New Organizational Environment Types Based on Garvin and Quinn – the Case of Slovakian Small and Medium Enterprises

Ladislav Mura ¹, Tibor Zsigmond ¹, Ferenc Bakó ², Kupi Marcell ³

1 J. Selye University, Faculty of Economics and Informatics, Bratislavská cesta 3322, 945 01 Komárno, Slovakia
2 Széchenyi István University in Győr, Kautz Gyula Faculty of Business and Economics, Egyetem tér 1, 9026 Győr, Hungary
3 Institute for Regional Studies, Centre for Economic and Regional Studies; Liszt F. u. 10., H-9026 Győr, Hungary

Abstract – The aim of the study was to examine what common characteristics can be observed in companies based on Garvin’s learning organization and the Quinn’s organizational culture. Both of the trends are considered a fundamental factor of modern management. Studying the international scientific literature, it is clear that examining the overlaps between the two approaches is highly incomplete. The issue was approached from the perspective of employees, as they show high willingness to express their opinion. A questionnaire survey was used as a part of our research. 549 responses were included in the analysis, during which we applied a cluster analysis. Based on the results, three different types of organizational environment can be defined: supporting, neutral and distancing.

Keywords – Organizational environment, organizational culture, learning organizations, Garvin, Quinn.

1. Introduction

The economic development of regions, states and the world is strongly connected to the development of the business sector.

It is formed by different types of businesses and organizations, which form the backbone of the national economy. Business units are at the forefront of development activities, which are characterized by dynamic and flexible approach, interest in implementing innovations in their entrepreneurial activity. This is the reason why the small and medium enterprises (SME) sector is in the forefront of the business sector. Although large enterprises and multinational companies are larger in size, small and medium-sized businesses are innovative and flexible in terms of market changes.

The small and medium-sized business sector represents 95 to 98% of all businesses. In Central Europe with high emphasis on Slovakia, SMEs account for 99% of business units. The situation is very similar in the wider territory of the Central-European countries forming the V4 group. It is therefore a general interest to support the existence and development activity represented by small businesses. They are the backbone not only of the national, but the European economy as well. Their existence and operation is essential [1], [2], [3].

The issue of entrepreneurial activity of SMEs has been addressed by many professionals, both domestic (Slovakian) [4], [5], [6], and foreign professionals [7], [8], [9]. The interest in small business research is addressing not only the external factors [10] e.g. entrepreneurial or economic environment [11], [12], [13], efficiency [14], innovations [15], [16] or competition [17], [18]. Equally important is the research of socio-psychological [19], [20], [21] [48] or internal [22], [23], [24] conditions the small and medium-sized businesses are operating in, and create their internal organizational conditions [25], [26] which are linked to human resources in the company [27], [28], [29].
These are connected to further conditions and influence beside the business conditions. Increasing attention is devoted to determinants linked to human resources or psychological factors. The factor of human resources and psychological factors are responsible for formulating the appropriate company atmosphere, work environment, self-development and professional training of employees, which is actively reflected in the performance and entrepreneurial success of the business [30], [31], [32]. This was the main reason we decided to address the issue of internal company environment in our research.

2. Theoretical Background

Examining the internal environment of the company is extremely important in terms of efficiently achieving the goals of the organization. The questions related to the issue have been addressed by professionals and experts, but there is still potential in research activity in this field, since the individuals forming the company are constantly changing or they are replaced. In order for the organization to function efficiently, it is necessary for the management to be aware of the steps important to create the appropriate organizational environment. It is necessary to know the employees, as they see the organizations from different perspective.

In the following parts, the concepts of learning organizations and organizational culture are described.

2.1. Learning Organizations

The concept of learning organization and the research related to the issue started in the second half of the 20th century. It is worth to mention the research activity of Cangelosi and Dill [33] who are considered the „pioneers” of theory related to learning organizations. This philosophical approach gained even more importance with the scientific work of Argyris and Schon [34] and Revans [35]. Nevertheless, the scientific work of Senge [36] was a milestone in this research field, as the theoretical foundations formulated by him made the concept of learning organization popular, not only in the theoretical field, but in business practice as well. Based on Senge’s [36], [37] theory, five basic principles have to be met in order to classify an organization as a learning organization. These principles are the following:

1. System Thinking – The organizational thinking has to detect the logical connections. Long-term consequences and impact has to be considered when making organizational decisions.

2. Shared Vision – The efficient form of it is possible to achieve if it takes into account both the company goals and the future vision and goals of the individuals in the organization. If the common vision is formulated, the employees can identify with, they become committed and make joint effort in order to achieve the company goals. It is important to emphasize that it is not enough to harmonize the goals of the company and individuals at the beginning, they have to be periodically or continuously monitored, modified if necessary, in order to maintain the individuals committed to company goals.

3. Team Learning – This element is the best described as „thinking together”. It is essential that the members of organization are able to motivate each other in order to improve individually, and thereby bring the organization closer to achieve its goals. An efficiently working team requires good communication skills by the individuals working for the organization. They also have to be excellent team players. It is important that they develop a willingness to share their experience, knowledge and skills. In order to achieve this, it is necessary to find the appropriate employees and divide them into the appropriate team.

4. Personal Mastery – This basic principle can be described with the concept „self-awareness”. It is necessary to examine how well the individuals who make up the organization know themselves, and whether they are aware about the impact of behavior they make on other individuals. The employees have to show willingness to question their own beliefs and values. The goal of learning organizations is that the employees show willingness to accept change, understand the meaning of change, accept that these changes are necessary, and they agree with them.

5. Mental Models – One of the main keys to success is that the individual values, beliefs, convictions, assumptions and the way of thinking come to the surface, since these will determine the action of individuals. It is necessary that these are in line with the way of thinking in the organization, and the plans and ideas of the employees meet the company goals. The assumptions have to be clarified, and individuals have to be encouraged to rethink their ideas [36], [37], [38].

Larger organizations are not only based on linear relationships, but they are interpreted as a system of network processes as well. Learning organizations have to be aware and show transparency of these.
It is necessary to mention the theory of Garvin, Edmondson and Gino [39], who mention three basic pillars of learning organizations. The basic pillars are the following:

1. **Supportive Learning Environment** – It is necessary to create the appropriate environment that provides psychological safety for the employees. This can be characterized as an open environment. The employees do not have to be afraid of their superiors and their opinion. The leaders of learning organizations have to motivate their employees to express and share their ideas and opinion. Motivation of individuals is a crucial task. It is necessary to mention the competition, as it can also help the fulfilment of the company goals. Learning is not only about the solution of problems, but it is an essential tool for risk-taking or gain new experience.

2. **Concrete Learning Processes and Practices** – It is made up of concrete steps and networks. Obtaining, processing and sharing information plays a prominent role in learning organizations. Knowledge sharing is important both on vertical and horizontal level. It has a prominent role not only in the subordinate-employer relationship, but also between the individuals working at the same level in company hierarchy. It has to function properly with groups and different partners (suppliers, customers) or among different companies. In order to ensure the flow of knowledge in the company, an external or internal expert might be employed to fulfil this task. Organizational learning is not finished with knowledge transfer. Feedback is a crucial point of the process.

3. **Leadership That Reinforces Learning** – The learning process in learning organization is greatly influenced by the behavior of the leader (leaders). It is important to highlight the motivation role of the leader. The employees will show willingness to share their knowledge and ideas if they have interest in the consequences of it. An inappropriate attitude of the leader will hinder the free expression of ideas and honest communication. The employees who are „afraid” will express ideas their leaders want to listen to. This can result in following wrong path by the company.

Based on the above description, it is clear that the three basic pillars of the model overlap one another, and cannot be interpreted independently. They are mutually supporting one another [39].

### 2.2. Types of Organizational Culture

Quinn [40] defined 8 leadership styles in his work, which also determine the organizational culture. These leadership styles are the following: facilitator, mentor, innovator, broker, producer, director, coordinator and monitor. These 8 roles can be grouped into 4 quarters (relating to people, leading change, production results, managing processes) based on 2 dimensions (flexibility vs control and internal vs external). Each role has something in common, but also characterized by elements which clearly differentiate them from each other.

![Figure 1. Types of organizational culture](image)

The individual quarters and the roles allocated to them can be characterized as the following:

1. **Relating to people** – it is also referred to as supporting culture, „human relation model” or „clan”. Mutual trust, responsibility, participation and co-operation have dominant role in this model. Co-operative behavior and team spirit of participants is essential. In addition to that, the possibility of self-realization and individual development are also supported. The development of human capital is in the focus. The communication is informal. The members of organization are committed to company goals and processes. The following 2 leadership styles can be detected:

   a. **Facilitator** – is aware of personal needs of the employees, contributes to personal development of employees, caring and empathetic. The organizations lead by these types of leaders are open and participating.

   b. **Mentor** – is aware of personal needs of the employees and contributes to their development. This type of leader is supporting participation and team building, focuses on reaching consensus, can manage conflict, and encourages participatory decision-making.
Companies managed by these types of leaders are characterized by commitment and good company atmosphere.

2. **Leading change** – can be referred to as innovation-oriented culture, „open-system model” or „adhocracy”. It focuses on the external environment. Constant innovation, experimenting and the risk related to this is in focus. The main objective is growth, efficient utilization of natural resources and flexibility. These types of organizations are characterized by creative problem solving, competitive spirit, focus on future, free and unlimited flow of information, continuous learning and training. The following two types of leaders can be listed in the group:

   a. **Innovator** – motivates; recognizes customer needs easily; initiates significant changes (new ideas and further experiments); strives to solve problems and is extremely adaptable. The companies with this type of leader are characterized by innovation and adaptability.

   b. **Broker** – selling his ideas on an appropriate way; influences the decisions made at higher company level; acquires the necessary resources; strong negotiator. The companies with this type of leader are characterized by high level of growth and high level of resource acquisition.

3. **Producing results** – also known as „national goal model” or „market culture”. In this case, the companies are characterized by the central role of leader. The access to information is limited within the organization. Rational planning, goals are defined centrally, the focus is on performance. Oral communication has dominance in the organization. The goal of communication is to increase productivity, stimulate efficiency and maximize the profit. The following 2 types of leaders belong to this group:

   a. **Producer** – focuses on external competition, emphasizes speed and hard work; motivates employees; initiates action. The companies with these types of leaders can be characterized by productivity and performance.

   b. **Director** – similar to producer, but provides clear directions; explains clearly the priorities; the company vision is clearly communicated to employees; the leader plans in advance and prioritizing. The companies with these types of leaders are characterized by determined direction and clear goals.

4. **Managing process** – is also referred to as goal-oriented culture, „internal process model” or „Hierarchy”. The organization is characterized by the respect of formal positions, processes are based on formal and rational rules, which are related to division of work. Stability and balance are in the focus; the organizational structure is hierarchical. Written formal communication prevails in the company. The following two types of leaders belong to this group:

   a. **Coordinator** – creates discipline; scheduling is prioritized; ensures stability and continuity. The companies with this type of leader are characterized by stability and control.

   b. **Monitor** – policies are clarified; expects precise work; manages projects; supervises the progress, checkpoints and regulations are introduced. The companies with these types of leaders are characterized by documentation and managing information flow [40], [41], [42].

The duties and rewards of those who play different roles are clearly defined, usually in writing, and are subject to an explicit or implicit contract between the organization and individual [43]. Employees perform different functions to receive certain rewards. Both individuals and organization must comply with the commitments they made. [44], [45], [46].

3. **Materials and Methods**

The aim of the research was to create a new organizational environment typology by combining the elements of the Garvin’s [39] learning organizations and the Quinn [40] organizational structure. In order to realize this, a questionnaire research was applied as a quantitative technique. The questionnaire included 5-point Likert scale questions, which were divided into two large groups. The first group was formed by statements related to Garvin’s learning organizations [39], while the second group was formed by the statements related to the Quinn [40] organizational structure. The questions within these groups were formulated based on the research conducted by Tóbiás Kosár [46], who applied different aspect to examine the learning institutions and the organizational structure.

Her research did not address the relationship between the learning institution and the organizational structure, since she examined the impact of these two phenomena separately. This served as a basis to examine the relationship between these two theories.

Cluster analysis was used to detect a relationship. This is a hierarchical method, which is based on the idea that we imagine all samples waiting for clusterization in a single unit cluster.
As a first step, we have as many clusters as there are elements in the sample. As a second step, a common cluster is formed from two elements that are the closest to each other. In the third step, the procedure finds an element, which is close to the cluster containing two elements, and the cluster containing two elements will expand to become a three-element cluster. In other cases, finds two elements close to each other and creates a new two-element cluster. This process will continue, until the elements are concentrated in a single cluster [47].

We asked the employees in our questionnaire survey, as they actively participate in organizational life and show willingness to express their opinion while maintaining anonymity. In the case of managers, the risk is higher that will evaluate their organization rather positively.

According to Cochran [49], the sample has to include at least 385 respondents (confidence level of 95% and the margin of error 5%), if the number of total population is exceeding 100,000. Since the focus of the research were the employees working for Slovak SMEs, this condition had to be met. The questionnaire survey was conducted in 2022 (June 1 – August 31). The total number of responses received was 571, some of the responses were excluded from the survey. These were mainly incomplete answers for the questions or some extreme values provided. The analysis was completed on the basis of N=549 responses.

In addition to the above-mentioned Likert scale questions, some demographic questions were also included in the questionnaire. More than half of the respondents were female (52.8%). The majority of the female respondents (45.4%) were born between 1980 and 1994. Those with secondary school qualification (54.5%) were in majority compared to the female respondents with university degree (45.5%). The average net income according to the results was between 501-1,000€, which confirms the Slovak gross average wage of 1,295€ in 2021 (net calculation: 908.40€) [50]. 25.0% of the respondents worked for micro business, 31.5% were employed in small company, and 43.5% were employed by a medium-sized business.

4. Results

The respondents were asked to indicate on a 5-point Likert scale, how much they agree with the listed statements. This part was prepared based on Tőbiás Kosár [46] – the list of statements was extended – who examined the learning institutions based on the research of Garvin, Edmondson and Gino [39]. Tőbiás Kosár [46] examined how open the companies are to support the development of their employees. Data collected using a Likert scale were treated as non-metric.

The mean, standard deviation, mode and the median are presented in the table below.

**Table 1. Characteristics of the learning organizations**

<table>
<thead>
<tr>
<th>Statement</th>
<th>Mean</th>
<th>St. dev.</th>
<th>Mode</th>
<th>Median</th>
</tr>
</thead>
<tbody>
<tr>
<td>Experienced employees participate in training if necessary</td>
<td>3.69</td>
<td>1.18</td>
<td>4</td>
<td>4</td>
</tr>
<tr>
<td>The organization is open for innovation</td>
<td>3.67</td>
<td>1.16</td>
<td>5</td>
<td>4</td>
</tr>
<tr>
<td>Knowledge transfer is ensured by using electronic devices</td>
<td>3.62</td>
<td>1.20</td>
<td>4</td>
<td>4</td>
</tr>
<tr>
<td>The organization is supporting new ideas</td>
<td>3.62</td>
<td>1.16</td>
<td>3</td>
<td>4</td>
</tr>
<tr>
<td>Employees are free to express their opinion</td>
<td>3.61</td>
<td>1.14</td>
<td>4</td>
<td>4</td>
</tr>
<tr>
<td>The organization compares its performance with the performance of competitors</td>
<td>3.57</td>
<td>1.19</td>
<td>4</td>
<td>4</td>
</tr>
<tr>
<td>New employees are provided an appropriate training</td>
<td>3.56</td>
<td>1.26</td>
<td>5</td>
<td>4</td>
</tr>
<tr>
<td>The organization is regularly collecting information about its external environment</td>
<td>3.48</td>
<td>1.19</td>
<td>3</td>
<td>4</td>
</tr>
<tr>
<td>The employees are open to express their opinion about the company</td>
<td>3.41</td>
<td>1.13</td>
<td>4</td>
<td>3</td>
</tr>
<tr>
<td>Employees are accountable for mistakes</td>
<td>3.35</td>
<td>1.14</td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td>The company is supporting feedback</td>
<td>3.28</td>
<td>1.17</td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td>Constructive conflicts are taken into account when analyzing problems in the organization</td>
<td>3.26</td>
<td>1.15</td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td>During the conflict, managers encourage the employees to express their opinion</td>
<td>3.21</td>
<td>1.21</td>
<td>4</td>
<td>3</td>
</tr>
<tr>
<td>The employees find the company attractive because of the knowledge management</td>
<td>3.20</td>
<td>1.13</td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td>The work process is not endangered by diverse opinion</td>
<td>3.10</td>
<td>1.21</td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td>The work pace is too fast</td>
<td>3.05</td>
<td>1.25</td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td>Various forums are organized with an objective of learning/training</td>
<td>3.03</td>
<td>1.30</td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td>There is no time for feedback in the company</td>
<td>2.65</td>
<td>1.16</td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td>Employees withhold information due to promotion</td>
<td>2.56</td>
<td>1.16</td>
<td>3</td>
<td>3</td>
</tr>
</tbody>
</table>
According to the results, the respondents completely agreed in a fact that the experienced employees can participate on training if it is necessary (3.69). These were followed by the options that the company is open for innovation (3.67), knowledge transfer is ensured by using electronic devices (3.62), the company is supporting new ideas (3.62), and the employees are free to express their opinion (3.61). It is also important to examine which statements the employees agreed with the least. First of all, we have to highlight our statement, based on which the respondents withhold the information in order to be promoted (2.56). This was a converted statement, so the obtained results were analyzed based on this. The least the respondents agreed with the statement that there is no time for feedback in the company (2.65), which was an inverted statement as well. Based on the research of Tóbiás Kosár [46]. The organization is supporting new ideas” and „New employees receive the appropriate training” options were ranked the first with an average of 4.0. Last in the rank were the following statements: „There is no time for feedback in the company” (2.55), „Employees withhold information due to chance for promotion” (2.30). Based on this, many parallels can be detected between the results of two researches.

In the first question of the survey, the respondents had to evaluate the characteristics of the organizational culture using a ranking method, where 1= the least characteristic and 5= the most characteristic. The items on the ranking list followed the options provided by Tóbiás Kosár [46] who based their research on the scientific work of Quinn [40]. In contrary to the research mentioned above, this research was conducted from the employee perspective. The table below is presenting the mean, standard deviation, mode and median.

<table>
<thead>
<tr>
<th>Table 2. Characteristics of the organizational culture</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Employees accept learning in the organization.</strong></td>
</tr>
<tr>
<td><strong>Employees fulfil the requirements of the leader.</strong></td>
</tr>
<tr>
<td><strong>The company has clearly determined goals.</strong></td>
</tr>
<tr>
<td><strong>Teamwork is dominant in work process.</strong></td>
</tr>
<tr>
<td><strong>The company has an open atmosphere.</strong></td>
</tr>
<tr>
<td><strong>Employees identify themselves with the strategic goals of the company</strong></td>
</tr>
<tr>
<td><strong>There is trust among the employees</strong></td>
</tr>
<tr>
<td><strong>Spontaneous cooperation is a key</strong></td>
</tr>
<tr>
<td><strong>Conflict resolution is practiced by company leadership</strong></td>
</tr>
<tr>
<td><strong>Knowledge transfer among employees is supported in the company</strong></td>
</tr>
<tr>
<td><strong>Bottom-up initiative is supported by the top management</strong></td>
</tr>
<tr>
<td><strong>The employee relationship is based on trust</strong></td>
</tr>
<tr>
<td><strong>Decision-making is delegated to subordinates; they take active part in decision-making</strong></td>
</tr>
<tr>
<td><strong>Positions vary</strong></td>
</tr>
<tr>
<td><strong>Hierarchical structure is not dominant in the company</strong></td>
</tr>
</tbody>
</table>

The respondents agreed the most with the following statements: employees accept learning as a vital part of development in the organizations (3.87); employees fulfil the requirements of the leaders (3.79), and agreed that the company they work for has clearly determined goals (3.69). The respondents of the questionnaire survey were employees of the selected companies, the answers they provided can be considered transparent in terms of research objectives.
It is important to highlight that most of the respondents feel that they work for an organization with hierarchical structure, so disagreed with the statement that hierarchical structure is not dominant in the company (2.79). At the bottom of the evaluation list were ranked the statements that employees play active role in decision-making (3.05), and the company offers variety of positions (2.90).

In certain terms we obtained similar research results to research output conducted by Tóbiás Kosár [46], where employees fulfil the requirements of their leaders (4.5), identify themselves with the strategic objectives of the company (4.43), and the company goals are clearly determined (4.29). At the bottom of ranking in research of Tóbiás Kosár [47] were listed objectives of the company (4.43), and the company offers variety of positions (4.33), which makes possible to compare the achieved results with the competitors (4.16). An important finding is that constructive conflicts are taken into account when analyzing problems in the supportive organization (4.13), new employees receive the appropriate training (4.50), various forums are organized with a purpose of learning (4.53). During conflicts, the managers motivate the employees to express their opinion (4.23); the organization is supporting feedback (4.26); electronic devices ensure the knowledge transfer (4.41), as well as make the company attractive for employees in terms of knowledge-organizational culture (4.12). It is also not typical that the pace of work is fast (2.99). It can be considered as a gap that there was not a definite positive assessment in relation to factors that the mistakes are often held accountable on employees (3.06).

The facts presented above can prove that there is strong correlation between the organizational culture and the characteristics of the learning organization.

5. Conclusion

The questions related to organizational culture were compiled as a group of scaled questions in order to conduct a cluster analysis. After merging, 3 sets of clusters were identified: supporting, neutral and distancing. The procedure proved to be successful since we hardly found overlaps between the cluster groups, strong separation can be observed between the subsets. Organizational culture and the characteristics of learning organizations show close correlation, which is approved by a statistically significant correlation between being a part of cluster and internal characteristics of the company. The groups detected based on the results (supportive, neutral and distancing corporate environment) can serve as help to any company, which in addition to developing the appropriate organizational culture, strives to develop a learning organization as well. The results helped to determine easily the internal environment of the organization. Thus, the introduced categories make possible the joint examination of the Garvin’s learning organization [39] and the Quinn’s [40] organizational types.
As we would like to highlight the limitations of the questionnaire survey, we have to mention that the responses reflect the subjective opinion of the respondents. Since the research took place online, the researchers had no influence on the respondents. It might happen that individual respondents interpreted the questions from different perspectives. The researchers hope that the respondents filled in the questionnaire honestly and did the best of their knowledge.

Regarding the future direction of the research, it might have a sense to extend the research to further countries. It would be worth examining whether similar clusters are possible to form based on the Likert scale statements used in this particular research.

Acknowledgements

This research was funded by Pallas Athéné Domus Meriti Foundation, by Grant VEGA 1/0718/22 Human resources development in small and medium-sized enterprises in the context of the 21st century challenges and by Grant of Grant Agency Academia Aurea GAAA/2022/16 Family businesses and Covid-19.

References


[5]. Grenčíková, A., Kordoš, M., Bartek, J., & Berkočí, V. (2021). The impact of the industry 4.0 concept on slovak business sustainability within the issue of the pandemic outbreak. Sustainability, 13(9), 4975.


