

## ***SPECITIES OF ORGANIZATIONAL CULTURE OF EMPLOYEES IN MONTENEGRIN COMPANIES***

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*Montenegrin companies shape their organizational culture guided by a particular development philosophy. Thus distinguishing value attitudes, habits, value systems, behavioral patterns image, etc. As a system of shared attitudes and values, organizational culture strongly influence employee's opinion and behavior in the company of which they often are not even aware. According to that interactional conceptual structure our company becomes recognizable (in a positive or negative sense) in the immediate and wider environment. In order to shape organizational culture to the needs of the company, its top management must first become familiar with its actual content. It is always helpful for the management of the company to know a set of attitudes and values that determines the manner in which employees in its company think and act.*

*Even though there are a large number of theory papers on this topic, the issue of organizational culture in companies in Montenegro has so far rarely been empirically researched and reviewed. Therefore, the aim of this paper, in addition to theoretical explanation of organizational culture on the sample of 16 Montenegrin companies, i.e. 324 respondents, to analyze and interpret significant specificities of organizational culture in Montenegrin companies.*

***Key words:*** *organizational culture, a company, management, collectivism, Montenegro*

### ***DEFINITION, CONTENT AND IMPORTANCE OF ORGANIZATIONAL CULTURE***

Organizational culture is an important segment of the company and permeates all other segments. It gives a personal touch to the company, i.e. determines characteristics by which companies differ from each other. The culture that is evolving in a company represents a source of power and stability of a company. It makes members of the group a homogeneous group that operates universally and solves problems as a team. Organizational culture also helps a company to overcome conflict situations and respond to external shocks.

Organizational culture is difficult to define precisely, i.e. there is no single definition of organizational culture. It can be said that some of definitions are more recognized and some less, but neither of them is generally accepted. "The organizational culture includes the system of assumptions, beliefs, values and norms of behavior that members of one company have developed and adopted through common experience, which are manifested through symbols that guide their thinking and behavior"[6]. From the above stated definition three important components necessary for better understanding of organizational culture arise. First, organizational culture consists of collective cognitive structures such as assumptions, values, norms and attitudes, but also of symbols which materialize and manifest its cognitive content. Second, organizational culture is the result of organization members' common experience in solving problems they face with in dealing with external adaptation and internal integration of

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the collective. Third, collective cognitive structures that make organizational culture represent a framework and become a guide for members of the company in interpretation of reality and the world around them. Culture helps members of the company in determining the meaning of concepts, things and events within the company and outside of it and act in accordance with them.

For better understanding of organizational culture definition it is necessary to know its characteristics. Organizational culture is a social phenomenon since it is expressed at the level of a certain social group in the process of social interaction. Building organizational culture represents a long-term process, because it is changed hard and slowly. One part of its content is of subconscious character which makes this process more difficult. Further, culture as a combination of single experiences of members of an organization makes an organization different from others. Since it determines the meaning of events and things by its meanings, organizational culture provides a sense of certainty and order in them [9,1].

Organizational culture has its cognitive and symbolic component. Cognitive component comprises elements of interpretive schemes of managers and employees that are imposed by the company and through which it affects not only the way they behave, but also the way they understand the world around them. Cognitive components of organizational culture are: assumptions, values, norms and attitudes [3].

Basic assumptions explain the world as it is to the members of the company. Basic assumptions arise when solutions to problems the members of the company are facing with and which proved to be successful, gradually become the rules of how to behave in certain situations. Out of these problems solutions that proved to be successful, explanations of how the reality in which these problems arise works, are gradually developing. Those explanations are the basic assumptions as the deepest element of organizational culture [12].

Values are defined as "stable belief" that a particular behavior is more desirable than the opposite behavior. Values are defined as durable, extremely positive attitude to underestimated objects that we access as important. Values guide employees' behavior and influence the formation of their attitudes [11].

Norms are often included into the content of organizational culture, but always within the value. On the one hand, norms are largely overlapping the values they arise from and the practice of behavior they determine, on the other. That is the reason why norms represent connection between values and behaviors. Norms are rules of behavior, often informal, deriving from values and represent guidelines for everyday behavior of company's members (8).

Attitudes are based on and derived from values. However, attitudes generate behavior in a slightly different way from the norms. In contrast to the norms that represent certain rules that lead behavior of employees in the company, the attitudes represent beliefs about the object of behavior that will produce certain behavior towards the object. 'The attitudes include basic ideals and principles of business conduct'[13].

Cognitive content of organizational culture is made of invisible culture elements. Symbolic components of organizational culture manifest cognitive elements of organizational culture and include everything that can be seen, heard and felt in the company [2,7].

The importance of organizational culture arises from the fact that it largely determines the meaning attributed to events and occurrences, both within the organization and outside of it, by members of an organization. So it is a system of assumptions, values, norms and attitudes that are shared by all members of the organization, employees and managers of the company, which essentially determines their thinking, behavior and influences their decisions and actions [4,10]

The research was carried out on sample of 16 companies in Montenegro, of which 8 were private-owned (50%) and 8 state-owned companies (50%). It included 324 respondents, of which 165 (50.9%) are employed in private-owned companies and 159 respondents (49.1%) in state-owned companies. Respondents were selected randomly. A total of 400 questionnaires were distributed of which 76 questionnaires were not returned (5 questionnaires in 12 companies and 4 four questionnaires in 4 companies) so that the research eventually included a sample of 324 respondents. Companies were of different sizes, performing different types of activities (manufacturing, trading, service) and of various technical and technological level of development. When selecting a sample, presence of all categories in order to make a reliable conclusion was needed. In this context, attention was paid to facts that respondents are of different sexes, different work experience, level of education and that they are employed in different positions, all in order to examine a diverse sample and obtain more extensive and more accurate results. Therefore, we provided that the structure of sample corresponds to the structure of company's employees. Quite diverse and differentiated sample dictated breadth and depth of the research. The research was conducted using the classic survey method, i.e. a standard questionnaire method. In addition to primary information collected by the survey, in order to get acquainted with the factual situation, informal contacts with the management of companies were of significant benefit. Efforts of a resaerch carrier in the course of research to get familiar with actual and specific situation in the company as well as with the potential problems that occur in the company were of relevant help. Prior to carrying out a questionnaire, the researcher made a deal with the management representatives to ask employees in writing to participate in the research. The same was done in all companies encompassed by the research.

In order to identify certain specific features of organizational culture in Montenegrin companies, the first thing was to identify, according to respondents' perception, the type of organizational culture that is present in the companies from the sample. This part of the questionnaire identified, according to perception of the respondents, the type of organizational culture present in companies in the sample. For the purposes of this research, we used Harrison's test for diagnosing the type of organizational culture. This part of research includes 15 multiple choice questions each with four possible answers (a, b, c and d). Respondents were asked to rank given answers numbering them from 1 to 4, assigning number 1 to an answer closest to their opinion, and so on. By summing up the ranks, especially under a, b, c and d, we get the type of organizational culture of a certain company. For classification of the types of organizational culture, we used Handy's classification of the types of organizational culture that differs power culture, role culture, task culture and support culture [5]. Therefore, answers under "a" implicate power culture, "b," role culture, "c" task culture and answers under "d" implicate support culture.

## *RESEARCH RESULTS*

According to ranking of certain types of organizational culture, perception of each respondent as to what type of organizational culture belongs to his company was determined. Of the total of 324 respondents, the largest number, i.e. 41% of respondents perceived presence of power culture in their companies, 32% perceived task culture, 22% role culture and 5% of trespondents perceived presence of support culture in their companies.

**Table 1: Type of organizational culture**

Type of culture	Number of companies	Structure of the company
Power culture	133	41.0
Task culture	104	32.1
Role culture	72	22.2
Support culture	15	4.6
<b>Total</b>	<b>324</b>	<b>100.0</b>

Source: Author's analysis

Through the following questions the performance of the existing organizational culture in the surveyed companies in Montenegro will be checked. This will help in diagnosing mental schemes and maps, which illustrate through value attitudes, ways of thinking and solving certain problems as ways of perceiving certain things and events. This will highlight essential characteristics of organizational culture that largely derive from values of national culture and their influence on the internal environment of a company. The questions are Likert questions type with five offered alternative answers. Answers are ranked in numbers from 1 to 5 such as : 5 - Yes, 4 - Mainly yes, 3 - have no opinion, 2 - Mostly not, 1 - No. Employees were tasked to circle one of the five numbers, by which they expressed a degree of agreement with a specified statement. Based on frequency of answers average grades for each question were calculated. Average grade represents a respondent's degree of agreement with a given statement.

Respondents show a high degree of agreement with statements that indicate a high dose of collectivism in analyzed companies in Montenegro. Through claims that their success is directly related to the success of a company as a whole, they first belong to a company as a whole, and then to the sector in which they work, that a company needs to take care of all its employees who do not work, they show high level of identification with the group.

Employees also, agree with the statements that indicate a high level of authoritarianism in our companies through the following attitudes: it must be always precisely known who is responsible for managing and who for execution of orders, every employee should receive a feedback from his/her manager about how well he/she did his/her job, that the CEO should be able to solve every issue in a company, and that, risks in the business should be avoided whenever possible, as in life.

**Table 2: Diagnosing organizational culture dimensions**

	Average grade	Standard deviation
<b>Do you believe that in your company one should always precisely know who is responsible for managing and who executes the orders?</b>	4.4259	0.74073
<b>As in life, risk combinations in business should be avoided, whenever possible?</b>	4.1625	0.89854

<b>Do you believe that there is a need in your company to plan for the future and analyze the past?</b>	4.1235	0.94601
<b>Do you believe that your success is directly related to the success of the company as a whole?</b>	4.0154	1.02737
<b>Do you believe that every employee should receive a feedback about performance of his/her job from his/her manager?</b>	3.966	1.19159
<b>Do you think that employees in your company first belong to the company as a whole and then to the sector, service or department in which they work?</b>	3.8796	1.0591
<b>The motto 'a human makes mistakes' should be respected also in business ''?</b>	3.8272	0.93159
<b>Do you believe the company should take care of its employees who do not have a work to do?</b>	3.6142	0.91221
<b>Do you think that the CEO should be able to solve every issue in the company?</b>	3.5741	1.31815
<b>Do you believe, as a manager, that your company needs more plans, regulations and direct supervision through which performance of the staff would be controlled?</b>	3.3704	1.21339
<b>Do you expect any help from the government if your company gets into difficulties?</b>	2.9136	1.28046
<b>Do all employees participate in the adoption of certain decisions in your company?</b>	2.6389	1.34089
<b>Do you think that changes in organization of your company mainly brought nothing but trouble so far?</b>	2.3827	1.23987
<b>If you could, would you leave this company?</b>	1.9444	1.08036

Source. Author's analysis

Employees expressed a low level of agreement (mean value 1.94) by saying that they would not leave the company in which they work (grade for "No" is 1), which means that they highly agreed with the opposite statement, i.e. they want to stay in the company they work. This, again, points to belonging of an individual to a group. Fairly low level of agreement employees also shown by declaring on level of participation in decision-making in the company (mean value 2.63) as well as on their attitude to changes (mean value 2.38), which is explained in more detail in the following presentation.

### ***DISCUSSION OF RESEARCH FINDINGS***

In this part of the paper the author will try, based on analysis of obtained data, to represent more closely the situation in the surveyed companies in Montenegro. Namely, in order to obtain a

more complete picture, i.e. to interpret certain specificities of the organizational culture in the analyzed companies Likert type survey questions, which are suitable for this analysis due to their processing method (ANOVA). Regardless of certain number of contradictions that have emerged in the analysis of these issues (which the author will try to explain) some dimensions of organizational cultures that make this culture specific will be diagnosed.

### *Interpretation of dimensions of collectivism and collegiality*

Realized research significantly underlined collectivism as organizational culture dimension. Very strong sense of belonging goes to identification of an individual with a group and the company he/she works for. It can represent an obligation of a group to an individual. This conclusion may mean an inherited syndrome of socialism and autonomous relations, according to which a group itself is responsible for the destiny of an individual. This can also be explained by the collectivism that is present in our national culture. It is sure that an individual is, in that case (or for that reason), "loyal" to a group. We will confirm the above statements by the following results. In fact, over 70% of employees expressed a sense of belonging to a group as a whole, and then to a sector he/she works in. Identification with a group is so strong that even the success of individuals is associated with the success of a group as a whole and vice versa. Approximately 45.7% of respondents mostly answered with 'Yes' to the question "Do you believe that your success is directly related to the success of the company as a whole?", and 35.2% of them with 'Yes'. This is supported by the remark that nearly 80% of employees said they would not have left the company they work for. Feeling of strong identification with a group is present also in the attitude according to which 58% of employees believes that the company should take care of all employees who lose their jobs, while only 8% think that it is not an obligation of the company. Therefore, there are very few of those who are not encumbered with traditional understanding of a relation employee - group. Is it something more, or it is really just a strong sense of belonging to a group?

In the case of mistakes when performing assignments, carried out research points to rather high dose of tolerance. Namely, 81.5% of employees respects a motto 'a human makes mistakes' which is to say that there are no sharp attitude towards mistakes made in business. The question is, why do 50% of respondents (which is not a negligible figure) believe that their companies need more regulation and direct oversight by which performance of staff would be controlled? It is probably the desire of employees to "remain in good relationship and not to be criticized." Here we can see a dependence on authority where employees will rather have a grudge against their teammates than to damage their relationship with the manager or superior.

We may conclude that the dimension of collectivism goes at the extreme of non-market and non-economic relations, which means that the company is much more understood as a social, rather than as a market form of operations. A significant dose of tolerance by managers can also be seen in dealing with employees. Tolerance to mistakes can be also explained by a presence of female values in national culture. Namely, a presence of these values reduces accountability and productivity thus reducing the competitiveness of the company.

### *Interpretation of authoritarianism dimension*

By this research the employees' attitude toward authority in our companies can be noted. It can be concluded that there is a very high dose of authoritarianism. The research shows that authority is perceived inviolably, indicating relatively immature attitude towards it. Such an experience of authority entails passivity and inertia of employees in solving problems and excessive dependence on senior management. A high percentage of employees (67%) believe that the

management should have the last word should be a word, i.e. the director should be able to solve every problem in the company. Likewise, 94% of them opts for such a division of labor whereby management is strictly differentiated of activities related to the execution of orders. The study concluded that 52% of employees do not believe that adoption of certain decision should involve all employees, while only 27% of respondents believe all employees should participate in the adoption of certain decisions. Considering the fact that a significantly higher number of respondents on positions not involved in decision-making (i.e not in managerial position), a high dose of passivity and dependence on senior management may be observed. Authoritarianism is also a consequence of our national culture. High dose of authoritarianism, besides resulting in large dependence on senior management and passivation of employees, stifles entrepreneurial spirit and initiative among employees.

More than half of respondents believe that their company needs more plans, regulations and direct oversight that would control performance of staff, that is to say that managers tend more to informal relationships with employees. About 80% of respondents do not question the necessity of feedback and two-way communication between the manager and an employee during operationalization of the task.

### *Interpretation of diagnosed problems and distribution of authority*

The study shows a relatively high degree of decision-making centralization. In fact, approximately 67% of respondents believe that the best thing is that their CEO eventually decides on everything. This raises the question of the size of the capacity of an individual is capable to decide of everything. It is interesting that the general manager is perceived as so autocratic by employees and his/her closest associates.

### *Interpretation of dimension of attitude towards the environment and changes*

When it comes to this dimension of organizational culture, it can be concluded that there is a positive attitude of respondents towards the environment and changes. This dimension of organizational culture is seen through the following values: attitude towards business risk, attitude to changes and attitude towards the environment and the market.

A paradoxical situation may be noted here. Employees agree to a large extent that risky combination in business should be avoided whenever possible. Therefore, we note a certain amount of animosity towards risk and risky situations. However, according to answers on 'Do you think that changes in organization of your company mainly brought nothing but trouble so far?' most respondents, i.e..82% have either positive or negative attitude to changes, suggesting that the idea of importance of changes and adaptation slowly penetrates into Montenrgin companies. It is very interesting though, that for employees there is resistance to risk on the one hand and a positive attitude to change (which certainly carry with them the risk of uncertainty) on the other hand?

This positive attitude may be explained by the fact that our companies are faced with a number of issues, so their survival is often compromised. Probably of fear of losing their jobs, from a desire to preserve their workplace, employees will gladly accept any kind of change. In addition, a predominantly positive attitude towards change stems from the fact that in Montenegro in recent years many changes have occurred in all segments of our environment. In this sense, people have begun to embrace change as an integral part of their lives, not as something to be run away from. There is also a large number of foreign companies in our market that brought with them their culture-specific values, which must be reflected to employees in our companies. Therefore, a

dominating attitude is the one of acceptability of a permanent and continuous development (hence the changes). However, a positive attitude to changes in the company does not negate the need and possibility of planning the future and analysing the past. In fact, 84% of respondents believe that there is a need for planning the future and analysing the past in the current business environment.

Regarding the relationship between a company and the state, about 34% of respondents expect help from the state, if their company finds itself in difficulties, and almost as many do not expect such help (38%). Likewise, the significant 58% believe that companies should take care of its employees who do not have any work to do. The relationship between a company and the state is, as already stated, more patronizing, with a distinct line of social charges and non-market behavior. Perception of a company, more as social than as economic form of business, undermines healthy and natural relationship to the market and to all forms of competition. That is significantly contributed by the remains of the past, steady habits and behavior and overall, still relatively uncompetitive, business environment.

Attitudes regarding risk in business are contradictory with a certain dose of immaturity. In fact, over 85% of respondents believe that risky combinations in work should be avoided and 6% believe that risk in business is worthwhile nowadays. Certainly, we conclude that there is a certain level of risk aversion. Reasons can be found in the current global economic crisis and increased caution in investment, and partly in the national culture which, during socialism, was not exposed to risk (or the risk was minimal). In any case, the results show a very low degree of willingness of local companies to take over high risk ventures. Resistance to risky business combinations will probably eventually be overcome by competitive and market relations which eliminate monopolistic behavior and presume certain risk coefficient in business and overcoming of the situation in which 'all is known in advance'.

Organizational culture of Montenegrin companies is the result of overall social and economic events in the region, on the one hand and our national culture, on the other hand. In this sense, we have tried to identify and understand interaction whole of beliefs, habits, traditions, value attitudes, norms and standards that characterize and mark our companies. Namely, a high dose of collectivism, authoritarianism, fear of uncertainty, risk aversion, are all certainly a consequence of overall situation in the region. In this sense, value attitudes, habits, standards and norms of behavior, i.e. appropriate organizational culture have been formed.

Thus, the most dominant type of culture in Montenegrin companies is power culture. The results of research show that employees in Montenegrin companies experience their company as a patriarchal family (with the general manager as a father). In such a company a group represents refuge and protection for each individual. Employees are strongly connected to a group, often to the extent that they experience their own identity exclusively through the social community. Therefore, a high loyalty to a group - a company expected to protect and assist may be noted, and in return the maximum support is provided when necessary. Furthermore, a very high degree of centralization may also be noted, as well as a low degree of formalization. Namely, managers are more likely to informal relations in communicating with employees which indicates a low degree of formalization in our companies. The lack of formalization can be explained by a high dose of collectivism and presence of women's values in national culture. Women's values include domination of the need for social contacts, development of harmonious interpersonal relationships, providing support and assistance, etc. A high dose of authoritarianism has resulted in leaders who are expected to adopt all important decisions for the company. Leaders are also expected to take responsibility and risk and to decide independently. Namely, delegation of decisions to leaders subordinate avoid all risky and uncertain situations. In this case, the leader takes over the risk and responsibility of decision-making. Subordinate ones do not have anything



against that. In such a situation, if the leader tried to involve employees in decision-making, it would be difficult to interpret that as a good gesture on his part. It is more likely that employees would interpret that as a sign of his weaknesses. Collectivism of our culture also means putting care of a group into the hands of the leader (who is the father of the family).

Therefore, regardless of the fact that the research has shown the dominance of power culture the presence of task culture in Montenegrin companies is very encouraging for Montenegrin economy. This points to strengthening of the role of the market and individual compared to collectivistic values which are obviously dominant. Role culture is present to a much lesser extent, and support culture is perceived only by 15 respondents, so it may be difficult to generalize conclusions when it comes to this culture.

### *CONCLUSIONS*

Realized research has shown that the organizational culture of Montenegrin companies which is diagnosed based on employees' opinions in some areas is very strong, while there is no sufficient uniqueness, which is the requirement for a strong culture, about a number of attitudes. To avoid breaking up of such organizational culture, it is necessary to examine the causes of the lack of uniqueness about some issues. Uniqueness is, in the opinion of the author, largely a result of traces of the past and still unbuilt and accepted new values of the system and mental maps. In such circumstances, the traditional, old habits and behaviour are still maintained, but are slowly and surely suppressed by modern market trends in the economy.

Therefore, the general conclusion is that some dimensions of organizational culture should be fundamentally changed, and some dimensions of organizational culture should further be built and strengthened.

To minimize collectivism it is necessary to change the current belief of employees that their work positions are safe and that the state is obliged to take care of and worry about each employee's fate. Such system of beliefs and values leads to conclusion that employees are not independent, have no initiative and creativity. This can result in irresponsible behavior and poor performance of tasks assigned. It can be concluded that organizational culture that prevailed in the past is largely preserved, since newly employed workers have embraced the core values of that culture. This has resulted in preserving the characteristics of the particular culture of behavior and traditions of the past to the present. It is recommended that traditional values of organizational culture, which dominate now, are to be replaced by the values imposed by global market. Creation of favorable organizational culture is crucial to business success, competitiveness, and thus to survival of the company.

Ignoring failures, as a traditional value, must be changed and facing with poor performance must become a part of business policy of every company. Employees have to deal with poor performance and take responsibility with the aim to rectify shortcomings in their performance and to assess and monitor performance results. The recommendation for employees is to accept mistakes in the learning process. Control systems that will prevent mistakes to be made within the company need not be created. It is necessary to create a culture that is receptive to learning, including learning from mistakes.

The existing organizational culture (no matter how good it is) should not be seen as something that is once given and cannot be changed. Culture has a role to ensure the survival, growth and development of the company when the environment changes in a manner that the old cultural standards remains inapplicable, and it becomes logical that cultural system will be transformed.

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