THE INFLUENCE OF ORGANIZATIONAL CULTURE ON MANAGEMENT AND EMPLOYEES

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Abstract: There are many companies in the market that operate successfully with minimal advertising costs, and whose products and services are characterized by high quality. Employees of these companies are not only satisfied with monthly incomes, but also by the fact, they are a part of a successful team. They share the same value systems and evaluation of internal and external influences on the business processes of the enterprise in which they work. Managers of such companies are responsible for the efficient organization and business management, human resource management, good relationships and market reputation of the company. The aim of this paper is to highlight the importance of organizational culture of companies that are equally reflected in the employees and the managers. It also discusses the impact of organizational culture on managers and employees in our companies, on the one hand and an example of good practice of Japanese managerial class that is in interaction with the organizational culture of the company. The interview with the "Doncafe" company's employees in Belgrade was used, and the method of deduction was applied in the paper.

Keywords: organizational culture, organization, management, employees

1. INTRODUCTION

All companies have its culture, according to which they are recognized and varied. Organizational culture is created in the process of social interaction and communication among all members of the organization. The results are the shared values, beliefs, and norms of behavior of employees. Organizational culture is the combined experience of all members of the group, through solving everyday problems and a complex pattern of beliefs, expectations, ideas, values, attitudes and behavior. Culture is a kind of "operating system of the organization" that shows the way employees think, work and feel. The organizational culture influences the way of organization, type of structure and the degree of decentralization of authority application, the type of power, degree of formalization, standardization of procedures, method of control, resource allocation, human resources management, the planning, strategy and more, the overall practices and behavior of the entire organization. Between behavior and culture, culture is emerging as a cause and consequence of behavior in a two-way relationship. Organizational culture has many different functions that help the managers in the management of the organization and directing all organizational units and employees towards the achievement of organizational mission, strategy and objectives. Development of organizations brings a change in organizational

culture, i.e., changes in values and beliefs. Organizational cultures in business are different, i.e., appropriate. They direct and determine the awareness and behavior of people in the organization, so that all its members similarly interpret and understand the phenomena around us.

2. THE CONCEPT AND IMPORTANCE OF ORGANIZATIONAL CULTURE OF A COMPANY

The concept of culture and organizational culture defined several authors of which Przulj states definitions made by Bleicher K. and Petigrew A.: "Culture is a model of shared values and beliefs that give employees the institutional meanings and rules of behavior," while " Organizational culture is a system of assumptions, values and beliefs that employed have and as such they can be divided according to the basic problems of the company."[1] Organizational culture has two elements - external and internal. External component includes cultural attitudes, beliefs and values about how to solve the problems of adapting to the external environment. Internal component involves attitudes, values and beliefs about how it is possible to perform a business activity. However, according to N. Janicijevic, the author, which has among the first to deal with these issues, organizational culture is still new and under-researched concept. He had just moved from a phase of implementation and elaboration in the development phase and critical appraisal.[2]

Developed organizational culture is directly linked with the efficiency achieved by the company, which is reflecting in the following:

- Directs employees how to behave,
- Prevent false expectations,
- Plays a stabilizing role

A strong organizational culture beats the competition in the market; the employees perceive the future and are ready to welcome it, leading to a positive climate and stability of the company in the market.

It can be said that organizational culture makes that members of the organization in the same way understand the same or similar situations, and that is because of the common understanding of their behavior is in line[3]. When members of an organization understand the particular situation in the same way, this means that for them it has the same meaning. Current company culture is oriented towards the future and as such contributes to

- Enhancing the mutual cooperation between managers and employees
- Achieving permanent communication, the basic assumptions of timely and valuable information,
- Enables employees to be involved in all crucial processes of company
- Rejection of outdated structures and decentralization of competence and responsibility
- Construction of basic values, through employees of the company for the whole society, which achieves a secure future (it is possible to build the company philosophy in this way)
- Increase of capital and profit

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[1] Pržulj, Ž., *Kultura i preduzetništvo* (Beograd: Zadužbina Andrejević, 2000), 9.
[2] Janićijević, N., *Organizaciona kultura* (Novi Sad: Ulixes,1987), 38-42.
[3] J.P Kotter & James L.H., *Corporate culture and Performance* (NY: The free press, 1992), 75-91.

Four basic dimensions are the base of the organization's culture:[4]

- *Power distance*: the extent to which members of organizations accept that power is distributed unequally in the organization,
- *Uncertainty avoidance*: the extent to which members of the organization feel threatened or misunderstood
- *Individualism*: implies a social structure in which it is assumed that each member needs to take care of himself and loved ones, while collectivism implies a social structure which clearly sets the difference between members and non-members of the group, and where the members of the group can legitimately expect that the group as a collective concern for their well-being
- *Masculinity*: the degree in which "male" values are dominant in an organization or society, including aggression, orientation to earn money and material values, not taking care about other people and their interests. The opposite dimension is femininity.

The functions of organizational culture are adapting to the external environment and the creation of identity by the company in a way that all employees are integrated into a single unit. Culture determines the company's mission and strategy, objectives, means to achieve them (organizational culture, competitive strategy, technology, finance, and other necessary resources), the criteria for measuring results (culture determines the collective view how to measure the results of operation of the enterprise, while the key issue is what are the success criteria?) and corrective actions (culture is to provide a unified position of employees and management regarding changes in the environment).

Culture helps to solve the problem of internal integration by defining:[5]

- *A common language and conceptual categories* (where the language is understood under the specific language and jargon used in an organization, in order to better understands the process of working people)
- *Limitations, groups and the criteria for inclusion and exclusion* from a group (an element of culture in the organization, a criterion on which to determine who is "in" and who is "out")
- *The criteria for the differentiation of power and influence* (culture develops a unified position on to issue to which members are given more power than others)
- *Criteria for defining collegial relations, and relations of friendship and love* (through the culture, the group members create a common view of what colleague relationships are appropriate at work, how to express emotions in friendship or group or organization)
- *Criteria of awarding and punishing* (a common position on what and how to reward or punish)

Only in terms of developed organizational culture, employees can be identified with the company. Apart from motivating salary, one of the most important needs that people meet in companies is the need to belong to a particular social group. Identification with the company will only be possible if it has a strong culture. Encouraging identification of employees with the organization, a strong culture leads to the commitment to the company where they work. This raises the level of their work motivation. Motivation is effective when people pool their resources with the goals of the organization and thereby reach

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[4] G. Hofstede, *Culture's Consequences, Thousand Oaks* (CA: Sage Publications, 2001), 340.
[5] Piter Druker, *The Practice of Management* (First Perennial Library, 1986), 122-123.

their personal and professional goals. The task of the higher and lower managerial class was to design the most efficient way to manage not only the project cycles and business processes, but also human resources in order to foster and preserve the existing organizational culture. "The manager today should not be only "a top manager ", but must be the primary leader, the one who provides orientation to the company, who is a role model according to which the employee may be directed, assumes the personal credibility, employee orientation and excellent communication. Executives much more act through their behavior, then through what they say. It is worth saying, "what you are saying and the way you look is so strong that I cannot hear what you say. The procedures used as examples have much more effect than declamation."[6]

3. SIGNIFICANCE AND TYPES OF MANAGERS

Management is the process of planning, organizing, leading and controlling the work of employees in the company, and the use of all available resources of the organization to achieve certain goals. These are the basic elements of management set by Peter Drucker. The primary obligation of managers is to make decisions of business policy implementation and control of operations, takes into account the long-term interests of the company, the satisfaction of all stakeholders and increase economic efficiency.[7] Practice shows many types of managers and management types that can be classified according to different categories. Basic typological classification management is performed vertically and horizontally. According to the vertical (hierarchical) definition, management can be classified into several subordinate layers depending on the complexity of the business organization and hierarchy levels at which decisions are making. In order to classify the hierarchy management easier the vertical gradation of management in theory is usually carried out at three levels, namely[8]:
- Top management
- Mid-level management
- First-line management

Top managers should primarily have developed the so-called conceptual abilities. These are the ability to coordinate and integrate all interests and activities within enterprises and collectives. Top managers should primarily look at the whole, not the parts of the system they manage, because they are responsible for the functioning of the whole, not the parts for which so-called sector managers are in charge. *Middle managers*, i.e. sectoral managers should possess skills (psychological and social) and the skills of cooperation, understanding and motivating other people - both individuals to communicate with management and working groups (teams) responsible for carrying out certain parts. Managers at this level should observe every business task and realize the positive economic aspect, which means that the economy is the primary field of the mid-level managers. *First-line managers*, i.e. lowest level managers should have appropriate technical skills, appropriate people and tasks in which competence. It is the ability to successfully perform the specific processes and procedures and concrete operational activities. This means that technology

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[6] U. Wever, *Unternehmenskultur in der Praxis* (Campus, 1992), 175.
[7] Vidoje Vujic, "NEW BUSINESS AND SOCIAL RESPONSIBILITY OF A MANAGER",
   International journal of economics and law, Vol. 2, No. 4 (April 20012): 147.
[8] Piter Draker, *Moj pogled na menadžment* (Novi Sad: Adižes, 2003), 96.

is a primarily field of hiring managers at this level of management. Horizontal (sectoral) classification of management refers to the typological classification according to functional managers (sector) tasks that are performed in the implementation of its statutory management tasks. The classification of this type can be achieved at different levels of management, where division of sectoral management tasks is specific for top management, top right under the owner or general manager. In most large and complex businesses, and other structured business systems - under the owner of the organization, the general manager or president of the business sector, there are executives bodies (directors of departments) who directly manage and direct the operation of the financial sector, technology sector, commercial sector, development sector, general sectors and services. Sectoral executives by vocation are specialists in a particular field of study that cover with their status[9]. Special terms define the lower, middle and senior management layer, depending on the type of company or institution. They clearly define the goals and objectives that have director, head, chief, supervisor, coordinator, executor, administrator, secretary or some of the terms used to indicate the person who designs, plans, organizes, leads, controls and/or review process of a complex operation. In this work, as a rule there are subordinate executives, but this may not always be the case. There are managers who plan and lead a certain business process, without subordinate employees. In order to more clearly understand the meaning of managers and their functions, there are seven functions of management, which to a greater or a lesser extent each manager performs, presented by Roger Oldcorn, British management theorist. According to him, the main function and main tasks of managers are:[10]

    - Responsibility for staff
    - Decision-making
    - Development of plans
    - Process control and people control
    - Review
    - Cooperation with colleagues and clients, and
    - Financial, marketing, developmental, general responsibility, etc.

A manager has multiple tasks. He is an expert, whose job is creation and scheduling, organizational decision-making and operationalization of business controls and audits their performance. This means that the manager must operate successfully to think and act in a variety of sizes. All these dimensions of engagement are generally opting business goals and objectives of management, for which manager bears direct or indirect liability. If the manager is responsible for the realization of multiple functions in a business system, performs some of these functions and ignores other, it inconsistently performs its tasks and is not a good manager. Management involves the possession of complex knowledge and requires the whole personality. Two functions are common determination of all managers, namely, all have to make decisions and have to communicate. This suggests that managers are not "self-shooters", but "team players" or more accurately "team leaders" who are grouped together in order to achieve certain tasks and assignments. As team leaders, professional managers work with other "teams" and their "leaders". Based on mentioned

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[9] *Ibid*, 56
[10] *Ibid*

collaboration and management activities, interesting business and other interactions of different levels and content are creating:[11]

- Managers operate on the basis of reciprocity and interdependence, which means to influence the (business) and results (performance) of other employees and managers, but also those other interactive have impact on the work of managers and their financial performance,
- Managers with their work and attitude differently influence other people - for better or worse, with the number and responsibilities of these other people, nature and extent of managerial influence them depends both on the scope and nature of management (authorities of the manager) and of the rational and consistency in its application,
- Managers typically account for more species, areas and levels of communication.
- The effects (results) of managers are usually expressed through the results of the work of subordinate employees,
- Managers perform their duties and exercise success or failure in a particular environment: market, ideological, political, economic, cultural, religious, social, psychological, organizational (corporate) and others.

The conclusion is that managers cannot successfully carry out their business tasks, unless they have the necessary knowledge and information about the region: relations, the performers who appear in it, about the opportunities and generated dangers and everything else that affects the success of the performance of managerial job. The concept of successful management is not linked only to knowledge and information managers, but also for their vision, with which they found their business and life goals, and mission of the company, strategic and operational goals, willingness and commitment to the vision, mission and goals to be achieved.

Most authors agree that the nature, level and management content determines the nature, level and content of managerial knowledge and information, which certain managers should have in performing its statutory allocated tasks. The needs for knowledge and information of top managers of a large and complex organization with thousands of employees and first-line managers, i.e. supervisors within the company are different. They even doesn't share the same cognitive and informational needs of managers in charge of the production plant of the managers of leading finance or personnel department of the organization.

Companies that employ so-called the managers of third millennium have the knowledge and skills to organize work, which means they are successful in their management and leadership functions. They have knowledge of management in addition to the new technological developments in the area that are closely related, have certain expertise and information of modern managerial character that scientific technical level, where a modern economy and society dictate that. The above-mentioned knowledge and information modern managers need to dispose are not uniform in character, but relate to the different spheres of science and profession and the different activities. Include:

- Working technology which organizations (business system) deals with
- Information and computer technologies
- The techniques and skills of interpersonal and mass-mediated communication
- Knowledge of work psychology and psychology of communication

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[11] F. Bahtijarević-Šiber, *Menadžment ljudskih potencijala* (Zagreb: Goldem Marketing, 1999).

- Knowledge of social and political relations in society
- Information about fashion and fashion trends, and
- Other relevant knowledge and information directly or indirectly related to the work of specific managers and their organizations.

4.   SELECTION OF MANAGER ACCORDING TO THE TYPE OF ORGANIZATION

Type of organization is very important for the management of a company (organization, company, house), and hence the choice of management structure. Under the classical organization should bear in mind two possible approaches:[12]
- A classic organization,
- The organization based on the classical theoretical paradigms

In this case, we can assume that these positions are equal, and that classically organized company is based on the principles of classical theory. To this approach can be given objections from the position of non-homogeneity of the classical theory, because this is about theoretical approaches and there is a question on which of them is organized enterprise that fit into this classification. From the standpoint of the modern enterprise, these theories are outdated in many respects. In the same way, we can talk about the fact that many of the scientific creation of the old century are obsolete and should not be studied therefore. Many companies in Serbia, according to its development, are in the classical phase and the question is whether they can accept modern methods of organization. If they opt for the position of the classical methods of apologetics, that means that the economy is going to be retracted into retrograde processes, that we are coming back and that we make it uncompetitive. If we skip a certain stage of development, the system is going to be left without support and will be based on an extremely precarious basis! In order to improve the company's business, we are increasingly investing and working to improve the quality of human resources. This is another way of managing changes in the market environment that leaders must be aware of and ready, waiting for them. Human resource management in hotel management is a new concept dealing with employees and the way of managing their work and development. It was created as the last stage of the development of human resources management and response to changes that have occurred in the economic sphere (the concept of a market economy), organization (new organizational forms, globalization, etc.) and management (changes in the structure, content and methods). A major contribution to the emerging of this concept is giving science (theory of organizations, sociology, psychology, communication, computer, etc.), primarily through the application of knowledge in practice. Within modern management is increasingly developing its guidance as a sub-function, and the significance of managers is also growing. Thus, in terms of creating an entrepreneurial economy creates entrepreneurial hotel management. The essence of leadership is winning people who recognize and want to follow the leader. It mainly relies on the prediction of what might be, rather than on an analysis of what it is. Manager seeks to optimally use all available resources to achieve the greatest possible impact, and modern leader sees chances. It actually improves and changes them, and makes them new and different from existing ones. In practice, the term is often at-

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[12] M. Petković, *Organizaciono ponašanje* (Beograd: CID Ekonomskog fakulteta u Beogradu, 2008), 90-91.

tributed to the management and supervisory boards of the business system. Management is the group of people who control the business, including the functional directors, board members and other senior management staff ranks in the business system (organization). Top manager (administration, regardless of the name) chooses general meeting of shareholders or board of directors, the owner or his representative. Instead of the term general manager, today the most common is the term president (of an organization, of a corporation).

5. EXAMPLES OF BEST PRACTICES - THE EFFECTS OF ORGANIZATIONAL CULTURE ON MANAGEMENT LAYER AND EMPLOYEES ON THE EXAMPLE OF SERBIA AND JAPAN

Above-mentioned facts confirm studies conducted during the May 2012, using the method of oral interviews with workers employed in the manufacturing sector of "Doncafe" in Belgrade, as well as lower and middle managerial layer of Strauss Group within the same company. Production staff has declared that their managerial layer is highly skilled and professional, take care of the market positioning of products ("Doncafe"), motivation of employees, and even professional development and additional incentives. These are good indicators that the organization and the existence of organizational culture (values and valuation) significantly depends on the structure, skills and knowledge managers, and one might say that the organizational culture of the company affects the managers and employees, not just with the constant exercise of positive financial performance of the enterprise, but also the degree of satisfaction and loyalty on which the employee declared. In addition, a telephone interview was used to examine managerial layer of the company. The first comment was that the constant training of managers at all levels (new technologies of the production process, information knowledge and skills, innovation in the manufacturing and selling of coffee), and frequent team buildings further strengthened codes of conduct, values and loyalty of employees to managers of the company and performers. The practice of Japanese companies proved that various activities and the practice of personal service contribute to the effective functioning of the organization. For example, job rotation improves the exchange of valuable judgments and information, and the formation of the aforementioned interpersonal networks and develops general skills important for administering, for management. In Japanese companies, a middle management layer plays a very important role. This layer consists of executives at the level of the head of sector (bucho) and head of department (kacho).[13] Those are mostly men between thirty and fifty-seven years old, who are working in the company for over fifteen years - that is, from graduation.

Bucho is usually recruited from the ranks of competent and capable chief of section assistants (fukubucho) or department heads - kacho. In large companies, such jobs fill out of the company. Kacho status acquire those who are considered to be promising and are recruited from the ranks of supervisors. When someone becomes kacho, automatically ceases to be a member of the trade union. Does not receive compensation for overtime, but they get bonus for a managerial position. It can be said that bucho - head of sector – is a candidate for directorship and kacho - head of department – is a candidate for the bucho position.

[13] K.T.P Kansai, *Tajna uspeha japanskih kompanija* (Beograd: IQ media&HAT, 1994).

Business premises in Japan are designed in a way that provides "Bucho" and "Cacho" to work with their staff in a large room. Separate offices have only the top leaders - the president of the company, general manager and executive vice president. Working together in the same large room, people can more often enter into contact with each other - interaction - so the exchange of large amounts of information is possible.

Japanese companies have developed various effective methods and ways of collecting useful suggestions and ideas of its employees, for example, activities in smaller groups, boxes for inserting written suggestions competitions between groups, campaigns for greater productivity, and so on.

According to the Japanese Commercial Code, every company must appoint a general manager and form the board of directors. It is customary that company must be represented by the executives, such as chairman, president, executive assistant to the president, senior operating officer or COO. These are, however, only the title that means the position, but not always the hierarchical relationship on the organization chart. Although, legally speaking, the board of directors is the highest authority in the decision-making process; the actual decisions are usually made in the operating board of directors.

Table 1 shows the number of activities during a week of the president of the Nik Travel Company - one of the leading tour operators. This particular company has been around for a long time, and its chief executive is a person who receives a regular salary for its work, and get to that position by receiving promotion within the company. The table shows only the most important of his activities, he, in addition, approve the decisions on important issues, receives reports from the manager, receives visitors and attends ceremonies, such as weddings and funerals. The list of his duties includes many important functions of the management structure.

Table 1: Activities of the president of Nik Travel Company

Weekdays	Morning	Afternoon	Dinners, etc.
Monday	Interview with the press	Conference with the presidents of clients - dealers	Dinner with the presidents - dealers
Tuesday	Meeting of the operational directors	Meeting of the senior operating directors	Dinner with the representatives of major financial institutions
Wednesday	Board of directors meeting	The meeting of the highest body for total quality control	
Thursday	Meeting of the heads of sector	Meeting of the presidents of subsidiaries and affiliates	Classmates reunion
Friday		Meeting of the presidents of the industry it belongs to the company	/
Saturday	(Holiday) Golf tournament with major customers		

Source: *Kansai, K.T.P.*: The secret of the success of Japanese companies, *IQ media & HAT*, Belgrade, 1994, p. 88

Middle managers in Japanese companies must have the ability to understand their company as a whole. They must at all times know the extent to which various departments and

sectors depend on each other, and how the things that happens in one department affect other departments, etc. If not - it will not be able to make appropriate decisions.

Generally, the traditional view among employees in Japanese companies is that they live to work. This can be said for the part of the organizational and corporate culture of managers and employees in enterprises in Japan, which is absent in European countries. Values and attitudes of managers and employees in enterprises in Japan were cultivated and improved for years. Although they have foundation regarding the culture and tradition of the country, they are happy to accept innovations in system organizations coming from the environment, organizational culture based on loyalty, trust and efficient business. For companies in Serbia that is one of the tasks that will inevitably ensue after a painful transition that is in progress. For this reason, it is necessary to begin today with activities aimed at strengthening the organizational culture!

6.   RESUME

Businesses and companies operate according to market principles taking into account the economic categories of supply and demand, but they are also the sociological constructs with the characteristics of a particular cultural group. As the organization is an open system that exchanges information with its environment, so the organizational culture to a great extent depends on the internal influence and the environment. The organization, as such, creates its goals, mission, vision and purpose, establishing an evaluation system, formulates norms of behavior and thus creates an organizational culture. Management layer affects the creation of organizational culture, but established behavioral norms and value systems affect all levels of control in the company. Depending on what type of organization is in question, and the life cycle of the company, managers can appear in the role of creator and promoter of the organizational culture. There is no rule that can shape the behavior of managers in relation to the organizational culture of the company. Although there is often a positive influence of organizational culture on managers, it is possible that the role of managers show as negative, which is usually related to the personality profile of individuals or misinterpretation of internal-external influences on the organization. The paper gives an example of good organizational culture that reflects positively on the managers and employees of the "Doncafe" Company, where team buildings are often organized, meetings and discussions with staff, which in this company feel like family members. On the other hand, it shows the organization and management of Japanese companies, where employees are forming certain attitudes, values and norms of behavior, which thanks to the way the internal organization and management methods can be categorized into the types or kinds of cultures. For a typology of cultures, it is important to emphasize that it is more a tendency than the rule and it is important that the type or types of culture are consistent with the type of task, the manner in which it is essential that the tasks be performed, and the stage of maturity of an organization (cultural harmony). There are also preferences of individual for a particular type of culture, which should be considered when selecting new employees, especially managers.

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