



## ORGANIZATIONAL CULTURE IN SMES: AN INVESTIGATION OF MANAGERS' VS EMPLOYEES' PERCEPTIONS

Ivona Mileva\*, Snezhana Hristova

University American College Skopje,  
Skopje, North Macedonia

### Abstract:

**Purpose.** This paper aims to assess the organizational culture exposed by small and medium-sized companies (SMEs). In other words, we examine the relationship between leadership styles, organizational culture and organizational performance. In order to investigate the role of organizational culture, it is fundamental to analyze the leadership styles in relation to the types of culture, to identify how these are related and well aligned so that they can help the SMEs to be more effective, favoring their innovativeness. Therefore, we like to address the issue of organizational alignment as well, which occurs when employees and leadership are on the same page regarding an organization's purposes and core values.

**Methodology.** Based on a sample of 408 Macedonian managers and employees and using the organizational culture assessment instrument VOX, the key findings show that the dominant culture in Macedonian small and medium-sized businesses is Entrepreneurial Democracy and that all employees share similar perceptions about organizational culture.

**Contribution/Value.** It contributes to the scientific body of knowledge in the context of organizational culture and alignment. The implications of this study will be especially important for the Macedonian SMEs managers and owners in order to gain access to important knowledge of its organizational culture or they need to make improvements to stimulate the innovativeness of their employees to participate in the improvement of company's performance on the one hand and satisfied employees on the other hand. It also provides the readers with an understanding of how to measure organizational culture and its alignment by introducing up-to-date scientific research in the same field.

### Article info:

Received: Jul 12, 2022  
Correction: August 08, 2022  
Accepted: August 25, 2022

### Keywords:

Organizational culture,  
Leadership, SMEs,  
Innovativeness.



## INTRODUCTION

The most recent business experience appears to show that organizational culture is significant for the exceptional functioning of SMEs. It is so imperative that when not adjusted with organizational structure, business techniques and leader values, it speaks to the company's most biting adversary on the market. Due to its complexity, the organizational culture is troublesome to be perceived and measured in a genuine environment, which extends the issue of advancement of its impact on the performance and execution of the companies. It is obvious that well-adjusted companies perform more successfully. However, over time, the method of alignment gets to be more complicated due to globalization, different client requests and innovative development.

For this reason, the academic community has begun to explore the concept of organizational culture to help leaders and managers better understand the characteristics of organizations, which in turn can help improve organizational effectiveness and performance.

This study seeks to evaluate organizational culture that Macedonian small and medium-sized businesses have revealed. In order to investigate the function of organizational culture, it is essential to examine the leadership philosophies in relation to the various types of culture. This will help us understand how these are connected and well-aligned, and how they can improve the efficiency and support the innovativeness of SMEs. As a result, the authors talk about organizational alignment, which happens when a company's management and employees are in agreement on its goals and basic principles.

In addition, the paper shed light on organizational culture and leadership in Macedonian SMEs, therefore assisting the practitioners while making improvements to stimulate innovativeness which impacts the company's performance. It also gives its readers a comprehension of how to measure organizational culture and its alignment through the introduction of recent scientific research.

## LITERATURE REVIEW

In general, SMEs often struggle in surviving and exceeding the market. Therefore, due to limited data available regarding SME evaluation, the topic has become highly controversial in academia. According to Fourie (2015), the success of SMEs is a result of satisfied customer needs by providing good services and offering good prices. Although it is not clearly defined, it was considered that management success is important for the life of the business. Moving on, many scholars have highlighted the important roles of managers (owners) as well as their impact on a company's performance. (Beliaeva, Shirokova, Wales, & Gafforova, 2020; Petzold, Barbat, Pons, & Zins, 2019). In the same perspective, there is evidence that SMEs nurture a more organic culture than large organizations. Generally, the owner of the company is the most influential factor over the values and beliefs within the organization. Since a smaller number of people (organizational members of SMEs) are gathered together and cultivate common beliefs and values, it is much easier for them when it comes to changing the organizational culture (Tidor, & Morar 2022).

In the study conducted by Denison and Mishra (1995), based on a sample of 764 SMEs, the CEO perceptions regarding the most important traits of organizational culture and concerning SMEs' effectiveness were examined. The results have shown the support for involvement and adaptability, as indicators of flexibility, openness, and responsiveness, and also were seen as strong predictors of growth.



Other traits, consistency and mission, are indicators of integration, direction and vision, and are better predictors of profitability. Each of the four traits was also a significant predictor of other effectiveness criteria such as quality, employee satisfaction and overall performance.

Another significant implication to note is that small and medium-sized companies are particularly vulnerable to economic downturns. Consequently, in times of downturns, not only is it imperative to acknowledge which organizational factors actually stimulate firm performance but it is also urgent to identify the factors that impact these strategic orientations, especially as SMEs struggle to survive. All this turns the focus on the manager, the key player of SMEs. According to the study of Rauch and Frese (2007), it is very important to put the individual back in the entrepreneurial and business research in order to closely examine his/her impact on entrepreneurial success.

Most recently, the activities of SMEs have been ruthlessly disrupted by the COVID-19 pandemic. It calls for expertise, resilience, and perseverance at the managerial level to boost flexibility. Having considered that the Covid-19 pandemic has deeply challenged SMEs to continue to innovate, develop and maintain sustainability, SME managers must focus on the efforts which will be able to support performance and competitiveness. SMEs' production processes have been also pressurized due to the lack of human resources and the rise in the rate of human cost caused due to the low employee turnout (Bartik, 2020). According to Kottika *et al.*, (2020), in times of any crisis, the organizational culture must be built upon how well the SMEs are going to be agile and resilient to turbulence so that they can carry out risk mapping, take important lessons and build relevant strategies.

In general, there are 'soft' and 'hard' factors that influence SMEs' success. Therefore, one can consider customer satisfaction and their acceptance, management capability, entrepreneurial innovativeness, adequate access to financing and information systems, partnerships and governance (Rodrigues, Franco, Silva & Oliveira, 2021). All these characteristics promote a favorable organizational culture.

Concentrating on the empirical evidence of some studies, it is evidenced that the right answer to the survival of the SMEs rests upon: (a) the entrepreneurs' personality traits and skills that affect the market and entrepreneurial orientations of SMEs, (b) the adoption of such orientations that keep impacting the firms' performance, and finally (c) the implementation of strategy relevant to reaching higher quality standards for products and services, combined with tactics relevant to downsizing, marketing actions, extroversion, and financial management. (Kottika *et al.*, 2020 Beliaeva, T., Shirokova, G., Wales, W. *et al.* 2020 S; Petzold, V. Barbat, F. Pons, M. Zins, 2019).

According to Zutshi *et al.*, 2021, SMEs need to adopt a resilient approach comprising unorthodox thinking and mindful execution. Although this needs to be established first at the individual level, it also needs to be transferred to all departmental levels and the entire organization. In their study, they mention the spectrum of initiatives that might help, such as the SWOT of the owner/manager/decision maker. An objective SWOT process will especially contribute in the long term with enhanced relationships as the decision maker is likely to better understand other employees' perspectives, making them overall competitive. This process will also assist in the identification of transferable skills, which can be deployed at a time of need. The second focus should be given to the balance in life dimensions. Without good and stable health, one cannot commit to the hard work required for the survival and subsequent success of a business. The authors posit that 'self-care' should be the utmost priority for employees and managers need to rethink their roles and responsibilities.



Overall, the culture of innovation has a significant influence on the performance of SMEs, which proves that innovation is a trend in absorbing market share, especially in creating superior products, is difficult to emulate and has added value for customers. SME innovation is influenced by leadership and change management within the organization. It fosters a stable culture, spreads trust among the organizational members and encourages innovation and change (Wilderom, Van den Berg & Wiersma, 2012). For that reason, organizational culture is an important element in defining the success or failure of SMEs. In the study done by Arsawan (2020), the results have shown that knowledge-sharing culture significantly influenced innovation culture, business performance and sustainable competitive advantage. The study's findings should further motivate managers and practitioners to emphasize knowledge sharing and innovation culture in the SME sector.

Empirical studies have found different perceptions toward SMEs' success. Romanian SMEs consider their success to be the result of the degree to which they are friendly to the customers, the degree to which they are known for their honest approach and reputation and offering satisfying customer service. On the other hand, Vietnamese SMEs consider the degree to which they are friendly to their customers and they offer good quality products at a reasonable price, to be the key requirements for their success (Benzing, Chu, & Bove, 2005). In the United States of America, success is based on education and training of entrepreneurs and social competence, which include honesty, and good social skills (Elmuti, Khoury & Omran, 2012). Lately, a large portion of the studies has been focused on managerial skills, entrepreneurial training, personality and psychological aspects of managers and the external environment (Benzing, Chu, & Kara, 2009).

Although organizational culture is more spread in business practice and it is one of the main focuses in the managerial field, there is still a lack of research conducted in the Republic of North Macedonia. One of the few studies dedicated to organizational culture shows evidence that the dominant culture in Macedonian enterprises is the mercenary culture which is characterized by a low score on socializing and a high score on solidarity. They are focused on innovation, prefer to be team-oriented and pay attention to detail, yet do not have a strong impact as national culture has influenced the employees' behavior (Magdinceva-Sopova, 2012). On the other hand, recent research conducted by Mileva, Bojadjev, Stefanovska-Petkovska & Tomovska Misoska (2020), suggests that Macedonian SMEs nurture entrepreneurial democracy culture.

Another research shows that SME managers in the country do not possess skills that will result in a detailed understanding of the whole business, and they are focused on building competitive advantage by authorizing employees in the decision-making process. Still, the companies use the outdated way of "doing things" which is not practiced anymore by other companies in today's business world (Macedonia 2025, 2014). The bottom-up flow of information practice is positively linked to the efficiency and effectiveness of Macedonian SMEs as well as matching the right people with the right position is a practice for differentiating one organization from another (Abduli, 2013).

Speaking of leadership, due to the daily involvement in organizational operations, the behavior of managers/leaders has an impact on organizational members ((Rodrigues, Franco, Silva & Oliveira, 2021). In other words, it is associated with the ability of one or more individuals at the organizational top, which is linked to the owner's historic role within the organization. (Franco & Matos, 2013) suggested that characteristics of the leader, their actions and attitudes are likely to influence the leaders' work as a component used to encourage management and performance in SMEs.



Successful SMEs require good leadership. In other words, the lack of leadership skills in SMEs can lead the company to failure (Breckova & Havlicek, 2013). For this reason, a company should practice the right leadership behavior, linked with organizational performance and success. Moreover, according to Kocherbaeva, Samaibekova & Isabaeva (2019), leadership style is considered to be an important factor in the process of improving and maintaining SME competitiveness. There is a competition for “hunting” talented employees to which both SMEs and large companies are exposed, and their retention depends on the level of quality of the work life. The work autonomy, good corporation and other work conditions cherished by employees are influenced by the leader in the organization (Nanjundeswaraswamy & Swamy, 2015). Due to the small structure of SMEs, leadership styles practiced by the management define their performance. In other words, leadership is a crucial factor in companies' strategy of maximizing profits and smooth operational flow, although usually, the leaders' personal goals affect the strategies of the business (Kimberlee, 2019). Moreover, besides the responsibility for financial control and accounting, leaders are in charge of all the relationships with the employees, suppliers and customers and therefore are the key provider of organizational success.

In one of the few studies dedicated to leadership styles in Macedonian companies, Kostovski, Bojadjiev & Budlioska (2015) considered leaders as more autocratically oriented. They explain that the autocratic style is a dominant preferred leadership style despite being unsuitable for new industries and the world today. On the other hand, according to the study of Bojadjiev, Hristova & Mileva (2019), the leaders in Macedonian SMEs prefer a democratic leadership style, which means that they encourage the employees to be involved in the decision-making process and therefore motivate them to accomplish the specific objectives. They explained this change as potential evidence that some changes are happening at the managerial level within the business environment, through which new methods arise in the leadership styles in Macedonian SMEs.

## METHODOLOGY

In this study, the VOX Organizationis model was implemented as a principal methodology, a model proposed by Bojadjiev, Tomovska Misoska, Stefanovska & Nikolovska (2011) for measuring organizational alignment. The fundamental postulates of this 5-Likert-scale instrument are designed in a way that the dimensions are developed to reflect the broader cultural environments and the specifics of organizations in Macedonia and the rest of South-Eastern European countries. It is focused on measuring two dimensions and two sub-dimensions of organizational culture: 1) the decision-making and behavior related to the decision-making and behavior policies of the company and 2) innovativeness and risk-taking measuring the tendency toward risk-taking by the company and its employees. The two sub-dimensions are part of the “Democratic VS Autocratic Organization” dimension and those are: 1) People VS Task-orientation which is related to the social care or the human relations within the company and 2) Open VS Closed system which is related to the collaboration of the members of the organization and cooperation between the organization and its environment (Bojadjiev, Tomovska Misoska, Stefanovska & Nikolovska, 2011).

The questionnaire consists of 21 questions and it is distributed to employees and leaders. The questionnaire for employees measures organizational culture on “how things are” while the same questionnaire distributed among leaders answers the question “what the organizational culture should be like”.



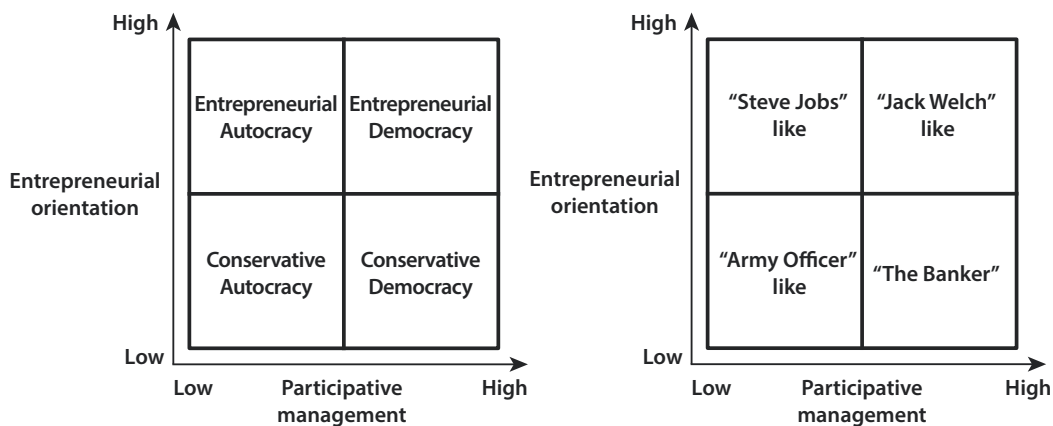
The questions from both questionnaires are focused on measuring the two dimensions and two subdimensions:

- Questions 1 – 7 are focused on decision-making and behavior. A higher score on this dimension means that an organization supports a Democratic and Participative approach.
- Questions 8 – 12 are focused on People versus Task-Oriented. The higher the score the organization gets, the more people-focused they are.
- Questions 13 – 15 measure Innovativeness and Risk-taking. A higher score on this dimension shows a higher entrepreneurial spirit.
- Questions 16 – 21 – measure Open versus Closed organization. Through these questions, information regarding the type of organization is provided. A higher score on this dimension means that the organization is more open and transparent.

There are four possible outcomes provided from the VOX model, where each of the four cultural types corresponds to the four leadership types.

- Managerial Autocracy-company/leader that scores low on both dimensions;
- Managerial Democracy-company/leader that scores high on democracy but low on innovativeness and risk-taking;
- Entrepreneurial Autocracy-company/leader that scores low on democracy, but high on innovativeness and risk-taking;
- Entrepreneurial Democracy-company/leader that scores high on both dimensions.

Figure 1. Cultural and Leader types regarding dimensions



Source: Bojadjiev (2019)

The research was conducted in 30 small and medium-sized enterprises in the Republic of North Macedonia. The data were collected from 408 respondents among which 378 employees and 30 managers/leaders.



## RESEARCH FINDINGS

In order to examine organizational culture and leadership of the small and medium-sized companies in the Republic of North Macedonia, firstly, we investigate and analyze the companies that took part in the research. For this purpose, the mean and standard deviation was initiated for the two organizational dimensions based on the perception of organizational members or employees on organizational culture and the perception of organizational leader and their style of leading or leadership values.

The mean and the standard deviation for each dimension were calculated and are given in Table 1 and Table 2. The calculation was based on all the 408 respondents' answers belonging to these 30 companies separately.

According to the findings, all employees in the 30 investigated companies have a tendency to perceive their organizations as more democratically oriented. This means that the employees of each company, separately, see their companies as practicing openness in decision-making, discussions and consultations with employees, free flow of information and shared awareness of proper behavior. However, the employees show a difference in the dimensional score, which means that although all the employees perceive their companies as democratic; some of the employees perceive their organizations as more democratic than other employees in other organizations. The lowest score for "Democratic VS Autocratic Organization" dimension was evidenced in Company B with a mean of 2.70 ( $M=2.70$ ), while the highest score was evidenced by Company C with a mean of 4.28 ( $M=4.28$ ). This can also lead to the idea that employees in Company B ( $M=2.70$ ) and Company O ( $M=2.89$ ) are undecided regarding the "Democratic VS Autocratic Organization" dimension since their scores are very close to the cut-off point. For this reason, the results suggest that the employees in these companies are undecided whether the organizational culture allows and encourages them to be part of the decision-making process, or whether the leader and the top management have the last word in making decisions. Moreover, the result can be also prescribed to the lower scores of subdimensions; they equally contribute to "Democratic VS Autocratic Organization" dimension. As a part of the "Democratic vs. Autocratic Organization" dimension, the lower scores in 1) People VS Task-orientation and 2) Open VS Closed system contributes to a lower score in the same dimension (Bojadjiev, Tomovska Misoska, Stefanovska & Nikolovska, 2011). In terms of "People VS Task" sub-dimension, companies in Macedonian the wood furniture industry nurture a more "task-oriented" culture, while companies in the electrical engineering industry nurture culture that is moderate towards high internal and external openness (Mileva, Bojadjiev, Stefanovska-Petkovska & Tomovska Misoska, 2020).

Regarding the second organizational dimension, "Innovativeness and Risk-Taking", which measures the entrepreneurial orientation, all employees from all companies show that they work in companies that are characterized by entrepreneurial orientation, rather than stability focus. This means that the companies which are a part of the research encourage and stimulate the employees to do experimentations, develop new products/services and ideas and take reasonable risks.

However, for this dimension, there is a difference in organizational scores, which makes some of the companies more entrepreneurially oriented and risk-averse than others in the eyes of the company's employees. The lowest score for "Innovativeness and Risk Taking" dimension was evidenced in Company B with a mean of 2.83 ( $M=2.83$ ), while the highest score was evidenced by Company E with a mean of 4.00 ( $M=4.00$ ). This can also lead to the idea that employees in Company B ( $M=2.83$ ), Company R ( $M=2.98$ ) and Company Z (2.98) are indecisive regarding the "Innovativeness and Risk Taking" dimension since their scores are very close to the cut-off point.



The results suggest that the employees in these companies are indecisive about whether the organizational cultures of those companies allow and encourage them to do experimentation, develop new products/services and ideas or whether the companies are more focused on stability.

**Table 1.** Mean and Standard Deviation for the dimensions of VOX Organizationis

Company	Industry	Mean		SD	
		D1: Democratic VS Autocratic Organization	D2: Innovative- ness and Risk- Taking Orientation	D1: Democratic VS Autocratic Organization	D2: Innovative- ness and Risk- Taking Orientation
Company A	Construction Industry	4.12	3.13	0.09	0.31
Company B	Construction Industry	2.71	2.83	0.08	0.38
Company C	Construction Industry	4,29	3.39	0,11	0.52
Company D	IT Industry	3.58	3.20	0.18	0.31
Company E	Wine Industry	4,00	4.00	0.25	0.32
Company F	PVC Manufacturing Industry	4.00	3.54	0.14	0.10
Company G	Food Manufacturing Industry	4.03	3.03	0.06	0.24
Company H	Cloth Manufacturing Industry	4.06	3.11	0.35	0.40
Company I	Wine Industry	3.49	3.53	0.20	0.22
Company J	IT Industry	4.19	3.56	0.52	0.26
Company K	IT Industry	3.70	3.26	0.07	0.22
Company L	Food Manufacturing	3.83	3.02	0.38	0.27
Company M	Construction	4.04	3.74	0.22	0.10
Company N	Finance Industry	3.31	3.03	0.14	0.12
Company O	IT Industry	2.89	3.43	0.22	0.46
Company P	Finance Industry	3.86	3.54	0.29	0.26
Company Q	Cloth Manufacturing Industry	3.77	3.31	0.21	0.30
Company R	Paper Products Manufacturing Industry	3.53	2.98	0.19	0.17
Company S	Wine Industry	3.85	3.78	0.23	0.30
Company T	Construction Industry	4.19	3.23	0.09	0.33
Company U	Cloth Manufacturing Industry	3.72	3.26	0.21	0.34
Company V	Food Manufacturing Industry	3.90	3.54	0.19	0.12



Company W	Cloth Manufacturing Industry	3.70	3.27	0.10	0.10
Company X	Rubber Manufacturing Industry	4.07	3.42	0.28	0.26
Company Y	Crystal and Glassware Manufacturers and Retail Industry	3.83	3.28	0.30	0.24
Company Z	Cloth Manufacturing Industry	3.60	2.98	0.12	0.25
Company AB	Food Retailer Industry	3.90	3.46	0.30	0.41
Company AC	Food Manufacturing Industry	4.08	3.43	0.43	0.38
Company AD	Cloth Manufacturing Industry	3.79	3.28	0.16	0.11
Company AE	Finance Industry	3.63	3.30	0.17	0.07

According to the findings in terms of the leadership style practiced by leaders, it could be noticed that all of the organizational leaders believe they nurture participative management or democratic style. This means that the leaders in all investigated organizations believe they encourage employees to be involved in decision-making and they are free to express their ideas and suggestions.

While studying the score on this dimension, one can conclude that all companies scored high (more than 3.50) on the “Democratic vs Autocratic” dimension except for the lowest-scored Company B with a mean of 3.39 ( $M=3.39$ ).

In terms of “Innovativeness and Risk Taking” dimension, which measures the entrepreneurial orientation of the organization, all leaders from all companies show that they encourage innovativeness and creativity, therefore nurturing entrepreneurial orientation rather than stability focused. This leads to the idea that leaders are also willing to take reasonable risks for organizational success. However, for this dimension, the difference in organizational culture perceived by the leaders’ score is evident; there is a difference in leadership scores for less than half of the companies. The lowest score for “Innovativeness and Risk Taking” dimension was evidenced in Company R with a mean of 2.50 ( $M=2.50$ ), followed by Company N with a mean of 2.83 ( $M=2.83$ ), while the highest score was evidenced by Company M with a mean of 4.33 ( $M=4.33$ ). This can also lead to the idea that leaders in Company R ( $M=2.50$ ) and Company N ( $M=2.83$ ) are on the border between being entrepreneurially oriented and stability focused, because of their scores which are very close to the cut-off point.



**Table 2.** Mean and Standard Deviation for the dimensions of VOX Organizationis: Leadership Style practiced by the Leaders

Company	Industry	Mean		SD	
		D1: Democratic VS Autocratic Organization	D2: Innovative- ness and Risk- Taking Orientation	D1: Democratic VS Autocratic Organization	D2: Innovative- ness and Risk- Taking Orientation
Company A	Construction Industry	4.14	3.82	1.48	1.60
Company B	Construction Industry	3.38	3.19	1.55	1.33
Company C	Construction Industry	4.74	3.85	0.71	1.83
Company D	IT Industry	4.05	3.83	1.28	1.33
Company E	Wine Industry	4.41	4.17	1.09	0.89
Company F	PVC Manufacturing Industry	4.20	3.80	0.96	1.17
Company G	Food Manufacturing Industry	4.12	3.01	1.24	0.90
Company H	Cloth Manufacturing Industry	3.79	3.17	1.50	1.17
Company I	Wine Industry	3.68	3.33	1.29	1.03
Company J	IT Industry	3.82	3.33	1.19	0.52
Company K	IT Industry	3.71	3.50	1.28	0.55
Company L	Food Manufacturing	3.51	3.33	0.82	0.91
Company M	Construction	4.47	4.33	1.40	1.63
Company N	Finance Industry	3.80	2.83	0.94	1.33
Company O	IT Industry	3.67	3.83	1.45	0.75
Company P	Finance Industry	3.67	3.67	0.62	0.52
Company Q	Cloth Manufacturing Industry	3.90	3.50	1.50	1.05
Company R	Paper Products Manufacturing Industry	3.73	2.50	0.96	0.55
Company S	Wine Industry	4.03	3.83	0.83	0.75
Company T	Construction Industry	4.47	3.83	1.41	1.83
Company U	Cloth Manufacturing Industry	3.83	3.33	1.11	0.82
Company V	Food Manufacturing Industry	3.92	3.67	1.33	0.82
Company W	Cloth Manufacturing Industry	3.81	3.33	1.18	0.82
Company X	Rubber Manufacturing Industry	4.14	3.83	1.28	0.98



Company Y	Crystal and Glassware Manufacturers and Retail Industry	3.73	4.00	1.10	0.63
Company Z	Cloth Manufacturing Industry	3.73	3.00	0.96	0.63
Company AB	Food Retailer Industry	4.07	4.00	1.33	1.26
Company AC	Food Manufacturing Industry	4.00	3.50	0.92	0.55
Company AD	Cloth Manufacturing Industry	3.93	3.33	1.33	0.52
Company AE	Finance Industry	3.93	3.50	1.22	0.84

In order to have a precise and overall picture of the perception of organizational members and leaders as a whole, the results were summarized in general. In this part, the mean, standard deviation and T-tests of the two dimensions as well as the subjective determinants of organizational effectiveness, among the two hierarchical levels (employees and leaders) within the organizations were studied.

The results presented in Table 3 show that there are statistically significant differences, on a level  $p < 0.05$ , in the opinions about the organizational culture between the two groups. In terms of “Democratic VS Autocratic” dimension, there is no statistically significant difference between the two groups, while there is a statistically significant difference concerning “Innovativeness and Risk Taking” dimension. Employees consider the companies as less entrepreneurially oriented ( $M=3.33$ ), in comparison with the leaders whose perception regarding innovativeness and risk-taking within the companies is higher ( $M=3.54$ ).

This means that both leaders and employees think that organizational culture of the companies is entrepreneurially-oriented, although the level of entrepreneurial intention is different and lower in the eyes of the organizational employees. In other words, it can be concluded that both the leaders and the employees place organizational culture on Entrepreneurial Democracy, although there are significant differences in the level of entrepreneurial orientation; organizational members consider the organizations are less entrepreneurially oriented and more risk averse or stability focused.

The case of different perceptions on entrepreneurial orientation between different groups based on position is evidenced in the Macedonian higher education sector where the administrative staff perceives the organizations as more risk-averse in comparison with the faculty staff, and in the food sector where the employees could not confirm the leader’s entrepreneurial perception (Krleska, 2015; Limani, Tomovska-Misoska & Bojadziev, 2015).



**Table 3.** General T-test Results for perception on Cultural Dimension of Leaders and Employees

	Position	Mean	SD	Sig (2tailed)
<i>VOX Cultural Dimensions</i>				
D1: Democratic vs. Autocratic Organization	Employee	3.79	0.36	0.07
	Leader	3.94	0.30	
D2: Innovativeness and Risk-Taking Orientation	Employee	3.33	0.26	0.02
	Leader	3.54	0.41	

## DISCUSSION AND CONCLUSION

The findings suggested that the participants in the survey perceive their company as democratically oriented. In other words, the results indicated that the organizational members feel that companies stimulate openness in decision-making, dialogue and consultations with employees, information free flow and there is a shared awareness of the appropriate behaviors, respect for the employees, work-life balance opportunities, prompt feedback and care for the physical workplace conditions. The organizational culture was described as open and initiating collaboration within and outside the company, innovation-focused and risk-ready taker. The overall culture was described as Entrepreneurial Democracy.

Several studies have analyzed the culture within SMEs using VOX (Kraleska, 2015; Bojadziev, Tomovska Misoska, Pesev & Stefanovska Petkovska, 2016; Bojadjiev, Kostovski, Handjiski Krliu, & Shindilovski, 2017). According to the proposed methodological and theoretical framework of this instrument, the majority of the studies agreed that organizational culture in SMEs within different industries in the Republic of North Macedonia is described as Entrepreneurial Democracy. According to the literature, smaller businesses are more associated with an autocratic style, rather than a democratic one. This is an unwanted situation because intellectual stimulation is crucial in SMEs, where employees and leaders have close contact, so leaders can effectively encourage employees to think creatively and implement innovative ideas. Moreover, in comparison with large organizations, SMEs are not burdened with strict and formalized structures and procedures. This means that they can focus on not standardized solutions thus offering better modifications to the business environmental changes (Dyczkowska & Dyczkowski, 2018). Since SMEs have flexible structures, they may display more entrepreneurial instincts, which provide them more liberty to execute and implement good business practices. When working in small groups, individual members become closer to one another thus they feel committed to performing tasks because their efforts and performance may be noted and cherished more easily. The democratic style is recommended when the organizations are innovative and require collaboration among different units within the organization. For this reason, it should be considered in startups and intensive companies (Mohiuddin, 2017, pp. 26-27). Through the democratic approach, adaptability, innovativeness and knowledge sharing within the company can be increased.

The results from this study are in line with the existing academic literature (Kraleska, 2015; Bojadziev, Tomovska Misoska, Pesev & Stefanovska Petkovska, 2016; Bojadjiev, Kostovski, Handjiski Krliu, & Shindilovski, 2017). However, they are different from the existing literature on organizational culture in Macedonian SMEs, stating that Macedonian companies nurture mercenary culture, meaning that organizational members are not friendly to one another (Magdinceva-Sopova, 2012). Though, the results provide a confirmation that Macedonian companies are focused on innovation, and they



prefer to be team, attention and detail-oriented. This is an important aspect that should be taken into consideration once a practitioners' community intends to launch a new business; it assists not only in the proper way of structuring the organization but also in the whole way of organizational functioning.

In addition, both employees and leaders describe their companies as focused on participative management and innovation; therefore, both employees and leaders point out the culture as Entrepreneurial Democracy, although the scores from the employees' perception are considered to be a bit lower than those of the leaders. Though, the analyses of the difference in the perceptions between respondents on leadership positions and those that do not have such positions, suggested that there is a significant small difference in scores in perception regarding innovativeness and risk-taking orientation and there are no statistically significant differences in the opinions about the democratic VS autocratic dimension between the two groups. This means that, although the employees consider working in less innovative focused and risk-taking companies, both the leaders and the employees think that the organizational culture of the companies is Entrepreneurial Democracy.

In link with the academic literature, the same does not contain many studies on the perception of organizational culture and positional differences. A study conducted on a sample of 40.000 non-managerial employees, managers and executives in six countries around the globe, that executives within their respective companies had the most favorable appraisal of ethical corporate culture, while the employees' assessments were less positive, and mid-level managers' assessments fell in the middle (Ardichvili, Jondle & Kowske, 2012). Besides that, a study dedicated to leaders' personal values was conducted, confirming the existing link between the leader's personal and cultural values. This means that organizations need to "fit" between the leader's characteristics and desired organizational culture.

Last but not the least, the research has some limitations. The possibility of social desirability bias is one of the major restrictions. The degree of honesty should not be taken for granted even though the respondents are anonymous. Uncertainty over the respondents' representation of the industry's overall population is another limitation. The respondents' demographic location is the final restriction. Since just the Republic of North Macedonia was studied in this research, subsequent studies should offer a clearer analysis of these characteristics.

## RECOMMENDATIONS AND PRACTICAL IMPLICATIONS

The literature review on the organizational culture in the companies from South-East Europe with a focus on the Republic of North Macedonia and the research findings suggest that some of the cultural values from pre-transition have been changed in most of the countries as they face socio-economic instabilities and changes while "going" in the transitional period. The previous system's remains will no longer function in contemporary management, as the SMEs focus on improvement of their efficiency and effectiveness. The research conducted as a part of this study and the differences in scores of the participants with different organizational positions indicates that different groups experience similar yet different perceptions of organizational culture. Therefore, it is important for organizations to invest in employee well-being through different forms of training and workshops. These forms will raise awareness of what kind of practices should be taken so that both leaders and organizational members feel more comfortable, valuable, and protected in the workplace. These activities should be initiated by the organizational leaders by encouraging active participation in all organizational processes, introducing greater transparency and excluding organizational unfounded opinions and stereotypes concerning employees' age or gender.



Leaders should work on building self-confidence, fostering competition among employees, encouraging relationships with the external world, and sharing expertise and knowledge among the organizational members. In order to listen to “the voice of organization”, leaders should constantly ask employees for feedback on the reflection on the organizational culture, practices and experiences, thus will learn more about the employee’s needs and issues.

Ultimately, organizations should measure their organizational cultures through already established models by recognized authors or adopt internal methods to provide understandable parameters to estimate their organizational culture. A solid organizational culture should be accompanied by a high level of organizational alignment. The process of evaluating the alignment within the organization should not be considered once during the organizational life, but rather should be focused on constant efforts for improvements of the organization’s efficiency and long-term sustainability.

## REFERENCES

- Abduli, S. (2013). Management in small and medium size enterprises in the Republic of Macedonia. *International Journal of Academic Research in Economics and Management Sciences*, 2(2), 18-132. <https://sil0.tips/download/effective-human-resource-management-in-small-and-medium-size-enterprises-in-the>
- Ardichvili, A., Jondle, D. & Kowske, B. (2012). Minding the gap: Exploring differences in perceptions of ethical business cultures among executives, mid-level managers and non-managers. *Human Resource Development International*, 15(3), 337–352. <https://doi.org/10.1080/13678868.2012.687625>
- Arsawan, I. W. E., Koval, V., Rajiani, I., Rustiarini, N. W., Supartha, W. G. & Suryantini, N. P. S. (2020). Leveraging knowledge sharing and innovation culture into SMEs sustainable competitive advantage. *International Journal of Productivity and Performance Management*, 71(2), 405-428. <https://doi.org/10.1108/IJPPM-04-2020-0192>
- Bartik, A.W., Bertrand, M., Cullen, Z., Glaeser, E.L., Luca, M. & Stanton, C. (2020). The impact of COVID-19 on small business outcomes and expectations. *Proceedings of the National Academy of Sciences USA*, 117(30), 17656-17666. <https://doi.org/10.1073/pnas.2006991117>
- Beliaeva, T., Shirokova, G., Wales, W. & Gaffrova, E. (2020). Benefiting from economic crisis? Strategic orientation effects, trade-offs, and configurations with resource availability on SME performance. *International Entrepreneurship and Management Journal*, 16(1), 165-194. <https://doi.org/10.1007/s11365-018-0499-2>
- Benzing, C. Chu, H.M. & Bove, R. (2005). The Motivation, Problems, and Perceived Success of Entrepreneurs in Romania. *Journal of the Academy of Business Administration*, 10, 73–88.
- Benzing, C. Chu, H. & Kara, O. (2009). Entrepreneurs in Turkey: A factor analysis of motivations, success factors, and problems. *Journal of Small Business Management*, 47(1), 58-91. <https://doi.org/10.1111/j.1540-627X.2008.00262.x> Citations
- Bojadziev, M. (2019). Development of Instrument for Measurement of the Organizational Alignment - from Vox Organizationis to "Four Organizational Culture Types and Four Leadership Styles". *Universal Journal of Management*, 7(5), 186 - 199. <https://doi.org/10.13189/ujm.2019.070504>
- Bojadziev, M., Tomovska Misoska, A., Stefanovska, M. & Nikolovska, Z. (2011). *Vox Organizationis – theoretical basis and methodological considerations in the development of an instrument for organizational culture*, MPRA Paper 42571, Munich: University Library of Munich.
- Bojadziev, M., Tomovska Misoska, A., Peshev, A. & Stefanovska Petkovska, M. (2016). Organizational Alignment in ICT Company in the Republic of Macedonia. Business and Economic Research, *Journal of the Macrothink Institute*, 6 (2), 424-439. <https://doi.org/10.5296/ber.v6i2.10258>



- Bojadjiev, M., Kostovski, N., Handjiski Krliu, V. & Shindilovski, D. (2017). Organizational Culture and Strategic Alignment in Fast Moving Consumer Goods Company, *Annual of ISPJR (Institute for Sociological, Political and Juridical Research)*, 41(1), 45-56.
- Bojadjiev, M., Hristova, S. & Mileva, I. (2019). Leadership Styles in Small and Medium Sized Business: Evidence from Macedonian Textile SMEs, *Journal of Entrepreneurship and Business Innovation*, 6(2), 1-22. <https://doi.org/10.5296/jebi.v6i2.15266>
- Breckova, P. & Havlicek, K. (2013). Leaders' management and personnel controlling in SMEs. *European Research Studies Journal*, 16(4), 3-13. <https://doi.org/10.35808/ersj/399>
- Daniel, R., Denison, K. & Mishra, A. (1995). Toward a Theory of Organizational Culture and Effectiveness. *Organization Science*, 6(2), 204-223. <https://www.jstor.org/stable/2635122>
- Dyczkowska, J. & Dyczkowski, T. (2018). Democratic or Autocratic Leadership Style? Participative Management and its Links to rewarding Strategies and Job Satisfaction in SMEs. *Athens Journal of Business & Economics*, 4(2), 193-218. <https://doi.org/10.30958/ajbe.4.2.4>
- Elmuti, D., Khoury, G. & Omran, O. (2012). Does Entrepreneurship Education Have a Role in developing Entrepreneurial Skills and Ventures' Effectiveness? *Journal of Entrepreneurship Education*, 15, 83.
- Fourie, L. (2015). Customer satisfaction: a key to survival for SMEs?. *Problems and Perspectives in Management*, 13(3-1), 181-188. [https://www.businessperspectives.org/images/pdf/applications/publishing/templates/article/assets/6944/PPM\\_2015\\_03cont\\_Fourie.pdf](https://www.businessperspectives.org/images/pdf/applications/publishing/templates/article/assets/6944/PPM_2015_03cont_Fourie.pdf)
- Franco, M. & Matos, P.G. (2013). Leadership Styles in SMEs: A Mixed-Method Approach. *International Entrepreneurship and Management Journal*. 11(2), 425-451. <https://doi.org/10.1007/s11365-013-0283-2>
- Kimberlee, L. (2019). *The Importance of Ethics in Organizations*. Retrieved 18 September 2019 from <http://small-business.chron.com/importance-ethics-organizations-20925.html>
- Kocherbaeva, A., Samaibekova, Z. & Isabaeva, K. (2019). Leadership and leaders in successful small and medium enterprises. In W. Strielkowski (Ed.) *Proceedings of 4th International Conference on Social, Business, and Academic Leadership (ICSBAL 2019): Advances in Social Science, Education and Humanities Research* (No. 359). Paris: Atlantis Press.
- Kottika, E., Özsoymer, A., Rydén, P., Theodorakis, I.G., Kaminakis, K., Kottikas, K.G. & Stathakopoulos, V. (2020). We survived this! What managers could learn from SMEs who successfully navigated the Greek economic crisis. *Industrial Marketing Management*, 88, 352 - 365. <https://doi.org/10.1016/j.indmarman.2020.05.021>
- Kostovski, N., Bojadjiev, M. & Budlioska, K. (2015). Leadership styles in companies from Republic of Macedonia. *Economic Development, Journal of the Institute of Economics*, 3, 211-222. <https://doi.org/10.5296/jebi.v6i2.15266>
- Kraus, S., Rigtering, J.C., Hughes, M. & Hosman, V. (2012). Entrepreneurial orientation and the business performance of SMEs: a quantitative study from the Netherlands. *Review of Managerial Science*, 6, 161-182. <https://doi.org/10.1007/s11846-011-0062-9>
- Limani, A., Tomovska-Misoska, A. & Bojadjiev, M. (2015). Organizational alignment as a model for sustainable development in the public sector in the Republic of Macedonia. *Journal of Sustainable Development*, 5 (12), 51-68.
- Macedonia 2025. (2014, December 11). *Impressions from the training seminar by the pacific institute in Skopje: take the right steps towards your success*. Retrieved 29 March 2019 from <http://www.macedonia2025.com/news/single/312>.
- Magdinceva-Sopova, M. (2012). *Menadzment na organizaciskata kultura*. Sofia: Treta kniga Bogdanci.
- Mileva, I., Bojadjiev, M., Stefanovska-Petkovska, M. & Tomovska Misoska, A. (2020). Investigation of Organizational Culture in Companies in high rate polluted Countries: Review of existing Evidence and Application of the new Vox Organizationis Model, In O. Vangelov (Ed.) *Proceedings of 15th Annual International Conference on European Integration (AICEI2020)*. Skopje, North Macedonia: University American College Skopje.



- Mohiuddin, Z. A. (2017.) Influence of Leadership Style on employees performance: evidence from literatures. *Journal of Marketing Management*, 8(1),18-30. [http://ijbssnet.com/journals/Vol\\_8\\_No\\_7\\_July\\_2017/9.pdf](http://ijbssnet.com/journals/Vol_8_No_7_July_2017/9.pdf)
- Nanjundeswaraswamy, T.S. & Swamy, D.R. (2015). Leadership styles and quality of worklife in SMEs. *International Journal of Industrial Engineering Computations*, 5(1),65-78. <https://doi.org/10.5267/j.msl.2014.12.006>
- Petzold, S. Barbat, F. & Pons, M. Z. (2019). Impact of responsive and proactive market orientation on SME performance: The moderating role of economic crisis perception. *Canadian Journal of Administrative Sciences/Revue Canadienne des Sciences de l'Administration*, 36 (4), 459-472. <https://doi.org/10.1002/cjas.1514>
- Rauch, A., & Frese, M. (2007). Born to Be an Entrepreneur? Revisiting the Personality Approach to Entrepreneurship. In J. R. Baum, M. Frese, & R. A. Baron (Eds.) *The psychology of entrepreneurship* (pp. 41–65). Mahwah: Lawrence Erlbaum Associates Publishers.
- Rodrigues, M., Franco, M., Silva, R. & Oliveira, C. (2021). Success Factors of SMEs: Empirical Study Guided by Dynamic Capabilities and Resources-Based View. *Sustainability*, 13(21), 12301. <https://doi.org/10.3390/su132112301>
- Tidor, A. & Morar, L. (2022). Changing Organizational Culture for Enterprise Performance. *International Journal of Operations Management*, 2(2), pp.28-33. <https://doi.org/10.18775/ijom.2757-0509.2020.22.4003>
- Wilderom, C.P.M., Van den Berg, P.T. & Wiersma, U.J. (2012). A longitudinal study of the effects of charismatic leadership and organizational culture on objective and perceived corporate performance. *The Leadership Quarterly*, 23, 835–848. <https://doi.org/10.1016/j.leaqua.2012.04.002>
- Zutshi, A., Mendy, J., Sharma, G.D., Thomas, A.& Sarker, T. (2021). From Challenges to Creativity: Enhancing SMEs' Resilience in the Context of COVID-19. *Sustainability*, 13(12), 6542. <https://doi.org/10.3390/su13126542>



## ORGANIZACIONA KULTURA U MSP: ISTRAŽIVANJE MENADŽERA U ODNOSU NA PERCEPCIJE ZAPOSLENIH

### Rezime:

Svrha. Ovaj rad ima za cilj da proceni organizacionu kulturu koju su izložena mala i srednja preduzeća (MSP). Drugim rečima, ispitujeemo odnos između stilova rukovođenja, organizacione kulture i organizacionog učinka. Da bi se istražila uloga organizacione kulture, od suštinske je važnosti da se analiziraju stilovi rukovođenja u odnosu na tipove kulture, da se identifikuje kako su oni povezani i dobro usklađeni kako bi pomogli malim i srednjim preduzećima da budu efikasniji, favorizujući njihovu inovativnost. Zbog toga volimo da se pozabavimo i pitanjem organizacionog usklađivanja, koje se dešava kada su zaposleni i rukovodstvo na istoj strani u vezi sa svrhama organizacije i osnovnim vrednostima.

Metodologija. Na osnovu uzorka od 408 makedonskih menadžera i zaposlenih i korišćenjem instrumenta za procenu organizacione kulture – VOX, rezultati pokazuju da je dominantna kultura u makedonskim malim i srednjim preduzećima preduzetnička demokratija i da svi zaposleni dele slične percepcije o organizacionoj kulturi.

Doprinos/vrednost. Doprinosi naučnom korpusu znanja u kontekstu organizacione kulture i usklađenosti. Implikacije ove studije će biti posebno važne za makedonske menadžere i vlasnike MSP-a kako bi dobili pristup važnim znanjima o organizacionoj kulturi ili će morati da izvrše poboljšanja kako bi stimulisali inovativnost svojih zaposlenih da učestvuju u poboljšanju performansi kompanije s jedne strane i zadovoljnih zaposlenih s druge strane. Rad takođe omogućava čitaocima da shvate kako da ocene organizacionu kulturu i njenu usklađenost uvođenjem savremenih naučnih istraživanja u istoj oblasti.

### Ključne reči:

Organizaciona kultura,  
Liderstvo,  
MSP,  
Inovativnost.