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Organizational Culture and Perceived Effectiveness: a Case Study of an Insurance Company

─────── **Abstract:** ───────

Research question: This paper studies the relationship between organizational culture and perceived organizational effectiveness of an insurance company in a developing country with an emerging economy. **Motivation:** The main objective of the research is to determine whether there is a correlation between organizational culture and climate as a narrower concept, on the one hand, and perceived organizational effectiveness, on the other hand. Some authors noted a correlation between these organizational aspects. For example, Yan (2016) empirically confirmed that organizational culture positively and significantly correlates with organizational effectiveness. The relationship between organizational culture and organizational effectiveness was also examined by Cox and Trotter (2016), Chen (2017) and Deem, De Lotell and Kelly (2015). **Idea:** Starting from the findings of other authors that organizational culture indeed affects effectiveness, the authors of this paper wanted to examine whether this relation existed in a state-owned insurance company in an emerging economy and, if so, how to use this to improve employees' performance and overall business results. **Data:** The research was conducted in June 2017 on the sample of employees of the Dunav Insurance Company on the obtained six hundred and sixty -six valid questionnaires. **Tools:** The questionnaires consisted of five general questions about demographic variables and twenty-nine closed-ended questions related to the topic. The researchers assessed the correlation between variables by Spearman Rho Coefficient and Chi-Square significance. **Findings:** The results showed the relationship between a number of aspects of organizational culture and climate, on the one hand, and perceived organizational effectiveness, on the other hand. Research results have shown that the evaluation of effective utilization of working hours and professional capabilities is largely connected with the aspects of organizational climate that reflect poor working conditions and unethical attitude of employees. However, the evaluation of effective utilization of professional capabilities also relates to the perception of predominant aspects of an organizational climate that inspire positive internal relations. **Contribution:** The results presented in the paper can be used as the basis for organizational and managerial decision-making to improve work processes in the observed organization.

Keywords: organizational culture, organizational climate, effectiveness, insurance company, developing country

JEL Classification:M14, G22

1. Introduction

During the last three decades, scholars and practitioners have often explored the organizational culture and effectiveness. According to Janicijevic (2013), organizational culture is the most powerful tool for understanding people's behaviour in companies. The internal characteristics of an organization are critical for the success of the organization (Barney, 1991; Barney, 2001). Author Bharadwaj (2014) states that where human cooperation is the basis of productivity, organizational communication assumes paramount importance because effective cooperation primarily hinges on communication as a vehicle for binding the employees together for a common objective. A large number of studies start from the assumption that culture is a measurable characteristic of an organization (O'Reilly & Chatman, 1996). Yan (2016) noted that organizational culture includes long-time beliefs and values in an organization, beliefs of the staff and foreseen value

of their work that affect their attitudes and behaviour. Organizational culture directly links to the attitudes and behaviours of employees (O'Driscoll et al., 1998), but there is (little) data available on any intervening variables that might affect this relationship (Williams & Attaway, 1996). Some authors note that the strategic sensitivity to under-source fluidity significantly enhance the propensity to business model innovation. (Hock, Clauss, & Schulz, 2016). Organizational culture is considered to be a source of sustainable competitive advantage (Barney, 1991) and empirical research showed that it is a key factor of organizational effectiveness (Denison, 1990; Gordon & DiTomaso, 1992).

Compared to research of other authors, this paper summarizes an endeavour to determine whether organizational culture and climate, as a narrower concept, affect the organizational effectiveness in a state-owned company after the overall privatization process in a developing country.

2. Literature Review

Any research on culture as a factor of organizational effectiveness is somewhat limited by a level of agreement between the researchers whether and how organizations can measure effectiveness. Schneider (1995) emphasized that culture allows researchers to determine an in-house effectiveness by assessing the performance as effective or ineffective and/or what the concept of effectiveness means for a particular organization. Yan (2016) empirically showed that there was a significant positive link between the organizational culture and organizational effectiveness. The relationship between organizational culture and organizational effectiveness was also explored by Gregory, Harris, Armenakis, and Shook (2009), Kim, Kim and Kim (2011), Cox and Trotter (2016), Chen (2017) and Deem, DeLotell and Kelly (2015). As shown above, the organizational culture might be a significant factor of effectiveness of a public company in an emerging economy (Grindle, 1997). However, the companies reluctantly disclose to random researchers the information on their business aspects and/or potential sources of their competitive edge, such as organizational culture or a leadership style (Rodic, Jasko, & Cudanov, 2017).

Analysing data from a large number of organizations, the authors showed that four cultural dimensions (mission, consistency, adaptability and involvement) could be associated with different criteria of organizational effectiveness (Denison & Mishra, 1995; Denison, Haaland, & Goelzer, 2004; Fey & Denison, 2003). Aspects of organizational culture that trigger confrontation, competitiveness, passive, aggressive and defensive behaviour and/or negative tendencies are associated with personal effectiveness of employees (Kwants & Boglarsky, 2007). Ilyas and Abdullah (2016) produced evidence that organizational culture directly affected job satisfaction. Ibrahim, Boerhannoeddin, and Kazeem Kayode (2017) and Matko and Takacs (2017) noted that organizational culture affected employees' performance, while Jablonowski (2017) emphasized the influence of organizational culture on better overall work conditions and employees wellbeing.

On the other hand, some scholars note that organizational culture does not affect organizational effectiveness directly, but manifests in shaping the behaviour of members of the organization (e.g., Waterman, 1992). A recent research confirmed that the impact of culture on the organizational effectiveness is not direct, with knowledge management as an intervening variable that influences the way in which organizational culture enhances the organizational effectiveness (Zheng, Yang, & McLean, 2010). The research results obtained from various organizations confirmed this finding within a relatively stable environment, where a strong organizational culture allowed for a steady performance with minor fluctuations. In support of this conclusion, there was a research showing that companies with strong culture demonstrate better performance than those with weak culture (Kotter & Heskett, 1992; Gordon & DiTomaso, 1992; Burt, Gabbay, Holt, & Moran, 1994). Strong organizational culture should increase consistency of organizational behaviour (Gordon & DiTomaso, 1992) and improve performance of the organization. The research showed that increased strength of organizational culture, measured by one standard deviation, caused an almost 30% reduction in variability of return on invested capital (Sorensen, 2002). The unstable environments, however, did not reveal such a strong cultural inclination.

The authors noticed that managers would discover a powerful tool for improving organizational effectiveness if they devoted more attention to the ideals, norms and values of their employees (Silverzweig & Allen, 1976; Peters, 1978; Ouchi & Price, 1978). Gochhayat, Giri, and Suar (2017) investigated the influence of organizational culture on leadership effectiveness and noted its mediating role, as leaders who promote organizational culture can achieve higher leadership effectiveness.

Whereas organizational culture is a concept more focused on the past and the future, the organizational climate is analytically oriented and focused on the present of an organization (Schneider, 1995). Climate also implies characteristics that distinguish one organization from another. Organizational climate is a polysemic

term and an organization can have numerous sub-climates, specific to each level of hierarchy, department or working group. Through such sub-climates, members of an organization interact to develop and maintain the organizational identity, thus building a collective climate. An ideal organizational climate reflects characteristics such as trust, confidence, openness, security, satisfaction, expectations and strong involvement of employees. The creation of positive climate spurs the flow of information, knowledge and ideas among employees. The organizational climate is also under the influence of wider environment where an organization transacts business (e.g., the country with its laws and taxes, business and economic trends). Madan and Jain (2017) examined the relationship between managerial effectiveness and organizational culture and climate and highlighted the importance of managerial effectiveness and its dependency on variables such as organizational climate and culture.

3. Methodology

To study the relationship between the organizational culture and organizational effectiveness, the researchers studied a sample of employees of the Dunav Insurance Company, in June 2017. The employees were asked to fill in the questionnaire anonymously. The Dunav Insurance is the largest insurance company in the insurance market of Serbia, a developing country with an emerging economy, and it transacts all lines of insurance business. The Company is state-owned and has 2614 employees of different qualifications, 65% younger than fifty years of age. It is also the oldest insurance company in Serbia and a leader on domestic insurance market. The Dunav Insurance transacts business through twenty- nine main branches and about six hundred points of sale, throughout Serbia. The Company comprises seven subsidiaries.

The subject of the survey were employees' attitudes and beliefs on the elements of organizational culture and climate in a state-owned insurance company in a developing country. Based on the research findings, the study aimed to determine the organizational culture and climate in the observed company and identify their significant traits that influence the notion of organizational effectiveness. Accordingly, the authors developed one general and two special hypotheses. The general hypothesis reads as follows:
H0: The organizational culture significantly influences employees' perception of organizational effectiveness.
Special hypotheses state that:
H1: Various aspects of organizational culture and climate have different impacts on the perceived organizational effectiveness.
H2: Organizational effectiveness is more strongly affected by factors of organizational culture and climate of a negative context than by those of a positive context

The above hypotheses were defined upon going through a part of the available scientific literature on the subject matter of this paper. To achieve the set individual goals, a particular employee has a clearly defined framework in which to perform particular activities using the resources provided by the Company. Time is a non-renewable resource available to everybody. For this reason, this paper deals with the time as a resource. The aim is to provide a wider insight for prospective researchers, regardless of the country of research.

Perceived effectiveness is deemed the employee's awareness, understanding and acceptance of the level up to which the resources are utilized. The perceived effectiveness is subjective experience of an employee. The more employees perceive the organization as effective, the more favourable the organizational climate will be.

The above measurement is limited primarily by the elements of subjective understanding of the level up to which the working time is well utilized. Sometimes the employees will give socially acceptable answers because of the desire to show themselves in the best light or out of fear of possible sanctions. Moreover, the reason may be the lack of trust in the purpose of research i.e., doubt that the research findings will be used to improve the working conditions and position of an individual and/or bring about any changes.

The organizational culture of the Company does not comply with the adopted documents and rules. It is not implemented according to a plan, but randomly. This means that the organizational culture directly relates to the attitudes and reactions of the top management and is spontaneously managed, applying the "top to bottom" rule. The employees, especially the ones with many years of service in the Company, strongly believe that the organizational culture depends on the managerial profile. This creates a climate that affects the subconsciousness of the employees to adapt unknowingly to the new requirements and conditions of new management and adds a degree of uncertainty that adversely affects the perceived and actual effectiveness.

Special Hypothesis H2 states that the organizational effectiveness is more strongly influenced by factors of organizational culture and climate of a negative context than by those of a positive context. The change of

government brings about a shift in the management of a state-owned company, regardless of how successful the previous management was and whether they achieved the market and business goals. This shift is especially stressful for all interested parties, primarily the employees who feel extremely uncertain, because the parameters of expertise and well-done job and/or fulfilment of work tasks are not crucial to keep them on the current positions. This is especially true for the elderly employees who make a majority of the observed company. Their negative experience is dominant and strongly affects the organizational culture and climate.

To collect data from the observed organization, the authors composed a questionnaire on aspects of the organizational culture, climate and effectiveness. The questionnaire comprised five general questions about demographic variables and twenty-nine closed-ended questions about organizational climate. The research was conducted in the Dunav Insurance, a state-owned, well-regulated and the largest insurance company in Serbia. The management and employment processes are centralized. All the employees sign a collective agreement and an internal act on the rules of conduct and responsibility. The sanctions for violation of the adopted rules are transparent. The researchers endeavoured to ensure that the structure of the respondents was identical to that of the Company's employees. After the preparations, kindly assisted by the middle management, i.e., the directors of the main branches, the survey itself was conducted.

Finally, we obtained six hundred and sixty-six valid questionnaires. Within the observed sample, fifty-seven percent of respondents were female and forty-three male. Around two thirds of the respondents were between thirty-five and fifty-five years of age, with the average employment period of twenty-two years. The top-down leadership significantly facilitated the research and contributed to a large number of respondents. On the other hand, precisely this leadership model entailed the risk of the respondents not giving the honest answers but rather the expected ones, according to the desires of the superior, as mentioned above.

4. Results of the Research

4.1 Organizational effectiveness, culture and climate

Employees evaluated how effectively they utilized the working hours and professional capabilities. These variables were designed to assess indirectly the effectiveness of the organization. Table 2 shows that the majority of employees think their working hours and professional capabilities are effectively utilized during work. The correlation between these two assessments is positive (Spearman Rho Coefficient 456) and very significant (1% significance level).

Table 1: Assessment of effective utilization of working hours and professional capabilities of employees in organization

Assessment of effective utilization of working hours and professional capabilities of employees in organization		
	How effectively are working hours utilized at present job positions (% of respondents)	**How effectively are professional capabilities utilized at present job positions (% of respondents)**
Up to 25%	.6	3.5
From 25-50%	5.1	10.7
From 50-75%	22.8	29.9
From 75-100%	51.1	44.3
More than 100%	20.0	10.8
Without answer	.4	.8

Employees expressed their perception of interpersonal relations and internal atmosphere, assessing the degree of presence of particular elements. The respondents assessed each aspect as "predominant" or "not predominant" among employees. Based on frequency analysis, the table below shows that the most predominant elements are: personal problems, conscientious work attitude, good mood and perception of personal traits.

Table 2: Assessment of relationships and general atmosphere in the working environment

Elements of relations and general atmosphere in working environment	Aspect perceived as dominant (in %)
Preoccupied with personal problems	51.0
Conscientious attitude toward work	49.0
Good mood	49.0
Perception of personal traits	48.0
Solidarity	46.0
Friendship	44.0
Thinking about uncertain future	43.0
Realistic approach to wishes and expectations	42.0
Diligence	41.0
Favouritism and connections	38.0
Harmony among people	34.0
People only talk about money	34.0
Readiness to accept changes	32.0
Trust between managers and employees	32.0
Trust in future	29.0
Fault-finding	28.0
Initiative at work	25.0
Envy and malice	25.0
Apathy and indifference	25.0
Aggression and tension	18.0
Disburdening	18.0
Vindictiveness	17.0
Negligence	15.0
Discussing politics	4.0

When asked to assess the care and concern of the organization for its employees and their families, only 12.5% of the respondents were satisfied, indicating that the employees do not perceive their organization as caring enough.

Table 3: Employees' assessment of care and concern of the organization for its employees and their families

The care and concern of the organization for its employees and their families	Response frequency (in %)
As much as it can, I am satisfied	12.5
More than other companies, but the effects are not satisfactory	29.3
Sometimes it cares sometimes it does not	14.9
It cares less than it could	24.3
Care about standard is reduced to the minimum	13.8
Other	3.0
Don't know	1.8
Without answer	.5

Among the proposed elements, the employees were asked to choose the most valued ones in their organization. We can observe that there was a considerable discrepancy between the own values of employees and what they think their colleagues' value in the organization. For example, while emphasizing the values such as expertise at work, readiness for cooperation and assistance and/or efficiency in the execution of tasks, on the one hand, the employees, on the other hand, think that their colleagues most value loyalty to superiors, obedience and educational background. This discrepancy makes it more difficult to identify prevalent values in the company, posing dilemma whether to analyse the most valued elements according to each interviewed employee or what he thinks his colleagues value most.

Christensen and Wright suggest that for public service motivation, person-job fit may play a more important role than the person-organization fit (Christensen and Wright, 2011). Research results of Moynihan and Pandey suggest that employees who experience a strong person-organization fit in terms of value compliance are more likely to make a long-term commitment (Moynihan & Pandey, 2008). study found that PSM

had no significant direct impact on the performance of public employees, person-organization fit taken into account (, 2007).

Table 4: Personal values and guess of what is valued by co-workers in the Company

Personal values and guess of what is valued by other employees	Frequency (in %)	
	Personal values	**Values of others**
Expertise at work	78.0	22.1
Efficiency in execution of tasks	54.5	27.8
Readiness for cooperation and assistance in performance of tasks	57.4	16.6
Dedication, diligence	21.5	6.6
Work discipline	25.8	29.7
Educational background	13.0	38.2
Resourcefulness	22.0	18.1
Length of service in the company	13.3	18.1
Self-initiative and creativeness	33.3	5.3
Loyalty to managers	5.2	62.4
Obedience	6.4	50.7
Responsibility at work	49.6	18.5
Popularity and communicativeness	18.0	17.8
Other	1.2	4.5

Table 5 shows that the majority of respondents feel trust and safety in their company and we can conclude that the sense of belonging to the organization is highly developed.

Baker, Rapp, Meyer and Mullins find that providing brand-specific information directly to frontline employees increases their identification with the brand (as evidenced in perceptions of firm authenticity) and enhances their internalization of brand values (Baker, Rapp, Meyer & Mullins, 2014).

Table 5: Sense of loyalty to the company

Perceived loyalty to the organization	Response frequency (in %)
It means a lot to me and I think I can rely on my company	47.4
It has become increasingly important to me lately, it inspires a kind of safety	36.6
I don't care which group I belong to	5.4
It doesn't mean anything to me, I want to leave the company	2.0
Other	7.7
Without answer	.9

Table 6 shows that the oportunity to apply their knowledge and skills is the greatest motivation for respondents. However, other factors also encourage employees to work effectively. On the other hand, demotivators for more than a third of respondents are factors such as unfair reward system (highlighted as the most significant demotivating factor) followed by bad interpersonal relations and unsatisfactory entrance salary.

Kultalahti and Liisa Viitala argue that an interesting, varying and flexible job and/or good relations with colleagues and supervisor are the most important elements that influence the motivation of employees (Kultalaht & , 2014). Another study discovered that employees' motivation in organizations depends on granting incentives, benefits, concrete rewards and recognition (Zeb, ur Rehman, Saeed & Ullah, 2014).

Table 6: Motivators and demotivators of employees' performance

Factors	Without answer	Motivating	Demotivating
Opportunity to apply knowledge	20.1	69.8	10.1
Attitude of the immediate superior	27.2	52.0	20.9
Opportunity for professional advancement	28.2	49.1	22.7
Physical work conditions	28.5	48.6	22.8
Clear working rules and procedures	28.1	46.1	25.8
Entrance salary	15.6	45.8	38.6
Organization of work at the workplace	27.2	42.8	30.0
Interpersonal relations	20.6	39.6	39.8
Fair rewarding	23.3	28.2	48.5
Other	93.8	3.0	3.2

Table 7 shows that half of the respondents think that no special incentives are applied. The respondents highlighted the importance of verbal recognition and financial compensation for fulfilled tasks and well-done activities.

Table 7: Evaluation of employee incentive system

Type of incentives	Frequency (in %)
Verbal (non-public) recognition	38.3
Performance evaluation (increased salary grade)	28.0
Being proposed for more complex working positions	18.7
Public recognition	17.2
Non-public criticism	8.7
Not sure	7.8
Public criticism	6.8
No special incentives applied	50.0

Table 8 shows that the respondents are mostly satisfied with general attitude towards their private and professional life. In view of the satisfaction grading (0 for extreme dissatisfaction to 6 for complete satisfaction), it can be concluded that the employees are partially satisfied with different organizational aspects and least satisfied with the possibility of promotion within the organizational hierarchy.

Table 8: Self-assessed satisfaction with different aspects of personal life and work

The assessed satisfaction with following:	Mean	Standard Deviation
Private life in general	4.6043	1.184
Job in general	4.1863	1.31
Attitude of an immediate superior to them	3.9728	1.76
Physical and technical work conditions at work place	3.7485	1.62
Living standard	3.3891	1.34
Interpersonal relations within an organizational unit	3.3585	1.69
Salary	3.2549	1.46
Opportunities for professional training and utilization of knowledge and skills	3.0454	1.64
Opportunities to move up the career ladder	2.5047	1.68

4.2 Relationships between observed variables

In order to further analyse the relations between observed variables, crosstab analysis was carried out to study the respondents' attitudes on interpersonal relationships and general atmosphere in the working environment (aspects of organizational culture and climate), as well as the respondents' answers on the assessment of effective utilization of working hours and professional capabilities.

Table 9: Effective utilization of working hours in relation to the aspects of organizational climate

	How effectively do you use your working hours to perform your tasks?	Chi-Square significance
Aspects of organizational climate	Negligence	.016
	Conscientious attitude toward work	.004
	Envy and malice	.006
	Aggression and tension	.027
	Favouritism and connections	.002
	Harmony among people	.009
	Diligence	.013
	People are preoccupied with personal problems	.025
	Vindictiveness	.031

As regards the climate in the observed Company, this research showed that the aggression and tension invaded a daily routine and much affected the respondents in fulfilling their job tasks. This means that each of the respondents faced a form of aggression and tension in his daily work.

The long-time promotion of personal issues as part of the corporate culture and the atmosphere of revanchism have certainly affected the Company climate. In the years of frequent political changes, the political impact on leadership and on the staff selection often had a revenge-seeking trait.

Table 1 rather reflects the perception of employees of effectively spent working hours. Table 9 refers to the climate in the Company during the working hours, regardless of the hours spent in effective work. The respondents feel pressure, aggression, tension and revanchism outside the working hours, as well.

Statistically, the study revealed significant differences in the way the respondents perceive effective utilization of professional capabilities depending on the following aspects of organizational climate: negligence, conscientious attitude toward work, envy and malice, aggression and tension, favouritism and connections, harmony among people, diligence, people are preoccupied with personal problems and vindictiveness.

Table 10: Effective utilization of professional capabilities depending on aspects of organizational climate

	How effectively do you use your professional capabilities to perform your tasks?	Chi-Square significance
Aspects of organizational climate	Friendship	.036
	Solidarity	.006
	Work initiative	.002
	Conscientious attitude toward work	.000
	Envy and malice	.001
	Good mood	.001
	Aggression and tension	.001
	Favouritism and connections	.002
	Harmony among people	.019
	Apathy, indifference	.013
	Diligence	.000
	Realistic approach to wishes and expectations	.022
	Trust in future	.034
	Readiness to accept changes	.009
	People are preoccupied with personal problems	.021
	Vindictiveness	.000
	Fault-finding	.003

The authors also analysed the discrepancy between respondents' own appreciation of work aspects and their guess as to how their co-workers, other employees, appreciate the same aspects. In the cross tabulation and crosstab analysis of respondents' answers to each of the fourteen aspects, a statistically significant difference was found (.05) in five cases.

Table 11: Significant discrepancy between personal perception of prevailing values in
the organization and the guess of what co-workers value

	How effectively do you use your professional capabilities in performing your tasks?	Chi-Square significance
Guess of what co-workers value	Efficiency in execution of tasks	.000
	Work discipline	.000
	Educational background	.000
	Self-initiative and creativeness	.007
	Other	.031

The authors analysed the relationship between different factors and the factors that the company employees most appreciate to identify the connection between the motivators/demotivators and the appreciated aspects. In the crosstab procedure between each pair of motivating and demotivating factors, on the one hand, and evaluated aspect, on the other, a significant correlation was found in 16 out of 140 pairs of factors and aspects. These results lead to the conclusion that, in the majority of cases, factors that motivate or demotivate employees are not connected with the aspects that the employees value in the company.

Regarding the overall job satisfaction, the authors performed a descriptive analysis with the arithmetic mean of 24 points (in the theoretical range of 0 to 42 points) indicating a medium satisfaction level. If one compares the overall job satisfaction to general variables, he can note a significant difference depending on the respondents' hierarchical position; job satisfaction of respondents at managerial positions is on the average by 3 points higher than that of other employees. A positive, low (.274) and significant correlation (at .01) was observed between the overall job satisfaction of the respondents and their perception of the fact that they are employees of a particular organization.

5. Discussion

The presented data show a set of findings relevant for the observed organization. The average employee's mindset focuses on personal expertise at work, so the greatest motivator for most of the employees is the possibility to apply their knowledge and skills. Findings indicate that, although the employees were not satisfied with the level of care and concern of their organization for them, they still had a highly developed sense of belonging to the organization. Perception of the effectiveness can and should relate to other factors. For example, De Marco and Lister elaborate on the ratio between the "body time" and "brain time", that is between the time when people are barely present, have low focus and linger through the tasks and the time when they are fully focused and solve problems effectively, in a "flow" (Mihaly Csikszentmihalyi) (measured by employees' perception of utilization of working hours and professional capabilities). The authors showed that the ratio is influenced by a huge number of organizational culture and climate factors, mostly the ones with a negative context. The findings were in line with the hypothesis H1, stating that various aspects of organizational culture and climate have different impacts on the perceived organizational effectiveness.

Evaluation of effective utilization of working hours relates significantly to the aspects of organizational climate that reflects the inhumane and unethical attitude of employees (negligence, envy and malice, aggression and tension, favouritism and connections, preoccupation with personal problems and vindictiveness), with only a few aspects relating to a well-done work (conscientious attitude to work, harmony among people and diligence), which coincides with some previous research (Kwantes & Boglarsky, 2007). This confirms the hypothesis H2, indicating that organizational effectiveness is more strongly affected by factors of organizational culture and climate of a negative context than by those of a positive context.

The evaluation of utilization of professional capabilities is noticeably connected with the same aspects of organizational climate that reflect inhumane and unethical attitude of the employees (envy and malice, aggression and tension, favouritism and connections, apathy, indifference, preoccupation with personal problems, vindictiveness and fault-finding). The researchers found this in agreement with previous research conducted by Waterman (1992). However, the evaluation of effective utilization of professional capabilities also relates to the perception of predominant aspects of organizational climate that reflect relations with colleagues and with the job itself (friendship, solidarity, initiative at work, good mood, realistic wishes and expectations, faith in the future, readiness to accept changes). Since the research confirmed both special hypotheses (H1 and H2), we can conclude that the general hypothesis was confirmed as well.

Conclusion

Insurance companies do not have long tradition in Serbia as a developing country with economy emerging in the extended period. Their positioning during the transition period, consequentially, poses high demands on the organizations and their employees. This certainly reflects on the organizational culture, which, as shown above, further affects the organizational performance.

The results showed the relationship between aspects of organizational culture and climate, on one hand, and perception of organizational effectiveness, on the other hand. The relationship is complex and requires further research, which might include other methods of measuring organizational effectiveness than those used in this research. In specific cases such as this, it is necessary that some issues of a broader context should be examined thoroughly. The results presented in this paper can represent the basis for organizational and managerial measures aimed at improving the work processes in the observed organization. Moreover, the findings may be used as a theoretical basis for further research in the subject field.

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