

# Relations of dimensions of organisational culture and economic performance in companies in Bosnia and Herzegovina

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## Abstracts

As a result of globalization, entry of foreign capital and the need to achieve greater competitiveness of companies, interest in understanding the organisational culture in Bosnia and Herzegovina in recent years is growing. In an era characterized by rapid adaptation of organisational performance to changes imposed by the market environment, organisational culture and economic performance are becoming an indispensable factor of success.

Managers who want to achieve superior business results are required to be familiar with the national culture and to be able to create an organisational culture in their companies as this can have a significant impact on improving the economic performance but also on many other organisational outcomes.

The aim of this paper is by giving explanation on the relation of dimensions of organisational culture and economic performances, provide guidelines to top managers in companies in Bosnia and Herzegovina for initiation of appropriate actions to change the organisational culture in your company in order to improve various organisational outcomes.

The research included 334 middle managers, employees in companies in Bosnia and Herzegovina. Results of the research have found existence of statistically significant relationship between organisational culture and the economic performance of the companies in Bosnia and Herzegovina.

**Keywords:** management, national culture, organisational culture, economic performances.

## Introduction and theoretical basis

The development of the concept of organisational culture began in the early 20<sup>th</sup> century. Henry Fayol (Fayol, 1916) has developed a principle in organizing and highlighted management as one of the major activities in a company. The real breakthrough of organisational culture to the world of science began in 1982 with the publication of the famous

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bestselling book by Peters and Waterman "In pursuit of excellence" (Peters, Waterman, 1982). These two authors are among the first to point out organisational culture as one of the most important factors for success in a company. After that, interest in the phenomenon of organisational culture has sharply increased, in almost all developed countries of the West and Japan.

Before the detailed definition of organisational culture, and bearing in mind that national culture has a strong influence on the organisational culture as it may constitute a restriction of organisational culture and practice management (Gerhart, 2008), we will shortly define links between national and organisational culture. In fact, due to the increasing trade liberalization and privatization of state-owned companies (as is the case in Bosnia and Herzegovina), key elements are provided in the platform of economic globalization, which implies mobility of transnational capital, and therefore a significant impact on individual national systems, which can be defined as the economic dependence among nations, which resulted in a growing interest in understanding national and organisational cultures. In addition, national culture is an important factor that determines the profile of individual values, but also values of organisational culture of companies operating within it (Hofstede, 2001). The latest research shows that the impact on the national organisational culture can not be assumed when referring to two countries and it rarely comes to cross-border interference (Minkov, Hofstede, 2012).

Smith (1992) explores the degree to which organisational behavior varies between different national cultures and concludes that it is important to prepare managers for multicultural experience. National culture can be a significant variable that affects the development of cognitive styles and thinking managers (Dimitratos et al., 2011). According to Brooks (2006), it may affect the relationship between managers of different nationalities and cultures working together in the same company. For example, in one culture it is desirable to foster the right to freedom of speech, while in another culture it is preferred for this same right to be subordinated to the interests of society as a whole. Also, religion can have important impact on national and on organisational culture, which is especially highlighted in countries where religious and political systems are closely linked. Berry and Ward (2006) indicate that meeting of individuals from different cultures often results in stress that can grow into conflict.

To be successful in working with employees from other cultures, managers must be familiar with the cultural differences and similarities between the country of origin and the country in which business is operated. They also need to understand the implications of diversity and possess the necessary communication skills to be able to make decisions in accordance with the cultural specifics of the environment (Javidan, House, 2001; Gerhart, 2008).

A number of definitions of organisational culture were derived with the aim of more comprehensive conceptual definition of the construct of organisational culture, and in this paper we will mention just a few. Among the many definitions of organisational culture, according to the authors, the most interesting is the one that says that organisational culture is a system of values, beliefs and customs within an organisation which interacts with the formal structure, producing certain norms of behavior (Gordon et al., 2007). Robert M. Donnelly defines organisational culture in a similar manner, he says that understanding, values, ethics, lifestyles and largely character of Executive Directors, as well as immediate

subordinates, creating a culture of any organisation, which means that every organisation has its own common culture or specificity (Donnelly, 1984).

Organisational culture affects all aspects of business and life of a company, and it is not something that an organisation possess, culture represents what organisation really is (Pacanowsky, O'Donnell-Trujillo, 1982). Organisational culture is one of the most important factors in employee satisfaction (Moynihan, Pandey, 2007). Successful managers need to influence employees in many aspects of their activities (for example motivation for work), in forming attitudes about the organisation (for example, job satisfaction) as well as the organisational culture that combines the values and attitudes of employees in the company (Wehrich, Koontz, 1998).

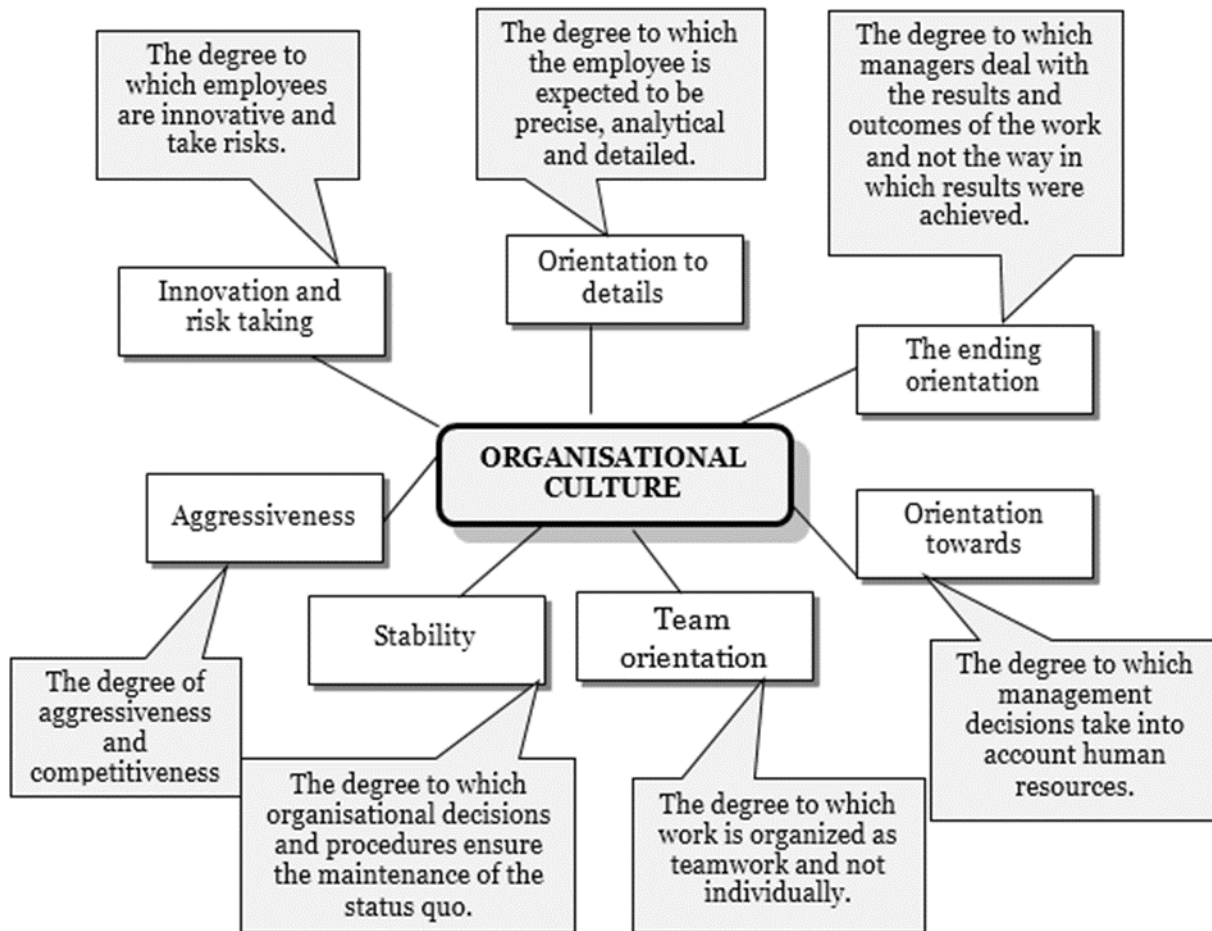
Managers should understand the implications of the diversity and the necessary skills to be successful in their work and to be able to decide on a reasonable and sensitive cultural level (Javidan, House, 2001). Organisation with satisfied employees tend to be more effective than the organisations with a small number of satisfied employees. One of the most important research in this field (Judge, Thoresen, Bono, Patton, 2001), shows that factors related to the organisational culture and personal determinants exert greatest impact.

There are many books and studies about the importance of organisational culture and there have been numerous studies that indicate its importance, how it works, how it changes and evaluates, and how it affects employees and business performance of the company (Pettigrew, 1979; Hofstede, 1980, 1984, 1991, 1998, 2001; Deal, Kennedy 1982; Donnelly, 1984; Schein, 1985; O'Reilly, Chatman, Caldwell, 1991; Calori, Sarnino, 1991; Kotter, Heskett, 1992; Ogbonna, 1993; Brown, 1995; Cameron Quinn, 1999; Ogbonna, Harris, 2000; Black, 2003; House, Hanges, Javidan, Dorfman, Gupta, 2004).

One of the many characteristics of the organisational culture is that in many companies, most employees, and even a good part of the middle and lower management, are not aware of the company culture and what type of brand image is created by the culture of the company in its business environment.

Organisational culture is deeply rooted in every organisation. Every organisation has its invisible quality, a certain style, a certain character or way of doing business. Even when organisational culture is bad it still exists. The most common definition of organisational culture is that it is the way we do in here (Bower, 1966; Deal, Kennedy, 1982; Martin, 2006). Such a view is much more powerful than any regulation of a person or of the formal system. Invisible quality determine the success of the organisation.

Organisational culture exists on the cognitive and emotional level, it is a set of basic assumptions, values, attitudes, and norms of behavior common to the organisation and are manifested by the perception of the members of the organisation, a way of thinking, feeling and behaving, as well as artifacts of tangible and intangible nature (Deal, Kennedy, 1982; Wallack, 1983; Schein, 1985; Kotter, 1992; House et. al., 1997).



**Figure 1.** Dimensions of organisational culture (Source: Robins et al., 2005)

Connecting individual with common goals and reliance on the responsibility of employees, is a factor of success of organisational culture. Organisational culture is a set of interactions of employees, their attitudes, feelings and behavior, the functioning of the company, how decisions are made and the impact of decisions (Hansen, Wernerfelt, 1989; Graham, Nafukho, 2007).

There are seven dimensions of organisational culture and they are presented in Figure 1, and these seven dimensions actually represent the essence of the organisational culture. Each dimension varies from low to high, which is just a way of expressing something that is not characteristic of the culture (low size), or typical of the culture (higher dimensions).

It is noteworthy that, when organisational culture has been established, some organisational practice helps to sustain one. For example, during the process of selection of employees, managers assess candidates in the job requirements, but also by how they would fit into the organisation. Also, organisations should help employees to adapt to a process called socialization, during which new employees become aware of organisational culture in the company where they started.

***The importance of organisational culture for companies business***

The development of an organisational culture is particularly important for companies from countries in transition as is the case with companies from Bosnia and Herzegovina. The impact of organisational culture is particularly evident in companies that have completed the process of ownership transformation.

With the rounding off of the process of economic transition and the entry of foreign capital into the market, organisational culture gets a more and more important role in the process of globalization of business processes.

In this case, foreign capital is facing two barriers, visible one, which are legal, administrative, institutional and infrastructure issues, and invisible, and that is the organisational culture. In the medium and long term, invisible barriers are much more difficult than the visible one because foreign investors invest in companies whose organisational culture is often significantly different from those in which they already work (Catana Catana, 1999).

According to Schneider (1994) organisational culture is important because it:

- (1) Provides consistency for the organisation and employees.
- (2) Provides order and structure for the activities within the organisation.
- (3) Provides the way employees behave within the organisation:
  - ✓ establishes boundaries and basic rules,
  - ✓ establishes communication patterns,
  - ✓ establishes criteria for members of the organisation.
- (4) Determines the conditions for effectiveness within the organisation:
  - ✓ represents conditions for rewards and punishments,
  - ✓ represents expectations and priorities,
  - ✓ determines the nature and application of power.
- (5) Has a strong influence on the structure of the organisation.
- (6) Sets patterns of relations among the employees in the organisation.
- (7) Defines effective and ineffective work.
- (8) It affects a better organisational approach to management.
- (9) Limits strategy.
- (10) Represents the basis of productivity organisation.
- (11) It is parallel with individual characteristics.

Organisational culture is important for the business of an organisation as a determinant of its ability to adapt to changes in the environment. It is a common assumption that organisations

are successful because they have a culture that emphasizes flexibility and openness to developments in the market. Successful organisations have such a system of values and beliefs that are seeking a permanent need to adapt to changes in the environment. However, organisational culture can negatively affect the ability to adapt to an organisation. If the culture is strong, it can block changes. It can even disable the top management of the organisation to the eve of the need for change. Relying on outdated cultural assumptions and beliefs, managers in organisations can not find significant changes in technology, consumer tastes, or turn-based competition. Through interpretive scheme members of the organisation awarded the meaning of things and phenomena in the organisation and outside it and thus understand the reality that surrounds them (Fiske & Taylor, 1991).

Organisational culture is a *mechanism of coordination* in the organisation. It was noted that a strong and unique organisational culture significantly simplifies and accelerates the process of coordination of employees. The unique and strong culture means that there is a consistent, stable and homogeneous system of assumptions and beliefs, which in daily work and behavior in the organisation adheres to most employees. When based on the same assumptions and values, employees in the organisation are easier to understand and coordination is more effective. Because organisational culture to a large extent can replace formal coordination mechanisms, such as, plans or written procedures.

Organisational culture can be an effective *mechanism of control* for behavior of employees. Control is achieved by imposing certain cultural values, beliefs and norms of behavior to employees. When most employees accept these values and norms, and adopt them as their own personal rules, thinking and behavior, then control of their behavior will be very simple. Sometimes the organisational culture is even more powerful mechanism to control the behavior of employees in relation to the formal regulations or direct supervision by managers. In a strong culture, control of an individual's behavior comes from within, from itself, and requires no external control, which is always costly and inefficient.

Organisational culture significantly reduces conflicts in an organisation. One of the most common causes of conflicts in organisations are different frames of reference from which employees start to understand the world around them. When two or more persons who have completely different assumptions, values and beliefs about the world around them, come into a situation to work together and make decisions, the conflict between them is inevitable. A strong culture eliminates that possibility.

Organisational culture is a good motivator. A strong culture encourages identification of members of the organisation with it. With this, employees are given the chance to meet their needs for belonging. Need to belong, members of the organisation can achieve only if they identify themselves with their organisation and identification with the organisation will be possible only if it has a strong culture.

For better understanding of the organisational culture that includes values, beliefs and meanings that employees attribute to their experiences in the organisation, we should know that the concept of organisational culture has its intellectual roots in sociology and anthropology, but its fundamentals are also drawn from the management disciplines. This connection is most easily observed from some definitions of organisational culture, such as that it implies strongly and widely accepted core values (O'Reilly, 1983), then "that's the way

we are doing here (Del et al., 1982), that the collective mental programs "(Hofstede, 1980), a common understanding" (Van Mannen et al., 1983), that a number of common, enduring beliefs that are transmitted through different symbolic media, creating meaning in working life of an employee (Kouzes et al., 1983).

### ***Job satisfaction as an indicator of the level of organisational culture***

Many researchers point to the fact that job satisfaction largely depends on the organisational culture of the company, a well-known thing that the level of job satisfaction depends on organisational outcomes (Spector, 1997; Meyer et al., 2002; Sempene, Rieger, Roodt, 2002; Lund, 2003; Fargher et al., 2008; Lee, Chang, 2008; Amos, Weathington, 2008; Bellow, 2010).

A modern manager is the one that views employees as a powerful source of energy that comes from their ability and their personality traits and those managers who inspire loyalty and enthusiasm of those who they lead, having a positive impact on their level of job satisfaction in the organisation, and thus on their higher productivity.

As part of improving the efficiency of the organisation, it is essential to carry out continuous performance measurement of employee satisfaction, because the results of measurements give management a good basis for defining the concept of motivation and the use of other strategies to increase the current level of satisfaction, which is a significant organisational performance.

Namely, employee satisfaction is an integral part of the quality of work in all organisations because quality of work performed depends on employee attitudes and their behavior, which has a direct impact on the performance of the organisation as a whole. A good manager knows that all employees want to develop as a person through their work, to develop and use their talents and skills to achieve operating results and achievements that will be recognized (Davis, 1992), where the work does not only involve job performance but also active interaction with colleagues, managers, respect the rules and policies of the organisation, achieving standards of performance, and the like. According to the same author, satisfaction is defined as a positive emotional response and attitude of individuals towards their work, and it is a combination of internal and external factors. Internal factors include the nature of the work that one performs, the tasks that work is composed of, professional development, and a sense of responsibility and achievement at work, and the external factors include the working conditions, salaries, collaboration while colleagues and managers and the like. The internal factors among employees promote satisfaction and outer prefer dissatisfaction (Sousa-Poza, 2000). Though, the most important determinants of job satisfaction are interesting and creative work, good relationships with managers and colleagues, high autonomy in work and career prospects, as well as job security, and the ability to create a balance between work and private life.

Most authors in this field believe that job satisfaction is structured by a number of factors that can be reduced to the next five systematized dimensions of job satisfaction: the satisfaction that comes from performing certain tasks, satisfaction of belonging to a working group, satisfaction of belonging to an organisation, satisfaction with the financial position, and satisfaction with status on the job.

Locke's (Locke) theory states that job satisfaction exists to the same extent as the outcome of the job (award received by an individual) corresponds to the desired outcomes. For example, if employees get more outcomes that they appreciate, they will be more satisfied (Greenberg, Baron, 1998). Locke's theory also points out that a significant discrepancy between the satisfaction of those aspects of the job that a person has and those he desires, and numerous studies have shown that the larger the discrepancy, the less satisfaction. This theory is particularly important for organisations because it indicates aspects of the business to an organisational change to make employees happy in their work.

Job satisfaction may have an impact on performance but also on customer satisfaction and profitability, which is why marketers have developed chain model that connects job satisfaction of employees with customer satisfaction and profitability (the employee-customer-profit), who found that an increase in employee satisfaction and loyalty to the organisation, result in higher grade values by clients, which affects the increase in profitability of the organisation (McShane, 2003).

Organisations need individuals who will do more than beyond the expectations of their normal work duties require, and the findings indicate that organisations with such employees achieve more than those organisations that do not have such employees (Robins, Coulter, 2005). Consulted literature in this field indicates that organisational culture and job satisfaction can be viewed as a key to long-term success and achieve the results of the company.

### ***Financial performance***

Financial performance is the subject of numerous research, especially in terms of setting dependency on financial ratios of the various organisational aspects (Eriksen & Knudsen, 2003; Chen, Firth & Rui, 2006; Bonfiglioli, 2008; Masakure, Cranfield, & Hanson, 2008; Pantazi & Străoane 2011; Bachmann & Makan, 1997; Tan & Litschert, 1994; Wang, Tsui, Zhang, & Ma, 2003). From a partial perspective, some research are focused on studying the impact on the profitability and its importance (Eriksen & Knudsen, 2003; Chen et al., 2006; Den Hartog & Verburg, 2004), some on productivity (Bonfiglioli, 2008; Masakure et al., 2008; Bridgman, Gomes & Teixeira, 2011), some on salaries (Pantazi & Străoane, 2011; Bachmann & Makan, 1997; Chandler, Chony, Mtei, REYBURN, & Whitty, 2009).

Some references examine certain sets of financial performance. For example, in the works (Tan & Litschert, 1994; Wang et al., 2003), as well as in a recent research (Wang et al., 2011), following financial performance were investigated: profitability, sales growth, asset growth, market share and the competitiveness of organisations in the industry. Given that, as said, research in the field of leadership has not been done in organisations in Bosnia and Herzegovina, we have decided in this paper to explore the impact of leadership on financial performance.

Therefore, in this paper, the starting point for the selection of financial performance, which will be placed in relation to the leadership, were references (Tan & Litschert, 1994; Wang et al., 2003; Wang et al., 2011). As already mentioned, in these works following financial performance were investigated: profitability, sales growth, asset growth, market share, competitiveness. Groups of these five financial performance are associated with two: productivity and salaries. For this performance there is considerable interest in the literature,



for example: for productivity (Bonfiglioli, 2008; Masakure et al., 2008; Bridgman, Gomes & Teixeira, 2011), the salaries (Pantazi & Străoane, 2011; Bachmann & Mekan, 1997; Chandler et al., 2009). Otherwise, from the following references it may be noted that the problems associated with the salaries very relevant and important in less developed countries. That is why this performance was included in the survey in Bosnia and Herzegovina. Based on the foregoing analysis, a set was formed consisting of seven financial performance factors that were investigated in this work: productivity, profitability, market share, sales growth, competitive status, asset growth and salaries.

### **Methodological research setting and used instruments**

The questionnaire used for this research is designed to reliably and validly measure the dimensions of organisational culture and economic performance, but is designed so that managers can use for self-evaluation, and as a good tool for training and development of managerial skills, as well. Such designed questionnaire had the purpose to provide a measurement of the above parameters and putting them in correlation with each other, in order to determine the extent and intensity of the impact of dimensions of organisational culture on the economic performance in companies in Bosnia and Herzegovina that were included in this research.

In this research, evaluation of all items related to financial performance, respondents were conducted via Likert scale ranking of five points, from 1 (very low) to 5 (very high). This was done on the model of reference (Tan & Litschert, 1994; Wang et al., 2003; Wang et al., 2011; Den Hartog & Verburg, 2004).

To measure the organisational culture a shortened version of the instrument GLOBE was used (The Global Leadership and Organisational Behavior Effectiveness Research Project), a questionnaire consisted of 11 questions (House, et al., 1999, 2002, 2004).

Wishing to determine individual effects of each item separately, as well as their mutual correlation with the intention of obtaining accurate results on relations dimensions of organisational culture and economic performance, in the research results this form is shown and related items are not grouped into dimensions as it usually is done when research uses these instruments.

### **Goals, tasks and research hypothesis**

*The main reason* this research was conducted was to obtain the relevant indicators and determine the relations between the dimensions of organisational culture and economic performance, and to determine the extent to which the organisational culture has an impact on the economic performance of the companies in Bosnia and Herzegovina.

*The main goal of the research* was to, by means of adequate analysis done based on measurements, determine the extent to which the organisational culture has an impact on organisational performance and effectiveness of business processes in companies in Bosnia and Herzegovina.

*The main task of the research* was to determine on the basis of values obtained from the questionnaire that was used during the research, establish and present to managers which direction they need to go in the future, to develop a good corporate culture and gain additional

competencies useful for achieving outstanding results in the process of creating and the introduction of changes in the business for a continuous process of adapting to the constant changes in a dynamic business environment.

*The hypothesis of the research.* Taking into account the presented theoretical foundations and other research in this area presented in this paper, it has been hypothesized that there is a statistically significant correlation between the dimensions of organisational culture dimensions and the economic performance of business processes in companies in Bosnia and Herzegovina.

### ***The method and operating mode***

This research was conducted in 103 business organisations from the private and public sector in Bosnia and Herzegovina during 2015. The research included 334 employees and mid-level managers who are directly related to the implementation of business processes. Research was preceded by the introductory explanation to managers about the purpose and significance of the research. To conduct the survey a method of scientific research, surveys and interviewing techniques, as well as an instrument in the form of questionnaires were used. The survey is anonymous, and the questionnaire, in addition to general information (gender, age, education degree, field of education, national origin, organisation and ownership structure), consisted of 22 questions. The questions covered a wide range of transformational leadership and leadership based on the LMX theory, economic performance and the need for greater achievement.

### **Research results**

The research was conducted on a sample of  $N = 334$  respondents. 184 (55.10%) were male and 150 (44.90%) were women. According to age, the subjects were divided into three age groups: younger managers (under 35 years of age), and there were 127 (38.02%) of them, managers of middle age (35 to 50), there were 124 (37.13%) of them, and managers of the older age (over 50 years) and there were 83 (24.85%) of them.

Education degree of examinees is diversified, but most of the managers are with higher education, university education first cycle. There were 44 respondents (13.17%) with secondary school, 55 (16.47%) with higher education, 198 (59.28%) with university education (university education first cycle), 24 (7.19%) masters (second cycle university education), and 13 (3.89%) PhDs. When it comes to fields of education, 97 (29.04%) of the respondents were educated in the field of natural sciences, 144 (43.11%) in the social sciences, and 93 (27.85%) in other areas of education. The structure of the organisation in which the subjects are engaged is also different. Of the 103 included organisations, 86 (83.50%) of organisations have Bosnian national origin, 17 (16.50%) have the other (mainly EU origin). 48 (46.60%) organisations have a private ownership structure, and 55 (53.40%) are under state ownership structure. 296 (88.62%) of respondents are employed in organisations of Bosnian national origin, 38 (11.38%) in the organisations of the European (EU) national origin. 185 (55.39%) of respondents are employed in organisations from the public sector, and 149 (44.61%) in the private sector organisations.

**Table 1.** Descriptive statistics

Dimensions	Short name	Min.	Max.	Arithmetic mean	Standard deviation
The influence of the individual in the organisation is primarily based on his ability and contribution to the organisation, or of the authority given by his/her position.	OC1	1	7	4,4491	1,72478
The degree of encouraging managers to collective loyalty even at the cost of individual goals.	OC2	1	7	4,0419	1,72893
The degree of pride organisation members feel on individual achievements of managers.	OC3	1	7	4,1676	1,62803
The system of bonus payments in the organisation is modeled in such a way that it increases the individual versus the collective interest.	OC4	1	7	3,9071	1,76734
Expectation of subordinates to review the decision of the manager when they disagree with them, or listen to the manager without question.	OC5	1	7	4,7994	1,61036
The degree of pride managers take on individual achievements of members of the organisation.	OC6	1	7	4,1916	1,69235
Employees who have the power in the organisation, are trying to reduce the social distance from less powerful employees or increase the social distance from less powerful employees.	OC7	1	7	4,0239	1,53224
Employees are loyal to the organisation.	OC8	1	7	4,2514	1,62827
Members of the organisation are not proud of working in the organisation, are moderately proud, or are very proud to work for the organisation.	OC9	1	7	4,2365	1,45638
In the organisation individual work is valued more than the teamwork, or the individual and teamwork are valued equally, or the teamwork values more than individual work.	OC10	1	7	3,8772	1,43525
The organisation shows loyalty to employees.	OC11	1	7	4,0958	1,69164
Productivity	EP1	1	5	3,7125	0,92740
Profitability	EP2	1	5	3,4610	0,97258
Market share	EP3	1	5	3,4850	1,00063
The sales growth	EP4	1	5	3,4071	1,04064
Competitiveness	EP5	1	5	3,5568	1,71637
The growth of basic assets	EP6	1	5	3,2844	1,05406
Salaries of employees	EP7	1	5	2,7784	1,24915
Valid N = 334					

Descriptive statistics for the dimensions of organisational culture and economic performance is shown in Table 1. In the same table, among other things, are given names of dimensions and a short name for each dimension, the mean value and the standard deviation. The independent variable, and the dimensions of organisational culture, in the table are shown with short codes OC1 to OC11 (GLOBE shortened questionnaire composed of 11 questions, the respondents answered questions marking the value from 1 to 7). The dependent variable are

dimensions of achieved level of economic performance, the table shows a brief indications of EP1 to EP7 (a questionnaire with 7 questions and ratings ranging from 1 "very low" to 5 "excellent").

**Table 2.** Pearson's dimension correlation coefficient of organisational culture (NOC) with dimensions of economic performance (EP)

	EP1	EP2	EP3	EP4	EP5	EP6	EP7
OC1	-.281**	-.252**	-.168**	-.201**	-.200**	-.220**	-.220**
OC2	-.359**	-.313**	-.247**	-.251**	-.302**	-.277**	-.335**
OC3	.417**	.351**	.382**	.365**	.323**	.313**	.448**
OC4	.401**	.422**	.378**	.355**	.274**	.445**	.504**
OC5	-.301**	-.225**	-.216**	-.207**	-.214**	-.159**	-.281**
OC6	.462**	.390**	.354**	.313**	.261**	.336**	.468**
OC7	-.326**	-.226**	-.185**	-.185**	-.194**	-.163**	-.250**
OC8	.452**	.374**	.280**	.294**	.214**	.251**	.492**
OC9	.444**	.316**	.273**	.341**	.340**	.299**	.596**
OC10	.412**	.301**	.311**	.301**	.295**	.293**	.349**
OC11	.525**	.384**	.318**	.308**	.272**	.347**	.538**

Table 2 shows the results of the correlation analysis correlation dimension of organisational culture (as independent variables), with dimensions of economic performance (as the dependent variable). Results relate to the total sample of N = 334 respondents and Pearson correlation was used. Statistically significant correlations were identified as follows: \* p < 0.05, \*\* p < 0.01.

**Discussion**

As demonstrated by the data presented in Table 1., which refer to the dimensions of organisational culture (OC), it is evident that dimension OC5 has the highest arithmetic mean (expectation of the subordinates to review the decision of the manager when they disagree with them or listen to the manager without question), with an average of 4,7994. Other dimensions of organisational culture from this questionnaire have a uniform and relatively high average arithmetic mean. Dimension OC10 has the lowest arithmetic mean (a different evaluation of individual and team work), with an average of 3,8772 suggesting that managers included in this research should work on self-evaluation in order to through additional education and training to improve their personal effectiveness in terms of the development of this dimension, which is in direct mutual-effect relationship with the dimensions of economic performance, which can significantly affect the motivation of employees and job satisfaction, and affect the effectiveness of the performance of tasks. Therefore, it is necessary for managers to value teamwork more than individual work.

When it comes to economic performance (EP) from the questionnaire on measuring the level of economic performance, it is evident that the EP1 has the highest arithmetic mean (productivity) averaging 3,7125 suggesting that the productivity of the business processes of organisations included in this research is relatively high. In this context, it is important to note that the salaries of employees (EP7) have the lowest arithmetic mean of with an average 2,7784 which is somewhat logical given the fact that the area in which the research was

conducted (Bosnia and Herzegovina), is still in the transition process, and that it has not yet fully implemented the concept of market operations, both in the state nor the private sector.

Table 2., shows a statistically significant correlation between dimension of organisational culture and dimension of economic performance, thus confirming the hypothesis that the dimensions of organisational culture are in a statistically significant connection (0.40 to 0.70) with economic performance. From the results shown in Table 2., it can be concluded that there is a positive correlation which implies a linear growth of dependent and independent variables, which is statistically significant at the level of  $**p < 0,01$  between dimensions of organisational culture and the dimensions of economic performance of business processes, especially between: OC9 (the degree of pride organisation members feel on individual achievements of managers) and EP7 (salaries of employees); between OC11 (organisation shows loyalty to employees) and EP1 (productivity); between OC4 (the model of payment of bonuses increases individual as opposed to collective interests) and EP7 (salaries of employees); between OC6 (the degree of pride managers take in individual accomplishments of the organisation members) and EP7 (salaries of employees); and OC4 (the model of payment of bonuses increases individual as opposed to collective interests) and EP6 (the growth of basic assets); OC6 (the degree of pride managers take in individual accomplishments of the organisation members) and EP1 (productivity); OC8 (the degree of loyalty of employees to an organisation) and EP1 (productivity).

Also, according to the obtained results it can be stated that there is a statistically significant negative correlation which implies an increase in the value of one variable, with a simultaneous decline in the value of other variables, but the correlation is present, as is the case in correlation dimension OC1 (the influence of an individual in the organisation based on his ability and contribution to the organisation, or of the authority given by his/her position.), OC2 (the degree of encouraging managers to collective loyalty even at the cost of individual goals), OC5 (expectation of subordinates to review the decision of the manager when they disagree with them, or listen to the manager without question) and OC7 (increasing as opposed to decreasing of social distance of employees who have power in the organisation with employees who do not have that power), with all the economic performance. Mentioned results are to some extent logical, given the fact that some companies included in this research are private and some state-owned, it is the result of an unfinished privatization process and the transition from a planned (socialist) to market operations. Therefore, taking into account the fact that the companies that were privatized got their ownership capital from countries with different national cultures (mainly the European Union) of Bosnia and Herzegovina, it is understandable that the above dimensions of organisational culture (OC1, OC2, and OC5 OC7) are poorly developed, and that the the value of the independent variable (OC) is increasing, with a simultaneous decline in the value of other dependent variables or dimensions of economic performance.

Above mentioned leads to the conclusion that companies should make further efforts in the development of their organisational culture which can be realized through various professional training and education of their middle managers.

Though, regardless of the sign of the correlation, a statistically significant correlation between the dimensions of organisational culture and economic performance is evident.

Generally speaking, based on the foregoing statements based on statistical correlations, it can be concluded that the dimensions of organisational culture have a significant impact on dimensions of economic performance, which suggests that these dimensions significantly affect the individual and organisational performance, on effectiveness of business processes, and thus the overall market position of the company. All correlations were statistically significant at the level \*\*  $p < 0.01$ .

## Conclusion

Organisational culture is deeply rooted in every organisation, it is partly developed in response to stimulation that is experienced and which is common to members of the organisation.

Organisational culture is the sum of a company's values, rules and norms with which employees live and work together with bearers of executive control processes. Organisational culture is shaped by the company's top management. Increased accumulated knowledge of the organisation members, it represents a powerful and user-friendly tool to managers for maintaining behavior of human resources.

Although there are many definitions of organisational culture, it can be said that to some extent, all of them share that organisational culture implies the knowledge and experience that an individual uses in the development of its organisational behavior. It is an important part at the group level and at the individual level because development of of an individual and group culture, is a key factor in creating the image of the company through the identification of employees with the company. It is therefore one of the most important tasks of top management of the company, development and adaptation of the organisational culture to more and more dynamic changes in the business environment, which is why organisational culture is becoming one of the most important components of the effectiveness of the company's business.

The research confirmed the hypothesis that the dimensions of organisational culture are in a statistically significant correlation with the dimensions of economic performance of business processes in companies that were included in this research.

In that way, through development of organisational culture in the company, overall organisational performance improve simultaneously, which is why a general conclusion of this research is imposed by the statement of the need for continuous application of the elements (in the work mentioned) of organisational culture, if an organisation wants to achieve better performance, and better market position in an increasingly competitive

and dynamic business environment.

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