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# HOW EMPLOYEES PERCEIVE THE IMPACT OF ORGANIZATIONAL CULTURE ON PERFORMANCE IN THE CONTEXT OF TECHNOLOGICAL CHANGE AND INNOVATION IN BOSNIA AND HERZEGOVINA

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## Abstract

This paper aims to theoretically demonstrate that organizational culture is a key factor in successful organizational change. By observing the dynamic environment in which business organizations operate today, the paper examines the influence of organizational culture in the context of technological change and the importance of such change as an imperative for survival, growth, development, and the sustainability of successful business operations. Regardless of whether the change involves a minor, surface-level improvement in one part of the organization or its complete transformation, change in the human factor is inevitable. By nature, people are inert beings who prefer security, predictability, and routines, with a tendency to avoid change and resist it, particularly radical change. In such a highly dynamic context, it is necessary to minimize human resistance and to initiate employees' readiness for change, as well as its successful implementation, by transforming their attitudes, ways of thinking, and behavior. In this process, organizational culture plays an essential role, as through its values, beliefs, norms, and practices it shapes employees' behavior and attitudes within the organization, thereby influencing the development of readiness to accept and implement change. Through a review of relevant literature, the paper analyzes various aspects of organizational culture and its impact on employee motivation, particularly within an environment that is constantly changing due to technological innovation. The conclusion of the paper is that organizational culture represents an important factor in the successful realization of organizational change and that it plays a crucial role in the adaptation and adoption of technological innovations within organizations. Owing to its elements, organizational culture can shape and direct employees' behavior, thinking, attitudes, and even emotions toward organizational reality, and thus toward change itself.

## Keywords

Organizational Change, Technological Change, Innovation, Digital Transformation, Organizational Culture, Organizational Excellence, Business Performance

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## 1. Introduction

In today's environment, organizations are required to operate in business contexts characterized by rapid technological change, intense international competition, and constant shifts in customer preferences (Droge, Calantone, & Harmancioglu, 2008). Given these complexities, innovation is considered one of the key factors for achieving organizational success and maintaining a competitive advantage (Damanpour &

Gopalakrishnan, 2001). Academic literature has demonstrated that innovative and technologically advanced organizations are more flexible and can respond quickly to change, in order to adequately exploit business opportunities (Drucker, 1985). Technological innovations are regarded as a mechanism of success and as an important instrument for adapting to a constantly changing business environment (Blackwell, 2006). Precisely because of the crucial role that technology and innovation play in various organizational settings, numerous authors have sought to identify the factors associated with the impacts of technology and innovation (Koç & Ceylan, 2007). One of the factors influencing the adoption of technologies and innovations in organizations is organizational culture (Buschgens, Bausch, & Balkin, 2013).

Technological changes are often the cause of transformations in the natural environment, continuous improvement of production resources, and the development of social, political, legal, and broader civilizational institutions (Stanovnik & Kavaš, 2004). The impact of technological change is present in all business processes within an organization, including the production process, materials and equipment used, modes of operation, control systems, and business decision-making. The reasons for implementing technological change include improving efficiency, reducing the costs and time required to perform business processes, meeting customer needs, facilitating business decision-making, and following trends in contemporary business to survive in the market and achieve competitive advantage, and similar objectives.

Orlikowski and Gash (1992) distinguish three types of technological change. First-order change reinforces existing frameworks and processes through incremental modifications of current assumptions, meanings, knowledge, and processes. It represents organizational change that occurs within an established way of operating. By assuming the usefulness of existing frameworks, first-order change implicitly serves to strengthen current interpretations and existing configurations of interests and stakeholder groups. Second-order change involves a shift to radically different frameworks and processes, whereby change reflects a replacement of the status quo. Such radical changes require extensive reorientation of frameworks, evaluation criteria, formal roles, structures, and norms to reinforce change. Third-order change does not imply that organizations must change continuously, but it requires individuals to believe that change is a permanent reality and therefore to regularly re-examine their conceptual and material structures and remain open to alternatives.

Contemporary organizations face the problem of non-acceptance of change and resistance to change, which may occur at the individual, group, or organizational level (Al-Ameri, 2013). Resistance at the individual level refers to opposition to technological change due to selective perception and retention, uncertainty and insecurity, as well as employees' established habits. Resistance at the group level results from groupthink, group cohesiveness, escalation of commitment, and group norms, while resistance at the organizational level represents opposition to technological change arising from organizational culture, power and conflict, structure, and differences in functional orientations. The extent to which resistance to technological change emerges depends on behavioral, psychological, demographic, social, and cultural factors, as well as management-related factors (Al-Ameri, 2013).

Technological change has not bypassed Bosnia and Herzegovina, including the process of digital transformation. However, the country has faced challenges related to the complexity of the registry of adopted regulations that accompany the digital transformation of companies in Bosnia and Herzegovina, due to differences between legal solutions at the entity level and those at the state level. In addition, data from the Agency for Statistics of Bosnia and Herzegovina (2022) indicate that companies in Bosnia and Herzegovina have adopted the use of information and communication technologies, as 99.4% have Internet access and 62.3% have their own website, yet online business operations remain at an unsatisfactory level. Turulja et al. (2021) examined the level of digital transformation of companies in Bosnia and Herzegovina and concluded that it depends on the sector, company size, degree of business internationalization, and investments by foreign and domestic investors. In doing so, they identified three types of companies: traditionally oriented companies, digitally aware companies, and digitally advanced companies.

## 2. Theoretical Framework

### 2.1. Conceptualization of Organizational Culture

Research on organizational culture includes various classifications into specific types of culture, which are assessed in relation to content dimensions. Cameron and Quinn (2006) distinguish four basic cultural types: hierarchy, market, clan, and adhocracy. Wallach (1983) proposed a classification of organizational culture according to its primary functions: bureaucratic, innovative, and supportive. A further classification

of organizational culture refers to seven core values: innovation, aggressiveness, results orientation, stability, people orientation, team orientation, and attention to detail (Robbins, 2001).

Organizational culture represents a complex and multidimensional construct that is defined in various ways in the literature. Schein (2010) defines organizational culture as “a pattern of basic assumptions that a group has learned as it solved its problems of external adaptation and internal integration, which have worked well enough to be considered valid and, therefore, are taught to new members as the correct way to perceive, think, and feel in relation to those problems” (p. 18). This definition emphasizes learning through experience and the transmission of knowledge as key processes in the formation of culture.

Alvesson (2002) emphasizes the symbolic dimension of organizational culture, defining it as “shared symbols, meanings, and patterns of thinking that shape the way members of an organization perceive reality” (p. 3). This perspective highlights the role of culture in constructing organizational reality and its influence on the interpretation of events and actions.

For the purposes of this study, organizational culture is conceptualized through five key dimensions: (1) organizational structure, (2) decision-making processes, (3) research and development, (4) human resource management, and (5) market orientation. These dimensions encompass both internal aspects of the organization (structure, decision-making, human resources) and external relationships (market orientation), as well as innovative capacity (research and development).

## **2.2. Digital transformation**

The concept of digital transformation can be defined in many ways; however, in its narrowest sense, digital transformation is understood as a fundamental transformation within an organization and its traditional way of doing business through the use of digital technologies and the application of new business models, with the aim of improving organizational performance and enabling faster adaptation in an environment subject to rapid and constant change. According to Grčić (2021), digital transformation today is no longer a matter of choice but has become necessary, unavoidable, and inevitable. The European Commission views digital transformation as a complete transformation of business operations, including changes in attitudes and business culture, which also implies the necessity of continuous development and education of both employees and management.

Changes in relationships with potential customers, advertising modalities, as well as product production processes also fall within the domain of digital transformation. In short, digital transformation encompasses much more than technology alone and concerns fundamental changes in patterns of thinking and in how an organization perceives business operations. Many economic entities, entrepreneurs, and managers are still not fully familiar with the concept of digital transformation, which is why they equate it with the digitalization of existing business models and/or analog processes, as well as with information and communication technology solutions. They are often unaware of the importance of the active role of a company’s governance and management structures in realizing transformation at all levels.

When organizations recognize the strategic role of new digital technologies, they can improve customer experience, create new value, simplify business operations, or generate entirely new revenue streams and business models (Burić, 2020). Nevertheless, the success of digital transformation, more than technology itself, is based on people. This means that educating employees on digital topics is the first measure when planning digital transformation. In addition, business entities have access to many other measures to enhance digital competitiveness, such as: (a) creating a digital transformation strategy; (b) establishing the imperative of digital transformation; (c) developing a digital culture; (d) engaging experts; (e) implementing an appropriate governance structure for digital transformation; (f) establishing collaborations and partnerships; (g) effective human resource management; and (h) greater agility and improved readiness for sudden change (Mehulić, 2017).

## **2.3. Typology of Technological Change**

Understanding different types of technological change is fundamental for analyzing how organizations respond to technological innovation. Orlikowski and Gash (1992) developed an influential typology that distinguishes three orders of technological change:

- First-order change refers to incremental, evolutionary changes that occur within existing organizational frameworks. These changes reinforce and refine current practices, processes, and technologies without fundamentally questioning underlying assumptions. An example would be

upgrading an existing software system to a newer version with enhanced functionalities, without altering the core operating logic (Bartunek & Moch, 1987).

- Second-order change involves a radical transformation of organizational frameworks, processes, and structures. These changes require a fundamental re-examination and replacement of existing ways of working, often resulting in significant resistance because they disrupt established power relations, roles, and routines (Ackerman, 1986). An example would be a shift from traditional brick-and-mortar operations to a fully digital business model, requiring the redefinition of employee roles, processes, and customer relationships.
- Third-order change represents a state of continuous transformation in which change becomes the norm rather than the exception. Organizations operating at this level develop the capacity to constantly re-evaluate their assumptions, structures, and processes, remaining open to alternative ways of working (Orlikowski & Gash, 1992). Such organizations cultivate a culture of learning and adaptability that enables rapid responses to technological change.

This typology is relevant for understanding how different types of organizational culture support or hinder various levels of technological change. Cultures that emphasize stability and consistency may be effective for first-order change but can act as barriers to second- and third-order changes, which require fundamental transformation in the culture.

### **2.5. Organizational flexibility**

Guodong et al. (2021) developed a multidimensional model of organizational flexibility that includes:

1. Structural flexibility - the ability of the organizational structure to adapt to changes through teamwork, interdepartmental cooperation and decision-making decentralization.
2. Flexibility of resources - the ability of the organization to mobilize and redistribute resources (human, financial, technological) according to needs.
3. Flexibility of leadership - the ability of leaders to adapt their style and approach to different situations and to encourage creativity and innovation.
4. Flexibility of culture - the degree to which the organizational culture supports changes, learning and adaptation.
5. Technological flexibility - the ability of the organization to adopt and integrate new technologies.
6. Innovative flexibility - the ability of the organization to generate and implement innovative ideas.

Research shows that organizational flexibility is critical for success in dynamic environments characterized by rapid technological change (Nadkarni & Herrmann, 2010). Flexible organizations can react more quickly to technological innovations, take advantage of new opportunities and avoid threats.

## **3. Methodology**

### **3.1 Research Design**

This study employs quantitative methodology utilizing a cross-sectional survey design. The research investigates perceptions of organizational culture, technological innovation adoption, and organizational performance among employees and managers in Bosnia and Herzegovina organizations.

### **3.2 Sample and Data Collection**

Data were collected through an online questionnaire distributed to employees and managers in organizations located in Sarajevo Canton, Bosnia and Herzegovina, during 2023. The sampling approach combined convenience and snowball sampling techniques. The final sample comprised 156 respondents from 20 different organizations across various sectors.

Table 1. Demographic characteristics of the sample (N=156)

Characteristics	Category	n	%
Gender	Male	30	19.2
	Female	126	80.8
Age	Under 30 years	26	16.7
	31-39	68	43.6
	40-49	44	28.2
	50-59	14	9.0
	Over 60 years	4	2.6
Education	High School	12	7.7
	Vocational College	6	3.8
	College	108	69.2
	Master's Degree	26	16.7
	Doctorate	4	2.6
Position	Employee	110	70.5
	Management	46	29.5
Working experience	Up to 5 years	30	19.20
	5-10	42	26.90
	11-15	38	24.40
	16-20	22	14.10
	20 years and over	24	15.40

It is evident from the table that out of the total number of 156 respondents, in relation to gender, 126 are women (80.8%) and 30 are men (19.2%). The sample includes employees at different organizational levels, while in relation to the level of work experience, the respondents had different levels, from beginners to experienced professionals.

### 3.3 Reliability of the measuring instrument

The overall reliability coefficient for a set of variables (attitudes/statements, questions) is represented by Cronbach's alpha coefficient. Higher reliability of the scale requires a higher coefficient, while the minimum acceptable value of the scale generally ranges between 0.7 and 0.8. Therefore, a measuring scale is considered unreliable if its value is below 0.7. The importance of the Cronbach's alpha coefficient lies in the fact that it measures the reliability of the scale used in the survey questionnaire. Without reliable data, it is impossible to obtain reliable results.

According to the results presented in Table 2, the Cronbach's alpha for each individual scale was greater than 0.7, indicating a reliable measuring instrument. The highest Cronbach's alpha coefficient was observed for the flexibility scale at 0.956, followed by the marketing and technological innovation scales at 0.910, and the success scale at 0.890. The lowest Cronbach's alpha coefficient was observed for the organizational structure scale at 0.848 (Table 2).

Table 2: Reliability of the measuring instrument

Scale	The Cronbach's alpha	Number of items
Organizational structure	.848	17
Marketing and technology innovation	.910	13
Success	.890	7
Flexibility	.956	19

### 3.4 Data Analysis

The analysis of the research results was done using regression analysis, which always best solves the problem of multicollinearity, the so-called stepwise procedure. This analysis is a statistical procedure for assessing the relationship between variables. Based on the entered variables, SPSS checks which variables contribute the most to the prediction and excludes those that do not. Depending on how many independent variables are within the model, the regression model is divided into single or multiple regression.

### 3.5. Research questions and hypotheses

The research was designed to provide answers to the following research questions:

RQ1: To what extent are certain types of organizational culture present in organizations in Bosnia and Herzegovina?

RQ2: What is the relationship between organizational flexibility and technological innovation?

RQ3: What is the impact of organizational culture on business performance?

RQ4: What is the relationship between organizational culture and marketing/technological innovation?

Based on the theoretical framework and research questions, the following hypotheses were formulated:

H1: There is a statistically significant difference in the business performance of companies depending on their dominant type of organizational culture.

H2: Technological innovations that cause changes in organizational culture strongly influence the way organizations operate and their business performance.

H3: Organizational culture, in correlation with marketing activities, significantly affects the perception of organizational change management.

## 4. Results of the Empirical Research

The analysis of the research results was conducted using regression analysis, which is particularly effective in addressing the issue of multicollinearity using the so-called stepwise procedure. This analysis represents a statistical method for assessing relationships between variables. Based on the variables entered, SPSS identifies those that contribute most to prediction and excludes those that do not. Depending on the number of independent variables included in the model, regression analysis is classified as either simple or multiple regression.

### 4.1. Descriptive Statistics

#### 4.1.1. Dimensions of Organizational Culture (RQ1)

RQ1 refers to the analysis of descriptive statistics for the dimensions of organizational culture, which shows the following mean values:

Table 3. Mean Values of Organizational Culture Dimensions

Dimension	M	SD
Market orientation	3.69	0.85
Human resource management	3.62	0.78
The value of research and development	3.59	0.82
Decision-making process	3.49	0.76
Organizational structure	3.35	0.71

These results indicate that employees in organizations place the highest value on market orientation ( $M = 3.69$ ), which suggests a focus on customers, competition, and market opportunities. Human resource management and research and development are also rated highly ( $M = 3.69$ ), indicating that organizations recognize the importance of human resources and innovation. Organizational structure has the lowest mean value, which may indicate the presence of hierarchical and bureaucratic elements that can hinder flexibility.

### 4.2. Hypothesis Testing

#### 4.2.1. Hypothesis H1: The Impact of Organizational Culture on Business Performance

The first regression model examines the impact of organizational culture on business performance.

Table 4. Regression Analysis – Hypothesis 1

Model	R	R <sup>2</sup>	Customized R <sup>2</sup>	F	p
Organizational Culture → Business performance	0.623	0.388	0.384	97.445	<0.001

The coefficient of determination ( $R^2$ ) of 0.388 indicates that organizational culture explains 38.8% of the variance in organizational business performance. According to Cohen's (1988) criteria, this represents a moderately strong effect ( $R^2$  between 0.13 and 0.26 = moderate effect;  $R^2 > 0.26$  = strong effect).

The ANOVA test showed that the model is statistically significant ( $F = 97.445$ ,  $p < 0.001$ ). Pearson's correlation coefficient indicates a moderately strong correlation between organizational culture and business performance ( $r = 0.623$ ,  $p < 0.001$ ).

It can therefore be concluded that Hypothesis H1 is confirmed. There is a statistically significant impact of organizational culture on business performance. Organizations with cultures that support innovation, learning, market orientation, and effective human resource management demonstrate better business performance.

#### **4.2.2. Hypothesis (H2): The Impact of Technological Innovations and Organizational Culture on Business Performance**

The second regression model examines the joint impact of organizational culture and marketing/technological innovations on business performance.

Table 5. Regression Analysis – Hypothesis 2

Model	R	R <sup>2</sup>	Customized R <sup>2</sup>	F	p
Organizational Culture + Technological Innovation → Business performance	0.676	0.457	0.450	64.445	<0.001

The coefficient of determination ( $R^2$ ) of 0.457 indicates that organizational culture and technological innovations together explain 45.7% of the variance in business performance. This represents an increase of 6.9 percentage points compared to the model that includes only organizational culture, suggesting an additional contribution of technological innovations to explain business performance.

The ANOVA test confirmed that the model is statistically significant ( $F = 64.445$ ,  $p < 0.001$ ).

Correlation analysis revealed the following relationships:

- Organizational culture ↔ Marketing/technological innovativeness:  $r = 0.649$ ,  $p < 0.001$
- Organizational culture ↔ Business performance:  $r = 0.623$ ,  $p < 0.001$
- Marketing/technological innovativeness ↔ Business performance:  $r = 0.605$ ,  $p < 0.001$

The results indicate moderately strong to strong positive correlations among all variables. The obtained results confirm Hypothesis (H2). Technological innovations that induce changes in organizational culture strongly influence the way organizations operate and their business performance. The combination of a supportive organizational culture and technological innovations have a stronger impact on performance than either factor individually.

#### **4.2.3. Hypothesis (H3): The Impact of Organizational Culture and Marketing Activities on Organizational Flexibility**

The third regression model examines the impact of organizational culture and marketing activities on the perception of organizational change management, operationalized through organizational flexibility.

Table 6. Regression Analysis – Hypothesis 3

Model	R	R <sup>2</sup>	Customized R <sup>2</sup>	F	p
Organizational culture + Marketing → Flexibility	0.796	0.633	0.629	132.149	<0.001

The coefficient of determination ( $R^2$ ) of 0.796 indicates that organizational culture and marketing activities together explain 79.6% of the variance in organizational flexibility. This represents an exceptionally strong effect and suggests that these two factors are key determinants of an organization's ability to manage change.

The ANOVA test confirmed that the model is statistically significant ( $F = 132.149$ ,  $p < 0.001$ ). Correlation analysis revealed statistically significant relationships:

- Organizational culture ↔ Marketing activities:  $r = 0.404$ ,  $p < 0.001$
- Organizational culture ↔ Flexibility:  $r = 0.763$ ,  $p < 0.001$
- Marketing activities ↔ Flexibility:  $r = 0.516$ ,  $p < 0.001$

The results indicate a strong positive correlation between organizational culture and flexibility ( $r = 0.763$ ) and a moderately strong correlation between marketing activities and flexibility ( $r = 0.516$ ). This suggests that organizational culture has a stronger direct impact on flexibility than marketing activities.

Based on the presented research results, it can be concluded that Hypothesis (H3) is confirmed. Organizational culture, in combination with marketing activities, significantly influences the perception of organizational change management. Organizations with cultures that support flexibility, learning, and adaptation, combined with an active marketing approach, demonstrate a greater capacity for managing change.

## 5. Discussion

The results of this research provide empirical confirmation for the key role of organizational culture in adapting to technological changes and achieving business success.

### 5.1. The influence of organizational culture on business performance

The main findings of this research confirm that there is a significant influence of organizational culture on the business success of the organizations that were the subject of this research in the context of Bosnia and Herzegovina.

A moderately strong positive correlation between organizational culture and business performance suggests that organizations that support the values of a market-focused culture, human resources, innovation, and effective decision-making achieve better business results. This finding supports the theoretical perspective that organizational culture, in addition to being a symbolic and social phenomenon, also has a great impact on organizational performance by producing concrete consequences (Schein, 2010). Human resource management also shows a relatively high presence, suggesting that organizations recognize the importance of attracting, developing and retaining talented employees. In the context of technological changes, this is especially important because the successful implementation of new technologies requires not only technological infrastructure but also employees with appropriate competencies and motivation (Kane et al., 2015). A relatively lower presence of flexibility in the organizational structure can be a challenge for organizations in a dynamic technological environment. This suggests that organizations in Bosnia and Herzegovina can benefit from adopting more flexible, organic structures that enable faster response to changes.

### 5.2. The role of technological innovation

The results confirm that technological innovations have a significant additional contribution to the explanation of business success beyond the influence of organizational culture. The strong positive correlation between technological innovation and business performance supports the perspective that technological innovation is a key driver of competitive advantage in the modern business environment (Cabello et al., 2005). Organizations that successfully adopt and implement new technologies can improve efficiency, reduce costs, improve the quality of products/services and better respond to customer needs.

However, the significant correlation between organizational culture and technological innovation highlights that technological innovation does not operate in a vacuum. Organizational culture can either enable or hinder the successful implementation of technological innovations. Organizations with cultures that support experimentation, tolerate failure, encourage learning, and reward innovation have a greater ability to exploit technological innovation (Buschgens et al., 2013).

This finding has important implications for practice. Managers cannot rely on technology investments alone to improve performance. Instead, they must simultaneously work to shape an organizational culture that supports technological innovation. This may include changes in reward systems (rewarding innovation and risk-taking), communication practices (encouraging the open exchange of ideas), training programs (developing digital competencies), and leadership styles (transformational leadership that inspires change).

### 5.3. Organizational flexibility as a mechanism of adaptation

The extremely strong relationship between organizational culture, marketing activities and organizational flexibility represents one of the most significant findings of this research. Organizational flexibility can be understood as a mechanism through which organizational culture influences the organization's ability to adapt to technological changes.

The strong correlation between organizational flexibility and technological innovation suggests that flexible organizations that can quickly adapt their structures, resources, processes, and strategies have a greater ability to adopt and implement technological innovations.

Analysis of the dimensions of flexibility reveals that technological flexibility and innovative flexibility have the strongest relationships with technological innovation. This suggests that organizations that place importance on technological research regularly introduce innovative technologies, and value the innovative abilities of employees who have a greater ability to exploit technological innovations.

However, the meaningful relationship of cultural flexibility with technological innovation emphasizes that the cultural dimension cannot be neglected. Organizations may have the technological infrastructure and resources to innovate, but if their culture does not support change - if there is resistance, fear of failure, or a lack of trust - technological innovation will not be successfully implemented.

### 5.4. Contextual Specificities of Bosnia and Herzegovina

This research provides valuable insights into the context of Bosnia and Herzegovina, a country in transition with specific economic, political, and social characteristics. Several findings deserve particular attention in this context:

- Relatively high market orientation ( $M = 3.69$ ) may reflect organizations' adaptation to a market economy following a period of socialist economic organization. Organizations were compelled to develop a strong focus on customers and competition in order to survive in the new market environment.
- Challenges related to structural flexibility ( $M = 3.35$ ) may represent a legacy of bureaucratic and hierarchical structures from the socialist period. The transformation of organizational structures is often a slow and demanding process that requires not only formal changes but also shifts in mindsets and everyday practices.
- Differences in perceptions based on work experience and position suggest the existence of diverse perspectives within organizations. More experienced employees may be more critical of organizational culture due to their reference points from the past, while managers may hold a more positive perception of performance because of their role in achieving organizational objectives.
- Limited access to resources in the context of Bosnia and Herzegovina may pose an additional challenge for technological innovation. Organizations may have constrained financial resources for investment in new technologies, which underscores the importance of effective management of existing resources and the pursuit of creative solutions.

## 6. Conclusion

This research provides empirical evidence of the critical role of organizational culture in enabling technological innovation and improving business performance. The findings confirm that organizational culture is not merely a "soft" organizational factor but has a tangible impact on an organization's ability to adapt to technological change and achieve competitive advantage.

The key conclusions of the study are as follows:

- Organizational culture significantly influences business performance, explaining approximately 39% of the variance in performance. Organizations with cultures that emphasize market orientation, effective human resource management, a focus on innovation, and participatory decision-making achieve superior business results.
- Technological innovations have an additional positive impact on performance, but their effect is amplified when a supportive organizational culture is present. The combination of a supportive culture and technological innovation has a stronger impact than either factor individually.
- Organizational flexibility plays a key role as the mechanism through which organizational culture enables technological innovation. Flexible organizations, in terms of structure, resources,

leadership, culture, technology, and innovativeness, demonstrate a greater capacity to adopt and implement technological change.

- Successful digital transformation requires a holistic approach that integrates technological investments, cultural transformation, human resource development, and structural adjustments. Fragmented approaches that focus solely on technology are unlikely to succeed.
- Context matters: Findings from Bosnia and Herzegovina highlight that organizations in transition economies face specific challenges, including the legacy of bureaucratic structures, limited resources, and the need for a transformation of mindsets.

For managers and organizational leaders, the findings of this study offer the following practical guidelines:

- Actively shaped organizational culture: Culture does not emerge spontaneously but is the result of conscious leadership decisions and actions. Invest time and resources in defining the desired culture and embedding it through reward systems, communication practices, training programs, and symbolic actions.
- Focus on market orientation: Ensure that your organization maintains a clear focus on customers, competitors, and market trends. This requires systems for collecting and sharing market intelligence, as well as processes that enable rapid responses to market changes.
- Invest in human resources: Employees are critical to the success of technological innovation. Invest in their development through training, provide them with adequate resources and support, and create an environment in which they feel valued and motivated.
- Develop flexibility: Re-examine organizational structures, processes, and systems with the aim of increasing flexibility. This may include decentralizing decision-making, forming cross-functional teams, adopting agile methodologies, and reducing bureaucracy.
- Integrate technology and culture: Do not treat technological innovation and cultural transformation as separate initiatives. Develop an integrated strategy that recognizes that successful technological implementation requires appropriate cultural support.
- Manage resistance to change: Recognize that resistance to change is natural and expected. Use strategies such as communicating a clear vision, involving employees in the change process, providing training and support, and creating short-term wins to overcome resistance.

At the end, organizations that cultivate cultures that support learning, innovation, flexibility, and market orientation are better positioned to leverage technological changes and achieve competitive advantage. However, shaping such a culture requires conscious, continuous efforts from leaders and engagement of all members of the organization. In a dynamic technological environment, organizational culture is not a luxury but a necessity for long-term sustainability and success.

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