



The Change of Netflix's Corporate Culture

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ABSTRACTS

Netflix has truly been a symbol of cultural change in business. From the way they shape and manage their people to the way they approach creativity and innovation, Netflix has created a work environment that many other companies look to as a source of inspiration. (1) "Focus on freedom and responsibility" Netflix eliminates the classic management system and replaces it with a model that focuses on personal freedom and responsibility. Employees are encouraged to propose ideas and carry out projects they believe are important without control from superiors. (2) "Work flexibility" Netflix allows employees to decide their own work and rest times, based on their own assessment of work performance. This creates a flexible environment that encourages creativity and productivity. (3) "Creative Partner Access" Netflix promotes working with creative partners from around the world, from independent filmmakers to famous screenwriters and actors. They create an environment where diversity and creativity are valued. (3) "Test and learn spirit" Netflix encourages experimentation and learning from mistakes. They are not afraid of failure but motivate employees to dare to try new ideas and explore new approaches. (4) "Personal and work values" Netflix puts the personal values of each employee first, expecting that they will set personal goals and work with maximum dedication. This creates an environment where each individual feels respected and encouraged to thrive.

Keywords: *Corporate culture, Changing corporate culture, Netflix*

1. General introduction

Corporate culture is an important factor in business activities. Building a suitable, progressive and healthy common culture will greatly help businesses in ensuring that employees think and behave according to common rules. Besides, at some point, corporate culture needs to be reviewed and changed, which is also the time when administrators play their role. Changing corporate culture is a long process and requires careful research and consideration so that the entire organizational system agrees and gradually gets used to the new culture. When the time comes to change corporate culture, administrators will encounter many difficulties when having to find ways to convince all employees, because corporate culture is only formed when all employees agree. agree and clearly understand the benefits it brings. To be able to carry out the change process smoothly, administrators not only need to perform their role well but also need to ensure the consensus of the entire organization.

2. Theory of corporate culture and corporate culture change

2.1. Some basic concepts

"Corporate culture is the synthesis of common concepts that members of the enterprise learn in the process of solving internal problems and dealing with problems with the surrounding environment." This is the definition first published by Edgar Schein in the book "Organizational Culture and Leadership" published in 1985.

Besides, Dr. Gian Tu Trung defines in the book "Management by Culture" that: "Corporate culture is the way of thinking, living and doing of the enterprise. Or to put it more specifically, corporate culture is the way of thinking, living and working of each person in that enterprise.

According to Nguyen Manh Quan (2011) in the book "Corporate Culture": "Corporate culture is defined as a system of meanings, values, dominant beliefs, perceptions and thinking methods shared by all members. members of an organization agree and have a wide-ranging influence on how their members act.

According to Duong Thi Lieu (2009), "Corporate culture is a system of values, standards, concepts and behaviors of an enterprise, which governs the activities of every member of the enterprise and creates the enterprise's own business identity".

Changing corporate culture is the process of changing some or all of the ethical values, management style, vision, mission or philosophy, and business thinking to strengthen and develop the culture. according to the set business goals. Accordingly, the change process is often not simple, requiring the efforts and contributions of all members of the organization, first of all the business leadership or those who initiate change. change.

2.2. The role of corporate culture in the organization

Corporate culture is the soul of an organization, the guideline for all activities and the key factor determining success or failure. It is the sum of values, beliefs, behaviors and rules shared by members of the organization, creating a unique identity and guiding the operations of the business. Corporate culture is the foundation of the organization. It acts as a compass that guides activities, shapes identity and is a bridge that promotes success. However, the business environment is an environment that is constantly changing over time. To maintain competitiveness and thrive in this dynamic environment, each organization's corporate culture needs to adapt and transform appropriately. One of the main functions of corporate culture is the ability to direct operations. This helps establish a system of values, beliefs and behaviors that influence how employees approach work and interact with colleagues and customers. A clearly defined corporate culture promotes consistency and direction, ensuring everyone in the organization works together towards a common goal. In addition, corporate culture plays an important role in shaping an organization's identity. It acts as a unique mark that differentiates the company from its competitors. A strong corporate culture fosters a sense of belonging and purpose for employees, attracting and retaining top talent who align with the organization's core values. Ultimately, a positive corporate culture will lead to a positive brand image, building customer trust and customer loyalty.

2.3. Current status of changing corporate culture in Vietnam

In Vietnam, there have been countless achievements and innovations from businesses in changing their identity to be more appropriate and modern. Among them is VinGroup, which transformed from a multi-industry corporation to a technology corporation with the strategy declared "Community - Technology - Macro". VinGroup creates a working environment with a culture of "Dare to think, dare to do", "Respect and share" or "Discipline and responsibility". They focus mainly on innovation and developing high-tech products, and the results are reflected in VinGroup becoming the largest private corporation in Vietnam with many different areas of operation such as real estate, healthcare, tourism, education,... In addition, in changing corporate culture accordingly, it is impossible not to mention Vietnam Dairy Products Joint Stock Company - Vinamilk. Vinamilk has transformed from a traditional milk production enterprise to a milk production enterprise according to international standards. They build a working culture according to the criteria "Quality - Prestige - Responsibility", focusing on improving product quality, diversifying models and products and developing export markets to other countries. Finally, Vinamilk has become the leading dairy company in Vietnam with a market share of more than 50% and exports products to more than 50 countries worldwide.

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3. Administrators for changing the organization's corporate culture

3.1. Time to change corporate culture

In each stage of development or under the impact of society, corporate culture has values that need to be changed to be more suitable for today. Changing corporate culture is a necessary requirement as well as a big challenge for organizations, especially organizations that have been operating for a long time.

Administrators need to clearly identify the times when corporate culture needs to be changed: First, when two or more businesses merge: Each business in the market maintains different cultures, so when Mergers need to be discussed to build a common culture. From there, a harmonious and effective working environment is formed. Second, when there is a division of an enterprise: The divided enterprise is considered an enterprise reorganization activity. That led to a change in the previous general culture. Third, when businesses are faced with "negative information": The negative information that businesses receive can be a reflection of a negative, unhealthy corporate culture, lacking a common voice. within the organization and reduces competitiveness in the market. Fourth, when businesses move into new business fields: Different fields require different corporate culture building. Appropriate cultural changes help businesses operate more effectively in new fields. Fifth, when the business has been operating for a long time and its operating methods are outdated: Outdated and stagnant operating methods cause personnel to work slowly, lack creativity, and reduce productivity. That hinders the competitiveness of businesses in the market and requires administrators to change appropriate culture to improve business operations.

3.2. The role of administrators in corporate culture change

First, consistency in change: Changing a culture that is already familiar to a business is not easy. It is a long process, requiring time, effort and consensus of all personnel. Businesses usually take from 1 year to 5 years to change. For the change process to take place smoothly, consistency from leaders,

administrators as well as employees is most necessary. Change does not just rely on temporary actions and policies, but needs to be systematic and synchronous in the core activities and components of the organization. Because culture is formed from beliefs and values, which are the roots for businesses to shape their operating structure and management system. Administrators need to ensure that during the change process, they limit unnecessary conflicts, develop a clear change plan, and monitor and check the impact of the new culture on the business.

Second, help members of the organization clearly understand change: As the people responsible for devising a plan to change corporate culture, administrators have the role of requiring and motivating members to participate. Participate in changing common culture. Corporate culture is only formed when all employees agree and clearly understand the benefits it brings. When determining an ideal culture for the organization, administrators need to carefully convey how to change and the goals to be achieved to help members clearly understand what needs to be changed and how to change. and follow instructions. Your business action plan must include specific timelines, goals, tasks and responsibilities: What should be prioritized? Where should efforts be focused? What resources are needed? How long is the completion deadline? Who is responsible for each specific task? Besides ensuring that goals are achieved, administrators need to evaluate employees' abilities and understanding so that the change process can take place most effectively.

Third, persuade to gain employee support: The goal of persuasion is to influence others to think or act in a certain direction – and the fastest way to do this is to talk to them . Effective communication skills require you to express yourself clearly, using nonverbal gestures and vocabulary that the other person can understand. If you share your ideas and thoughts in an engaging way that engages your audience, they will be more likely to be persuaded and follow you.

Fourth, focus all resources and means: To implement cultural change, businesses need to concentrate all resources and means. Typically, media and information systems are adapted to employees in different areas and functions within the organization to promote and maintain changes to standards and new behavior.

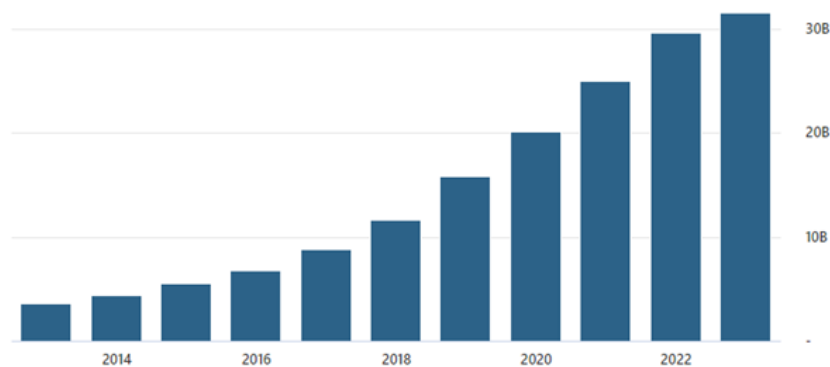
Fifth, set out specific strategies and development plans: Orientation helps the company predict what needs to be done and what changes will take place so that employees can adapt quickly. When drawing up a plan, leaders need to set goals, values and beliefs that employees will achieve when completing the plan. The role of company leaders is not only to come up with a strategic plan but also to communicate with employees and change their thinking, towards positive things in order to fulfill commitments. company's development direction.

4. Lessons of success from Netflix

4.1. Netflix's revenue results

Netflix's continuous growth is demonstrated through its extremely positive business performance throughout its years of operation. Because it has expanded its market to many countries, especially Asian countries, along with many attractive movie titles, in recent years Netflix's revenue has been extremely positive when attracting many potential customers. . Netflix's annual revenue for 2021 is \$29.698 billion, up 18.81% from 2020. In 2022, Netflix has annual revenue of \$31.62 billion with growth of 6.46%.

Figure 1. Netflix's annual revenue



Ngũn: Stock Analysis

4.2. The role of administrators in Netflix's corporate culture change

From a small video rental service provider, Netflix transformed its business model, invested heavily in developing high-quality original content, and has undergone a miraculous "transformation" to become one of the world's leading video rental service providers. provides the world's leading online entertainment service. One of the key factors that create Netflix's powerful empire is how this "giant" builds its own corporate culture. Reed Hastings, CEO of Netflix, played a key role in shaping the company's unique corporate culture. This culture is valued for its creativity, transparency and employee empowerment. For Reed Hastings, building a company culture isn't about creating principles and policies to retain employees or establishing values worth

celebrating. For him, building company culture is a process of chaining events. Through constant research and awareness of company issues, Hastings was able to piece together the facts and create Netflix's "No Principles" culture.

First, Hastings advocates building a dense concentration of talent. In the early steps of company development, Hastings recognized the most basic and important factor that creates flexibility and initiative in the company: people. For Netflix, a great workplace isn't one that has "a modern gym, lots of fancy offices, or frequent parties." At Netflix, a great workplace is where people are motivated to pursue common goals together, contribute and develop the company as well as themselves because Netflix is famous for its energetic working environment. Dynamic, creative and competitive salary.

This is an important lesson that Hastings learned from the Netflix crisis of 2001. When the dot-com bubble burst, investors quickly diverted capital to other financial products, leaving the company in a state of shortage. serious financial resources. Netflix had no choice but to lay off 1/3 of its employees. However, the moment that followed was completely opposite to what Hastings expected. The whole company was full of positive energy and new ideas were quickly born. As more and more people focus on work, the number of people using DVD rental services is also increasing rapidly. Hastings quickly realized that the main reason for this rise was the increase in "talent density" within the company.

When you have talented people on your team, everyone has the opportunity to learn from each other and achieve more. At the same time, employees feel inspired and motivated to do their best at work. Therefore, the ultimate goal of leaders when creating a progressive and creative working environment is to unite "bright colleagues". This is the first and most important point. Only after achieving this can you move on to the next step.

Second, Hastings only hires "adults." "Freedom and Responsibility" is a phrase emphasized in all documents about Netflix's corporate culture. This principle means that companies invest a lot of time and money in developing and implementing human resources policies only to address the remaining 3% of employees who are passive and lack self-awareness. 97% are proactive employees and will automatically do their job well.

Hastings adopts a "grown-up" philosophy. This allows employees to have a high degree of autonomy in their work, while also requiring a high sense of responsibility. Specifically, Netflix employees are not limited in the number of vacation days they can take, nor are they constrained by a cumbersome payment process for business and travel expenses. As long as they always put the company's interests first and use the company's money as their own. When a female employee at Netflix becomes a mother, Hastings will provide an "unlimited" leave policy for one year after giving birth while maintaining their salary. An employee who becomes a father can also take leave at will within a year and still receive full salary and bonus. *"At Netflix, we think employees can build a sense of responsibility when they truly love what they do. What we need is work efficiency, not the number of hours employees are at the company. Therefore, Netflix is ready to create conditions for employees' talents to be nurtured and developed, thereby helping them to stay with the company for a long time."*, Hastings said on Business Insider. Hastings also emphasized that Netflix values people over process. If the problem can be resolved properly and effectively, this process becomes unnecessary. At Netflix, we believe you don't need to set up complicated plans and processes to manage and improve your work performance year after year. Instead, company leaders and managers must have honest conversations with employees about job performance. Netflix is even willing to offer generous severance packages to employees who are not a good fit for the company so they can look for other opportunities on their own.

Third, Hastings always values honesty. At Netflix, honesty is one of the values that is valued and promoted. For Hastings, openly expressing one's opinions and comments rather than whispering behind others' backs creates a positive work environment and allows everyone to work faster and more efficiently. At Netflix, the motto "Only say about others what you are willing to say directly to them" always applies. In addition, Hastings promotes transparency within the company and encourages open communication between all levels. Netflix CEO Reed Hastings is also the founder of an "open" work culture, where all employees talk freely and share all information with each other. This makes Netflix an "anti-Apple" company with a completely opposite corporate culture. During a TED conference, Hasting revealed: "We are like anti-Apple. If their culture is to keep information out, then we are the complete opposite. Here everyone is can receive any information. Whenever I seek and make any big decisions, I have no intention of hiding them or doing anything with them." As for Hastings, he shares financial information, strategy and key decisions with all employees to encourage healthy discussion in the final decision-making process. This makes sense, since Netflix is a service that caters to movie fans and other reality TV viewers, so they can enrich their content by incorporating input and ideas from everyone in the company. The CEO added: "We want people to speak the truth, because to protest silently is to be disloyal. A decision should not be made solely for you. We are focused on having as much debate as possible".

But building a culture of integrity is not easy. To build integrity into its culture, Hastings used the Feedback Loop. It is considered one of the most effective tools for improving the performance of your team and everyone in your company. Feedback is more effective when given at the right time and in the right way. Hastings' advice for companies wanting to incorporate integrity into their culture: First, start by giving employees feedback to their bosses, like the story "The Emperor's New Clothes." , when officials constantly praised the king's "invisible" clothes but no one dared to tell the truth. The danger comes from the indifference of subordinates to the mistakes of their superiors. You can add a dedicated section to your meetings for employees to give their comments and suggestions. At the same time, show that you appreciate and accept their comments by showing your focus and gratitude. Next, take the time to train your employees: Netflix managers spend a lot of time teaching their employees how to give feedback properly. The way to give feedback and receive it can be summarized as Principle 4A: Aim to assist (suggestion must be helpful), Actionable (offer behavior to change), Appreciate (be appreciative).) and Accept or Discard (what should be accepted and what should be discarded). Next, welcome feedback anytime, anywhere: there is no time or space limit for giving feedback, if it is 'right time, right method' and complies with Principle 4A . Finally, make a clear distinction between straightforward honesty and "brilliant jerks": working with brilliant people is great, until they become arrogant and think I'm better than others. Honesty does not mean you have the right to speak your mind without regard to the feelings of others.

5. Conclusion

Corporate culture is a key factor for business success because corporate culture is a system of values, standards, concepts and behaviors of the business, governing the activities of all members. members in the enterprise and create its own business identity. However, when the socio-economic context changes, businesses also need to change their business methods, sales methods or marketing campaigns to better suit the times. In particular, changing corporate culture is a long process and requires the efforts of the entire organization, especially the leadership role of administrators, because their role is key and necessary to ensure the success of the change process. Reality has proven that Netflix has transformed from a movie rental service into a Hollywood-caliber content producer, owning many popular movies and TV series. Netflix achieved success in changing this corporate culture thanks to Reed Hastings, CEO of Netflix, who not only led the company to great financial success, but also played a key role. in building and shaping Netflix's unique corporate culture. Through Netflix's lesson, we can see the importance of administrators building a clear strategic vision and convincing employees' consensus when changing the organization's corporate culture.

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