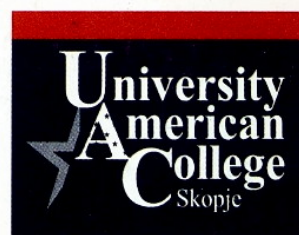


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Скопје, 2007

ORGANIZATIONAL CULTURE AS A DRIVING FORCE IN MODERN ORGANIZATIONS¹²

Bojadziev M., Krliu V

Macedonian economy has been an underdeveloped economy for a number of years. Formal aspects of the organizational culture were not introduced in the local organizations.

However, through the decades, the concept of strong culture, based on the values of the leaders, has been present.

The goal of this paper is:

- To identify culture dimensions in Macedonian organizations;
- To identify any possible changes after the EUCS (EU Candidate Status has been awarded)
- To present possible solutions to the culture as a driving force in the organizations

We have concluded a survey with 100 participants that answered the questionnaire. The sample was structured so that we had participants from both non managerial level and first line managers, coming from corporations (60%) and non for profit organizations (40%).

I. Organizational Culture - introduction

One of the most commonly used definition of culture is that it is the “personality of the organization”. It is the aspect of the organization which outlives its original founders or leaders.

Employees form an overall subjective perception of the organization based on such factors as: degree of risk tolerance, team emphasis, and support of people.

This overall perception becomes, in effect, the organization’s culture, or as it is sometimes called, the personality of the organization. These favorable or unfavorable perceptions then affect employee’s performance and satisfaction. Usually , the more stronger culture exists, it’s impact is more significant. Organizational culture is based on the common values, norms and beliefs, shared by the organization’s members.

Is there and organizational culture in Macedonian organization? Or to be more precise: Is there awareness among the organization’s members for the culture within?

First two questions from the survey, were referring to the values and norms as 1)existing in the organizations, as well as their 2) determination of the

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-Dr. Angelo Manaresi –University of Bologna, Faculty of Economics, Italy

organizations' members' behavior. The response on the first two questions shows that:

- ✚ 71, 53 % have positive awareness of the culture
- ✚ 4, 76% have no awareness of the culture (calculated on the overall score.

The conclusion is: There is vast majority (71,5%) that is supporting the thesis that individuals in organizations have common values and norms that are determining the behavior of the organization's members.

II. Organizational culture – pillars

Some authors³ are funding the culture on for main pillars: Values of the founder, Socialization, Ceremonies and rites and Stories and language.

In this study we are referring to the values of the founder and the stories that support them, as well as the socialization process as features of the essential significance.

Question 3 & 4 have provided response on this issues. Our results are the following:

- ✚ Values of the founder are important for more then 76%,which makes them a significant factor.(3)
- ✚ On the meter of stories(4) as a culture's source, 54 % have positive perception, while 14,2 % do not consider them a serious source. Since the remaining portion has declared "neutral", we can not consider stories as a relevant culture source.

Socialization process is definitely becoming extremely important for the success of the organization. This term encompasses all activities of introducing new comers into beliefs and customs already in place, or the adaptation of new employees.⁴ Socialization passes the stages of Anticipatory Socialization, Accommodation and Role Management.⁵

III. Selection process – matching individuals with culture

The research has included a part that is referring to the selection process related with the culture, as well as formal socialization process⁶ and has indicated that Macedonian organization have:

³ Jones, George:" Contemporary management" McGraw-Hill, Int III edition 2003 p.350

⁴ Robbins" Organizational behavior" 11 th edition, Prentice Hall International, 2003, p.494

⁵ Ivankovic "Organizational behavior " 7 th edition

⁶ (question 5 &6)

- ✚ Introduced selection process that provides the new comers will match the culture (71% positive responses)
- ✚ The process of adapting the new comers to the organization is ambiguous and not formally structured - the results are 47% - 38%.

One of the aspects of the socialization is the process of adoption to the dress code of the organization. It can include extreme options, from mandatory uniforms, standard in some service industries such as air freight, medicine or police, to completely casual style, usually implemented in dynamic IT corporations.

- The existence of dress code as an ingredient of the culture is not considered significant in Macedonia , since the results are 28% positive and 38% negative.

IV. Organizational culture and job satisfaction

Positive perception that leads towards a collection of positive feelings that individuals hold towards their jobs is known as job satisfaction. It's a key towards high performance and long term work life balance.⁷

The idea besides this concept is the broad understanding of the term JOB, or the idea that besides performing certain tasks necessary for the operations , the inherent facet of the JOB is permanent interaction with peers, subordinates and super ordinates, meeting the planned standards, working in conditions which are not always the ideal one.

Questions 13 & 14 provide feedback on the two important aspects of the satisfaction issue:

- ✚ Work life balance has ambiguous perception, since the results are 33 to 33 %.

- ✚ Organizational responsibility for the work conditions, On this meter the perception of the used sample is clearer, although not satisfactory, since the majority of 42% consider their organizations as a responsible for the environment, and 28,5% do not see their organization as a serious, on this issue.

The most significant aspect of the job satisfaction is the turnover, which is a serious problem for the organizations. In this sense the question 11 points out to us that majority understands this as a problem since the score is 42 to 14 %. On the issue of job satisfaction we can conclude that in Macedonia,

⁷ R.Hodson "Work place behaviors" Work and Occupations, 1991 pp.271-290

✚ Work life balance is not present in the organizations as a part of their culture.

✚ Employees consider their organizations responsible for the work conditions, but the actual situation is not satisfying.

✚ Employees understand the negative consequences of the turnover, but the organizations are not successful in fighting it.

V Organizational culture and HRM –Performance Evaluation, Reward Systems and Career Development

Performance evaluation is a key topic in the human resources management and the overall evaluation process in the organizations.⁸

Performance evaluation is also a strong guide for the organizations culture, especially in terms of expectations.⁹

✚ Our research is supportive on this issue since 53% have supported the thesis that Macedonian organizations are using evaluation as a guide.

Performance evaluation, nevertheless formal or informal, is strongly related with the reward system, benefits and the overall motivational applications in the organizations.

✚ The reward¹⁰ system is supportive to the organizational culture! This position has not been supported since the results were 33% positive, negative and neutral.

The final issue on the HR management is the organization responsibility for the career development and performance improvement of its members. Since this is the key stone in modern concept of the organizational behavior, we have included this issue in our study, and the findings are also not satisfactory.

✚ The organization takes care of its employees career is perceived by 42%, while negative or neutral perception is held by 57%.

We can conclude here that:

⁸ Lublin : “It’s shape time for Performance Reviews”

⁹ question 7

¹⁰ (question 9)

a) performance evaluation is a serious guide for the culture

b) unfortunately, reward systems are confusing and inappropriate

c) members do not see their organization being responsible for providing career opportunities.

This findings should be taken seriously. Members are pressured through the performance evaluation, but they don't feel that the reward system is proper, and even worse, they don't see that their organization is responsible for the career opportunities creation.

VI Organizational culture and Corporate Social responsibility

Corporate Social responsibility is a modern term encompassing the activities that organization is performing for the benefit of the community it serves and that are not directly related to profit gaining.¹¹

✚ This set of activities is considered a serious aspect of the organizational culture since 67% have supported the statement that "care for the environment and the community is important in our organizations culture".

Conclusions is that obviously corporations are becoming more and more socially conscious. This may due to PR and image effects, but has also had an effect of the "internal marketing towards the employees".

VII. Managerial and leadership aspects

VII.1 Leadership

✚ For the purposes of this study we'll take into consideration leadership styles according to Path Goal theory, and those are: Directive leader (main feature: schedules work to be done), Supportive leader (mostly friendly oriented), Participative leader (engaging and consulting with followers), and Achievement – oriented (sets high standards and goals).

In this survey, the question 8 was if the organization management is aware of the fact that the managerial (leadership) style is strongly influenced by the culture.

✚ Findings are that the majority of 53% understands the relation between the culture and the leadership style.

However the authors are assured that future research is needed to investigate this relations

¹¹ question 20

VII.2 Culture and the organization – Teams, OC as a substitute, Culture and Structure

Teams are the “modern times answer” to many problems. Researches¹² are backing this statement.

✚ In Macedonia, capability to be a team member is considered a serious issue, since more than 80% have supported this statement.¹³

Other aspect of the modern organizations is the tendency to use culture as a surrogate for a mechanic, standing organizational structure.¹⁴

✚ The results of our survey¹⁵ are ambiguous, there is a positive impression of 42, % negative 18%, and not a response of 40%.

✚ Strong Cultures¹⁶ can also act as a tool for reducing the layers in the organization and turning it from tall to flat. Our findings (question 22) are not supportive on this issue, only 19% had a positive impression.

Conclusion: Capabilities to be a team member are considered as an important aspect of the organizational culture. The idea that culture can act as a substitute for the organizational structure is not supported as well as the idea that culture can flatten the organization.

VIII. Impressions of Corporate Culture

There are at least two possible groups of variables that can be used as an indicators of the organizational culture. In the following table, we can compare them both

Division 1	Division 2
Professional Growth	Innovation and risk taking-
Rate of Turnover	Attention to detail...precision
Leadership Style	Outcome orientation...focus on result
Dress	People orientation...Equity
Length of day	Team orientation
life/work balance	Aggressiveness
Internal Communication	Stability

¹² Jones” Organizational theory” Mac Grow Hill International 2nd edition, 2002

¹³ question 17

¹⁴ S.L. Dolan and S.Garcia “Managing by values: Cultural redesign for Strategic Organizational Change at the Dawn of the Twenty – First Century” Journal of Management Development 21, 2 (2002) p 101

¹⁵ prasanje 21

¹⁶ G.G. Gordon and N.DiTomaso “Predicting corporate Performance from organizational culture” Journal of Management studies, November 1992, p.p. 793

Values of Organization	
Value for Employees	
Physical Plant	
Reputation of CEO	

As it can be seen in form or another, we have covered almost every aspect of the division 1, and most of the division 2 in our findings, above mentioned.

The following findings are encircling this “image” of the organizational culture:

- ✚ Organization is innovative , encourages new ideas (q18) Our survey supports (66%) this statement for the Republic of Macedonia.
- ✚ Organization is risk taker, encourages new ideas (q 15) Our survey does not support this statement for the Republic of Macedonia (28%positive)
- ✚ Organization pays attention to precision and attention to details. (q. 19) Our survey supports this statement with 57%.

IX. Types of culture

Some Types of Culture

Classification A

There are different types of culture just like there are different types of personality. Researcher Jeffrey Sonnenfeld identified the following four types of cultures.

Academy Culture / Employees are highly skilled and tend to stay in the organization, while working their way up the ranks. The organization provides a stable environment in which employees can development and exercise their skills. Examples are universities, hospitals, large corporations, etc.

Baseball Team Culture Employees are "free agents" who have highly prized skills. They are in high demand and can rather easily get jobs elsewhere. This type of culture exists in fast-paced, high-risk organizations, such as investment banking, advertising, etc.

Club Culture / The most important requirement for employees in this culture is to fit into the group. Usually employees start at the bottom and stay with the organization. The organization promotes from within and highly values seniority. Examples are the military, some law firms, etc.

Fortress Culture / Employees don't know if they'll be laid off or not. These organizations often undergo massive reorganization. There are many opportunities for those with timely, specialized skills. Examples are savings and loan

Classification B

This is other division which have been used for this purpose is the following. The percentages presented are the actual responses received in this survey, along side with a brief explanation of the culture type.

- a. Networked 23 %(High on Sociability, Low on Solidarity)=Friendly but no so efficient environment, Tolerance for poor performance, family atmosphere
- b. Mercenary culture 38% (Low on Sociability, High on Solidarity) Goal Focused, Not just about winning, destroying the enemy
- c. Fragmented culture 5% (Low on both) In fact this is not an organization, but a “sum of individuals”
- d. Communal culture 34%(High on both)

Conclusions: The results can be considered good with high level of recognition for Communal culture. However, it is most unexpected high score of recognition of Mercenary culture. This type of culture shapes the organizations in a manner that the aim is rather to destroy the competition then to collaborate, and can not be considered the most desired outcome.

Further research is needed to analyze sources of this situation and separate industries, as well as to examine the sources of a mercenary culture, whether it is the management, the environment or the culture of the parent company.

X. Organizational culture and national culture

National culture can be defined as a system of shared values and norms in different countries.¹⁷

In our study we have tried to combine some of its aspects in relation with the organizational culture. However we believe that the proposed findings can be considered as a fore play for more thorough research focused on this issues mainly.

Impact on a national culture over international organizations is not clear, since the answers (q 23) has given three equal thirds.

✚ Changes arising (q 24) from the EUCS have been considered mostly positive , but not enough, since positive impact is perceived by 24%, negative by 14%, and neutral is the actual majority of 62%.

✚ On the meter of national culture as a liability (q 27), the results are almost the same, i.e. the majority of 53% is neutral, positive 33% and negative 14 %.

Conclusions on the issue of national culture versus organizational culture are:

¹⁷ G. Hpfstede, B. Neuijen, D.D Ohavy, G. Sanders “Measuring organizational cultures: A qualitative and quantitative study Across Twenty Cases” Administrative Science Quarterly 35, 1990 286-316

- 1) *Impact is not clear – confusion about how to adapt both cultures*
- 2) *Changes from EUCS are positive but not sufficient;*
- 3) *National culture as a liability – there is not a clear positioning on this issue*
- 4) *Further research is needed, based on the Hofstede's model*

Conclusions

This survey is among the first studies of the Corporate culture in the Republic of Macedonia and can be considered as an important input for more detailed analysis.

The conclusions can be summarized as follows:

Vast majority of employees (71,5%) recognizes the existence of organizational culture as a system of common values and norms that are determining the behavior of the organization's members

Main source of organizational culture are the values of the founder or leader.

Organizations are trying to match individuals to its organizational culture through the selection process. However, the process of introduction of new comers into the culture, including existence of a dress code as a part of the culture is not considered significant.

On the meter of job satisfaction there is ambiguous perception of the importance of work life balance. Similar situation is with work conditions as well as with the turnover, since organizations do not include fighting this problems in their culture. The survey proves performance evaluation is a serious guide for the culture, but unfortunately, reward systems are confusing and inappropriate. Other negative aspect is that members do not see their organization being responsible for providing career opportunities.

Another conclusion is that corporations are becoming more and more socially conscious.

Also, there is a perception of the link between the leadership style and OC.

The influence of culture on acting as a substitute and flattening the organization is not perceived.

Innovation, Attention to detail and Team orientation are most recognized impressions of the culture.

Dominant culture type in the Republic of Macedonia is Mercenary followed by Communal culture.

On the meter of relations between national culture and organizational culture, impact is not clear and there is a confusion about how to adapt both cultures. Changes from the EU candidate status are positive but not sufficient. National culture as a liability – there is not a clear standing on this issues.

National Vs Organizational culture requires a further research.

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