The Organizational Structure and Organizational Culture Interdependence Analysis with a Special Reference to Bosnian and Herzegovinian Enterprises

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ABSTRACT – *The aim of this paper is to point to the very nature of the relationship between the organizational structure and organizational culture as very important mechanisms by means of which enterprises set their employees' behavior on the target course, or direct their efforts at accomplishing organizational goals, respectively. Besides the examination of the phenomenon of the organizational structure and organizational culture at the general level, the paper also includes the analysis of empirical study results entailing Bosnian enterprises. The research was made for two reasons. The first one was to identify the formalization and centralization level. The second one was to identify dominant organizational types of the structure and the culture (using the Charles Handy's culture typology). The research analysis was made with respect to the interaction between organizational structure and organizational culture on one hand, and the point of view of the national culture and transitional processes characteristic of the area on the other hand.*

KEY WORDS: organizational structure, organizational culture, types of organizational structure, types of organizational culture

The term and importance of organizational culture

Since the 80-s the attention of the increasing number of theoreticians has been drawn to the organizational culture concept, which has become the subject to important researches and studies. However, the time reference does not necessarily imply that the phenomenon was not recognized as important in the organizational life earlier. The very beginnings of psychological approach to the organizational theory can be traced all the way back to the Max Weber's theory, who regarded culture as the term involving common values. At the beginning of the 20th century Henry Fayol entailed the principle of common shared values into fourteen basic principles of management and organization /*l'esprit de corps*/. From a modern organizational theory perspective, the substance of the principle refers to the organizational culture of enterprises. A number of aspects of organizational culture were thrown light on by the "Human Relation" school, founded by Elton Mayo.

A systematical way of studying the organizational culture phenomenon can be related to Pettigrew and his article under the name of *On Styding Organizational Cultures* (1979); the

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book titled *Corporate Cultures* (Terrence Deal & Allan Kennedy, 1982); Geart Hofsted, who studied the differences between national cultures; and E. Schein; and his book *Organizational Culture and Leadership* (1985), in particular (Nebojsa Janicijevic, 1997, 13-28). Note that most of the authors had been writing about the organizational concept climate up to the 80-s, when the term was replaced with the organizational concept culture. The corporate climate was regarded as an "obvious" expression of the organizational culture. We can explain the increasing interest in the organizational culture by the fact that traditional mechanistic models of managament have been identified as inadequate for ensuring the organizational efficiency and contrary to human nature. Hence, a new concept was needed to describe and interpret the nature of individual actions in organizations in the context of enhancing their working performances (Mats Alvesson & Per Olof Berg, 1992).

The most important authors in the 21st century dealing with different dimensions of organizational culture by using the extensive research of the 20th century, are: Joanne Martin (in her book (*Organizational Culture: Mapping the Terrain* (2002)) she describes the potential usefulness of an awareness of different perspectives on organizational culture); Edgar Schein (his three distinct editions of *Organizational Culture and Leadership* /1985, 1992, 2004/ headline his extensive publication list, and his work is referred to by many authors as providing a base line of understanding on organizational culture), and Mats Alvesson (he has produced *Understanding Organizational Culture* (2002) as a summary and expansion of his publications on organizational culture)[1]

In spite of significant research attention drawn to the organizational culture there is no single definition related to the concept. Analyzing literature on the management and organizational theory field, one can conclude that the number of organizational culture definitions equals the number of authors dealing with the issue. The Table 1 gives you an insight of its most important definitions.The organizational culture denotes a whole complex made up of values, beliefs, basic assumptions and symbols shared by the members of an organization. Having the listed characteristics, the organizational culture has a wide and intensive influence on the business of an enterprise. However, its influence can be two-sided. On one hand, it can be a "secret formula to a success", but on the other hand it can be "a silent killer" of an enterprise (Janicijevic, 1997, 29). Namely, the organizational culture may represent a strong cohesive force joining and enhancing the employees' efforts set on the target course of an organization. However, if the cultural contents set the organizational understanding and action in the direction which is not conforming to business needs and strategies, in some cases it will become a destructive force deteriorating the business of an enterprise. Such extreme potential organizational culture impacts on an enterprise support the fact that it is an important phenomenon in the organizational life, which needs to be run adequately in order to achieve positive effects on the business of an enterprise as well as to avoid its possible negative impacts. Thus, special attention needs to be drawn to its potential use.

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[1] Clayton, B, Fisher, T, Bateman, A, Brown, M and Harris, R, Organizational Culture and Structure, http://consortiumresearchprogram.net.au/html/images/stories/Documents/ru4literview_section2.pdf (Accessed February, 2010)

Table 1. Revision of Organizational Culture Definitions

Author, Source	Definition of organizational culture
Gareth Morgan, Images of Organization, Thousand Oaks, CA: Sage Publications, 1997, p.141.	"…active living phenomenon through which people jointly create and recreate the worlds in which they live".
Terrence Deal and Allan Kennedy, Corporate Culture: The Rites and Symbols of Corporate Life, Reading, MA: Addison-Wesley, 1982.	"…the way things get done around here"
Geart Hofstede, Cultural Constraints in Management Theories, Academy of Management Executive, 7(1), 1993, p. 89.	"...the collective programming of the mind which distinguishes one group or category of people from another"
Edgar Schein, Organizational Culture and Leadership, in Classics of Organization Theory. Jay Shafritz and J. Steven Ott, eds. Fortress Worth: Harcourt College Publishers, 2001, p. 373 -374.	"...a pattern of shared basic assumptions that the group learned as it solved its problems of external adaptation and internal integration that has worked well enough to be considered valid and therefore, to be taught to new members as the correct way to perceive, think, and feel in relation to those problems".

Schein, who was one of the most influential authors in this field, justifies the need for understanding the culture in his publication by the name of *The Corporate Culture Survival Guide*: "Culture matters because it is a powerful, latent, and often unconscious set of forces that determine both our individual and collective behavior, ways of perceiving, thought patterns, and values. Organizational culture in particular matters because cultural elements determine strategy, goals, and modes of operating. The values and thought patterns of leaders and senior managers are partially determined by their own cultural backgrounds and their shared experience. If we want to make organizations more efficient and effective, then we must understand the role that culture plays in organizational life" (Schein, 1999, 14). In his *Organizational Culture and Leadership* (2004), the author emphasizes that while it is easy to observe *what* happens in organizations, an understanding of culture helps to explain *why* things happen. Further, understanding *how* leaders create culture and *how* culture defines and creates leaders, illuminates leadership–a critical variable in defining success or failure.[2] Schein writes, "The bottom line for leaders is that if they do not become conscious of the cultures in which they are embedded, those cultures will manage them" (Schein, 2004, 375). It is significant that Schein uses the plural "cultures." In this way he suggests that members of a group culture may also belong to subcultures within an organization.

It is evident that organizational culture has a multiple importance in the organizational life. First, the culture ensures a higher level of cooperation between employees. Second, culture can simplify decision- making and the implementing, because common shared beliefs and values provide organization members a consistent set of basic assumptions and preferences. Third, culture can initiate an efficient and sound communication. Namely,

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[2] *Ibid.*

common assumptions enable taking action without the need for verbal or oral communication. They also give guidelines for a clear interpretation of received messages. Fourth, culture makes "clan" control in an organization easier, as common values, beliefs and group norms direct individual behavior (John Pearce & Richard Robinson; 1997, 383). Fifth, culture enables a higher level of identifying individual with organizational goals.

Organizational culture typology

As we have discussed earlier, there is no such a thing as a single definition of organizational culture, which implies that there is no single organizational climate typology. The Table 2 shows a review of organizational culture typology clasified according to different criteria and authors. The aim of the classification is to create assumptions for a relatively quick and simple assessment of a specific organizational culture in an organization. However, the culture typology has its disadvantages since it represents culture by far more simple than it really is. Hence, when analyzing organizational culture of each enterprise, one has to take into account all specific qualities peculiar to it.

In this research we used the culture classification set up by Rodger Harrison, later modified and upgraded by Charles Handy. According to this classification, there are four basic culture types: power culture, role culture, task culture and people culture. When identifying the cultural types Handy drew on Greek gods, whose characteristics are compatible with the characteristics of a certain cultural type.[3]

Table 2. Cultural Types

Culture types
Culture types based on power distribution /Handy (1976)/:
Power or club culture: power resides at the centre of a web, its spokes representing functional organizational elements
Role culture: power resides in the over-arching roof; communication between the pillars, or functional areas of the organization, is possible only by passing information through heads of each department
Task culture: power is distributed through a flexible lattice structure, or a net, that can be reinforced or denuded of resources dependent upon the demands of a particular project; lattice nodes are big or small reflecting task importance or priority
People or existential culture: power is shared, depending on expertise, between individuals who cluster within the organization in a substantially autonomous way, forming a galaxy of stars.
Culture types based on management / Deal ¸& Kennedy (1982)/:
Tough guy, macho culture: this culture is essentially entrepreneurial, and is marked by individualists who take high risks and get rapid feedback on whether their actions were right or wrong; it lacks cooperation and long-term maintenance
Work hard, play hard culture: this culture is associated with fun and action, with employees encouraged to maintain a high level of low risk activity; it is typical of good team workers and high achievers, often young people; it is difficult to maintain senior staff
Bet-your-company culture: this culture is associated with big-stakes decisions, where years pass before employees know whether decisions have paid off; technical expertise is respected and

[3] For detailed reading see: Handy, C.1995. Bogovi menadžmenta, Zelind, Beograd, p. 19.

personalities of successful people have well developed patience

Process culture: this culture is a bureaucracy associated with little or no feedback; employees find it hard to measure what they do; instead they concentrate on how it's done

Culture types based on approach to change/ Ken Parry & Sarah Proctor-Thomson (2003)/:

Transformational culture (change): this culture encourages and supports innovation and open discussion of issues and ideas, challenges become opportunities, not threats, employees go beyond their self-interests and strive towards achieving organizational goals.

Transactional culture (status quo): this culture focuses on everything in terms of explicit and implicit contractual relationships. Individualism and self-interest is strong, and employees do not identify with organizational mission or vision. Commitment is short term.

Source: Berwyn Clayton, Thea Fisher, Andrea Bateman, Mike Brown and Roger Harris, Organizational Culture and Structure,

http://consortiumresearchprogram.net.au/html/images/stories/Documents/ru4literview_section2.pdf (February, 2010)

The term and definition of organizational structure

The process of the organizational pattern is for the most part focused on adopting adequate forms of organizational structure, as each organization can be regarded and analyzed according to its organizational structure. When using the term "organizational structure" one usually means "the map showing different positions within an organization".[4] In its very meaning "structure" denotes pattern (composition). Organizational structure is nothing but the a set of interrelated and integrated elements making up a system, which is autonomous on its own, more or less flexible and which can be destructed or even restructured into a new system over the time. Theoreticians whose subject of interest is related to the organizational phenomenon have defined the term of the organizational structure in different ways in the broadest sense of its meaning. Some of the definitions are given in the Table 3 providing the base for differentiating the basic denominator, as well as the differences in understanding the structure.

Table 3. Review of Organizational Structure Definitions

Author, Source	Definition of Organizational Structure
Thompson, J D, Organization in Action, New York, McGraw-Hill, 1966, p.51	"structure is the internal differentiation and patterning of relationships."
Jackson, J H and Morgan, C P, Organization Theory, Second Ed., Prentice Hall, 1982, p.81	**"…**the relatively enduring allocation of work roles and administrative mechanisms that creates a pattern of interrelated work activities and allows the organization to conduct, coordinate, and control its work activities"
O'Neill, J W, Beauvais L L, and Scholl, R W, The Use of Organizational Culture and Structure to Guide Strategic Behavior: an Information Processing perspective, The	"…the degree of centralization of decision-making, formalization of rules, authority, communication, and compensation, standardization of work processes and skills,

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[4] http://www.ryerson.ca/~mhr405lecs/strclec.html

Journal of Behavioral and Applied Management, vol.2, no. 2, 2001, p.133,

and/or control of output by acceptance of only adequate outcomes".

As already stated, organizational structure is a system of formal procedures prescribing the allocation of work and roles and the coordination of employees acting in the framework and around it. In other words, an organization is not a group of randomly chosen people but rather a well-planned combination of groups and individuals working in a coordinated way in order to achieve the goals of the organization.[5] Organizational structure specifies the way people should act in performing their everyday activities. It is the backbone around which other groups cluster and other organizational components rely on.

Dimensions of organizational structure

There are different typologies of structural dimensions in the literature on the organizational theory (for example, see John Harold Jackson & Cyril P. Morgan, 1982; Henry Mintzberg & James Biran Quinn, 1991, 332). Most of the listed include the following structural dimensions: a) Specialization (the division of labor within the organization; the distribution of official duties among a number of positions); b) Standardization (procedures which occur regularly, legitimized by the organization, having rules that cover circumstances and apply invariably); c) Formalization (the extent to which rules, procedures, instructions, and communications are written); d) Centralization („place" where the authority making legitimate decisions which affect the organization is located). [6] Formalization and centralization as the dimensions of the organizational structure are of special importance to this work, as both of them are frequently associated with the characteristics of organizational culture.

Organizational structure forms: U, M, H and X

There are different types of organizational structure in the literature on organizational culture and strategic management, which are known under the following names: U, M, H and X forms. U-form (standing for *Unitary form*) of organization is characteristic of enterprises with technologically integrated processes resulting in a single product or a very narrow product assortment. This form of structure, the characteristics of which were first described in details by Alfred Chandler in his *Strategy and Structure*, could be equated with functional organizational culture.

An eminent theoretician in the literature on this field, Oliver E. Willams, established the term "organizational M-form" to refer to the organizational structure of a multidivisional character[7] The U-form is suitable for the early phases of an enterprise's life cycle. However, with growing and development of an enterprise and its diversification, the form becomes

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[5] Miller, D, The Genesis of Configuration, Academy of Management Review, 12, 1987, p. 686.

[6] Krokosz-Krynke, Z, Organizational Structure and Culture: Do Individualism/Collectivism and Power Distance Influence Organizational Structure?
  (http://www.sba.muohio.edu/ABAS/1998/krosz.pdf (Accessed February 2010)

[7] Willamson, O E. 1975. Markets and Hierarchies: Analysis and Antitrust Implications, Free Press, p. 152-154 in Hill, C.: Oliver Williamson and the M-Firm: A Critical Revew, Journal of Economic Issues, 19(3), 1985, p. 731-751, http:www.nottingham.ac.uk/business/hier/hiermod7.htm (March, 2006).

inefficient for at least two reasons: 1) occurrence of control cumulative loss; 2) progressive communication pressure on the top (top management), which is a result of radial expansion of the form. [8] The problems faced by an enterprise with the dominant U-form cause the transition to a new form of multidivisional character: M-form. The X-form of organization (mixed or hybrid) denotes a combination of different structural forms (most frequently U-form or M-form). [9] Here, it is important to emphasize the existence of so called H-from of organization, which is peculiar to holding companies. [10]

The organizational culture and structure as mechanisms setting employees' behavior on the target course

Individuals enter enterprises with different motives, experience and values. These natural individual differences set the members of an organization on numerous and often divergent courses. Since an enterprise has to set its employees' behavior on the course of achieving its strategic goals, it has to develop mechanisms minimizing the differences between individuals in order to direct their efforts at common goals (O' Neil, Beauvais and Scholl, 2001, 131). The employees' efforts are joined by organizational culture by means of coordination and control. On the other hand, organizational structure is a mechanism directing its employees' behavior through common shared values, norms and other substantial elements. The importance and use of these mechanisms in the process of setting the organizational behavior on accomplishing strategic goals differ according to different factors, the most important of which according to J. W. O'Neil, L. B. Beauvais and R. W. Scholl are: the level of the complexity of tasks performed by employees and the level of their graphical dispersion. What follows is a detailed argument discussion to support their attitude.

Organizations often face different problems related to informational uncertainty and lack of clarity caused by today's turbulent and unpredictable environment. Organizations with the employees performing complex tasks face challenges, which are by far more different than the ones faced by the organizations the employees of which perform simple and repetitive tasks. Similarly, organizations with geographically dispersed employees face the problems different from the ones faced by the organizations the employees of which perform tasks in a closely shared environment. The difference becomes obvious especially in cases when dispersed organizational units are interdependent or when they are extremely mutually differentiated. Complex tasks on one hand and geographical dispersion of employees on the other hand increase uncertainty and the lack of clarity and aggravate information exchange. According to O'Neil, Beauvais and Scholl, the less processed the

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[8] Qian,Y, Rronald, G and Xu, C, Coordination and Experimentation in M-form and U-form Organizations, Journal of PoliticalEconomy, December, 2005., http://elsa.bearkeley.edu/~yqian/coordination%20 and%20experimentation.pdf. (Accessed April, 2006).

[9] http://www.stanford.edu/~jchong/articles/soc363a/Willamson%20%20%Multidivizional%Structure.pdf (Accessed March, 2006)

[10] Chandler, A, The Functions of the H Q Unit in the Multibuseness Firm, Strategic Management Journal, Vol 12, 1991., p. 31-50., http://www.gsia.cmu.edu/bosch/bart.html (Accessed February, 2006)

information is by an organization, the less probable is that the employees behave in a consistent way to accomplish strategic goals.[11] Organizational structure and culture are very important mechanisms for reducing the uncertainty and the lack of clarity, which makes employees actions on the field of accomplishing strategic goals more efficient and effective. However, despite different nature of their impacts on this field, it needs to be stressed that they are not mutually exclusive. In other words, the existence of the first mechanism does not imply that the other one is not necessary. Namely, some organizations can be very structured and possess strong culture at the same time, where each of the mechanisms points to different aspects of task complexity and geographical dispersion. On the other hand, there are organizations which do not posses the basic structure or culture but they use other mechanisms for setting the employees' behavior on the target course.[12]

The connection between culture and structure

Organizational culture impact on effectiveness and efficiency of doing business in enterprises is partly and indirectly realized through organizational structure, affecting its two dimensions in this way: formalization level needed for the purpose of coordination and decision centralization level (Janicijevic, 1997, 180-182). Organizational culture affects the organizational structure formalization level and its choice of coordination mechanism through its connection to uncertainty, changes and the risk (Hofstede, 1991). Namely, if the organizational structure contents involve the tolerance of risk and uncertainty, the level of organizational structure formalization will be lower and vice versa- if organizational culture has deep-seated opposition to risk and uncertainty, the organizational structure level will be higher. The decision-making centralization level in an enterprise is affected by so called the power distance. In this connection, the power distance is, as defined by Hofstede, the level at which the members of a culture accept the fact that the power is unequally distributed in the social system (Hofstede, 1991). The power distance in organizational structure implies the high decision-making centralization level/ autocratic style of leadership/ while the low distance power implies decision- making decentralization /democratic style of leadership (Janicijevic, 1997, 180 -182). Operating through the given dimensions, organizational structure considerably affects the structural type of the enterprise. The connection between organizational culture and organizational structure types is shown in the Table 4.

Table 4. The Relationship between Organizational Culture and Organizational structure Types

Uncertainty avoidance/ Formalization Power distance/Centralization	High	Low
High	Task culture / Bureaucratic structure	Power Culture/ Enterprenurial culture
Low	People culture/ Professional structure	Task culture/Inovative structure

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[11] O'Neil, J.W L., Beauvais, B and Scholl, R W, The Use of Organizational Culture and Structure to Guide Strategic Behavior: An Information Processing Perspective, The Journal of Behavior and Applied Management, Winter/Spring, Vol. 2 (2), 2001, p.131.

[12] *Ibid.*, p. 137.

Hence, it is evident that organizational culture and structure are mutually connected. This connection is for the most part realized through two processes: culture institutionalization and structure legitimization. On one hand, culture institutionalization is the process in which assumptions, beliefs and values in enterprises are embedded in its structure. On the other hand, structure legitimization is accepting structure by employees because it conforms to their cultural assumptions, beliefs and values (Janicijevic, 1997, 180-182)[13]

Characteristics of organizational structure and organizational culture in Bosnian and Herzegovinian enterprises[14]

The subject and goal of the research

Nowadays, the business environment is the source of a vast number of challenges and opportunities on one hand. On the other hand there are multiple threats which can have a negative impact on an enterprise business. Hence, the basic task of today's theory as well as practice is to monitor those trends and enterprise business adaptation in all segments of new demands. From the economic perspective, one has to be aware of the fact that the late 80-s and beginning of 90-s brought about the beginning of the transitional period form the socialist into the market economy not only for Bosnia and Herzegovina, but for many other countries, too. Here, it is clear that Bosnian enterprises have to make an additional effort in the field of their strategic positioning on the market.

The biggest number of Bosnian and Herzegovinian enterprises entered the process of transition to the market economy with the dominant organizational culture type, which has proved to be an inefficient and ideologically motivated concept. Hence, the imperative is to see to what level have the managers of Bosnian enterprises managed to transform the structure into the form of the structure adequate for market business conditions in the transitional period. From that point on, dominant organizational structure type identification and its dimension analysis (here, formalization and centralization), which is one of the goals of this empirical study, could be a very important management system input in Bosnian enterprises.

The need to identify the dominant organizational culture types comes from its importance for adequate human resource control in the terms of achieving organizational goals. During the long process of transition, the human resource in Bosnian enterprises has been disintegrated and degraded, and needs the ultimate restructuring. The new development and integration into systematic changes need to be motivated with cultural forms different from the present ones. In this context, there is a very important question to be

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[13] *Ibid*., p. 183 -184.

[14] This part of the work contains the results of the project under the name of „Analysis of the Level of Coordination between Organizational Culture and Structure in Bosnian and Herzegovinian Enterprises", which was approved and financially supported by The Minsitry of Education, Science, Culture and Sport of The Tuzla Canton in Bosnia and Herzegovina.

asked- Which types of organizational culture determine the actual employees' behavior in Bosnian and Herzegovinian enterprises? As already stated, organizational structure is a mechanism which sets the employees' behavior on the courses which are not divergent. Organizational culture is also a mechanism for setting the employees' behavior on the target course via common values, norms and other forms of substantial elements. Although each of the mechanisms is unique on its own for its influence on the individual employee's behavior within an organization, they need to be compatible and coordinated. In this way, the mechanism would give a positive synergetic effect on business performance of an enterprise. Starting from that point, aside from the identification of organizational culture and structure dominant types, it is imperative to identify the level of their compatibility in Bosnian enterprises, which is one of the goals of this empirical study.

The definition of the basic group, the research instruments and data processing

The main group of this research is composed of one hundred enterprises dispersed on the Bosnian territory and operating in different fields. For the research purpose questionnaires have been used as the main instrument for data collection. They were distributed to enterprise managers with a possibility of being filed in by the executive manager of each enterprise, or a member from the top-five group. Ninety-four questionnaires were filled out and sent back to us, which was a satisfying result, considering the specimen.

The questinnaire was designed according to the substantial elements of the subject research, in which for the most part, closed form questions were used. Those were: a) questions with a choice of list answers b) questions with a choice of intensity answers. In the questions with the choice of intensity answers the Likert's type scale was used. One part of the questionnaire offered a possibility to express one's opinion on a defined problem. The part of the questionnaire identifying the organizational culture types is based on the organizational culture typology, which was developed by Handy (Handy, 1995) relating to the Harrison's works. The descriptive analysis of a mutual connection between given data was used when processing it.

The research results

The research results show that 58.51% of the specimen enterprises have a functional organizational structure (U-form of the structure). This type of structure is an adequate organizational solution to small and medium businesses which produce one or a few homogenous products.

Namely, the growth and development of an enterprise imply the diversification of production and the extension of product assortment, expansion to new markets, orientation to different customers, which involves the type of organizational structure which is more developed than the functional one. In today's dynamic and unpredictable business conditions, the U-form of the structure does not provide enough flexibility for an enterprise. Keeping this fact in mind, the managers of Bosnian enterprises should initiate the implementation of organizational restructuring, so that the U-form of the structure can change into one of the forms adequate for the new business conditions. However, the empirical research (see Table 5 and Figure 1) related to the use of the M-form as well as the use of the X-form, point to the tendency of the "transition" from the dominant U-form of the

structure to the M-form of the structure, and possibly the transition to so called dual organizational structure, such as the matrix structure, which would be a satisfying solution taking into account the environment. The empirical research included four indicators of centralization or decentralization level in decision-making within an organization. The research results point to the following: the decisions in Bosnian enterprises are for the most part made by the managers without involving or consulting the subordinate in the process. The average figure in this field is 3.36 with the standard deviation of 1.45, which points to a bigger variation of empirical research in the average value. However, by analyzing the Table, one can see that 77.21% of the managers answered the questions with "I fully agree, "I agree" or "I partly agree", which still points to a high centralization level. The subordinate are less involved in the process of setting the target goals (the average figure in this field is 3.27 with a standard deviation of about 1.41). The level of assigning tasks in the written form and the communication level by the top-down system in Bosnian enterprises are more or less of the same intensity (the average figure is 3.4 with the standard deviation of about 1.46).

*Table 5. Organizational Structure Types in Bosnian Enterprises*

Organizational structure type	Freq.	%
Functional organizational structure (organization based on the type of job functions)	55	58,51 %
Teritorial organizational structure (organization oriented to the main markets)	10	10,64 %
Subject organizational structure (organizational structure oriented to products)	2	2,13 %
Buyer organizational structure (organization oriented to the main customers)	13	13,83 %
Project organizational structure	1	1,06 %
Matrix organizational structure (combination of functional and project)	3	3,19 %
Mixed organizational structure (two or more types of divisional units are combined on the same organizational level)	7	7,45 %
Hibrid organizational structure (function and division components are combined on the same level)	3	3,19 %

Source: the results of the empirical research

The research results point to a relatively high use of certain formal control mechanisms in Bosnian enterprises, such as respecting strict rules and precisely defined procedures (the average figure in this field is 3.37 with the standard deviation of 1.45). A less frequent use of the written task forms regulating employees' behavior was traced (the average figure is 2.89 with the standard deviation of 1.41). The average figure of agreeing with the answer in which the formal control in the enterprise resides on the superior controlling all activities done by the subordinate is 3.61 with the standard deviation of 1.53.

Empirical research shows that the dominant type of organizational culture in Bosnian enterprises is the role culture. Its existence was found in 43, 66% of enterprises. However, one can notice that the task culture also has a big share, which is 30, 97%. The power culture (15, 44%) and people culture (9. 93%) are not characteristic for Bosnian enterprises.

Figure 1. Organizational structure types in Bosnian enterprises
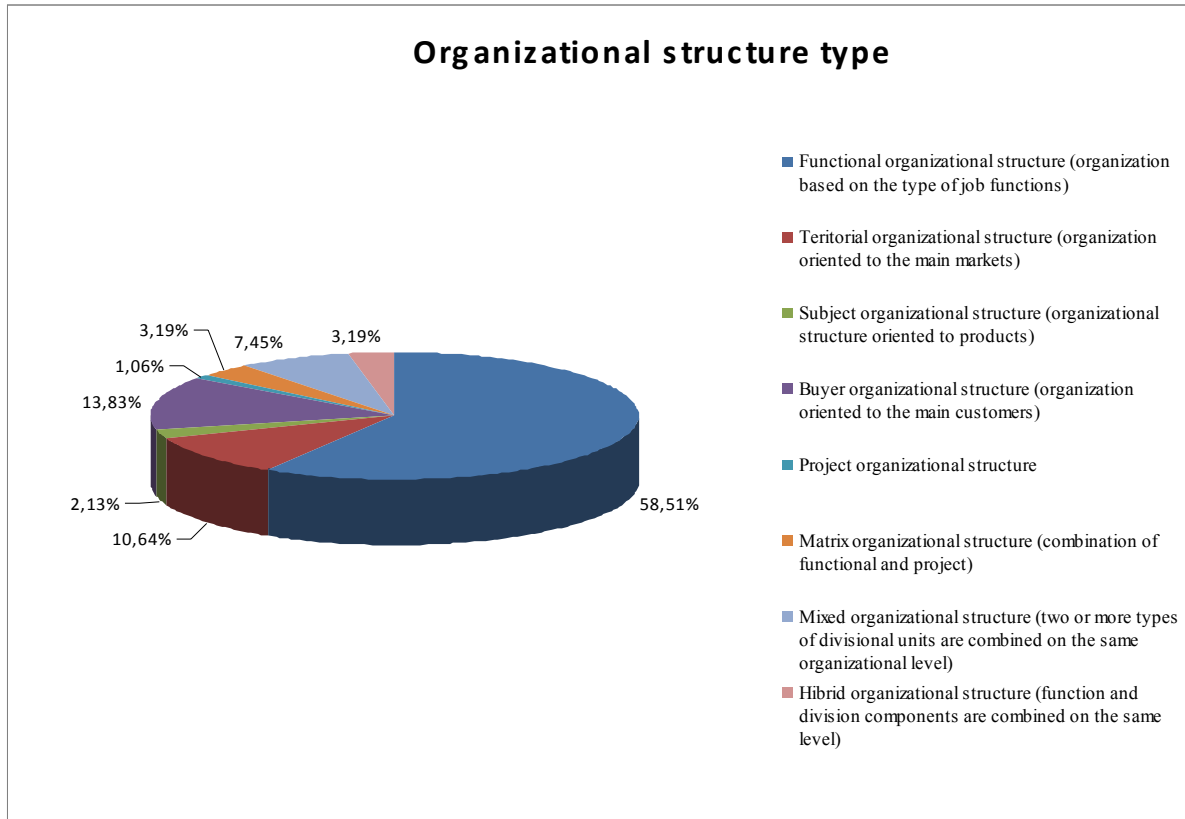
Source: the results of the empirical research

Table 6. The centralization level in Bosnian enterprises

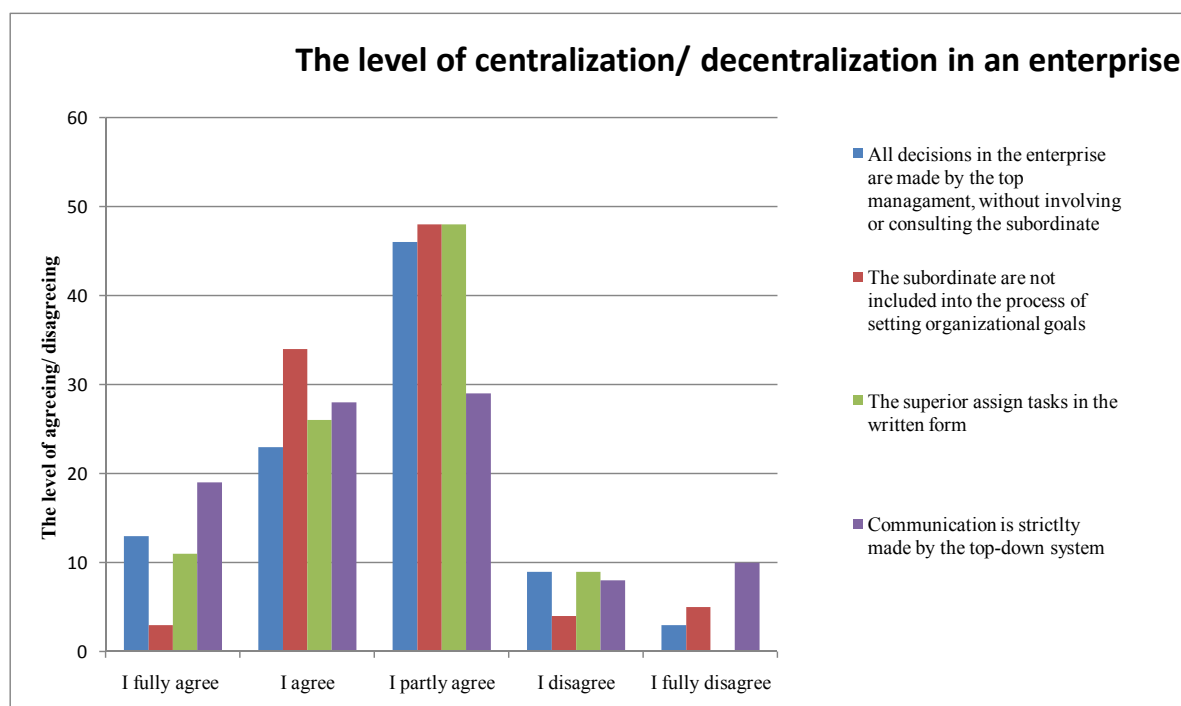| The level of centralization/ decentralization in an enterprise	The level of agreeing/ disagreeing				
	I fully agree	I agree	I partly agree	I disagree	I fully disagree
All decisions in the enterprise are made by the top managament, without involving or consulting the subordinate	13	23	46	9	3
	13,82 %	24,46 %	48,93 %	9,57 %	3,19 %
The subordinate are not included into the process of setting organizational goals	3	34	48	4	5
	3,19 %	36,17 %	51,06 %	4,25 %	5,31 %
The superior assign tasks in the written form	11	26	48	9	0
	11,70 %	27,65 %	51,06 %	9,57 %	0
Communication is strictlty made by the top-down system	19	28	29	8	10

(Source: the results of the empirical research)

Taking into account the theoretical definition of the connection between organizational culture and organizational structure, according to which the role culture corresponds to a

bureaucratic organization, one can say that there is a mutual influence between the organizational culture and organizational structure in Bosnian enterprises. Since the use of the U-form of organizational structure implies a relatively higher level of governing centralization and a higher level of respecting the rules and procedures by the top-down system, it also affects the formalization of human relations or the task culture development in an organization. However, there is an open possibility that the nature of the dominant organizational culture type in Bosnian enterprises contributed to the adoption of the U-form of the structure.

*Figure 2. The centralization level in Bosnian enterprises)*

Source: the results of the empirical research

Table 7. Formalization level in Bosnian enterprises

Formal control is based on:	The level of agreeing/ disagreeing				
	I fully agree	I agree	I partly agree	I disagree	I fully disagree
respecting strict rules and precisely defined procedures	23	21	21	26	3
	24,46 %	22,34 %	22,34 %	27,65 %	3,19 %
a vast number of written documents regulating emloyees' behavior	10	23	26	17	18
	10,63 %	24,46 %	27,65 %	18,05 %	19,14 %
Superior monitoring all activities of the subordinate	14	40	30	10	0
	14,89 %	42,55 %	31,91 %	10,63 %	0 %

Source: the results of the empirical research

Figure 3. Formalization level in Bosnian Enterprises
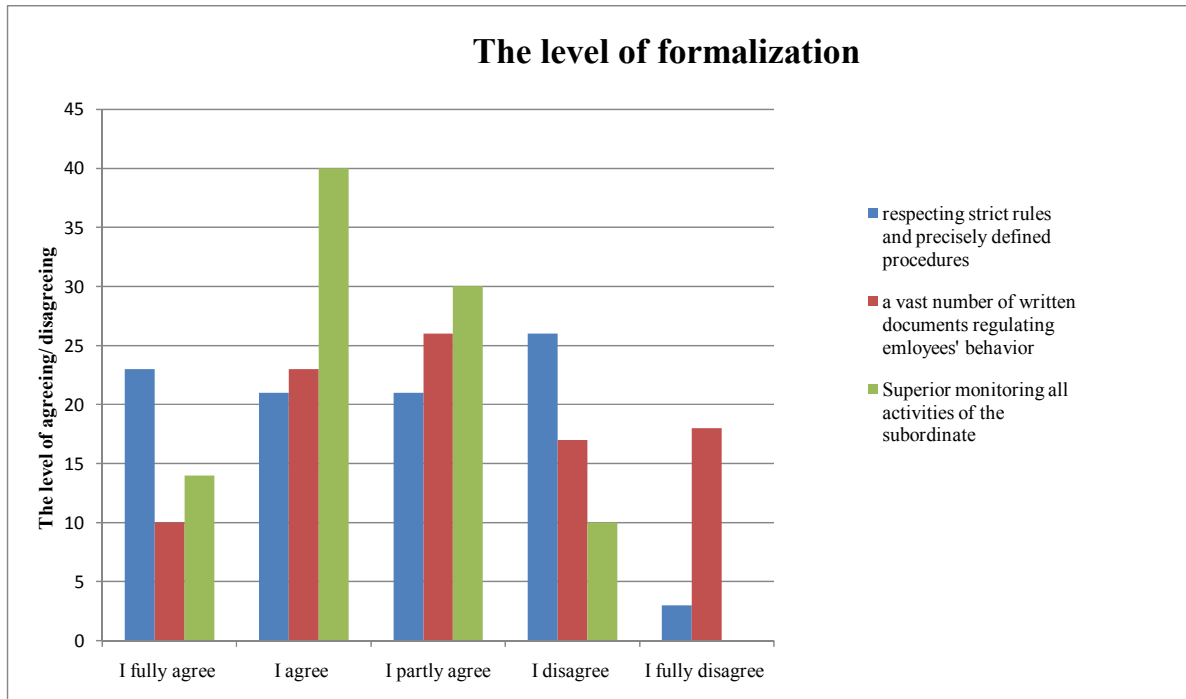
Source: the results of the empirical research

*Table 8. Organizational Culture Types in Bosnian Enterprises*

Organizational culture type	Frequency (12 questions with 4 possible answers in the survey)	Percentage
Power culture	168	15,44%
Role culture	475	43,66%
Task culture	337	30,97%
People culture	108	9,93%

Source: the results of the empirical research

A relatively high presence of the task culture, which is characterized by individual creativity and entrepreneurial spirit in an organization, partly confirms an earlier stated possibility that there is the transition from the dominant U-form to the M-form in Bosnian enterprises. Thus, it is possible to identify a mutual connection between organizational culture and organizational structure in this field: on one hand, organizational task culture involves the introduction of a more flexible structural form; on the other hand the "transition" of the organizational structure from rigid to more innovative forms implies the development of the task culture.

Figure 4. Organizational culture types in Bosnian enterprises
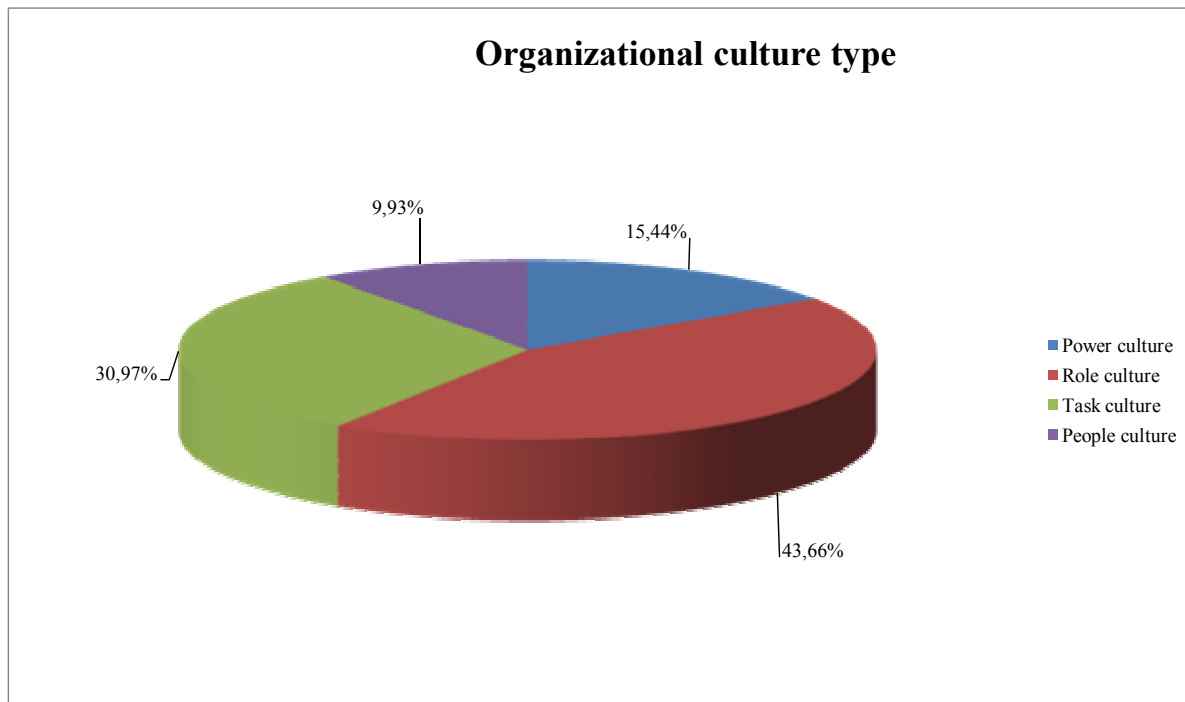
Source: the results of the empirical research

Conclusion

The organizational structure and culture are effective mechanisms setting and integrating their employees' behavior on the target course, so that they can be more efficient and effective in performing and accomplishing organizational goals. Theoretical and empirical researches show that the organizational structure and organizational culture are interdependent. The interdependence is for the greatest part manifested in two processes: culture institutionalization and structure legitimating. The institutionalization of culture is a process in which cultural elements, such as assumptions, beliefs and values are entailed into the structure of an enterprise. Structure legitimating is a process in which the structure gets accepted by the employees, because it conforms to their cultural assumptions, beliefs and values.

The results of the empirical research made in Bosnian enterprises show that the dominant type of the organizational structure is the U-form of the structure. The form is characterized by a high centralization level of decision-making and a high level of behavior formalization. Hence, it is often identified with the bureaucratic organization. The results also show that the role culture is the dominant organizational culture type in Bosnian enterprises, which points to a high level of its interdependence with the organizational culture. The results of the research in these fields are partly compatible with the results of the research by Hofstede. Namely, he classified the ex Yugoslavian countries into the group of countries characterized by a high level of power distance and a high level of uncertainty avoidance. This could explain a relatively high centralization level in Bosnian enterprises. However, a less frequent use of written documents regulating employees' behavior (the average figure is 2.89 with the

standard deviation of 1.41), and a relatively big share of the task culture in Bosnian enterprise (30, 97%) show that the formalization of relations in these enterprises is still average. This can be explained with a possible collective national culture impact on the development of informal relations between organization members, which is compatible with the results of the researches made in Serbia (Janicijevic, 2003, p-p 45-63).

It is natural though that the empirical research the results of which have been presented has its limitations. Namely, it needs to be taken into account that the research results would be more objective if the questionnaire had not only included the top managers but the subordinate in Bosnian enterprises as well (this went beyond the researchers' possibilities, since 94 enterprises were included). The instrumentarium based on Handy's culture classification used for the purpose of identifying organizational culture types was quite simple in the terms of the complexity of the organizational culture phenomenon.

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