

The impact of organizational culture on business enterprises in BiH

^a Sabina Šehić – Kršlak

^a University of Travnik, Faculty of Management and Business Economics, Azapovići, 439 Kiseljak, Bosnia and Herzegovina



ARTICLE INFO

Keywords:

Organizational culture
Employee satisfaction
Company performance.

ABSTRACT

Organizational culture as a multidimensional phenomenon shapes the inner context of an organization. Accordingly, the first place is given to a relevant theoretical framework for explaining the phenomenon of organizational culture, and analyze its impact on companies' operations. This paper develops a theoretical explanation of the impact of organizational culture on business performance through job satisfaction, the involvement of employees, and the dimensions of consistency in the work, which are tested through empirical research on a sample of 100 employees from 15 companies in BiH. The first theoretical explanation assumes that organizational culture affects the pleasure to work by adjusting the values and norms of species-specific needs of employees, while the second assumes that the impact of organizational culture is evident with its norms and values, regardless of the needs of employees. Research has shown that job satisfaction levels of employees systematically and significantly varies in different types of organizational cultures, proving that organizational culture is a factor in job satisfaction, and organizational culture does not affect the level of job satisfaction alignment with the needs of employees, but the actual content of their values and norms.

1. Introduction

Organizational culture, as a system value, beliefs, assumptions, and the norms of behavior, is an indispensable part of any organization. Its impact on the working atmosphere, the efficiency of the employees, their desire, competence, efficiency, sense of loyalty to the company are all crucial to business success. Torrington et al (Torrington, Darrell; Hall, Laura, Taylor & Stephen, 2004) point out that the culture of an organization is the characteristic spirit and beliefs of its members.

Organizational culture influences employee attitudes and morale, and over it and their work performance. A prerequisite of successful organizational culture is the existence of good organizational climate, which is a reflection of the current situation in which the organizational culture is the working atmosphere and mood in the company.

It is important that management deliberately and continuously works on creating the desired organizational culture that allows maximum efficiency of enterprises. The environment in which efficiency and productivity is generated and increased by the active participation of their respective holders. Prior to display and analysis of the data we obtained with the empirical research, we will mention the most important authors and theoreticians who have particularly contributed to the emergence and development of organizational culture, and then suggest a mechanism of influence, control applications, and in general the formation of the correct type of organizational culture that will ultimately contribute to increasing the productivity and efficiency of businesses in BiH.

2. Theoretical framework

Development of the concept of organizational culture begins in the early years of the twentieth century after Henry Fayol emphasized the role of management as one of the most important activities of companies. Significant understanding of the concept of organizational culture in science started in 1982 with the publication of the famous book by Peters and Waterman's "In search of excellence." These authors were the first to point out the organizational culture as one of the most important factors for the success of companies (Vukonjanski, 2013).

The assumption that organizational culture affects job satisfaction means that different types of organizational cultures produce different levels of job satisfaction. So, the first step is to identify the different types of organizational culture.

Organizational culture is a dynamic entity. Because of its specific nature, organizational culture has a great impact on all the internal changes in organizations, especially those that involve their change. To make these changes and to understand their impact on the organization, many researchers have developed models that describe and explain the main structural and functional changes in the organizational culture. In this regard, it is important to point out that in the literature there are more "typologies of organizational culture".

The literature includes many classifications of organizational culture (Isik et al., 2019ab; Cameron Queen, 2006; Balthazard, Cook & Potter, 2006; Denison, 2003; Trompenaars, 1994; Kennedy, 1982). Classification of the different types of organizational culture differ from one another on the basis of dimensions for the classification of employees against external and internal focus of flexibility with respect to stability (Queen & Cameron, 2006; Denison 2003); the needs and orientation of the people within the organization (Balthazard, Cooke & Potter 2006); the level of risk and speed feedback from the market (Kennedy 1982); egalitarianism and anti-hierarchical distribution of power and people-oriented relative to the task (Trompenaars, 1994). To determine the effect of type of organizational culture on job satisfaction, culture classification should be based on the characteristics that are associated with the satisfaction of employees, such as human synergy (Balthazard, Cooke & Potter, 2006), Trompenaars' (1994) classification, which employ similar characteristics including standards related to the distribution of power and norms on people's orientation or task. In this study, we used a questionnaire to measure the type of organizational culture, which is based on Harrison's (1979) version of the questionnaire available to the authors. Classification culture should be based on the characteristics that are associated with the satisfaction of employees, such as classification (Balthazard, Cooke & Potter, 2006), based on the needs and orientation of employees within the organization, and Trompenaars (1994) which includes standards related to the distribution of power and norms about employees. This paper used the questionnaire on organizational culture, which is based on a Harrison's (1979) version.

Hanadi Classification culture:

i) The role of culture

The role of culture is often referred to as bureaucratic because there are no clearly defined procedures of conduct, authorities and descriptions of roles. Coordination is done from the top. Power stems from the position, to a lesser extent, depends on the expertise of people.

* Corresponding author. E-mail address: sabina.sehic.krslak@gmail.com (S. Šehić – Kršlak).

Received: 05 December 2019; Received in revised form 02 February 2020; Accepted 19 February 2020

This culture is based around the work (work occupies a central position) about personality. Its strength lies in its predictability and stability, while its weakness is related to its inflexibility, inertia, slow response and containment. This is an organization with a clear hierarchical level. Characteristic for public sector organizations.

ii) Culture task

Culture task is characterized by a network organization. Small organizations come together and collaborate in order to realize their projects. This culture is characterized by the belief that organizations exist to address the tasks. The emphasis is on results and how to get the job done. Individuals have the freedom of choice, and control over their work. This culture is flexible and adaptive. Task culture is one in which the management deals with the continuous and successful problem-solving. Power stems from the expertise, knowledge of the individual rather than from his position. Performances are viewed in terms of results achieved and problems solved. The existing structure is flexible and can be transformed depending on the current task. The organization has so many strong and clear boundaries between units, as in the case with the culture of the role.

iii) Culture of Power

This culture is based on the central figure who is the holder of power. The lines of communication are not only provided from the center, but also connected, laterally, across the organization. The dominant influence of the center resulting in a structure that can quickly change and respond to changes and external threats. This ability is not achieved through formal methods, but by selecting individuals in key positions who would be able to "assume what the boss did." Due to this, problems can arise due to the incompetence of the centerline managers. Even greater is the risk of incompetent leaders. Communication is the most intense and informal.

iv) Cultural personalities (stars)

Individuals are the central figure. The organization exists only to serve individuals. Ideal organization is individual autonomy. This culture exists where members of the organization believe they are superior to the organization. Individual goals dominate the organization. The survival of such an organization can be difficult. Some professional partnerships can function as culture personalities because each partner brings to the company inherent expertise and clientele. This culture is rarely a characteristic of the entire organization; it can be found in the lower parts of the company. It is characterized by a small number of rules and procedures, priority is given to creativity.

3. Types of organizational culture in enterprises in BiH

This theoretical study which explained the phenomenon of organizational culture, used Henedijeva Classification of organizational culture. This model of organizational culture was applied to enterprises in BiH.

Public companies in BiH have a culture focused on tasks. There is an emphasis on results and performance of the work. This type of culture, to a large extent, is dependent on the quality of the individual.

In the second type of surveyed companies (private property), the results are somewhat different. According to the statements of the respondents, culture has a prevalent role in their organization. Therefore, operation control procedures and rules, and preference are given to the job description in relation to the persons who are the holders of the same. Power is connected to the position, not with people.

Respondents emphasized that their roles clearly defined procedures and conduct a precise description of the role. They confirmed that the power of the organization stems from the hierarchical positions, but also, though to a small extent, depends on expert knowledge. Given that it is a privately owned company, these results were expected.

4. Research hypothesis

If the organizational culture factor affects employee satisfaction, then different types of culture should be linked with systematic, significant variations in the level of job satisfaction. This understanding produced the first hypothesis:

H1: Organizational culture through employee involvement and consistency in the work affects the level of satisfaction with a specific job, which affects the performance of the company.

To determine the extent to which the type of organizational culture affects job

satisfaction level, it was necessary to be present prior to testing a hypothesis as organizational culture affects job satisfaction (i.e., the mechanisms underlying this effect). We have identified two alternative explanations for the way that organizational culture affects job satisfaction. The first approach assumes that the mechanism involves the extent to which cultural values and norms address the specific needs of employees and motives. Alternative explanations assumed that the mechanism involves the content or characteristics of the cultural values and norms.

5. Research methodology

5.1. The sample

The survey was conducted on a sample of 100 employees in 15 companies. Companies were selected based on the property, type of business, age, size and location to diversify. Five companies in the sample were state-owned and 10 were privately owned, with about equal proportions of the respondents from each type of company. Three of the companies were state-owned public services; other state-owned companies working in the services and manufacturing.

5.2. Variables

Job satisfaction, employee involvement, consistency in work are dependent variables and organizational culture was the independent variable. Culture is introduced in the study based on Handy (1986); a classification of the types of organizational culture (1991). The questionnaire has been used in many empirical studies of organizational culture and its relationship with other organizational components (Ionescu & Bratosin 2009). For this study, the questionnaire was translated into Bosnian. Subjects completed the questionnaires anonymously.

Based on Handy's (1986) classification, which recognizes four types of organizational culture, the research questionnaire consisted of 15 questions with four options, responses to each question, ranked from 1 to 4 (1 is an option that is closest to the personal opinion of the respondents). The average rank was obtained by summing the response of the subjects; lower average ranking indicates that the respondent realized that this kind of culture is more characteristic of their companies. The lowest average rank for the particular type of culture to indicate a particular type of culture subjects was perceived as being dominant in their organization.

5.3. Organizational culture as a factor in business success

Regardless of the organizational form, culture is a powerful force in organizations to such an extent that it can affect the overall effectiveness and long-term success of companies. The role of organizational culture is big because it, through recognizable symbols, creates a positive impression of the company. Correlation between organizational culture for the success and effectiveness of the business system is one of the common areas of research, due to the growing competition business systems seeking the ways to increase their success through appropriate organizational culture.

5.4. How organizational culture is used to improve business performance

If employees in an organization (enterprise, firm, etc.) are not satisfied with their work environment or missing vision and motivations, their creative and mental abilities will come to a halt. Therefore, organizations should carefully cultivate their organizational culture within the entire organizational behavior. Well-solved problems of the working environment, the organization's vision for the future, as well as all present motives of employees contribute to the success of the organization designated by the effects of the overall business.

These reasons suggest that the organizational culture of organizations should not be considered as a static process. It changes in time, which is reflected in the entirety of organizational behavior and effects that are the result of strong organizational culture.

Research on organizational culture is carried out by examining the respondents' point of view according to individual elements of the organizational culture. This study is built on the foundation survey method by using the appropriate mathematical and statistical methods and models. The study was designed to get a comprehensive examination of all employees.

For research purposes, for organizational culture, it is necessary to work with a representative sample.

Research results, in this work, are processed by an evaluation of the average interval (calculating the arithmetical mean of each element of the organizational culture).

The boundaries of the confidence interval (confidence, probability) are defined on the basis of the mean of a representative sample, reliability coefficient and

standard error of the estimate population mean (of all).

The results of these studies are given in Table 1, 2, 3, 4. Table 1 shows the results of the research by organizations through the characteristics of the samples such as (minimum, maximum, and standard deviation calculated with the average score of employee involvement), all the initial presumptions of the above three, which is a satisfactory indicator of employee involvement. Based on the scores above, we can see the opinions of respondents about the level of employee satisfaction as it is much involved in the business segments of the organization. Based on the results of the researchers and managers, on the basis of these results, it could be suggested that all the details of the constituent elements of organizational culture have a marked trail to affect employee satisfaction, through their involvement in order to maximize the success of their operations and positively impact business performance.

Descriptive statistics

	N	Min	Max	Mean	St.deviation
Information is available	100	1	5	3,43	1,252
Cooperation	100	1	5	3,42	1,331
Employes of the team	100	1	5	3,37	1,225
The foundation teams	100	1	5	3,40	1,311
See the connection	100	1	5	3,45	1,207

Table 1: Involvement of employees

Average involvement of employees is 3.414, which indicates a satisfactory, the level of job satisfaction. The highest score is the connection (see connections between employees), while the lowest average was recorded in teams.

	N	Min	Max	Mean	St.deviation
Equal Opportunities	100	1	5	3.23	1,308
Strong approval	100	1	5	3,39	1,151
Good compliance	100	1	5	3,65	1,246
Characteristic style	100	1	5	3,47	1,188
Access to work	100	1	5	3,76	1,211

Table 2: Consistency in the work

Average consistency in the work 3.5. Dimension of consistency analyzed through variables (equal opportunities, strong compliance, good compliance, distinctive style, approach to work). The highest score of the variables has access business, which is associated with a different approach with the types of companies (public, private) and different activities of the company. Respondents have the greatest degree of agreement with the approach to business, leat at equal opportunities.

Results obtained using the ANOVA (test of homogeneity of variance)

The homogeneity of variance involvement of employees Sig> 0.05

	Levene statistic	Df1	Df2	Sig
Information is available	,211	1	998	,646
Cooperation	2275	1	998	,132
Employes of the team	,055	1	998	,815
The foundations teams	1658	1	998	,198
See the connection	,016	1	998	,898

Table 3: Involvement of employees

We did not get any statistically significant difference for any variable. When their values are greater than 0.05, it is considered to be significant.

	Levene statistic	df1	df2	Sig.
Equal Opportunities	,078	1	,998	,162
Strong approval	1531	1	,998	,872
Good comliance	,148	1	998	,700
Characteristic style	10110	1	998	,002
Access to work	6095	1	998	0,14

Table 4: Consistency in the work

For a variable that we do not have and the requirement of homogeneity of variance for that variable, we used rugged gorges test.

There is a distinctive management style, and good compliance, not the requirement of homogeneity of variance.

Robus test (using the median instead of the mean)

		Sum of squares	df	Mean square	F	Sig.
Characteristic style	Between groups	,551	1	551	,390	,532
	Within groups	1408,773	998	1412		
	Total	1409324	999			
Good compliance	Between groups	1228	1	1228	,949	,330
	Within groups	1292,036	998	1295		
	Total	1293,264	999			
Robust tests of Equality of Means						
Characteristic style	Welch	,513	1	213,462	475	
	Brown - Forsythe	,513	1	213,462	475	
Good compliance	Welch	1,086	1	199,741	,299	
	Brown - Forsythe	1,086	1	199,741	,299	

Table 5: Robust test

We did not get any statistically significant difference because all the values read were greater than 0.05. Obtained results lead us to the conclusion that the hypothesis is confirmed.

6. Conclusion

Organizational culture is of great importance in achieving a successful business. Selection of the organizational culture is required. Market demands lead to a turbulent business environment which sets completely new standards for business success.

The turbulent environment installs concept whose focus is placed on the ability of employees and organizations to integrate, operate, and improve their skills so that they can correspond to the turbulent external environment. Under these circumstances, there are significant changes in the structure of the organizations' resources.

To achieve the goals of the organization, employees should have a high level of knowledge, and in this sense, an effective combination of other resources is impossible without the development and implementations of individual potential.

For adjusting businesses, a particular type of organizational culture is also very important for the survival and development of the market. After careful observation and testing leader desire, employees can easily conclude what type of culture favors employees, and accordingly they find the appropriate solution for all employees of the organization. Considering that organizational culture primarily affects behavior, preferences, employee satisfaction, its impact is overwhelmingly felt in the entire company.

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Sabina Sehic - Kršlak, Assistant Professor at the Faculty of Management and Business Economics, University of Travnik, scientific field of management and organization. She worked as an assistant at the Faculty of Business Management, University Džemal Bijedić Mostar from (2008 – 2010). As a senior assistant at the Faculty of Economics of the University Džemal Bijedić Mostar, from (2010-2016).

The assistant professor involved in teaching at the Faculty of Administration, University of Sarajevo. She has published a large number of scientific - research works in the field of management and participation in many scientific conferences.