Chapter 6
Investigation of Organizational Culture in Family Firms:
Review of Existing Evidence and Application of the New Vox Organizations Model in Family Firms

Ana Tomovska Misoska

https://orcid.org/0000-0003-2018-1606
University American College, Skopje, Macedonia

Miodraga Stefanovska-Petkovska
University American College, Skopje, Macedonia

Marjan Bojadjiev
University American College, Skopje, Macedonia

Ivona Mileva
University American College, Skopje, Macedonia

ABSTRACT

The goal of the chapter is to provide an in-depth and comparative understanding of the instruments of organizational culture that exist and provide a review of academic research evidence on their performance in family firms. Furthermore, the chapter will provide an additional insight into a novel instrument for diagnosing organizational alignment – Vox Organizationis (the "voice" of the organization). The chapter will provide an introduction to family firms and the challenges and survival; comparative and critical review of existing relevant instruments of organizational culture and assessment of their implementation in measuring organizational culture in family firms and presentation of Vox Organizationis – an instrument based on a novel methodology for measuring organizational alignment, culture, and leadership values; and review of evidence and recommendations on its implementation in family firms. The chapter will provide the reader with an increased understanding of how and with which instruments to measure organizational culture and alignment in family firms.

INTRODUCTION

Culture influences how people think, thus making it an important tool in understanding and managing an organization (Hofstede, 1997). Organizational culture is a topic of considerable interest to organizational researchers, management consultants, and corporate executives alike. The concept of organizational culture is one of the most popular concepts in the field of management and organizational behavior and it has been demonstrated that employees, both individually and in groups, can be equally influenced by the unwritten norms and values, as much as the written rules of the organization (Dyer, 1988; Hofstede et al, 1990; Schein, 2004). This influence, according to Hofstede et al (19990), was exhibited trough symbols, heroes, rituals, and values, while Schein (2004) and Dyer (1988) claimed that is was exerted trough artifacts, perspectives, values and assumptions. The research is in the field of organizational culture is quite important as findings point to certain organizational cultured being tied to superior organizational financial performance (Ogbonna and Harris, 2000). Previous research has demonstrated the link between organizational culture and performance (Cameron and Quinn, 2011). More specifically, studies have suggested that the strength of culture is related to the measures of corporate performance including ROA, ROI, sales growth, and market share (Denison, Lief and Ward, 2004). It should be noted that although the performance of an organization is dependent on the degree to which the values of the culture are widely shared, as well as their strength, successful organizations are distinguished by their ability to promote cultural values which are consistent with their chosen strategies (Ouchi, 1981; Pascale and Athos, 1981; Peters and Waterman, 1982). Research that followed through the years extended this claims to propose culture is associated with superior performance only if the organizational culture is adaptive to the changes in the environment. In addition, an organizational culture of a sustainable and well-performing organization would have traits and characteristics that are rare and difficult to be imitated (Denison, 1990).

The issue of achieving competitive advantage and financial stability is quite important in companies operating in transition economies where the environment is unstable and changing (Sorasalmi and Tuovinen, 2016) and culture might play a role in helping the companies grow and thrive. This is especially important for SME's and family firms which are center of economic activity in developing and transition economies (Aga, Francis, and Rodríguez-Meza, 2015) and the interest in family firms has been growing in North Macedonia in recent years (Debarliev and Janeska-Iliev,2015). However the investigations of organizational culture has been mainly tied to the developed countries and to large companies (Cummings and Worley, 2009) and a number of authors point to adapting the instruments and approach to the broader cultural context (Dastmalchian et.al., 2000) such research has been sparse in the Republic of North Macedonia especially in the family firms (Tomovska-Misoska et al., 2011). Therefore the aim of this paper is to provide evidence of application of an instrument and approach to measuring organizational culture in the context of family firms and SME's originating from the Republic of North Macedonia.

Organizational culture provides a background for human resource management practices (Dubkevics and Barnars, 2010). Studying organizational culture in family firms is a complex matter and one that has not been much examined within the current Human Resource Management literature. Within this scope of work it has to be noted that the dynamics of the family firms and the human resource management practices are intertwined with the issues of control and compliance. As such, the organizational culture is also part of the overall dynamics of the family member employees and the employees that are not part of the family in the same way that other human resource management practices are also used

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