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**IS IT NECESSARY TO CHANGE ORGANIZATIONAL CULTURE?
SLOVENIAN-SERBIAN EXPERIENCE**

Organizational culture is one of the strategic factors which significantly determine performance and the possibility to achieve organizational goals. It has strong impact, especially in the process of initiating and carrying out organizational changes, which are inevitable in order to overcome the consequences of the global economic crisis. The paper includes the results of the research, which has been conducted to analyze the characteristics of organizational cultures of the companies in Serbia and Slovenia. Also, the paper accentuates the necessity of organizational culture change so an organization is able to preserve and improve its competitive position in the environment of radical changes and recession which has spread all over the world.

Keywords: organization; organizational culture; change; organizational performances.

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**ЧИ НЕОБХІДНО ЗМІНЮВАТИ ОРГАНІЗАЦІЙНУ КУЛЬТУРУ?
СЛОВЕНСЬКО-СЕРБСЬКИЙ ДОСВІД**

У статті продемонстровано, що організаційна культура – один із стратегічних чинників, які визначають результати діяльності компанії і можливість досягнення організаційних цілей. Вона має сильний вплив, особливо в процесі ініціювання і виконання організаційних змін, які життєво необхідні для подолання наслідків світової економічної кризи. Наведено результати дослідження, яке було проведено з метою аналізу особливостей організаційних культур у компаніях Сербії і Словенії. Також підкреслено необхідність зміни організаційної культури, щоб дати організації можливість зберегти і покращувати її конкурентне положення в середовищі радикальних змін та економічного спаду, що поширився по всьому світу.

Ключові слова: організація; організаційна культура; зміни; результати діяльності організації.

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**НЕОБХОДИМО ЛИ ИЗМЕНЯТЬ ОРГАНИЗАЦИОННУЮ
КУЛЬТУРУ? СЛОВЕНСКО-СЕРБСКИЙ ОПЫТ**

В статье показано, что организационная культура – один из стратегических факторов, которые определяют результаты деятельности компании и возможность достижения организационных целей. Она имеет сильное влияние, особенно в процессе иницирования и выполнения организационных изменений, которые жизненно необходимы для преодоления последствий мирового экономического кризиса. Приведены результаты исследования, проведенного с целью анализа особенностей организационных культур в компаниях Сербии и Словении. Также подчеркнута необходимость изменения организационной культуры, чтобы дать организации возможность сохранять и улучшать ее конкурентное положение в среде радикальных изменений и экономического спада, распространившегося по всему миру.

Ключевые слова: организация; организационная культура; изменения; результаты деятельности организации.

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Introduction. Organizational culture is one of the strategic factors influencing economic performance and organizational goals. Its impact is especially strong in the process of initiating and carrying out organizational changes, which represent a condition for successful overcoming the consequences of the global economic crisis. Organizational culture determines the creation of the cognitive schemes of employees, supports their internal integration, identification with organizational values, team work, but it also influences the way organization's goals and vision are defined. Interdependence of organizational performance and leadership is to a high degree realized through organizational culture; actually, it emerges as the most significant intermediary of that. In order to implement the process of organizational changes successfully, organizational culture must be based on the values which incorporate inclination to changes, otherwise it would be necessary to redefine and adapt it before the initiation of changes.

Contemporary organizational structures of organizations operating in former transitional economics are the result of incapability of the traditional models to adjust to challenges and changes, are characterized by high flexibility, which would not be achievable without innovation and redefinition of the existing organizational culture.

Although in recent years many elements in organizational culture have been changed, there is still a need for many changes. The goal of this paper is to indicate these changes, and to prove that in the global economic crisis environment, it is necessary to adapt the fundamental values the organizational culture is based on, and redefine them according to new principles, which promote adaptability, teamwork and participative leadership style.

The paper includes the results of the research conducted with the goal to analyze the characteristics of organizational culture of the companies operating in two transitional economies, Serbia and Slovenia and to point out the changes to be implemented in order to preserve and improve the competitive position in the environment of radical changes and recession which has spread all over the world.

The importance of organizational culture. The essential elements of the culture, value, belief and basic assumption, as rooted attitudes of what is right and desirable, and what is wrong and undesirable, represent the reflection of perception of reality and, at the same time, affects the way it is interpreted. A person forms the most values in the early age, and many of them are suppressed deeply in the subconscious, from where they direct his/her attitudes and actions. Values and beliefs constitute the basis for decision-making, estimates and judgments, but also represent foundation for ethical code establishment and are used as the standard for different forms of moral judgments. They are often linked with the expressed emotions and represent a strong driving mechanism for the behaviour of organization's members. That is why the strong value and belief system, which constitutes organizational culture, can largely make it easier, but it can also entirely block the process of necessary organizational changes, depending on the orientation of cultural values, as well as on the capability of a leader to manage those values.

Decision-making is under the influence of the dominant system of values, beliefs and basic assumptions, which consciously or unconsciously affect the choice of alternatives. If a company has adopted values, which emphasize openness, flexibility and inclination to changes, it will be faster in identifying impulses in the environment,

which indicate the need for change, and it will easily make a decision to initiate the wanted change. On the other hand, an organization with overstressed values of stability and avoiding risks will overlook the warning signals, and its leaders will not notice the need for change on time or will ignore such a need completely.

Organizational culture influences the process of defining the need for change. It determines the way a company scans its environment, defines its position in it and estimates its own resources. The culture affects the way events are perceived and interpreted, it determines the nature of a company's reaction to certain events (Janicijevic, 1998: 144). Organizational culture contributes to formation of mental schemes of employees, which serve as special filters for interpretation of situations. It is considered that people have tendency to ignore those occurrences and events, which are not in accordance with their mental schemes, so that is why they are perceived with more difficulties or misinterpreted. The capability of leaders and other members of an organization to register and interpret the events, which signal the necessity for changes, depends on what values and beliefs are dominantly incorporated into their interpretative schemes.

Establishment and functioning of teams for changes is easier if there are compatible systems of values and beliefs between potential members. These systems provide mutual referential framework for interpretation of the reality, thus reducing potential conflicts and facilitating collaboration. Organizational culture makes the teamwork easier, so the teams formed from the members whose cultural models coincide are better in facing the challenges of organizational changes, than those whose dominant values are different. Since many formal mechanisms of coordination are disturbed in the process of changes, the strong and consistent system of values, incarnated in organizational culture, can serve as their adequate replacement.

Although the process of formulating the vision of organization is a creative act which requires a lot of inventiveness and intuition, it is to a great extent based on the values which are deeply rooted in the leader's conscience and which direct his/her way of thinking and judgment, and thereby impact the formulation of new organization's vision. Strong organizational culture determines not only the selection of new organizational vision, but it also enables employees, by sharing mutual values, to develop strong team spirit and sense of belonging to organization, thus supporting the process of identification. Identification with organization provides the sense of purpose and boosts motivation, which is of great importance in the process of changes, which require high degree of dedication and commitment. The sense of belonging reduces the level of anxiety and stress, giving people security in the circumstances filled with uncertainties, vagueness and insecurity.

The internal integration of the personnel and their adaptation to external environment are the most significant functions of organizational culture. The culture helps members develop the collective identity and mutually cooperate in the most effective way. It manages everyday activities, determines the method of communication in an organization, determines which behaviour is acceptable etc. The culture also influences the way an organization reacts to the impulses from the environment, the way in which specific goals are selected and strategies are defined, as well as the way in which an organization is facing the challenges of competition and changes in any segment of the environment. Organizational culture is the factor which keeps the

members of an organization together, making them a community, instead of a group of isolated individuals.

Only changes based on organizational values that are highly consistent with individual values of the members of an organization can be implemented without significant changes in the dominant culture. Every form of more radical changes requires organizational culture change. The changes, necessary to happen in the environment of the global economic crisis, which are based on the values significantly different from the existing ones, can be successful and complete only if the existing organizational culture is changed at the same time of the implementation of these changes. Strong organizational culture contributes so much to faster implementation of changes, only when it is the culture based on the values incorporating inclination to changes. This becomes especially important if we consider the fact that organizational culture represents one of the segments most tightly connected with almost all dimensions of organizational architecture.

Research results from Serbia and Slovenia. In the attempt to examine the characteristics of organizational cultures within Serbian companies in the environment of organizational changes, a research was conducted using the sample method, encompassing 20 randomly selected companies of different scope of work, size and ownership. The data were collected by the method of a poll, using in advance created questionnaires filled in by 500 respondents. An examination of characteristics of organizational culture in Slovenian organization was a part of the comprehensive research on the influence of employees' personal values on their behaviour in organizations. The data were obtained through computer assisted telephone interviewing (CATI) of employees in Slovenia, based on random sampling 500 organizations were contacted, while we obtained 260 answers from employees. The sample meets the basic criteria for the obtained data (i.e., represents a relatively representative regional coverage; met the basic-activity structure of Serbian and Slovenian organizations, with a good fit to the industry-based structure of Serbian and Slovenian economies). All members participated voluntarily. In our study, we compared the results from Serbia and Slovenia.

The goal of the research was to determine how employees feel about changes, what are the most significant reasons for resistance to changes, what are the most important mechanisms of motivation and power, what is the leaders' relationship towards team work, creativity and individual initiative, how much is employee participation in decision-making supported, what are the dominant characteristics of leadership styles in their companies, what characteristics of a leader are preferred by employees and if leaders of domestic companies are capable to rise to the challenges of the crisis which they are facing.

Based on the data received within the research, it was determined that there is a *high level of readiness of employees to take part in organizational changes*. Answering the question: "Would you agree to take part in the process of radical changes with uncertain outcome, but with a potential for improvement of the company or you personally?" 78% of the respondents in Serbia said "yes", while 22% said "no". This result is logical, since the companies have been dealing with many different problems previously, and especially now in the environment of the global economic crisis, thus organizational changes come as a necessity. This is confirmed by the fact that the highest

level of readiness for changes was shown by the workers of those companies, which operate poorly and are at the edge of existence.

In Slovenia, more than half of the employees (57.7%) think that management is very benevolent to changes in organization, and 36.5% that it moderately supports changes. Only, 5.6% of the employees see management as unfavourable to changes. Regarding to the uncertainty, it is evident that more than half of the employees (57.4%) see management as medium risk-taker. 31.2% of the employees see as very risk preferable, while 11.6% as very risk averse.

The highest number of the respondents in Serbia, 51%, answered that *for implementation of changes in the organization the most important is to have a clear vision of the future*. Others thought that participation of all employees in changes is the most important (36%) and support of a leader in their implementation (13%). This confirms the significance of a leader for implementation of changes, considering that the creation of a vision is one of the most important roles of a leader, but it also shows that members of organizations want to be involved in changes and be consulted on making important decisions.

Among factors for realization of changes, Slovenian employees consider management openness to knowledge and ideas of other employees as the most important factor followed by collaboration between management and employees, so it is similar in both cultures.

Considering the standard classification given by Harrison (1972), *the organizational culture of roles dominates* in most of Serbian companies. Namely, 61% respondents stated that the most important thing in their companies was to follow established rules, procedures and standards. At the second place (22,7%) is doing the job efficiently and expertly, which implies *the culture of tasks*, while 9% stated that the most important was to respect the manager's decisions regardless all other things, which is the equivalent of the culture of power. Only in 7.3% cases the most important was individual development of employees, which can be considered as the culture of support, and that is, logically, the least represented culture in Serbian companies.

Employees' tasks in Slovenian organizations are relatively exactly defined, indicating that supervisors give subordinates very precisely commands about their work. 54.6% of the employees think that their supervisors precisely define their tasks. 30.7% of employees think that their tasks are moderately defined, while only 14.6% think that their tasks are very broadly defined. Those results indicate that, based on Harrison typology, in Slovenian organizations especially *the culture of role and the culture of tasks*, are present, as in Serbian organizations as well.

Out of the total number, 57% respondents in Serbia stated that *creativity and individual initiative are little appreciated* in their company, and 29% – that they are not appreciated at all. That is the total of 86%, which is a very disturbing result. Only 14% respondents stated that management is highly more willing to accept ideas and knowledge of employees. Again, those are the most successful companies, which tell us that valuing personal initiative is probably the factor that contributes to their success. These data show that Serbian leaders insufficiently use the potentials of their followers, which can be a significant improvement of business operations, especially in the process of adjusting organizational culture when creative ideas are needed.

In Slovenian organizations, almost 70% of the employees (i.e., 69.2%) see management as very open to knowledge and ideas of other employees, while only 2% of the employees see it as unfavourable to knowledge and ideas of others. Regarding collaboration, more than 90% of the respondents characterized collaboration between management and employees as moderate (51.9%) or very strong (41.9%). Only 6.2% consider collaboration as very weak.

The comparison of the findings in both countries differs significantly. It is evident that in Slovenian organizations management is highly more willing to accept ideas and knowledge of employees, than their counterparts in Serbian organizations are. Regarding appreciation innovativeness, creativity, and individual initiatives, the pictures in Slovenian and Serbian organizations are inverse. While more than 90% of the employees think that innovativeness is at least moderately appreciated, in Serbian almost 90% think that innovativeness is very little appreciated.

The research showed that *the teamwork was not practiced very widely* in Serbian companies. In 55% of the companies, it is practiced very little, while in 17% of them it is not practiced at all. Only 28% respondents stated that the teamwork is widely practiced in their companies, and that is mainly the case in very successful companies. These results are disturbing, because modern organizational structures are more and more based on teamwork and classical organizational units are transformed into multifunctional teams of high flexibility and mutual connection.

In Slovenian organizations team working slightly prevails over individual task performing. About half of the employees think that both main possibilities for carrying out the work are equally represented in the organizations. 34.2% think that teamwork prevails, while 13.8% think that individual work prevails.

Serbian companies are also characterized by the misbalanced distribution of power, because 83% respondents stated that the power was extremely unevenly distributed through the organizational parts of their companies. This implies strong hierarchical structure and higher centralization in decision making, which is, also, not in accordance with the contemporary trends in organization design.

For Slovenian organizations it is significant that management authority is delegated to employees. Slovenian employees think that management still have a great authority, but also that employees have some authority, which has been delegated to them (50.4%). 25.7% of the employees think that only management has authority, while 23.9% think that authority is to a great extent delegated also to employees.

Concerning organizational structure, research in Slovenia implies structure somewhere in the middle between hierarchical and flat structure. 24.6% perceived organizational structure as flat, while 28.8% as traditional. Others (46.5%) perceived it as a combination of both structures. Respondents also perceive that their organization has a lot of management levels in comparison to organizations of same size. Employees perceived that their organizations are more centralized than decentralized. 41.9% of the employees think that organizations are heavily centralized, 40.8% – that in organizations centralization and decentralization intertwined, while 17.3% think that structure is flat.

A great tendency of management to define precisely tasks for their subordinates in Serbia and Slovenia has its roots also in previous systems in these countries, where only "the bosses have right to decide". Managers did not trust employees. As a result,

employees did not have any responsibility. A comparison reveals that team working is in both samples "underused". In Slovenian organizations it is present, while in Serbian organizations individual work is still more prevalent.

Evident is that power and authority are in Serbian organizations more concentrated in the hands of management, while in Slovenia there is a tendency of employees' empowerment. This is supported with more hierarchical and centralized organization structure in Serbia than in Slovenia.

The majority of leaders in Serbia are mostly focused on giving orders and controlling if tasks have been carried out (60,6% of them), while only 7,4% are focused on support and development of better interpersonal relations and 32% are trying to get all employees involved in the process of mutual problem solving.

In Slovenian organizations, management is dominantly focused on achieving results, over needs of their employees. More than half of the employees (54.2%) think that management is focused only on achieving organizational goals. While only 3.8% think that management is primarily focused on employees and their needs.

Regarding the trade-off dilemma of management between achieving organizational goals and focus on employees and their needs, it is evident that in both countries prevails management orientation on achieving organizational goals.

In the context of researching *domination of leaders' power* in Serbian companies, the conclusion was that personal had a small advantage over positional. Thus, 38% respondents, when asked why they were ready to obey the orders of a manager, answered that it was because he was on a higher position, 32% said it was because they valued his expertise and capabilities, 19% stated it was because they believed in his human and moral qualities and 11% because of the fear that they would be punished if they did not carry out those orders.

Management in Slovenian organizations mainly rely on their personal power. More than half of employees (51.2%) think that management base their power on their knowledge, expertise, and charisma, while 42% think that management uses a combination of personal and positional powers when leading. Only 6.9% think that management relies only on positional power by their leadership.

Slovenian results reveal that management authority and power is dominantly based its personal power, so in Serbian companies, where conclusion was that personal had a small advantage over positional power.

Conclusion. Even though some of the findings in both countries differ significantly, if we summarize the research results, we can conclude that the existing leadership styles and behaviour patterns in both countries are still far from transformational leadership, which is the key driving force for organizational changes and organizational culture change. Considering the fact that the followers have developed awareness about the necessity for changes and that, relative to that awareness, their inclination towards changes has significantly increased in the recent years, it is clear that the companies have perceived changes as the necessity and that, therefore, the leaders have the responsibility to make greater efforts, through modification of their behaviour, for their successful implementation.

The research, with the results presented in this paper, proves the connection between the characteristics of Serbian and Slovenian companies' organizational culture on one side, and national specifics and based on them, established prevailing val-

ues of employees on the other side. Serbian and Slovenian national culture, which is characterized by high distanced power, collectivism and low tolerance for uncertainty, in most cases implies bureaucratic organizational culture characterized by strong hierarchy, strict respect for rules and procedures, prevailing centralization of decision-making and very low inclination towards changes, or very strong resistance to their implementation. However, when answering the direct question, relatively high percentage of the employees says they are ready for changes, if a majority of other employees take part in them, which suggests a high level of collective spirit. Contradiction lies in the fact that, contrary to this collectivism, the research results show that teamwork is not a common practice in the most of organizations, as well as that there is insufficient validation of creativity, personal initiative and enterprise, especially in Serbia.

Employees' low tolerance to uncertainty and high degree of preference to clearly structured vs. creative work tasks, implies not only domination, but acceptability of directive leader's behaviour as dominant in the companies in both countries (although in Slovenian organizations democratic leadership style has become more important recently).

The main problem in both countries is high uncertainty avoidance and lack of innovativeness. In terms of reducing the gap between most innovative organizations and organizations in transitional economics we can sum up that institutional framework for innovativeness – outlined in innovation policy – is adequate, also in societies having in majority less innovative organizations (e.g., Slovenia and Serbia as transition countries). One crucial obstacle is the level of management innovativeness. In that framework readiness of management for innovative activities is of huge importance – i.e., innovative thinking, working, and behaviour.

Comparison of the findings in both countries reveals that the employees in both samples are willing to participate in processes regarding radical changes. However, the results of this benevolence to changes had not yet turned into actual results – i.e., more innovative work and behaviour of organizations and employees.

The results clearly show that it is necessary to focus the efforts on creating adaptive organizational culture, capable to respond to radical changes in the environment and capable to overcome resistance through stimulating flexibility, creativity, teamwork and openness to changes.

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КНИЖКОВИЙ СВІТ



СУЧАСНА ЕКОНОМІЧНА ТА ЮРИДИЧНА ОСВІТА
ПРЕСТИЖНИЙ ВИЩИЙ НАВЧАЛЬНИЙ ЗАКЛАД
НАЦІОНАЛЬНА АКАДЕМІЯ УПРАВЛІННЯ

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У навчальному посібнику викладено теоретичні основи виникнення, становлення та розвитку транснаціональних корпорацій, механізм їхнього функціонування та вплив на світову економіку. Розглянуто систему національного і міжнародного регулювання ТНК.

Посібник містить також ситуаційні вправи, що дозволяє закріпити теоретичні знання шляхом виконання практичних завдань та обговорення ситуаційних вправ.

Призначений для студентів та викладачів вузів. Посібник стане корисним всім, хто цікавиться проблемами транснаціоналізації світової економіки.