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The Influence of Organizational Culture on Business Creativity, Innovation and Satisfaction

Organizational culture is underdeveloped in business environment in the countries in transition in South-East Europe, such as is the Republic of Serbia. Only several economic institutions have developed the standards of organizational culture, which has an immense impact on their business and recruitment. In this paper we will try and discover whether organizational culture has both direct and indirect influence on creativity and innovation and on employees' satisfaction at work as well. Also, the authors will try to assess whether creativity, innovation and job satisfaction are more dependent on the position inside the organization and on the employees' education than on organizational culture.

Keywords: organizational culture, creativity, innovation, management, the Republic of Serbia.

1. Introduction

The significance of organizational culture comes from its influence on business and a company's business results. However, organizational culture can affect a company's business both in a positive and in a negative way. Understanding the issue of the impact of organizational culture on the ability of a company to react will have an immense significance in realizing its influence on encouraging innovations in a company. Organizational culture which provides good atmosphere where creativity and creation and exchange of ideas are shared and where both collective and individual knowledge are used appropriately is the culture of an innovative organization which ensures positive atmosphere in an organization regarding the generation of innovation and its full support. In order to be successful in changing organizational culture which supports and enhances innovation, companies need to have enough resources and opportunities in the creation of an organization which will be characterised by strong team work, communication, trust, autonomy, transfer of knowledge, creative personnel, risk tolerance, as well as other elements which are of great significance for development, nurturing and support of innovation. The coordination of employees in an organization is prompted and made easier by strong and unique organizational culture. Organizational culture is a good motivator. The employees want to satisfy all their needs in an organization - not only material ones, but also the need to belong to a certain group and this is accomplished if individuals identify themselves with their organization. The employees are motivated when the business they do has a significance and meaning to them. Organizational culture has a strong influence on the motivation of its members, but this influence can be both positive and negative. The culture can be a great motivator which mobilizes and directs the energy of the employees, but it can also be a demotivator, the reason for which the employees give less than they actually are able to. If the content of the culture is in compliance with the system of needs and motives of an employee, then the culture will have a positive effect, and vice - versa. Strong organizational culture creates an intense sense of belonging so that the employees identify themselves with the organization, which leads to better motivation to work and contribute, and also to better productivity and job satisfaction.

2. Literature Review

2.1 Organisational culture

Organizational culture is defined 1. as a system of assumptions, beliefs, values and behavioural norms which have been developed and adopted by members of one organization through their mutual experience; which are manifested through symbols and which direct their thoughts and behaviour (Janićijević, 1997). However,

organizational culture has more definitions, i.e., various interpretations based on diverse theoretical and methodological approaches. In that sense, Gonzalez (1987) defines 2. organizational culture as a cluster of meanings and symbols which are used for the organization of ideas, interpretation of experience, decision making and undertaking of certain actions.

O' Reilly (1989) defines 3. organizational culture as an example of social control which is based on norms or expectations concerning the issue about which attitudes in an organization are acceptable, or are not acceptable.

As Schein (1985) states, organizational culture is developed exactly through mutual experience of organization members, which is gained by solving everyday problems. This author tries to surpass a number of definitions and concepts of organizational culture by suggesting various models of organizational culture which are based on three different levels: the surface level, which is made of visible expressions of organizational culture (such as examples, anecdotes, rituals, stories, heroes, etc); the middle level, which is based on organization values, and the level of profound assumptions, which is the least visible from the outside, but which is based on fundamental and undeniable convictions which motivate members of an organization to 'think, feel and act' (Schein, 1990).

As we have already noticed, almost all definitions of organizational culture mention values and norms. Values refer to imagined ideas about what is considered good, valuable and decent acting and behaviour in one society, social group or organization, and what is not. Therefore, values are classified both as material and immaterial, depending on whether they are used to refer to the acquisition of material or of spiritual (immaterial) wealth. For example*,* in one work organization, the increase in capital, i.e., money acquisition, can be depicted as a value, so we could define this organization as materialistic. On the other hand, if the key organizational value is the creativity of its employees, their loyalty to the organization, fair attitude towards work, preciseness etc., then we can define such organization as immaterial.

As certain authors claim in their research, organizational culture lies in the very centre of organizational innovation. In the contemporary research (Martins, Terblanche, 2003), there are four key determinants of organizational culture that support creativity and innovation. These are: appropriate organizational structure, strategy for introducing innovation, organizational behaviour which supports introducing of innovation, and support mechanisms. However, other research show the significance of transformational leadership as a key factor which contributes to greater creativity and innovation in an organization, and which is connected to the organizational culture (Sarros, Cooper, Santora, 2008).

2.2 The Strength of Organizational Culture

Organizations differ by the level on which their organizational cultures influence people in organizations. In some organizations, there is a vast mutual agreement about the six elements of organizational culture: sensitivity to the clients' and employees' needs, empoloyees' interest in creation of new ideas, readiness to take risks, value directed to people, openness of available options for communication and courtesy and the intimacy of employees (Gonzalez, 1987).

The above mentioned fact has provided these factors with a wider influence on the way people behave. The organization of this type could be seen as the organization with a strong culture. On the other hand, other organizations can be characterised as organizations with milder agreement about various elements of organizational culture. In this way, these factors give limited influence on the type of human behaviour. The organization described in such a way can be described as an organization with a weak culture. In an organization characterised by a strong culture, the main values are constantly maintained and spread. If more members accept main values and show more devotion to these values, the culture will be stronger. More precisely, organizations with strong culture are characterised in the following way: there is a clear philosophy about how the task should be done; a lot of time is spent in conversations about values and convictions; there are explicit statements in order to describe organizational values; the cluster of values and norms in existence are widespread and deep-rooted; new employees are carefully selected in order to adapt to the culture.

Organizations with weak and strong cultures have very interesting differences. For example, stronger organizational cultures can be found in organizations which are newer and have fewer employees. This might imply that as a company grows and spreads, the effects of culture become diffused. This could be correct in the case of the company whose manager's influence grows slowlier as that influence is felt less in a more mature organization, for example. Together, these results imply that strong cultures shape the priorities and acts of people in an organization.

Even though all organizations have their culture, not all organizational cultures have the same impact on the behaviour and acts of employees. Strong organizational cultures where the key values are deeply respected and are visibly present have stronger influence on employees than weak organizational cultures. The more employees accept the key values of an organization and the more devoted they are to these values, the stronger the culture will be (Stephen/Coulter 2005).

Whether organizational culture is strong, weak or middle depends on factors of the organizational size, longevity of its existence, the level of circulation between employees and the beginning level of specified organizational culture. Some organizations do not state clearly what is important and what is not, and this neglect of priority is characteristic of weak organizational culture. In such organizations, culture will not have an immense impact on managers. Most organizations have middle or high level of organizational culture.

Organizational cultures considerably differ by their strength. The strength of organizational culture has become interesting to researchers and managers due to the assumption which has not been proved, but is widely accepted - the assumption that strong organizational culture leads to success and higher business efficiency. Almost every successful organization which is known in the public has specific atmosphere, philosophy or relationship system stemming from its culture (e.g. McDonalds, IBM, Toyota). Strong culture has a positive influence on motivation and dedication of employees, eases coordination and control of organizations' functioning, reduces conflicts and mobilises an enormous amount of creative energy of employees (Janićijević 1998). All mentioned effects are significant factors impacting business effectiveness and efficiency.

It is considered that some organizations have organizational culture and some do not, i.e., that strong organizations have culture, while the weak ones do not. However, all things considered, there is no organization without organizational culture. The organizations without any system of mutual beliefs and values are very rare. Even though it might be weak, organizational culture is present in all organizations.

The influence of culture on business success depends on culture content, i.e. its values and beliefs and on its surroundings. Organizations usually fall into crisis when their system of beliefs is not in accordance with requirements of the surroundings. Each organization has a business theory and it consists of three groups of values and beliefs: about surroundings, about the organization's mission in the surroundings, and about a specific competitive advantage of the organization in the surroundings (Janićijević 1998). The success of an organization depends on the compatibility of these three groups of beliefs with reality with which organizations are faced. Constant changes in the surroundings can lead to the obsolescence of business theory of an organization, which causes a strong organizational culture to become the weakness of an organization.

Strong organizational culture which is not compatible with reality of the surroundings has a strong negative effect on the organization's business. In such cases, the management of a company oversees opportunities and threats and makes wrong decisions. In such situations, a strong culture increases the level of its negativity on business success far more than a weak culture.

The generation of creative working environment is possible if there is a balance between skills and work - place challenge. When skills and work- place challenge are balanced, all conditions for creativity are fulfilled. Creative working environment demands three types of support: the support of an organization towards creativity is manifested when management stimulates risk-taking and new ideas, supports and righteously assesses new ideas, rewards and recognizes creativity and encourages the exchange of new ideas in various departments of a company; the support of the supervisors focused on creativity is reflected in the fact that supervisors demand clear goals, encourage open dialogue with subordinates and actively support the work and ideas of developing teams; the support of working group is demonstrated when team members have different experiences, education and biographies and when the team influences all members to be open for

the ideas of others and encourages positive and constructive consideration of ideas and mutual devotion to ideas (Williams, 2010). In order to instigate creativity, organizations should remove all obstacles to creativity that exist in the work environment.

The emphasis on the inner motivation in management is reflected on the theory of creativity. If we take into consideration the importance of inner motivation in a creative process, we can easily conclude that the best a manager can do for creativity is not to do anything. Creativity cannot be deliberately produced or controlled, it should be set free. In reality, setting creativity free is not easy, and we cannot be sure that an individual will be more creative if he or she is left alone. Innovation is born by great ideas. The starting point for innovation management is to manage the sources of innovations, i.e., sources which create new ideas. Therefore, innovation comes from creativity. Creativity refers to defining new and useful ideas (Williams, 2010). Even though they cannot order their employees to be creative, companies can encourage innovation by generating creative work environment in which employees notice that creative thoughts and ideas are appreciated and welcomed.

3. Research Metodology

There are two main approaches or ways to measure the strength of organizational culture. The measurement of strength of organizational culture is of huge relevance as well. The symbolic approach measures the strength of culture based on the presence or absence of its manifestations - symbols. This implies that there are many rituals, ceremonies, stories, myths, heroes, material symbols, etc. in strong culture. In order to establish the strength of culture, it is necessary to consider the wealth of symbols in an organization. This approach has some limitations as it relies only on the perception of the organization members and their ability to recognize the symbols of their culture. Moreover, this method is restricted merely to the outer aspects of culture without studying its content more thoroughly.

Another method aims to remove the limitations of the previous method. The cognitive approach to determination of strength of organizational culture directly measures the width, depth and coverage of organizational culture. It also uses questionnaire to examine the number of mutual beliefs and values, the intensity of their influence on organization members, and the level of consensus which has been achieved in an organization.

In the process of research, the main method of primary data gathering was Closed-ended Questionnaire. The questions are divided into areas which are related to various situational factors and they are directed towards the provision of answers relevant to the research. The major facts in the paper are based on statistical data and on the study of scientific papers in the field of management, leadership and creative industries. The research is multidisciplinary and it covers management, sociology and psychology, using analytical and synthetic methods on which certain conclusions are made. The research uses primary sources, i.e., data and findings of authors' research.

This paper will try to prove or refute the following two hypotheses:

h1: There is a connection between the strength of organizational culture, employees' creativity and innovation and their job satisfaction.
h2: The position and education of employees' are positively corelated with creativity, innovation and job satisfaction.

Participants

The questionnaire which was used in the process of research that we have conducted as the main method of collecting primary data is closed-ended. The questions are divided according to the fields they refer to, according to various situational factors, and they are directed towards feedback regarding the research. The research is multidisciplinary and it comprises management, sociology and psychology. It also encompasses main analytic and synthetic methods based on which there are certain conclusions. Primary sources, i.e., primary data and authors' findings have been used in this research. According to the research that we have conducted, 90 employees from different business fields served as respondents. Seven questionnaires were not included in the analysis as they were not adequately filled in. Respondents came from various

fields: production, finance/ banking/ accounting, education, marketing, trade, public sector, IT/ software, telecommunications, health/ pharmacy, transport, shipping, insurance, construction, hotel management, tourism, real estate-services.

Design and procedure

The analysis questions were divided into three different segments which refer to certain instruments. The instruments were: job satisfaction, creativity and innovation and the strength of organizational culture. The first instrument which refers to job satisfaction consisted of 10 questions, the second instrument, one that took into consideartion creativity and innovation comprised 15 question, while the third instrument which referred to the strength of organizational culture had 11 questions. The Likert scale was used for the instruments' questions and it comprised a number of statements regarding various aspects of a certain attitude. Respondents were obliged to express the level of their agreement or disagreement to each of these statements on a scale from 1 to 5. Each respondent's answer was marked in a certain way, and by summing up marks for all statements, we obtained the final score which shows a respondent's attitude, which is positive or negative to a certain level. Having in mind that this type of analysis is suitable for interpretation, we used it as an advantage of this type of scale for the research that we have conducted.

Instruments

When analyzing the three instruments: job satisfaction, creativity and innovation, and the strength of organizational culture, we used the Cronbach's alpha in order to prove the reliability of the instruments used. The alpha coefficients for scale for measuring positive and negative emotions were 0.90 and 0.94. Respectively, indicating a high degree of internal consistency. (Nunnally, 1978)

The instrument of job satisfaction consists of 10 questions which refer to examinees' attitudes regarding their job satisfaction, education level, workplace, knowledge-sharing, awarding creativity and innovation, paying attention to constant progress and specialization, the freedom of employees to present new ideas, having necessary information for completing their tasks and solving problems, employee's commitment, their motivation and commitment to the company's goals, as well as the support and respect which employees show or do not show to one another.

The instrument of creativity and innovation consists of 15 questions which refer to examinees' attitudes regarding accepting differences, complexities and discrepancies, creative thinking, encouraging creativity and innovation in organizations, encouraging cooperation, image of the work environment, attitudes regarding time pressure and problem solving, control and coercion, attitudes about managerial and creative processes and whether they should be separated, as well as the openness of an organization towards new ideas.

The instrument of the strength of organizational culture contains 11 questions which refer to examinees' attitudes regarding stories from the past, jokes and anecdotes about the history of an organization, rituals, ceremonies, history, mission, manners of doing business, tradition and philosophy of an organization.

4. Research Results and Discussion

The results of these three instruments are presented in Table 1 (see page 8).

In Table 2 (see page 8) we can see that there is a positive correlation between job satisfaction and creativity and innovation of employees, i.e., if they are more satisfied with their jobs, they will be more creative and innovative; if they are less satisfied with their jobs, they will be less creative and innovative.

Based on all data from Table 2 (see page 8), we can also see that there is no statistical correlation between the strength of organizational culture and creativity and innovation of employees in an organization. All things considered, we can conclude that the strength of organizational culture does not have any influence on creativity and innovation of employees in organizations in the Republic of Serbia.

Data processing for Table 3 was done according to MANOVA (Multivariate analysis of variance). The influence of education level (education) and position (place) in a company were independent variables in the

analysis, while job satisfaction and creativity and innovation were dependent variables. What is visible in the same Table 3 (see page 8) is that there is a significant statistical influence of an employee's position in a company on the variable which presents the combination of job satisfaction and creativity and innovation ($\lambda = 0,624$; F=2,504; df=10,94; p=0,01).

In Table 4 (see page 9) which presents the analysis of the influence on single variables it is noticed that the position in a company statistically has the biggest influence on job satisfaction (ε^2= 0,332; F=4,77; df=5; p<0,01), and immediately afterwards on creativity and innovation (ε^2= 0,205; F=2.472; df=5; p=0,05). We can conclude that an empoloyee's job position in a company has a significant influence on job satisfaction and creativity and innovation.

Table 1: Reliability Statistics - Instrument: Job satisfaction, Creativity and innovation and The strength of organizational culture

Reliability Statistics	Cronbach's Alpha	N of Items
Instrument: Job satisfaction	0.864	10
Instrument: Creativity and innovation	0.683	15
Instrument: The strength of organizational culture	0.785	11

Table 2: Pearson Correlation

		Strength of organizational culture	Job satisfaction	Creativity and innovation
Strength of organizational culture	Pearson Correlation	1	0.11	0.174
	N	83	83	83
Job satisfaction	Pearson Correlation	0.11	1	.617**
	N	83	83	83
Creativity and innovation	Pearson Correlation	0.174	.617**	1
	N	83	83	83
* p < 0.05 ** p < 0.01				

Table 3 : MANOVA – Multivariate Tests

	Wilk's λ	F	Hypothesis df	Error df	Sig.	Partial Eta Squared
Your level of education:	0.93	0.35	10	94	0.964	0.036
You have the following position in your company:	0.624	2.504	10	94	0.01	0.21
Your level of education * You have the following position in your company	0.762	0.57	24	94	0.941	0.127

Table 4: MANOVA – Tests of Between-Subjects Effects

	Dependent Variable	F	df	Sig.	Partial Eta Squared
Your level of education:	Job satisfaction	0.223	5	0.95	0.023
	Creativity and innovation	0.241	5	0.94	0.025
You have the following position in your company:	Job satisfaction	4.77	5	0	0.332
	Creativity and innovation	2.472	5	0.05	0.205
Your level of education* You have the following position in your company	Job satisfaction	0.711	12	0.73	0.151
	Creativity and innovation	0.365	12	0.97	0.084
Error	Job satisfaction	29.309	48		
	Creativity and innovation	12.807	48		
Total	Job satisfaction	896.64	71		
	Creativity and innovation	865.684	71		

Conslusion

Organizational culture is a social phenomenon which appears and changes through interaction of employees both mutually and with the environment. Organizational culture appears in the process of collective problem solving with which members of an organization are faced. Following a long-term repetition of successful solutions, these solutions are transformed into rules (norms and values), and then into assumptions and beliefs. The occurrence and development of organizational culture demand time and we can say that it changes by following the life cycle of an organization. Management, national culture and other employees affect the formation of a certain organizational culture. Organization management should develop organizational culture which the clients of the company will always be aware of.

The analysis of the research results brought us to the conclusion which confirms the second hypothesis, but refutes the first hypothesis. This leads to the conclusion that the strength of organizational culture does not directly affect and is not connected to creativity and innovation of employees or their job satisfaction in the organizations in the Republic of Serbia. On the other hand, the position and education of an employee have a positive correlation with creativity, innovation and job satisfaction. These findings confirmed the results of previous studies, which showed the influence of organizational culture on creativity and innovation (Martins, Terblanche).

From all the above specified facts, we can conclude that organizational culture is weak in the organizations in the Republic of Serbia, which could be connected to an insufficient development of organizational culture as a scientific discipline in the academic community of Serbia. Only by encouraging and building internal factors such as education can we build employees' motivation in order to improve their creativity and innovation. The organizations' management should plan and develop the model of organizational culture which will make sure that professional potential and overall intelligence are used in the best possible way. What is of key significance is whether the implemented system maintains organizational culture and whether it is qualified to reach goals. If not, it should be changed.

The recommendation for future research is to investigate how managers see organizational culture, having in mind that they have the biggest power and ability to create it, with all ethical dilemmas which go along with this question. Is manager's perspective actually the reason for underdevelopment of organizational culture or is this the question of external factors such as working environment, underdevelopment of consciousness, resistance to changes or fear of innovation?

The advantages of organizations which have developed organizational culture lies in the fact that they encourage creativity and innovation. Innovation is of vital importance for competitive advantage retention. Only those companies which actively aim at innovation manage to charge their innovative efforts, despite the fact that innovation can be difficult and

uncertain. Innovation of an organization is measured by its efforts to discover new opportunities and innovative solutions. It comprises creativity and experiments. Nowadays, in conditions of intense global changes, efficient creation and exploitation of innovation can be an essential path to gaining competitive advantage.

Based on all the above-mentioned facts, we suggest the following guidelines. Firstly, development of abilities of managers to support innovation and creativity. Secondly, creation of organizational culture devoted to employees and their permanent learning, encouraging creativity, innovation and team work, as well as improving team work and creation of triangle of knowledge which will result in a better connection of research, education and innovation. The first point will improve the number of innovative organizations and entrance to the new markets, as well as development of effective continuous programmes of professional development.

We can conclude that innovation implies great risks as investing in innovation might never pay off, even though it is an important means of internal organizational undertakings. However, successfully adopted innovation can create competitive advantage and become the source of growth of an organization.

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