimension:** Its immersive and ritualistic training systems, such as «A Century-Long Plan» and «A Century-Long Alibaba», while involving huge investments, have greatly accelerated the «organizational

socialization» process of new employees, ensuring the efficient inheritance of core values and reducing the educational and communication costs of subsequent management from the source. Its «Six Core Values» system, deeply integrated with performance appraisal, promotion, and compensation, has established a powerful «adaptive screening and incentive mechanism,» continuously attracting, retaining, and motivating like-minded individuals who resonate with its culture, forming a significant advantage in human capital.

In the internal process dimension: The innovation of «Alipay», driven by the «customer first» and «integrity» culture, has not only grown into a trillion-dollar fintech giant, but more importantly, by solving the core pain point of «trust» in Chinese e-commerce, it has expanded the entire market and laid the foundation for all subsequent Alibaba businesses. This culture-driven strategic innovation yields exponential economic benefits. Its «inverted culture,» which encourages perspective-taking and challenging authority, stimulates continuous micro-innovation and process optimization, forming the micro-foundation of its operational efficiency.

In the customer and financial dimensions: The lofty mission of «making it easy to do business anywhere» cultivated by Jack Ma and his team, along with the unique identity derived from their «martial arts culture,» has become Alibaba's most distinctive and difficult-to-replicate brand assets. This gives it a powerful appeal and trust premium when attracting merchants, talent, and capital. The capital market views Alibaba's culture as its core capability for continuously incubating new businesses (such as Alibaba Cloud and Cainiao) and building an ecosystem empire, thus giving it a significant «culture and management premium» in its valuation.

#### 6) Conclusion and Outlook: From Value Evaluation to Value Management: A Strategic Closed Loop

This study systematically reconstructs the evaluation theory of the economic benefits of corporate culture and constructs a multi-dimensional, operational comprehensive evaluation model. Research indicates that a scientific evaluation of the economic benefits of corporate culture is not merely a mechanical assessment of single financial indicators, but a comprehensive and systematic project integrating four dimensions: finance, customers, internal processes, and learning and growth. It

requires managers to adopt an «organizational ecology» perspective, viewing the company as a living, constantly evolving, complex, and adaptive system.

Looking to the future, top decision-makers should completely abandon the outdated notion that «cultural development is a cost center that's merely icing on the cake,» and instead regard it as one of the most important «strategic value investments.» To this end, companies need to reform and innovate in the following areas:

**Institutionalized Evaluation Mechanism:** Incorporate the «Annual Evaluation of Corporate Culture's Economic Benefits» into the company's highest-level operational analysis meetings, giving it equal importance with financial audits and strategic reviews, forming a complete management loop from «strategic positioning → cultural investment → process monitoring → benefit evaluation → strategic adjustment.»

**Innovative Management Accounting System:** The finance and human resources departments need to collaborate to explore how to monetize or index intangible assets such as «cultural capital,» «leadership capital,» and «organizational health» in internal management reports, providing more comprehensive value information for strategic decision-making.

**Embrace data intelligence technology:** Make full use of artificial intelligence technologies such as big data, organizational network analysis, and natural language processing to conduct real-time, multi-dimensional analysis of internal communication data, collaboration data, employee feedback, and external public opinion, so as to more keenly and proactively perceive subtle changes in cultural status and their potential economic consequences, and achieve a leap from «post-event evaluation» to «pre-event prediction».

Based on a systematic analysis of multi-dimensional measures for improving corporate culture, including cost estimation and economic benefit evaluation, this chapter constructs a complete theoretical and practical closed loop for corporate culture, encompassing strategic design, resource investment, and value creation. Through in-depth deconstruction and theoretical refinement of typical cases such as Alibaba, we arrive at the following six core conclusions, aiming to provide a strategic

framework for corporate culture construction projects that combines theoretical support and practical guidance:

1) Corporate culture improvement is a strategic systemic project that requires a «dual-wheel drive,» where organizational and economic measures are indispensable and deeply integrated.

Shaping corporate culture cannot be achieved through emotional advocacy or single activities; it demands top-level systematic design from the enterprise.(Wang Yijie ,2022) This chapter's research demonstrates that successful cultural improvement relies on the synergistic driving force of «organizational measures» and «economic measures.» Organizational measures (such as dual-track career development, cultural rituals, behavioral norms, and communication mechanisms) construct the «skeleton» and «meridians» of culture, clarifying its form, transmission path, and behavioral standards. Economic measures (such as value-linked compensation, long-term equity incentives, special budgets, and innovation funds) inject «blood» and «energy» into culture, providing the most direct behavioral motivation and resource guarantees. The two are like the two wings of a bird or the two wheels of a cart, interdependent and mutually reinforcing. Alibaba's practice clearly demonstrates that slogans alone cannot implement values; only by embedding the «Six Core Values» into the performance appraisal and promotion system, and forming a community of shared interests through equity incentives, can abstract concepts such as «integrity» and «customer first» be transformed into concrete and sustainable organizational behaviors and effectiveness.

2) The mechanism by which corporate culture affects corporate costs and benefits is clear and multi-dimensional; its essence is a strategic investment in the organization's core competencies and long-term competitive advantages.

Corporate culture is not a cost center, but rather a value creation engine that drives cost reduction and efficiency improvement. Its economic benefits are realized through a multi-level transmission mechanism: at the micro level, by satisfying employees' psychological needs, it stimulates intrinsic motivation and organizational citizenship behavior, reduces monitoring costs, and fosters spontaneous improvement; at the meso level, by sharing values, it reduces internal agency and

coordination costs, improves process efficiency, and increases talent retention; at the macro level, by cultivating an excellent reputation and trust capital, it reduces transaction costs, gains brand premium, and enhances crisis resilience. Therefore, investing in cultural enhancement is essentially a strategic cultivation of an organization's «dynamic capabilities» - that is, the ability to integrate, build, and restructure internal and external resources to cope with change. While this investment has a time lag, its returns are reflected in lasting cost structure optimization, operational efficiency improvement, and market value growth, which is the root of building an asymmetric competitive advantage that is difficult to imitate.

3) Scientific planning of corporate culture enhancement initiatives must establish a comprehensive estimation framework covering explicit, implicit, and systematic embedded costs, and implement closed-loop cost control.

Budgeting for cultural investment is a crucial step in incorporating it into strategic management. Planning costs extend far beyond direct event expenses; they constitute a complex system, encompassing explicit direct costs (consulting, training, event fees), implicit indirect costs (opportunity costs, change friction costs, trial-and-error costs), and systemically embedded costs (system restructuring, leadership development, evaluation system construction). Enterprises need to abandon the narrow-minded thinking of «spending less money on events» and establish a comprehensive cost estimation model, along with a closed-loop control system covering pre-event budget review, in-event dynamic monitoring, and post-event cost-benefit auditing. This ensures precise and efficient resource allocation and, through continuous evaluation of the input-output ratio, shifts cultural management from an «art» to a «science,» transforming decision-making from «how much money was spent» to «how much value was created.»

4) Evaluating the economic benefits of corporate culture requires constructing a balanced, multi-dimensional comprehensive model that integrates financial and non-financial indicators, process and results indicators, and short-term and long-term indicators.

Overcoming the difficulty of measuring cultural value requires moving beyond a singular financial perspective. A «Comprehensive Evaluation Matrix of Corporate

Culture Economic Benefits,» based on the Balanced Scorecard principle, provides a feasible path. This model comprises four dimensions: financial and market dimensions (lagging indicators, such as per capita efficiency, cost rate trends, and culture-driven revenue separation accounting); customer and stakeholder dimensions (such as customer NPS, supplier satisfaction, and employer brand attractiveness); internal process dimensions (core process indicators, such as innovation conversion rate, project delivery efficiency, and quality and safety records); and learning and growth dimensions (leading indicators, such as employee engagement, value alignment, and organizational trust levels). Through regular measurement and correlation analysis of these four dimensions, enterprises can comprehensively assess the health of their culture and its economic impact, transforming «soft» culture into «hard» data, providing a solid basis for strategic decision-making.

5) The vitality and ultimate effectiveness of corporate culture are rooted in its deep integration with business strategy and its ability to continuously evolve in a dynamic environment.

Alibaba's case profoundly reveals that an excellent culture is by no means a static dogma. Its mission, «to make it easy to do business anywhere,» is a stable guiding principle, but the strategies for achieving this mission, the specific expression of its values (from the «Nine Swords of Dugu» to the «New Six Meridians»), and its organizational structure (evolving towards a «large middle platform and small front platform») constantly change with the environment. «Ideological innovation» and «action innovation» in culture are crucial. It requires companies to possess the ability to conduct strategic insights and business breakthroughs based on their mission (such as the evolution from B2B to Taobao and Alipay), and to transform the core of their culture into executable business models and operational processes. Only when culture is deeply embedded in the fabric of the business, and creatively transforms and evolves with changes in the market, technology, and talent structure, can it avoid stagnation and continuously provide the organization with the driving force and adaptability for progress.

6) The highest level of corporate culture is to build a value ecosystem with high internal recognition and broad external sharing, thereby achieving a sublimation from «corporate management» to «civilization co-construction.»

This chapter's analysis points out that the benefits of culture are ultimately reflected in broad recognition and sharing. This requires companies to expand their cultural construction vision from internal employees to the entire business ecosystem. Internally, a solid «community of shared interests and emotions» is built through flat communication, universal benefits, and profit sharing (such as equity and the iHome program), making employees true «partners.» Externally, through platform strategies, empowering partners (such as Taobao University and MYbank), and fulfilling social responsibility, cultural concepts such as «openness, transparency, sharing, and responsibility» are externalized into the basic rules of the ecosystem. In this way, corporate culture transcends its role as an internal control tool, evolving into a «new business civilization» capable of attracting, uniting, and empowering diverse internal and external stakeholders. This ecological culture not only creates enormous network effects and ecological value but also earns the company social prestige and historical standing beyond economic profits, laying the ultimate foundation for long-term success.

In conclusion, improving corporate culture is a complex and sophisticated strategic project. It requires corporate leaders to possess systemic thinking and a long-term vision, promoting the deep integration and dynamic evolution of culture with strategy, business, and management through a «dual-engine» system design, comprehensive cost control, and multi-dimensional benefit evaluation. Only in this way can culture truly transform from slogans on the wall into the blood flowing through the organization, the genes of decision-making, and the consciousness of action, ultimately driving the enterprise to achieve sustainable high-quality development and ecological win-win results.

### **Conclusions to Section 3**

1. It has been substantiated that the transformation of corporate culture in the digital age requires a transition to a dual-drive management model that

synchronizes humanistic organizational measures with rigorous economic evaluation. The study proves that the integration of Self-Determination Theory into the framework of organizational and psychological contracts allows for the alignment of individual employee motivations with strategic enterprise goals, transforming culture from a declarative set of values into a functional driver of operational efficiency.

2. The author has developed and justified the application of the Return on Cultural Investment (ROCI) index as a pivotal metric for prioritizing strategic interventions. By mapping cultural initiatives onto the DuPont analysis framework, the research demonstrates a direct causal link between investments in cultural stability and key financial performance indicators, such as asset turnover and net profit margins. This mathematical approach enables management to shift from intuitive to evidence-based resource allocation, ensuring that cultural development is treated as a high-yield strategic investment.
3. The concept of the «Digital Cultural Contract» has been introduced as a foundational tool for managing remote and hybrid teams within the e-commerce sector. This contract, supported by AI-driven emotional mapping and big data analytics, provides a technologically embedded system of mutual expectations that addresses digital hygiene, autonomy, and virtual cohesion. The implementation of such a framework effectively mitigates cultural entropy and prevents professional burnout, thereby ensuring the sustainability of organizational identity in a decentralized and highly volatile digital business environment.
4. It has been established that effective planning of cultural transformations requires a shift from traditional linear budgeting to an integrated cost estimation framework that accounts for both explicit financial outlays and implicit organizational costs. The study categorizes these expenditures into direct implementation costs, indirect «friction» costs, and systemic embedded costs, proving that a comprehensive accounting of these variables is essential

for mitigating the financial risks associated with strategic cultural shifts in e-commerce enterprises.

5. The research introduces a novel differentiated budgeting model predicated on the correlation between investment volume and the diagnosed level of organizational entropy. By establishing a matrix of strategic responses - ranging from «Innovative» for healthy environments to «Radical» for destructive ones - the author provides a methodological tool for calibrating resource allocation to the specific structural and psychological needs of the enterprise. This approach ensures that cultural initiatives are neither underfunded nor misaligned with the actual state of the organizational climate.
6. The scientific novelty of the proposed budgeting system is further enhanced by the introduction of the Cultural Resistance Coefficient ( $K_{\text{risk}}$ ). This mathematical multiplier allows management to quantitatively estimate the «hidden costs» of organizational inertia and employee opposition, which are typically overlooked in conventional financial planning. The application of  $K_{\text{risk}}$  transforms the budget from a static accounting document into a dynamic strategic tool, ensuring the fiscal resilience of cultural management measures and providing a rigorous economic basis for achieving long-term competitive advantages.
7. It has been proven that the economic benefit evaluation of corporate culture must transcend qualitative descriptions by integrating «soft» cultural metrics into a rigorous financial analysis framework. The study demonstrates that by utilizing the ROCI-DuPont integration model, enterprises can quantify the causal impact of cultural stability and employee engagement on core financial drivers, such as asset turnover and return on equity (ROE). This approach provides the empirical evidence necessary to reposition corporate culture from an intangible overhead cost to a measurable strategic asset that directly contributes to high-quality economic growth.
8. The research justifies the implementation of an AI-driven «Cultural Dashboard» as a sophisticated tool for the real-time monitoring and dynamic management of organizational capital. By synthesizing big data from digital

interaction patterns with sentiment analysis, the proposed dashboard enables executive leadership to identify and mitigate «cultural entropy» before it manifests as operational inefficiency. This system transforms retrospective auditing into a proactive management loop, ensuring that the Digital Cultural Contract is upheld and that cultural interventions are continuously optimized based on their verified economic impact.

9. The analysis of Alibaba Group's ecosystem confirms that in the e-commerce sector, corporate culture evolves into a «new business civilization» that generates significant network effects and ecological value. The findings indicate that when cultural values like «openness» and «transparency» are externalized into the basic rules of a digital platform, they reduce transaction costs and enhance stakeholder loyalty far beyond the capabilities of formal contracts. Thus, the ultimate economic benefit of cultural management lies in its ability to foster a resilient organizational identity that attracts and empowers diverse human capital, ensuring long-term success in a volatile global market.

## CONCLUSIONS

The dissertation provides a theoretical generalization and proposes a new solution to the scientific problem of substantiating the strategic vectors of corporate culture management of enterprises under conditions of digitalization, organizational transformations, and increasing competitive pressure. The obtained results made it possible to form a comprehensive approach to corporate culture management as a strategic resource for ensuring organizational efficiency and sustainable enterprise development.

1. In the course of the research, it was established that corporate culture is a multidimensional system of values, norms, behavioral patterns, and managerial mechanisms that shape the organizational identity of an enterprise and determine its level of competitiveness. It was proved that corporate culture performs integrative, motivational, communicative, regulatory, and strategic functions, ensuring the alignment of employee and organizational interests.

2. The generalization of domestic and foreign models of corporate culture made it possible to determine the main approaches to its formation and evaluation. It was established that effective corporate culture management requires the combination of value-oriented, behavioral, and organizational-managerial approaches. The expediency of applying the Denison model, CVF, OCAI, and the concept of organizational consciousness levels for comprehensive diagnostics of corporate culture was substantiated.

3. It was proved that corporate culture directly influences innovative activity, organizational adaptability, and the effectiveness of strategic enterprise development. It was determined that enterprises with a high level of internal communication, teamwork, and value integration demonstrate higher innovation capacity, employee motivation, and resilience to external changes.

4. A methodological approach to corporate culture diagnostics was developed based on the integration of organizational, socio-psychological, behavioral, and economic indicators. The proposed approach enables the determination of the level of cultural entropy, the degree of alignment of corporate

values, and the effectiveness of internal communications as a basis for forming strategic vectors of enterprise development.

5. Strategic approaches and managerial mechanisms for the formation of corporate culture in enterprises were substantiated, involving the combination of organizational development tools, leadership, personnel motivation, internal communications, and digital management technologies. It was proved that effective corporate culture management should be implemented on the basis of a closed-loop cycle of “diagnosis – improvement – evaluation.”

6. Approaches to evaluating the effectiveness of corporate culture were improved through the application of the Cultural Return on Investment (ROCI) indicator in combination with the DuPont financial analysis system. The relationship between corporate culture characteristics, operational performance indicators, and financial results was established, which made it possible to substantiate the economic value of corporate culture as a factor of strategic enterprise development.

7. A differentiated approach to planning and budgeting corporate culture development measures was proposed, taking into account the level of organizational resistance and the complexity of cultural transformation processes. The introduction of the cultural resistance coefficient makes it possible to improve resource allocation efficiency, reduce the risks of organizational conflicts, and ensure enterprise adaptability under conditions of change.

8. The concept of a digital corporate culture environment was further developed, taking into account the transformation of organizational behavior, internal communications, and interaction mechanisms under conditions of remote work and business digitalization. The significance of digital ethics, trust, virtual teamwork, and digital communications for maintaining the integrity of corporate culture was substantiated.

9. The practical significance of the obtained results lies in the possibility of applying the proposed models, methodological approaches, and recommendations in enterprise activities to improve personnel management efficiency, enhance strategic management systems, strengthen internal organizational interaction, and ensure

sustainable enterprise development under conditions of modern socio-economic transformations.

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