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**ANALYSIS OF CORPORATE CULTURE OF CHINESE SMALL AND  
MEDIUM-SIZED INTERNET ENTERPRISES**

**АНАЛІЗ КОРПОРАТИВНОЇ КУЛЬТУРИ КИТАЙСЬКИХ МАЛИХ  
ТА СЕРЕДНІХ ІНТЕРНЕТ-ПІДПРИЄМСТВ**

**Summary.** *Corporate culture can significantly enhance the creativity and cohesion of employees, and the alignment between employee values and corporate values can effectively reflect and guide enterprise management. This study focuses on small and medium-sized Internet enterprises in China. It surveys*

*the current situation and existing problems of corporate culture. The survey reveals that corporate culture often acts as a means for managers to attract or motivate employees. While employees highly recognize and acknowledge corporate culture, senior managers have a lower level of recognition. Employees expect to achieve spiritual alignment with corporate culture. However, managers constrain this core alignment during the construction and implementation. To establish and implement a robust corporate culture, managers should prioritize employees' participation degree, enhance their understanding, continuously innovate corporate culture, and promote employee golden behaviors and the development of enterprises with exceptional corporate culture.*

**Key words:** *corporate culture, employee behavior, values, fit, small and medium-sized Internet enterprises, Chinese enterprises, analysis.*

**Анотація.** *Корпоративна культура може значно підвищити креативність і згуртованість співробітників, а узгодженість між цінностями співробітників і корпоративними цінностями може ефективно відображати і спрямовувати управління підприємством. Це дослідження присвячене малим і середнім інтернет-підприємствам у Китаї. Розглянуто поточну ситуацію та існуючі проблеми корпоративної культури. Опитування показує, що корпоративна культура часто діє як засіб для менеджерів, щоб залучити або мотивувати працівників. У той час як співробітники високо цінують і визнають корпоративну культуру, керівники вищої ланки мають нижчий рівень визнання. Співробітники очікують досягти духовного узгодження з корпоративною культурою. Однак менеджери обмежують це основне узгодження під час створення та реалізації. Щоб створити та запровадити надійну корпоративну культуру, менеджери повинні визначити пріоритетність рівня участі працівників, покращити їхнє розуміння, постійно впроваджувати інновації в корпоративну культуру та заохочувати «золоту поведінку» працівників і*

*розвиток підприємств із винятковою корпоративною культурою.*

**Ключові слова:** *корпоративна культура, поведінка співробітників, цінності, придатність, малі та середні Інтернет-підприємства, китайські підприємства, аналіз.*

**Problem statement.** Since the 1980s, the intensifying competition has increased the uncertainty of organizational development, and the role of talent has become more prominent. In the VUCA (volatile, uncertain, complex, ambiguous) era, enterprises must build their core competence to adapt to constant changes and cope with challenges. The core competence refers to an enterprise's integrated knowledge and skills, heavily relying on knowledgeable and skilled employees. To achieve excellence in the VUCA era, enterprises should not confine themselves to competing for technology and resources. They should focus on competing for and managing human resources to enhance employee behaviors. The core ability of an enterprise is shaped and harnessed by its employees, hence managing employees means managing the core ability and creativity of the enterprise. The competition among enterprises has evolved into a competition for advanced and abundant human resources.

Corporate culture is a widely discussed topic in contemporary enterprise management. Since Andrew W. Pettigrew introduced the concept of corporate culture in 1976, it has become a comprehensive and multifaceted area of study. Initially, researchers believed a strong and strict corporate culture would lead to higher employee performance and economic benefits. However, subsequent studies have shown that the coercive effect of a dominant corporate culture is short-lived, and there is no significant correlation between corporate culture and long-term performance. In China, small and medium-sized enterprises account for over 90% of the total, making their role in economic development crucial. However, these enterprises are often lacking in the construction of corporate

culture.

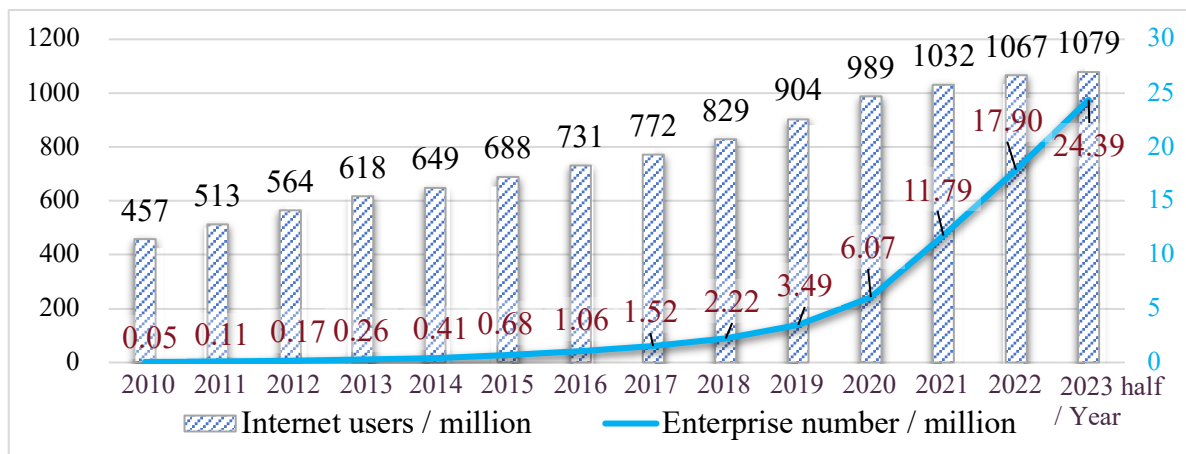
**The development of corporate culture status of Internet industry.**

Founded in 2010, Supercell was an unknown small Internet company. However, it has become a world-renowned mobile game company with 200 employees and a turnover of 2.24 billion U.S. dollars in 2021. Five games have been downloaded more than 5 billion times. From the beginning, Supercell created a distributed enterprise management model, allowing each developer to make quick decisions and accept risks, celebrating failure and sharing failure. These are the values of Supercell and the core of its corporate culture. The humble management and open corporate culture have nurtured a large number of core employees in this company and also promoted the creation of the cell team. The corporate culture has been a key factor in Supercell's rise [1; 2].

During the decades of rapid Internet development, the management model and corporate culture of companies such as Microsoft, Google, and Facebook have been almost completely open and can be easily referenced and imitated. However, small and medium-sized Internet companies that aspire to succeed, like Supercell, find breaking out extremely difficult, even if they establish the same rules and regulations. Therefore, rules and regulations are not the key factors in cultivating core employees and developing enterprises. It is important to pay more attention to the spiritual level of cultural construction and the high compatibility between personal and corporate values. In conclusion, the success of internet companies does not solely rely on rules and regulations. Instead, focusing on the spiritual aspect of cultural construction and aligning personal values with corporate values is crucial. This will help nurture core employees and foster the company's growth.

On July 4, 2023, according to the latest report of Kepios, a consulting agency, there are 4.88 billion Internet users in the world, and the Internet penetration rate reached 60.6% [3]. On August 28, 2023, the China Internet Network Information Center released the 52nd Statistical Report on the

Development of the Internet in China [4]. According to the report, the number of Internet users in China reached 1.079 billion, and the Internet penetration rate reached 76.4%, slightly higher than the world average (64.4%) but far lower than that of developed countries. Figure 1 refers to the Statistical Report on the Development of the Internet in China on the number of Internet users in China since 2010 and the number of Internet enterprises in China since 2010 by referring to the data of the Chumhum website. The data show that the number of Internet users in China has increased steadily since 2010 [5], but the number of Internet enterprises has ushered in explosive growth after 2019. As of June 2023, there are about 24.39 million Internet enterprises. This has promoted the rapid development of the Internet industry layout and intensified the internal competition among Internet enterprises. Among the 24.39 million Internet enterprises in China, only 20,994 are listed enterprises. That is, 99.91% of Chinese Internet enterprises are small and medium-sized enterprises, and the existing enterprises play an essential role in economic development.



**Fig. 1. Statistical chart of the number of Internet users and Internet enterprises in China from 2010 to the first half of 2023**

*Source:* systematized by the author based on [4; 5]

**Analysis of recent researches and publications.** Jack Welch states, "The key to market competition for a company is to take effective measures to engage its employees being dedicated [6; 7]. "Managers usually look for effective ways

to motivate employees to engage in pro-business behavior, thereby enhancing the competitiveness of the company. Extrinsic motivation of employees based on material rewards has a wide range of applications and research examples. However, Byun's model suggests that extrinsic motivation and intrinsic motivation based on corporate culture have complementary roles during the period of smooth development of a company. In a highly uncertain and competitive environment, intrinsic motivation will become more effective. For instance, when facing a strong competitor, employees who are highly motivated by the company's mission and values will be more likely to stay loyal, work hard, and generate new ideas for the company to succeed. Under the trend of economic globalization, the core level of corporate culture (vision, mission, values) is the core factor affecting employees and the golden behavior of employees is realized under the impetus of strong motivation and ability, such as the pursuit of efficiency, willingness to share, global concept, respect for others, technological innovation, etc.

Researchers and companies have provided various understandings and definitions of corporate culture. However, all of them have recognized its importance. For example, 85% of S&P 500 companies have dedicated sections on their official websites to showcase their corporate culture [9]. In addition, Cheng et al. argue that corporate culture is a foundation that companies build over time to ensure their survival and gain a competitive advantage [10]. Kreps defines corporate culture as an intangible asset that helps companies deal with unexpected challenges [11]. According to Graham et al., a comprehensive survey of CEOs and CFOs from multiple US companies revealed that corporate culture is a significant driver of value, and enhancing it can contribute to a company's success. The study concluded that corporate culture is one of the most essential factors in creating value and achieving business success [12]. In a detailed survey of 1,348 executives in North America and interviews with 18 prominent business leaders, it is reported that 93% of executives consider intrinsic values as the core

of corporate culture, and 91% believe that corporate culture is "important" or "very important" in their companies [14].

Internet enterprises are typically characterized by high efficiency and risk, which means the Internet industry has significant VUCA characteristics and an intense competitive environment. Researchers have provided many answers on how companies stand out in this fierce competition. Qin et al. believe that technological innovation, management, and culture are important factors that contribute to the core competitiveness of enterprises, among which corporate culture plays a profound role [15]. He et al. evaluated the competitiveness of Tencent, one of the world's five most valuable Internet companies (Forbes Global ranked 50 in 2020 and ranked 33 in 2023), and their modeling shows that strengthening corporate culture and technological innovation is an effective strategy to maintain core competitiveness [16]. However, there have been fewer studies on the construction of corporate culture for small and medium-sized Internet enterprises, which are characterized by small scale, high potential, and high uncertainty.

**Formulation purposes of the article.** This paper aims to analyze the corporate culture of small and medium-sized enterprises in the current Internet industry, identify existing problems, and provide suggestions for improvement.

**The main material.** In the era of VUCA, the external organizational environment changes faced by small and medium-sized Internet enterprises have brought additional severe opportunities and challenges. Compared with large Internet enterprises, especially the world's top ones, the characteristics of the VUCA era of small and medium-sized Internet enterprises are more obvious. Therefore, to win in the competition, we must constantly optimize the mode of enterprise operation, take high-quality employees as the core competitiveness of no breakthrough point, and the construction and operation of corporate culture is the key to harmonizing the relationship between enterprises and employees and playing the value of employees. Among the numerous factors affecting employee



behavior and even golden behavior, corporate values are considered the most significant factor. The correspondence between corporate values and employee values is the key for employees to accept corporate culture and produce golden behavior.

Referring to the Web of Science, ScienceDirect academic search engines, World Corporate Culture Network (<http://www.wccep.com>), and the information website of the Research and Development Center of The State Council of China, the authors focus on the problems existing in different corporate cultures and summarize them into text writing problems, cognition problems, and implementation problems. The authors conducted a paid survey on the corporate culture problems of small and medium-sized Internet enterprises in China, prepared an electronic questionnaire, sent the questionnaire to seven small and medium-sized Internet enterprises in China by WeChat and Email, and collected 301 valid documents. The statistical data of the sample individuals are shown in Table 1 below.

As can be seen from Table 1, different from the traditional manufacturing industry, in this survey sample, Internet enterprises are dominated by youthful people born after 1980, accounting for 85.6%. After 1990, they were the most mainstream group in the industry, which completely demonstrated the vitality and creativity of the Internet industry. Since the sample size of employees in the 2000s is limited and the error is large, the sample of employees in the 2000s will not be discussed in-depth in the following paper. In the job information of the industry, there are 199 employees in the enterprise, accounting for 66.1%, and middle managers and senior managers account for 28.9%. According to Figure 2 Sankey Chart, most of the surveyed people in the 1990s were enterprise employees, accounting for 89.0%. This was mainly since employees in the 1990s had shorter working years but had the strongest creative ability and were more likely to exert greater value in grass-roots positions. Employees accounted for 60.9% of the population in the 1980s, which was considerably lower than the



proportion of employees in the 1990s and lower than the total proportion of employees in the sample. In the 1970s and 1960s, the population was mainly middle managers or senior managers.

*Table 1*

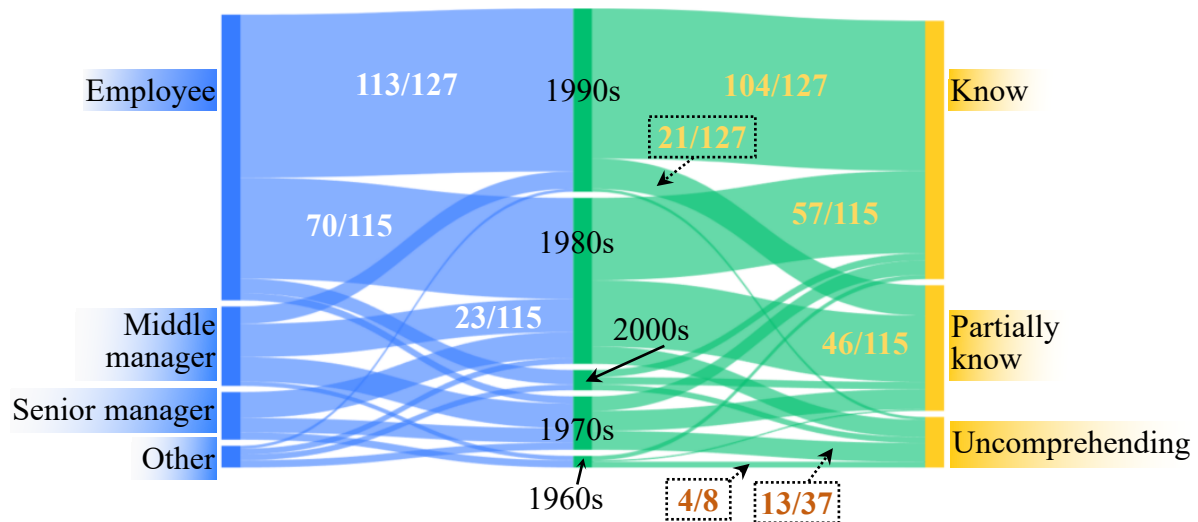
**Summary of survey data of seven small and medium-sized Internet enterprises**

Characteristic Information	Items	Number of people	Percentage	
Dates of birth	1960s	8	2.7%	
	1970s	37	12.3%	
	1980s	115	38.2%	
	1990s	127	42.2%	
	2000s	14	4.6%	
Job information	Senior manager	25	8.3%	
	Middle manager	62	20.6%	
	Employee	199	66.1%	
	Other	15	5.0%	
Knowledge of the corporate culture	Know	179	59.5%	
	Partially know	87	28.9%	
	Uncomprehending	35	11.6%	
Recognition of corporate culture	Very important	35	11.6%	
	important	131	43.5%	
	General	70	23.3%	
	No feeling	46	15.3%	
	Specious	19	6.3%	
Possible problems with corporate culture	Textual problem 61.0%	Conflict with personal values	97	32.2%
		Machine-made corporate culture	46	15.3%
		Neglect of spirituality	41	13.6
	Executive problem 28.0%	Leadership is bigger than all	46	15.3%
		Leaders fail to lead by example	24	8.0%
		Seeking instant benefit	14	4.7%
	Cognitive problem 11.0%	Project implementation inadequate	33	11.0%

*Source:* author's own development

Make statistics on corporate culture's popularity, recognition and problems, and the results are as follows. In Internet enterprises, the construction degree of corporate culture is higher, 88.4% of the people understand corporate culture, indicating that the industry has a more advanced management concept. In Figure 2, the 1990s population had the highest understanding of corporate culture

(98.4%), of which 81.9% completely understood corporate culture and 16.5% partially understood it. In the 1980s, 89.6% of the population understood corporate culture, which was also higher than that of the population. In the 1960s and 1970s, the proportion of people who did not understand corporate culture 'Uncomprehending' was 50% and 35.13%, respectively. By analyzing the rank distribution of people in different age stages, we conclude that corporate culture is more like a culture inspired by senior management, formulated and constructed by middle management, used to restrict employees' behavior or improve their work efficiency and cohesion, and its purpose is more like a cultural system serving middle and senior management.



**Fig. 2. Small and medium-sized Internet enterprises**

*Source:* summarized by the author

Fig. 3 and Fig. 4, respectively, show the recognition degree of corporate culture and the effect of corporate culture among different age groups and different jobs. As can be seen from the data, the recognition of corporate culture in the 1980s and 1990s showed the same distribution characteristics, indicating that grassroots employees had the highest recognition of corporate culture (Fig. 3 (b)). At the same time, people in the 1990s paid more attention to spiritual integration with corporate culture. In comparison, employees in the 1980s were more inclined to bring personal benefits and promotions after getting familiar

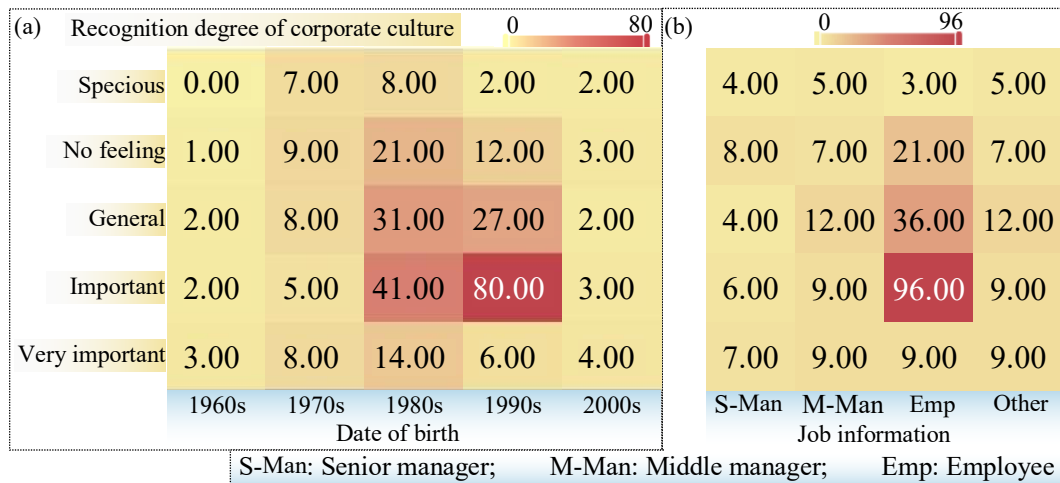
with corporate culture. The comprehensive data of employees are also looking forward to the spiritual integration with the corporate culture. However, there are also a large number of employees who need clarification and are unfamiliar with the corporate culture (Fig. 3 (b)), which reflects that there are specific problems in the implementation of the corporate culture. Corporate culture has a relatively more profound influence on employees and a higher degree of recognition from employees than managers.

However, among older senior managers, the understanding degree, recognition degree, and influence degree of corporate culture are all low, or the sample distribution needs to be more regular. In other words, in some senior managers, corporate culture has no sense of existence, is a piece of paper, or can be changed at any time by subjective ideas. Table 1 gives statistics on the problems that the research group thinks may exist in corporate culture. Among them, the proportion of the 'Textual problem' is the highest (61.0%), the 'Executive problem' is 28.0%, and the 'Cognitive problem' is relatively low (11.0%). 'Textual problems' and 'Executive problems' are the most prominent problems. The main reason for the 'Textual problem' is that the founders of corporate culture have a biased or wrong understanding of the changing era background, industry form, and enterprise development ideas and fail to modify the corporate culture with the times or innovate the corporate culture. The 'Textual problem' also involves the managers' understanding of corporate culture is overly shallow and vague, and the corporate culture system needs to be more organized.

On the other hand, the 'Executive problem' is the managers' wrong positioning of corporate culture. They still equate corporate culture with rules and regulations restricting employee behaviors or slogans encouraging employee behaviors. Personal will is frequently driven by corporate culture.

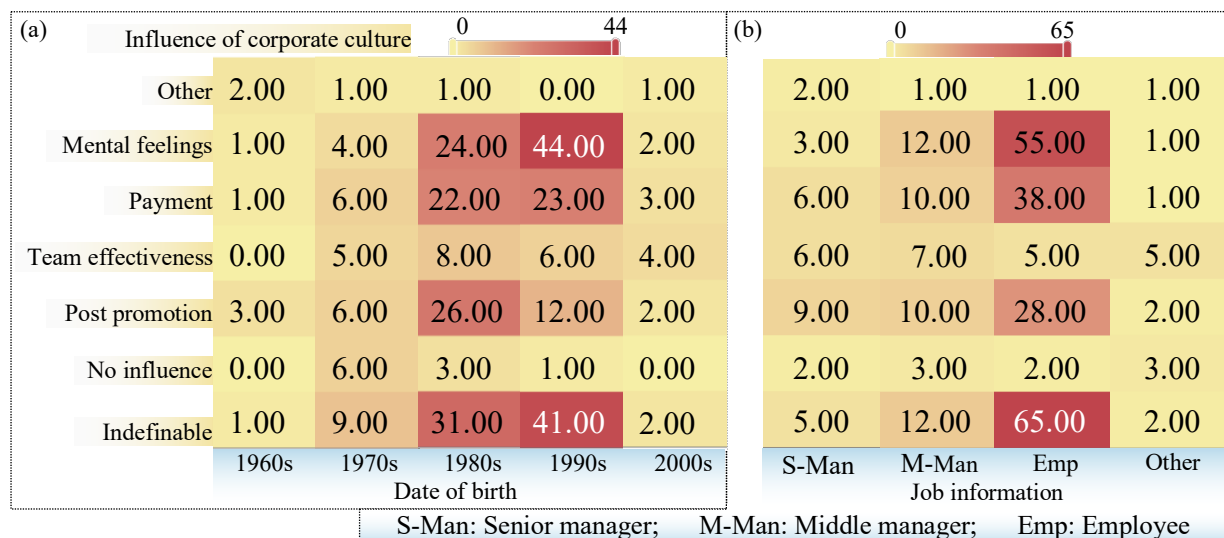
Culture is often considered superior to the system, while the system is considered ahead of technology. In today's management of modern enterprises,

corporate culture has gradually replaced rigid rules and regulations, playing an increasingly significant role. One significant advancement lies in developing a soft culture in values. According to survey data, younger employees increasingly value the alignment of personal and corporate values on a spiritual level. However, the determination of compatibility and degree of alignment is predominantly controlled by senior management.



**Fig. 3. Chi-square cross-tabulation heat maps: (a) between ‘Date of birth’ and ‘Recognition degree of corporate culture’; (b) between ‘Job information’ and ‘Recognition degree of corporate culture’**

Source: systematized by the author based on [3]



**Fig. 4. Chi-square cross-tabulation heat maps: (a) between ‘Date of birth’ and ‘Influence of corporate culture’; (b) between ‘Job information’ and ‘Influence of corporate culture’**

Source: systematized by the author based on [3]

## Suggestions for Corporate Culture of Small and Medium-sized Internet Enterprises

Corporate culture is a cohesive spirit. This spirit restrains the daily behavior of enterprise members and influences the practice of enterprise management through this spirit. Excellent corporate culture will form spiritual power inside the enterprise to lead the high-quality development of the enterprise. The pursuit of efficiency, willingness to share, global concept, respect for others, and technological innovation, these golden behaviors of employees, which affect the development of enterprises, partly depend on the personal ability of employees but more on the willingness or inclination of the spiritual level. Thought is the forerunner of behavior, and the soft culture of corporate problems involving the spiritual level allows employees' behavior to have a substantial impact. Therefore, based on the above survey data, small and medium-sized Internet enterprises should pay more attention to the deep spiritual construction of corporate culture, promote a high degree of correspondence between employee values and corporate values, promote the golden behavior of employees to the greatest extent, cultivate core employees, and obtain more significant development potential and more vital anti-risk ability in the VUCA era. Therefore, the following suggestions are put forward for the construction of corporate culture:

### **(1) Give play to the main role of employee culture construction**

Corporate culture is not the culture of managers, nor is it a tool used to attract or restrain employees, but the organic coupling of values and codes of conduct of all staff in the enterprise. Employees are the core strength of an enterprise and the primary practitioners of corporate culture. In order to achieve a high degree of compatibility between employee values and corporate values, in the construction stage of corporate culture, we should give full play to the central role of employees, mobilize the creative spirit of employees so that each employee has the opportunity to participate in the business activities of the enterprise, encourage cooperation between departments, and build an excellent

corporate culture. Coordinate the relationship between formal and informal organizations so that employees have a sense of belonging and pride to give full play to the effectiveness of corporate culture construction.

**(2) Corporate culture pays more attention to corporate humanistic care while paying attention to integrity**

Corporate culture management is a higher level of management. It not only involves corporate strategy, corporate organization, corporate personnel, workflow, product marketing, and other functional lines but also involves the highest decision-making level of the enterprise and general staff management and is related to the regional line and industry line, is the enterprise from top to bottom collective to follow the code of conduct. However, the core of enterprise development is people. In managing corporate culture, it should be reflected everywhere in people-oriented thought. Enterprise essential tasks in guiding the development of corporate culture, to let it have a temperature, warmth, respect, and trust enterprise members, internal members as reliable friends, help them build self-esteem and confidence, build a community of enterprise spirit home, Establish an equal and efficient communication mechanism, fully stimulate the competency of employees, promote golden behavior, and let enterprise members spontaneously combine their development with the development of the enterprise.

**(3) Strengthen managers' cognition of corporate culture**

Accurate cognition of corporate culture by managers, especially senior managers, is the core guarantee for corporate culture construction. Many managers of small and medium-sized enterprises are not professionals; their business philosophy needs to be more active and correct, and their understanding of the importance of corporate culture needs to be more balanced. Enterprise leaders must position themselves and play a multi-faceted role in constructing enterprise culture. They are not only the designers of enterprise culture but also the advocates and implementation of enterprise culture. At the same time, led by

enterprise managers, additional employees do a typical, do the lead, actively infiltrate the spirit of corporate culture into the operation and management, encourage employees to participate in the construction of corporate culture, and promote the spiritual level of consensus within the enterprise.

**(4) Corporate culture should not only inherit excellent corporate culture but also innovate continuously according to the development of times**

The corporate culture should not only reflect the needs of the development of the industry context of the times but also meet the needs of its development. Only a corporate culture with both inheritance and innovation can have a more vital ability to resist risks. Inheritance means that the corporate culture should learn from the construction and implementation of the international leading large-scale Internet corporate problem rather than working behind closed doors. Innovation is not the same, and the corporate culture needs to keep pace with The Times; according to the background of the industry context of the times, the development of the industry's timely adjustment to the corporate culture, especially the enterprise development strategy, can significantly enhance the competitiveness of enterprises in the VUCA era.

**(5) Pay attention to the slow and long-term efficiency of corporate culture**

Excellent corporate culture is the formation of an ordinary consciousness of managers and all enterprise members, the cultivation of familiar habits, and the formation of shared development goals. The construction and development of corporate culture require the long-term efforts of all enterprise members, and the efficiency of corporate culture is only achieved after some time. Enterprise members must transform the concept of corporate culture into spontaneous action, and the whole enterprise must be prepared for a long-term "battle".

**Conclusions.** Excellent corporate culture can significantly promote the golden behaviors of employees, such as the pursuit of efficiency, willingness to



share, global concept, respect for others, technological innovation, etc., which is crucial for the development of enterprises in the VUCA era. The number of small and medium-sized Internet enterprises in China is extremely large, essential for developing this industry. However, among the seven enterprises surveyed, employees have a high awareness and recognition of corporate culture, while managers are relatively worse. There are prominent problems in the text and execution of corporate culture. The key to the problem lies in recognizing the essence and efficiency of corporate culture by corporate managers, especially senior managers. In the construction and implementation of corporate culture, enterprise managers should take employees as the main body, pay attention to humanistic care, strengthen their cognition, constantly innovate corporate culture, and promote the golden behavior of employees and the development of enterprises with excellent corporate culture.

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