

The First stage results of the research *“Value-based business in Ukraine”*

It's just the beginning...

Did Ukraine get it wrong with what value-based business is? Values that Ukrainian businesses declare are more likely to describe company strategic development, market needs and organizational challenges. Do business leaders value clients more than shareholders or is client servicing a way to achieve strategic advantage? Is professionalism value an indicator of highly educated and competent employees or a struggle to select and retain top talents?

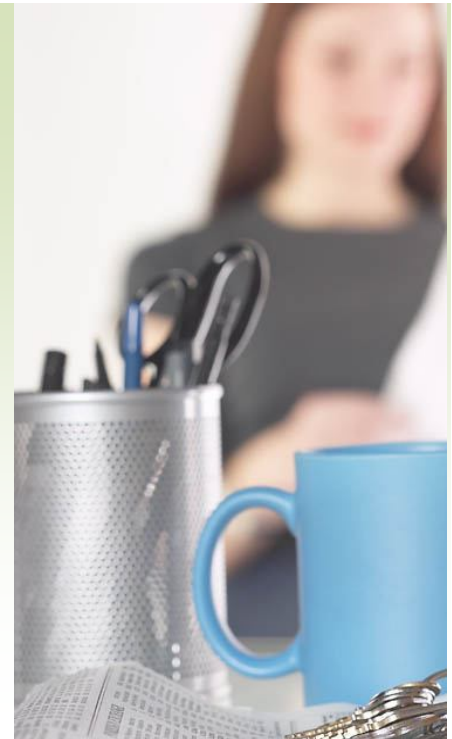
Value-based business was primarily perceived as “marketing tool” in order to show potential international partners high level of management standards. Nowadays businesses need to ultimately reconsider what value-based business is. The main stereotype is that value-based business concept is not applicable to Ukrainian and/or Russian mentality. It is wrong and international companies show good cases of value-based business development both in Ukraine and Russia.

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Research Methodology and R&D Team

1000 companies in Ukraine and 1000 companies in Russia were analyzed at the first research stage. Companies were selected according to international ratings and transparency level (publicized annual accounts, information allowance in global international network).

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Review

Current reality

107 out of 1000 companies in Ukraine declare values, 27 of them are representative offices of international companies.

Top Values in Ukraine

Client
Team
Professionalism
Responsibility

It's just the beginning

International companies leading at the market declare values, understanding of which is to entirely change Ukrainian business.



Rating of values declared by Ukrainian companies

Value	Frequency*
Client Orientation	60
Team	55
Professionalism	47
Responsibility	45
Quality	45
Partners, partnership	40
Innovations	33
Success, desire to win	31
Leadership	31
Personal approach	30
Experience	30
Exposure	29
Education, improvement	25
Respect	23
Dependence	23
Result orientation	22
Reliance	20
Availability	20
Initiative	19
Ethics	18
Stability	17
Ambition	13
Independence and objectiveness	10
Privacy	10
Simplicity	10
Justice	9
Transparency	8
Freedom	7
Law obedience	7

* % of companies that declare the value.

Making things clear

10,7% of companies in Ukraine declare values on their web-sites, in corporate booklets and marketing materials: 8% are of Ukrainian origin, 2% representatives of multinational companies

Great amount of companies (above 30%) declare *norms and principles* of work.

Value – is an assumption upon which implementation can be extrapolated.

Principle, for example, «modern technology and equipment usage» (alcohol drinks producer), is a desire to provide a certain production level relative to the value “quality”

Today Ukrainian companies declare principles three times more often than values. It shows that a value-based approach to organizational management is just being in the development stage in Ukraine.

Values in prospect

1) The most likely thing is that a need of building long-term relationships with employees, clients and suppliers made companies to declare their values. Companies wanted to show that they implemented progressive management tools and were worth to become a partner of market leaders. Values were used as a marketing tool rather more than a management tool. Nowadays, when companies understand ... positive impact of shared values they try to transform what was a marketing tool into a leadership standard. On the other hand, it takes years to cultivate values in the company, so it is still a long way to go and learn how to develop value-based business.

2) Being relatively young in terms of value-based business development Ukrainian companies have much room for ... management improvement, leading by shared values. It takes more then 2 years for medium-sized company to say that the organization acts according to the shared value, though developing value-based business takes this time if the company not only declared values, but has been cultivating and working on them. This leaves a big space for young companies to be faster in value-based business development managing business in a different way and achieving competitive advantage than big companies to go through the changing process.

Business that makes nothing but money is a poor business.

Henry Ford

The fact that values declared by businesses describe key market needs shows what challenges companies currently face and what strategic advantage they are striving to gain. Top-5 values (client, , team professionalism, responsibility and quality) correspond to the practices that companies want to develop. Companies that will be first to transform values into norms and principles can expect to keep leaders' position for the next market development phase.

Making a difference with innovation

The main difference between values that are declared in Russia and Ukraine is common to Russian companies' value "innovation". Why the value innovation is not common to the country where first gas lamp, first helicopter and first sensor (Kolchuga) to detect Stealth aircrafts were developed?

Actually, innovations take the 7th place with the frequency of 33% in Ukraine in comparison to 75% in Russia (in correlation to the values variety index). It means that the focus is made and innovations might become the new highway for Ukrainian companies?development.

On other hand, the innovations itself are worthless if all the company processes are not oriented on the innovations. That says it is still a big gap between the companies oriented to innovations and companies actually developing and introducing innovations to the market.

Innovations can become the new highway for the business development in Ukraine. And evolutionary, rather than revolutionary, business development makes it longer to integrate innovations as a common value for Ukrainian companies. The development of value-based business and management practices can enable innovation work in companies that learn faster than the others as it takes a lot of mind-shifts changing and personal development that is a vital part of learning.

Where does the way lead?

Multinational companies declare different values from Ukrainian and Russian companies. It can be influenced by the cultural differences on the one hand but it is more influenced by the market and company development on the other, comparing global and national markets. For instance, CSR and environment are not common values for the Ukrainian and Russian businesses not because they do not care. It is still simple market need that influence company leaders to choose the value rather than develop from ... inside. Ukrainian and Russian top managers might need to think globally and act locally rather than think and act only locally.

The globalization knocks at the "national" door every day and it is not long before the companies?value will correspond on the one hand to the individual values and on the other hand to the global needs.



Surrounding values

Values variety:

Ukraine approximately 30
Russia above 80

Percentage of companies with values declared:

Ukraine 8%
Russia 8%

Top Values rating declared by Russian companies*

Values	Frequency (%)
Innovations	27
Client	23
Responsibility	20
Exposure/ Transparency	19
Quality	19
Team	17
Reliance	16
Good faith	15
Results	12
Effectiveness	11
Development	11
Partners	11
Respect	9
Dependence	9
...	...

Top Values of International Companies**

- 1) Stakeholders (community members that company deal with: employees, owners, customers, shareholders)
- 2) Social responsibility
- 3) Environment

Predominant Value of Employees:
Personality development

* according to Lviv Business School of UCU research results

** according to Minesence Group