

## კულტურული თანამშრომლობა, როგორც ეკონომიკური დემოკრატიის საფუძველი

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აღნიშნული კვლევა მიზნად ისახავდა კორპორაციული კულტურის, როგორც სისტემის შექმნის საშუალების შესწავლას და დაკვირვებას, რომელიც უზრუნველყოფს ეკონომიკური დემოკრატიის და „საზოგადოებრივი მზადყოფნის“ გაძლიერებას სომხეთში. ამ მიზნით, სომხეთში კორპორაციული კულტურის ფორმაციის მიმართულეებით არსებული გამოცდილება შეისწავლეს და განსაზღვრეს მისი თავისებურებები, გააანალიზეს საჯარო სტრუქტურებისა და სამთავრობო წარმომადგენლების დამოკიდებულება და მიდგომები სომხეთის კორპორაციული კულტურის მიმართ, შეისწავლეს და შეაფასეს საქმიანი წრეების, საზოგადოების, და სამთავრობო წარმომადგენლების მოსაზრებები იმის თაობაზე, განიხილავდნენ თუ არა ისინი კორპორაციულ კულტურას, როგორც დემოკრატიული ეკონომიკის გაუმჯობესების მექანიზმს. ამასთანავე, მხედველობაში მიიღეს შემოთავაზებები როგორც კულტურული თანამშრომლობის განვითარების, ასევე დემოკრატიული პრინციპების სრულყოფისათვის.

## **Corporate Culture as the Basis of Economic Democracy**

*Melikyan Narine*

*PhD of Economics*

The democracy is the government of the people by the people for the people

*Abraham Lincoln*

As evidenced by existing experience of democratic countries, a steady democratic system is considered to be the best guarantee for political stability, which is very important for economic growth and development of private sector, for reinforcement of democratic values, such as transparency and responsibility, which are, at the same time, essential conditions for effective economic policy.

The economic democracy can be considered as the material foundation for political democracy. It is characterized as a system of economic relations, the main goal of which is to provide each individual with free selection of job conditions, decision making, and to ensure fair and informed participation in the latter, having an aim to establish democratic values in the economic life, to protect the fundamental human rights, to strengthen the supremacy of law, to promote welfare and to raise the quality of life. The economic democracy also aims to unify private, group and public interests, to combine personal undertaking and competitiveness, self-regulatory mechanisms and the public regulation, and to encourage private entrepreneurship.

Extensive implementation of democratic principles in the economic life has been largely contributed by the development of joint-stock companies. Under modern conditions the following can be considered as economic democracy promotion mechanisms: "Corporate Governance", "Corporate Social Responsibility", "Corporate Culture" and other related concepts and mechanisms, which in essence are strategic concepts of public and business relations targeted at securing stable and effective development of the society and business activities, as well as at the positioning of business activity in public relations as a "corporate citizen".

Despite the tendencies of growing interest and concern with respect to "shareholder democracy" in Armenia, the corporate culture has not so far become a subject of examination in the Armenian organizations. The study of this issue has become pressing due to the circum-

stance that under modern conditions the traditional vertical linear methods of governance implemented by the organizations prove to be inefficient, and they need to seek internal forces of development that would allow to orient certain subdivisions and employees towards general goals and values, combine employee initiatives, ensure commitment to the business, ease the relationship within the organization's staff, reduce uncertainty factor existing among the staff, reveal expectations of staff members, create a sense of participation, present the vision and development prospects of the organization, and motivate the employees towards progress. Besides, corporate culture underpins the creation of "social consensus" and enhancement of economic democracy.

### *Literature review*

The term "corporate culture" was first used in the past century by German field marshal and military theoretician Moltke as a term characterizing the relations among officers (Maslennikov R., 2007).

The definitions clarifying the content and nature of corporate culture can be divided into three groups:

1. Definitions characterizing activities of the company and its employees (Hall R, 2001, Shein E, 2001),
2. Definitions characterizing corporate culture according to its elements (Eldridge J. and Crombie A., 1974, Hampton D., 1987),
3. Definitions representing corporate culture as an integral category (Gold K., 1982).

The essence of the corporate culture is revealed by the researches made in this sphere, which have a rather rich history. In general, three basic schools involved in the study of corporate culture are identified:

- *Behavioral school*: for the investigation of corporate culture the school representatives focus on the analysis of behavioral rules, values and principles arising during the work process (Cyert R. and March J., 1959, Hampton D., 1987).
- *Effectiveness school*: school representatives focus on the connection between the corporate culture and the effectiveness of the company activity (Peters T. and Waterman R., 1982, Deal T. and Kennedy A., 1982).
- *Modeling school*: corporate culture is accepted by the school as an independent object of research. This school representatives have developed corporate culture formation models, have proposed a corporate culture evaluation methodology,

as well as have given the classification of corporate culture, etc. (Cameron K. and Quinn R., 2001).

Based on above described theoretical provisions, in the present article we have attempted to detect the link between the corporate culture, as the inherent element of corporate social responsibility, and the economic democracy in the Armenian reality.

### *Project Study Description*

The following are the sources of necessary information for the research:

- Results of survey conducted among business entities;
- Results of survey conducted among representatives of expert community.

The questionnaires were developed based on the Ten Principles of the Global Compact and the methodology of Organizational Culture Assessment Instrument (Cameron K. and Quinn R., 2001).

The need for combining these two techniques was conditioned by limited possibilities of implementing an expanded social survey. Besides, if the survey among business entities was intended to explore their experience in the formation and development of corporate culture, as well as to reveal their approaches towards the role of corporate culture in the establishment of democratic principles in the society, the survey conducted among experts had an aim to present the overall assessment and attitude of interested parties towards the adoption and implementation of corporate culture elements by Armenian business community.

Taking into consideration the fact that corporate culture is a significant tool for realization of CSR, such organizations were included in the sample of business entities which have positioned themselves in the Armenian reality as those displaying social responsibility and activeness. Therefore, UN Global Compact member companies were included in the sample, which was also supplemented with:

- banks, which, while not being UN Global Compact Members, due to the power of law have adopted such standards that are compliant with OECD CG principles, and are guided in their activity by above mentioned standards,
- organizations, the shareholders with significant participation of which are foreigners (e.g. EBRD), in consideration of the role of management technologies in the process of corporate culture formation and introduction of CSR elements.

The survey was conducted among 32 business entities. Therefore, it can be qualified as a pilot survey producing such outcomes which can

provide an insight into the general situation and can form a foundation for expanded research.

As regards the expert survey, the sample incorporated various individuals holding interest in the issue under consideration, such as individual experts, representatives of international and local institutions with a mission to elucidate CSR issues in Armenia, as well as representatives of NGOs, governmental authorities, mass media, consulting companies, and educational institutions. The sample of expert survey was formed according to the "snowball" effect, i.e. each expert selected in the main list of experts had noted, in his turn, 3 additional experts, who were included in the survey sample.

### *Key Outcomes*

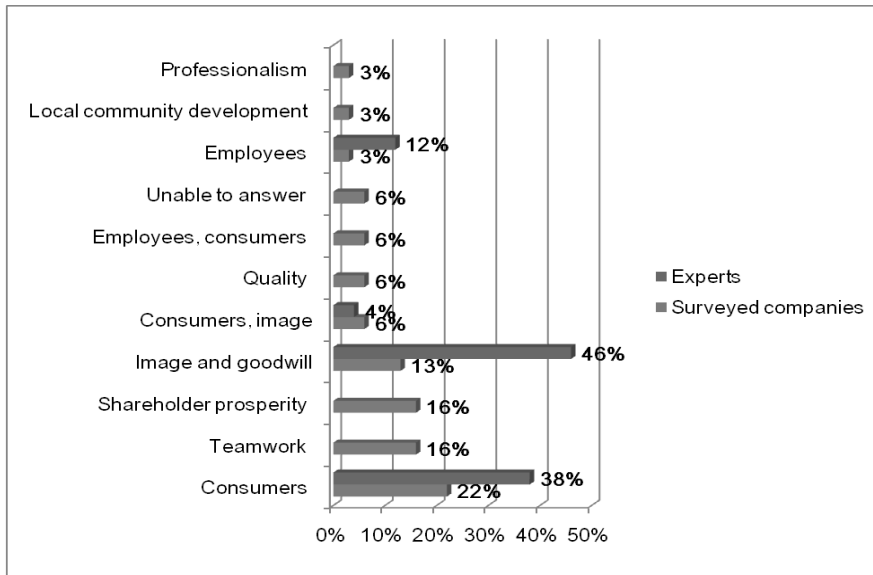
The research outcomes are presented according to the functions of corporate culture (Dubinin ĩ. 2002).

### *Formation of value system as a function of corporate culture*

Definitions of corporate culture elements suggest that corporate values of a company constitute the core of its corporate culture, which forms the foundation for development of the company's rules and principles of conduct.

Survey results evidence that key corporate values for the surveyed companies are as follows: consumers (22%), teamwork (16%), shareholder welfare (16%), and company's image (13%) (Figure 1). This suggests that companies are oriented towards tangible values, namely wealth and respect (Erasov B., 2000). It should be noted that the 16% of the companies has emphasized the importance of shareholder's prosperity as a corporate value, which can be explained by the specifics of the Armenian type of CG system, when the owner's influence is decisive both for the company activities and for distribution of the results. Almost the same situation is observed in the expert survey results (Figure 1). However, in contrast to the surveyed companies, the 46% of experts have given their priority to the value of respect (goodwill and image), and 39% to the consumers.

Figure 1. Main corporate values of the Armenian companies



The introduction of the Code of Ethics and its actual implementation in practice are the assessment criterion and “visit card” both for the company and its every employee. The survey results demonstrate that 66% of the surveyed companies have Code of Ethics and emphasize its importance as an element of corporate culture, since they orient the employees towards corporate goals, contribute to identifying the corporate values and rules, as well as influences on the formation of interested people’s insight about the company and on reinforcement of its reputation. At the same time, 25% of the surveyed companies has mentioned about the absence of the Code of Ethics, commenting that their development and implementation is a necessary but prospective issue.

Taking into consideration the functional significance of Code of Ethics (reputation, management, corporate culture development), the accessibility principle of corporate culture, as well as the fact that the value system formation function includes the functions of the preservation and transfer of these values, than awareness of stakeholders about this fact becomes important. From the survey results it becomes clear that 53% of the companies inform the stakeholders about rules of conduct. Rather high is the percentage of companies (31%) that didn’t answer or had difficulties to answer to the given question. Therefore, we may conclude that the companies that have Code of Ethics do not still lead a consistent policy for the revelation and provision of their transparency,

which receives special significance from the aspect of diffusion of the best practice as well as transmission of the value system of the companies to the society.

*Intention as a function of corporate culture*

The Code of Ethics orients the employees to the corporate goals, supports the identification of corporate values and rules. Any company has certain goals that make its activities meaningful. Therefore it is expedient to view the corporate goals of the surveyed companies, dividing them into economic and social.

From the analyses of Table 1 it follows in the surveyed companies the prevalent economic aim is the growth of profits both as a separate group as well as in comparison with other goals. At the same time the 53% of the surveyed companies have indicated as economic goals the following: "Increase of profits, high quality, position strengthening and achievement of new sectors in the market".

Concerning the results of expert survey, the attention of Armenian companies is concentrated on the growth of profits, which is expressed both in separate groups and in comparison with other goals (Table 1).

Table 1.

*Economic goals of the Armenian companies*

<i>Economic goals</i>	<i>Companies, %</i>	<i>Experts, %</i>
Increase of profits, high quality, position strengthening and achievement of new sectors in the market	53	11
Increase of profits	14	58
High quality, achievement of new sectors in the market	12	8
Increase of profits, high quality, position strengthening	9	19
High quality	6	-
Position strengthening	3	4
High quality, position strengthening	3	-

In the social goals of the surveyed companies the personal growth and material welfare of employees relatively prevail. 41% of the surveyed companies have specified in their social goals the personal growth and material welfare of the employees as well as the favorable atmosphere and the involvement of young specialists, i.e. the main priority is given to internal social problems. As a result, only 6% of the surveyed companies considers the participation in the solution of communities' social problems as a social goal. It is necessary to add that in the 65% of the surveyed companies the social goals are totally absent.

The experts also confirm that social goals of the Armenian companies have internal orientation, but more than 19% of the experts mention that the companies involve the community development in their social goals.

As a matter of fact, the basic aim of the companies' activities in Armenia is the profit, and where the companies have also social goals, those primarily are of internal orientation. Such situation can be explained by the private sector life duration in Armenia. At their "young" age the Armenian companies encounter the problem of survival, so they set the deriving of profit as their supreme goal, at best they limit themselves by the solution of internal problems, isolating from social issues of community significance.

#### *Formation of symbolic elements as a function of corporate culture*

Corporate values of the companies find their reflection not only in their rules of conduct and goals, but also in their slogans, symbols, stories and legends, i.e. in the elements that form the "symbolic" level of displaying the corporate values.

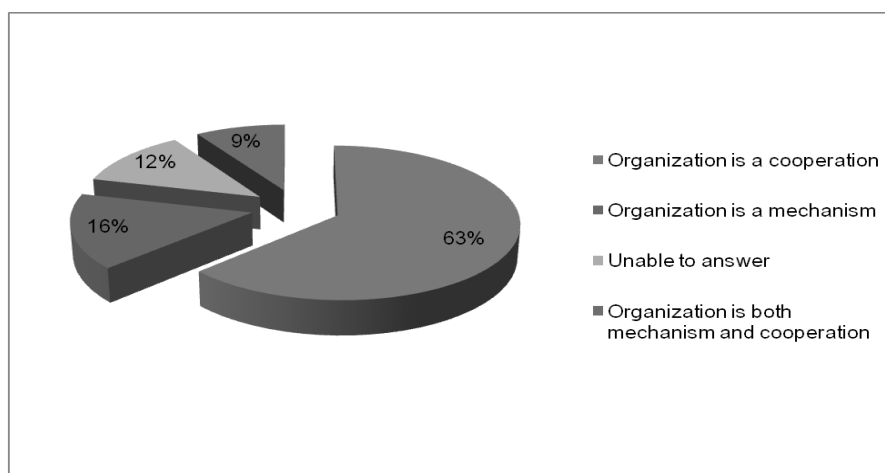
Survey results show that 80% of the companies have slogans, the publicity of which is provided. The companies also have firm symbols (logotypes, firm calendars, stationery and so on), approximately 60% of the surveyed companies create legends or stories which mostly relate to their foundation as well as to their first leaders, founders and reputable employees.

Certain progress can be recorded in the practice of formation of the companies' corporate culture "symbolic" elements, which, when compared with the level of established corporate values, allows to conclude that in the surveyed companies the level of established corporate culture oscillates between the stages of "foundation"- "childhood" (Shein E., 2001). This means that in some companies we can see the spirit of collectivization, but there is no distinctly formulated value system in place, in the second part of companies the elements of corporate culture are in the stage of formation, while others already have their individual firm style. The foregoing is supported by Figure 2, from which it follows that the companies primarily treat themselves as partnerships, which is mostly



characteristic to initial stages of the corporate culture life, when the manifestation of creative approaches, teamwork ability, and combination of independence, collective thinking and activities are far more encouraged.

Figure 2. Description of the surveyed companies



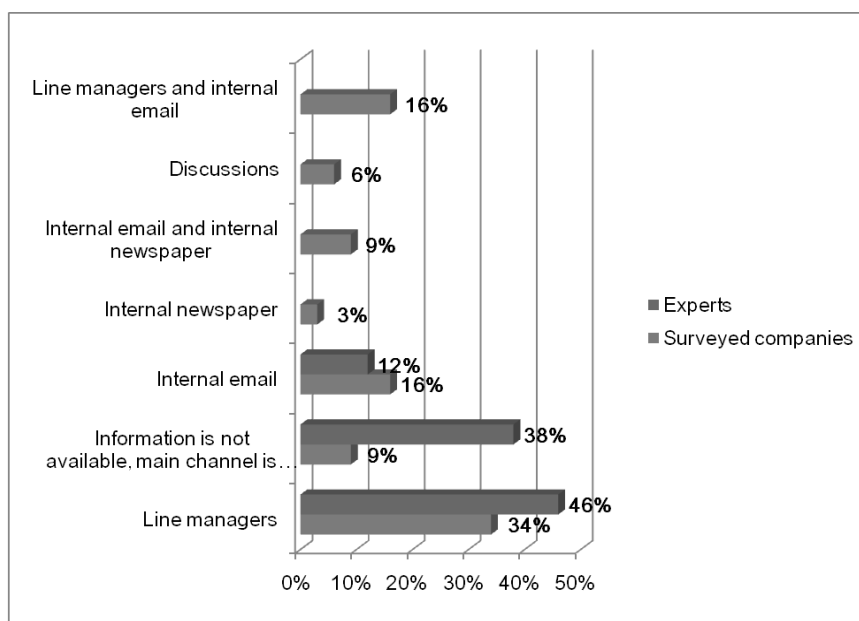
The fact that Armenian companies are in the stage of corporate culture “foundation”-“childhood”- “adolescence” is supported by the surveyed companies’ responses who state that the senior management is basically responsible for the corporate culture formation. Taking into consideration the CG peculiarities in Armenia, when the owners are mainly involved in the company’s day-to-day management, the decisive factor influencing on the formation of the companies’ corporate culture can be considered the personality of the owner. It can be stated that the experts share this opinion with the surveyed companies. This means that in Armenian companies the peculiarities of corporate culture are conditioned by the ideas, approaches, dispositions and value system of the owners.

#### *Ensuring communication as a function of corporate culture*

As a living organism any company needs coordinated activities of its internal units, subdivisions as well as of the employees. Corporate culture is a mechanism that incorporates different units of the company in one entirety through regulation of information flows. In the 34% of the surveyed companies the main source of information are immediate managers, at the same time there exist such sources of information as internal electronic communication (16%), publication of internal newspapers

(3%), combination of the mentioned sources of information (Figure 3). 46% of experts state that the source of information are immediate line managers, whereas 38% mention that employees are being informed through gossips (Figure 3), i.e. according to the experts, the communication system in the companies is not efficient enough and does not provide symmetric distribution of information, giving rise to gossips which, in their turn, may cause circulation of unreliable information.

Figure 3. Main channels of information dissemination of the Armenian companies



Taking into consideration that in Armenian companies the main source of information is the immediate manager, special importance is given to the nature of manager-employee relations. 87.5% of the surveyed companies have responded that the managers always communicate with employees, whereas the results of the expert survey demonstrate a very strict characterization of manager-employee relations, according to which more than 46% of the experts have mentioned that manager-employee relations are practically absent (Table 2). The difference in the answers of surveyed companies and experts can be explained by the fact that qualitative features of the surveyed companies' corporate culture are different as compared with those applied in other enterprises. Besides, in the surveyed companies the inquiry was conducted with the managing personnel. Therefore, certain bias in the answers is not excluded.

Table 2.

*Relations between managers and subordinates inside the Armenian companies*

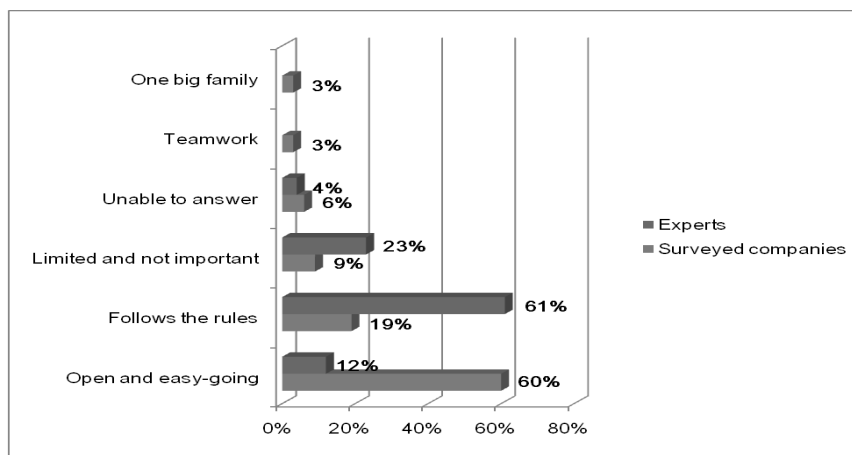
<b>Relations between managers and subordinates</b>	<b>Experts, %</b>
No relation in practice	46
Managers regularly interact with subordinates	27
Formal relations are preferred than interpersonal relations	15
Unable to answer	6
Relations depend on the situation	4

In terms of corporate culture formation, communication of rules, feedback and provision of internal integration, the as well as horizontal regulation of information flows becomes more important.

As a tool of information flows bottom-up regulation can be considered the inquiries conducted among employees (as a model of referendum implemented in democratic countries), the participation of employees in the company management or the discussions held with the employers, which can be characterized as effective mechanisms for foundation and reinforcement of democratic elements within the companies. Only 47% of the surveyed companies have certain experience in conducting inquiries among employers, whereas in 41% no inquiries have ever been held. Prevailing majority of the experts have mentioned that no inquiries are being conducted among company employees. As to the employee participation in the management process, a more detailed discussion will be provided in the study of corporate culture socialization function.

The nature of relations among employees becomes important from the perspective of horizontal regulation of information flows, since company employees are not only the carriers of corporate culture elements but also those who communicate such values.

Figure 4. Essence of the employee relations of the Armenian companies



Relations among employees of the surveyed companies are mainly open and easy-going (Figure 4). However, according to the experts, these relations generally adhere to certain rules (Figure 4). Therefore we may conclude, that in both cases no serious obstacles for ensuring horizontal information flows are observed. Concerning the vertical (top-down and bottom-up) links of communication, here we observe obvious problems, which are expressed in the limited nature of manager-employee communication and feedback.

#### *Formation of educational system as a function of corporate culture*

Corporate culture encourages the training, education, raise of qualification, self-education and self-development, promotes the increase of such competency components as the professional characteristics of employees, creative potential.

Almost 35% of the experts have mentioned that in Armenian companies nothing is undertaken towards the development of work potential and the increase of employees' competency components, and the most widely implemented measures, as per the experts, are the participation of employees in conferences and seminars (23%), as well as the raise of qualification at the company's expenses (27%).

As regards the surveyed companies, the increase of their employees' competency level is effected through internal trainings and participation in qualification improvement programs financed by the company (41%). It should be noted that more than 9% of even socially responsible companies do not take any steps in this direction (Table 3).

Table 3.

*Staff development programs implemented by surveyed companies*

<b>Staff development programs</b>	<b>Surveyed companies, %</b>
Internal trainings, qualification improvement	41
Qualification improvement by the company	10
Internal trainings	9
Nothing is done for this sphere	9
Conferences, seminars	6
Internal trainings, conferences, qualification improvement	6
Unable to answer	6
Consultants' involvement	4
Qualification improvement by the employee	3
Self-development	3
Conferences, self-development	3

The nature of measures targeted at the development of human potential in the companies is an essential issue. Both experts and companies share the opinion that more active employees usually appear in the role of their initiators. Such measures are of non-regular nature, and their implementation is basically conditioned by the need to address situational problems.

#### *Socialization as a function of corporate culture*

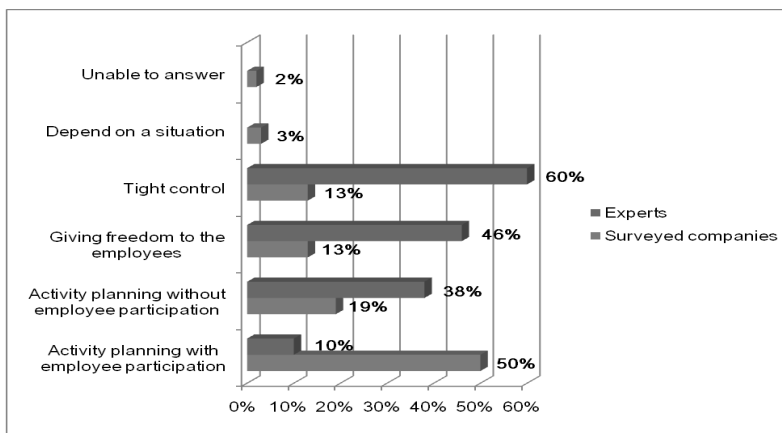
The socialization function is reflected in the company management process through participation of employees.

To characterize the participation of employees in the company management process it is worthy to distinguish two levels of management: general management, which is realized through the involvement in the companies' board of directors, and current management, which is carried out through assistance to the executive body's activities.

Taking into consideration the Armenian model of CG and the fact that the surveyed companies are CJSC-s and LLC-s by organizational-legal status, for which the formation of the board in the management structure is not a mandatory requirement, the employees of such companies mostly do not participate in the general management. Their participation mainly concerns the current management.

It is worthy to refer to the companies' management style through which the level of employee involvement in the management process can be revealed. Thus, in 50% of companies the identification of prevalent activity directions and goals, basic methods and ways of their implementation, as well as the determination of control system is effected through the collaboration with employees (Figure 5). The experts give rather strict assessment to the management style: 42% believes that the management brings to realization of strict control without determination of prevalent activity directions and goals, basic methods and ways of their implementation, and 38% thinks that the identification of prevalent activity directions and goals, basic methods and ways of their implementation, as well as the determination of control system is effected without employee participation (Figure 5). Thus, by the management style feature, the corporate culture of surveyed companies more closely resembles the clan model (Cameron K. and Quinn R., 2001), and according to the experts, in Armenian companies there are no classic models of corporate culture in place.

Figure 5. Management style of the Armenian companies



Both experts and surveyed companies have mentioned that periodic discussions with participation of employees are organized. The main

subject of discussions are issues of production nature, as well as working conditions, remuneration, assessment results, social conditions.

### *Encouragement of employees as a function of corporate culture*

Corporate culture is a significant mechanism that impacts the motivation of employees through incentive system. A necessary condition for application of one or another encouragement option or mode is the assessment of the employees.

Survey results show that in 50% of companies the employee assessment system is absent, and in 50% it is present. In consideration of the latter, 41% of the companies had difficulties in answering the question by whom and how the assessment of employees is realized. At the same time, an identical number of companies has reported that the assessment of employees is effected according to the criteria defined by the company, by immediate managers and through open method. Thus, the companies ensure the transparency of both the criteria and method of assessment, which is laudable for the formation of appropriate behavioral model in the given companies, as well as in terms of ruling out undesirable and prohibited actions.

As opposed to the companies, the experts have indicated that in the large majority of the companies the assessment of employees is conducted by their immediate managers using individual approaches, and if 15% apply the open method of assessment, in 69% the secret mode prevails. This means that according to the experts, the assessment system existing in Armenian companies can lead to application of subjective approaches and creation of conflicts, which might be threatening for the corporate culture, especially for the realization of encouragement function.

As follows from Table 4, among employee encouragement modes the material motivation tools, such as remuneration for performed work, bonuses, participation in the profits. At the same time, it is necessary to note that material incentives of encouragement are the hygiene factors of motivation (Graham H., Bennett R., 2003), the significance of which in the satisfaction from work either decreases over time or is not essential from the beginning.

Table 4.

*Employee encouragement modes of the surveyed companies*

<b>Encouragement modes</b>	<b>Surveyed companies, %</b>
Material motivation tools	25
Material motivation tools, additional privileges, status, social motivation, personal motivation	22
Material motivation tools, status, social motivation	16
Material motivation tools, social motivation	9
No motivation tools	9
Material motivation tools, status, social motivation, personal motivation	6
Material motivation tools, additional privileges, social motivation	6
Status	3
Unable to answer	3

*The role of companies in environmental and anti-corruption issues*

The companies have special role in the formation and addressing of environmental risks and challenges: on the one hand they appear as a problem formation source, on the other hand – as the major player in their solution.

The survey results have revealed that only 25% of the companies have environmental protection policy: 37.5% of the surveyed companies have practice in implementation of environmental measures, and 62.5% had difficulties to specify any environmental measure realized by their company. As a result we can state, that the environmental management system is mainly absent in Armenian companies, and measures realized by the companies in this sphere are mainly conditioned by certain time periods or are forced by circumstances.



Both the surveyed companies and the experts mostly view the corruption as a social malice. As a principal anti-corruption mechanism, as seen by the surveyed companies (57%), may be the provision of legal compliance. At the same time, only 3% of the companies give importance to conducting explanatory works among employees as a means of combating corruption. It is important to note that 9% of the companies not only does not condemn corruption facts, but, on the contrary, tries to encourage the corruption, motivating that no successful business will be possible without bribes and other corruption facts. Besides, if we combine the responses “No measures are implemented”, “Have difficulties to answer”, “Do not see any ways of struggle”, we can state that 24% of the surveyed companies have rather passive position regarding the problem (Table 5).

Table 5.

*Main tools to combat corruption in the surveyed companies*

Main tools to combat corruption	Surveyed companies, %
Provision of legal compliance	57
No measures implemented	9
Have difficulties to answer	9
Corruption encouragement	9
Development of own plan of combating corruption	6
Do not see any ways of struggle	6
Trainings for employees	4

As to the experts, overwhelming majority of Armenian companies has rather passive position regarding this problem.

*Perception of corporate culture and its link with economic democracy by the surveyed companies and experts*

Responses provided both by experts and companies suggest that the concept of “corporate culture” is perceived by them according to its elements. Besides, the survey results demonstrate that companies attach importance to the relationship between the corporate culture and efficient company activities, and the advantage of formation of favorable moral and psychological climate among the staff.

Concerning the relationship between corporate culture and economic democracy, 46% of the experts describe it as a direct link, 38% see the existence of such link in a long-term perspective; 38% of the companies describe it as a direct link, and 59% see the existence of such link in a long-term perspective.

*Conclusions and Recommendations*

The major conclusion deriving from this research is that the Armenian market participants perceive the existence of relationship between corporate culture and economic democracy, however for most of them it is visible in the long-term perspective, which can be explained by revealed peculiarities of the Armenian corporate culture. According to these peculiarities, even socially responsible companies and those having active position in the market have certain problems in the process of corporate culture formation, development and communication. Without excluding the active role of the private sector in the establishment of economic and political democracy, nevertheless we can state that the perception of fundamental democratic values by the society, i.e. the degree to which the democracy is established in Armenia, is no less important, since the relationship under consideration is two-sided. The formation of effective corporate culture systems by the private sector can be considered as the driving force, leverage or creative potential able to change the existing public understandings, since responsible activities of the companies result in the formation of the social capital of trust and fairness.

Based on the outcomes of this research, with an aim of corporate culture development, as well as implementation and reinforcement of economic democracy principles, the companies are recommended:

- To develop the corporate management practice and the conduct of business based on behavioral principles. To view the corporate management, corporate social responsibility and corporate culture in one entirety, as mechanism that supplement and develop each

other, which are based on the principles of integrity, fairness, responsibility, transparency and self-regulation.

- To form responsible business conduct, this assumes the existence of a value system that is not limited to the supreme goal of deriving profit. The value system of the company should enable to correctly assess the nature of decisions made by the company, its actions and their realization techniques. of the companies. Besides, it is necessary for these values to turn into a part of business culture and practice.
- To know own corporate culture, its peculiarities, try to manage their corporate culture realizing the advantages it has upon existence of reliable relations with internal and external stakeholders, and perceive that without trust each will play his own “game”, which has no relevance to the general rules of the game, and at worst contradicts them.
- Collaborating with other business structures, government bodies and institutions of civil society, foster the formation of market institutions and mechanisms, the solution of problems having priority importance for the society development, as well as the communication of civilized practice and the increase of competency of interacting persons.
- To form effective systems of assessment and encouragement, communication and even distribution of information, this will contribute to the efficiency increase and creation of healthy moral and psychological atmosphere in the companies.

At the same time, the role of state and civil society institutions in activation of the social role of business and the strengthening of economic democracy through it may not be underestimated. The activities of state bodies should also be based on the principles of social responsibility and fairness, and the assessment methodology of their activities should be based on consumption approach, i.e. the assessment of the level of satisfaction of state services consumers, i.e. businesses and the society, with those services and their providers. At the same time, the state should take care of the introduction and implementation of fundamental corporate culture principles inside the state bodies and structures.

As regards the civil society institutions, not only they should be involved but also actively participate in the solution of basic social issues through the study of the society needs, formation, presentation and realization of the society order, as well as the increase of public awareness.

Only due to three-sided collaboration the realization of issues faced by each party and the establishment of democracy in the country will be possible.

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