

1 Article

## 2 **Stability and Flexibility of the Organizational Culture** 3 **after the Transition of Economy – The Case of Serbia**

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12 **Abstract:** The main goal of this paper is to address how quickly and to what extent are international  
13 organizational cultures, brought by the world companies after the process of privatization, being  
14 implemented in a single monolithic culture. For this purpose was adopted and applied Denison  
15 model of organizational culture, which has been chosen because it emphasizes the need for balance  
16 between requirements for organization's stability demands and its required flexibility. Considering  
17 that a different organizational culture reflects systematic change of an entire organization, this  
18 paper focuses on exploring the differences in culture dimensions among companies in domestic  
19 and foreign ownership in Serbia. A sample of 1000 employees was statistically processed. Changes  
20 in organizational culture tend to be relatively slow. The results confirm that organizational culture  
21 is a complex working environment, concerning organizational values, which represents a  
22 fundamental element of organizations. Given that the process of company ownership changes  
23 occurred fifteen years prior to the research implementation, obtained results show effects of  
24 interaction between national and organizational culture in this, relatively short, period of time.  
25 Obtained results can be generalized to countries that are passing or have recently passed a  
26 transition, and are similar in cultural characteristics.

27 **Keywords:** organizational culture; mission; consistency; involvement; adaptability

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### 29 1. Introduction

30 Modern age is characterized by new economic paradigms, information technologies,  
31 competition in price and transport speed, demands for expanded range of services of a  
32 „post-industrial“ society, privatization of companies and development of state regulations, global  
33 market, new social movements (feminism, accelerated migration, social networks). All of the above  
34 affects the organizational culture of modern industrial systems.

35 Organisational challenges are related to the turbulent complex environment and the  
36 ever-changing world, which makes predictions difficult [1] (p. 73 ). Most managers and employees  
37 nowadays work in a climate that can be best described as "temporary". The challenge in establishing  
38 appropriate organizational culture in terms of permanent and faster changes is reflected in finding  
39 the balance between demands for organization consistency and its adaptability to changes. In order  
40 to succeed in the long run modern organization has to be proactive to change and to adapt quickly to  
41 what the future holds and that makes flexibility the most desirable global trait of today. Successful  
42 organizations use more ideal forms of organizational structures and processes that enable them to  
43 become organizationally more flexible and adaptable and to generate amazing products and  
44 services. That enables them to keep more proactive control of their future, rather than to wait and  
45 react to changes in their market [2] (p. 139). However, we cannot ignore the fact that it is equally  
46 important for an organization to develop elements that allow stability. Stable organizations with a

47 high degree of unity are more likely to survive in times of crisis. Realization of flexibility while  
48 maintaining the stability is the organizational culture formula, which is believed to bring prosperity  
49 and sustainability to organizations in the long term. Because of these desirable characteristics of  
50 modern organizations, we choose Denison organizational culture model, based on four traits of  
51 organizational cultures; involvement, consistency, adaptability, and mission [3] (p. 204). Mission and  
52 consistency in work contribute to stability, while the involvement and adaptability bring desired  
53 flexibility to organizations. Numerous studies have tested Denison organizational culture model in a  
54 specific pattern. Thus, for example, Kokina and Ostrovska [4] in their research on a sample of 63  
55 employees working in the X region Council, involved in the survey find that all factors, which  
56 Denison offers as external and internal factors affecting organizational culture, are important for the  
57 work of region municipality and essentially affect its efficiency.

58 Because of its proven effect on business, organizational culture has become significantly  
59 represented in the hierarchical structure of problems with companies' organization.

60 Organizational culture in enterprises in Serbia has long been exclusively influenced by  
61 factors of national culture. During the last fifteen years, as a result of transition and accelerated  
62 privatization, there has been a sudden influx and influence of other national cultures.

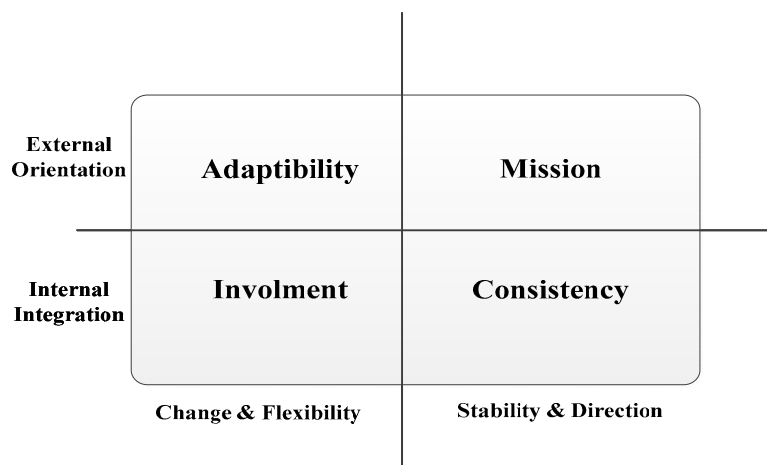
63 Companies in transition economies are faced with far greater challenge because drastic  
64 changes in an organization's external environment require major changes in its internal  
65 organizational structure. Johns (2006) [5] (p. 242) states explicitly that 'national culture constrains  
66 variation in organizational cultures'.

67 For companies in Serbia, the situation has become complicated by the process of economic,  
68 political and social long lasting transitions that set requirements to organizations to increase  
69 effectiveness and efficiency. The resulting changes in the functioning of economic systems require a  
70 comprehensive change of organizational culture and this work is an account of those changes and  
71 attempts to measure Denison model and the differences that exist among the workers in Serbia  
72 depending on whether they are employed in domestic or foreign company.

## 73 2. Factors of organizational culture according to Denison model

74 Figure 1 organizes these four traits into a framework designed to acknowledge two contrasts:  
75 the contrast between internal integration and external adaptation and the contrast between change  
76 and stability. For example, involvement and consistency have as their focus the dynamics of internal  
77 integration, while mission and adaptability address the dynamics of external adaptation. This focus  
78 is consistent with Schein's [6] (p. 111) observation that culture is developed as an organization learns  
79 to cope with the dual problems of external adaptation and internal integration. In addition,  
80 involvement and adaptability describe traits related to an organization's capacity to change, while  
81 consistency and mission are more likely to contribute to the organization's capacity to remain stable  
82 and predictable over time.

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Figure 1 Theoretical Model of Culture Traits

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Source: Authors

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The mission differentiates a company in relation to its competitors, fuelling a system of values and beliefs that brings business success and competitive advantage to an organization. According to Denison model, mission means defining a meaningful long-term direction for an organization. The indices of the Mission Trait are: strategic direction and intent, goals and objectives and vision [7] (p.2-14).

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High performing organizations have the mission that tells employees why they do the work they do, and how the work they do each day contributes to the organizations goals. Smith et al. (2003) in their work emphasize studies that show that, after formulating and presenting the views of the mission, realization of goals has been increased by 50% [8] (p. 327). A clear planning and vision, i.e., shared picture, which is accepted by every employee in the implementation of change is crucial in this process otherwise financial and individual consequences of the expansion will be disastrous (Belasco 1990) [9] (p.404). Unfortunately, the research shows that nearly 40% of employees don't know, or don't understand, the mission of their companies [10] (p.96).

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Another important factor that brings stability to an organization is consistency in its work. Although the flexibility and speed of work have been considered as the sources of competitive advantage in a dynamic environment, research development strategies see consistency (instead of aggression or full speed) as the necessary condition for the survival of a company (e.g. Barnett & Hansen 1996; Sheth and Sisodia 2002) [11] (p. 2). According to Denison model, consistency means defining values and systems that are the basis of a strong culture. The indices of consistency trait are: coordination and integration, agreement and core values [7] (p. 2-10). By using established business practices, a company develops efficient processes and routines that support its long-term goals and strategies through knowledge which remain in the organization, regardless of the individual's departure. Also, sharing core values and expectations among employees will facilitate resolution of disputes and other efforts in the functioning of an organization. Since conflict can prevent you from giving your best, work in accordance with your values can be a strong source of strength and motivation [12] (p. 295).

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Aspects of employee involvement, in accordance with Denison model, have been seen through empowerment, personal development and team orientation. Effective organizations empower their people, build organizations as teams and develop human resources at all levels [13] (p. 100).

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Those individuals, who receive higher levels of inducements from their organization, are likely to be more strongly committed to change than those who receive lower levels for two reasons. First, the experience of receiving abundant inducements from the work context will help employees

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121 to bounce back from stressors and thus to feel positive emotions during change. As a result, they will  
122 be more willing to invest their resources in committing to the success of the change [14] (p. 730).

123 Employee involvement, centered on building employee capabilities and empowering  
124 people to act in accordance with those capabilities, is a powerful element of culture that has strong  
125 relationships with financial growth in this context [15] (p. 21).

126 Adaptive companies are considered to be those which continuously monitor their  
127 environment (customers and competitors), respond quickly to current trends and requirements and  
128 anticipate future developments on the market, which enables them to be successful and to have a  
129 more proactive control over the future. According to Denison model, adaptability means translating  
130 the demands of the business environment into action. The indices of the adaptability trait are:  
131 creating change, customer focus and organizational learning [7] (p. 2-12). Similarly, Ramon and  
132 Koller [16] (p. 843) explain organizational adaptive capability " as a dynamic process of continuous  
133 learning, which permits an increase in firm innovation, leading to the potential for the company to  
134 create the change through innovation".

### 135 3. Results

#### 136 3.1. Methodological hypothetical framework

137 In order to present the state of organizational culture in Serbia, we have conducted a  
138 research according to Denison questionnaire [7]. The survey was conducted by technique of written  
139 interviewing. A questionnaire in the form of scale of Likert type for measuring statements (1–  
140 completely disagree, 2– partly disagree, 3– neither agree nor disagree, 4– partly agree, 5– completely  
141 agree), constructed according to Denison model [7], was used for data collection.

142 The survey was conducted in direct contact with respondents as well as via social network  
143 Facebook. Data were collected throughout 2015. The data were analysed and interpreted using  
144 programs IBM SPSS Statistics 21 and EXCEL (MS Office). In doing so, we described data in a  
145 descriptive manner, and to determine differences in the implementation of Denison model  
146 dimension for domestic and foreign companies, we used the t-test for independent samples.

147 The survey started from the basic research hypotheses:

148 H1. There are differences in the organizational culture of enterprises in Serbia in relation to  
149 the ownership factor, in terms of whether they are domestic or foreign-owned.

#### 150 3.2. Research sample

151 The study included 1000 respondents employed in domestic and foreign companies in 29  
152 cities in Serbia. Sample description is given in tables 1 and 2.

153 **Table 1.** Description of the personal characteristics of the sample

Personal characteristics	Categorization of characteristics	Frequency	Percentage
Gender	Male	520	52
	Female	460	46
	Missing	20	2
Age	18–30	340	34
	31–40	380	38
	41–50	190	19
	41–60	80	8
	Over 60	10	1
Level of education	High school / highly skilled workers	420	42
	College	270	27
	Faculty	200	20

	Master	90	9
	PhD	20	2
	to 5	350	35
Years of service	6–15	390	39
	16–25	160	16
	26–35	90	9
	over 35	10	1
	Worker	640	64
Work position	Low-level manager	190	19
	Middle-level manager	90	9
	Top-level manager	80	8

154 **Table 2.** Description of the respondents' companies

	Characteristics of companies	Frequency	Percentage
Company size	Micro	200	20
	Small	171	17.1
	Medium	338	33.8
	Large	291	29.1
	Services	204	20.4
Company activity	Public administration and mandatory social security	178	17.8
	Production	140	14
	Education	116	11.6
	Finance and insurance	84	8.4
	Transportation and storage	66	6.6
	Lodging and meals	47	4.7
	Health and social care	43	4.3
	Information and communication	39	3.9
	Administrative and support service activities	36	3.6
	Professional, scientific and technical activities	26	2.6
	Arts, entertainment and recreation	19	1.9
	Real estate services	2	0.2
	Company ownership	Domestic	860
Foreign		140	14
Ownership structure	Private	520	52
	State-owned	440	44
	Public	40	4

155 *3.3. The results of research*

156 *3.3.1. Mission*

157 In order to measure awareness of employees about the mission, the following statements  
158 were observed:

- 159 • There is a long-term purpose of the company existence as well as its development direction  
160 • Our strategy leads other organizations to change the way they compete in the industry  
161 • There is a clear mission that gives meaning and direction to our work  
162 • There is a clear strategy for the future  
163 • Our strategic direction is clear to me  
164 • Leaders set goals that are ambitious, but realistic

- 165 • There is widespread agreement about goals  
 166 • The leadership has "gone on record" about the objectives we are trying to meet  
 167 • We continuously track our progress against our stated goals  
 168 • People understand what needs to be done for us to succeed in the long run  
 169 • We have a common vision of what the organization will be like in the future  
 170 • Short-term thinking seldom compromises our long-term vision  
 171 • Leaders have a long-term thinking  
 172 • Our vision creates excitement and motivation for our employees  
 173 • We are able to meet short-term demands without compromising our long-term vision

174 Mean values for compliance with individual positions are given in the Table 3, in which  
 175 the meaning of the Levene's scale values are: 1- completely disagree, 2- partly disagree, 3- neither  
 176 agree nor disagree, 4- partly agree, 5- completely agree.

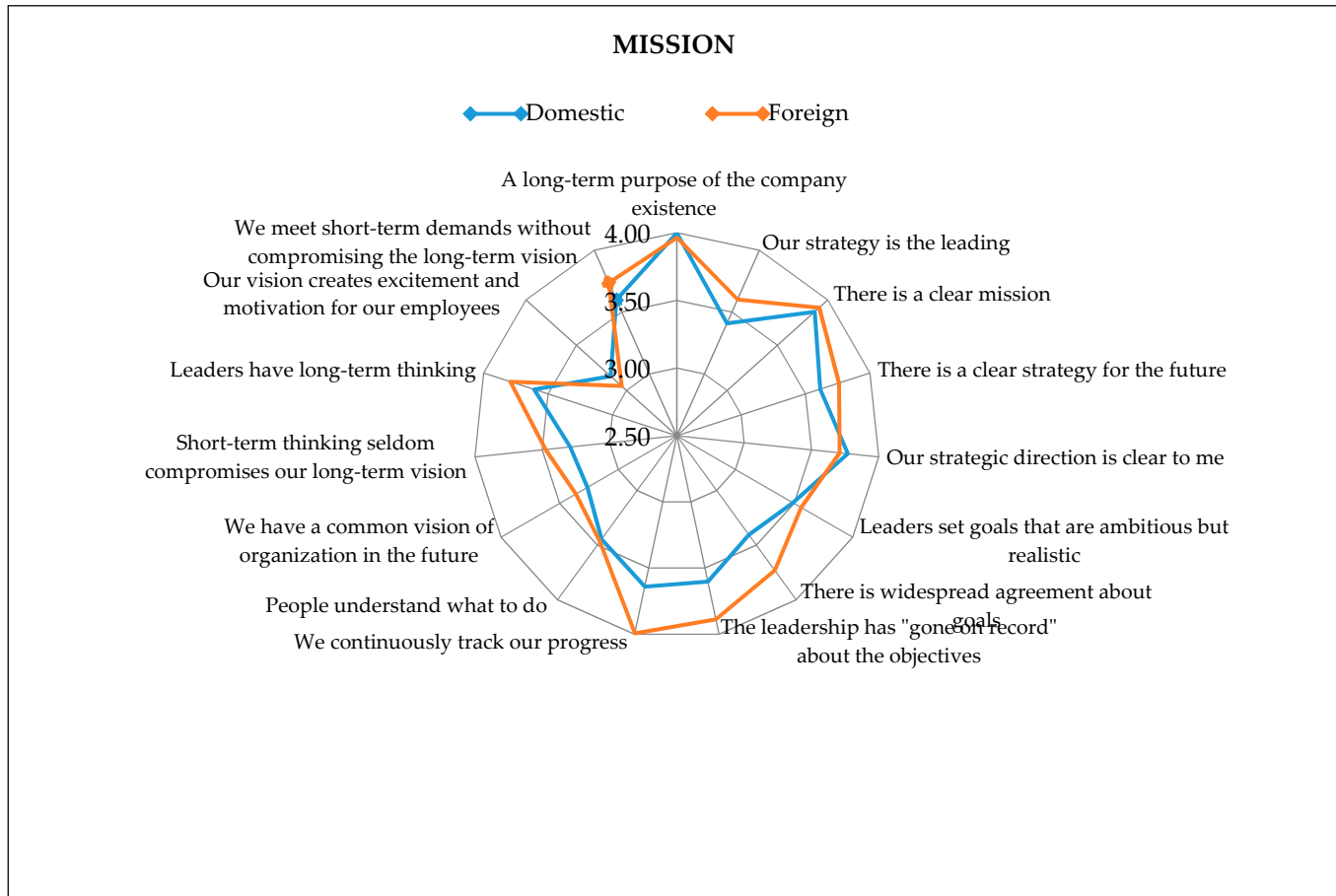
177 **Table 3.** Statements about the mission in domestic and foreign companies

<b>Statement</b>		<b>N</b>	<b>Mean</b>	<b>Std. Deviation</b>
There is a long-term purpose of the company existence as well as its development direction	Domestic	859	4,00	1,030
	Foreign	141	3,96	1,174
Our strategy is the lead and other organizations are trying to follow us	Domestic	859	3,41	1,154
	Foreign	141	3,60	1,139
There is a clear mission that gives meaning and direction to our work	Domestic	859	3,87	1,119
	Foreign	141	3,91	1,222
There is a clear strategy for the future	Domestic	859	3,61	1,180
	Foreign	141	3,76	1,378
Our strategic direction is clear to me	Domestic	859	3,77	1,211
	Foreign	141	3,71	1,290
Leaders set goals that are ambitious but realistic	Domestic	859	3,49	1,225
	Foreign	141	3,56	1,284
There is widespread agreement about goals	Domestic	859	3,40	1,190
	Foreign	141	3,73	1,041
The leadership has "gone on record" about the objectives we are trying to meet	Domestic	859	3,60	1,255
	Foreign	141	3,89	1,172
We continuously track our progress against our stated goals	Domestic	859	3,64	1,165
	Foreign	141	3,99	1,092
People understand what to do in the company to succeed in the long run	Domestic	859	3,45	1,145
	Foreign	141	3,47	1,187
We have a common vision of what the organization will be like in the future	Domestic	859	3,26	1,261
	Foreign	141	3,36	1,203
Short-term thinking seldom compromises our long-term vision	Domestic	859	3,29	1,119
	Foreign	141	3,48	1,318
Leaders have long-term thinking	Domestic	859	3,61	1,334
	Foreign	141	3,79	1,242
Our vision creates excitement and motivation for our employees	Domestic	859	3,16	1,244
	Foreign	141	3,05	1,107
We are able to meet short-term demands without compromising the long-term vision	Domestic	859	3,60	,997
	Foreign	141	3,74	1,119

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180 The results shown in the Table 3 and Figure 2 show that the average value complies with  
 181 certain aspects relating to the mission, between 3– neither agree nor disagree, 4– partly agree.  
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183  
 184 **Figure 2.** Differences in perceptions of mission in domestic and in foreign-owned companies

185 The least mean values consistent with the statements of the mission are shown in the Table  
 186 4, it can be observed that the statement towards a vision, as a motivator for employees, is largely  
 187 indifferent both in companies in domestic and foreign ownership.

188 **Table 4.** The least mean values-mission

Statement	Domestic	Foreign
Our vision creates excitement and motivation for our employees	3,16	3,05
We have a common vision of what the organization will be like in the future	3,26	3,36
Short-term thinking seldom compromises our long-term vision	3,29	3,48

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 190 The highest average compliance has been reported in connection with the positions shown  
 191 in the Table 5. The highest level of agreement, partly agree, is shown for the following statement,  
 192 "There is a long-term purpose of the company existence as well as its development direction."

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195 **Table 5.** The highest average compliance- mission

Statement	Domestic	Foreign
There is a long-term purpose of the company existence as well as its development direction	4	3,96
There is a clear mission that gives meaning and direction to our work	3,87	3,91
Our strategic direction is clear to me	3,77	3,71

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197 Independent Samples t-test has been applied to ratings on compliance with paragraphs  
 198 related to the mission of companies owned by domestic owners as well as of those owned by  
 199 individuals.

200 **Table 6.** Mission-Independent Samples Test

		Levene's Test for Equality of Variances		t-test for Equality of Means		Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference		
		F	Sig.	t	df			Sig. (2-tailed)	Lower	Upper
There is widespread agreement about goals	EVA	2,42	0,12	-3,07	998	0	-0,33	0,11	-0,54	-0,12
	EVNA			-3,38	204,93	0	-0,33	0,1	-0,52	-0,14
The leadership has "gone on record" about the objectives we are trying to meet	EVA	5,25	0,02	-2,52	998	0,01	-0,28	0,11	-0,51	-0,06
	EVNA			-2,65	196,58	0,01	-0,28	0,11	-0,5	-0,07
We continuously track our progress against our stated goals	EVA	1,7	0,19	-3,36	998	0	-0,35	0,1	-0,56	-0,15
	EVNA			-3,52	196,03	0	-0,35	0,1	-0,55	-0,16

201 EVA-Equal variances assumed

202 EVNA-Equal variances not assumed

203 The result of Independent Samples t-Test, shown in the Table 6, shows that there are some  
 204 significant value differences between local and foreign companies regarding following statements:

- 205 • There is widespread agreement about goals
- 206 • The leadership has "gone on record" about the objectives we are trying to meet
- 207 • We continuously track our progress against our stated goals



208 The difference indicates a statistically significant higher level of compliance with these  
209 statements in foreign companies.

### 210 3.3.2. Consistency

211 The following statements have been observed:

- 212 • The leaders and managers do what they say
- 213 • There is a characteristic management style and a distinct set of management practices
- 214 • There is a clear and consistent set of values that governs the way we do business
- 215 • Ignoring core values will get you in trouble
- 216 • There is an ethical code that guides our behaviour and tells us right from wrong
- 217 • When disagreements occur, we work hard to achieve "win-win" solutions
- 218 • There is a "strong" culture
- 219 • It is easy to reach consensus, even on difficult issues and key issues
- 220 • There is a clear agreement about the right way and the wrong way to do things
- 221 • Our approach to doing business is very consistent and predictable
- 222 • People from different parts of the organizational share a common perspective
- 223 • It is easy to coordinate projects across different parts of the organization
- 224 • Working with someone from another part of this organization is not like working with someone  
225 from a different organization
- 226 • There is good alignment of goals across levels

227 **Table 7.** Perceptions of consistency in domestic and in foreign-owned companies

<b>Statement</b>		<b>N</b>	<b>Mean</b>	<b>Std. Deviation</b>
The leaders and managers do what they say	Domestic	859	3,21	1,321
	Foreign	141	3,38	1,222
There is a characteristic management style and a distinct set of management practices	Domestic	859	3,46	1,216
	Foreign	141	3,53	1,004
There is a clear and consistent set of values that governs the way we do business	Domestic	859	3,40	1,153
	Foreign	141	3,50	1,046
Ignoring core values will get you in trouble	Domestic	859	3,85	1,216
	Foreign	141	3,84	1,244
There is an ethical code that guides our behavior and tells us right from wrong	Domestic	859	3,65	1,249
	Foreign	141	3,70	1,229
When disagreements occur, we work hard to achieve "win-win" solutions	Domestic	859	3,74	1,222
	Foreign	141	3,88	1,143
There is a "strong" culture	Domestic	859	3,36	1,251
	Foreign	141	3,70	1,235
It is easy to reach consensus, even on difficult issues and key issues	Domestic	859	3,21	1,206
	Foreign	141	3,39	1,218
There is a clear agreement about the right way and the wrong way to do things	Domestic	859	3,40	1,147
	Foreign	141	3,57	1,002
Our approach to doing business is very consistent and predictable	Domestic	859	3,88	1,101
	Foreign	141	3,67	1,157
People from different parts of the organizational share a common perspective	Domestic	859	3,07	1,455
	Foreign	141	3,16	1,451

It is easy to coordinate projects across different parts of the organization	Domestic	859	3,38	1,156
	Foreign	141	3,48	1,119
Working with someone from another part of this organization is not like working with someone from a different organization	Domestic	859	3,63	1,152
	Foreign	141	3,73	1,048
There is good alignment of goals across levels	Domestic	859	3,46	1,160
	Foreign	141	3,62	1,032

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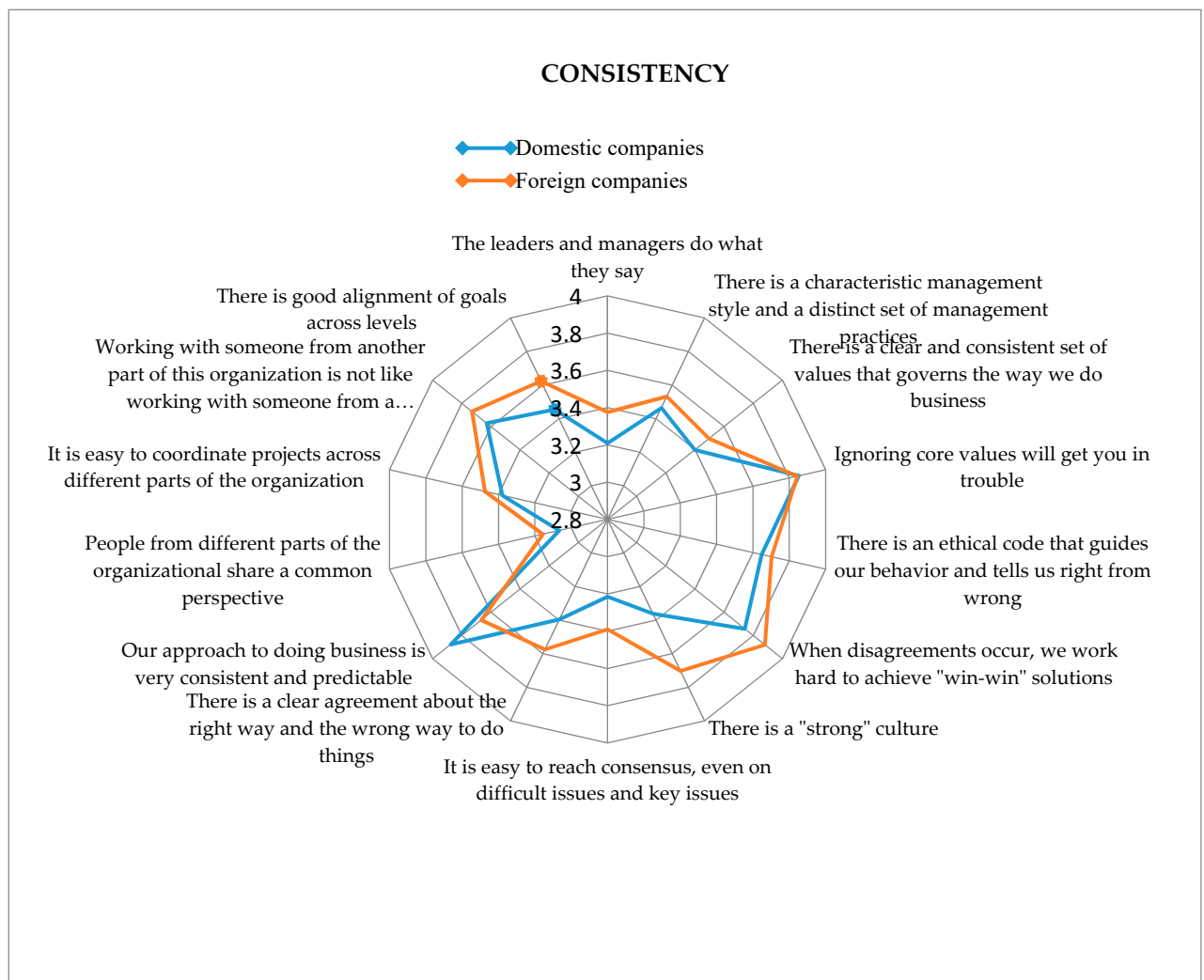
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Perceptions of consistency in domestic and in foreign-owned companies have been shown in the Table 7 and in the Figure 3 indicating that all the answers are in the interval between 3 – neither agree nor disagree and 4 – partly agree.



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**Figure 3.** Differences in perceptions of consistency in domestic and in foreign-owned companies

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The least mean values consistent with the statements related to consistency are shown in the Table 8.

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**Table 8.** The least mean values- consistency

Statement	Domestic	Foreign
People from different parts of the organizational share a common perspective	3,07	3,16

The leaders and managers do what they say	3,21	3,38
It is easy to reach consensus, even on difficult issues and key issues	3,21	3,39

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It can be seen that the lowest level of agreement is related to the statement "People from different parts of the organizational share a common perspective." The degree of consensus obtained is: neither agree nor disagree.

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**Table 9.** The highest average compliance- consistency

Statement	Domestic	Foreign
Our approach to doing business is very consistent and predictable	3,88	3,67
When disagreements occur, we work hard to achieve "win-win" solutions	3,74	3,88
Ignoring core values will get you in trouble	3,85	3,84

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The highest average levels of agreement with statements in terms of consistency are shown in the Table 9. The closest value 4 – partly agree (3.88) is related to the statement, "Our approach to doing business is very consistent and predictable" in domestic-owned companies and the statement, "When disagreements occur, we work hard to achieve 'win-win' solutions" in foreign-owned companies. The high degree of consensus in the domestic and foreign companies is related to the statement, "Ignoring core values will get you in trouble." The obtained results show a difference in the way that the values of consistency with almost all statements are higher in companies with foreign ownership, except the degree of compliance with statement, "Our approach to doing business is very consistent and predictable", which is interpreted as continuity of work in local companies with the same national culture where workers easier predict what awaits them at work.

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The result of Independent Samples T-Test, Table 10, shows significant differences among companies owned by domestic or foreign persons when it comes to the following statements:

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- There is a "strong" culture
- Our approach to doing business is very consistent and predictable

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**Table 10.** Consistency–Independent Samples Test

		Levene's Test for Equality of Variances		t-test for Equality of Means					95% Confidence Interval of the Difference	
		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	Lower	Upper
There is a "strong" culture	EVA	,430	,512	-3,008	998	,003	-,341	,113	-,564	-,119
	EVNA			-3,036	190,235	,003	-,341	,112	-,563	-,120
Our approach to doing business is very consistent and predictable	EVA	2,897	,089	2,083	998	,038	,210	,101	,012	,408
	EVNA			2,011	184,106	,046	,210	,104	,004	,416

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EVA-Equal variances assumed

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EVNA-Equal variances not assumed

261 A higher degree of compliance with the position of a "strong" organizational culture is  
262 shown at foreign-owned companies.

263 A higher degree of compliance, related to the statement "Our approach to doing business is  
264 very consistent and predictable," is shown for domestic owned companies. This result is not  
265 unexpected if we think of the transition period. Turbulent period following the privatization of  
266 companies led the employees to a state of uncertainty since the new owners have introduced a large  
267 number of changes with the aim of companies streamlining. In addition, the foreign-owned  
268 companies are more responsive to market demands with their adjustments and that also conditioned  
269 some changes in operating procedures.

### 270 3.3.3. Involvement of employees

271 The following statements were observed:

- 272 • Most employees are highly involved in their work
- 273 • Decisions are usually made at the level where the best information is available
- 274 • Information is widely shared so that everyone can get the information he or she needs when it's  
275 needed
- 276 • Everyone believes that he or she can have a positive impact
- 277 • Business planning is ongoing and involves everyone in the process to some degree
- 278 • Cooperation across different parts of the organization is actively encouraged
- 279 • People work like they are part of a team
- 280 • Teamwork is used to get work done, rather than hierarchy
- 281 • Teams are our primary building blocks
- 282 • Work is organized so that each person can see the relationship between his or her job and the  
283 goals of the organization
- 284 • Authority is delegated so that people can act on their own
- 285 • There is continuous investment in the skills of employees
- 286 • The capabilities of people are viewed as an important source of competitive advantage
- 287 • Problems seldom arise because we have the skills necessary to do the job

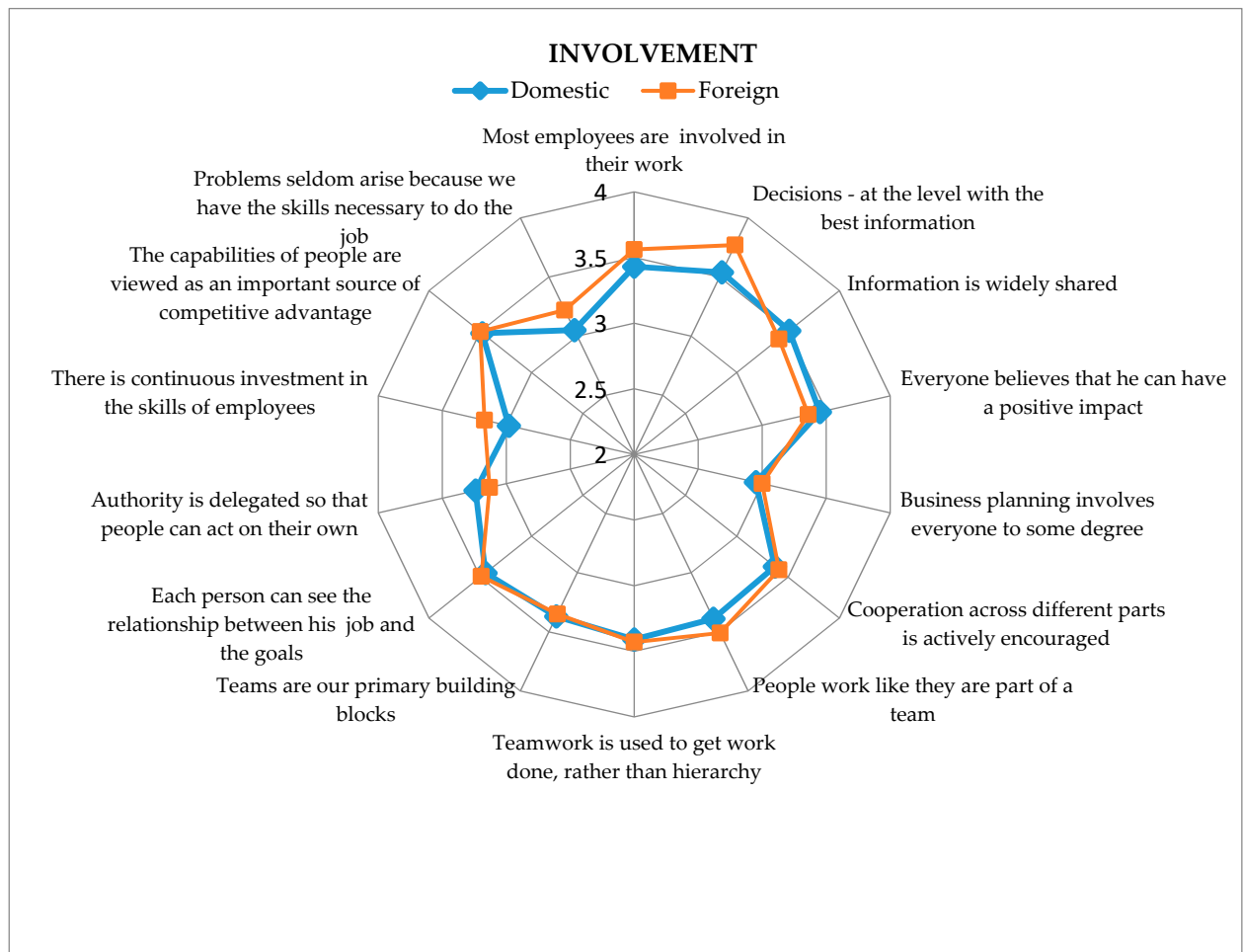
288 The Table 11 and Figure 4 show the mean values of compliance with the statements related  
289 to domestic and foreign companies.

290 **Table 11.** Statements on employee involvement in domestic-owned and foreign-owned companies

Statement		N	Mean	Std. Deviation
Most employees are highly involved in their work	Domestic	859	3,43	1,310
	Foreign	141	3,56	1,085
Decisions are usually made at the level where the best information is available	Domestic	859	3,54	1,186
	Foreign	141	3,77	1,039
Information is widely shared so that everyone can get the information he or she needs when it's needed	Domestic	859	3,51	1,320
	Foreign	141	3,41	1,260
Everyone believes that he or she can have a positive impact	Domestic	859	3,45	1,257
	Foreign	141	3,36	1,221
Business planning is ongoing and involves everyone in the process to some degree	Domestic	859	2,95	1,338
	Foreign	141	3,00	1,177
Cooperation across different parts of the organization is actively encouraged	Domestic	859	3,37	1,225
	Foreign	141	3,41	1,225
People work like they are part of a team	Domestic	859	3,39	1,329
	Foreign	141	3,51	1,193

Teamwork is used to get work done, rather than hierarchy	Domestic	859	3,41	1,328
	Foreign	141	3,43	1,354
Teams are our primary building blocks	Domestic	859	3,37	1,252
	Foreign	141	3,35	1,254
Work is organized so that each person can see the relationship between his or her job and the goals of the organization	Domestic	859	3,45	1,230
	Foreign	141	3,49	1,060
Authority is delegated so that people can act on their own	Domestic	859	3,24	1,271
	Foreign	141	3,13	1,214
There is continuous investment in the skills of employees	Domestic	859	2,98	1,304
	Foreign	141	3,17	1,219
The capabilities of people are viewed as an important source of competitive advantage	Domestic	859	3,48	1,200
	Foreign	141	3,50	1,187
Problems seldom arise because we have the skills necessary to do the job	Domestic	859	3,05	1,191
	Foreign	141	3,22	1,147

291



292

293 **Figure 4.** Differences in perceptions of involvement in domestic and in foreign-owned companies294 The results show that it is not in one paragraph that describes the involvement of  
295 employees has a value that is close to 4 which is an agreement with the statement.296 The result shows that the mean value of compliance in companies in domestic and foreign  
297 ownership are the lowest for the statements presented in the Table 12.

298 **Table 12.**The least mean values-involvement

Statement	Domestic	Foreign
Business planning is ongoing and involves everyone in the process to some degree	2,95	3,00
There is continuous investment in the skills of employees	2,98	3,17
Problems seldom arise because we have the skills necessary to do the job	3,05	3,22
Authority is delegated so that people can act on their own	3,24	3,13

299

300 It can be seen that the lowest values are obtained related to the involvement of employees.

301 Particularly low compliances are obtained in terms of planning, investment in  
302 development, delegation of authority and the following statement, "Problems seldom arise because  
303 we have the skills necessary to do the job."304 To analyze the difference in the involvement of employees in domestic and foreign  
305 companies, we applied the Independent Samples Test. Table 13 shows the test result.306 There was a statistically significant difference in statement "Decisions are usually made at  
307 the level where the best information is available", so that there was a higher degree of compliance  
308 with this statement in foreign companies.309 **Table 13.** Involvement – Independent Samples Test

		Levene's Test for Equality of Variances		t-test for Equality of Means					95% Confidence Interval of the Diff.	
		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	Lower	Upper
Decisions are usually made at the level where the best information is available	EVA	4,052	,044	-2,163	998	,031	-,229	,106	-,437	-,021
	EVNA			-2,377	204,738	,018	-,229	,096	-,419	-,039

310 EVA-Equal variances assumed

311 EVNA-Equal variances not assumed

312 We examined whether there was a significant difference between employee involvement in  
313 relation to the fact that they worked in domestic or foreign companies.314 Table 13 shows the results of t-test for independent samples. In the first part of the table,  
315 the results of Levene's test of equality of variances are shown. The outcome of this test determines  
316 whether we have to use the t-value when the variance is equal (Sig> 0.05) or the t-value when  
317 equality of variance hasn't been implied (Sig<0.05) as is the case in the particular situation. There is a  
318 statistically significant difference in the attitude that decisions are usually made at the level where  
319 the best available information are. The mean value of compliance with this statement for foreign  
320 companies is 3.77, and for domestic companies is 3.54. This means that better decisions in terms of  
321 necessary information for their adoption, are made in foreign companies. For all other variables we  
322 didn't get a statistically significant difference on the involvement of employees in domestic and  
323 foreign companies. The result is interpreted in a following manner: Domestic and foreign companies  
324 in Serbia work so that there is a strong interaction of the organizational culture of a company and a  
325 national culture of its employees.

## 326 3.3.4. Adaptability

327 To examine the degree of adaptability in the surveyed companies, according to Denison  
328 model, we studied the following statements:

- 329 • • The way things are done is very flexible and easy to change  
330 • • We respond well to competitors and other changes in the business environment  
331 • • New and improved ways to do work are continually adopted  
332 • • Attempts to create change seldom meet with resistance  
333 • • Different parts of the organization often cooperate to create change  
334 • • Customer wants and needs are being mentioned and have directly influence on decisions  
335 and business  
336 • • We encourage direct contact with customers by our people  
337 • • We view failure as an opportunity for learning and improvement  
338 • • Innovation and risk taking are encouraged and rewarded  
339 • • Learning is an important objective in our day-to-day work  
340 • • We are familiar with the work of other sectors at all times  
341

342 Table 14 and Figure 5 show the mean values of compliance with the following statements  
343 for domestic and foreign companies.

344 **Table 14.** Attitudes towards adaptability in domestic-owned and in foreign-owned companies

Statement		N	Mean	Std. Deviation
The way things are done is very flexible and easy to change	Domestic	859	3,27	1,234
	Foreign	141	3,26	1,233
We respond well to competitors and other changes in the business environment	Domestic	859	3,61	1,160
	Foreign	141	3,77	1,104
New and improved ways to do work are continually adopted	Domestic	859	3,51	1,173
	Foreign	141	3,73	1,158
Attempts to create change seldom meet with resistance	Domestic	859	3,28	1,168
	Foreign	141	3,38	1,067
Different parts of the organization often cooperate to create change	Domestic	859	3,40	1,154
	Foreign	141	3,57	1,091
Customer wants and needs are being mentioned and have directly influence on decisions and business	Domestic	859	3,51	1,239
	Foreign	141	3,79	1,145
We encourage direct contact with customers by our people	Domestic	859	3,78	1,163
	Foreign	141	4,02	1,216
We view failure as an opportunity for learning and improvement	Domestic	859	3,53	1,211
	Foreign	141	3,50	1,112
Innovation and risk taking are encouraged and rewarded	Domestic	859	3,26	1,269
	Foreign	141	3,19	1,276
Learning is an important objective in our day-to-day work	Domestic	859	3,73	1,275
	Foreign	141	3,61	1,286
We are familiar with the work of other sectors at all times	Domestic	859	3,49	1,261
	Foreign	141	3,62	1,274

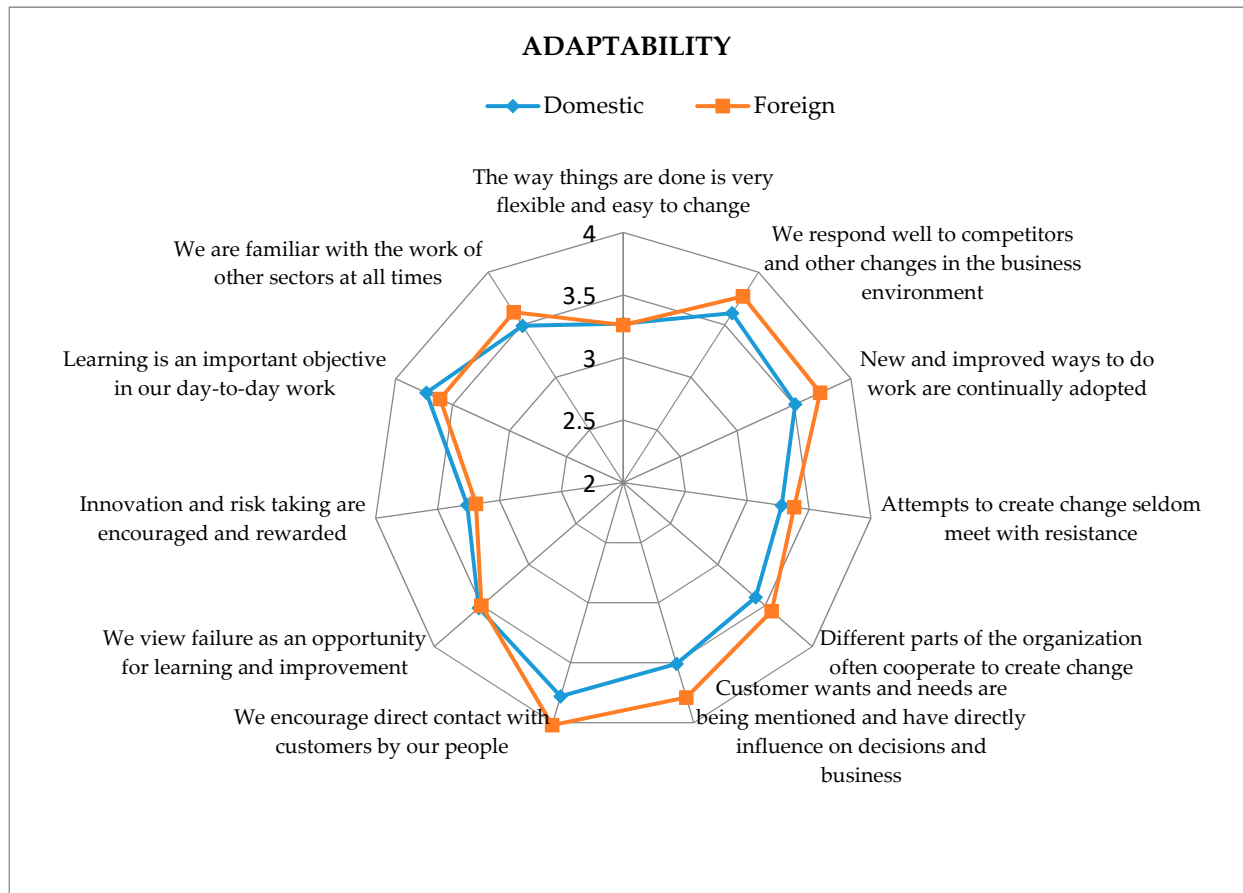
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The difference is expressed so that for the majority of statements, employees in companies with foreign ownership expressed higher level of agreement, Figure 5.

347

348



349

**Figure 5.** Differences in perceptions of adaptability in domestic and in foreign-owned companies

350

The least mean values of consistence with statements relating to adaptability are shown in Table 15.

351

352

**Table 15.** The least mean values- adaptability

353

Statement	Domestic	Foreign
Innovation and risk taking are encouraged and rewarded	3,26	3,19
The way things are done is very flexible and easy to change	3,27	3,26
Attempts to create change seldom meet with resistance	3,28	3,38

354

355

356

The highest average rate of compliance with statements on adaptability are shown in Table 16.

**Table 16.** The highest average compliance- adaptability

357

Statement	Domestic	Foreign
We encourage direct contact with customers by our people	3,78	4,02
We respond well to competitors and other changes in the business environment	3,61	3,77

358



359 To analyze differences in adaptability of employees in domestic and foreign companies, we  
360 applied the Independent Samples Test.

361 Table 17 shows the result of Independent Samples Test. There is a statistically significant  
362 difference in attitudes:

- 363 • New and improved ways to do work are continually adopted
- 364 • Customer wants and needs are being mentioned and have directly influence on decisions and  
365 business
- 366 • We encourage direct contact with customers by our people

367 **Table 17.** Adaptability – Independent Samples Test

		Levene's Test for Equality of Variances		t-test for Equality of Means			95% Confidence Interval of the Diff.			
		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	Lower	Upper
New and improved ways to do work are continually adopted	EVA	1,413	,235	-2,117	998	,035	-,225	,106	-,434	-,016
	EVNA			-2,137	190,251	,034	-,225	,105	-,433	-,017
Customer wants and needs are being mentioned and have directly influence on decisions and business	EVA	4,597	,032	-2,448	998	,015	-,273	,111	-,491	-,054
	EVNA			-2,590	197,745	,010	-,273	,105	-,480	-,065
We encourage direct contact with customers by our people	EVA	,961	,327	-2,247	998	,025	-,239	,106	-,448	-,030
	EVNA			-2,176	184,527	,031	-,239	,110	-,456	-,022

368 EVA-Equal variances assumed

369 EVNA-Equal variances not assumed

370 According to the authors Marković and Pavlović, "improvement of competitiveness of  
371 Serbia should be sought in shifting the focus on the microeconomic level of business  
372 decision-making and in the acceptance of new economic philosophy, ie. strategic management and  
373 innovation " [17] (p. 89) which is recognized as the critical point of organizational culture of Serbian  
374 companies in presented results and the goal that has to be worked on in the future in order to  
375 improve the competitiveness of local companies.

#### 376 4. Discussion and conclusion

377 The research has given results in the degree of satisfying organizational culture  
 378 dimensions of companies in the domestic and foreign ownership relating to their flexibility, stability,  
 379 internal integration and external orientation. The findings offer some valuable insights for further  
 380 research on organizational culture.

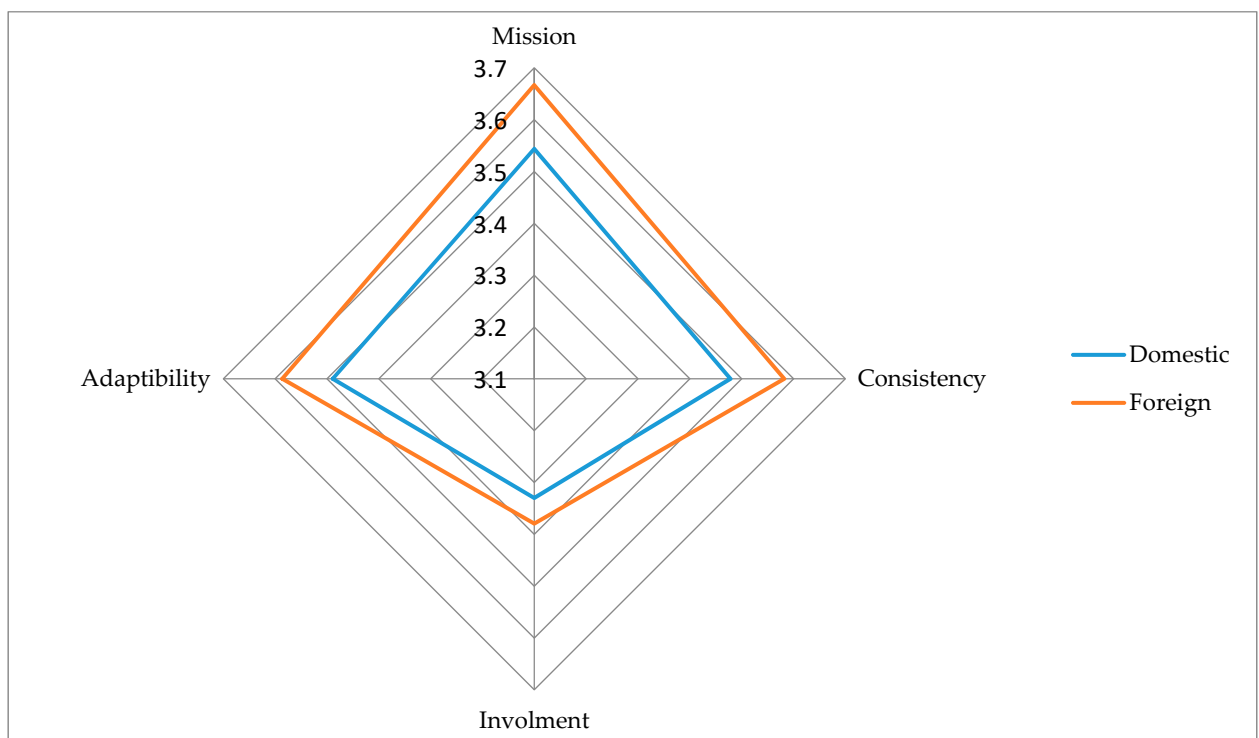
381 Besides, it should be noted that smaller number of respondents come from companies that  
 382 are foreign-owned, but their number is 141, which is sample large enough for the credibility of the  
 383 research results.

384 From the conducted research we can conclude that Denison model can be applied to the  
 385 organizational culture of companies in Serbia.

386 Foreign companies have brought their organizational culture and although people from  
 387 Serbia work both in domestic as well as in foreign companies, significant differences are noted  
 388 related to:

- 389 • Mission: defining goals, goals agreement and their achievement monitoring
- 390 • Consistency: the existence of "strong" organizational culture and approach to business
- 391 predictability
- 392 • Involvement: common decision-making at the level where the best information are available
- 393 • Adaptability: improving working mode and focus on consumers

394



395 **Figure 6.** Differences in dimensions of Denison model in domestic-owned and in foreign-owned  
 396 companies.

397 Generally, reviews of research results on Denison model, overall and individually, for the  
 398 company in local and foreign property are shown in Figure 6. It can be observed that the strength of  
 399 organizational culture manifestation shares "the same shape" in domestic and foreign companies,  
 400 which shows the similarity in terms of quality, but the difference is noticeable in quantitative terms  
 401 in favour of foreign companies.

402 All values obtained are between marks 3 – neither agree nor disagree, and 4 – partly agree.

403 The lowest values obtained are related to employee involvement. It is shown in those areas  
404 where employees can make decisions, have input, and in those areas that are beyond an employee's  
405 scope of responsibility.

406 The highest values are obtained for definition of the mission. This means that employees  
407 are generally aware of the purpose of the existence of their company. It can be observed that the  
408 degree of consensus by all four investigated factors is higher in foreign companies operating in  
409 Serbia, which can be explained by the influence of different organizational cultures.

410 Entering the Serbian market, foreign companies have brought their organizational culture  
411 hitherto fairly stable form of functioning enterprises. Bearing in mind the fact that people from the  
412 same country with different organizational cultures work in domestic and foreign companies and  
413 that organizational culture implementation period has lasted for 15 years, the observed differences  
414 are significant in terms of implementation speed changes and can be generalized to countries that are  
415 passing or have recently passed a transition, and are similar in cultural characteristics.

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