UNIVERSITY OF SARAJEVO
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MASTER'S THESIS

THE INFLUENCE OF ORGANIZATIONAL CULTURE ON BUSINESS PERFORMANCE OF ENTERPRISES

Sarajevo, November 2012   ADIN ŠENDRO

AUTHORSHIP STATEMENT

The undersigned Adin Šendro, a student at the University of Ljubljana, Faculty of Economics (hereafter: FELU), declare that I am the author of the master's thesis entitled »The influence of organizational culture on business performance of enterprises«, written under supervision of Professor Dr. Rudi Rozman.

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INTRODUCTION

Problem and purpose of the MBA thesis. Organizational culture is a way of living and working in the enterprise. This is a popular term in the field of organization and management in Western countries and in the United States of America since 1980 and is still extensively studied in last decade all over the world. The source of the problems in most companies is not only in finance, technology and organizational structure. Problems often arise in the minds of people, in their consciousness and false assumptions and attitudes. Organizational culture is the acquired knowledge and experience that an individual uses to develop its organizational behaviour. Developing a culture of individuals and group we create the image of the enterprise and identification of workers with the enterprise. Organizational culture is the key for successful business performance.

Edgar Schein (1992, p. 9), a guru of organizational culture and one of the most prominent theorists of organizational culture, gave the following very general definition: »Organizational culture is a pattern of shared basic assumptions that the group learned as it solved its problems of external adaptation and internal integration, that has worked well enough to be considered valid and therefore, to be taught to new members as the correct way to perceive, think and feel in relation to those problems.«

The term organizational culture appears in the literature as the corporate culture or company's culture. Culture enables people to see the goal alignment and motivates them to higher levels of performance, as shared values make people feel good about the organization and commits their capability and potential sincerely for the enterprise. Empowerment, decisiveness, learning attitude and team working are some of the attributes of organizational culture. Culture is the real driver for superior performance and a definite source of competitive advantage that is very difficult for competitors to emulate.

Organizational culture is embedded in all activities of the enterprise. It affects the way of organization, type of structure and degree of decentralization, reads the application of authority, the kind of power that is used, the degree of formalization, standardization of procedures, method of control, resource allocation, human resource management (type of people who are employed, the method of promotion, reward system), the scope and method of business planning, strategy, etc.

Culture and performance have mutually reciprocating relationship. If strong culture helps building high performance enterprise, past performance and successes shape the influence on behaviours of people which with time become part of the culture. Strong organizational culture means that people within the organization tend to have similar beliefs and behaviour patterns. Strong culture leads to high performance and overall profitability.

Zhang (2009) states that »Organizational culture influences the operation of organization on the two aspects of organization and individual, and then it will exert an influence on organizational performance. The impact of organizational culture on organizational performance can be decided by the degree of how much main values and beliefs of organization is accepted deeply and widely, its influence can be divided into three aspects: firstly, cultural direction, it means the accurate degree of how much organizational culture influencing organization's operation direction; Secondly, cultural permeability, it refers to the degree of how much organizational culture is shared by all the members in common; Thirdly, cultural intensity, that is the degree of how much the employees abide by the culture.«

Also, Zhang (2009) indicates that organizational culture is an effective factor that determines whether the organization can obtain outstanding performance or not. It is an effective factor that determines organization's response and attitude to particular incident and external change of environment. Organizational culture can influence organizational performance through employees and customers. The researcher who pays attention to practice regards culture pattern as goods, and binds organizational performance with organizational culture. They make organizational culture come to equally important status as institutional structure, tactics or control. Accordingly, enterprises must attach importance to the operation revision and innovation of organizational culture, so as to make organizational culture include the value orientation of enterprise staff and customer, and really meet their demands in the course of execution. Only in this way, can be unite enterprise, staff and customer, create ideal organizational performance and realize strategic objectives of organizations successfully.

According to Abu-Jarad, Yosuf and Nikbin (2010) organizational performance is the most important issue for every profit or non-profit organization. It is very important for managers to know which factors influence an organizational performance in order for them to take appropriate steps to initiate them. However, defining, conceptualizing and measuring performance have not been an easy task.

Contingency variables have a significant role in enhancing organizational performance and require the fit of organization: structure, culture and processes. If is in fit, result will be good. Contingency School believes that the relationship among organizational characteristics, especially the relationship between structure, size, strategy, technology and environment, are contingent or dependent upon the situation or context. Mix between organizational culture, organizational structure and its contingency variables (size, strategy, technology and environment) can lead to organizational effectiveness. Contingency variables and organizational culture have to be in the fit, harmony and should lead to higher performance.

The subject for the research in this document is to study the influence of organizational culture on business performance of enterprise »BH Pošta« Sarajevo, one of the largest enterprises in Bosnia and Herzegovina. The study assumes whether with strong organizational culture enterprise can achieve a successful business performance and which type of organizational culture is in the enterprise. The survey was conducted among employees of the enterprise »BH Pošta« Sarajevo in three main Sectors and was conducted through a questionnaire.

The purpose of the study is to make an objective assessment how organizational culture affects the success of business and performance of enterprises and to point out a way to improve the current organizational culture of the enterprise. The research points to the correlation of organizational culture and business performance of enterprises in the modern business process.

Goals and method of the MBA thesis. The scope of the study is to understand how enterprise today addresses the various aspects of organizational culture and discover the correlation between the organizational culture and business performance of enterprise. The research problem emanates from the premises that the organizational culture in an enterprise is very important for successful business performance. The basic assumption is that an appropriate and strong organizational culture with motivated employees who accept the goals of enterprise affects the success.

The main objective of the study is seen from the title of the thesis: to describe, research, analyze, examine the influence of culture on performance and to propose culture that might assist in increasing of organizational performance. The object of this study is to examine organizational culture and organizational performance, theoretically and empirically. The main goal of the thesis is to describe how organizational culture affects business performance of enterprises.

Firstly, the research is conducted logically, based also on the opinion of different authors. In the second part of the thesis an empirical study is conducted. Research objectives of this study are to make an assessment and find answers to the following questions that revolve around the issue of organizational culture in enterprise »BH Pošta«:

- The first group of research questions is meant to understand: »How strong and clear organizational culture leads to business success? Do the employees and the management facilitate creating of strong and clear organizational culture?«
- The second group of questions: »What are the characteristics of role culture and the task culture? Are these cultures the most appropriate for the enterprise 'BH Pošta'?«
- The third question seeks to conclude answer: »What is the perception and view of the Chief Executive Officers on organizational culture and business performance of enterprise?«

- The last question is: »How many subcultures exist in »BH Pošta« and whether the subcultures are the basis for successful performance?«

The research methodology is based on the qualitative and quantitative aspect of research study. Broadly, this thesis is separated into two parts, theoretical and empirical. The theoretical aspect includes literature reviews through a search from the website of the University of Sarajevo, internet search for e-books, official journals and publications of academic institutions. The main emphasis on this part is to deal with the theoretical aspects of organizational culture and relation between organizational culture and organizational performance. The theoretical part consists of three chapters.

The empirical part uses questionnaire for the study framed for assessing the organizational culture, business performance and the employee engagement in an enterprise »BH Pošta«. During the research process, primary and secondary data are used. The primary data were collected by personal communication. This implies collecting data through interviewing and survey about 102 employees in the enterprise »BH Pošta«. Collections of data from secondary sources include annual report of the enterprise BH Pošta site and personnel manuals maintained by the HR department of the enterprise, report from enterprise by downloading important data from previously published scientific research papers. The empirical part consists of one chapter.

Structure of the MBA thesis. The master thesis begins with the introduction as a part highlighting the research problem, the purpose and objectives of the project and the sequencing of chapters. The first chapter of the thesis deals with the theoretical perspective on the concept of organizational culture, definition, levels, types and role of organizational culture. Also, this chapter explains the subculture of organizational culture.

The second chapter explains the importance of organizational culture in the enterprise understanding the function and key characteristics. This chapter represents the strengths of the culture highlighting strong and weak cultures and advantages and disadvantages after creating and manifesting a culture. The second chapter also deals with the management of organizational culture, which emphasizes the influence of culture on management and the influence of leaders on organizational culture and how leaders manage culture.

The third chapter delves into the concept of influence of organizational culture on organizational performance understanding the definition, factors and measurement of organizational performance. This is core chapter where emphasis is to highlight the relationship between organizational culture and performance. Third chapter also underscores the importance of organizational culture for business performance of enterprise.

The fourth chapter is a research study and description of Public enterprise »BH Pošta« Sarajevo. This chapter includes business organization and services of enterprise. Research study begins with information about the public enterprise »BH Pošta«. The fourth chapter represents the research methodology, research questions and research process describing the questionnaire, data details, research analysis and results of the research study. The last part of the study incorporates concluding part highlighting the specific solution to the enterprise in creating an environment that is conducive to effective functioning, designing acceptable organizational culture and successful business performance.

1 CONCEPT OF ORGANIZATIONAL CULTURE

1.1 Concept and definition of organizational culture

Concept of **organizational culture** is developed and become popular in the last 30 years. This period is marked by a large number of books, articles, and authors of papers on this subject in order to clarify the phenomenon of organizational culture, to recognize the legality of its creation, development and impact of a successful business organization. Single definition of organizational culture does not exist.

All definitions differ among themselves according to the perspective from which is observed this term, whether in terms of disciplines such as sociology, psychology, anthropology, or rather, organizational behaviour, the science of management and organizational communication. However, Potočan (2008, p. 26) say that two definitions are mentioned the most frequently: 1. Organizational culture is the way in which things are performed (Deal & Kennedy, 1982), and 2. Organizational culture is the collective programming of the mind (Hofstede, 2001). Kovač (2008, p. 47) states that the organizational culture represents the quality of performed tasks – the way that a task will be carried out.

The term organizational culture emerged in United States of America and quickly is spread to the rest of the business world. This culture is usually called »corporate culture« or »company's culture«. Organizational culture is a broader concept of corporate culture, which refers primarily to culture in large organizations. Thus, organizational culture is acquired knowledge and experience that an individual uses in developing its organizational behaviour.

According to Ilies and Gavrea (2008, p. 322) the term organizational culture was used for the first time in the academic literature by Pettigrew in 1979 in the journal »Administrative Science Quarterly«. Organizational culture was used to explain the economic successes of Japanese firms over American firms by motivating workers who were committed to a common set of core values, beliefs and assumptions (Denison, 1984). One of the most

important reasons that explain the interest in organizational culture is the assumption that certain organizational cultures lead to an increase in organizational financial performance.

Jones, George and Hill (1998, p. 285) explain that organizational culture as the set of values, norms, standards of behaviour, and common expectations controls the ways in which individuals and groups in an organization interact with each other and work to achieve organizational goals. Organizational culture is not an externally-imposed system of constraints, such as direct supervision or rules and procedures. Rather, employees internalize organizational values and norms, and then let these values and norms to guide their decisions and actions. Organizational culture is transmitted to employees through the values of the founder, the process of socialization, organizational ceremonies and rites, and stories and language.

Based on opinion of these authors we conclude that the organizational culture is main characteristic of each organization and it is the way in which things are regulated in the organization. Organizational culture affects how employees think, feel and act in the organization. Culture is the most important asset and needs to do more than anything else. Simply, culture is appropriate process of achievement of the organizational goals.

Organizational culture is a broad term used to define personality or character of an organization. It includes core values and beliefs of management and other employees, corporate ethics and rules of conduct. Organizational culture can be expressed in the mission of the organization and in the architectural style and interior decor of offices as well as how employees are dressed at work.

Definition of organizational culture of Robbins and Coulter (2009, p. 46) implies three things. First, culture is **perception**. It is not something that can be physically touched or seen, but employees perceive it on the basis of their experience within the organization. Second, organizational culture is **descriptive**. It is concerned with how members perceive the culture, not with whether they like it. Finally, even though individuals may have different backgrounds or work at different organizational levels, they tend to describe the organizational culture in similar terms. That is the **shared** aspect of culture.

Birsan, Susu and Balan (2008, p. 94) add that each organization, no matter the size or of its activity field, has an own organizational culture, which depends upon own history, by the manner of approaching the problems and of practices or managing activities. Its organizational culture reflects the feature of personalities and/or leadership styles, marking the manner of how things will be accomplished, how changes will be made, thus manifesting the organizational personality and psycho-social climate.

These three authors suggest that organizational culture represents for an organization what the personality represents for an individual. Organizational culture has its origin on interaction of interpersonal relationship, on organizational level. However, the way in which managers perform their functions of management affects the type of culture that is applied in the organization.

Two things are important to understand the organizational culture. Firstly, culture is associated with »what« the organization works or produces. The organization develops different products or services and behaviours that distinguish one group from other groups, the organization from other organizations. Secondly, culture is also related with »how« organizations it works. Particularly important features that should be developed are: awareness of quality, service orientation and etc.

Related term with the organizational culture is the image of the enterprise that provides an answer to the question: How do we see the environment, customers, competitors, business partners and the general public? Desired image of enterprises is an ideal which the enterprise aspires. This is a set of preconceptions what the enterprise should be. Organizational culture creates an image of enterprise and this is the basis for the desired image.

As we can see almost everyone who speaks or writes on this subject has its own definition. Every organization has its own culture and set of values. Many organizations do not try consciously to create a specific culture but the culture of the organization largely is created and is based on the values of Top management or founders of the organization. However, there is no one definition agreed by consensus and commonly accepted by all authors.

Although there is no consensus on the definition of organizational culture, most authors agreed that organizational/corporate culture referred to something that is holistic, historically determined (by founders or leaders or tradition), related to things anthropologists study (like rituals and symbols), socially constructed (created and preserved by the group of people form the organization), soft, and difficult to change.

Table 1 shows some earlier definitions of the organizational culture.

Table 1. Earlier definitions of organizational culture

Author/s	Year	Definition
Kroeber & Kluckhohn	1952	Transmitted patterns of values, ideas, and other symbolic systems that shape behaviour of an organization.
Hofstede	1980	The collective programming of the mind that distinguishes the members of one organization from another. This included shared beliefs, values and practices that distinguished one organization to another.
Swartz & Jordon	1980	Patterns of beliefs and expectations shared by members that produce norms shaping behaviour.
Ouchi	1981	Set of symbols, ceremonies and myths that communicate the underlying values and beliefs of the organization to its employees.
Martin & Siehl	1983	Glue that holds together an organization through shared patterns of meaning. Three component systems: context or core values, forms (process of communication, e.g., jargon), strategies to reinforce content (e.g., rewards, training programs).
Uttal	1983	Shared values (what is important) and beliefs (how things work) that interact with an organization's structures and control systems to produce behavioural norms (the way we do things around here).
Adler	1986	Refers to something that shared by all or almost all members of some social groups • something that the older members of the group try to pass on to the younger members and • something that shapes behaviour or structures of the organization
Denison	1990	Refers to the underlying values, beliefs and principles that serve as a foundation for an organization's management system as well as the set of management practices and behaviours that both exemplify and reinforce those basic principles.
Trompenaars	1993	Is the way in which people solved problems. It is a shared system of meanings. It dictates what we pay attention to, how we act and what we value.
Goffee	1996	Is an outcome of how people related to one another.

(table continues)

(continued)

Author/s	Year	Definition
Schneider	1997	Shared patterns of behaviour and the meaning of that behaviour.
Cameron & Quinn	1999	What is valued, the dominant leadership styles, the language success that make an organization unique.
Sullivan	2001	Refers to the total lifestyle of a people, including all the values, ideas, knowledge, behaviours and material objects that they share.
Wood	2001	The systems of shared beliefs and values that develop within an organization or within its sub-units and that guides the behaviour of its members.
Wiesner	2002	A way of looking at organizations by its shared values and behaviour.
Thomas & Tung	2003	Refers to evolving set shared beliefs, values, attitudes and logical processes which provide cognitive maps for people within a given societal group to perceive, think, reason, act, react and interact.
Anthon	2004	Is the set of values, beliefs and understanding shared by an organization's employees and it ranks among an organization's most powerful component.
Taylor	2004	Refers to what is created from the messages that are received about how people are expected to behave in the organization.
Wagner	2005	An informal, shared way of perceiving life and membership in the organization that binds members together and influences what they think about themselves and their work.

Source: I. Y. Abu-Jarad et al., *A Review Paper on Organizational Culture and Organizational Performance*, 2010, p. 10.

During the 1980s in definitions authors mentioned terms like shared beliefs and values that interact with an organizational structures and control systems to produce behavioural norms. In the 1990s authors retain the previous reviews and added that values and beliefs serve as a foundation for an organization's management system. It is the way in which people solved problems. In the new millennium, the authors extended the definition. Organizational culture is the systems of shared beliefs and values that develop within an organization or in its departments. Culture refers to the total lifestyle of a people, including all the values, ideas, knowledge, behaviours and material objects that they share. It is the most powerful component of an organization.

According to *Wikipedia, the free encyclopaedia* (Organizational culture, n.d.), Edgar Schein, former professor from MIT Sloan School of Management, defines organizational culture as: »A pattern of shared basic assumptions that was learned by a group as it solved its problems of external adaptation and internal integration, that has worked well enough to be considered valid and, therefore, to be taught to new members as the correct way you perceive, think, and feel in relation to those problems.«

Schein indicates that culture is the most difficult organizational attribute to change, durable more than organizational products, services, founders and leadership and all other physical attributes of the organization. For Schein, the organizational culture helps the organizations to solve its problems of external adaptation and internal integration by creating a shared pattern. As the new members come into the organization, they perceive and think these problems in this shared pattern.

According to these definition, a group of people come together to perform a job, they need a set of rules to act in common manner and they need to know how to act in various circumstances. Organizational culture shows employees what the organization considers important and how they should behave. Considering that organizational culture defines the kinds of acceptable behaviour, culture plays an important role in creating and sustaining a competitive advantage.

Finally, Janićijević (2008, p. 301) gives a synthetic definition that includes the most commonly used elements of other definitions. Organizational culture can be defined as: »system of assumptions, beliefs, values and norms of behaviour that members of organization develop and adopt through a shared experience, which are manifested through symbols and direct their thinking and behaviour.«

To understand the concept of organizational culture following elements of this definition are important:

- **Content.** Organizational culture consists of elements of the cognitive structures of members of the organization: the assumptions, beliefs, values, etc. In addition to cognitive, organizational culture is composed of symbolic elements such as language, material symbols, patterns, etc.
- **Social character.** An important characteristic of culture is a social category, in the sense that only exists within social groups, such as organizations, social classes, professions, nations, etc.
- **Effects.** Organizational culture directs or even determines awareness and behaviour of people. Organizational culture leads that all members of the organization at almost the same way, interpret and understand phenomena in the world around them. As people's reactions arise from their interpretation of the world and events, it is clear that culture directs and determines daily behaviour and activities of people.

- **Method of creation.** Often as a characteristic of organizational culture is stated the fact that culture occurs through a process of social interaction between members of the organization. By the common meanings of things and phenomena, as well as common beliefs, values and norms of conduct, members of the organization can come only by mutual interaction and communication during his work in the organization. Organizational culture is formed through the shared experience of members of the organization, which they acquire by solving daily problems.

1.2 Levels of organizational culture

Scientists mainly study values and symbols, while anthropologists study assumptions. Levels of culture are important form a strategic perspective. According to Wright and Noe (1996, p. 186) the following is one example of values and symbols (artefacts, behaviour). Silicon Graphics Inc. (hereinafter: SGI) has what *Business Week* recently called »Silicon Valley's most freewheeling corporate culture.« The company, whose innovative computer products have included the dinosaurs in the movie *Jurassic Park* and the virtual reality of the magic-carpet ride at Epcot Center, has an unofficial motto: »Serious fun«. SGI goes on the attack with its new product ideas; the company-sponsored aerobics classes in favour of karate and bungee-jumping groups. The underlying assumption is that the computer industry and information technology are moving too fast for long-range planning, so the organization simply has to jump as opportunities arise.

In this example, organizational culture operates on more than one level. To understand an organizational culture, it is helpful to look at three levels: basic underlying assumptions, espoused values and artefacts. The outermost level, artefacts, is most visible to outside observers, while basic assumptions are least visible. Recognizing these different levels is an important step toward understanding organizational culture.

In particular, Schein (cited in Lim, 1995, p. 16) viewed culture as comprising three levels:

1. **Behaviours and artefacts**: this is the most manifest level of culture, consisting of the constructed physical and social environment of an organization, e.g. physical space, mottos, artistic productions and overt behaviours of members.
2. **Values**: this is less visible than behaviours and artefacts; the constituents of this level of culture provide the underlying meanings and interrelations by which the patterns of behaviours and artefacts may be deciphered.
3. **Basic assumptions**: these represent an unconscious level of culture, at which the underlying values have, over a period of time, transformed and are taken for granted as an organizationally acceptable way of perceiving the world. By this definition, basic assumptions are also the most difficult to relearn and change.

All three levels of an organizational culture are extremely powerful determinants of organizational life, and intuitively are incorporated into the actions of skilled executives who use them to manage people, formulate strategy and induce organizational change.

Rozman (2008, p. 4) states that sociologists study culture of organization in greater extent in the context of informal relationships and processes while psychology considers an extension of the study of human personality. Also, Rozman and Kovač (2012, p. 287) state that sociologists understand the term organization as community and describe organizational culture as community culture. We will also use the term organizational culture, while we always think of the characteristics of group. Culture arises in relations between people in the organization as a result of their adaptation and in this sense culture is »organizational«.

1.3 Types of organizational culture

The typology of organizational culture is one way for its quickly and easily understanding. According to their characteristics or the content, classification of organizational cultures aims to create a relatively small number of basic types. Classification is done by making a series of specific, real organizational culture and extracts those features which are repeated from case to case. Then, these characteristics generalize in order to obtain a general model or type of organizational culture. Rozman and Kovač (2012, p. 287) say that typology is an attempt to simplify a complex reality and describing the characteristics of each type of culture tries to classify different forms of organizational cultures.

Usually authors combine two cultural characteristics and their opposite values and thus form four types of organizational culture. Denison and Mishra (cited in Daft, 2010, p. 80) look at the requirements of the environment (stability versus adaptability) and strategic direction of the enterprise (towards environment or inside) and distinguish adaptation, achievement, clan, and bureaucratic types of culture. Rosenthal and Masarech (cited in Daft, 2010, p. 83) combine the orientation of the enterprise to common values and to the business effectiveness. Reimann and Wiener (1988, pp. 36–44) combine the origin of organizational culture (tradition versus charismatic owners/managers) and its orientation (customer or the enterprise itself). On this basis they distinguish entrepreneurial, strategic, elitist and chauvinist culture.

There is greater number of typologies of culture in literature. Typologies of Ansoff, Handy and Deal-Kennedy belong among the classical interpretations of different forms of organizational culture. Also, typologies of Reimann-Wiener, Schneider, Denison-Mishra and Rozental-Masarech emerged later. We will elaborate typology of Hendy in more detail.

According to Janićijević (2008, pp. 313–315) in the literature often is used the typology of culture that basically gave Harrison, which was 1979 perfected and modified by Handy. It proved to be the most effective and best way for quickly and easily understanding of organizational culture in our region. According to this classification there are four basic types of culture: the power culture, the role culture, the task culture and the person culture. Handy assigns each of them a suitable symbol which with his personal qualities best reflects the characteristics of each type of culture.

Power culture can be represented by a spider web, with the center around which knits the whole culture. The basic characteristic of power culture is its orientation towards the leader. Power culture is based on the assumption that the organization is the means to achieve objectives in the hands of leaders. In its best situation, power culture creates an image of the family – at the head of the organization is omniscient and omnipotent father of the family who takes care of all its members, and in return they listen him without question. In its worst situation, this culture is a dictatorship and the rule of leaders based on fear. Of course, in reality, it is not excluded that in an organization encounters on both mentioned extremes, when the relations of leaders and members of the organization is a mixture of respect, fear and hatred. Below is a schematic representation of the power culture.

Figure 1. Schematic representation of the power culture
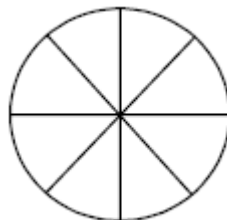
Source: K. R. Obradović, J. M. Cvijanović and J. M. Lazić, *Organizaciona kultura kao ključni faktor internog okruženja preduzeća*, 2003, p. 15.

The source of power of leaders in this culture is to control resources (money, information, or something else). However, very often the only source of power is the leader's charisma. This culture is not bureaucratic. In this culture there is no respect for formal rules and procedures. Instead, everything is based on the personal supervision of the leaders, so the efficiency of control largely depends on his competence and familiarity with the job. If the leader is not competent in the work which is the focus of his organization, then he will not be able to achieve effective control, and in the absence of rules and procedures, things can go downhill. In control a leader largely relies on »own people«.

The main advantage of power culture is the speed of its reaction. Considering that in this culture all depends on the leaders, it is ensured a rapid reaction and adjustment changes in the environment. Organizations with a culture of power, especially those that are relatively

small, belong to the flexible organization. The main disadvantage of power culture is riskiness. It is very risky – practically everything depends of just one man and his abilities. There is no mechanism to eliminate or at least mitigate the possibility of incorrect assessments of leaders and all decisions are made independently. The problem of power culture is succession of leaders.

Considering that the power culture is authoritarianism, all managers are able to go in other organizations so just remain obedient and slave managers. At a time when a leader leaves the organization there is the problem of finding an adequate successor. Therefore, usually the next leader comes out of the organization. The problem also may be the size of the organization. When the organization rises above certain scale leader is no longer able to effectively control the organization. Power culture is suitable for relatively small and young organization, in which not dominate highly educated personnel, and in turbulent industries that require rapid reaction (Janićijević, 2008, pp. 313–314).

Role culture is the real bureaucratic culture. In this culture dominate rules and procedures. The most important in the role culture are formal rules and standards. Every process, every behaviour, and all relationships in the organization tend to be standardized and formalized.

In the role culture, all is based on logic, reason and rationality. Role culture is based on a vision of the organization as a social structure regulated by agreed rules and procedures. In opposite to the power culture, which is always colored by personalities of leaders, the role culture is depersonalized. The power in this culture is achieved on the basis of hierarchical positions and, in part, on the basis of expert knowledge. The role culture suits people who seek job security, who like predictability and avoiding changes and risk. The symbol of this culture is a Greek temple as shown below.

Figure 2. Schematic representation of the role culture
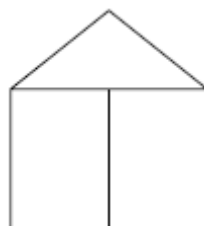
Source: K. R. Obradović et al., *Organizaciona kultura kao ključni faktor internog okruženja preduzeća*, 2003, p. 15.

Usually role culture can be found in large bureaucratic corporations and other organizations (especially public services). This culture implies the bureaucratic organizational structure. Its main advantage is the reliability and efficiency, while its main disadvantage is an inability adaptation, rigidity, lack of initiative and entrepreneurship.

Role culture rejects dynamic, enterprising people, who leave this kind of organization (Janićijević, 2008, p. 314).

Task culture is a system of values and beliefs in which on the highest level in the organization puts the success and achievement. This type of culture is known as the culture of achievement. Its symbol is a lattice. Task culture rests on the assumption that the organization exists to resolve tasks. Everything is oriented towards the work that needs to be done. People are not valued by hierarchical position, but according to their ability to contribute performing the task. Power is derived from competence and, in part, from the charisma. Task culture suits people who are motivated by achievement, or by job, rather than by material rewards. Values such as independence of individuals, flexibility and adaptability are appreciated in the task culture. Figure 3 is a schematic representation of task culture.

Figure 3. Schematic representation of the task culture
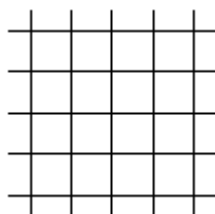
Source: K. R. Obradović et al., *Organizaciona kultura kao ključni faktor internog okruženja preduzeća*, 2003, p. 15.

This type of culture best suits for relatively small, specialized organizations, such as consulting agencies, law firms, advertising agencies, etc. Task culture often implies team or the project organizational structure. Its main advantage comes from its orientation on the success and results, flexibility, initiative, creativity and entrepreneurship. The main disadvantage is contained in its excessive dependence on the people and their quality. Also, this culture does not permit the use of the effects of economies of scale, so that the size of organizations increases indefinitely. Finally, task culture often stimulates and supports the superficiality of the work done, since there is no time to develop expertise of employees (Janićijević, 2008, p. 315).

According to Janićijević (2008, p. 315) **person culture** is type of culture that is very rarely found in businesses. Individual galaxies of stars are a symbol of this culture. Person culture rests on the assumption that the organization exists to enable its members to achieve their individual goals and interests. The focus is on individuals and their interests, while the goals of the organization as a whole are neglected. That is reason why it is difficult to assume that some organization could survive with this culture.

The power in a person culture is very widely distributed and compared with all mentioned types of culture. The person culture is in the largest extent »democratic«. Individual freedom is appreciated and there is strong resistance to any attempt that with organizational policies undermines personal freedom. That is the reason why organization with this kind of culture is in danger of collapse. This is happening at the moment when members of the organization estimate that for their interests is better to perform individually. Most commonly this type of culture can be encountered at universities and research institutions. Below is a schematic representation of this type of culture.

Figure 4. Schematic representation of the person culture
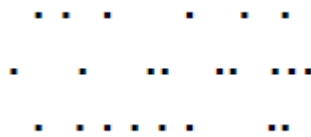
Source: K. R. Obradović et al., *Organizaciona kultura kao ključni faktor internog okruženja preduzeća*, 2003, p. 15.

All enterprises have a mixture of these cultures. For example, in the same enterprise we can find role culture (the operative), the task culture (problem-solving teams), and culture of existence (PR department). Therefore, enterprises are distinguished by the dominant type of culture that it exists. In the empirical part of the thesis, we will present the type of culture that prevails in the researched enterprise.

1.4 Organizational culture and subcultures

Janićijević (2008, pp. 315–318) adds that the organization has a dominant culture and subcultures. Dominant culture includes assumptions, values and beliefs that shared all its members to a greater or lesser degree. **Subcultures** represent a specific system of assumptions, values, beliefs, norms and symbols that share a small group of employees in the organization. The dominant culture is a kind of »common denominator« for all the subcultures in the organization.

Subcultures of the enterprises can be distinguished by three basic dimensions or in three directions: horizontally, vertically and diagonally. By **vertical lines** can be distinguished subcultures of managers and employees or subcultures of the Top management and lower organizational components. It is not rare that the values and beliefs of management of enterprises differ significantly from the values and beliefs of other employees. This contributes not only to differences in education, social status or living standards between managers and workers, but also various problems with which they meet in their daily work, as well as the different perspectives of looking at business enterprises. Subcultures of

employees and managers can be a source of conflict between them. When, for example, there is a conflict between an employees and managers about salary, lack of understanding even more intensifies the conflict and its solution makes difficult.

Another criterion of distinguishing subcultures is affiliation to business functions. It is a **horizontal line** of distinguishing subcultures that often overlaps with the differencing between professional subcultures. The divisions of labour and specialization leads to the differentiation of business functions, such as manufacturing, commercial, finance and accounting, research and development, etc. These business functions have different objectives, different technologies, different profile and level of education of employees, different role in the enterprise, different perspectives of business enterprises, including different problems.

Based on these differences are formed the various subcultures of business functions. Thus, for example, very often in the enterprises can be found production, commercial and research and development subculture. The differences between these subcultures constitute a powerful source of problems regarding the coordination of the enterprise. Sometimes the differences between the subcultures of business functions are so pronounced that it seems that their members speak a completely different language and that do not understand among themselves.

The third line of differentiation subculture is **diagonal**. Subcultures are differentiated according to different criteria: the profession and education, according to social origin and status, according to nationality, special interests or hobbies, etc. Subcultures in the enterprises are often developed on the basis of professional affiliation and education which specific professions assumed. Most often these differences manifest between the subculture of economists and engineers.

These two groups of employees manifest very different values and beliefs, as a consequence of their education and the nature of their work. Engineers are usually production-oriented and often overlook that the enterprise exists to make profits, and not to produce a specific product. Economists are oriented to profit, although sometimes ignored the fact that the profit can be realized only if the enterprise has the technology and product/service.

In addition to these there is whole range of ways to differentiate subcultures in the enterprise. For example, it is a common division into subcultures of production workers and administration (i.e. white and blue collar workers). Also, it is possible to compare the differences between systems of values and beliefs of older and younger employees.

Subcultures can be distinguished on the basis of their relationship to the dominant culture of the enterprise: supportive, orthogonal and the counterculture. **Supporting subculture**

contains all the values and beliefs of the dominant culture, but they are more powerful, easier and cleaner. Members of supportive subculture represent what is commonly called the »hard core« in the organization. They usually take the role of protector of traditional values of organizational culture and they take care to avoid their erosion under the onslaught of changes and the arrivals of new members.

Orthogonal subculture contains values and beliefs that are independent of those that contains in the contents of the dominant culture. Members of this subculture accept the values and beliefs of the dominant culture, but they develop system of additional values and beliefs, which derives from their specific interests, and which has nothing to do with the dominant culture.

Finally, the **counterculture** is a subculture which contains a totally different values, beliefs and norms from those contained in the dominant culture. Members of this subculture are considered »apostates« by the dominant culture and often are grouped in certain enclaves in the organization (in a particular part of the organization, for example, in a research and development center or in a certain subsidiary of enterprise). Members of subcultures are often agents of change of the dominant organizational culture. The process of change of organizational culture takes place in a manner which implies that firstly appears counterculture, as a subculture, and then it would become the dominant culture. Therefore, the presence of counterculture is precious in enterprises that are in crisis.

1.5 Role of organizational culture

Organizational culture brings people closer and helps easier harmonization of business conduct in work environments. The existence of strong organizational culture is subtle and sophisticated condition that undoubtedly contributes to increasing the efficiency and effectiveness of the enterprise. Key role in impact of the organizational culture has a management or leadership of the organization. Leaders must have a strong will, desire and ability to determine the cultural foundations of the organization and to conduct the necessary action. To build strong organizational culture leaders must be consistent and clearly express and respect the values that they want to implement.

Organizational culture must support the mission and vision of the enterprise, strategic objectives and the needs of the organization. Only in this way, the organizational culture can contribute to efficiency and effectiveness – which is the overall objective of development of each organization. The value of organizational culture is reflected in the preferences and acceptance of certain behaviours that the employees create a sense of identification with the enterprise, easier dedication to work responsibilities and improves the stability of social relationships within the organization.

Culture plays an important role in the lives of organizational members. Involved in a set of shared values, beliefs, myths, traditions and norms and meanings, it helps to promote organizational objectives. Being part of an organization means to be part of its culture and it explains a lot of what happens in the organizations. Corporate culture can help in leading business results, but it takes a cultural audit to differentiate which elements of the culture can lead to superior performance.

Culture in the enterprise is important because it has many functions that contribute to the unity of the enterprise and the successful achievement of objectives. According to Mihelič (2008, p. 33) culture plays a role of delimiter, firstly, separates one enterprise from another. Furthermore, culture gives employees a feeling of identity and identification with the company. Thirdly, culture encourages employees to go through their own interests and is committed to »something more«. It also allows the stability of the social system within the organization. Culture is the »glue« that helps in maintaining the unity of the organization to set standards for behaviour and communication between employees. Finally, culture also acts as a control mechanism for guiding and shaping the views of employees.

Organizational culture also has a socializing role. Culture informs subtly or explicitly new organizational members how they should behave or to fit in. Finally, organizational culture can support implementation of the organizational strategy and desired changes in strategy. If the strategy is consistent with the organizational culture, employees find it natural to believe in the rightness of the strategy. Their shared values and norms keep them together to carry out the strategy.

2 IMPORTANCE OF ORGANIZATIONAL CULTURE

Certo and Certo (2009, p. 443) indicate that understanding and managing organizational culture have become extremely important issue for modern managers in achieving organizational success. According to Michael Porter, a professor at Harvard Business School, organizational culture is such an important issue that managers should not merely be taking it seriously as a sound idea, but embedding it into organizational strategy to help build a competitive advantage. Many management writers believe that important prerequisite for organizational success is a manager's thorough understanding of organizational culture concepts. Only through such an understanding can a manager begin to have impact on encouraging behaviour of organizational members that will lead to organizational success.

2.1 Main reasons for the interest in organizational culture

In recent years, almost all the works in the field of management and organization theory treat or at least mention the organizational culture. Also many articles and research on this topic confirm a significant interest in this area, although studies of this phenomenon are not new. Organization as a social system was studied and is still under consideration by scientists in the field of organizational psychology and sociology.

According to Rozman and Kovač (2012, p. 286) at the beginning of the eighties, the organizational culture is the interest of managers and experts due to several reasons. Firstly some of the **important works in the field of business organization and performance** were published. In 1982, Peters and Waterman published bestseller work *In Search of Excellence*, which is today considered a classic work in the field of management. The results of the study of large and successful enterprises in the United States of America are presented in work, in which want to determine the impact of key factors on the performance of enterprises.

The second reason was at the end of the seventies at the height of the »Japanese economic wonder« in the West. At that time, **many comparative analyses are activated in the field of organizational research**. Many scientists tried to discover the causes of the unstoppable rise of the Japanese economy; and many have studied and associated external cultural environment (national culture) with the internal culture of enterprises and in this connection, they tried to find an answer to the question of Japanese economic performance.

The third cause was the **intense study of the changing values of individuals in the developed world**. Research on values takes a long time. Research is enhanced at the turn in the eighties when managers found that subordinates can not be more motivated with traditional approaches. They are looking for answers, how to attract employees to be the objective of the enterprise and so achieve better results. They found the solution in creating organizational culture, which employees easily identify (Rozman & Kovač, 2012, p. 287).

Organizational culture affects the strategic decisions of the enterprise, such as defining the business area, the choice of objectives and strategies. Also, determines the ability of enterprises to adapt to the environment. Culture represents a mechanism of coordination within the enterprise and can be a very effective mechanism of control behaviour. Significantly reduces the conflicts in the organization and can be a good motivator.

Based on recent trends in management and organization we can conclude that the interest in culture enhances and culture has a central place in the efforts management to ensure success and competitive advantage of their organizations. According to Sikavica, Bahtijarević-Šiber and Pološki-Vokić (2008, p. 413) this is for several reasons:

- Increased globalization puts an organizational culture with the culture of society expressed in the focus of management.
- The assumption that organizational performance depends on the values and behaviour of employees.
- Knowing that a single and strong culture have an important role in ensuring a competitive advantage.
- Organizational culture has a significant impact on organizational productivity and performance.
- Management can consciously manage the culture to achieve organizational goals.

Great interest in organizational culture and the popularity of this concept is an integral part of general knowledge and the emphasis on »soft«, largely invisible factors of organizational success and that consider their culture as an important component and determinant. In the following Figure 5 is presented the organizational iceberg with an explanation.

Figure 5. Organizational »ice hill«

Source: P. Sikavica et al., *Temelji menadžmenta*, 2008, p. 413.

In analogy of organization with an ice hill, or an iceberg, culture is the part that is below the water and it is invisible (informal) part which constitutes two thirds. These are communication schemes, informal team processes, personality conflicts, political behaviour and »underwater« knowledge and skills. Structure, or visible (formal) part of the organization, makes its peak and takes one third. These include customers, technology, formal objectives, organizational structure, financial resources, physical resources, rules and regulations, »surface« knowledge and skills. From the analogy is clear that the top of the iceberg can successfully navigate just as long as its invisible part can handle.

2.2 Functions of organizational culture

Organizational culture is embedded in all activities of the enterprise. It affects the way of organization, type of structure and degree of decentralization, reads the application of authority, the kind of power that is used, the degree of formalization, standardization of procedures, method of control, resource allocation, human resource management (type of people who are employed, the method of promotion, reward system), the scope and method of business planning, strategy, etc.

In short, it impacts the overall practice and behaviour of the organization. It should be noted that between the behaviour and culture are two-way relationship in which culture appears as a cause and consequence of behaviour. Organizational culture has a wide variety functions through which helps managers to manage the organization and direct all organizational units and employees to achieve organizational missions, strategies and objectives.

In more specific terms, Certo and Certo (2009, p. 444) highlight that organizational culture has a variety of functions within an organization. First, organizational culture can enhance organizational productivity. Organization members often become more productive as organizational culture increases focus on such factors as rewarding performance and setting goals. Second, organizational culture can serve as a component of organizational strategy. Competitive advantage arises from complex combinations of tangible as well as intangible resources. Culture is intangible resource that enhances organizational success.

Third, organizational culture provides a rationale for staffing. Management must make sure that new hires fit the organizational culture. The employment interview is a prime opportunity for managers to see whether the applicants might fit within the organizational culture and for applicants to assess whether the organizational culture is a good fit for their personal needs and aspirations. Within the interview, employers are looking for clues to issues such as an applicant's work ethic and personality while job seekers want to learn more about company culture issues, including the allocation of rewards and promotions. Last, organizational culture can act as a guideline for making operational decisions. Given an explicit organizational culture, organization members tend to make decisions that are consistent with the values embedded in that culture.

From a managerial aspect of observation, Sikavica et al. (2008) mentioned that the most important function of organizational culture is to **improve individual and organizational success**. It has decisive influence on all aspects of organizational behaviour, business performance, organizational productivity and performance. It affects the behaviour of individual members, but also on their work performance and job satisfaction and organization, as it shows the following Figure 6:

22

Figure 6. Impact of organizational culture on work performance and satisfaction of employees
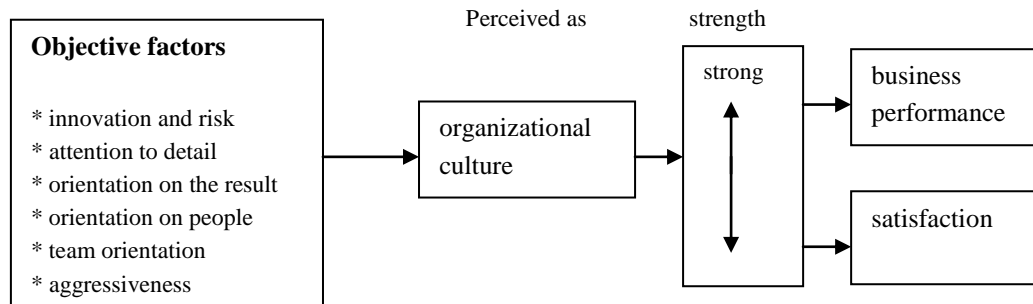
Source: P. Sikavica et al., *Temelji menadžmenta*, 2008, p. 415.

According to Figure 6 cultural values can activate and motivate employees and direct their behaviour and activity toward common objectives and strategic priorities. Especially important issue to which is devoted to a lot of research attention is the relationship between organizational culture and productivity and performance of organizations. For advocates of organizational culture dominates the general view of the high correlation of organizational culture and business success. Culture is the »sediment of success« within the organization, and cultural values encourage and improve performance through shaping and directing the behaviour so that actions are all aligned with strategic priorities. In the analysis of the superiority of the organization position on the global market, often as one of the most important reasons is stated their exceptional organizational culture which logically leads to the conclusion of the high correlation of culture and organizational performance.

Šapić, Erić and Stojanović-Aleksić (2009, p. 4) argue that some of the most important functions which organizational culture performs in an organization is certainly a function of internal integration of enterprise members and their adaptation of the external environment. Culture helps members to develop a collective identity and to cooperate in the most effective manner. It manages the daily activities, determines the way of communication in the organization, determines which actions are acceptable and which are not, etc.

Rozman (2008, pp. 3–4) states that culture of enterprise mainly serves two purposes: firstly, connects people in enterprise, to develop the appropriate relationship (developing a collective identity) and secondly, helps enterprise to adapt to the environment, especially consumers. These are the qualities of internal integration and external adaptation.

Finally, we can say that culture affects the way how organization responds to impulses from the environment, the method of selecting the specific goals and identifies strategies, as well as the manner in which the organization faces the challenges of competition and changes in any segment of the environment. Organizational culture is a factor that keeps

members organization together, making them in a community, rather than a set of isolated individuals.

2.3 Characteristics of organizational culture

According to different authors characteristics of organizational culture are:

- Culture is acquired (no genetic or biological origin).
- Culture is split (culture is not specificity to the individual; it is divided and mixed between the members of the organization).
- Culture is trans-generational (passes from generation to generation).
- Culture is symbolic (based on human characteristics presenting a fact with the help of others).
- Culture is adaptive (based on the ability of humans to adapt to environment and events).

An important characteristic of organizational culture is to be created gradually, and remains »in force« a very long time even after its preliminary creators are no longer in the organization. It is an essential part of formal and informal socialization of each new employee, and which they refer to rules such as dress code, ways of making decisions and leadership behaviours that are tolerated, and those that are undesirable, and so on. Man is a social being and in each of us there is desire for belonging, connecting and confidence, both at individual and at organizational level. And just because often an organizational culture of an enterprise is compared with the personal credibility – it is difficult to build but can be easily destroyed.

Sikavica et al. (2008, p. 420) explain that important issue of organizational culture and its determination is a matter of differences that exist in cultures from organization to organization. Research shows that there are seven dimensions or primary characteristics where can to analyze and to distinguish organizational culture. The intensity and the presence of each dimension can be assessed, in a particular organization, on a continuum from low to high, depending on whether a characteristic is strongly expressed and typical for a specific organization. Just rating the organization on all dimensions or characteristics gives complex picture of the organizational culture. These dimensions are shown in the following Figure 7.

From a different intensity, we can see that presence or absence of certain characteristics and their mutual combinations form the dominant culture of the organization. Usually, in the organizations some of these dimensions are more expressed. For example, some organizations emphasize innovation and development of new products; others seek to maintain stable growth of existing products and to avoid the risk of change and try to

maintain the status quo, while a third makes its employees a central part of their culture. In an ideal division and combination of characteristics these dimensions describe the two basic/ideal types of organizational culture that make the ends of the cultural continuum, and on whose one end is a dynamic, creative culture, and in another is static bureaucratic culture.

Figure 7. Primary characteristics of organizational culture

| Degree to which employees are encouraged to be innovative and to take risk | Degree to which employees are expected to exhibit precision, analysis and attention to detail | Degree to which managers focus on results or outcomes, rather than on how these outcomes are achieved |

Innovation and risk taking

Attention to detail

Outcomes orientation

Stability

Organizational culture

People orientation

Degree to which organizational decisions and actions emphasize maintaining *the status quo*

Aggressiveness

Team orientation

Degree to which management decisions take into account about effects on people in the organization

Degree to which employees are aggressive and competitive rather than cooperative

Degree to which work is organized around teams rather than individuals

Source: P. Sikavica et al., *Temelji menadžmenta*, 2008, p. 420.

Robbins and Coulter (2009, p. 46) add that each of seven dimension ranges from low to high, meaning it is not very typical of the culture (low) or is very typical of the culture (high). Describing an organization using these seven dimensions gives a composite picture of the organizational culture. In many organizations, one cultural dimension often is emphasized more than others and essentially shapes the organization's personality and the way organizational members work.

2.4 Strengths of culture – strong and weak cultures

2.4.1 Dimensions of culture's strength

Obradović et al. (2003, p. 55) explain that strength of organizational culture can be defined by three criteria, such as width, depth and scope. Usually the strength of organizational culture implies its depth or the power of influence of organizational culture on individual members of the organization. However, it is important its development or number of aspects covered, number of attitudes, values and assumptions that determine its width.

In most enterprises, all employees do not accept the organizational culture. Number of employees who accept the organizational rule is important for making a strong culture. Organizational culture is not often homogeneous which is especially true for large organizations and multinationals. Rozman (2008, p. 7) stated that appropriate culture undoubtedly contributes to the performance of organization. Culture represents an invisible spider web that connects members of the enterprise. Enterprise with a strong culture performs business better than those with weak one.

According to Obradović et al. (2003, p. 56) there are three different, mutually exclusive perspectives from which the authors examine the organizational culture:

1. **Perspective of integration**, in which applies the principle one organizations – one organizational culture.
2. **Perspective of differentiation**, by which the organization has a dominant organizational culture whose settings are shared by all employees, and subcultures.
3. **Perspective of fragmentation**, by which we can not talk about the common concept of organizational culture because around it there is no consensus, only about sets of interrelated or unrelated elements that make it.

In the research part of the thesis will be presented which organizational culture is in the surveyed enterprise and which of these perspectives correspond. Very popular and common division of cultures is on **strong** and **weak culture**. It is often argued that a strong culture is a basic assumption for success and organizational development in modern conditions. The following Table 2 shows the characteristics of strong and weak culture.

Table 2. Strong and weak cultures

Strong culture	These in which there is a clear and cohesive range of values and norms that are shared and which adheres members of the organization. Values, norms and other elements of culture send a clear and consistent message that connects the members of organizations and causes a similar style of behaviour, access to problems, internal and external relationships with all employees. These are cultures that strongly influence the organization's members and their behaviour.
Weak culture	These in which organizational values are not consistent and clear and have little influence on the behaviour of members.

Source: P. Sikavica et al., *Temelji menadžmenta*, 2008, p. 429.

Strength of culture and the need for organizational regulations or standardization and formalization are negatively related. If the culture is stronger, then are more pronounced other classic and formal organizational mechanisms for directing and controlling behaviour. Weak culture is often the result of unclear set of important fundamental values and the lack of a coherent system of cultural elements that support the each other and send the same message. Organizations that have clear organizational culture is considered to have strong organizational culture, while those that do not have clear culture have weak organizational culture.

In the enterprise with a strong organizational culture there is considerable consensus on the expected patterns of thinking and behaviour. This means that the vast majority of the employees agree with a relatively small number of fundamental values of the enterprise that are mutually compatible and supportive. Further strong culture means that employees at these values attach great importance. These values are then also »translated« in the norms of organizational behaviour. In the enterprise with weak organizational culture, there is a wide range of different beliefs, values and behaviours, among which no one stands out by importance or frequency of repetition (Kramar Zupan, 2008, p. 81).

2.4.2 Strong organizational culture

Organizational cultures are created through art, song, stories, symbols, rituals, slogans, legendary heroes and mottos. If a majority of employees in the organization supports the organizational culture, then we can say that the organization has a strong culture. So, if there is unity about some specific values it is a strong culture. Lussier (1996, p. 390) gives some examples of specific organizations with strong culture: Ford Motor Co. (»Quality is Job 1«), and McDonald's (»Q, S, C, V, – Quality, Service, Cleanliness, and Value«).

Culture with its values and norms must match the nature of the organization and its environment and to enable the internal integration and external adaptation. In short, must be appropriate for the organization and its situation. There are three main criteria for the development of good, appropriate and strong organizational culture:

- Must be strategically relevant.
- Must be strong so people take care of what is important.
- Must have internal ability to adapt to changing circumstances.

Incompatible culture is the reason why many well-conceived strategy remains dead letter on paper, or do not give the expected results. In short, intensity of the culture is not enough but its compliance with the strategy or its functionality also is not enough. Strong organizational culture is designed to build and support on a daily basis in a way that the various rituals, stories, and a broad set of other symbols makes clear, transparent and understandable to all members of organizations, interest groups and other entities to which the organization is addressed.

The advantages of strong organizational culture include:

- Widely spread consensus and validation of organizational values and norms provide social control within the organization.
- Improved coherence between the objectives.
- Enhanced motivation and performance of employees.
- High level agreement of individual members of the organization about the importance of specific values.

To build strong organizational culture leaders must be consistent and clearly express and respect the values that want to implement. Organizational culture must support the mission and vision of the enterprise strategic objectives and the needs of the enterprise. Only in this way, the organizational culture can contribute to efficiency – which is overall objective of development of each organization.

Strong organizational culture is dominantly colored vision and philosophy propagated by their charismatic leaders. In strong organizational culture control mechanisms are minimal because the members of the organization are fully harmonized with the values and goals of the enterprise; they do what they should do because they believe it is right.

Good and strong organizational culture is one in which the leaders that lead the enterprise have role of motivators and entrepreneurs with clear objectives, emphasizing a vision and strategy. They are always open for communicating corporate goals and their achievement with their employees. It is a culture in which is rewarded openness to new ideas, constantly

striving to introduce innovations, raising the level of motivation, where the rule is primarily trust, mutual respect and credibility with the open-door policy. Such culture is characterized by unity and fostering cooperation, mutual confidence and security among their colleagues, but also works on a permanent motivation of each employee in the enterprise individually.

Why it is important strong culture explain Robbins and Coulter (2009, p 48). In organizations with strong culture, employees are more loyal than are employees in organizations with weak culture. Research also suggests that strong cultures are associated with high organizational performance. And it is easy to understand why. After all, if values are clear and widely accepted, employees know what they are supposed to do and what is expected of them, so they can quickly act to take care of problems. However, the draw-back is that a strong culture also might prevent employees from trying new approaches, especially when conditions are changing rapidly.

2.4.3 Weak organizational culture

Weak culture is strongly opposed, not supported by the members, and there is little unity. In the weak organizational culture must be strong control mechanisms that lead to bureaucracy and reduce the flexibility and adaptability of the enterprise. Weak organizational cultures often have arrogant leaders, who their employees »motivate« with fear and punishment. The only criterion for advancement in such environment is the loyalty of boss, with the performance of tasks without much objection, and common mobbing in the workplace. Here prevailing Darwinian laws of survival – »kill or be killed« a struggle for domination and power, thrusting a knife into his back, there is not enough confidence and cooperation, hide information among colleagues, and clans who are struggling to achieve their own interests.

In such cultures where appears poor control problem usually exist lack of leadership or leadership vacuum. Such a leader is incapable or preoccupied with oneself or situation is out of control, so »let the ship to sink«. Here everyone is doing what it wants, power struggle is at the top, and decisions making are changing even more time in one day. Often in local enterprises can meet the so-called rigid traditionalism – *»we are here for a long time, working on this way...«* with strong resistance of the Top management to all the changes and possible innovations. Negative organizational culture is a source of resistance and turmoil that hinders effective performance.

2.4.4 Advantages and disadvantages after creating and manifesting a culture

The factors such as size of the enterprise, its lifetime, degree of fluctuation among employees and the intensity to which the culture is initiated, decide whether the culture of an enterprise is strong, weak or between these two extremes. Obviously compact enterprise

with long activity experience and with people that build a life career in the firm might have a strong culture. According to Chirimbu and Barbu (2010, p. 4) some of the advantages that might be identified after creating and manifesting a culture in the firm are:

- **Defining and distinguishing the enterprise** – generally a higher degree of awareness and familiarization from the behalf of the market is noticed within the enterprises that have a strong organizational culture. In other words the message of the firm becomes more insightful and easier to be felt by masses in case of firms with »personality«.
- **Creating an identity for the members of the firm** – the employees tend to identify themselves with the enterprise, becoming more loyal and involving themselves more profoundly in the activity developed. The success of the enterprise is assimilated with the personal success and its member's motivation to obtain the best possible results increases extensively.
- **Providing a social stability in the enterprise** – the labour conflicts are reduced to the minimum due to common values shared by the members of the enterprise.
- **Facilitating the management of the enterprise** – the culture may be used as a leading and control instrument within the enterprise that have outstanding results.

Suggested by Chirimbu and Barbu (2010, p. 5), among the disadvantages, the manifestation of a strong culture in the firm might involve:

- **The barrier against change** – the culture may be a handicap when the values shared by its members are not compatible with those that might be necessary for efficient growth within the enterprise. This negative impact of culture takes place particularly in cases where the external environment of the enterprise is dynamic.
- **The barrier against merging and take-over** – in the past the key factors that were taken into account at managerial level regarding merging or take-over were related to the financial benefits or synergy at the level of product. Recently the cultural compatibility has become a main concern for managers.

2.5 Management of organizational culture

2.5.1 Influence of organizational culture on management

Management designs, creates, directs the goals and strategy of the enterprise. Kramar Zupan (2008, p. 84) says that organizational culture is an important component of the strategy and a prerequisite for the efficient and effective functioning of the organization. From this perspective, culture is a tool for managing employees, culture and strategy and means to achieve the objectives of the organization. Management in the short term can not substantially change the culture, but can influence to select and promote the more valuable components of culture for functioning of the enterprise.

There is a significant two-ways connection and influence between management and organizational culture. Managers are an important factor in the development of a specific culture of the organization. However, organizational culture significantly affects the management, all its functions and decisions. Table 3 shows which managerial decisions are affected by culture.

Table 3. Managerial decisions affected by culture

Planning	Organizing
- Degree of the risk that plans should contain - Whether plans should to developed by individuals or teams - Degree of environmental scanning in which management will engage	- How much autonomy should be designed into employees' jobs - Whether tasks should to done by individuals or in teams - Degree to which department managers interact with each other
Leading	**Controlling**
- Degree to which managers are concerned with increasing employee job satisfaction - What leadership styles are appropriate - Whether all disagreements – even constructive ones – should be eliminated	- Whether to impose external controls or to allow employees to control their own actions - What criteria should be emphasized in employee performance evaluations - What repercussions will occur from exceeding one's budget

Source: P. Sikavica et al., *Temelji menadžmenta*, 2008, pp. 416–417.

Manager's decisions are influenced by the culture in which he or she operates. An organizational culture, especially a strong one, influences and constrains the way managers plan, organize, lead, and control (Robbins & Coulter, 2009, p. 51). Organizational culture affects the management and increases its authority and power because the employees:

- Identify them with the organization and accept its rules.
- Internalize organizational values.
- Are motivated to achieve organizational goals.

All this indicates that organizational culture is extremely important concept for understanding all aspects of the organization and management with a significant impact on achieved outcomes. It affects the management through performing of all functions. Organizational culture is »right hand« of management because it allows management to focus its attention on key factors of success and development. Culture releases the need of the permanent control and also gives guidance on what to do and how. Management is

primarily responsible for communication, presentation and monitoring strategy or strategic objectives, which the enterprise wants to achieve.

2.5.2 Influence of leaders on organizational culture

Managers and management, especially the highest levels, have a decisive influence on the development and maintenance of culture. This decisive role is especially seen in the phase of leadership as the relationships between managers and followers are the strongest. That is the main reason that authors frequently use the term leaders, emphasizing this function of managers.

Sikavica et al. (2008, p. 441) argue that managers need to set and to strengthen the real values that are instrumental for the achievement of organizational strategies, business objectives and ensure continuous success. They must manage with the organizational culture. Managing of culture is unique and essential function of leadership. Managers are the ones who determine the strengths and core values associated with a clear and inspiring mission and fundamental purpose of organization. They must provide continuous stimulation and confirm these values throughout the organization's activities, provide operating procedures, processes and systems that strengthen them and make active and basic guidelines of conduct.

Managers transmit fundamental cultural values not only through words but primarily by their behaviour and actions. Statements of values that are not supported by the behaviour of management are meaningless and even harmful for the employees and organization. If values lead the organization, managers on a daily basis must be a model for them. Thereby must continually keep in mind that actions say more than words and that they must do what they say. Therefore, managers through their behaviour and actions always should indicate everyone in the organization what is really important and what they want and expect from them.

2.5.3 How leaders manage culture

The basic way in which leaders manage culture involves how they decide what is measured and controlled, how to react to crisis, allocate scarce resources, use role modelling, allocate rewards, and decide on criteria for selection and promotion. Managers who want to change the organizational culture must use all of them. Furthermore, managers must ensure that all the mechanisms are consistent with one another.

A very important observation is that managers and employees belong to the same culture. Lipičnik (2008, p. 20) highlights that if managers and employees belong to the same culture, the employees can even guess what the manager expects, although the manager may be unaware of this expectations. Thus managers form strong organizational culture.

Very important is the relationship of the leader toward his subordinates. Meško-Štok (2008, p. 150) explains that leader must be a good psychologist that can perceive their subordinates, to allocate them appropriate tasks and jobs, to enable them development, career opportunities and creative activity. Then leader operates in the open atmosphere and can listen to employees and to determine them a job where they will be happy to work. Also, true leader should to know how to motivate employees to work, to help them to identify their strengths and abilities, allowing them work where they will demonstrate their skills, knowledge and last but not least important personal advancement.

According to Rozman, cited in Meško-Štok, (2008, p. 151) managing of employees in the broader sense includes the recruitment, managing employees in the narrower sense and communication, motivation and initiating actions. Managing is a role and process of influence on members and participants in the organization with persuasion and encouragement to follow the leader in their work.

Today, the knowledge in the field of organizational culture is essential part of managerial education. Managers in companies need to understand and to know how to use organizational culture as a tool, to achieve a higher degree of unification of employees in common values and objectives increasing the effectiveness and efficiency of business performance. Organizational culture is an important factor in the effectiveness and efficiency the enterprise as a whole.

3 INFLUENCE OF ORGANIZATIONAL CULTURE ON ORGANIZATIONAL PERFORMANCE

3.1 Organizational performance

Organizational culture is not just an important factor of an organization. It is the central driver of superior business performance. One of the important questions in business is why some organizations succeeded while others failed. Culture of enterprise influences everything that an enterprise does.

Organizational performance is the most important issue for every organization. Researchers among themselves have different opinions of performance which remains to be a contentious issue among organizational researchers. The central issue concerns with the appropriateness of various approaches to the concept utilization and measurement of organizational performance.

3.1.1 Definition of organizational performance

Performance is a contentious issue among organizational researchers. For example, according to Javier, cited in Abu-Jarad et al. (2010, pp. 28–29), performance is equivalent to the famous 3Es (economy, efficiency, and effectiveness) of a certain program or activity. However, according to Daft (2000), organizational performance is the organization's ability to attain its goals by using resources in an efficient and effective manner. Quite similar to Daft (2000), Ricardo and Wade (2001) defined organizational performance as the ability of organization to achieve its goals and objectives.

The term **performance** was sometimes confused with productivity. According to Ricardo and Wade, cited in Abu-Jarad et al. (2010, pp. 28–29), there is a difference between performance and productivity. Productivity is a ratio showing the volume of work completed in a given amount of time. Performance is a broader indicator that could include productivity as well as quality, consistency and other factors.

The term performance should be broader based which includes effectiveness, efficiency, economy, quality, consistency behaviour and normative measures. Organizational performance comprises the actual output or results of an organization as measured against its intended outputs (or goals and objectives). According to Richard et al., cited in *Wikipedia, the free encyclopedia* (Organizational culture, n.d.), organizational performance encompasses three specific areas of enterprise outcomes:

- financial performance (profits, return on assets, return on investment, etc.).
- product market performance (sales, market share, etc.).
- shareholder return (total shareholder return, economic value added, etc.).

From different views we can see that authors do not have the same opinion. Some, especially older authors, understand performance mainly in sense of 3Es. The others (Abu-Jarad, Ricardo and Wade) see it broader, including requirements of different stakeholders – elements of social responsibility, quality, behaviour, development, normative measures etc. In our study we will take the narrower view. However, we will include also the other elements but as influencing 3Es criteria. Specialists in many fields are concerned with organizational performance including strategic planners, operations, finance, legal, and organizational development.

In recent years, many organizations attempt to manage organizational performance using the balanced scorecard methodology where performance is tracked and measured in multiple dimensions such as: financial performance (e.g. shareholder return), customer service, social responsibility (e.g. corporate citizenship, community outreach) and employee stewardship. A good organizational performance exists when the actual organizational output is the same as the intended or desired organizational output. The goal

of improving organizational performance is to ensure that the organization designs processes well and systematically monitors, analyzes, and improves its performance to improve patient outcomes. It involves measuring the functioning of important processes and services, and, when indicated, identifying changes that enhance performance.

3.1.2 Factors that determine organizational performance

The next issue about organizational performance is which factors determine organizational performance. According to Hansen and Wernerfelt, cited in Abu-Jarad et al. (2010, p. 29), in the business policy literature, there were two major streams of research on the determinants of organizational performance. One was based on economic tradition, emphasizing the importance of external market factors in determining organizational performance. The other line of research was built on the behavioural and sociological paradigm and saw organizational factors and their »fit« with the environment as the major determinant of success.

The economic model of organizational performance provides a range of major determinants of organizational profit which included:
- Characteristics of the industry in which the organization competed.
- The organization's position relative to its competitors.
- The quality of the enterprise's resources.

Organizational model of performance is focused on organizational factors such as human resources policies, organizational culture, and organizational climate and leadership styles. Another study by Chien (2004) found that there were five major factors determining organizational performance: leadership styles and environment, organizational culture, job design, model of motive, and human resource policies.

3.1.3 Measurement of organizational performance

Mitchell (2002, p. 3) mentions that organizational performance is affected by three major factors. These are the organizational motivation to achieve the performance objectives, the influence and impact of the external environment and the organizational capacity to achieve the desired performance. Following Figure 8 presents organizational performance framework.

Figure 8. Organizational performance framework

Source: H. Mitchell, *Strategic worth of HR: Driving organizational performance*, 2002, p. 4.

As we can see Mitchell understands organizational performance in the 3Es sense. Organizational performance can be measured in four buckets, according to Mitchell (2002, p. 4):

1. **Relevance**; being the degree to which the organization's stakeholders think that enterprise is relevant to their needs. Clients judge relevance of products or services by buying them, employees by working hard, stakeholders by buying and holding shares, and so on.
2. **Effectiveness**; being the degree to which the organizations is successful in achieving its strategy, mission and vision.
3. **Efficiency**; being how well the organization uses its resources (financial, human, physical, information).
4. **Financial viability**; being how viable the organization is not only in the short term (the next quarters' results) but also in the long term (how long has the enterprises remained profitable? Has the enterprise shown an ability to make good long-term investments?).

These four measures of organizational performance are affected by the organization's motivation and capacity, and by its interaction with the external environment. **Organizational motivation** is composed of the employees' understanding and integration of the enterprise's mission, of the link between enterprise's history and its current strategy, of the alignment between the enterprise's culture and its strategy, and of the degree to which employees' compensation motivates them to implement the enterprise's strategy.

The influence and impact of the **external environment** is much like the »OT« in a SWOT analysis: the Opportunities and the Threats of the external environment. The major nuance we would add is that organizational performance is affected by the degree to which the organization interacts with the external environment. Performance will be increased by

understanding the external environment and by using this knowledge to influence the environment in favour of the enterprise's strategy.

Organizational capacity to deliver the performance starts with the capacity of each function (marketing, sales, operations, finance, HR, IT, ect.) to be current and to deliver against objectives. On top of this is layered capacity of the enterprise's leadership to lead the organization to strategic success.

3.2 Link between organizational culture and organizational performance

Rozman and Kovač (2012, p. 289) state that more pragmatically oriented authors attempted to shed light on the organizational culture particularly in relation to the performance of the enterprise. The increasing complexity and speed of changes in the economic environment of enterprises constantly puts pressure on managers to look for new answers to the challenges and to adapt new business requirements. Strategies and approaches that are used, in recent years have a radical change. Thus it is clear that is not possible to complete control of the whole business system. Even in theory, in addition to traditional logic appear so-called qualitative methods to determine organizational culture.

Organizational culture is important because it shapes the work environment in which performance occurs. Not paying attention to culture undermines profitability and sustainability of an enterprise. The enterprises around the world agree that culture and performance are intricately interwoven and the relationship is so complicated and not so obvious for executives to decisively act on this important aspect of business.

Culture enables people to see the goal alignment and motivates them for higher levels of performance, as shared values make people feel good about the organization and commit their capability and potential sincerely for the enterprise. Such strong culture acts like interior motivator. Empowerment, decisiveness, learning attitude and team working are some of the attributes of strong organizational culture.

Culture at this level is the real driver for superior performance and a definite source of competitive advantage that is very difficult for competitors to emulate. Culture and performance have mutually reciprocating relationship. If strong culture helps building high performance enterprise, the past performance and successes shape influence on behaviours of people which with time becomes part of the culture.

3.2.1 Organizational culture and performance

Culture influences on both, efficiency and effectiveness. Our culture might influence more on efficiency while American on profitability. We will talk of performance (efficiency, effectiveness including profitability plus stakeholder's goals). Many researchers noted that

culture remains linked with superior performance only if the culture is able to adapt to changes in environmental conditions. Culture must be extensively shared and it must also have unique qualities, which cannot be imitated from others.

An examination of the literature likely concludes that organizational culture is one of the most popular concepts in the fields of management and organizational theory. One of the major reasons for the widespread of popularity and interest in organizational culture arises from the argument (or assumption) that certain organizational cultures lead to superior organizational performance. Many academics and practitioners argue that performance of an organization is dependent on the degree to which the values of the culture are widely shared.

According to Ogbonna and Harris (2000, p. 769) the claim that organizational culture is linked to performance is founded on the perceived role that culture can play in generating competitive advantage. Krefting and Frost (1985) suggest that the way in which organizational culture may create competitive advantage is by defining the boundaries of the organization in a manner which facilitates individual interaction and/or to limit the scope of information processing to appropriate levels.

Early researchers who link culture to organizational performance are unequivocal in their claims. An illustration of this is derived from the works of the so-called »excellence writers«. They argue that successful organizations are distinguished by their ability to promote cultural values which are consistent with their chosen strategies.

3.2.2 Studies on organizational culture and organizational performance

3.2.2.1 The best-known studies on culture-performance link

Ilies and Gavrea (2008, p. 324) highlight that one of the earliest quantitative studies on the culture-performance link was conducted by Denison (1984) who used data from 34 American enterprises over a five year period. The author examined characteristics of organizational culture in these enterprises and tracked their performance over time. To measure performance the author used data on returns on investment and sales. For organizational performance responses on a one time survey regarding the perceptions of work organization and participation in decision making were collected.

According to Ilies and Gavrea (2008, p. 324) one of the most extensive studies on the culture-performance link was conducted by Kotter and Heskett (1992). They used data collected from 207 enterprises over a five year period. In this study they used various measures of culture and long term economic performance data. Their initial objective was to examine the relationship between strong cultures and long term performance.

Marcoulides and Heck, cited in Ilies and Gavrea (2008, p. 325), analyzed the relationship between organizational culture and performance using data collected from 26 organizations. The authors proposed a model in which organizational culture was measured using several latent variables (organizational structure, organizational values, task organization, climate, and individual values and beliefs) and organizational performance was measured using capital, market and financial indicators.

Ogbonna and Harris (2000) analyzed the relationship between organizational culture and performance by including the leadership style as a third variable in the model. They used a sample of 1,000 units from the Financial Analysis Made easy database of registered British companies. To measure performance they used variables such as: customer satisfaction, sales growth, market share, competitive advantage and sales volume. For organizational culture they used measures such as: competitive culture, innovative culture, bureaucratic culture and community culture. The results showed that all four measures of organizational culture were associated in some way with organizational performance (Ilies & Gavrea, 2008, p. 325).

Several empirical studies have supported the positive link between culture and performance (Calori & Sarnin, 1991; Gordon & Di Tomaso, 1992; Kotter & Heskett, 1992). Moreover, there are recent studies done by Chatman and Jehn (1994), Denison and Mishra (1995) and Kotter and Heskett (1992), have contributed significantly to the field of culture and performance studies whereby culture is being treated as variable for a specific research purpose.

Schneider (1990) also found that the organizations focus clearly on the cultures that are more successful. This is because focused cultures provide better financial returns, which include higher return on investment (ROI), higher return on assets (ROA) and higher return on equity (ROE). The finding of a study also has been reported that industry moderates the link between organizational culture and performance (Gordon & Christensen, 1993). These findings have advanced understanding of the determinants and performance effects of organizational culture. Thus, one of the main reasons for the common popularity and interest in the study of organizational culture is due to the argument or assumption that certain organizational cultures lead to superior organizational performance.

3.2.2.2 Results and conclusions

Research of the link between organizational culture and performance increased substantially during the past two decades. In the 1980s, there were »obsessions« by researchers to focus on the Strong Theory – a search for strong shared values in organization which were supposed to result in performance for the organization. Authors claimed that high performance enterprises could be distinguished from low performance enterprises because they possessed certain cultural traits and »strong culture«.

Similarly, Deal and Kennedy (1982) suggested that organizational performance can be enhanced by strong shared values. Their suggestions were criticized by Carroll (1982), Ray (1986), and Saffold (1988) who commented that »a simple model« relating organizational culture to performance no longer fits, must be developed a more sophisticated understanding of the link between culture and performance.

By the 1990s, assessing the links between culture and performance researchers was more cautious. For example, according to Ogbonna and Harris (2000, p. 770), Gordon and Di Tomaso (1992) and Denison (1990) both propose that there is a link between certain organizational culture characteristics and performance. In particular, they note that culture will remain linked with superior performance only if the culture is able to adapt to changes in environmental conditions. Furthermore, the culture must not only be strong (widely shared), but it must also have unique qualities which cannot be imitated.

Denison (1984) in his study found that organizational culture is correlated with financial performance, some of his measurement indicators differ in the strength of the relationship between culture and performance. Decision making and work design were associated with long term financial performance while supervisory leadership was associated with short term financial performance. Even though it has encouraging results, this study is not without limitations.

Although Kotter and Heskett (1992) found only a minor correlation between strong culture and long term performance they support the positive culture-performance link. Subsequent investigations showed that enterprises with cultures suited to their market environment have better performance than those that are less fitted to their environment. Marcoulides and Heck (1993) showed that all of the latent variables used to measure organizational culture had some effect on performance with employees' attitudes and task organization activities being the most significant variables. Ogbonna and Harris (2000) claim that innovative and competitive cultures have a direct effect on performance. They should attempt to reduce the gap between employees preferred organizational culture practices and their perception of the organizational practices.

Organizational culture is directly related to performance but the study conducted by Ogbonna and Harris (2000, 2002) shows the opposite: the only variable that had a purely direct effect on performance was innovative culture while the competitive culture had both a direct and indirect effect. Moreover measures of bureaucratic and community culture had a purely indirect effect on performance. Also, except for a few studies (Marcoulides & Heck, 1993; Ogbonna & Harris 2000, 2002), all the other studies that examined the culture-performance link failed to discuss the influence of other variables such as organizational structure or leadership. For this reason the future investigations of this relationship have to take into consideration and remove the effect of other factors.

The literature on organizational culture and performance revealed that enterprises which know how to develop their cultures in an effective way most probably have the benefit of advancement in productivity and the quality of work life among the employees. Indeed, employees must absorb the organizational culture at the maximum strength and the Top management should provide a precise guideline and direction to motivate the employees in achieving the objectives of enterprise.

Overall, the literature on organizational culture is rich and diverse. Much of the richness is founded on the claim by many researchers that culture is linked to organizational performance. Although some theorists questioned the universality of a culture – performance link, sufficient evidences exist to suggest that organizational culture is associated with organizational performance.

3.2.3 Impact of organizational culture on organizational performance

Four views explain this relationship. **First view is the »strong culture thesis«**. A »strong culture« exists when there is cultural homogeneity. Cultural homogeneity exists when management and employees have the same set of cultural values, norms and beliefs and are committed to this. An organization with strong culture often correlates well with a high level of corporate profitability.

It is often assumed that commitment of an employees and managers to the same set of values, beliefs and norms will have positive results – that the strength of organizational culture is directly correlated with the level of profits in an enterprise. Adopting this hypothesis researchers tend to place new kinds of human relations (involving employees in decision-making, allowing them some discretion, developing holistic relations, etc.) at the core of organizational culture.

Second view believes that **the relationship between organizational culture and organizational performance is reverse**. Success in the organization is likely to develop a desired workplace spirit such as a set of new beliefs and values and attitudes that the employees consider significant in their performance. The new workplace culture emerges not only out of the positive encouragement that the employees develop from their successful performance but also through conformity with others. The second view then maintains that high organizational performance leads to cultural homogeneity or strong culture.

Third view suggests that particular organizational culture that is considered as good, necessary and appropriate and contributes to efficiency of the organization. **The »good culture«** is important especially for large and complex organizations that finds it hard to regulate the employees through traditional means, thus »good culture« serves as a regulatory mechanism. **Fourth** and final **view** on the relationship between organizational

culture and performance maintains that there are **»adaptive cultures«**. Adaptive cultures are the key to better organizational performance. The elements of the adaptive culture such as values, orientation, language and behaviour, are adoptive because respond to the changes in the environment.

Considering the fact that organizational culture affects thinking and behaviour of employees, obviously its influence is felt in all aspects of business. For successful business performance is important that there is a harmony between the principles of management of given organization and its organizational culture. If this harmony exists, organizational culture can be a powerful social support in achieving business objectives.

However, if the principles of management of the organization are in direct contradiction to the organizational culture, it will represent an additional resistance to organizational efforts. Then it should have to change or management practices or access to change organizational culture depending on what are possible and correct to do.

3.2.4 Analysis of culture impacting the organizational performance

Each part of the development strategy of organization has a direct or indirect impact on performance, which means that quality of organizational culture construction will influence organizational performance directly or indirectly. In recent years, more and more attention is paid to the impact of enterprise culture on performance. However, when it comes to how organizational culture influences organizational performance, the research is rare.

In the aspect of organizational culture, performance becomes the major issue that is concerned by all employees. To implement performance management system by discussing, training and planning, each member should recognize organizational goals. Performance management is a part of organizational culture. Organizational culture will not only get in touch with organizational performance closely, but also exert a great influence on organizational performance.

3.2.4.1 Relation between culture and organizational performance

Little Tom Watson, chairman of directorate of IBM, cited in Zhang (2008, p. 392), said on the lecture in Columbia University in 1962: »when it comes to the relevant business performances of organization, the basic management philosophy, the spirit and goal of organization is far more important than technological or economic resources, structure of organization, invention and creation and making decision at random. Certainly, the two factors influence the achievements of organization greatly. But I believe that they stem from the degree of how much the staff believes in organization's basic values and beliefs, and stem from the degree of how much they practice these values and beliefs in actual

management at the same time«. Therefore, there is close relation between organizational culture and organizational performance.

For many years, scholars take a large number of works to study the impact of organizational culture on organizational performance. For example, Zhang (2008, p. 392) highlights that Denison's (1990) research indicates that organizational culture influences organizational performance directly. An organization whose organizational culture is propagated extensively and profoundly, and practiced in management decision, the repayments in investment and sale are all much better than those organizations which do not popularize organizational culture. Therefore, those researchers prove that cultural factor leads the realization of value achievements of organization, and it may be the extreme crucial factor for the success of organizations.

Organizational culture influences the operation of organization on the two aspects of organization and individual and then it will exert an influence on organizational performance. The impact of organizational culture on organizational performance can be decided by the degree of how many main values and beliefs of organization are accepted deeply and widely. Its influence can be divided into three aspects according to Zhang (2008, pp. 392–393): firstly, cultural direction, it means the accurate degree of how organizational culture influences on direction operation of organization.

Secondly, cultural permeability refers to the degree of how organizational culture is shared by all the members in common. Thirdly, cultural intensity is the degree of how the employees adhere by the culture. Culture has comparatively great influence, means it has extensive permeability and relatively far-reaching influence on intensity, namely the so-called uncompromising culture. Employees have identical goal and common values at this moment. Therefore, the employees will be satisfied with what they did and devote themselves to work even more.

3.2.4.2 Model of culture impacting the organizational performance

Two important factors that influence organizational performance, employees and customer's attitude and behaviour impact the organizational culture in some degree, as the Figure 9 shows.

Figure 9. Model of organizational culture impacting the organizational performance
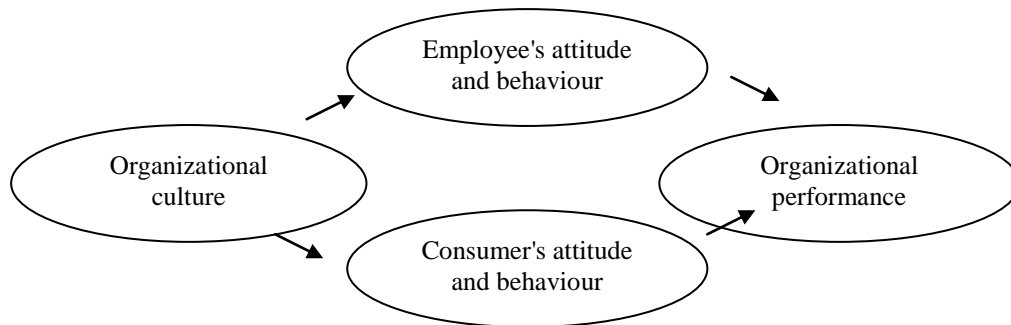
Source: X., Zhang, *On how organizational culture impact its performance and competitiveness*, 2008, p. 393.

According to Zhang (2008, p. 393) the improvement of organizational culture identity can guarantee sufficient exertion of enterprise common employees enthusiasm and knowledge system. If it is enough to pay attention to the staff, organizational culture will build a kind of positive working atmosphere, mutual values and management mechanism for the staff. Thus, a suitable working environment that encourages creation actively is produced. The staff are motivated to establish uniform goal, as same as the goal of organization, and keep pace with organizational goal while struggle individually, which will encourage the employees working enthusiasm greatly, improve work efficiency, and reduce trade cost inside enterprises effectively.

Besides, organizational culture promotes that the employees will take action in enterprise's responsibility. Organizational culture promotes the group to study, improves employees work skills in order to increase work productivity, and thus improves the relative value of products or service. The employees are direct creators of enterprise's value, while creating value, physical ability on the production of better products or service. On the other hand, through positive connection and cooperation with external environment, for instance, market investigation, questionnaire investigation, etc., they understand customer's demand and suggestion, improve or produce new products or service. Consequently, employees play the most basic role to organizational performance.

This analysis explains organizational culture as an effective factor that determines whether the enterprise can obtain outstanding performance. It is an effective factor that determines response of enterprise and attitude to particular occasion and external change of environment. Organizational culture most influences on organizational performance through employees and customers. The researchers strive to connect performance with culture. They make that organizational culture is equally important as institutional structure, tactics or control.

Accordingly, enterprises need to give importance to the operation revision and innovation of organizational culture. Culture should include the value orientation of employees and customers and really meet their demands in the course of execution. Only in this way, can

be united enterprise, employees and customer, create ideal organizational performance and realize successfully strategic objectives of enterprises.

3.3 Hypothesis on the influence of organizational culture on business performance

Chronologically the first assumption about the relationship between culture and performance of enterprises that appeared in the literature is the one that highlights the power of culture. Specifically, the assumption is that a strong culture leads to positive business results (strong culture – high performance). This hypothesis is based on several arguments.

Firstly, a strong culture encourages members of the organization to mobilize the achievement of its objectives. If all employees share the same perspective, values and beliefs, then there will be consensus around the goals of the organization. Then the total energy and enthusiasm of people will be mobilized in one direction, which inevitably must contribute positive results.

Secondly, a strong culture acts as a powerful motivating factor. A strong culture enables to employees opportunity to be part of something that is unique and differs from everything in the environment and thereby enables them to meet their material needs. Thirdly, a strong culture enables the enterprise to learn from their experiences. Strong culture means that the rituals, routines and patterns and behaviours are kept during the time.

Denison (1984) in his study sets four hypotheses on the relationship between culture and performance of enterprises:

- involvement hypothesis;
- consistency hypothesis;
- adaptability hypothesis;
- mission hypothesis.

The involvement hypothesis states that a culture has positive effects on organizational efficiency by raising the level of participation and involvement of employees in business performance of enterprises. The high degree of involvement by employees creates a feeling that owners are responsible for the enterprise. The result is a high degree of motivation or conflict, good coordination and lack of need for formal control of the employees and a total positive effect on enterprises performance.

Denison's **consistency hypothesis** is that culture affects the performance of enterprises by creating consistency in the behaviour and actions of employees. The consistency behaviour of employees leads to coordinated collective action, efficient communication and

agreement about the meaning of things and events in the enterprise and outside it. The assumption is that only a strong culture creates the necessary consistency.

The adaptability hypothesis means that good business performance ensures culture which contains within itself the ability to constantly adapt to the changing situation. Adaptability of culture implies the adaptability of the enterprises and its ability to »scan« the environment, to detect changes in time, understand the causes and direction of changes and timely and adequately respond. Adaptive organizational culture has a very specific assumptions and values such as the tendency to change and risk, openness to the environment, long-term perspective, etc. The enterprise must have a relative stability of the inherent structure in order to achieve its objectives.

Enterprises require certain stability. This leads to **the mission hypotheses** on how culture affects the performance of enterprises »mission = business performance«. This hypothesis states that organizational culture has a positive effect on the performance of enterprises if it has a clear mission of business performance of enterprises. The presence of the mission reduces the possibility that enterprise with its basic line of action wastes resources on »secondary« activities that do not contribute to the achievement of goals.

Synthesis of all hypotheses on the influence of organizational culture on performance of enterprise shows that the requirements are set quite controversial. In fact that the culture positively influence on business success of the enterprise it needs to satisfy controversial demands. The hypotheses of involvement and adaptability suggest that culture has to provide flexibility and adaptability to adapt changes in the middle of the organization. However, the hypotheses of consistency and the mission show that the culture requires providing stability and persistence on the chosen course of action.

Summarizing we can say that the relationship between culture and success of the enterprise is based on a paradox. It seems that the positive influence of culture on enterprises performance depends on how culture is able to balance the paradoxical demands that are set in front of culture.

4 INFLUENCE OF ORGANIZATIONAL CULTURE ON BUSINESS PERFORMANCE OF ENTERPRISES – CASE OF THE PUBLIC ENTERPRISE »BH POŠTA« SARAJEVO

4.1 Public enterprise »BH Pošta« Sarajevo

4.1.1 Brief presentation of »BH Pošta«

Considering variety of activities on December 20, 2001 a decision was made about the division of PTT Bosnia and Herzegovina into two companies – »BH Pošta« and »BH Telecom«. Since that date, »BH Pošta« Sarajevo operates independently, continuing the tradition and development of postal services in Bosnia and Herzegovina.

Figure 10. Logo of »BH Pošta«

Source: BH Pošta, 2011.

Public enterprise »BH Pošta« Sarajevo is an enterprise that realizes the social mission by providing a wide range of postal services in domestic and international business transport. The main business goal of »BH Pošta« Sarajevo is focused on the overall satisfaction of customer needs, customizing the offer precisely to them, improving communication between customers and employees of »BH Pošta«.

Long experience is resulted with development and modernization of traditional postal activities in Bosnia and Herzegovina (hereinafter: B&H). Bringing together traditional and new, »BH Pošta« has a business image which enables a dominant position of the best postal operators in the BH market, and wider. In addition to the existing services, this enterprise constantly introduces new services. Rapid development of postal services, the new range of services and the growing demands of their clients require constantly adapting.

With intensive investment activity and relying primarily on its own professional staff, »BH Pošta« continuously introduces the latest international technology. Among these projects are: Hybrid mail, Sorting Center, etc. All post offices are equipped with the latest postal automation and mechanization, and are linked in a computer system, so that, in addition to

a wide range of postal and other services are trained to perform integrated postal and banking services.

Due to development policy and following international postal trends Public enterprise »BH Pošta«, with 2,395 employees (BH Pošta, 2011), is a reliable partner in international and domestic postal business. Permanent improvement in quality of postal services is a basic precondition of postal operator's success, but also of their stability in these turbulent times of recession and strong competition activities. BH Pošta realizes its activities through seven postal centers, Alternating Post 71003 Sarajevo, Custom Post, Overseas Department, Aero Department and Transporting Net.

Mission of the enterprise is to offer all postal services in domestic and international postal traffic, than services in money transfer segments, telegraph-telephone services, mediation and distribution in catalogue sale, direct sale services, insurance mediation, hybrid mail and issuing of postal stamps. Data from income statement and balance sheet for the period January 1, to December 31, 2010 are enclosed as Appendix 2. Annual Report for 2011 has not yet been published.

4.1.2 Organization structure of »BH Pošta«

Figure 11 presents the basic organizational structure of enterprise »BH Pošta« enclosed as Appendix 1:

Figure 11. Organizational structure of enterprise »BH Pošta«

Management of »BH Pošta«

Departments of »BH Pošta« Management
Department of Internal Control
Department of Internal Protection
Department for Legal, human resource and general affairs
Department for Marketing
Department for Affairs of insurance

General Manager

Sector for Postal Transport
- Department for Internal Postal Transport
- Department for International Postal Transport
- Department for Cash Transactions

Sector for Development & Information System
- Department for Development of Postal Systems
- Department for Development of IS
- Department for Development of Investment

Sector for Economic & Financial Affairs
- Department for Financial Affairs
- Department for Bookkeeping Affairs
- Department for Commercial Activities
- Department for Planning and Analysis

Main Post Office Center Sarajevo

Post offices
- Bihać
- Goražde
- Mostar
- Sarajevo
- Travnik
- Zenica
- Tuzla

Sector for Postal Transport and Sector for Development and Information System perform tasks through three organizational units while Sector for Economic and Financial Affaires performs tasks thought four units. »BH Pošta« Sarajevo has seven Center post offices. As we can see, type of structure in the enterprise »BH Pošta« is the combination of business units and business functions structure.

4.1.3 Services of »BH Pošta«

The services offered by BH Pošta are the following: letter services, package services, financial postal services, EMS, telegram, hybrid mail, advertising in the post office, insurance services and complaints.

In structure of total postal services »BH Pošta« **letter services** which participate with the most part are basic services, including a reception, transmission and delivery of letters, postcards, cecogrammes and small packages. During the delivery of letter shipments (letters, postcards, cecogrammes and small packages), a sender may require special and additional services.

Package services comprise a reception, transmission and delivery of packages addressed to a recipient. Package services, as one of the services offered by »BH Pošta«, are intended to private and legal persons who wish on the quality and secure way to send goods and various items on the recipient in country and abroad.

Public Enterprise »BH Pošta« Sarajevo, using 281 units of the postal network provides universal postal services and **financial postal services**. Financial postal services provide various forms of remittances of cash, which send private or legal person or such cash funds are sent to them. The primary financial services include: cash transactions, internal payment transactions, banking transactions and brokerage operations.

EMS is a type of postal services that enable to users of postal services the fastest and safest transfer of postal deliveries on certain routes in the domestic and international postal transport, within the prescribed deadlines of transmission. Shipment of fast mail is courier service that implies acceptance of postal deliveries based on specific request of sender (by phone, etc.), at the address specified by the sender and it is delivered to the address of the recipient. A unique abbreviation for this courier service in domestic and international postal transport is EMS (EXPRESS MAIL SERVICE). EMS shipments are closed and booked shipments that in all phases of operation (receiving, dispatch, transfer, receipt and delivery) are noted appropriate records, prescribed by Instruction the Courier Service – EMS and the Regulations on the exercise of the postal service in postal transport (with excerpts from other postal regulations).

Telegram is written message that is transmitted from sender to receiver through email. Telegram can be normal, luxury and money order. Luxury telegram is a type of special services for the delivery of telegrams on a special form, suitable for the congratulations on the national and other holidays, celebrations, joyful events, anniversaries as well as when filing condolence. Money order telegram is a telegram by which sender transfers a certain amount of money to pay this amount to the recipient and it is used as the paying document. This telegram can have a special announcement for the recipient. Telegram, as a rule, is delivered exclusively to the hands of the recipient.

Hybrid mail is a combination of traditional postal services and electronic mail. The name »hybrid« shows that it is a mix of services. It is a combination of modern technology and classic postal technology. Application of information technology in the oldest postal service and the transfer of postal shipments took over an inevitable place. The basic idea of

hybrid mail is that enterprise, institution or private person sends to postal operator information (e.g. account, advertisement, etc.) in electronic form. Then, this information is processed, after this it is printed and it is packaged into the envelope, and that, as soon as possible, it is transmitted to the target group where this enterprise, institution or private person is addressing.

In the range of services offered by »BH Pošta« is also **advertising in the post office**. This is nothing new in the advertising market, but »BH Pošta« with the best prices and with most certainly the greatest marketing effect gives a guarantee for the success of organization. Advertising in the post office is promotional service by which user delivers promotional posters to »BH Pošta«, after which the posters are placed in the post offices where the client wants to advertise.

»BH Pošta« provides **services of insurance** representation of property and persons on their counters. Convenience for future users of these services is a number of locations where insurance services are provided, post office working hours until evening hours and working Saturday. Price of the services provided is the same as for the insurance companies which »BH Pošta« represents, and in some segments and lower. Speed, quality, simplicity and low price are the imperatives in establishing this service.

»BH Pošta« provides the following insurance services:

- automobile liability insurance (issuing automobile liability insurance policy, providing a complete service vehicle registration and delivery to home address);
- life insurance;
- supplementary health insurance;
- travel insurance (this service is started from April, 2011) and property insurance;
- other types insurance.

Service user can submit to »BH Pošta« complaint about the deadlines of transmission, method of damage delivery of postal items as well as other types of **complaints**.

4.2 Research methodology and research questions

The primary goal of this research study is to determine the influence of organizational culture on business performance of enterprises with particular reference to »BH Pošta«, one of a largest Bosnian and Herzegovinian enterprise. The object of this study is to examine organizational culture and organizational performance through an analysis of the empirical studies conducted to examine the organizational culture and organizational performance link. The main goal of the thesis is to describe how

organizational culture and situation in enterprises affect business performance of enterprises.

The study is envisaged to solicit response on the following assumptions:

- Strong culture encourages members of the organization to mobilize in achieving its goals. If all employees share the same perspective, values and beliefs, there will be consensus around the goals of the organization. Then the total energy and enthusiasm of people will be mobilized in one direction, which inevitably has to give positive results and success of business performance.
- The strong role culture in enterprise provides an opportunity for employees to be part of something that is unique and different from everything in the environment and thereby enables them to satisfy their material needs and acts as a strong motivational factor.
- Organizational culture must be in line with contingency variables (technology, strategy, environment, scope of enterprise) for higher business performance. The major challenge in establishing a strong organizational culture lies in the successful organization of management and good coordination and communication within the enterprise.
- Subcultures in enterprises contribute to a positive organizational culture, which is the basis for a successful business.

Keeping in view the goals of the study, research process with questionnaire, based on literature review has been prepared. The research type corresponds to the analytical and explanatory research. The research methodology is primarily based on the qualitative and quantitative aspect of the research strategy.

Basically, this thesis is interwoven in two parts; theoretical aspect and the empirical part of the research study. The theoretical part includes literature reviews through website search, electronic access to official journals and publications of academic institutions. The theoretical part consists of three major chapters which are further arranged by point. The main emphasis on this part is to deal with the theoretical aspects of organizational culture and relation between organizational culture and organizational performance. The basic assumption is that an appropriate and strong organizational culture with motivated employees who accept the goals of organization affects on success of enterprise.

The empirical part contains the responses on the survey and results which are collected through the questionnaires with multiple choice questions and open-ended question. The responses are also obtained from the Chief Executive Officers and HR professionals of the organization and their views/options are associated to draw logical conclusion. Accordingly, their inputs have been appropriately incorporated in the concluding chapters.

During the research process, primary and secondary data are used. The primary data are collected from the questionnaires to about 102 employees. Collections of data from secondary sources include annual report of enterprise, HR websites and personnel manuals obtained from the HR department of the enterprise.

The research is focused to address the following pertinent group of questions:

- The first research question is meant to understand: »How strong and clear organizational culture leads to business success? Do the employees and the management facilitate creation of the strong and clear organizational culture?«
- The second question: »What are the characteristics of the role culture and the task culture? Are these cultures the most appropriate for the enterprise »BH Pošta«?«
- The third question seeks to conclude answer: »What is the perception and view of the managerial personnel on organizational culture and business performance of enterprise?«
- The last question pertains to: »How many subcultures exist in »BH Pošta« and whether the subcultures are the basis for successful performance?«

4.3 Information of research process

4.3.1 Questionnaire

The research points to the correlation of organizational culture and business performance of enterprises in the modern business process. The research determines whether with strong organizational culture enterprise can achieve a successful business performance and which type of organizational culture is in the enterprise »BH Pošta« and whether organizational culture is in line with contingency variables. The survey was conducted among employees of the enterprise »BH Pošta« Sarajevo in three main sectors and was conducted through a questionnaire.

The subject of observation was employees in three sectors within the enterprise »BH Pošta« and these are Sector for Postal Transport, Sector for Development and Information Systems and Sector for Economic and Financial Affairs. The intention was to obtain opinions of employees regarding organizational culture, how culture influences on business performance and type of organizational culture. Collection of data on the total number of employees in enterprise was preceded by survey.

In **the first part of the questionnaire**, through which is conducted research, is examined the personal profile of the surveyed employees regarding organizational unit, position in the organization, sex, age profile, education, work experience and knowledge of foreign

languages. In **the second part of the questionnaire**, research is conducted regarding organizational culture based on responses to 20 questions from the questionnaire:

- Objectives and methods of obtaining tasks, descriptions and priorities in performing activities and tasks – questions 3, 4 and 12.
- Clarity of the scope of responsibilities – question 2.
- Opportunity for advancement – questions 8 and 14.
- Behaviour and communication – questions 13 and 17.
- Team work – question 11.
- Decision-making process – question 10.
- Impartiality, competence of management and supervisors – question 15.
- Good positioning – question 9.
- Internal control – questions 6 and 7.
- Corruption – question 16.
- Security – question 19.
- Education – questions 5 and 18.
- Professionalism, the use of information technology, efficiency – questions 1 and 20.

Each question in the questionnaire offers five responses, except question 3 where there are ten ways to respond. Based on the responses of surveyed employees is determined organizational culture that has impact on the business performance of enterprise. For better understanding see Appendix 3.

In **the third part of the questionnaire** research was carried out regarding the type of organizational culture. Intention was to acquire the opinions of employees regarding the type of organizational culture, based on responses to 15 questions from the questionnaire. Each question in the questionnaire offers four answers concerning with four types of organizational culture: power culture, role culture, task culture and person culture. Based on the responses of surveyed employees is determined type of organizational culture. For better understanding see Appendix 3.

Another set of questionnaire is designed to obtain views and specific comments of senior managerial personnel through an open-ended questionnaire. This set of questionnaire is designed for Chief Executive Officers and HR professionals in senior management positions who are posted in Top management of the enterprise and operate as the heads of HR departments of these sectors. The basic purpose is to obtain additional answers on the issue from these CEOs who have put in long years of service in the enterprise enclosed as Appendix 4. All the respondents were asked to fill in the questionnaire and send back the same in certain envelope.

4.3.2 Data details and profile of the respondents

Considering that in the survey of employees of the enterprise is used a representative sample of the total number of employees in the three sectors, it means that the pattern consists of 97 employees surveyed. The sample provides a realistic and representative image of organizational culture. In the Sector for Postal Transport one questionnaire was filled incorrectly, also, in the Sector for Development and Information System one questionnaire filled incorrectly, while in the Sector for Economic and Financial Affairs two questionnaires filled incorrectly, which represents 4.12%, so that further analysis of a sample represents 93 employees. The entire research process seems to have yielded good results as 91% of the filled-in questionnaire has been received. Respondents showed interest in research and smaller part has not shown interest in involvement in research.

Table 4 shows the number of employees per each sector and the number and structure of respondents, as the first aspect of the questionnaires.

Table 4. Number of the employees and number of the respondents per each sector

Sector	Number of employees	Number of respondents	Structure of respondents (%)
Sector for Postal Transport	35	32	91.43
Sector for Development and Information Systems	30	27	90.00
Sector for Economic and Financial Affairs	37	34	91.89
Total	102	93	91.18

In each sector, three respondents of the total number of employees filled out the questionnaire incorrectly or they not access the survey. The following Table 5 provides an overview of position where respondents are employed.

Table 5. Position of the respondents per each sector

Position	Sector for Postal Transport		Sector for Development and Information Systems		Sector for Economic and Financial Affairs	
	Frequency	Percentage	Frequency	Percentage	Frequency	Percentage
Top management	1	3.13	0	0.00	0.00	0.00
Head of service	3	9.37	3	11.11	3	8.83
Head of department	2	6.25	3	11.11	2	5.88
Employee	26	81.25	21	77.78	29	85.29
Total	32	100.00	27	100.00	34	100.00

The vast majority of respondents in each sector have a position of an employee. A smaller part of respondents hold a position in the top which is understandable because each

department within the sector has its own head. The following Table 6 shows the gender-wise frequency distribution and the percentages of the respondents.

Table 6. Gender-wise frequency and percentage per sectors

Gender	Sector for Postal Transport		Sector for Development and Information Systems		Sector for Economic and Financial Affairs	
	Frequency	Percentage	Frequency	Percentage	Frequency	Percentage
Male	14	43.75	16	59.26	9	26.47
Female	18	56.25	11	40.74	25	73.53

We can see that in the Sector for Postal Transport there are more women while in the Sector for Development and IS has more men. In the Sector for Economic and Financial Affaires vast majority of respondents are women. The age profile of the respondents is presented in the Table 7.

Table 7. Age profile of respondents per each sector

Age	Sector for Postal Transport		Sector for Development and Information Systems		Sector for Economic and Financial Affairs	
	Frequency	Percentage	Frequency	Percentage	Frequency	Percentage
18–30	2	6.25	4	14.82	1	2.94
31–40	5	15.62	3	11.11	8	23.53
41–50	15	46.88	6	22.22	13	38.24
51–60	10	31.25	11	40.74	10	29.41
More than 61	0	0.00	3	11.11	2	5.88

In the Sector for Postal Transport and in the Sector for Economic and Financial Affairs dominates mature populations while in the Sector for Development and IS is slightly older population. Small part of the young people are employed what proves that young people hardly get a job especially in state-owned enterprises. The respondent's number of years of experience showing the respective frequency and the percentages are shown in Table 8.

Table 8. Number of years of experience of respondents per sectors

Experience	Sector for Postal Transport		Sector for Development and Information Systems		Sector for Economic and Financial Affairs	
	Frequency	Percentage	Frequency	Percentage	Frequency	Percentage
0–5 years	2	6.25	2	7.41	2	5.88
5–10 yrs	5	15.62	5	18.52	5	14.71
11–20 yrs	10	31.25	3	11.11	13	38.24
21–30 yrs	8	25.00	9	33.33	10	29.41
31–40 yrs	7	21.88	8	29.63	4	11.76

According to age affiliation in the Sector for Postal Transport and in the Sector for Economic and Financial Affairs vast majority of respondents have between 11 and 20 years of work experience. In the Sector for Development and Information System most respondents have between 21 and 30 years of experience. Using of foreign languages of the respondents showing the respective frequency and percentages are shown in Table 9.

Table 9. Using of foreign languages per sectors

Language	Sector for Postal Transport		Sector for Development and Information Systems		Sector for Economic and Financial Affairs	
	Frequency	Percentage	Frequency	Percentage	Frequency	Percentage
English	18	50.00	14	41.19	11	31.43
French	6	16.67	3	8.82	0	0.00
German	1	2.78	2	5.88	2	5.71
Other	0	0.00	2	5.88	0	0.00
Partially speaking	8	22.22	12	35.29	15	42.86
Don't speak	3	8.33	1	2.94	7	20.00

As we can see in each sector most people speak English because this is the language of technology and business. Any kind of job on the computer is impossible without the use of English. Employees between 51 and 60 years old, with more years of experience mainly speak English partially or they are the beginners in the learning. This is due to the transition from the older system to the new where dominate English. Below is presented the structure of the respondents according to education for all three sectors collectively.

Table 10. Education level per each sector

Education level	Sector for Postal Transport		Sector for Development and Information Systems		Sector for Economic and Financial Affairs	
	Frequency	Percentage	Frequency	Percentage	Frequency	Percentage
Ph. D	0	0.00	0	0.00	0	0.00
M. Sc	1	3.12	1	3.70	1	2.94
University degree	24	75.00	22	81.49	23	67.65
Higher school degree	4	12.50	3	11.11	1	2.94
Secondary education	3	9.38	1	3.70	9	26.47
Other	0	0.00	0	0.00	0	0.00
Total	32	100.00	27	100.00	34	100.00

By insight into the structure of employees in enterprise we see that the participation of university degree is very dominant in all three sectors which is expected result. Also, less participation has higher school degree and secondary education in the overall structure of employees in each sector. In the structure of the employees worries a small proportion of scientific education level.

In my opinion many of employees don't have motivation for further education development because there is no increase in earnings person with a new academic title. Such is the situation in most of the state-owned enterprises. The following Figure 11 provides an overview of education level in all three sectors.

Figure 12. Graphic representation of the structure of respondents by education level
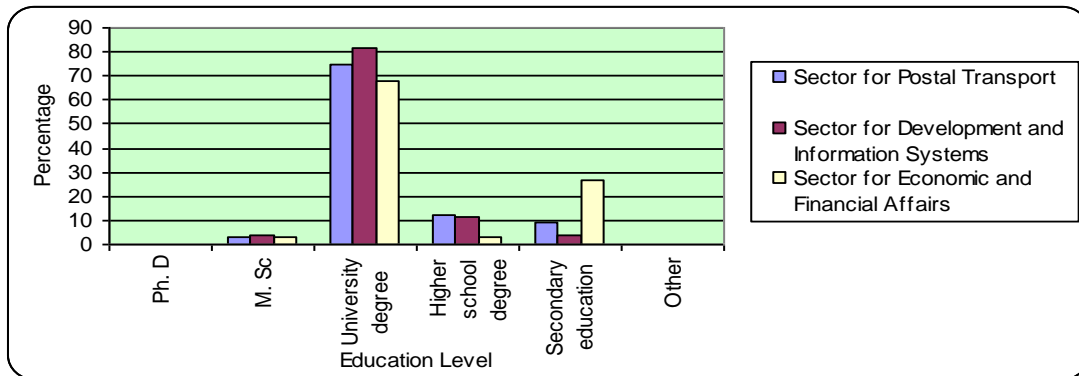
Regarding to use computer in the Sectors for Postal Transport, Sector for Development & IS and Sector for Economic and Financial Affairs all surveyed employees can use computer and, during the research, we saw that all respondents use computer in the workplace.

4.4 Research analysis and results

Based on the data received from the respondents, the data are tabulated and compiled. The tabulated data throw light on various aspects of the organizational culture and culture-performance link within the main theme of the subject. The following chapters present a critical analysis of the results as emanate from the questionnaires of organizational culture. The research in the enterprise »BH Pošta«, in the Sector for Postal Transport (hereinafter: Sector for PT), Sector for Development and Information System (hereinafter: Sector for DIS) and Sector for Economic and Financial Affairs (hereinafter: Sector for EFA) of enterprise »BH Pošta« is conducted in May of 2012.

Basically, there are four aspect of the questionnaire, three which is designed with multiple choice questions (personal profile is presented above, organizational culture and diagnosing organizational culture in the enterprise) meant for all employees selected as primary respondents. The other set of questionnaire (open-ended questionnaire) is designed specifically for senior managerial respondents in the enterprise. These are the CEOs in the sectors. This set of questionnaire is designed to elicit response from the CEOs as to what have been their experiences and perceptions on issues relating to organizational culture, business performance assessment and the other performance of the enterprise.

4.4.1 Strong organizational culture and business performance

The first group of research question addresses the basic issue pertaining to the organizational culture and business performance. Several questions are framed to unveil the understanding which employees have on strong and clear organizational culture,

business performance and commitment for the organization. These questions emanating from the following hypothesis are:

Hypothesis 1: »Business performance as a significant factor of economic process can be achieved with a clear and strong organizational culture.«

Based on above premise, specific questions are designed to gauge the feelings of the employees towards organizational culture and culture – performance link. Five options are given to respondents to indicate their appropriate answers ranging from 1–5 where it can be concluded about the value of the responses obtained. Rating 1 represents the highest value, and rating 5 is the lowest value. Rating 1 is excellent, 2 very good, 3 good, 4 sufficient, and 5 insufficient. Each value is checked by the question from the questionnaire.

The answers to these questions are tabulated in the 19 tables showing the number of responses and structure for each question. For each question from the questionnaire is determined the total average rating which is based on the responses of respondents from all three sectors collectively to facilitate objective analysis and interpretation. At the end is the table that shows quantitative analysis of organizational culture questionnaire of employees in the enterprise showing mean value, standard deviation measures and coefficient of variation. Below is a preview of the research results of the employees.

4.4.1.1 Major characteristics of the organization

In the following Table 11 respondents described their enterprise.

Table 11. Description of organization (Which of ten words you can use to describe your organization)

No.	Elements	Sector for PT		Sector for DIS		Sector for EFA	
		No. respondents	Structure (%)	No. respondents	Structure (%)	No. respondents	Structure (%)
1.	Employees work creatively	15	16.85	12	16.22	9	12.00
2.	Superiors are expert	6	6.74	7	9.47	5	6.67
3.	Centralized	4	4.49	3	4.05	1	1.33
4.	Decentralized	0	0.00	1	1.35	0	0.00
5.	Strict hierarchy	2	2.25	0	0.00	2	2.67
6.	Clear jobs	13	14.61	9	12.16	10	13.33
7.	No change	12	13.48	8	10.81	8	10.67
8.	There are prescribed procedures	25	28.09	17	22.97	23	30.66
9.	Superiors require way of working	7	7.87	14	18.92	12	16.00
10.	Employees are creative	5	5.62	3	4.05	5	6.67

From the Table 11, results of research show that the vast majority of respondents in each sector when describe the organization use the word »There are prescribed procedures«, »Superiors require way of working«, which indicates that, regardless of the creativity that

emphasize employees, is still bureaucratic creation, strict hierarchy, centralized organization in which slight appearance of shining examples changes is realized very slowly. Likewise, various approaches are identified as necessary for the development of organizational culture. The prescribed procedures certainly contribute to static organization. Employees are trying to work creatively, everyone has clear job, and there is no change because there are prescribed procedures by which enterprise operates and which each employee must them abide.

Priorities in performing activities and tasks are the next issue that is shown in the Table 12.

Table 12. Priorities in performing activities and tasks (What do you consider really important in your organization)

No.	Elements	Sector for PT		Sector for DIS		Sector for EFA	
		No. respon-dents	Struc-ture (%)	No. respon-dents	Struc-ture (%)	No. respon-dents	Struc-ture (%)
1.	That I can independently do my job	15	46.88	9	33.33	17	50.00
2.	That superiors are professionals and have their attitude	2	6.25	10	37.04	11	32.35
3.	That I can always learn how to work in a better way	13	40.63	5	18.52	3	8.82
4.	That superiors are fair	1	3.12	2	7.41	2	5.88
5.	That my superiors always are available	1	3.12	1	3.70	1	2.94
Total		32	100.00	27	100.00	34	100.00

On the questions related to the priorities of employees results are different. Respondents from Sector for PT (40.63% of them) and half of respondents in Sector for EFA correspond that want to do their job independently. In Sector for DIS, 37.04% of respondents expect that superiors have an attitude in determining priorities in performing tasks. However, 40.63% of respondents in Sector for PT want to learn how to work in a better way while in other two sectors most of respondents want that superiors are professionals with attitude. Less part of respondents in each sector wants to have superiors always available.

Considering that most respondents want to do their job independently, they want that superiors with attitude and they want to learn working in a better way. Part of the respondents very good knows the rules, obligations and tasks but superiors do not adequately support employees in performing daily activities and tasks. According to their work in most cases superiors do not apply with respect. The hierarchy of relations is not satisfactory. Statistical analysis determines the total average rating of 2.0 which is considered very good value in the range of 1–5 rating.

The following Table 13 shows the basis on which employees receive the obligations and tasks.

Table 13. Objectives and a way of getting tasks (Employees receive obligations and tasks on the basis of)

No.	Elements	Sector for PT		Sector for DIS		Sector for EFA	
		No. respon-dents	Struc-ture (%)	No. respon-dents	Struc-ture (%)	No. respon-dents	Struc-ture (%)
1.	Needs and plans of the organization	17	53.13	17	62.96	24	70.59
2.	Harmonization of the workplace and their own abilities	11	34.38	4	14.81	7	20.59
3.	Personal judgment, beliefs and desires of superiors	2	6.25	5	18.53	2	5.88
4.	Priorities and interests for personal advancement	1	3.12	1	3.70	1	2.94
5.	They devise their own tasks	1	3.12	0	0.00	0	0.00
Total		32	100.00	27	100.00	34	100.00

On the question of getting obligations and work tasks the vast majority of respondents in each sector say that their work is based on the needs and plans of the enterprise. This is an expected response because Management of enterprise presents Business plan each year and employees in all sectors should adhere to plan. Part of respondents in Sector for PT (34.38% of them) and in Sector for EFA (20.59% of them) believe that there is harmonization of their workplace with their abilities, while in Sector for DIS 18.53% of them correspond that they get jobs and tasks based on the judgment, beliefs and desires of superiors.

Small part of respondents in all sectors thinks that get jobs and tasks based on priorities and interests for personal advancement. Almost nobody in all sectors devises their own tasks because there are prescribed procedures and superiors require way of working. The conclusion is that in each sector the majority is focused on the realization of needs and plans, and less on creativity and initiative structuring the obligations and tasks of his workplace. To the question about goals and a way of getting tasks statistical analysis determines the total average rating of 1.6. In the answers of respondents total average rating is high value.

4.4.1.2 Level of the autonomy at work

The Table 14 below describes the clarity of the scope of competence.

Table 14. Clarity of the scope of competence (Do you clear the scope of competence in performing the duties and tasks of your workplace)

No.	Elements	Sector for PT		Sector for DIS		Sector for EFA	
		No. respondents	Structure (%)	No. respondents	Structure (%)	No. respondents	Structure (%)
1.	I perform jobs and tasks fully and independently	20	62.50	18	66.67	25	73.53
2.	Partially I rely on other officers	9	28.13	7	25.93	6	17.64
3.	I rely on a superior officer	3	9.37	1	3.70	2	5.88
4.	I don't solve the problems and tasks independently	0	0.00	0	0.00	1	2.95
5.	It is not always clear to me what I should do	0	0.00	1	3.70	0	0.00
Total		32	100.00	27	100.00	34	100.00

Regarding the clarity of the goals 62.50% of respondents in Sector for Postal Transport (PT), 66.67% of them in Sector for Development and Information Systems (DIS) and 73.53% of them in Sector for Economic and Financial Affaires (EFA) say that perform jobs and tasks fully and independently, 28.13% of respondents in Sector for PT, 25.93% of them in Sector for DIS and 17.64% of them in Sector for EFA partially rely on other officers, and part of respondents rely on a superior officer.

The research suggests that the vast majority of respondents is familiar with duties and responsibilities, and take over jobs and tasks. Considering that in this enterprise all is usually prescribed, there are regulations and operating mode, we conclude that the same is properly used in daily work. To the question about the clarity of the scope of competence is obtained the total average rating of 1.4 for each sector collectively. The total average rating in the range of 1–5 is satisfactory. The values of cognition about the clarity of scope are high.

4.4.1.3 Opportunity for advancement

Interesting question about the promotion is shown in the following Table 15.

Table 15. Promotion opportunities (People who promote in your organization)

No.	Elements	Sector for PT		Sector for DIS		Sector for EFA	
		No. respondents	Structure (%)	No. respondents	Structure (%)	No. respondents	Structure (%)
1.	Experts and capable	21	65.63	11	40.74	8	23.53
2.	Advisors	0	0.00	1	3.70	1	2.94
3.	Expert assistants	2	6.25	2	7.41	1	2.94
4.	Superiors	2	6.25	2	7.41	4	11.77
5.	Incompetent and loyal	7	21.87	11	40.74	20	58.82
Total		32	100.00	27	100.00	34	100.00

Respondents believe in the enterprise dominantly progress experts and capable and incompetent and loyal. Research shows interesting responses. In Sector for PT 65.63% of respondents are opted for response »Experts and capable« while in Sector for EFA 58.82% of them think these are »Incompetent and loyal«. Respondents from Sector for DIS are undecided between these two responses. The reason for the large proportion of response »Incompetent and loyal« in all three Sectors lies in the unwritten rule in Bosnia and Herzegovina in which in the state-owned enterprises can be employed only political eligible people. These are people who are members of a certain political party that has the authority and political party employ them in a certain state-owned enterprises regardless of their qualifications.

For this reason many respondents think that incompetent and loyal people, who are members of a political party, can thrive in the enterprise. The easiest way to promote in the enterprise is to be a member of a certain political party. This division indicates the presence of various resources and mismanagement of resources, and the culture that promotes »incompetent and loyal«. Only less part of respondents in each sector say that are expert assistants and superiors. The conclusion is that there is no sufficient orientation to results. Regarding the possibility of progress is determined the total average rating of 3.0 which offered in a rating range of 1–5 indicates good values.

The second question about the promotion is shown in the Table 16.

Table 16. Promotion opportunities (Have you reached expected promotion in the last 5 years)

No.	Elements	Sector for PT		Sector for DIS		Sector for EFA	
		No. respondents	Structure (%)	No. respondents	Structure (%)	No. respondents	Structure (%)
1.	Yes, I have promotion opportunity according to the law and rules	8	25.00	3	11.11	3	8.82
2.	Only a superior officer gives support to the expertise and supports progress	1	3.12	5	18.82	4	11.77
3.	No promotion opportunities	8	25.00	7	25.93	16	47.06
4.	There are only a warning and punishment	0	0.00	0	0.00	1	2.94
5.	I do not expect anything	15	46.88	12	44.44	10	29.41
Total		32	100.00	27	100.00	34	100.00

The table shows that in Sector for PT and Sector for DIS responses are similar. The vast majority of respondents do not expect anything, showing an indifferent attitude to work. Part of respondents in each sector believes that there are no promotion opportunities. In Sector for EFA 47.06% of respondents consider that there are no promotion opportunities and 29.41% of them do not expect anything. A smaller part of respondents in each sector

consider that exist promotion opportunities and superior officer gives support to the expertise and supports progress.

Given the high unemployment rate in B&H people are satisfied to have any job and therefore do not expect anything more. This is one reason why some employees do not have motive for further education because they think they will not thrive in enterprise. Also, according to them there is no increase in earnings. In the enterprise there is no sufficiently developed reward system, prevents the individual creativity, there is no incentive. This question is also linked with promotion and determines the total average rating of 3.4. Average values related to promotion opportunities are good.

4.4.1.4 Communication and behaviour

The following Table 17 discusses about communication and behaviour.

Table 17. Communication and behaviour (According to your opinion whether is given sufficient attention to communication with customers in your environment)

No.	Elements	Sector for PT		Sector for DIS		Sector for EFA	
		No. respon-dents	Struc-ture (%)	No. respon-dents	Struc-ture (%)	No. respon-dents	Struc-ture (%)
1.	Yes, a kind of tasks refers me to communication, I try to be at the service of informing the user in a given period	27	84.38	16	59.26	18	52.94
2.	It is not organized office hours to operate with users and they can not obtain the necessary information	3	9.38	5	18.85	4	11.77
3.	I do not pay enough attention to users because I have too many duties and tasks	1	3.12	2	7.41	3	8.82
4.	The information provides only superior person and is not always available	1	3.12	4	14.81	8	23.53
5.	Users are not particularly important	0	0.00	0	0.00	1	2.94
Total		32	100.00	27	100.00	34	100.00

Table shows expected responses. According to the results 84.38% of respondents from Sector for PT, 59.26% from Sector for DIS and 52.94% of respondents from Sector for EFA say that kind of tasks refers them to communication and try to be at the service of informing users in the legal term which refers to the formal behaviour and lack of innovation in the work. Some respondents in each sector consider that users can not obtain the information because there are no organized office hours to operate with customers. Majority of respondents in Sector for EFA consider that information provides only superior

person who is not always available, and some respondents due to the excessive volume of duties and tasks do not pay enough attention to users.

Most of the respondents responded as expected considering that the highest priority of »BH Pošta« is quality service and customer satisfaction because the enterprise is responsible to the government. On the question about communication and behaviour by statistical analysis is obtained total average rating of 1.7. Considering the kind of tasks that indicate to communication cognition is obtained of the high total average rating when it comes to communication and behaviour.

The second question about communication and behaviour is shown in the Table 18.

Table 18. Communication and behaviour (Your organization refers to the environment and users as)

No.	Elements	Sector for PT		Sector for DIS		Sector for EFA	
		No. respon-dents	Struc-ture (%)	No. respon-dents	Struc-ture (%)	No. respon-dents	Struc-ture (%)
1.	System with the regulations and procedures where must be respected rules	19	59.38	10	37.04	22	64.71
2.	Quality competition in which performance is important	1	3.12	1	3.70	2	5.88
3.	Harmonious rating in which the common interest is the most important	9	28.13	3	11.11	2	5.88
4.	Authoritarian and alienated	2	6.25	9	33.33	3	8.82
5.	Jungle in which all compete for survival	1	3.12	4	14.82	5	14.71
Total		32	100.00	27	100.00	34	100.00

On the question of the behaviour of organizations toward environment and users in all three sectors most respondents believe that everything is determined by regulated system with rules and procedures which must be respected. The disturbing fact is that one third of respondents in the Sector for DIS consider this relationship authoritarian and alienated. In Sector for PT 28.13% of them consider that is harmonious rating in which the common interest is the most important.

In enterprise we can note the large orientation on the legislative regulations and prescribed procedures, as opposed to the harmonious unity of enterprise and environment which is focused on the creation of individual and general welfare. This question regarding communication and behaviour determines the total average rating of 2.3 which is considered a good total average rating in the range of 1–5.

4.4.1.5 Teamwork

The Table 19 reveals whether respondents have the opportunity to work in a team.

Table 19. Teamwork (Do you have the opportunity to work in a team)

No.	Elements	Sector for PT		Sector for DIS		Sector for EFA	
		No. respondents	Structure (%)	No. respondents	Structure (%)	No. respondents	Structure (%)
1.	Yes, in my work environment we support expertise and good relations	15	46.88	15	55.56	21	61.77
2.	Sometimes I want to work in team to solve some complex tasks	12	37.50	9	33.34	8	23.53
3.	There is no need to work in a team	3	9.38	1	3.70	2	5.88
4.	I'm not interested in working in a team	1	3.12	1	3.70	1	2.94
5.	Nobody understands what they should work in a team	1	3.12	1	3.70	2	5.88
Total		32	100.00	27	100.00	34	100.00

More than one half of respondents from Sectors for DIS and EFA and almost half of respondents from Sector for PT believe that in their work environment is supported teamwork, professionalism and good relations. Likewise 37.50% of them in Sector for PT, one third of respondents in Sector for DIS and 23.53% of them in Sector for EFA sometimes want to work in a team when it comes to complex tasks. Also, less part of respondents in each sector does not understand what they should work in teams and believe that there is no need to work in a team.

Answers to the question indicate that all respondents have equal opportunities to work in a team and can equally consider the impact of behaviour of concrete activities and attitudes which can contribute to the achievement of work tasks. Respondents want to work in a team and have equal opportunities to do this. Teamwork is important for increasing the efficiency of the sectors and also in the entire enterprise. We can examine the issue of delegating decision making to lower levels. On the question of teamwork is obtained the total average rating of 1.6, which is considered very good value.

4.4.1.6 Decision-making process

Respondents had the opportunity to say what characterizes the decision making process in the enterprise and this is shown in the Table 20 below.

Table 20. Decision making process (What characterizes the decision-making process in your organization)

No.	Elements	Sector for PT		Sector for DIS		Sector for EFA	
		No. respondents	Structure (%)	No. respondents	Structure (%)	No. respondents	Structure (%)
1.	Decision making by the people (executives) involved in solving tasks	12	37.50	3	11.11	5	14.71
2.	Respect for formal procedures and rules	13	40.63	7	25.92	10	29.41
3.	Consensus as a method of decision-making process	2	6.25	2	7.41	2	5.88
4.	Directives and regulations from the top of hierarchy	5	15.62	13	48.15	16	47.06
5.	It is not clear who decides and who is responsible	0	0.00	2	7.41	1	2.94
Total		32	100.00	27	100.00	34	100.00

Table 20 presents the characteristics of decision-making process in the organization. Research shows interesting answers. In Sectors for DIS and EFA most of the respondents consider that directives and regulations from the top of the hierarchy characterize the decision-making process, while in Sector for PT 40.63% of respondents believe that it is respect for formal rules and procedures. Responses suggest that is a very strict hierarchy, there is no belief in the expertise and honesty of employees and this situation is not a process of group decision-making in which is common making decision. Group members can not be loyal to decisions because they are not common.

Group decision making hires a larger number of participants in the decision process. In the group decision making if knowledge of the group members is complementary then will be achieved the best results and the lowest results will be if their knowledge is competitive. Regarding the decision making process is determined the total average rating of 2.7 for all three sectors collectively. We can say that the total average rating regarding the decision making process in the range 1–5 rating is good.

4.4.1.7 Impartiality, competence of management and superiors

The Table 21 shows the quality of managers and superiors.

Table 21. Impartiality, expertise of management and superiors (Managers and superiors in your organization)

No.	Elements	Sector for PT		Sector for DIS		Sector for EFA	
		No. respondents	Structure (%)	No. respondents	Structure (%)	No. respondents	Structure (%)
1.	Strong personality and decisive	12	37.50	1	3.70	4	11.76
2.	Strict but fair	3	9.37	2	7.41	3	8.82
3.	Full of support, responsibility and interest in the problems and needs of their subordinates	15	46.88	10	37.04	13	38.24
4.	Cold but polite and they avoid authority	2	6.25	8	29.63	7	20.59
5.	Unprofessional and incompetent	0	0.00	6	22.22	7	20.59
Total		32	100.00	27	100.00	34	100.00

Again research results show interesting responses. The table indicates that in each sector most of respondents have the opinion that managers and superiors are full of support, responsibility and interest in the problems and needs of their employees. From the total number of respondents in Sector for PT 37.50% of them consider that managers and superiors are decisive people strong personalities while small part thinks in other two Sectors. However, 20.59% of the total number of respondents in Sector for EFA and 22.22% of them in Sector for DIS believe that these are unprofessional and incompetent persons, while in Sector for PT nobody believes.

Responses indicate that most respondents identified with the habits of the enterprise, rely on the authority of superiors, and less on the originality of own reflection. This is because part of respondents still believes that politically eligible people are nominated on the key positions in the enterprise. The management gets the total average rating of 3.0 which is considered a good ranking value in the range of 1−5 rating.

4.4.1.8 Well positioning

Who are well-positioned persons in organization we can see in the following Table 22.

Table 22. Hierarchical relations (Who are well-positioned persons in your organization)

No.	Elements	Sector for PT		Sector for DIS		Sector for EFA	
		No. respondents	Structure (%)	No. respondents	Structure (%)	No. respondents	Structure (%)
1.	Respect the rules and correctly perform the job	15	46.88	5	18.52	10	29.41
2.	Competent and efficient	7	21.87	3	11.11	1	2.94

(table continues)

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No.	Elements	Sector for PT		Sector for DIS		Sector for EFA	
		No. respondents	Structure (%)	No. respondents	Structure (%)	No. respondents	Structure (%)
3.	Cooperative, responsible and caring	0	0.00	0	0.00	1	2.94
4.	Express loyalty to supervisor	2	6.25	6	22.22	8	23.53
5.	They know how to use power and politics for their own progress	8	25.00	13	48.15	14	41.18
Total		32	100.00	27	100.00	34	100.00

According to research results in two sectors almost half of respondents believe that in the enterprise well-positioned people are these who know how to use power and politics for their own progress. These are the expected answers. In Sector for PT almost half of respondents say that they respect the rules and correctly perform the job. Interesting is that in the Sector for EFA 23.53% of respondents say that well-positioned people are ones who express loyalty to superiors, while in the Sector for PT the same said only 6.25% of respondents. But in the Sector for PT 21.87% of respondents believe that well-positioned people are competent and efficient, while in Sector for EFA only 2.94% of respondents consider the same.

Political parties that have authority nominate their members for the Top management of an enterprise. This is also case with the enterprise »BH Pošta«. Such is situation with all state-owned enterprises in Bosnia and Herzegovina. Many people who thrive in an enterprise are members of certain political party which gives its approval for their advancement. Apparently the majority believes that are absent inspiration, competence and providing support. We note presence of various personality types that occur in the enterprise. Statistical analysis gets total average rating of 3.2. Answers of a well-positioned people indicate the total average rating sufficient in the rating range of 1–5.

4.4.1.9 Internal control

The next two tables (Table 23 and Table 24) relates to internal control.

Table 23. Internal control (Is it developed some form of internal control in your work environment)

No.	Elements	Sector for PT		Sector for DIS		Sector for EFA	
		No. respondents	Structure (%)	No. respondents	Structure (%)	No. respondents	Structure (%)
1.	Documents management	10	31.25	7	25.93	15	44.12
2.	Relationship with customers	4	12.50	2	7.41	1	2.94

(table continues)

No.	Elements	Sector for PT		Sector for DIS		Sector for EFA	
		No. respondents	Structure (%)	No. respondents	Structure (%)	No. respondents	Structure (%)
3.	Procedure of public procurement	13	40.63	16	59.26	7	20.59
4.	Respect for deadlines	4	12.50	1	3.70	8	23.53
5.	No internal control	1	3.12	1	3.70	3	8.82
Total		32	100.00	27	100.00	34	100.00

Document management is an important feature of the enterprise and 44.12% of respondents in Sector for EFA correspond that internal control is developed in the area of document management. In Sector for PT, 40.63% of them, and in Sector for DIS, 59.26% of them correspond that internal control is associated with the procedure of public procurement. The open public procurement procedure is the basic method of procurement for public enterprise such as »BH Pošta«, in which all persons that have an interest in obtaining a public procurement contract may submit an offer. Respondents have cognition that their work in specific areas is monitored by superiors and managers. Regarding internal control statistical analysis determines the total average rating of 2.5 which is a good rating.

The second table about internal control is below.

Table 24. Internal control (According to you, what can be the reasons for introduction of internal control)

No.	Elements	Sector for PT		Sector for DIS		Sector for EFA	
		No. respondents	Structure (%)	No. respondents	Structure (%)	No. respondents	Structure (%)
1.	Respect for legal obligations	14	43.75	8	29.63	17	50.00
2.	Better organization	13	40.63	13	48.15	11	32.36
3.	Prevention of corruption	1	3.12	3	11.11	3	8.82
4.	Prevention of inappropriate behaviour among employees	2	6.25	1	3.70	2	5.88
5.	Prevention of inappropriate behavior among users	2	6.25	2	7.41	1	2.94
Total		32	100.00	27	100.00	34	100.00

In this table respondents voted to the reasons for introducing internal controls. Internal control for respecting legal obligations prefers 43.75% of respondents in Sector for PT and a half of respondents in Sector for EFA. For better organization opted 48.15% of respondents in Sector for DIS. Strategy of development of information system requires strategic directions and plan of action of enterprise and therefore better organization is very important.

Answering on question, respondents are focused on legislation and better organization and less on the behaviour process within and outside the organization. To be effective monitoring, objectives of the enterprise must be focused on the need for revise the business activity and organizational culture. Regarding second question, internal control establishes very good total average rating of 1.9.

4.4.1.10 Corruption

In the next Table 25 respondents discussed about corruption.

Table 25. Corruption (What are the causes of corruption in general)

No.	Elements	Sector for PT		Sector for DIS		Sector for EFA	
		No. respondents	Structure (%)	No. respondents	Structure (%)	No. respondents	Structure (%)
1.	Poor implementation of laws	11	34.38	10	37.04	15	44.12
2.	No transparency	5	15.63	8	29.63	6	17.65
3.	Impossibility to progress	1	3.12	0	0.00	2	5.88
4.	Low income	14	43.75	3	11.11	7	20.59
5.	Lack of internal control	1	3.12	6	22.22	4	11.76
Total		32	100.00	27	100.00	34	100.00

According to the opinion of respondents the causes of corruption in Sector for PT are low income, 44.12% of respondents in Sector for EFA and 37.04% of respondents in Sector for DIS believe that it is poor implementation of laws. Corruption is particularly pronounced in countries that pass through the process of transition and privatization, such as B&H. This allows the concentration of economic power in the hands of a small number of members of society because it is done in conditions of strong connection of centers of political and economic power.

To combat corruption in enterprise it is important to have strong implementation of laws which will control and effectively fight corruption. Among the most important consequences of corruption is the loss of confidence in management of enterprise. In B&H is present chain of corruption in hiring in state departments and state-owned enterprises in which tariffs for getting a job »through connections« just are not highlighted on the bulletin board. This statement is confirmed by a majority of respondents in an informal conversation.

Regarding the presence and confirmation of corruption and presence of abuse of authority, we can observe deviant behaviour, the lack of rules of conduct, organizational dysfunction and lack of motivation. All forms of corruption are associated with poor responsibility at all levels. It is important that the government has the will and the tools or strategic and action plan which will start with the effective fight against corruption. Corruption obtains the total average rating of 2.5. The total average rating is considered good value.

4.4.1.11 Security

The Table 26 below is the opinion of the respondents on security.

Table 26. Security (Do you feel safe in the workplace)

No.	Elements	Sector for PT		Sector for DIS		Sector for EFA	
		No. respondents	Structure (%)	No. respondents	Structure (%)	No. respondents	Structure (%)
1.	My safety depends on my ability	20	62.50	8	29.63	20	58.82
2.	Department gives security	4	12.50	4	14.82	3	8.82
3.	Unsafe due to political changes	1	3.12	9	33.33	4	11.77
4.	My safety depends on the will of a superior officer	7	21.88	6	22.22	4	11.77
5.	Generally I do not feel security	0	0.00	0	0.00	3	8.82
Total		32	100.00	27	100.00	34	100.00

Safety in the workplace gives interesting responses, especially in the Sector for the DIS. In Sector for PT 62.50% of respondents and in Sector for EFA 58.82% of them believe that their safety in the workplace depends on their ability. In sector for DIS all responses are quite equal. But most of respondents state that depend on the political changes which indicates that in enterprise professionalism and honesty are not fully appreciated. A significant number of respondents in each sector believe that their safety depend on the will of his superiors which the one hand indicates that it is limitation and can be associated with blind obedience.

After every political change in BH scene there are also changes within each state-owned enterprise in B&H, including »BH Pošta«. Regardless of this everyone should believe in their knowledge and own capabilities. In this situation there is no possibility of open discussion, and obviously criticism is not welcome. On the question of the security statistical analysis determines total average rating of 2.2, which is a good total average rating in the range 1 to 5.

4.4.1.12 Education

Whether respondents believe that in their work environment there is a need for training shows the Table 27.

Table 27. Education (Do you believe that there is a need for professional training in your work environment)

No.	Elements	Sector for PT		Sector for DIS		Sector for EFA	
		No. respondents	Structure (%)	No. respondents	Structure (%)	No. respondents	Structure (%)
1.	Yes, there is	19	59.38	22	81.48	24	70.59
2.	No need, everything is clear	1	3.12	0	0.00	2	5.88
3.	Nobody follows training needs	1	3.12	5	18.52	3	8.82
4.	No motivation for training	11	34.38	0	0.00	4	11.77
5.	Training is not important	0	0.00	0	0.00	1	2.94
Total		32	100.00	27	100.00	34	100.00

Vast majority of respondents in all three sectors in the survey state that there is a need for professional training, which indicates that in the organization of enterprise there is developed awareness of the need for change. In Sector for PT 34.38% of respondents correspond that there is no motivation for training because they believe that will not thrive in the enterprise while in other two sectors it is a smaller part. The need for training shows that the enterprise starts with an innovative process in which education is seen as a mechanism for future development of organizational processes and behaviour which has short and long term consequences. In response to question relating to education is determined high total average rating of 1.7.

Table 28 shows what should learn the new employees.

Table 28. Education (What should learn the new employees in your organization)

No.	Elements	Sector for PT		Sector for DIS		Sector for EFA	
		No. respondents	Structure (%)	No. respondents	Structure (%)	No. respondents	Structure (%)
1.	What resources are available for performing work to take initiative and use their knowledge and skills	21	65.63	11	40.74	17	50.00
2.	Formal rules and procedures and to adhere it	2	6.25	7	25.93	4	11.77
3.	How to cooperate and be cooperative and to develop good interpersonal relationships	6	18.75	7	25.93	10	29.41
4.	Who really controls work and who can help them	3	9.37	1	3.70	1	2.94
5.	Norms and unwritten rules to follow and you should not touch	0	0.00	1	3.70	2	5.88
Total		32	100.00	27	100.00	34	100.00

As we can see, in all three sectors vast majority of respondents think that new employees need to learn about resources available to them for performing work to take initiative using the knowledge and skills. The following is a same response in each sector in which

respondents prefer cooperation and development of interpersonal relationships. According to the opinion of the vast majority of respondents they prefer and recommend using available resources, cooperation and education toward the identity of the enterprise. On second question related to training of new employees is obtained very good total average rating of 1.9 for all three sectors.

4.4.1.13 Professionalism and efficiency

The following Table 29 reveals interesting question about professionalism and efficiency.

Table 29. Professionalism and efficiency (According to you, what are the possibilities of improving the efficiency of your work environment)

| No. | Elements | Sector for PT | | Sector for DIS | | Sector for EFA | |
		No. respon-dents	Struc-ture (%)	No. respon-dents	Struc-ture (%)	No. respon-dents	Struc-ture (%)
1.	Stimulation of the superiors and rewarding toward performance	14	43.75	9	33.33	17	50.00
2.	Creating better work conditions involving IT	6	18.75	1	3.70	3	8.82
3.	Better defining the jobs, tasks and responsibilities	6	18.75	13	48.16	10	29.42
4.	Additional education for officers	0	0.00	3	11.11	2	5.88
5.	Development of cooperation in team among the officers	6	18.75	1	3.70	2	5.88
Total		32	100.00	27	100.00	34	100.00

Table 29 shows thinking of the respondents on the possibilities of improving the efficiency of work. In Sector for PT 43.75% of respondents consider that it is desirable to encourage and to reward performance by superiors while in Sector for EFA half of respondents the same believe. Also, 48.16% of them from Sector for DIS consider that it is necessary to better define the jobs, tasks and responsibilities.

Interesting is that a very small part of respondents chose answer »Additional education for officers« which once again proves that there is no motivation for education. Enterprise strives to develop standards of quality (stimulation of rewarding, creation of work conditions, defining tasks, development of cooperation) that can be achieved by identifying employees with the vision and mission. Regarding the professionalism and efficiency statistical analysis determines a good total average rating of 2.3 for all three sectors collectively.

4.4.1.14 Analysis of organizational culture based on responses (hypothesis 1)

Below is the Table 30 that shows quantitative analysis of organizational culture questionnaire of employees in the enterprise showing mean value, standard deviation measures and coefficient of variation.

Table 30. Quantitative analysis of organizational culture questionnaire of employees in the enterprise

No.	Indicator	Sector for PT			Sector for DIS			Sector for EFA		
		MV	SD	CoV	MV	SD	CoV	MV	SD	CoV
1.	Clarity of scope of competence	1.5	0.66	44.90	1.5	0.88	59.46	1.4	0.73	52.90
2.	Priorities	2.2	1.11	50.00	2.1	1.07	50.71	1.8	1.03	57.54
3.	Objectives	1.7	0.95	56.21	1.6	0.91	55.83	1.4	0.73	51.77
4.	Promotion opportunities I	2.2	1.70	77.63	3.0	1.84	60.53	3.8	1.68	44.33
5.	Promotion opportunities II	3.4	1.66	48.68	3.5	1.48	42.53	3.3	1.26	37.95
6.	Communication and behaviour I	1.3	0.66	52.80	1.8	1.10	61.80	2.1	1.34	63.21
7.	Communication and behaviour II	1.9	1.18	61.78	2.9	1.56	54.74	2.0	1.54	75.86
8.	Teamwork	1.8	0.96	53.93	1.7	0.98	58.68	1.5	1.33	88.67
9.	Decision-making process	2.0	1.03	51.50	3.2	1.20	38.10	2.9	1.21	41.16
10.	Management	2.2	1.02	45.95	3.6	1.04	28.97	3.3	1.23	37.39
11.	Hierarchical relations	2.4	1.67	69.29	3.7	1.59	42.97	3.4	1.70	49.42
12.	Internal control I	2.4	1.14	46.72	2.5	1.03	40.87	2.5	1.46	58.40
13.	Internal control II	1.9	1.13	59.16	2.1	1.10	52.13	1.8	1.03	57.54
14.	Corruption	2.7	1.41	53.01	2.5	1.60	63.49	2.4	1.50	63.03
15.	Security	2.2	1.27	58.80	2.3	1.06	45.49	2.0	1.40	68.97
16.	Education – professional training	2.1	1.41	66.20	1.4	0.78	56.93	1.7	1.20	70.18
17.	Education – new employees	1.7	1.07	62.21	2.0	1.07	52.45	2.0	1.20	59.11
18.	Professionalism and efficiency	2.3	1.49	64.50	2.5	1.17	47.18	2.1	1.25	59.81

Note. MV – Mean Value, SD – Standard Deviation, CoV – Coefficient of Variation

Table 30 presents the quantitative analysis of the research of organizational culture in the enterprise »BH Pošta« from the perspective of employees. For each indicator is determined the average rating. Also is presented an overview of all researched indicators related to research area. From the perspective of the employees average rating of the organizational culture in Sector for Postal Transport is 2.1 (SD 1.20, CoV 56.85%), in Sector for Development and Information System is 2.4 (SD 1.19, CoV 50.71%), while in Sector for Economic and Financial Affaires average rating is 2.3 (SD 1.27, CoV 57.62%). Average rating is considered a very good rating in all three sectors.

The lowest average rating in Sector for Postal Transport has an indicator of promotion (3.4), followed by an indicator of corruption (2.7) and the highest average rating has indicator communication and behaviour (1.3) followed by indicator of clarity of the scope of competence (1.5). In Sector for Development and Information System the lowest average rating has indicator of hierarchy (3.7) followed by indicator of management (3.6), and the highest average rating has indicator of education (1.4) and indicator of clarity of the scope of competence (1.5). In Sector for Economic and Financial Affairs the lowest average rating has indicator of promotion (3.8) followed by indicator of hierarchical

relations (3.4). The highest average rating has indicator of clarity of scope of competence (1.4) followed by indicator of objectives (1.4).

In each sector the indicators related to clarity of scope of competence, education, team work, communication and behaviour and objectives have high average ratings or values. Indicators related to promotion, hierarchy and to some extent on decision-making and management have low average ratings or values. In terms of quantitative observations we can see moving towards professional behaviour with regard to high rating of majority of indicators supported by most respondents.

Qualitative analysis related to opinion of respondents leads to conclusions:

1. Appropriate behaviour is observed in relation to the legislation and the prescribed procedures.
2. Most of respondents recognize the goals of the organization, but there is no sufficient focus on creativity in structuring of activities and tasks. There is no focus on results.
3. Relation of the hierarchy is not satisfactory for the majority of respondents.
4. There is no developed system of promotion; employees do not participate in decision-making. We can see the presence of political factors in decision making.
5. There is identification with the existing organizational culture and the slowly movement toward positive decisions.
6. Superior officers supervise work. There is no enough good review of business activities.
7. Rules of behaviour are not defined although on the legislative level there is an ethical code of conduct.
8. Security is not always linked with the expertise already is linked with environmental factors and political changes.
9. The need for training tells about the initiation of proceedings of innovation. This is new value of the enterprise.
10. We can observe creation of quality standards.

4.4.2 Types of culture in the enterprise »BH Pošta«

The significant aspect of the research study is to extract an appropriate answer to the question based on the hypothesis that the organizational culture in enterprise »BH Pošta« is a mixture of two cultures. These are role culture and task culture. Responses are solicited from employees on their perception on the type of culture in enterprise. The hypothesis framed on these lines is:

Hypothesis 2: »Organizational culture in the enterprise »BH Pošta« is a mixture of role culture and task culture.«

For each question from the »Test for diagnosing the type of organizational culture« are offered four answers concerning with four types of organizational culture: rating 1 represents the power culture, rating 2 represents the role culture, rating 3 represents the task culture and rating 4 represents the person culture. Based on the responses of surveyed employees is determined type of organizational culture.

The answers to these questions are tabulated in the 15 tables showing the number of responses and structure for each question to facilitate objective analysis and interpretation. Total average rating based on the responses of respondents from all three Sectors collectively is determined for each question from the Test. Last table shows quantitative analysis of the Test for diagnosing the type of organizational culture in the enterprise »BH Pošta« showing mean value, standard deviation measures and coefficient of variation. Below is a preview of the research results of the employees.

4.4.2.1 Professionalism of managers

Respondents in the Table 31 below expressed professionalism of its managers.

Table 31. Professionalism of manager (In my enterprise is considered that good manager is one who is)

No.	Elements	Sector for PT		Sector for DIS		Sector for EFA	
		No. respondents	Structure (%)	No. respondents	Structure (%)	No. respondents	Structure (%)
1.	Strong, decisive and firm but fair. He protects his subordinates who are loyal and he is attentive to them	5	15.63	3	11.11	8	23.53
2.	Impersonal and fair. He asks from subordinates only what is prescribed and he does not use power for his personal benefit	14	43.75	4	14.81	11	32.35
3.	Fair and he accepts the business advice. He only uses its authority to provide performing the work	10	31.25	18	66.67	13	38.24
4.	Takes into account the needs and values of others. He uses his position to meet the needs of employees	3	9.37	2	7.41	2	5.88
Total		32	100.00	27	100.00	34	100.00

On question of the professionalism of manager in Sector for Postal Transport 43.75% of respondents believe that good manager is impersonal and fair, he asks from subordinates prescribed procedure and not using power. In Sector for Development and Information System and Sector for Economic and Financial Affaires most of respondents consider that good manager is fair, he accepts the business advice, and using authority to perform the work.

Responses indicate that most of respondents believe that manager is correct and fair and he uses its authority only for the work and he asks applying the prescribed procedures. Employees are quite satisfied with their manager what indicate that managers do their job professionally. Regarding the professionalism of manager statistical analysis determines a good total average rating of 2.4 for all three Sectors collectively.

4.4.2.2 Professionalism of subordinates

The next Table 32 discusses about professionalism of subordinates.

Table 32. Professionalism of subordinate (In my enterprise is considered that good subordinate is one who is)

No.	Elements	Sector for PT		Sector for DIS		Sector for EFA	
		No. respondents	Struc-ture (%)	No. respondents	Struc-ture (%)	No. respondents	Struc-ture (%)
1.	Obedient, valuable and loyal to his manager	5	15.63	8	29.63	13	38.24
2.	Responsible and reliable, strictly performs its prescribed duties	17	53.12	9	33.33	10	29.41
3.	Always is willing to contribute to the best way to complete a task and he is open to ideas and suggestions	10	31.25	10	37.04	10	29.41
4.	Vitally interested in developing their own skills and learning new things	0	0.00	0	0.00	1	2.94
Total		32	100.00	27	100.00	34	100.00

Research results show that in all three sectors the respondents do not think the same. In Sector for PT more than half of respondents state that good subordinate is responsible and reliable, strictly performs its prescribed duties. In Sector for DIS more than one third of respondents correspond that good subordinate always is willing to complete a task and he is open to ideas and suggestions, while in Sector for EFA 38.24% of respondents think that good subordinate is obedient, valuable and loyal to his manager.

Obviously, the behaviour of subordinate toward employees is not the same in all three Sectors. There is the presence of various personality types that have different goals. On the question of the professionalism of subordinate statistical analysis determines total average rating of 2.1 which is considered a good average rating.

4.4.2.3 Priorities of employees

Table 33 shows opinion on priorities of employees.

Table 33. Priorities of employees (In my enterprise a good employee gives priority to)

No.	Elements	Sector for PT		Sector for DIS		Sector for EFA	
		No. respondents	Structure (%)	No. respondents	Structure (%)	No. respondents	Structure (%)
1.	The requirements of superiors	4	12.50	8	29.63	10	29.41
2.	Prescribed responsibilities and duties that implies his workplace or positions in the enterprise	16	50.00	11	40.74	13	38.24
3.	The requirements of task that needs to be done	12	37.50	8	29.63	10	29.41
4.	Their personal needs and the needs of his colleagues	0	0.00	0	0.00	1	2.94
Total		32	100.00	27	100.00	34	100.00

In all three Sectors within enterprise most of respondents think that good employee gives priority to prescribed responsibilities and duties that implies his workplace or position. Majority of respondents are familiar with the rules and respects the prescribed duties and responsibilities which each employee must applied in work. Top management determines the role to each member of enterprise. Regarding the priorities of employees, we determined a high total average rating of 2.1 for all three sectors collectively.

4.4.2.4 Performance of employees

Who are the successful people in the enterprise will reveal the Table 34.

Table 34. Performance of employees (People who are successful in my enterprise are)

No.	Elements	Sector for PT		Sector for DIS		Sector for EFA	
		No. respondents	Structure (%)	No. respondents	Structure (%)	No. respondents	Structure (%)
1.	Sharp and competitive oriented	7	21.87	10	37.04	7	20.58
2.	Conscientious and responsible, with a strong sense of loyalty to the organization	13	40.63	6	22.22	13	38.24
3.	Efficient and competent, dedicated to the task which is given to them	11	34.38	9	33.33	13	38.24
4.	Competent in interpersonal relationships, dedicated to satisfying the needs of people around them	1	3.12	2	7.41	1	2.94
Total		32	100.00	27	100.00	34	100.00

On the question of the performance of employees respondents in each sector did not choose the same answer. In Sector for PT 40.63% of respondents believe that successful people in enterprise are conscientious and responsible, with a strong sense of loyalty to the organization, in Sector for DIS 37.04% of them think that they are sharp and competitive

oriented, and while in Sector for EFA vast majority of respondents are undecided between two answers. There are different personality types of employees who appear in the enterprise. If the enterprise wants to be successful no one should have a dominant role. Performance of employees obtains the total average rating of 2.2. The total average rating is considered good value.

4.4.2.5 Resources

The following Table 35 shows how to treat with the time and energy of employees.

Table 35. Resources, way to dispose of resources (In my enterprise time and energy of employees are treated as something that)

No.	Elements	Sector for PT		Sector for DIS		Sector for EFA	
		No. respondents	Structure (%)	No. respondents	Structure (%)	No. respondents	Structure (%)
1.	Management of enterprise has at disposal	4	12.50	9	33.33	12	35.29
2.	Is precisely stipulated in the contract	14	43.75	4	14.82	8	23.53
3.	Should be devoted exclusively solving tasks	11	34.38	13	48.15	10	29.41
4.	Should be left to each individual to freely dispose	3	9.37	1	3.70	4	11.77
Total		32	100.00	27	100.00	34	100.00

In the Table 35 is shown way of disposing with resources. Also in this question respondents in each sector did not choose the same answer. In Sector for PT 43.78% of respondents believe that time and energy of employees are treated as something that is precisely stipulated in the contract, 48.15% of respondents from Sector for DIS correspond that is treated as something that is should be devoted exclusively solving tasks, and while in Sector for EFA more than one third state that time and energy has management of enterprise at disposal. Resources are limited and are available to management of enterprise that seeks to use resources to solve the tasks. Management strives to have an effective enterprise properly using of resources. Regarding way to dispose of resource is established very good total average rating of 2.3.

4.4.2.6 Controlling

The next two tables (Table 36 and Table 37) are related to controlling. How to control the employees is shown in the following table.

Table 36. Controlling (In my enterprise employees are usually controlled by)

No.	Elements	Sector for PT		Sector for DIS		Sector for EFA	
		No. respon-dents	Struc-ture (%)	No. respon-dents	Struc-ture (%)	No. respon-dents	Struc-ture (%)
1.	Rewards and punishments	7	21.88	2	7.41	4	11.76
2.	Rules, procedures and standards in performing the job	14	43.75	11	40.74	15	44.12
3.	Requirements imposed by the task that need to be performed	8	25.00	13	48.15	15	44.12
4.	Internal satisfaction that people feel performing their job	3	9.37	1	3.70	0	0.00
Total		32	100.00	27	100.00	34	100.00

Research results show interesting responses. In Sector for PT slightly less than half of respondents state that employees are usually controlled by rules, procedures and standards in performing the job. In Sector for DIS 48.15% of them believe that employees are controlled by requirements imposed by the task that need to be performed. In Sector for EFA vast majority of respondents are undecided between this two responses. Obviously there is orientation to the task because enterprise is regulated by the rules and procedures. Individuals tend to work closely to their job description, and tend to follow the rules rather than to operate in a creative way. To this question is determined total average rating of 2.3.

Another question on controlling is shown in the Table 37.

Table 37. Controlling (In my enterprise one person can control another if)

No.	Elements	Sector for PT		Sector for DIS		Sector for EFA	
		No. respon-dents	Struc-ture (%)	No. respon-dents	Struc-ture (%)	No. respon-dents	Struc-ture (%)
1.	Is at a higher hierarchical position and has a higher authority	5	15.63	14	51.86	14	41.17
2.	His position is such that he needs to control another person	18	56.25	9	33.33	16	47.06
3.	Has more knowledge and skills to perform the work	8	25.00	3	11.11	4	11.77
4.	Can help to satisfy some of their needs	1	3.12	1	3.70	0	0.00
Total		32	100.00	27	100.00	34	100.00

As we can see, most of respondents from Sector for PT think that one person can control another if his position is such that he needs to control another, while in Sector for EFA slightly more respondents vote for this answer. In Sector for DIS is obvious that most of respondents correspond that one person can control another if is at a higher hierarchical position and has a higher authority. Some respondents believe that the enterprise is a means for achieving the objectives in the hands of leaders who make the key decisions for the enterprise. But most of the respondents have a vision of the enterprise as organized

social structure, which regulate the agreed rules and procedures. On the second question on controlling is obtained total average rating of 1.8.

4.4.2.7 Tasking

Table 38 shows who gives tasks in the enterprise.

Table 38. Tasking (In my enterprise tasks gives one who)

No.	Elements	Sector for PT		Sector for DIS		Sector for EFA	
		No. respondents	Structure (%)	No. respondents	Structure (%)	No. respondents	Structure (%)
1.	Has the power and authority that people listen to him	4	12.50	5	15.52	5	14.71
2.	Is determined to give tasks by division of work and responsibilities in a system	19	59.38	19	70.37	20	58.82
3.	Has the skills and knowledge to perform a job or solve a problem	9	28.12	3	11.11	8	23.53
4.	Wants and has a tendency to command	0	0.00	0	0.00	1	2.94
Total		32	100.00	27	100.00	34	100.00

Regarding of giving tasks in enterprise vast majority of respondents in each sector believe that person who gives tasks is determined to give tasks by division of work and responsibilities in a system. Individuals have clear roles (jobs) to perform which are closely specified. The influence of individual, in most cases, is determined by role which he performs in the enterprise, or its position in the organizational hierarchy. Tasking obtains very good total average rating of 2.1. The total average rating for all three sectors collectively is satisfactory.

4.4.2.8 Performing jobs

The following Table 39 discusses about performing jobs.

Table 39. Performing jobs (In my enterprise job is performed because)

No.	Elements	Sector for PT		Sector for DIS		Sector for EFA	
		No. respondents	Structure (%)	No. respondents	Structure (%)	No. respondents	Structure (%)
1.	Of wish for a reward if job is performed, or fear of punishment if job is not performed	1	3.12	0	0.00	3	8.82
2.	Of respect of work commitments in hiring and loyalty to the organization	25	78.13	25	92.59	26	76.48

(table continues)

		Sector for PT		Sector for DIS		Sector for EFA	
No.	Elements	No. respon-dents	Struc-ture (%)	No. respon-dents	Struc-ture (%)	No. respon-dents	Struc-ture (%)
3.	Of satisfaction when job is successfully performed	5	15.63	2	7.41	3	8.82
4.	Of work satisfaction	1	3.12	0	0.00	2	5.88
Total		32	100.00	27	100.00	34	100.00

Research results show totally expected answers. Job is performed in »BH Pošta« because of respect of work commitments in hiring and loyalty to the enterprise. The vast majority of respondents are familiar with objectives of enterprise and rules and procedures. The goal of job is with the work, ability, knowledge, skills and experience achieve the effect in according to the requirements. Regarding the performing tasks is determined the total average rating of 2.1 and indicates very good values.

4.4.2.9 Teamwork

When people work in a team in the enterprise »BH Pošta« shows Table 40.

Table 40. Teamwork (In my enterprise people work together in teams when)

		Sector for PT		Sector for DIS		Sector for EFA	
No.	Elements	No. respon-dents	Struc-ture (%)	No. respon-dents	Struc-ture (%)	No. respon-dents	Struc-ture (%)
1.	Those who have a higher authority require of them	4	12.50	6	22.22	13	38.24
2.	It is provided of the organizational structure and systems of work	18	56.25	12	44.45	9	26.47
3.	It is necessary to perform the job	10	31.25	9	33.33	12	35.29
4.	Cooperation is mutually stimulating, challenging and fun	0	0.00	0	0.00	0	0.00
Total		32	100.00	27	100.00	34	100.00

More than half of respondents in Sector for PT and 44.45% of them in Sector for DIS state that people work together in teams when it is provided by the organizational structure and systems of work. In Sector for EFA 38.24% of respondents believe that there is teamwork when those who have a higher authority require of them and 35.29% of them believe that it is necessary to perform the job. Also, and in this case the employees adhere to prescribed procedures and instructions in the work. They contribute to the achievement of tasks. Teamwork obtains total average rating of 2.1, which is considered very good value.

4.4.2.10 Competition in the enterprise

In the Table 41 below respondents indicate the purpose of competition.

Table 41. Competition (The purpose of the competition is)

No.	Elements	Sector for PT		Sector for DIS		Sector for EFA	
		No. respondents	Structure (%)	No. respondents	Structure (%)	No. respondents	Structure (%)
1.	To achieve personal power and prestige in the enterprise	1	3.12	3	11.11	9	26.47
2.	To achieve promotion in the enterprise	15	46.88	7	25.93	10	29.41
3.	To increase the skills and knowledge to perform the job	14	43.75	17	62.96	14	41.18
4.	To draw attention to their own needs and wishes	2	6.25	0	0:00	1	2.94
Total		32	100.00	27	100.00	34	100.00

Table 41 presents the purpose of competition in enterprise. In Sector for PT and in Sector for EFA vast majority of respondents respond that the purpose is to increase the skills and knowledge to perform the job or to achieve promotion in the enterprise. In Sector for DIS 62.86% of them state that the purpose is to increase the skills and knowledge to perform the job. It is evident that respondents tend to maximize their strengths and minimize weaknesses. Purpose gives employees a feeling of who are they, the origin of their goals and why they should engage in serious endeavors. Purpose gives continuity to employees, regardless of the specific changes of goals, people, operations, structure, market and success. Question related to competition determines total average rating of 2.4 for all three sectors collectively.

4.4.2.11 Conflicts

Table 42 shows attitude towards the conflicts in the enterprise.

Table 42. Conflicts (In my enterprise conflicts are)

No.	Elements	Sector for PT		Sector for DIS		Sector for EFA	
		No. respondents	Structure (%)	No. respondents	Structure (%)	No. respondents	Structure (%)
1.	Controlled by management	7	21.87	12	44.44	6	17.65
2.	Prevented by strict compliance to rules, procedures and responsibilities	15	46.88	9	33.33	13	35.24
3.	Resolved through discussion on the requirements of jobs and tasks	10	31.25	4	14.82	10	29.41

(table continues)

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No.	Elements	Sector for PT		Sector for DIS		Sector for EFA	
		No. respondents	Structure (%)	No. respondents	Structure (%)	No. respondents	Structure (%)
4.	Resolved through open and deep discussion of interests and needs of employees	0	0.00	2	7.41	5	14.70
Total		32	100.00	27	100.00	34	100.00

Research results show interesting responses. In Sector for PT and in Sector for EFA most of respondents have the opinion that conflicts are prevented by strict compliance to rules, procedures and responsibilities which is normal situation for large enterprise as »BH Pošta«. Less part of them consider that conflicts are resolved through discussion. In Sector for DIS 44.44% of them say that conflicts are controlled by management. Communication is on the very good level. Management strives to standardize and formalize each process, behaviour and all relations of the enterprise. Emphasis is put on formal rules and procedures. Conflicts obtain good total average rating of 2.1.

4.4.2.12 Decision-making process

Who makes decisions in the enterprise we can see in the following Table 43.

Table 43. Decision-making process (In my enterprise decisions makes)

No.	Elements	Sector for PT		Sector for DIS		Sector for EFA	
		No. respondents	Structure (%)	No. respondents	Structure (%)	No. respondents	Structure (%)
1.	Person who has the greatest influence in a given situation	3	9.37	6	22.22	11	32.35
2.	Person whose formal authority is to make decisions in a given situation	25	78.13	19	70.37	16	47.06
3.	Person with the most knowledge and skills in a given situation	4	12.50	2	7.41	6	17.65
4.	Person who is most interested and person who will have the greatest impact on decision	0	0.00	0	0.00	1	2.94
Total		32	100.00	27	100.00	34	100.00

Next question is decision-making process. The responses are expected in each sector. Respondents believe that decisions makes person whose formal authority is to make decisions in a given situation. This is characteristic of large enterprises. The hierarchy is respected within the enterprise. Employees are focused on their particular role which is assigned to them by their job description and this should increase productivity for the enterprise. Statistical analysis gets total average rating of 1.9.

4.4.2.13 Commanding

Structure of commanding is shown in the Table 44.

Table 44. Commanding (In my enterprise in the structure of commanding)

No.	Elements	Sector for PT		Sector for DIS		Sector for EFA	
		No. respon-dents	Struc-ture (%)	No. respon-dents	Struc-ture (%)	No. respon-dents	Struc-ture (%)
1.	Commands go from the top down so that person in a higher position commands everyone that are in a position below	5	15.63	8	29.63	14	41.18
2.	Commands go from the top down following the functional division of work. The authority that someone has is limited by his job and position in the organization	16	50.00	11	40.74	9	26.47
3.	Commands a person who is responsible to solve the task. His authority applies to all who can contribute to the performance of the task, regardless of formal position	9	28.12	6	22.22	10	29.41
4.	Commanding is focused on individual needs and interests	2	6.25	2	7.41	1	2.94
Total		32	100.00	27	100.00	34	100.00

According to the research results half of respondents in Sector for PT and most of them in Sector for DIS correspond that commands go from the top down following the functional division of work. In Sector for EFA 41.18% of respondents say that commands go from the top down so that person in a higher position commands everyone that is in a position below.

Top management of enterprise determines the particular role of each employee. In the enterprise mainly there is clear division of tasks, responsibilities and authority. The hierarchy provides monitoring of subordinates. The commanding gets the total average rating of 2.1 which is considered a highly good value.

4.4.2.14 Importance of market

The opinion of the market and its importance, as the last question in the questionnaire, is shown in the Table 45.

Table 45. Importance of market (In my enterprise the market is treated as)

No.	Elements	Sector for PT		Sector for DIS		Sector for EFA	
		No. respondents	Structure (%)	No. respondents	Structure (%)	No. respondents	Structure (%)
1.	Competitive jungle in which everyone is against everyone; exploited is the one who does not exploit another	2	6.25	3	11.11	3	8.82
2.	Structured and rational system in which competition is limited by law	13	40.63	8	29.63	8	23.53
3.	Complex and imperfect system that can be enhanced by activity of the enterprise	11	34.37	8	29.63	15	44.12
4.	Complex system of potential opportunities and threats	6	18.75	8	29.63	8	23.53
Total		32	100.00	27	100.00	34	100.00

An interesting question gives interesting answers. In Sector for PT 40.63% of respondents have the opinion that market is treated as structured and rational system in which competition is limited by law while in Sector for EFA most of respondents believe that market is treated as complex and imperfect system. In Sector for DIS vast majority of respondents are undecided between three responses.

Respondents do not have a unique vision of the market. The basis of quality and business performance is the treatment of market and it is achieved with professional and perspective employees, cost management, planning and optimal flexibility in the overall business. Regarding the importance of market we determined the total average rating of 2.6 for each sector collectively.

4.4.2.15 Analysis of types of organizational culture (hypothesis 2)

Last table (Table 46) shows quantitative analysis of the Test for diagnosing the type of organizational culture in the enterprise »BH Pošta« showing mean value, standard deviation measures and coefficient of variation.

Table 46. Quantitative analysis of »Test for diagnosing the type of organizational culture«

No.	Indicator	Sector for PT			Sector for DIS			Sector for EFA		
		MV	SD	CoV	MV	SD	CoV	MV	SD	CoV
1.	Professionalism of manager	2.3	0.89	38.03	2.7	0.76	28.15	2.3	0.89	38.39
2.	Professionalism of subordinate	2.2	0.67	31.02	2.1	0.81	39.13	2.0	0.89	45.18
3.	Priorities of employees	2.3	0.66	29.33	2.0	0.77	38.50	2.1	0.84	40.78
4.	Performance of employees	2.2	0.81	36.99	2.1	0.99	46.92	2.3	0.81	36.16
5.	Resources	2.4	0.82	34.02	2.2	0.96	43.24	2.2	1.04	47.71
6.	Controlling I	2.2	0.89	40.09	2.5	0.69	27.82	2.3	0.69	29.74
7.	Controlling II	2.2	0.70	32.41	1.7	0.82	49.10	1.7	0.67	39.18
8.	Tasking	2.2	0.62	28.70	1.9	0.53	27.46	2.2	0.68	31.63

(table continues)

No.	Indicator	Sector for PT			Sector for DIS			Sector for EFA		
		MV	SD	CoV	MV	SD	CoV	MV	SD	CoV
9.	Performing jobs	2.2	0.52	23.74	2.1	0.26	12.56	2.1	0.63	29.72
10.	Teamwork	2.2	0.63	28.77	2.1	0.74	35.07	2.0	0.86	43.65
11.	Competition	2.5	0.66	26.09	2.5	0.68	26.98	2.2	0.87	39.37
12.	Conflicts	2.1	0.72	34.45	1.9	0.93	50.27	2.4	0.94	39.00
13.	Decision-making process	2.1	0.47	23.15	1.9	0.52	28.11	1.9	0.78	40.84
14.	Commanding	2.3	0.79	35.11	2.1	0.90	43.48	1.9	0.91	46.91
15.	Importance of market	2.7	0.85	31.95	2.8	0.99	35.61	2.8	0.89	31.56

Note. MV – Mean Value, SD – Standard Deviation, CoV – Coefficient of Variation

Table 48 presents the quantitative analysis of the research of the »Test for diagnosing the type of organizational culture« in the enterprise »BH Pošta«. For each indicator is determined the average rating and also is presented an overview of all researched indicators related to research area. Average rating of diagnosing the type of organizational culture in Sector for Postal Transport is 2.3 (SD 0.70, CoV 31.59%), in Sector for Development and Information System is 2.2 (SD 0.76, CoV 35.49%), while in Sector for Economic and Financial Affaires average rating is 2.1 (SD 0.83, CoV 38.62%) where rating 1 represents the power culture, rating 2 represents the role culture, rating 3 represents the task culture and rating 4 represents the person culture.

Considering that rating 2 and rating 3 represent the role culture and the task culture in each sector average rating is very satisfactory. All indicators in Sector for Postal transport are within the range 2.1 to 2.7, which characterize the role cultures and slowly movement toward task culture. In Sector for Development and Information System and Sector for Economic and Financial Affaires indictor of controlling has low average rating. Especially the indicators related to performing jobs and teamwork have high average ratings or values.

In conclusion, culture in the enterprise »BH Pošta« implies a bureaucratic organizational structure. Its main advantage is the reliability and efficiency, while its main disadvantage is the inability to adapt, rigidity, lack of initiative and entrepreneurship. Culture usually implies a team or project organizational structure. The advantage is derived from its orientation on the success and results. This culture does not allow the use of economies of scale, and that the size of the enterprise increases indefinitely.

Qualitative analysis of the type of organizational culture related to opinion of respondents leads to conclusions:

1. Top management determines the role to each member of the enterprise and no one has a dominant role. Source of power is hierarchical position. The emphasis is on skills, teamwork and reward for results.

2. The enterprise is regulated by the agreed rules, standards and procedures, and exists to address the tasks.
3. People are not treated as individuals but as the holders of roles. Ability is respected.
4. Respondents have clear roles (jobs) to perform and tend to work closely to their job description, and also tend to follow the rules rather than to operate in a creative way.
5. Managers require of employees only what is prescribed. They are open to ideas and suggestions and do not express their power.
6. There is satisfaction of respondents with job and loyalty toward enterprise.
7. Respondents are controlled by rules, procedures and standards in performing the job.
8. There is respect for the commitments of work when hiring and respondents are familiar with objectives of enterprise.
9. There is a desire to promote in the enterprise and conflicts are prevented with strict adherence to rules, procedures and responsibilities.
10. The hierarchy is determined by the functional division of work. The authority is limited by the position in the enterprise.

4.5 Evaluation of the results

4.5.1 Result of the organizational culture based on responses (hypothesis 1)

Qualitative analysis of the research results of organizational culture as a factor of business performance of enterprises comes to attitudes and beliefs of respondents. Obtained results of the research study of organizational culture and business performance from the perspective of respondents in the enterprise show a good overall average rating of 2.1 in Sector for Postal Transport, in Sector for Development and Information System is 2.4, while in Sector for Economic and Financial Affaires overall average rating is 2.3 in the rating range 1–5, where 1 represents the highest and 5 the lowest rating. The research results show that majority of respondents in all three sectors correspond positively on the need for professional training.

Respondents evaluate indicator of hierarchy by lower rating of 3.7 in Sector for Development and Information System while this indicator has rating of 3.4 in Sector for Economic and Financial Affaires. The lowest average rating of 3.4 in Sector for Postal Transport and the lowest average rating of 3.8 in Sector for Economic and Financial Affaires has an indicator of promotion. The indicator of education gets an average rating of 1.4 in Sector for Development and Information System, communication and behaviour receives an average rating of 1.3 in Sector for Postal Transport and the indicator of clarity of scope of competence has an average rating of 1.4 in Sector for Economic and Financial Affaires which is considered an excellent rating in sectors and talks about the new values of work in the enterprise.

We come to the cognition that research results and qualitative analysis of organizational culture and business performance of enterprise show movement of enterprise toward professional conduct and creation and development of quality standards with respect to the satisfactory assessment of organizational culture and business performance of enterprise which is supported by most respondents. Given that the research results indicate good and satisfactory assessment of the situation we can conclude that **the business performance of enterprises as an important factor in the economic process can be achieved with a clear and strong organizational culture**, thus confirming Hypothesis 1 (H1), which reads: »Business performance as a significant factors of economic process can be achieved with a clear and strong organizational culture.«

4.5.2 Result of the type of organizational culture (hypothesis 2)

Qualitative analysis of the »Test for diagnosing the type of organizational culture« forms opinion of the respondents. Established results of the »Test for diagnosing the type of organizational culture« from the perspective of the respondents show a good overall average rating of 2.3 in Sector for Postal Transport, in Sector for Development and Information System is 2.2, while in Sector for Economic and Financial Affaires overall average rating is 2.1 where rating 1 represents the power culture, rating 2 represents the role culture, rating 3 represents the task culture and rating 4 is the person culture. Considering that rating 2 and rating 3 represent the role culture and the task culture in each sector average rating is very satisfactory.

Most of respondents say that in enterprise »BH Pošta« dominate rules and procedures and that each process, each behaviour and relations in the enterprise are standardized. Respondents consider its enterprise as a regulated structure where are valid agreed rules and procedures because »BH Pošta« is public enterprise which is responsible to the Government. We conclude that people seek job security and want to avoid changes and risk. This type of culture is usually found in large bureaucratic enterprises, such as »BH Pošta« and other organizations such as Public services. The goal of the enterprise is to perform the job and everything is based in that direction. People are appreciated according to their ability to contribute solving task. This situation is most convenient for people who are motivated by achievement and work rather than material rewards.

We come to the cognition that the research results in the enterprise »BH Pošta« show identifying toward features of the role culture and the task culture because answers of the majority of respondents indicate the presence of these two cultures. Role culture is real bureaucratic culture and implies a bureaucratic organizational structure that is present in the surveyed enterprise, while the task culture appreciates performance and achievement which is one of the goals of same enterprise. Given that research results most indicate the presence of role culture and task culture we can conclude that **the organizational culture in the enterprise »BH Pošta« is a mixture of the role culture and the task culture**

which confirms Hypothesis 2 (H2) that states: »Organizational culture in the enterprise »BH Pošta« is a mixture of role culture and task culture.«

4.6 Qualitative analysis based on Open-ended questionnaire

The next hypothesis is perception and view of the managerial personnel on organizational culture and business performance of enterprise.

Hypothesis 3: »Business performance is higher if the organizational culture is in line with contingency variables.«

In addition to the objective type questionnaire, another set of open-ended questionnaire is prepared for Chief Executive Officers and HR professionals of the enterprise in each sector who are posted in Top management of the enterprise and operate as the heads of HR departments of these sectors. Chief Executive Officers are interviewed through respective questions. In the questionnaire there are the most important performances of sectors and executives from each sector correspond to the questions. The most important performances of each sector are: effectiveness at work, efficiency of work, efficiency in quality of work, efficiency in costs of work, and utilization of working time. The responses gathered from these executives are compiled and shown as in the following.

4.6.1 Business performance assessment

Based on discussion with senior officials and their feedback received through interview, the common views on the subject are summarized below. As we can see the performance does not include profits for two reasons. One is that we are looking at three business units, not enterprises and the other one is that »BH Pošta« is not regarded as only profit making entity.

4.6.1.1 Effectiveness at work

Executives from all three sectors correspond that vast majority of employees have clear role in the enterprise and they perform jobs and tasks fully and independently. Executive from Sector for Development and Information System (hereinafter: Sector for DIS) consider that communication within the enterprise is pretty effective, while executives from other two sectors say that communication is at a very satisfactory level. Executive from Sector for Postal Transport (hereinafter: Sector for PT) say that head of management is strict but fair, while executive from Sector for Development and Information system consider that head of management is very effective and solves problems of employees.

Executive from Sector for Economic and Financial Affaires (hereinafter: Sector for EFA) correspond that they properly perform their job. All executives agreed that employees

provide the ultimate in work but there is no fully developed system of rewarding. From the responses of executives we can see that in enterprise prevails bureaucratic culture. Executives of each sector consider that their sector is successful. Executive from Sector for PT say that their sector constantly try to make changes in the direction of liberalization, new strategies, customer needs, commercialization, development of new, technically sophisticated facilities, to meet the needs of the modern market.

Executive from Sector for DIS say that they provide adequate and quality services, determine the moderate price of services, satisfy needs of all members of a certain community and prevent discrimination against consumers. They seek to improve communication between customers and employees of »BH Pošta«. Executive from Sector for EFA correspond that their sector is responsible for making an economic and financial strategy that follows the business strategy of the enterprise. We propose to enterprise to develop an award program for all employees, who may possibly be able to elaborate on the details in the particular sector. The goal of each program of rewarding is to be interesting to employees and that employees become aware that they contribute to the work of enterprise in which they are employed.

4.6.1.2 Efficiency of work

According to the opinion of the executive from Sector for PT members of the enterprise are encouraged to try new methods of work. In Sector for DIS new methods are presented to employees as well as employees in the Sector for EFA and they are involved from the start in new projects. In each sector employees before the introduction of new methods pass training process. All employees have the opportunity to develop their own abilities. Initiatives for personal development are not adequately rewarded in any sector. In Sector for PT problems related to customers are quickly discovered and are resolved as soon as possible.

In Sector for EFA employees do not work with customers but problems in the work they successfully solve. Employees in Sector for DIS adequately correspond to all questions, comments and suggestions from customers. Employees gain more experience with each new solved problem and they grow and develop faster their skills. In Sector for DIS employees have a lot of experience in job and often propose innovation in the work which is often accepted. In Sector for PT employees are free to propose any innovation which they perceive that a successful, while in Sector for EFA there is no much proposition of innovation because employees perform job at established standards. Executives understand the employees and often communicate about any situation in performing business.

Executives from Sector for DIS say that they encourage changes, strive to progress, and do not give up in front of barriers. They introduce new methods of work with much enthusiasm, wishing that every individual contribute to how current situation can be even

better. Subordinates seriously consider every method that is proved successful, and they consult with a broad team of experts about the most appropriate choice. Today's technology and technique going forward, therefore is necessary to employees to provide better working conditions using new modern standards. Executive from Sector for PT correspond that their advantage is people who professionally and consistently follow the strategic determinants of enterprise, among which innovation has an important place, and who give their concrete contribution to image of the enterprise.

The enterprise truly operates as a flexible and innovative business entity always listening to the pulse of the market and paying much attention to the messages of its customers. Executive from Sector for EFA believes that increasing efficiency and reducing operating costs are important steps on the path of business excellence. They always share their knowledge with others because this is one way of encouraging innovation and apply the technique of team creative problem solving and creative thinking, known as brainstorming. From the responses of the executives we note the presence of role culture.

4.6.1.3 Efficiency in the quality of work

Next performance is the quality of work. In Sectors for PT and DIS employees are familiar with the needs of customers. Customers and their needs present the core of all activities. Customer's interests always come first in the business. Experience suggests that if is achieved the goals of customers, the success of enterprise will be guaranteed. In each sector are defined standards and operating procedures which are regularly monitored for a successful business performance of enterprise. Feedback on monitoring of the employees as a key component of any form of cooperation is provided immediately after the process. Employees adhere to organizational standards to solve the problems of customers in Sector for DIS while employees of Sector for EFA do not have relation with customers.

Working meetings are efficient and well organized in each sector, which indicate on formal proof of its seriousness. Meetings take place in Conference room and begin and end within the agreed time of one hour and all employees are active. The agenda of the meeting is sent to participants in a timely manner, preferably with specific substrates, opening statement, analysis, in a relatively compact form, so they could prepare for the meeting. All employees are appropriately trained and competent to perform their job professionally as a prerequisite for employment in »BH Pošta«. New employees go through a phase of the trial period that lasts one year. All executives agree that employees have sufficient information from their superiors to successfully perform the job.

As we can see the quality of work in all sectors is almost equal which allows to the enterprise to successfully develop. The quality becomes the most important strategic factor for the success of public sector organizations. Executive from Sector for DIS say that feedback occurs immediately after a process. Otherwise it loses its effect, a delayed

reaction does not sound sincere. In Sector for DIS superior makes clear to employees that all ideas are welcome and that all employees are equal interlocutors. In this way they facilitate a free communication, then a feeling of belonging to employees and their greater motivation to perform the tasks.

Executive from Sector for PT say that great advantage in their sector is that superiors, in case of detecting mistakes of its employees, do not think to punish for the same, but how they can help them to correct mistakes and not repeated them. Also, all complaints, suggestions and compliments received from customer are important guidelines for further improvement, therefore, are regularly analyzed and based on them corrective action are taken. Basic purpose is that person who does something has support to work even better and more efficient. When people doing something good they will probably continue do well or do even better if you send them a message that their performance is noticed. Feedback provides an understanding of mutual expectations and responsibilities. This is a key component of every form of quality cooperation and it is a skill that should be used and improved on daily basis. Characteristics of bureaucratic culture are visible in the answers of executives.

4.6.1.4 Efficiency in the cost of work

During the research we saw that employees maximally use space and equipment of the enterprise. Sector for DIS is decentralized on two places and is equipped with new technology. All executives say that unnecessary costs are kept to a minimum especially during the current financial crisis. Also, executives of each sector think that the enterprise defines success on the basis of efficiency as one of the goals of the enterprise. Employees from Sectors for PT and DIS provide services based on low costs.

Asking executives how their sector operates successfully is obtained almost similar response from each of them and it consists of the following: Sectors could perform activities. In their business must achieve a certain cost, and since an enterprise has a goal of making profits, then each sector must strive to minimize their total cost. The analysis of costs helps sectors to perceive total and individual costs and to establish what, who, why and in what manner makes the costs and how to reduce or rationalize them. Thus, cost savings of enterprise arises from efficiency of employees in daily operations and management in managing affairs, when both with each new task become more efficient.

4.6.1.5 Utilization of working time

The job is defined by the contract and dismissal procedures require additional costs. The salary is at a satisfactory level in the public sector and is paid regularly without delays. Employees who admitted to a certain period after the expiration of contract may lose their jobs. Physical conditions in the workplace favourably affect the work. Employees in each

sector generally share large offices where every employee has his own desk and computer. In this atmosphere comes to creativity of teamwork and communication between employees. Executives from each sector say that employees come to work exactly at the beginning of the official working time and they leave work at the end of time.

Throughout the enterprise there is a monitoring system that controls the comings and goings from work. In each sector employees who frequently delayed at the end of the month have the refusal of percentage of salary as a form of punishment. There is no evidence of overtime hours in Sector for PT. In Sector for DIS overtime hours exist and are paid in accordance with regulations. In Sector for EFA there are no classic overtime hours, but when there are more jobs and tasks that should finish employees usually stay an hour longer at work. According to the law in the enterprise average working time is eight hours and according to the opinion of the executives it is enough to perform the job. Paid break in the entire enterprise is 30 minutes.

Employees in each sector have the possibility of holidays each year in accordance with an agreement with his superiors. Executive from all three sectors consider that the working conditions are essential to prevent employee dissatisfaction. Obviously the enterprise is trying to have higher business performance enabling to employees the best work conditions in workplace. Since most employees seek job security, they are fully fit into the role culture. Also, in this performance we note outlines of role culture as a true bureaucratic culture.

4.6.2 Organizational culture and contingency variables

Culture describes the activities of enterprise, how is managed, how it reacts to external challenges and how employees correspond to their work environment. Right mix between organizational culture, organizational structure and its contingency variables (strategy, size, technology and environment) can lead to organizational effectiveness. Functional organization works well in a stable environment where the technology is routine, the size is large, and strategic emphasis is on efficiency. Cultural values within this type of organization tend to concentrate less on employees but more on forming a bureaucratic and systematic system.

4.6.2.1 Influence of strategies on organizational culture

Organizational culture significantly influences on the process of formulating and implementing strategies. Top Management of »BH Pošta« need to identify their strategy type in order to understand how their enterprise competes:

1. How to improve their position in the industry,
2. What functional strategies to pursue,

3. What type of structure and process to adopt,
4. How to make meaning, ongoing strategic and tactical decisions.

Strategy of the enterprise »BH Pošta« is effective because it is: real (based on the conditions in the environment and the benefits of enterprise), successful (enterprise focuses its limited resources and capacity where there is greatest likelihood of success), and optimal (based on business opportunities and realistic goals). »BH Pošta« selects its own strategy that will meet the goals and capabilities of enterprises.

Strategies determine the organizational structure and culture. Structure and culture follow strategy. It may be also opposite situation that culture determines strategies. Organizational culture has a very strong influence on the process of formulating and implementing strategy. In the phase of formulating the strategy, culture influences significantly on the choice of strategy. In the implementation phase of strategy, culture can be a stimulating factor, or an insurmountable barrier. Cultural assumptions, values and norms shared by employees in the enterprise create a framework in which moves perception and interpretation and conclusion of all in the enterprise as well as those person who carry out the strategic analysis, generation and selection of strategic options. Organizational culture affects the strategy of »BH Pošta« as following:

- Determines the way of »shooting« environment (Environment of enterprise is stable and this implies a minimum effort of shooting environment. Culture determines to enterprise what will seek information, which segment of the environment will be the focus of interest and shooting (politics, technology, market) and the type of information (qualitative or quantitative)).
- Causes a selective perception of events in the environment (Culture as an information filter for business performance).
- Culture directs the interpretation of events in the environment that may affect the performance of »BH Pošta«.
- Culture determines the choice of strategic options (Choice of strategy depends on the values and beliefs of those who make decisions in »BH Pošta«).

4.6.2.2 Influence of size on organizational culture

In terms of influences of size of enterprise in the choice of organizational structure, as the criteria of size usually takes the number of employees in the enterprise. »BH Pošta« as large enterprise is characterized by economies of scale, global orientation, mechanistic structure, inelastic organization and high, deep and complex organization. We could expect a rule, bureaucratic, process culture. However, in our case we explore departments of similar size and subcultures. We have not found the influence of the size. Researched enterprise is more formalized and decentralized in one sector, with horizontal and vertical complexity.

4.6.2.3 Influence of technology on organizational culture

Information technology and its application become increasingly important element in achieving competitiveness and efficient business performance of »BH Pošta«. The amount of investment in IT Sector of »BH Pošta« is more than half of the investment budget, which is quite reasonable, given that their main »products« are information and services. Management of »BH Pošta« understands the need to involve IT in the strategic plan of enterprise and considers investment in IT through the prism of business applications and justification. The enterprise »BH Pošta« has sufficient potential for creative use of information technology in the design of new organizational solutions, and in managing organizational changes for improving their competitiveness. The results in the three researched departments show that there are differences in organizational cultures of departments. They are probably due to the differences in their basic tasks, in their technology.

4.6.2.4 Influence of environment on organizational culture

Environment means the totality of the factors that affect the business performance, which management must respect for making decisions. It constantly creates new opportunities as well as new threats for the enterprise. The basic purpose of the environment analysis is an assessment of environment that should provide to management of »BH Pošta« immediate reacting, thereby increasing the chance of success of the enterprise.

For management of »BH Pošta« the most important influences from economic environment have inflation, interest rates, unemployment rate and demand, and global economic relations, resource constraints, etc. Management of enterprise »BH Pošta« strives to provide continuous and successful business performance within a very complex system of relations between the realization of interests of the enterprises and enterprise environments. Bureaucratic culture is characterized by strategic focus on the internal environment and a consistency orientation for a stable environment.

Considering the relationship between »BH Pošta« and the environment are set two key questions: firstly, how the environment affects the enterprise and secondly, how enterprise responds to environmental influences. In order to respond to environmental influences, enterprise must choose the appropriate strategy or design a new organizational structure. For determining the right strategy is needed highly qualified and extremely capable manager who will manage »BH Pošta« in the best possible way.

4.6.2.5 Summary

Size of the enterprise »BH Pošta« is large with goals and objectives. Technology is routine and tends to develop services whereas the environment is stable. People in »BH Pošta« are

with high needs for security as well as low tolerance to ambiguity, interpersonal skills and talents and should easily adapt to this type of enterprise.

Contingency variables and organizational culture are in the fit, harmony and lead to higher performance. Interviews with the CEOs from each sector and the assessment of contingency variables most indicate the presence of role culture and small outlines of task culture in the enterprise »BH Pošta«. Based on above analysis we can conclude that **business performance is higher if the organizational culture is in line with the contingency variables**, thus confirming hypothesis 3, which states: »Business performance is higher if the organizational culture is in line with contingency variables.«

4.6.3 Subcultures in the enterprise »BH Pošta«

Subcultures are cultural characteristics of different individuals or groups within the enterprise. This aspect is captured in the framework of the hypothesis to identify the subcultures of employees as well as contribution to positive organizational culture in enterprise »BH Pošta«.

Hypothesis 4: »Organizational culture in the enterprise »BH Pošta« consists of more subcultures, which is the basis for successful business performance.«

Organizational subcultures arise in different business functions or sectors, teams, hierarchical levels, professions, physical locations and socio-demographic categories within the enterprise. »BH Pošta« has a dominant organizational culture that contains assumptions, values and beliefs shared by all members of the enterprise, in a smaller or greater extent and more subculture that represent a specific system of assumptions, values, beliefs, norms and symbols shared by a small group of employees. Members of the enterprise can also be members of several subcultures.

In »BH Pošta« by vertical lines we can distinguish subcultures of managers and employees. Values and beliefs of management of enterprises differ significantly from the values and beliefs of other employees. This contributes not only to differences in education, social status or living standards between them, but also various problems with which they meet in their daily work, as well as the different perspectives of looking at business performance.

By horizontal line in »BH Pošta« divisions of work and specialization lead to the differentiation of business functions, such as economic, finance and accounting, research and development, and postal transport. These business functions have different objectives, different work technologies, different profile and level of education of employees, different role in the enterprise, different perspectives of business performance, including even different problems. Based on these differences the various subcultures of business

functions are formed in »BH Pošta«, where can find commercial and research and development subculture. In the commercial subculture are given values of flexibility and rapid response, profit orientation and short-term perspective. The research and development subculture emphasizes the value of technical perfection, technological progress, long-term perspective, etc.

The third line of differentiation subculture that exists in »BH Pošta« is diagonal. Subcultures are differentiated according to different criteria: the profession and education, according to social origin and status, according to nationality, special interests or hobbies, etc. Most often these differences manifest between the subculture of economists and engineers subculture. Engineers are usually service-oriented and often overlook that the enterprise exists to make profits, and not to provide a specific service. Economists are oriented to profit, although sometimes ignored the fact that the profit can be realized only if the enterprise has the technology and services. It is possible to compare the differences between systems of values and beliefs of older and younger employees.

In the enterprise »BH Pošta« are different values and beliefs of employees who live outside the city and are engaged in agricultural production and employees who live in the city and whose only source of income is salary. »BH Pošta« is national mixed enterprise by law where exist subculture by national affiliation. In this enterprise is formed a special group of employees who share an interest in a particular hobby, and on that basis specific subcultures are formed. Some of these subcultures are: the hunters in enterprise, football fans, lovers of cinema and theater, and recreational athletes.

As we can see in »BH Pošta« there are all three direction of subculture. In the enterprise »BH Pošta« there is dominant organizational culture whose settings share all employees, and subcultures, which means that organizational culture corresponds to perspective of differentiation. Enterprises with strong organizational culture that prevents the development of subcultures will become weaker over time in relation to those enterprises that also have strong organizational culture, but allow creation and development of the subcultures. Subcultures make »BH Pošta« more flexible and creative, and thanks to this new quality enterprise is becoming even stronger. Considering that in the enterprise »BH Pošta« there are more subcultures, based on research, we conclude that **hypothesis 4 that states: »Organizational culture in the enterprise »BH Pošta« consists of more subculture, which is the basis for successful business performance« is confirmed.**

CONCLUSION

Organizational culture brings people closer and helps make easier to conduct reconciliation of behaviour and business performance in the workplace. The existence of strong organizational culture is a subtle and sophisticated condition that no doubt contributes to

increasing the efficiency and effectiveness of the enterprise »BH Pošta«. Basically, organizational culture is the personality of the enterprise. Culture is comprised of the assumptions, values, norms and tangible signs (artifacts) of members of enterprise and their behaviours.

The first research hypothesis is meant to understand: »How strong and clear organizational culture leads to business success? Do the employees and the management facilitate creation of strong and clear organizational culture?« Responding on this issue employees express that indicators which are related to promotion, hierarchy and to some extent on decision-making and management have low average ratings or values. In terms of quantitative observations we can see movement towards professional behaviour with regard to high rating of majority of indicators supported by most respondents.

We come to the cognition that research results and qualitative analysis of organizational culture and business performance of enterprise show movement of enterprise toward professional conduct and creation and development of quality standards with respect to the satisfactory assessment of organizational culture and business performance of enterprise which is supported by most respondents. Given that the research results indicate good and satisfactory assessment of the situation we can conclude that the business performance of enterprises as an important factor in the economic process can be achieved with a clear and strong organizational culture.

The second group of question was: »What are the characteristics of role culture and the task culture? Are these cultures the most appropriate for the enterprise »BH Pošta«?« Answering on questionnaire, respondents agree that culture in the enterprise »BH Pošta« is bureaucratic and there are mainly two types of organizational culture. Most of respondents say that in enterprise »BH Pošta« dominate rules and procedures and that each process, each behaviour and relations in the enterprise are standardized. Respondents consider its enterprise as a regulated structure where are valid agreed rules and procedures because »BH Pošta« is public enterprise responsible to the Government. Obviously people seek job security and they want to avoid changes and risk.

Employees are appreciated according to their ability to contribute solving task. The bureaucratic culture is characterized by strategic focus on the internal environment and a consistency orientation for a stable environment. Cultural values include symbols, heroes and ceremonies, formal rules and regulations, the follow of established policies and practices, high level of consistency, conformity and collaboration among members, high integration, efficiency and reliability.

The third question seeks to conclude answer: »What is the perception and view of the managerial personnel on organizational culture and business performance of enterprise?« Perceptions of executives on effectiveness at work, efficiency of work, efficiency in

quality of work, efficiency in costs of work, and utilization of working time are analyzed. A significant aspect of executive's answers includes contingency variables and indicates that size of the organization is usually large with goals and objectives. Technology in the enterprise »BH Pošta« is routine whereas the environment is stable. Emoployees are with high needs for security as well as low tolerance to ambiguity, low intelligence and interpersonal skills. They can easily adapt to this type of enterprise.

We conclude that contingency variables and organizational culture are in the fit, harmony and lead to higher performance. Interviews with the CEOs from each sector and the assessment of contingency variables most indicate the presence of role culture and small outlines of task culture in the enterprise »BH Pošta«. After analyzing the responses of executives we are sure that in enterprise »BH Pošta« business performance is higher if the organizational culture is in line with the contingency variables.

The last question pertains to: »How many subcultures exist in »BH Pošta« and whether the subcultures are the basis for successful performance?« »BH Pošta« has a dominant organizational culture that contains assumptions, values and beliefs shared by all members of the enterprise and more subcultures that represent a specific system of assumptions, values, beliefs, norms and symbols shared by a small group of employees. Subcultures represent alternative values and view of the reality that at some point can be needed to the enterprise and to be essential for its survival. »BH Pošta« is certainly the enterprise with strong organizational culture. This implies that enterprise does not prevent the development of subcultures. If the »BH Pošta« prevents the development of subculture, enterprise becomes weaker over time compared to those enterprises that also have strong organizational culture, but allow creation and development of the subcultures. Subcultures make »BH Pošta« more flexible and creative, and thanks to this new quality enterprise becomes even stronger.

Key role in impact on organizational culture has management of »BH Pošta«. They have a strong will, desire and ability to establish cultural foundations in the enterprise and implement the necessary operational actions. Their organizational culture supports the mission and vision of the strategic objectives and the needs of the enterprise. Only in this way, the organizational culture can contribute to efficiency – which is the general goal of each organization including »BH Pošta«.

In conclusion, we think that »BH Pošta« must be able to respond to a highly competitive environment and to become market oriented, profitable company. There are the numerous challenges from the environment:

- entry of »new players« on the market;
- strengthening of existing competitors;
- increased use of IT in the purchasing process (e-business);

- increased consumer demands;
- changes in consumer behaviour and their preferences;
- growth expectations of market for development of new, innovative products/services;

Organizational culture should be designed to create additional competitive advantage and to increase efficiency.

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APPENDIXES

LIST OF APPENDIXES

Appendix 1. Organizational structure of »BH Pošta«

Table 1. Organizational structure of »BH Pošta«

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┌──────────────────┐              ┌──────────────────┐
│     Assembly     │──────────────│  Board of Audit  │
└──────────────────┘              └──────────────────┘
         │                                 │
┌──────────────────┐              ┌──────────────────┐
│   Supervisory    │              │  Department of   │
│      Board       │              │  Internal Audit  │
└──────────────────┘              └──────────────────┘
```

Management of the company	Departments of the Company Management
General Manager	Department of Internal Control
	Department of Internal Protection
Sector for Postal Transport — Sector for Development and IS — Sector for Economic & Financial Affairs	Department for Legal, human resource and general affairs
	Department for Marketing
	Department for Affairs of insurance

Main Post Office Center Sarajevo	Post Offices
	Bihać · Goražde · Mostar · Sarajevo · Travnik · Zenica · Tuzla

1

Appendix 2. Financial indicators of »BH Pošta«

Table 2. Balance sheet in December 31, 2010

(IN BAM)

	31.12.2010	31.12.2009
ACTIVE CAPITAL		
Long-term property	**257,930.471**	**247,749.721**
Intangible property	1,168.584	483.780
Tangible property	143,656,640	138,852.989
Financial measures	113,105.247	108,412.952
Short-term property	**24,823.728**	**34,097.359**
Stocks	3,327.081	3,352.999
Accounts receivable	7,064.315	7,387.858
Other short-term receivables	750.849	1,211.839
Short-term loans	54.117	3.589
Short-term accrued income	0	0
Money in a bank and counter	13,627.366	22,141.074
Prepaid expenses and accrued income	**2,485.568**	**2,113.785**
TOTAL ACTIVE CAPITAL	**285,239.767**	**285,960.865**
LIABILITY		
Capital and reserve assets	**272,143.213**	**270,830.034**
Registered capital	245,579.086	245,579.086
Other reserve assets	8,049.969	7,518.854
Accrued profit	17,100.979	16,669.864
Current year profit	1,413.179	1,062.230
Long-term provisions	**1,937.865**	**1,306.913**
Long-term provisions and accrued income	1,937.865	1,306.913
Short-term provisions	**9,184.295**	**9,903.445**
Other suppliers	1,179.978	2,232.854
Other provisions	8,004.317	7,670.591
Short-term provisions and accrued income	**1,974.394**	**1,920.473**
TOTAL LIABILITY	**285,239.767**	**283,960.865**

Source: BH Pošta, *Annual Report 2010*, 2011, p. 27.

Table 3. Income sheet for the period January 1 to December 31, 2010

(Written in BAM)

	2010	2009
Business income	**80,775.313**	**79,490.798**
Service incomes	80,167.705	78,918.421
Income from the goods sold	607.608	572.377
Business expenditures	**(86,238.947)**	**(83,970.841)**
Expenditure of the goods sold	(100.683)	(95.696)
Stock value balance	(7.013)	(26.110)
Material, energy and service costs	(4,776.098)	(4,361.856)
Employee expenditures	(62,718.109)	(61,675.914)
Amortization of intangible and tangible property	(6,071.976)	(5,820.531)
Other tangible and intangible expenditures	(12,565.068)	(11,990.734)
Results of business activities	**(5,463.634)**	**(4,480.043)**
Financial income	8,475.879	7,286.087
Financial expenditure	(2,870.545)	(2,767.322)
Results of financial activities	**5,605.334**	**4,518.765**
Other incomes	2,529.283	2,140.387
Other expenditures	(797.456)	(706.145)
Results from another activities	**1,731.827**	**1,434.242**
Results of current year	**1,873.527**	**1,472.964**
Tax income for current year	460.348	410.734
NET PROFIT	**1,413.179**	**1,062.230**

Source: BH Pošta, *Annual Report 2010*, 2011, p. 32.

In 2010 the enterprise gained gross profit of 1,873.527 BAM, which is, compared to the result of the previous business year, increase of 400.563 BAM, i.e. 27.2%.

Figure 1. Business success of the enterprise

The structure of total activity
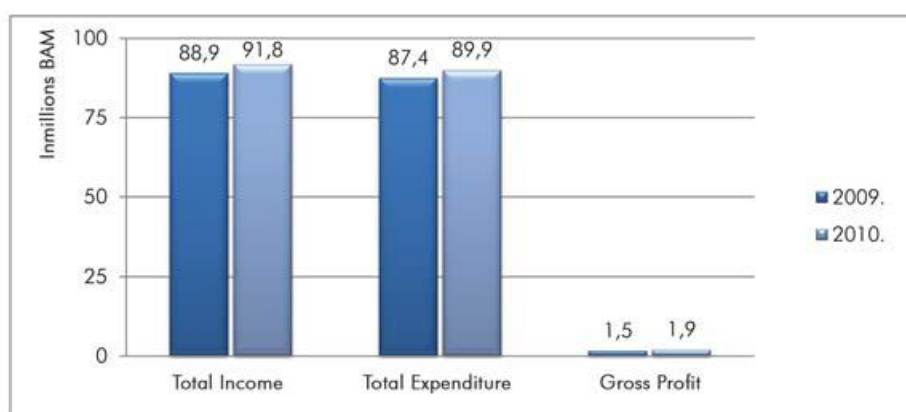
Source: BH Pošta, *Annual Report 2010*, 2011, p. 33.

Table 4. Survey of business success indicators

No.	Indicators	Units	Realized		Changes	
			2009	2010	Amount	Percentage
1	*2*	*3*	*4*	*5*	*6 (5-4)*	*7 (6/4)*100*
1.	Number of services per employee	pieces.	24.469	24.614	145	0,6
2.	Total income per employee	BAM	37.567	38.583	1.016	2,7
3.	Cost-effectiveness	kf	1,017	1,021	0,004	0,4
4.	Profit margin	%	1,657	2,041	0,385	23,2
5.	EBITDA	BAM	7,357.192	7,952.084	594.892	8,1

Source: BH Pošta, *Annual Report 2010*, 2011, p. 33.

The total income in 2010 is 91,780.476 KM, which is 2,863.204 KM, i.e. 3.2% increase compared to the previous year.

The total expenditure in 2010 was 89,906.949 KM, which is 2,462.641 KM, i.e. 2.8%, more compared to the previous year.

4

Appendix 3. Questionnaire

QUESTIONNAIRE ON »THE INFLUENCE OF ORGANIZATIONAL CULTURE ON BUSINESS PERFORMANCE OF ENTERPRISE«

Dear Respondents,

The objectives of this survey refer to your opinion on the effectiveness and behaviour in performing the jobs of your environment where you work and the importance and type of organizational culture in your enterprise, for the purposes of empirical research of the master thesis. I am writing Master Thesis within the Master studies »Economics and Management of the public sector and the environment«, organized by Faculty of Economics in Sarajevo, in cooperation with the Faculty of Economics in Ljubljana. The questionnaire consists of three parts.

Please read carefully the questions and answers.

In the first part of the questionnaire, please circle only one answer that best suits to you, except for question 1 where you should write an answer and for question 7, where you can choose more than one answers.

Please answer honestly each question.

The survey is anonymous - thank you for your cooperation!

Sarajevo, May of 2012.

Adin Šendro

FIRST PART: PROFILE OF RESPONDENTS

1. **In which organizational unit / department in your company you are employed?**
   _____

2. **At which position you are employed?**
   a) Top management
   b) Head of service
   c) Head of Department
   d) Employee

3. **Sex:**
   a) Male
   b) Female

4. **Age profile:**
   a) 18 – 30
   b) 31 – 40
   c) 41 – 50
   d) 51 – 60
   e) More than 61

5. **Education:**
   a) Doctoral degree (PhD)
   b) Post-graduate degree (MA/MSc)
   c) Under-graduate degree (BA/BS)
   d) Higher school degree
   e) Secondary education
   f) Other

6. Work experience:
a) 0 – 5 years
b) 5 – 10 years
c) 10 – 20 years
d) 21 – 30 years
e) 31 – 40 years

7. Do you speak foreign languages actively?
a) Yes, English
b) Yes, French
c) Yes, German
d) Yes, other _____
e) Partially I use foreign languages
f) I do not speak foreign languages

SECOND PART: ORGANIZATIONAL CULTURE

Circle only one answer that best suits to you, except for question 3, where you can choose more words that correspond to you or seems acceptable to you.

1. Do you use a computer?
a) Yes, I can use a computer
b) No, I can't use a computer
c) Partially I use a computer
d) I do not have possibility to use a computer in the workplace
e) Computer is not available in my workplace

2. Do you clear the scope of competence in performing the duties and tasks of your workplace?
a) I perform jobs and tasks fully and independently
b) Partially I rely on other officers
c) I rely on a superior officer
d) I don't solve the problems and tasks independently
e) It is not always clear to me what I should do

3. Which of ten words you can use to describe your organization (department)?
a) Employees work creatively
b) Superiors are expert
c) Centralized
d) Decentralized
e) Strict hierarchy
f) Clear jobs
g) No change
h) There are prescribed procedures
i) Superiors require way of working
j) Employees are creative

4. What do you consider really important in your organization (department)?
a) That I can independently do my job
b) That superiors are professionals and have their attitude
c) That I can always learn how to work in a better way
d) That superiors are fair
e) That my superiors always are available

5. Do you believe that there is a need for professional training in your work environment?
a) Yes, there is
b) No need, everything is clear
c) Nobody follows the training needs
d) No motivation for training

e) Training is not important

6. Is it developed some form of internal control in your work environment?
a) Documents management
b) Relationship with customers
c) Procedure of public procurement
d) Respect for deadlines
e) No internal control

7. According to you, what can be the reasons for introduction of internal control?
a) Respect for legal obligations
b) Better organization
c) Prevention of corruption
d) Prevention of inappropriate behaviour among employees
e) Prevention of inappropriate behaviour among users

8. People who promote in your organization (department)?
a) Experts and capable
b) Advisors
c) Expert assistants
d) Superiors
e) Incompetent and loyal

9. Who are well-positioned persons in your organization?
a) Respect the rules and correctly perform the job
b) Competent and efficient
c) Cooperative, responsible and caring
d) Express loyalty to supervisor
e) They know how to use power and politics for their own progress

10. What characterizes the decision-making process in your organization (department)?
a) Decision making by the people (executives) involved in solving tasks
b) Respect for formal procedures and rules
c) Consensus as a method of decision-making process
d) Directives and regulations from the top of hierarchy
e) It is not clear who decides and who is responsible

11. Do you have the opportunity to work in a team?
a) Yes, in my work environment we support expertise and good relations
b) Sometimes I want to work in teams to solve some complex tasks
c) There is no need to work in a team
d) I'm not interested in working in a team
e) Nobody understands what they should work in a team

12. Employees receive obligations and tasks on the basis of:
a) Needs and plans of the organization (department)
b) Harmonization of the workplace and their own abilities
c) Personal judgment, beliefs and desires of superiors
d) Priorities and interests for personal advancement
e) They devise their own tasks

13. According to your opinion whether is given sufficient attention to communication with customers in your environment?
a) Yes, a kind of tasks refers me to communication, I try to be at the service of informing the user in a given period
b) It is not organized office hours to operate with users and they can not obtain the necessary information
c) I do not pay enough attention to users because I have too many duties and tasks
d) The information provides only superior person and is not always available

e) Users are not particularly important

14. Have you reached expected promotion in the last 5 years?

a) Yes, I have promotion opportunity according to the law and rules
b) Only a superior officer gives support to the expertise and supports progress
c) No promotion opportunities
d) There are only a warning and punishment
e) I do not expect anything

15. Managers and superiors in your organization (department) are?
a) Strong personality and decisive
b) Strict but fair
c) Full of support, responsibility and interest in the problems and needs of their subordinates
d) Cold but polite and they avoid authority
e) Unprofessional and incompetent

16. What are the causes of corruption in general?
a) Poor implementation of laws
b) No transparency
c) Impossibility to progress
d) Low income
e) The lack of internal control

17. Your organization refers to the environment and users as:
a) System with the regulations and procedures where must be respected rules
b) Quality competition in which performance is important
c) Harmonious rating in which the common interest is the most important
d) Authoritarian and alienated
e) Jungle in which all compete for survival

18. What should learn the new employees in your organization (department)?
a) What resources are available for performing work to take initiative and use their knowledge and skills
b) Formal rules and procedures and to adhere it
c) How to cooperate and be cooperative and to develop good interpersonal relationships
d) Who really controls work and who can help
e) Norms and unwritten rules to follow and you should not touch

19. Do you feel safe in the workplace?
a) My security depends on my ability
b) Department gives security
c) Unsafe due to political changes
d) My security depends on the will of a superior officer
e) Generally I do not feel the security

20. What are the possibilities of improving the efficiency of your work environment according to you?
a) Stimulation of the superiors and rewarding toward performance
b) Creating better work conditions involving IT
c) Better defining the jobs, tasks and responsibilities
d) Additional education for officers
e) Development of cooperation among the team officers

THIRD PART: THE TEST FOR DIAGNOSING THE TYPE OF ORGANIZATIONAL CULTURE

Circle only one offered answer that best corresponds to you.

1. **In my enterprise is considered that good manager is one who is:**
   a) Strong, decisive and firm but fair. He protects his subordinates who are loyal and he is attentive to them;
   b) Impersonal and fair. He asks from subordinates only what is prescribed and he does not use power for his personal benefit;
   c) Fair and he accepts the business advice. He only uses its authority to provide performing the work;
   d) Takes into account the needs and values of others. He uses his position to meet the needs of employees;

2. **In my enterprise is considered that good subordinate is one who is:**
   a) Obedient, valuable and loyal to his manager;
   b) Responsible and reliable, strictly performs its prescribed duties;
   c) Always is willing to contribute to the best way to complete a task and he is open to ideas and suggestions;
   d) Vitally interested in developing their own skills and learning new things;

3. **In my enterprise a good employee gives priority to:**
   a) The requirements of superiors;
   b) Prescribed responsibilities and duties that implies his workplace or positions in the enterprise;
   c) The requirements of task that needs to be done;
   d) Their personal needs and the needs of his colleagues;

4. **People who are successful in my enterprise are:**
   a) Sharp and competitive oriented;
   b) Conscientious and responsible, with a strong sense of loyalty to the organization;
   c) Efficient and competent, dedicated to the task which is given to them;
   d) Competent in interpersonal relationships, dedicated to satisfying the needs of people around them;

5. **In my enterprise time and energy of employees are treated as something that:**
   a) Management of enterprise has at disposal;
   b) Is precisely stipulated in the contract;
   c) Should be devoted exclusively solving tasks;
   d) Should be left to each individual to freely dispose;

6. **In my enterprise employees are usually controlled by:**
   a) Rewards and punishments;
   b) Rules, procedures and standards in performing the job;
   c) Requirements imposed by the task that need to be performed;
   d) Internal satisfaction that people feel performing their job;

7. **In my enterprise one person can control another if:**
   a) Is at a higher hierarchical position and has a higher authority;
   b) His position is such that he needs to control another person;
   c) Has more knowledge and skills to perform the work;
   d) Can help to satisfy some of their needs;

8. **In my enterprise tasks gives one who:**
   a) Has the power and authority that people listen to him;
   b) Is determined to give tasks by division of work and responsibilities in a system;
   c) Has the skills and knowledge to perform a job or solve a problem;
   d) Wants and has a tendency to command;

9. **In my enterprise job is performed because:**
   a) Of wish for a reward if job is performed, or fear of punishment if job is not performed;

b) Of respect of work commitments in hiring and loyalty to the organization;
c) Of satisfaction when job is successfully performed;
d) Of work satisfaction;

10. In my enterprise people work together in teams when:
a) Those who have a higher authority require of them;
b) It is provided of the organizational structure and systems of work;
c) It is necessary to perform the job;
d) Cooperation is mutually stimulating, challenging and fun;

11. The purpose of the competition is:
a) To achieve personal power and prestige in the enterprise;
b) To achieve promotion in the enterprise;
c) To increase the skills and knowledge to perform the job;
d) To draw attention to their own needs and wishes;

12. In my enterprise conflicts are:
a) Controlled by management;
b) Prevented by strict compliance to rules, procedures and responsibilities;
c) Resolved through discussion on the requirements of jobs and tasks;
d) Resolved through open and deep discussion of interests and needs of employees;

13. In my enterprise decisions makes:
a) Person who has the greatest influence in a given situation;
b) Person whose formal authority is to make decisions in a given situation;
c) Person with the most knowledge and skills in a given situation;
d) Person who is most interested and person who will have the greatest impact on decision;

14. In my enterprise in the structure of commanding:
a) Commands go from the top down so that person in a higher position commands everyone that are in a position below;
b) Commands go from the top down following the functional division of work. The authority that someone has is limited by his job and position in the organization;
c) Commands a person who is responsible to solve the task. His authority applies to all who can contribute to the performance of the task, regardless of formal position;
d) Commanding is focused on individual needs and interests;

15. In my enterprise the market is treated as:
a) Competitive jungle in which everyone is against everyone; exploited is the one who does not exploit another;
b) Structured and rational system in which competition is limited by law;
c) Complex and imperfect system that can be enhanced by activity of the enterprise;
d) Complex system of potential opportunities and threats;

Appendix 4. Open-ended questionnaire

BUSINESS PERFORMANCE ASSESSMENT
I.   What are the performances of the enterprise?
II.   What is the culture of the enterprise?
III.   How culture affects the performance of the enterprise?
IV.   The influence of organizational culture on the strategy of the enterprise?
V.   How to measure results? What implies positive business result?

Effectiveness at work

- The objective of the enterprise is clearly defined. Does every member have clear role in the enterprise?
- Communication within the enterprise is effective
- Management of the enterprise is efficient and adequately perform the tasks
- All members provide maximum in the work
- Employees who perform their job well are recognized and rewarded
- Incomes are at a satisfactory level

Efficiency of work

- Members of enterprise are encouraged to try new methods of work
- Employees of the department are involved from the beginning in new projects related to its services
- All employees are encouraged to develop their professional skills and personal level. Initiatives for personal development are rewarded
- Problems related to job/customers are quickly discovered and resolved
- Problem solving is perceived as a learning and development of employees
- Members of enterprise often propose and readily accept innovations in work
- Superiors understand the employees and they often communicate

Efficiency in the quality of work

- Employees of the enterprise are familiar with the needs of their clients
- Standards of work are clearly defined within the team and regularly are monitored
- Feedback on the monitoring the team performance are received regularly
- Employees adhere to organizational standards for resolving customer complaints. Complaints are regularly reviewed, and the messages are systematically applied in future work
- Work meetings are efficient and well organized. They begin and end at the expected time, and all participants are active.
- All team members are appropriately trained and competent to perform their job professionally
- Superiors provide sufficient information that employees can easily perform their job

Efficiency in the costs of work

- Employees of the department optimally use the space and equipment of the organization
- Unnecessary costs are minimized
- Organization defines success on the basis of efficiency. Production/provision of services based on low costs is primary

Utilization of working hours

- Employees have a quite safe job
- Physical conditions in the workplace favorably affect the work
- Employees come to work just in time
- Overtime hours are counted and are paid
- Average working hours in workplace is 8 hours and it is enough time to successfully perform the job
- Possibility of holidays each year