



# Specific Features of Organizational Culture in a Family Business: The Case of Adriakarton Ltd.

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## Abstract

Organizational culture in a company is a system that includes values and beliefs that must be respected by all members of that company and that they have in common, because through the organizational culture in the company, among employees at all levels, a sense of community and belonging is created. Organizational culture is a special form of behavior and guidance of individuals within the company, and the basic indicators of organizational culture are the tradition and history of the organization, the vocabulary of the organization, the physical environment, customs and status symbols. Organizational culture is the result of a long-term process in which the attitudes, beliefs and behaviors of all employees are gradually shaped and represents the personality and uniqueness of each company and organization. A family business in itself is a specific form of business, in which family values and the emotional connection of all employees are highly present, and at the same time the goals of the company are different than in some other forms of business. Organizational culture in a family business is extremely important because it connects all family members or employees to achieve a common goal and encourages a loyal and stable organization, which can lead to the creation of a competitive advantage on the market.

## Subject Areas

Business, Management, Organizational Studies

## Keywords

Organizational Culture, Family Business, Business Operations

## 1. Introduction

This study examines the influence of organizational culture on the performance

and long-term sustainability of family businesses. Such enterprises are characterized by the integration of family values, traditions, and interpersonal relationships, all of which play a significant role in shaping the organizational culture. In family-owned businesses, this culture is often transmitted across generations, forming a foundational element that guides decision-making processes, internal relations, and overall business success. The primary objective of this research is to analyze how the specific dynamics of family firms—particularly their value systems and relational structures—contribute to the development of organizational culture and how this culture affects innovation, adaptability, employee satisfaction, and business outcomes. The study adopts a qualitative approach, with a particular focus on a case study of a long-standing family business and interviews with its owners, in order to identify key cultural factors and challenges in cultivating and maintaining a supportive organizational environment.

## **2. Organizational Culture: A Conceptual and Analytical Perspective**

### **2.1. Definition and Conceptualization of Organizational Culture**

Organizational culture refers to a pattern of behaviors, values, and procedures within an organization. According to ref. [1], organizational culture, while only a fraction of the overall cultural environment of an enterprise, can be simplified and enhanced by analyzing its multiple components. In ref. [2] highlight the need for modern organizations to define their corporate identity by aligning external market positioning with internal organizational culture, proposing an analytical framework based on culture, identity, and image.

Ref. [3] concludes that organizational culture significantly influences performance across managerial functions—from planning to human resource management, leadership, and control. Ref. [4] suggests that intergenerational family firms foster stronger organizational cultures. Similarly, ref. [5] affirms a positive correlation between organizational systems and family business culture, noting improved financial performance. Laforet (2019) contrasts paternalistic and entrepreneurial cultures, emphasizing that the latter, characterized by external orientation, proactiveness, and adaptability, drives innovation.

With the ref. [6] supports the notion that culture within family businesses directs their market trajectory, while ref. [7] argues that a well-established culture aids leadership and decision-making. Effective leadership and robust organizational culture improve company operations and employee satisfaction.

According to ref. [8] position organizational culture as a central theme of organizational research. Underline that culture ref. [9], once overlooked, has become vital for business success. Organizational culture is multidimensional, encompassing different aspects of organizational life and behavior. With ref. [10] defines it as a dynamic pattern of assumptions and beliefs shaped by organizational members and constantly evolving through shared learning.

According to ref. [11] organizational culture provides a shared system of values

and beliefs, reinforcing unity and belonging. It facilitates knowledge transfer, determines business norms, and guides employee behavior. Culture manifests in both visible and invisible elements—observable rituals and behaviors versus underlying beliefs and values says ref. [12].

Visible signs include employee behavior, slogans, attire, and ceremonies, while invisible aspects cover internal values and attitudes. Organizational culture represents the lifestyle and conduct within a firm and aligns with business principles according to ref. [13]. A strong culture underpins strategic innovation and change and reflects an organization's identity with ref. [14] found that employees whose values align with organizational norms demonstrate higher engagement and contribute more effectively to business success.

Ref. [15] identifies three levels of culture: visible phenomena, shared values, and implicit assumptions. Understanding these layers enables organizations to adapt and align internal operations with strategic objectives. Without this alignment, goal realization may be hindered. Ref. [16] characterizes organizational (or corporate) culture as a link between technical systems and social processes, emphasizing human potential and organizational behavior. Employees shape culture through their work environment, job autonomy, energy, and interpersonal dynamics, which often influence behavior unconsciously.

## 2.2. Characteristics of Organizational Culture

An enterprise's strategy cannot be realized without an appropriate organizational culture and structure. Culture facilitates adaptation, prevents stagnation, and contributes to organizational success says ref. [17] assert that a healthy organizational culture can reduce work-related stress and increase loyalty despite the challenges of career advancement and interpersonal conflict.

According to ref. [18], cultural differences are more pronounced across industries than within them, pointing to the contextual nature of organizational culture. Culture not only constructs an organization's image but also shapes the foundation for its desired public identity.

With ref. [19] identify four core characteristics of successful organizational culture:

- **Employee Involvement:** Engaging staff in planning and decision-making processes at all levels.
- **Mission:** Defining the organizational purpose and long-term vision.
- **Consistency:** Ensuring internal cohesion and alignment of actions with core values.
- **Adaptability:** Responding flexibly to environmental changes.

Ref. [19] also provide a detailed categorization of key cultural elements:

1) **Organizational Values:** Reflected in strategic objectives and internal relationships—trust, respect, employee satisfaction, and financial sustainability.

2) **Organizational Climate:** Defined by the workplace atmosphere and how employees perceive their responsibilities. Leadership style plays a crucial role in

fostering motivation and innovation.

3) **Leadership Style:** This includes autocratic leadership—focused on profitability over employee satisfaction—and democratic leadership, which prioritizes employee engagement. Leadership influences both the cultural values and the organizational climate.

Emphasize the role of managers in reinforcing cultural elements necessary for achieving strategic goals. Culture can be expressed through numerous symbolic and behavioral elements, and each organization can shape its own cultural expression.

### 3. Research Methodology

#### 3.1. Business Development and Organizational Structure

Adriakarton d.o.o. is a family-owned enterprise established in 1991 in Trogir, Croatia, operating within the cardboard packaging industry. This study explores the dynamics of succession and the evolution of organizational culture through a qualitative case study approach. In-depth interviews were conducted with the founder and his successor—the eldest son—to gain insights into leadership transition, intergenerational involvement, and the professionalization of management within a family business context.

Originally a small-scale private enterprise, Adriakarton has grown to employ over 20 individuals and produce approximately 1200 tons of packaging annually, with the capacity to scale up to 2200 tons. This expansion has been driven by continuous investments in modern technology and a strategic commitment to customer-specific solutions. Over time, the company transitioned from employing extended family and close relatives to a more professional structure, wherein only immediate family members occupy managerial or directorial positions. Key operational areas such as finance, sales, and production are now led by non-family professionals.

#### Interview Protocol and Data Analysis

Two semi-structured interviews were conducted—one with the founder and one with his successor—each lasting approximately 60 minutes. The interviews focused on thematic areas including business development, leadership transition, organizational values, management styles, and cultural change. Audio recordings were transcribed and analyzed using thematic analysis, applying open coding techniques to identify key themes and recurring patterns relevant to the transformation of organizational culture within a family business context.

#### 3.2. Succession and Family Involvement

Leadership transition was facilitated by the natural interest of the eldest son in the business, although all siblings were included in decision-making processes from an early age. Role distribution was eventually based on individual preferences and competencies. The owner emphasized a set of leadership attributes he deems es-

sential, including honesty, competence, developmental orientation, empathy, and responsibility. As shown in **Table 1** [20], generational differences were noted, particularly regarding risk tolerance and approaches to business development.

**Table 1.** Characteristics of the family business Adriakarton Ltd.

Category	Value
Year of establishment	1991
Number of employees	20
Annual production	2200
Current production (t)	1200
Business area (m <sup>2</sup> )	1670
Family members involved	5
Organizational culture	Professional with elements of laissez-faire
Company leadership	Successor (eldest son)
Additional activities	Construction and tourism
Own vehicle fleet	Yes

Source: Author's elaboration based on: Sorić, M.P. (2024). Organizational culture of family business: Case study of Adriakarton Ltd. (Master's thesis). Faculty of Economics, University of Split.

### 3.3. Organizational Culture Transformation

The company's organizational culture evolved from an initial paternalistic model to a more professional and, in certain aspects, laissez-faire leadership style. As the workforce expanded to include non-family employees, this cultural shift was deemed necessary to ensure fairness, objectivity, and operational efficiency. Early experiences revealed that employing extended family members often led to interpersonal conflicts and reduced productivity, prompting the establishment of clearer boundaries between family and business life.

### 3.4. Innovation, Learning, and Intergenerational Exchange

Active involvement of younger family members in business operations was found to be a key factor in fostering innovation and adaptability. The founder encouraged experimentation and idea implementation, even at the risk of failure, as a means of experiential learning. For instance, a successful marketing initiative was attributed to the daughter, while an unsuccessful outsourcing attempt led by a son prompted the company to reinforce in-house logistics, illustrating a commitment to adaptive learning and continuous improvement.

The cultural evolution according to [20] and **Table 2**, observed at Adriakarton may be interpreted through Schein's three-level model of organizational culture:

artifacts (e.g., changes in management practices and structural organization), espoused values (e.g., the shift from familial preferences toward professional standards), and basic underlying assumptions (e.g., beliefs in honesty, responsibility, and competence). This theoretical lens enhances understanding of how foundational beliefs within a family firm are transferred and transformed over time.

**Table 2.** Organisational, Ownership and operational features of Adriakarton Ltd.

Category	Value
Year of establishment	1991
Number of employees	20+
Annual production	1200 tonne
Annual capacity	2200 tone
Family owners	5 members (parents and 3 children)
Non-family employees	yes
Types of products	Transport, food-grade, and durable boxes
Generations involved	2 (parents and oldest son)
Organizational culture	Professional with elements of laissez-faire
Generational transition	The eldest son took over the leadership

Source: Author's elaboration based on: Sorić, M.P. (2024). Organizational culture of family business: Case study of Adriakarton Ltd. (Master's thesis). Faculty of Economics, University of Split,

### Mission, Values, and Internal Relations

Adriakarton's mission—to serve as a reliable and high-quality partner with a focus on market expansion and client satisfaction—was formalized early in its development. The organizational culture emphasizes open communication, mutual support, and long-term collaboration. Trust among employees, regardless of family status, is regarded as essential for sustaining productivity and a positive working environment. The early integration of the next generation into the company's operations facilitated the transfer of both tacit knowledge and core family values.

The single-case study design enabled an in-depth exploration of specific processes and cultural dynamics within a real-life family business setting. Although the findings are not generalizable, the insights derived from this case offer a valuable foundation for further research and testing in other family-owned firms, particularly concerning leadership succession and cultural transformation.

## 4. Conclusion

Organizational culture plays a crucial role in shaping business practices, guiding employee behavior, and fostering knowledge transfer. It reflects shared values, norms, traditions, and procedures that influence both leadership and staff, acting

as a link between technical and social systems. A successful organizational culture is typically flexible, inclusive, and adaptive to technological advancements and environmental changes. In family businesses, organizational culture is particularly distinctive, deeply rooted in the founder's values and sustained across generations. Adriakarton, a family-run company producing cardboard packaging, demonstrates a laissez-faire leadership style that evolved from an initially paternalistic approach. The founder established strong employee relationships and a stable organizational culture that his successor—his eldest son—continues to uphold without major changes, recognizing its effectiveness. The company fosters a collaborative and respectful environment, enabling employees to contribute to decision-making and emphasizing gradual, transparent changes. Adriakarton's experience illustrates a model of organizational culture that can serve as an example for both similar and diverse enterprises.

## 5. Limitations and Future Research

While this study provides valuable insights into the evolution of organizational culture within a family-owned business, several limitations must be acknowledged. First, the use of a single-case study design inherently limits the external validity and generalizability of the findings. Although the in-depth qualitative approach enables a rich and context-specific understanding, it does not allow for broader empirical conclusions applicable to all family firms.

Second, there is a potential for respondent bias, as both interviewees—being immediate family members—may have provided subjective or socially desirable responses. Their narratives, while authentic, may reflect personal perspectives shaped by emotional attachment to the firm, thereby influencing the objectivity of the data.

Furthermore, the study relied solely on self-reported accounts, without triangulation through observational data or perspectives from non-family employees, which could have offered a more balanced view of the organizational culture and internal dynamics.

Future research should aim to broaden the empirical base by incorporating multiple case studies across different industries and cultural contexts. Expanding the sample to include non-family employees, external stakeholders, and varying generational perspectives would contribute to a more comprehensive understanding of how organizational culture evolves in family enterprises. Additionally, integrating quantitative methods alongside qualitative approaches could enhance the robustness of findings and allow for theoretical replication and refinement. Such multi-method designs would provide a stronger foundation for developing generalizable models of cultural transformation in family businesses.

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## Conflicts of Interest

The authors declare no conflicts of interest.

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