

Vuk Miletić¹
*The College of Academic Studies “Dositej”,
Belgrade*

Nikola Ćurčić²
Zoran Simonović³
The Institute of Agricultural Economics, Belgrade,

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CORPORATE CULTURE - BUSINESS PERFORMANCE FACTOR OF NATIONAL ORGANIZATIONS⁴

Abstract

The subject of this paper is to investigate the attitudes of owners and top managers of national organizations from different business sectors on how to increase the chances of the organization becoming competitive by raising the level at which the idea of corporate culture is realized. The paper starts from the assumption that the corporate culture depends on the context in which the organization operates and as such significantly affects performance. Each organization forms its own image in its organizational environment based on the strategy of quality of products and services it provides, the principles of behavior, and the moral principles of employees. Since it affects business performance and attitudes towards work, the corporate culture must be designed to be adapted to each work group. The results of the research show that depending on the decision makers in the organization and the management style, there are significant differences in the organizations in terms of the level at which the idea of corporate culture in the organization is realized. Hypothetical - deductive methods, analytical - deductive and comparative methods, explanatory methods, historical, and statistical - descriptive methods were used in the research.

Key words: organization, business culture, leadership, performance.

JEL classification: D23, L25, M21

ПОСЛОВНА КУЛТУРА - ФАКТОР УСПЕШНОСТИ ПОСЛОВАЊА НАЦИОНАЛНИХ ОРГАНИЗАЦИЈА

Апстракт

Предмет овог рада је истраживање ставова власника и топ менаџера националних организација из различитих сектора пословања како да се подицањем нивоа на којем се остварује идеја о пословној култури увећају шансе

¹ vuk.miletic88@gmail.com, ORCID ID 0000-0002-6250-6803

² nikolavcurcic@yahoo.com, ORCID ID 0000-0003-3375-2690

³ zoki@medianis.net, ORCID ID 0000-0002-2769-6867

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да организација постане конкурентна. У раду се полази од претпоставке да пословна култура зависи од контекста у коме организација функционише и као таква значајно утиче на перформансе. Свака организација формира сопствени имиџ у својој организационој средини који се базира на стратегији квалитета производа и услуга које пружа, начелима понашања и моралних принципа запослених. С обзиром да утиче на пословни учинак и ставове према раду, пословна култура, мора бити дизајнирана тако да буде прилагођена свакој радној групи. Резултати истраживања показују да у зависности од доносилаца одлука у организацији и стила руковођења јављају се значајне разлике у организацијама у погледу нивоа на којем се остварује идеја о пословној култури у организацији. У истраживању су коришћене хипотетско - дедуктивне методе, аналитичко - дедуктивне и компаративне методе, методе експланације, историјске и статистичко - дескриптивне методе.

Кључне речи: *организација, пословна култура, вођство, перформансе.*

Introduction

The success of a company in modern market conditions significantly depends on its reputation as a business partner. Practice shows that organizations with a high level of corporate culture are successful organizations (Filipović, 2012). The corporate culture within these organizations is designed to reflect the attitude of the organization towards legality, personality, product quality, financial and production obligations, openness, and reliability of business information. It is manifested in the behavior of managers (Milovančević, 2017) and employees, in their perception of themselves, the organization as a whole, and the environment.

Every organization has its own corporate culture but not all cultures have an equal impact on employee behavior and actions (Perišić, 2019). Each of them forms its own image based on the strategy of quality of products and services it provides, the behavior and moral principles of employees, reputation in the business world, etc. Some organizations have a strong culture and some a weak one. The strength of a culture depends on the level to which members of the organization share its values and the commitment of employees to these values.

Strong organizational cultures have a greater impact on employees compared to weak organizational cultures. The more employees accept the core values of the organization and the more committed they are to these values, the stronger the culture is. A strong corporate culture is a strategic resource of any organization as it determines its competitive position in the market, as well as the basis for overcoming a crisis. An ingrained and well-adapted culture is “a recipe for successful strategy implementation” (Cokins, 2009). It is able to initiate not only change within the organization itself, but also market transformation at the level of society, including the level of technology. Organizations will strive for innovation, (Stevanović, 2017) stability and efficiency if the culture of the organization is adequate to the applied technology including digital (Sokolović, et al. 2020). A strong culture determines the consistency of the behavior of employees who clearly know what behavior they should follow. A weak culture, on the

other hand, can become an obstacle to the successful implementation of the corporate strategy.

Of course, one should keep in mind that corporate culture is influenced by national culture (Bodin, 2018). Often, the characteristics of national culture provide the key to understanding the characteristics of certain elements of corporate culture (Vukotić, Čeko, Gaćinović, 2016) that distinguish the activities of certain organizations. The connection between national and organizational culture (Mihaela, Bratianu, 2012) is especially seen through the encounter with multinational companies that bring standards from the experience of changes in both organizational and national culture.

The impact of corporate culture on the performance of a company depends on the compliance of cultural settings, values, and norms within the company with the reality in which it is located. Corporate culture changes only when the people who participate in it change. People change only when a leader models, demonstrates, and reinforces desired behavior (Mumford, Scott, Gaddis, Strange, 2002; Edmonds, 2012). It includes an opinion on the organization's environment, its mission, and the source of competitive advantage. A strong organizational culture leads to higher business results, i.e. a strong culture presupposes high performance (Jones, 1999).

Our national corporate culture and its dimensions (Vukonjanski, 2013) are significantly different from the Western culture. The society of Serbia has a high power distance and a very high level of authoritarianism. The high power distance in Serbian society (Vukonjanski, et al. 2012) indicates the vulnerability of people in uncertain circumstances, people who are reluctant to accept change, who do not like risk and uncertainty, and who choose formalization, evaluation, and hierarchy. Such a national corporate culture has implications for the leadership style of organizational managers because it creates an environment in which one leadership style (Janićijević, 2013) is acceptable while another is not. It is obvious that high economic performance is guaranteed to national organizations not by a culture (Miletić, 2020) that corresponds to the current situation but by one that contains within itself the ability to continuously adapt to a changing situation.

Research methodology

The conducted research aimed to see how many organizations in Serbia, in addition to other necessary elements, attach importance to corporate culture as a necessary precondition for increasing business performance. The premise is that the level at which the idea of corporate culture is realized in the organization as a variable significantly affects the chance of the organization to achieve top business results in the market. Corporate culture depends on the context in which the organization operates, and the organization's leadership profoundly determines its culture.

In the research conducted in 2020, the sample consisted of organizations of different sizes, taking into account their equal representation according to size, i.e. 26 micro organizations (19%), 38 small enterprises (28%), 39 medium-sized organizations (29%), and 33 large companies (24%). When choosing companies for the sample, the decisive factor was the success of their business. The largest number of organizations in the sample were privately owned, with the largest percentage operating between 11 and 30 years. The largest number of

organizations in the sample were engaged in both production and service activities, of which most organizations were in the field of transport, construction, textile industry, food industry, and other business sectors. A high percentage of organizations operate in the international market and in the majority of organizations, decisions are made by the owners and the top management. Organizations are mostly run by applying a participatory leadership style with a predominantly functional centralized organizational structure.

For the purpose of this research, an intentional sample was used. The survey was conducted via personal communication and an internet survey. The questions from the survey were answered by the owners of the organization or by the top management. The survey itself was anonymous and referred to organizations operating in the national market. The purpose of surveying managers/owners as respondents was to gather information on what they think regarding how much corporate culture as a strategic resource is grounded in their organization in terms of determining its competitive position in the market.

When creating the theoretical framework of the paper, in addition to the exploratory method, the bibliographic speculative method was used, and when processing and interpreting the results, the method of multiple comparison and statistical test was applied.

Results and discussion

Every organization that strives for success should meet certain conditions and criteria. Considering that the research presented in the paper is aimed at evaluating the importance of corporate culture for increasing the performance of organizations that operate in Serbia, managers of organizations or owners acting as respondents were asked to evaluate pre-selected characteristics within their business with grades from 1 to 5 (where 1 is the lowest grade and 5 is the highest grade), which in interaction should create a chance for organizations to become competitive. The characteristics examined were, above all, assessments of the level at which the idea of corporate culture in the organization is realized in correlation with assessments of the extent to which their organization is successful at all levels of business, the level at which leadership in the organization is consistent and clear, the level of teamwork in the organization, the chances of the organization becoming competitive, and the work habits of the employees in the organization. The results by individual characteristics are given in Table 1.

Tabl 1. Performance assessments in organizations

Characteristics	R a n g									
	1		2		3		4		5	
	Af	Rf	Af	Rf	Af	Rf	Af	Rf	Af	Rf
Level to which the idea of business culture is realized within the organization	2	1,5	14	10,3	42	30,9	46	33,8	32	23,5
To what extent is the organization successful at all levels of business	9	6,6	12	8,8	39	28,7	50	36,8	26	19,1

The level at which leadership in the organization is consistent and clear	0	0	9	6,6	24	17,6	60	44,1	43	31,6
Team work in the organization	3	2,2	10	7,4	16	11,8	51	37,5	56	41,2
The chances of an organization becoming competitive	2	1,5	6	4,4	22	16,2	58	42,6	48	35,3
Work habits of employees in the organization	3	2,2	8	5,9	48	35,3	45	33,1	32	23,5

Af - absolute frequencies; Rf - relative frequencies (percentages); S.Vr. - Mean values

Source: Authors

Table 2 gives the performance rank based on average scores (mean values) for each performance considered.

Table 2. Rank characteristics

Characteristics	Mean value	Performance rank
Level to which the idea of business culture is realized within the organization	3,68	15
To what extent is the organization successful at all levels of business	3,53	18
The level at which leadership in the organization is consistent and clear	4,01	4
Team work in the organization	4,08	2
Chances for the organization to become successful	4,06	3
Work habits of employees in the organization	3,70	14

Source: Authors

Based on the results, it can be seen that in the sampled organizations the level at which leadership in the organization is consistent and clear, teamwork in the organization, and the chances of the organization becoming successful are characteristics that are best rated (average grade over 4). Next comes the level at which the idea of corporate culture in the organization is realized with a score of 3.68, the extent to which the organization is successful at all levels of business (3.53), and the work habits of employees in the organization (3.70). Based on the results, it can be further concluded that the management of organizations operating in Serbia believe that their companies have a chance to be competitive if the work culture and work habits of employees change. This would also change the assessment of the extent to which the organization is of high performance, i.e. to the extent that it has total excellence at all levels of business.

Table 3 presents the differences in organizations that have different decision-makers in terms of the level at which the idea of the corporate culture of the organization is realized. It can be seen that there are differences in organizations where decisions are made by the owner and by the top management.

Table 3. Differences in the level at which the idea of corporate culture is realized within organizations with different decision-makers

Level to which the idea of business culture is realized within the organization		Mean value of the difference (I-J)	Standard Error	Error significance (Sig)	95% Confidence Interval	
(I) Organizational decisions are made by	(J) Organizational decisions are made by				Lower limit	Upper limit
The owner	Top management	.536(*)	.184	.021	.06	1.01
	Top management and employees	.170	.246	.900	-.47	.81
	Not sure	.932	.574	.369	-.56	2.43
Top management	The owner	-.536(*)	.184	.021	-1.01	-.06
	Top management and employees	-.366	.250	.463	-1.02	.29
	Not sure	.396	.576	.901	-1.10	1.89
Top management and employees	The owner	-.170	.246	.900	-.81	.47
	Top management	.366	.250	.463	-.29	1.02
	Not sure	.762	.599	.582	-.80	2.32
Not sure	The owner	-.932	.574	.369	-2.43	.56
	Top management	-.396	.576	.901	-1.89	1.10
	Top management and employees	-.762	.599	.582	-2.32	.80

Source: Authors

Table 4 presents the differences in the level at which the idea of corporate culture is realized in organizations that have different management styles. It can be concluded that there is a significant difference in the assessments of those organizations in which the leadership style is autocratic and in those who were not sure of the leadership style within the organization.

Table 4. Differences in the level at which the idea of corporate culture is realized within organizations with different management styles

Level to which the idea of business culture is realized within the organization		Mean value of the difference (I-J)	Standard Error	Error significance (Sig)	95% Confidence Interval	
(I) Leadership style in the organization	(J) Leadership style in the organization				Lower limit	Upper limit
Autocratic	Participative	.002	.228	1.000	-.59	.59
	Democratic	-.017	.243	1.000	-.65	.62
	Not sure	.714(*)	.398	.028	-.32	1.75
Participative	Autocratic	-.002	.228	1.000	-.59	.59
	Democratic	-.020	.202	1.000	-.54	.50
	Not sure	.712	.374	.231	-.26	1.68
Democratic	Autocratic	.017	.243	1.000	-.62	.65
	Participative	.020	.202	1.000	-.50	.54
	Not sure	.732	.383	.229	-.27	1.73
Not sure	Autocratic	-.714(*)	.398	.028	-1.75	.32
	Participative	-.712	.374	.231	-1.68	.26
	Democratic	-.732	.383	.229	-1.73	.27

Source: Authors

The length of the organization's business and the level of business have a significant joint impact on all the attributes of the organization that are viewed as characteristics that a successful organization should possess. Regarding individual influences, it can be seen that the length of business significantly affects the differences primarily in teamwork in the organization. The level of business of the organization significantly affects the differences in the extent to which the organization is successful at all levels of business and the level at which leadership in the organization is consistent and clear.

Depending on the decision-makers in the organization (the owner, top management, top management and employees) there are significant differences in organizations in terms of the level at which the idea of corporate culture in the organization is realized, in terms of teamwork in the organization, and in terms of employee habits.

Depending on the difference in leadership style (autocratic, participatory, democratic) in organizations, the level at which the idea of corporate culture in the organization and teamwork in the organization is realized differs.

Conclusion

The results of the research given through the assessments of the characteristics necessary to create chances for success of organizations show that the best-ranked performance of organizations in the observed sample (with an average score over 4) is the level at which leadership in the organization is consistent and clear, teamwork in the organization, and the chance for an organization to become competitive. Characteristics of the organization ranked slightly lower (with an average score below 3.70) are the level at which the idea of corporate culture in the organization is realized, the work habits of employees in the organization, and the extent to which the organization is successful at all levels of business.

The results further show that there is a significant difference in the assessments of those organizations in which the leadership style is autocratic and in those who were unsure of the leadership style in the organization, and that there are differences among organizations in which decisions are made by the owner and by the top management.

It can also be concluded that the more the employees are tied to an organization's values (this is achieved by maintaining a stable configuration of employees who go through the ups and downs with the organization), the easier it will be for the management to find a way out of the crisis and towards a chance of success.

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