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2 Organisational Structure and Culture***

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Introduction: Relevance and status of the researched problem

The process of forming an organizational culture begins with the establishment of the company. Due to the functions it performs, namely internal integration and external adaptation, it has a vital role to play in the survival and development of any organization. In itself, it is not a necessary and sufficient condition to achieve business efficiency and profit, because in the context in which organizations operate, there are external and internal factors influencing. For this reason, it is necessary to adapt the type of culture to the period of the company's life cycle.

The challenges for start-ups (up to the sixth year of establishment) are numerous: they are in the process of building organizational culture, structure, work practices and formalized models of intragroup communication, defining common organizational goals, distribution of responsibilities. The statistics are extremely negative: of the US companies that started in 2014, only 56% were still active in 2018 (according to the US Bureau of Labor), and over 90% of startups fail (Marmer, Herrmann, Dogrultan & Berman, 2011), while their number and economic importance are growing every year: an increase of 322% over 10 years and a total economic contribution of \$ 2.3 trillion for the period 2015-2017 alone. The global investment in start-ups in 2017 is \$ 140 billion (according to the international report "Startup Genome"). Among the top 5 reasons why companies fail are factors such as "creating the wrong team", "lack of focused strategy, responsibility and motivation, ability to adapt to changes in the environment." All this is influenced, created and / or managed through the organizational culture.

That is why it is important to analyze the profile of organizational culture, to look for the links between it and phenomena such as group effectiveness of companies. Should such causality be established, start-ups would have practical guidelines for development and, in this sense, control over their success. A study of the formation of organizational culture and group effectiveness in start-ups in Bulgaria has not been conducted so far. The success of these companies would mean job creation and new, often innovative products. The prosperity of the start-ups would have a positive effect not only on the economic growth of Bulgaria, but also on its overall image, which is a strong motivation for conducting this study.

The topic contains two theoretical chapters that look at organizational culture, group effectiveness, and other factors that are allowed to interact, namely group efficiency and occupational stress. An empirical study was conducted among Bulgarian and American start-ups. In conclusion, and based on an analysis of the results obtained by him, recommendations are made that startups can implement to achieve organizational success.

Organizational culture in start-ups

The first part focuses on the theoretical delineation of the construct of organizational culture, which Andrew Pettigrew introduced as a term in 1979. Although there is no definite agreement on the nature of organizational culture (probably because it covers several social sciences - anthropology, sociology, social and organizational psychology and reflects the interrelationships between them) (Ilieva, 2006), the most common definition seems to be Edgar Shine, who defines it as a system of beliefs and values discovered, established and developed by a group of people in the process of dealing with it. with the problems of external adaptation and internal integration and accepted as valid by all members of the organization as a correct way to perceive and solve these problems. " (Schein, 1990). According to M. Sheriff, culture can be defined as a set of widely practiced, interconnected, and coordinated patterns of behavior, with different degrees of community and at different stages of evolution (Dzhonev, 2014). The definitions contain several common components that most authors include, namely values, basic views and worldviews, symbols, beliefs, norms, characters, rituals. According to E. Shine, culture is established and strengthened due to the relationships and interactions of people between them, it is formed by their behavior. When there is an influence on the formation of values and behavior of others, it is leadership and this process creates conditions for the formation of a new culture (Schein, 2010). Organizational culture is a force that guides behavior in the organization.

The theory lacks a common understanding of the nature of organizational culture and this leads to empirical challenges. E. Shine distinguishes three levels of organizational culture in relation to the degree to which each allows to obtain information about it: artifacts (characteristics of the physical environment); accepted values and beliefs (basic trends in individual preferences for certain conditions) and basic principles, deep-rooted beliefs of members (Schein, 2010). Jennifer Chatman, Charles O'Reilly and David Caldwell base their concept of organizational culture on the three levels of culture proposed by E. Shine. The basic principle is that cultures differ mainly in their dominant values and norms. It is seen as a form of social control and the associated normative social influence that arises when people in the organization agree on the behavioral norms that characterize their group (Chatman & O'Reilly, 2016). Seven core values are defined: innovation, stability, respect for people, orientation to the result, attention to detail, teamwork, aggression. What makes an organization unique is the specific order in which they are arranged. According to K. Cameron and R. Quinn, the strength of organizational culture lies in its unifying property and leading the organization to success (Cameron & Quinn, 2012). For an organization to function effectively, its goals and strategy must be in line with its organizational culture, ie. it performs a function of adaptability (to the external environment - in cultures with entrepreneurial values and innovation-oriented; non-adaptive are those that have a bureaucratic structure and follow a strict hierarchy of roles and organizational growth) (Denison, 1990). Basically, the functions of culture are seen as internal and external. The emphasis is on the internal organizational functions, as they are most strongly associated with efficiency and individual performance. Such are system-forming, socializing, communicative, identification, integrative, educational, adaptive, power-role, genetic function. Leading are the system-forming and socializing function, as are directly related to the existence of the organization and its goals. According to S. Dzhonev, organizational culture has a basic regulatory function - it balances patterns of behavior and is a prerequisite for coordination of joint efforts. It still determines the structure of the organization, has a socializing function and a communicative role

inside and outside the organization (Dzhonev, 2000). According to Davidkov, organizational culture motivates the choice of personal and group goals and values and determines their hierarchy and ensures continuity (Davidkov, 2005). Culture also has an educational and self-educational, controlling and self-controlling function. It is important for the building of identity on the part of each member of the organization, it is a group-forming factor, and at the same time it serves for differentiation between individuals and groups.

One of the most common comparisons of cultures by specific dimensions is made by H. Hofstede, who distinguishes them by cross-cultural perspectives and draws attention to the interaction between national and organizational culture (Hofstede, 2001). The model of H. Hofstede and colleagues highlights the orientation towards: the process in relation to the result; people to work; the organization in relation to the profession; open system versus closed system; weak control over strict control; normative customer orientation versus pragmatic customer orientation. According to D. Denison's model, culture has four main characteristics and they can affect an organization's ability to be effective. These dimensions are: inclusion, consistency, adaptability and missions. In summary, they are as follows: external to internal focus and flexibility to stability. (Ouchi, 1980, 1981; Denison, Arbor & Mishra, 1989). T. Deal and A. Kennedy offer a framework with six cultural elements: history, values and beliefs, rituals and ceremonies, narrative, heroic figures and cultural network. There are two market factors that influence the type of culture: the amount of risk (related to the sector of activity and the key activities of the company) and the speed of feedback on the result (the speed with which companies learn whether their actions are successful). R. Harrison and C. Handy also distinguish four types of culture by internal organizational criteria related to power, role, task and focus on the individual. The two dimensions along whose axes these four types are distributed are formalization and centralization (Dzhonev & Dimitrov, 2015; Schein, 2010). F. Trompenaars and C. Hampden-Turner identify three categories of challenges that every (organizational) culture seeks to solve (Trompenaars & Hampden-Turner, 2004). These cultural dilemmas arise from relationships with others, attitudes toward the passage of time, and are related to the environment in which the organization develops. The model of these authors presents four types of organizational culture, separated according to two directions (equality - hierarchy and orientation to the person - orientation to the task). Some of the characteristics of these four types of culture are close to those described in the model of competing values of Kim Cameron and Robert Quinn. These authors base the typology of organizational culture on six key dimensions: dominant characteristics, organization leadership, personnel management, organizational fusion, basic strategies, criteria for success. The four main types of organizational culture are: Hierarchical (strictly structured work environment; specific procedures govern employee behavior; stability, predictability, efficiency, maintaining an efficient work process); Market (focused attention on transactions with external sites; concluding deals to provide market advantage; ambitious goals; focus on productivity and competitiveness); Clan (collectivist, with a focus on "we"; members share values, goals, work in a team and are empathetic to each other); Adhocratic (adaptation to changing markets, successful models of operation: innovation and developed in new ways to reach customers; leading is the vision for the future, but there is organizational anarchy). According to much of the research by K. Cameron and R. Quinn, 80% of organizations develop a dominant organizational cultural type. In summary, the analysis of the models of organizational culture shows that two main dimensions prevail, according to which the so-called competing values - "flexibility versus stability" and "internal versus external orientation".

Group efficiency

The second theoretical chapter focuses on the nature and models of group effectiveness. There is no internal expectation in the teams to achieve common goals, except in the formal areas of responsibility related to information sharing, formation of core values and making critical decisions. Which does not fully correlate with the organizational reality of the newly established companies. S. Kozlowski and Bell believe that in order to call a group a team, it is necessary for the members to perform organizationally corresponding and interdependent tasks, to have common goals and social interactions with each other, to maintain and manage organizational and role boundaries and to develop in a unified organizational context (Kozlowski & Bell, 2003).

One of the first models of group effectiveness was that of Steiner (Steiner, 1972). According to him $\text{Actual productivity} = \text{Potential productivity} - \text{Process losses}$. The potential productivity of the team is the highest achievable level of productivity. The term "process losses" represents less optimal ways of combining members' efforts into a final common product (Latane, Williams & Harkins, 1979). According to D. McGrath, the effectiveness of the team is determined by the sequence of the following process: effort (input; input) - process of interaction - result (output) ("input" - "process" - "output") (McGrath, 1964). Deborah Gladstein proposes a similar model that follows the same series of "input" - "process" - "output" components (Gladstein, 1984). Similarly, input factors include the characteristics of individual team members as well as elements of group structure. At the organizational level, however, the model differs from that of D. McGrath in that the critical factors include the available resources for the teams (training and technical consultations) and aspects of the organizational structure (rewards and control by the management). According to the author, all these factors contribute directly to the process of team interaction. Critical elements of the team process include communication, level of support, how conflicts are addressed, discussing effectiveness strategies, assessing the outcome at the individual level and managing boundaries (the way the team interacts with other units inside and outside the organization.). This process leads to group efficiency (measured through performance and satisfaction), as in D. McGrath's model. Based on the general structure of these models, R. Hackman developed what he called a normative model for team effectiveness (Hackman, 1987). Group effectiveness is a construct that is composed of three interconnected dimensions: (1) the tasks that the group is expected to perform - the result; (2) the long-term viability of the group as a work unit; (3) the impact that the performance of a specific task has on the group and its members (Buchanan & Huczynski, 1997). R. Shea and G. Guzzo propose a team efficiency model that includes fewer components than that of R. Hackman, but still emphasizes important determinants of the construct (Shea & Guzzo, 1987). According to them, the effectiveness of the team is a consequence of three key factors: (1) interdependence of the result, (2) interdependence of the task and (3) potential. M. Campion and colleagues provide an extensive review of the literature on team performance and derive a group performance model, which is essentially a synthesis of all the models they reviewed (Campion, Medsker & Higgs, 1993). This meta-model considers only factors that directly affect team performance and does not include some of the intermediate links and moderating variables described in previous models. The authors identify five determinants with a direct impact on team effectiveness: (1) job design (nature of the task; degree of self-management and participation among team members, level of diversity, relevance, identity, and ability to provide feedback embedded in the task of the team); (2) interdependence (the degree to which team members are interdependent in terms of the tasks they perform; the goals the team

accepts; the feedback and the rewards they seek); (3) composition / composition of the group (characteristics of the members - heterogeneity of skills, flexibility; size); (4) context (consists of factors in the organizational environment in which the team operates); (5) the process (the potential identified by R. Shay and G. Guzzo, or the collective perceptions of members about their abilities as a team, as well as the levels of social support, workload sharing, communication and team collaboration). Among the determinants of group effectiveness are team composition, task design, organizational resources, rewards and reward systems, team goals and group processes (related to behavior and affective-cognitive processes) and they are no less important for achieving a comprehensive understanding of this phenomenon. The fourth paragraph of this chapter focuses on the formation of organizational culture and leadership, as well as on its importance for group effectiveness. According to E. Shine, cultures emerge mainly from three sources: (1) the beliefs, values, and assumptions of the organization's founders; (2) the experience of the members of the group that they acquire as their organization develops; and (3) new beliefs, values, and assumptions brought about by new members and leaders. Although these mechanisms play a key role, the most important factor in setting up an organizational culture is the influence of the founders (Schein, 2010).

The norms and rules that prove useful for the functioning of the company are part of it and they develop gradually with the emergence of the organization (O'Reilly & Chatman, 1996). Other factors that influence the process of shaping and maintaining organizational culture are the external environment, patterns of behavior of competitors, technology, culture of society, individuals who build the workforce in the organization and personal characteristics of the dominant first leaders (Cameron and Quinn, 2012). There are three main theories when it comes to forming a culture, the values of which are a major component. According to the first, the set of values and principles is imported by the founders of the organization and their values, beliefs, understandings become organizational. The second explains the emergence of culture as a result of the interaction of its members, who jointly decide on the ways of internal integration and external adaptation of the organization. The third theory defines the members of the organization as a kind of "creators" of culture (Ilieva, 2006). Creating an organizational culture also depends on the quality characteristics of the people in the organization. This process includes the selection, incentives, pay, retention, cohesion of members; systems for remuneration, training and rewarding of achievements, highlighting the importance of each employee and emphasizing its value for the development of the organization. Identifying and demonstrating role models to serve as role models for organizational members is an expression of informal social learning of the values supported in an organization, and some authors believe that leaders have a fundamental role to play on a daily basis (Peters & Waterman, 1988; Ben -Yoav, Hartman, 1988). In summary, Ts. Davidkov notes that "organizational culture is formed under the influence of the history of the organization, technology, the nature of the activity, goals and objectives, the size and location of the organization, management, environment and others. In turn, it itself influences these factors." (Davidkov, 2015). It is widely suggested that cultures reflect the values, beliefs, and actions of leaders in the groups in which they operate (Baron & Hannan, 2002; Davis, 1984; Kotter & Heskett, 1992; Detert et al., 2000; Fu, Tsui, Liu, & Li, 2010; O'Reilly III, Caldwell, Chatman & Doerr, 2014). Leaders are those who propose and implement structure, management and functioning systems, processes in the organization. They create the content of the culture, which is reviewed, tested and accordingly accepted or rejected by the members of the group. T. Giberson and colleagues prove that there is a coherence between the personality and values of the CEO / founder and the personal qualities and values of the employees

in the organization. Which means that leadership plays a role in creating an organizational culture (Rogelberg, 2007; O'Reilly III, Caldwell, Chatman & Doerr, 2014). However, Schneider and co-workers note that there is very little empirical evidence of leaders' influence on the formation of organizational culture (Schneider, Ehrhart & Macey, 2013).

The connection between the organizational culture and the efficiency of the organization is considered. With the so-called "Hardware" of the organization (strategy, structure, human resources management system) cannot be operated without the presence of "software" (management styles that are appropriate; employees who feel significant and motivated to work in construction) sufficient resources have been invested in their knowledge). Empirical evidence for a link between culture and efficiency in organizational terms is scarce - due to the lack of standardization and comparability between dependent variables (Berson et al., 2008; Peterson et al., 2003; Hartnell, Ou, & Kinicki, 2011; Schneider et al., 2013; O'Reilly III, Caldwell, Chatman & Doerr, 2014). There is empirical evidence that organizational culture is positively related to employee attitudes and subjective evaluations of performance (Denison & Mishra, 1995; Bezrukova et al., 2012), and that different values (security, goodwill, self-direction) are associated with different cultures (bureaucratic, supportive, innovative) (Berson, Oreg & Dvir, 2008). A results-oriented culture has a positive effect on achieving company efficiency, regardless of the strategy that the company follows (Detert et al., 2000). The assumption that companies with value-oriented cultures have significantly higher revenues is not statistically supported (O'Reilly III, Caldwell, Chatman & Doerr, 2014).

The fifth paragraph of the second theoretical chapter focuses on group efficiency and professional stress as moderators of the relationship between organizational culture - group effectiveness. S. Kozlowski and D. Ilgen conclude that group efficiency is an important factor for team performance and group potential as a more global assessment of team abilities also indicates a meaningful relationship with effectiveness (Kozlowski & Ilgen, 2006). Studies confirm a homogeneous multilevel model of individual and group regulation, according to which group efficiency plays a role similar to self-efficacy in initiating action and providing control at the team level (DeShon et al., 2004). According to A. Bandura, individuals with a strong sense of self-efficacy can control potential threats to the environment. Group efficiency has the potential to influence the group's mission and commitment, the way group members work together, and the group's flexibility in dealing with difficulties (Bandura, 1997). The study by Silver and Bufiano shows that high-efficiency groups are more likely to focus on improving performance (as opposed to focusing on achievement) to achieve higher goals (Silver & Bufiano, 1996). Some researchers have found a strong link between group efficacy and short-term efficacy (Gist & Mitchell, 1992; Guzzo, Yost, Campbell & Shea 1993; Peterson et al., 1996; Silver & Bufiano, 1996; Zander & Medow, 1964; Pescosolido, 2001). In the context of start-ups, constant change, uncertainty and risk create the need for mechanisms that help build sustainability. In this sense, these organizations will be better managed by a group that has a well-developed sense of efficiency because it has confidence that it can meet the challenges of a dynamic environment and uncertainty.

Since the consequences of stress in professional terms are associated with the deterioration of mental and physical well-being of employees and reducing individual efficiency and effectiveness in the workplace (Stoyanov, 2011), the topic also addresses the effects of stress and its relationships with organizational culture and efficiency. The interest in this issue is generated on the basis of personal observations - those involved in start-ups are often under pressure, occupy several roles simultaneously, often very uncertain, their tasks change with the requirements of the business. The

aim is to identify aspects of the business environment that would lead to stress, as well as require some kind of adaptive response from employees. According to Cooper and colleagues, the main groups in which stressors fall are six: "inherent in the work", "the role of the leader (manager)", "relationships with other people", "career and achievement", "organizational structure and socio-psychological climate" and "Interaction between work and family (private life)" Cooper et al., 1988; Robertson et al., 1990). Another approach focuses on stressors related to the role of the employee in the workplace. Such are "role ambiguity" and "role conflict" (Jex, Britt, 2008). They lead to confusion and inconsistency in behavior. Role ambiguity is the product of situations that cause members to feel insecure about their functional duties, powers and responsibilities, to be confused about the ways and means to achieve the goals and consequences of their respective activities, the rules and values that are implicit for the respective organizational culture (Prodanov, 2017). These stressors are derived from the structural dimensions of the organization and the level of clarity of role prescriptions (Rizzo et al., 1970; Radoslavova, 2005). Prodanov identifies 7 main stressors that are universal in assessing occupational stress: "role ambiguity", "role conflict", "workload", "interpersonal conflicts", "restrictions imposed by the organization", "perceptions of control" and "conflicts workfamily" (Prodanov, 2017). Their expressions are in the midst of start-ups. Stress sometimes has positive consequences - for example, to mob isolates employees to achieve better results. However, this happens when it is driven by appropriate organizational and individual strategies, as well as an organizational culture that directs the behavior of both leaders and employees when needed.

Conclusion and recommendations

From the results and the analysis of the research conducted among Bulgarian and American start-ups under the age of 5, the idea creeps in that start-ups do not necessarily strive to succeed in the market, but rather to survive maximum time in the middle, in which they have a desire to exist - namely, the created "family", the atmosphere of freedom, self-expression and self-proof, the romantic utopia of being "ourselves" and enjoying work as a hobby. Aspiration and satisfaction do not come from the end result, but from the process of engagement in a newly started company. The work, the tasks are well organized, efficient, but rather unproductive goals are pursued. Knowing that many startups fail gives the impression that it is normal for a company to fail, as long as it has tried to create a good environment, a family in which everyone is friends and has worked together and remain as such for as long as possible. But is that enough for a start-up to survive and cross the 5-year critical limit?

Start-ups face the daunting task of learning how to balance. The need to move from one to another dominant type of organizational culture according to the stage of development is valid for every company. The specificity and environment in which start-ups survive make this challenging. The clan culture is undoubtedly one in which each member feels good, accepted, stimulated to participate, feels that he "owns" part of the company. Quite naturally, the clan culture was born with the very creation of the company. At the same time, the company has to be adhocratic in its cultural nature. To respond to often unforeseen changes in the environment or even internal organizational requirements. Take risks and analyze their results quickly in order to plan next actions just as quickly. The clan culture can be very suitable for creating the core of the company, what will build teams, will create strategies, will create processes. In the first 2-3 years, these two types (clan and adhocratic) culture intertwine relatively successfully. At the same time, after the first 2-3 years, the company is expected to have developed and approved a version of a product and / or service that is ready to be marketed, to have a strategy on how to reach potential customers and to meet the challenges that this leads after itself. This means that the market type of organizational culture would be positive in this phase of growth, which is so critical for start-ups. This phase is uncomfortable, it creates frustration because it requires change. It is associated with some formalization, with restructuring or even the introduction of a structure and processes that did not exist until now. And not only that, employees in start-up companies purposefully want to engage in such a place - where there are no processes, there are few rules and a lot of freedom. This change from a clan / adhocratic culture to a more market one would eliminate these conveniences, these primary reasons why people want to be part of a newly started company. Which makes retaining key talent a challenge. Therefore, overcoming the "family romanticism" and the transition to a more market-oriented culture needs to happen smoothly and with the participation of the biggest supporters of the clan-adhocratic "system".

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