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The Effects Of Reengineering, Organizational Climate And Psychological Capital On The Firm Performance

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Abstract

In the study of family companies in the Anatolian side of Istanbul a result of the literature studies of reengineering, organizational climate, and psychological capital to what extent and how these affect their performance have been targeted. The Anatolian side of Istanbul that operates on small, medium and large-scale family businesses to their employees completed a questionnaire of 64 questions. 310 surveys were taken into account in total. The results of the questionnaire, SPSS program is used whether the answers are reliability analysis, factor analysis and correlation analysis and regression analysis methods were investigated. The work of this analysis, reengineering, organizational climate, and to identify the impact of psychological capital on firm performance have been made. As a result, a significant relationship with the temperate climate on firm performance has been found. In other words, organizational climate was determined to be a strong factor in improving firm performance.

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1. Introduction

Change, in the general sense, is a transformation of any system, a process or environment from a certain situation into another situation whether it is planned or unplanned (Dinçer, 1992, 8). When it is considered in general, change represents bringing something from one level to another level. This represents all kinds of differences from changing locations of people and objects to bringing personal knowledge, skills, etc. from their present situation into a different position. The change in organizations also represents coming from the current position (situation) into a

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different situation in issues related to organizational activities (Koçel, 2014). During the change process, every firm chooses a different strategies or tactics to get the achievement and gain competitive advantage. The using of reengineering could be useful in the dynamic markets. But nowadays, it is not enough to use one strategic tool for winning. A combination of effective strategies may lead to a high performance and kind of victory for the firm.

According to Koçel, there are external and internal reasons affecting the change. External reasons are the forces that compel businesses to change. Technology, competition, economic conditions, social, cultural and demographic conditions and the arrangements made by the government due to economic, natural environment, social reasons are the external causes that play the most important roles in the competitive environment. Internal reasons are related to the developments and events of businesses within themselves. Addressing them as a problem within the business is the business's reason for internal change. The factors that constitute the internal reasons include the issues which are likely to be seen in every sector such as inefficiency, financial problems, mistakes made in management practices, changing the techniques of doing business, business expansion and personnel problems (Koçel, 2014). Many variables such as society, economy, politics, demographics, natural resources and environment, science and technology, globalization, national and international governments and future conflicts have effects that could be protected along with the change of the success factors. Variables are in interaction with each other (Arıkboğa, 2003, 34). Change requires lots of ideas/information, a well-planned scheme, intellectual approach and strong leadership. To be able to benefit from change is a process phenomenon. Business processes are based on three main factors. These factors consist of inputs, processes, and outputs. The reengineering in the business is mainly based on the process section (Zigiariis, 2000).

It is an inevitable process to encounter difficulties in the change process. The reasons for employees to raise difficulties in the change process can be listed as follows:

- “People resist the change due to the reasons related to business
- Due to personal reasons and
- Due to social reasons” (Koçel, 2014, 798-799).

The state of lack of self-confidence, giving up the routines, thinking to be unable to keep pace with the new system, having concern for obtaining new information in the system brought by the new business processes and obscurity about what the outcomes of the new system will be lie behind the resistance to change that arise due to personal reasons (Koçel, 2014).

2. Literature Review

2.1. The Concept and Description of Reengineering

In the 1990s, it was considered that the operations of western companies contained business processes that should be reviewed, and the internalization and implementation of radical changes were initiated. The reengineering approach of Hammer and Champy that can be called as "Starting all over again" provides an insight concerning the fact that companies find the correct answers to the correct questions about the business processes within themselves. Generally, the question that companies ask themselves is "Why are we doing what we are doing?", it emphasizes that we need to completely abandon traditional approaches by changing that question with the questions of "How can we do what we are doing faster?" or "How can we do what we are doing better?" (Hammer and Champy 1998).

Reengineering took its place in businesses along with the development of technology in the 1990s, and it is a term translated into our language from the English word “reengineering”. According to Hammer and Champy, “Reengineering is the fundamental rethinking and radical redesign of business processes to achieve dramatic improvements in critical contemporary measures of performance such as cost, quality, service and speed” (Hammer and Champy, 1998).

There are four factors that should be considered in the description of reengineering. These are “fundamental”, “radical”, “dramatic” and “process”:

- “Fundamental: The style of doing business should be questioned for reengineering. It is necessary to achieve the answers to the question of "Works are done but why are they done?". It is necessary to ask "what" and "why" and to start all over again ignoring the answers received.

- Radical: It is derived from the Latin word “radix”. Radix means root. Radical means redesigning everything all over again by pushing all existing aside.
- Dramatic: A success rate which is increasingly continuing from within the process is never aimed by reengineering. Rapid leaps are aimed in the performance. It is a situation which should not be attempted by a company that is in need of 10% improvement regarding the issues of productivity, quality, cost, and service but which should be attempted by a company that is in a more desperate situation or that hits the top in more success and has no anxiety.
- Process: Although it is the most important point of the description, it is the point that mainly forces companies. Since company managers fail to be process-oriented while getting stuck in the mission, work, employee and structure phenomena. However, the most important point in reengineering is to be process-oriented” (Hammer and Champy 1998, 29-32).

According to Hammer and Champy, roles that will perform reengineering are;

- Leader: “Leadership is generally described in terms of a process and also a feature. In terms of process, the leader is the person who directs and organizes the activities of the members of the organization in line with the organizational objectives. Leadership in terms of feature, the leader has the characteristic features that can successfully affect the group members” (Özkalp and Kirel, 2004: 148, cited by. Tunçer, 2011, 60).

- Process Owner: The characteristics of the process owner; process owner is reliable, from within the company, knows fulfilling his responsibilities and can take risks. The process owner, similar to the leader, should ensure keeping the motivation of workmates high, should be a guide and exercise due diligence with a holistic viewpoint for his workmates to concentrate on their job (Hammer and Champy, 1998).

- Reengineering Team: Two types of community are needed as it was mentioned in the team building process of Hammer and Champy. The working hours in that business should be considered while choosing the insiders team. They should be acquainted with the workplace but it is preferred that they do not have too much information about the process. The outsiders team is not responsible for the process; therefore, they can provide different viewpoints by approaching more objectively. It is necessary that the outsiders team should be composed of people with higher communication capabilities working effectively who can take risks and see the big picture (Hammer and Champy, 1998, 100, 101).

- Management Committee: “Process owners and their teams apply to the management committee when they encounter problems that they cannot solve on their own. Committee members listen and resolve the conflicts between process owners” (Hammer and Champy, 1998, 104-105).

- Reengineering Czar: Czar has two functions: The first one is to ensure that each process owner and reengineering team can work by supporting them, the second one is to coordinate all ongoing reengineering activities” (Hammer and Champy, 1998, 105-106).

When the conditions of an effective reengineering process are considered, according to Özkalp;

- “Team spirit should be developed
- Personnel should be known well
- Those with undeveloped task personality should be removed from the organization
- It should be closely acquainted with the relationships between personnel and the business
- Managers should serve as a good example for the environment
- They should keep personnel under constant inspection and control
- The consultation system should be established in the management
- Managers should pay attention not to be confused in details” (Özkalp, 1995, 193-194).

According to Barutçugil (2004), changes occur at the following stages;

- Knowledge and skill requirements change.
- The flexibility and mobility of the workforce increase.

Working in global and virtual organizations becomes widespread.

The design and management of processes are the bases of reengineering. According to this approach, business members should not turn upwards in the hierarchy from now on but towards the customers who are ultimately the real managers of the business. The process centricity can be addressed in two ways by the nature of change: The simplification of the process and reorganization of the process. While simplification is discussed in the field limited by information technology, settled behavior and attitudes established in the existing structure, the fundamental change of

the existing structure is discussed in the reorganization of the processes. The change of the existing structure, examination of the attitudes and behaviors and the adaptation of a completely new information technology come into question with reengineering studies (Bedük, 2011). The priorities of being successful in any job are information, **viewpoints**, and behavior/attitudes. No employee can be successful if he does not use the basic information during the job. Obviously, all employees should learn the skills and competencies required by the job (Hammer, 1997, 54-55).

2.2. Organizational Climate

The first study on climate concept is based on the motivation theory of Lewin et al. It can be likened to the climate or weather definitions of geographic regions formed by the combination of environmental forces. When analogies are customized to the organization, the morale level surrounding the organization can be expressed as the power of good will and sense of belonging among the members of the organization. The climate is based on the perceptions of employees for the organization (Terzi, 2002, 92). According to Şişman (2002, 156), it is the whole of factors which are perceived by the individuals who constitute the organization and affect their behaviors. Organizational climate is the subjective perceptions of studies regarding the physical, objective environment, applications and conditions of the organization. The payment applications of the organization, the nature of work, physical conditions and intergroup and interpersonal relationships are the subjects of organizational climate. It will reveal the expectations of employees and the difference, if any, between those which are required and the existing situation. The morale, motivation or sense of commitment to the organization of the organization members are considered to be among the factors contributing to the formation of organizational climate. While skiing can be enjoyable for someone who loves winter sports, swimming will also be as enjoyable as it for someone who loves summer. Organizational climate varies according to the employees, for example, the fact someone who is ambitious leaves his organization in order to find a different organizational climate will be reacted normally because spending time with friends cannot be satisfactory for him (Can, 1997, 201).

Table 1: Six Dimensions and Contents of Organizational Climate Determined by Litwin and Stringer

Dimension of climate	Content
Flexibility/Compatibility	<ul style="list-style-type: none"> Includes the perceptions of organization members concerning the fact how much unnecessary the organizational rules and procedures are, To what extent new ideas are accepted.
Responsibility	<ul style="list-style-type: none"> Represents the feelings of the organization members concerning the fact that employees can fulfill their work without any supervision, They feel that they are completely responsible for the result, They are the "owners" of the existing process.
Standards	<ul style="list-style-type: none"> Represents the feelings of the organization members concerning the fact that challenging but achievable objectives have been determined, The manager expects from all employees "to do the best of their efforts".
Reward	<ul style="list-style-type: none"> Represents the feelings of the organization members concerning the fact that the works they have performed well are noticed and they are rewarded for these works, The recognition and feedback completely differ depending on the performance.
Clarity	<ul style="list-style-type: none"> Represents the feelings of the organization members concerning the fact that employees should exactly know what the expectations from their work and them are, The relationship between their roles and organizational objectives are clear.
Teamwork susceptibility/Team spirit	<ul style="list-style-type: none"> Represents the feelings of the organization members concerning the fact that they feel that everyone is working for a common objective, Employees are proud of belonging to that organization, People will exert more effort if required.

Source: (Önen, 2008, 28).

According to Kopelman, Brief and Guzzo, five dimensions of organizational climate have been discussed (Dönmez, 2009, 46):

- **Emphasis on Purpose:** In the dimension of the emphasis on the purpose of the organizational climate, things to do and consequently the standard and results that are expected to be achieved are declared to employees by the management.
- **Emphasis on Tools:** The management thinks about how employees will fulfill the expected tasks, and the necessary methods and procedures are declared to employees by the management.
- **Reward Orientation:** Reward orientation means granting organizational rewards which are different from each other to employees based on the performance of employees.
- **Task Support:** The whole of tools, resources, and services provided to employees for the tasks that should be fulfilled.
- **Socio-Emotional Support:** Perceptions arising for the fact that employees have complete personal peace and social benefits are fulfilled, which are discussed by the management.

2.3. The Concept and Purpose of Psychology

The studies on explaining and shaping the human and human psychology have a long history as the history of humanity. The thoughts of famous philosophers Socrates, Aristotle, and Plato address the human and human behaviors at philosophical dimensions and shed light on the modern psychology concept. The psychology concept is accepted to have been introduced into the science world with the creation of the first psychology laboratory performed by Wilhelm Wundt in 1879 (Kelekçi, 2015, 1). Psychology is the testing and analyzing of behavior and mental processes through scientific research (Kasschau, 2003, 9). The concept of "Positive Psychology", which is based on the presence of positive accelerations in the lives of individuals and developing the existing skills of individuals, is a concept that evokes the need for positive viewpoints in the science of psychology. When the science of psychology is analyzed, the concept of positive psychology was introduced by psychologist Martin Seligman in 1998 since it generally works focusing on the field of mental illnesses. The science of psychology is emphasized to be important not only in improving the negative aspects of individuals but also in giving the necessary support for the happiness and development of individuals (Polatçı, 2011, 5-6). Positive organizational behavior (POB) is the positive studies and applications of the strengths and psychological capacities of human resources managed in a careful, developed and effective way to improve the performance of today's workplaces (Luthans, 2002, 59). Although positive organizational behavior includes the positive psychological resources, the main objective of our concept is to increase the success of the organization and performance of the employees.

2.4. Positive Organizational Behavior Levels

Table 2. : Positive Organizational Behavior Levels

Individual Level	Group Level	Organization Level
<ul style="list-style-type: none"> • Self-Efficacy 	<ul style="list-style-type: none"> • Group power • Group and team productivity 	<ul style="list-style-type: none"> • Overall productivity
<ul style="list-style-type: none"> • Hope 	<ul style="list-style-type: none"> • The objectives and standards of high-performance teams 	<ul style="list-style-type: none"> • Positive mission and vision
<ul style="list-style-type: none"> • Optimism 	<ul style="list-style-type: none"> • High expectations: positive group model 	<ul style="list-style-type: none"> • Fighting for mission success
<ul style="list-style-type: none"> • Self- Well-Being 	<ul style="list-style-type: none"> • Positive mental team model • Group morale and loyalty 	<ul style="list-style-type: none"> • Internal motivation of employees
<ul style="list-style-type: none"> • Emotional Intelligence 	<ul style="list-style-type: none"> • Emotional intelligence of the group 	<ul style="list-style-type: none"> • Emotionally healthy organization

Source: Yammarino; Dionne; Schriesheim et al. 2008, p. 699. (cited by. Polatçı, 2011, 30).

2..5. Psychological Capital

Regarding the concept of psychological capital, the description made by leading Luthans et al. is as follows, psychological capital “PsyCap” is (1) exerting effort to achieve the challenging situations and feeling the self-confidence to undertake this situation (self-efficacy), (2) positive attitudes to be successful now and in the future (optimism), (3) being determined to fulfill the objective and being able to achieve the objective by rerouting in line with these objectives (hope), (4) strong attitude shown to achieve success (endurance) when surrounded by problems and difficulties, the dimensions classified by their attributes represent the development of individual positive psychology (Luthans, Morgan and Avolio, 2015, 2).

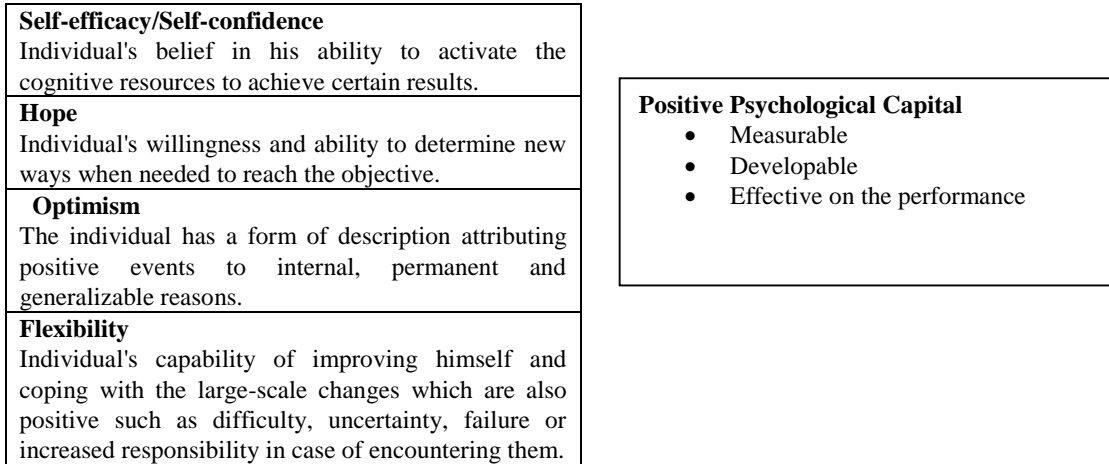


Figure 1. : Positive Psychological Capital Components

Source: Fred Luthans and Carolyn M. Youssef, “Human, Social and Now Positive Psychological Capital Management: Investing in People for Competitive Advantage”, *Organizational Dynamics*, 33 (2), In Press, 2004, p. 152. (cited by, Akçay, 2011, 41).

The concepts of self-efficacy, hope, optimism, and endurance that constitute the four dimensions of psychological capital will be discussed. According to Bandura, self-efficacy has an effect on how people think, feel, motivate themselves and their behaviors. The main problems of motivation, excitement and behavior affect our daily life (Bandura, 1995, 2). Bandura defines the self-efficacy perception as "the individual's self-judgment about the fulfillment capacity by organizing the required activities to show a certain performance" (cited by. Karatürk, 2015, 64). According to Luthans et al., self-efficacy is the individual's self-belief in his ability to activate the motivation, cognitive resources and the processes of actions to perform a certain action under defined conditions (Luthans, Morgan and Avolio, 2015, 50).

3. Methodology

3.1. Research Goal

The main objective of the study is to measure and evaluate the importance of reengineering, organizational climate, and psychological capital and to what extent reengineering, organizational climate, and psychological capital have an effect on the company performance.

3.2. Sample and Data Collection

In this study in which family owned companies were the focal point, the sampling was performed especially on family owned companies operating on the Anatolian Side of Istanbul. The survey method which is quite common in social sciences was used as a data collection method in this study. An attempt to collect surveys through face to face interviews with the employees and the Internet was made by making contact with the family owned companies located

on the Anatolian Side of Istanbul. The most important advantage of face to face interview method is being able to minimize the errors that may occur while filling out the survey. The surveys were also sent to various family-owned companies via the Internet. It was observed that managers of large-scale family owned companies asked for an extensive explanation especially in the company performance section of the survey and treated it in an oversensitive manner. An attempt to create an environment of trust was made by explaining that no name was used in the surveys, the research was completely a scientific attempt and the collected data would be used for a scientific article by means of statistical programs. 310 people of the employees in family owned companies contacted answered the survey. The Survey contains different sections and every one of them is taken by proofed various scaled. Reengineering main and sub factors are taken exactly from Akdağ's master thesis. Psychological Capital scale is constructed from Çetin and Basım's (2012) publishing. Organizational Climate items are from Gürkan's master thesis (2012). Various techniques were used in this study to verify that the research model was comprehensible by everyone and structurally valid. Firstly, overall reliability analysis involving all variables was performed. The Cronbach's Alpha coefficient value of 0.972 was determined for a total of 55 questions. The specified ratio indicates that all scales included in the research completed each other, were understood by everyone in the same way and were reliable. The reliability ratios of all scales were checked within themselves for the avoidance of any doubt. The specified values range between 0,950 and 0,964 as it is seen in table 4.10. It is possible to proceed to the next factor analysis without leaving no room for any error as the continuation of analyses.

Development of Hypotheses

H1: Organizational climate directly and positively affects the company performance.

H2: Reengineering directly and positively affects the company performance.

H3: Psychological capital directly and positively affects the company performance.

4. Analyses and Results

When the whole table was analyzed, all variables were together and the reliability analysis of the scale was determined to be 0.972. To clarify with an example, participants who filled out the survey gave similar answers to the same types of questions, and these answers were proven to be consistent among themselves. The participants who read the questions mostly perceived the same and gave answers in this direction. It is seen that the scales selected for the survey are consistent with each other and comprehensible. For each heading used in the research scale, the organizational climate was firstly included in the analysis along with a total of seven variables of it, and 0,826 KMO ratio was determined. No question was excluded from the analysis, and the internal consistency was found to be very high. The same procedure was also applied to the reengineering sample, the scale was divided into three in itself without excluding any of the variables from the analysis. The KMO ratio of the scale is 0,735. The psychological capital scale was divided into three by the KMO ratio of 0,857, and finally, the performance scale was clustered as a single subfactor by the ratio of 0,903. The fact that none of the variables was excluded from the research shows that the scales were valid and all scales of the research model were associated with each other. Furthermore, the fact that the company performance scale was addressed as a single dimension will enable to reveal the relationship between dependent and independent variables in a clearer way for the correlation and regression analyses to be used in the subsequent step. Since the presence of a single dependent variable was expected previously, this progress in the research is also in the expected direction. Then, it has been processed to correlation analysis. "It reveals the direction and strength of the relationship of a variable with another variable. There is a positive relationship if the correlation coefficient is close to (direction) +1, there is a negative relationship if it is close to -1, and the fact that it approaches 0 means that there is not a relationship between two variables. The fact that the correlation coefficient is between (force) 0 and 0.3 is an indicator of a low relationship, there is a moderate relationship if it is between 0.3 and 0.7, and there is a high relationship if it is between 0.7 and 1" (Saruhan and Yıldız, 2009, 339). When the correlation analysis values are analyzed, the correlations of all sub-factors with other variables were examined rather than a cause and effect relation. Especially the dependent variable which was called as company performance was found to be associated with all other subfactors at a low or moderate level. The highest interaction is the effect of organizational climate and psychological capital factors on the performance. The reason for the interaction is the fact that companies that use a suitable organizational climate and have transformed the psychological capital elements into a management philosophy are likely to achieve higher success compared to other companies in the market. Reengineering is not as effective as other factors although it has a relationship close to the moderate level. The most important reason is that reengineering applications are not yet widespread enough in our country. Moreover, managers are unwilling to take

risks because such applications may cause liquidation or organizational downsizing. The interaction levels of the independent variables in the research among themselves are another important aspect. Each subfactor was analyzed correlatively with others, and a general evaluation was made. The factors that were clustered under more than one title such as reengineering and psychological capital show a very high correlation coefficient among themselves. Because they served for a single objective although they were separated into subfactors. Organizational climate did not have any interaction in itself since it did not have any subfactor. All kinds of transactions that can be done on this scale were performed by SPSS packet program before the regression analysis, the final analysis. The regression analysis, through which the causality relationship will be demonstrated, will be performed with three independent variables and one dependent variable.

Table 3. Correlation Analysis of Variables

		Motivation	Vision Change	Company Structure Rules	Company Perception	Self-confidence and Stability	Objective and Expectations	Positive Viewpoint	Company Performance
Motivation	Pearson Correlation	1	,564**	,488**	,279**	,652**	,605**	,393**	,529**
	Sig. (2-tailed)		,000	,000	,000	,000	,000	,000	,000
	N	310	310	310	310	310	310	310	304
Vision Change	Pearson Correlation	,564**	1	,740**	,573**	,546**	,539**	,336**	,437**
	Sig. (2-tailed)	,000		,000	,000	,000	,000	,000	,000
	N	310	310	310	310	310	310	310	304
Company Structure Rules	Pearson Correlation	,488**	,740**	1	,618**	,472**	,508**	,387**	,399**
	Sig. (2-tailed)	,000	,000		,000	,000	,000	,000	,000
	N	310	310	310	310	310	310	310	304
Company Perception	Pearson Correlation	,279**	,573**	,618**	1	,270**	,301**	,274**	,290**
	Sig. (2-tailed)	,000	,000	,000		,000	,000	,000	,000
	N	310	310	310	310	310	310	310	304
Self-confidence and Stability	Pearson Correlation	,652**	,546**	,472**	,270**	1	,862**	,514**	,508**
	Sig. (2-tailed)	,000	,000	,000	,000		,000	,000	,000
	N	310	310	310	310	310	310	310	304
Objective and Expectations	Pearson Correlation	,605**	,539**	,508**	,301**	,862**	1	,614**	,536**
	Sig. (2-tailed)	,000	,000	,000	,000	,000		,000	,000
	N	310	310	310	310	310	310	310	304
Positive Viewpoint	Pearson Correlation	,393**	,336**	,387**	,274**	,514**	,614**	1	,443**
	Sig. (2-tailed)	,000	,000	,000	,000	,000	,000		,000
	N	310	310	310	310	310	310	310	304
Company Performance	Pearson Correlation	,529**	,437**	,399**	,290**	,508**	,536**	,443**	1
	Sig. (2-tailed)	,000	,000	,000	,000	,000	,000	,000	
	N	304	304	304	304	304	304	304	304

** Correlation is significant at the 0.01 level. * Correlation is significant at the 0.05 level.

There are some important issues that need to be considered while examining the table. Firstly, a factor should not be evaluated with its own sub-dimensions. When a factor is compared with itself, this does not mean anything in the correlation analysis. The second one is the determination and interpretation of how independent variables will affect the dependent variable included in the research. At the first step, it is necessary to analyze what sort of interaction the organizational climate, reengineering, and psychological capital have on the company performance along with all their sub-dimensions. When the analysis results were examined, it was seen that there was a moderate interaction between all variables, and the factor of objectives and expectations had a relatively higher effect by the level of 0,536 compared to other independent variables. The lowest relationship is between the company perception factor and company performance. Finally, the most important point that should not be forgotten is that the correlation analysis never provides a cause and effect relationship. The models in which we can establish causality relationship should be measured by the regression analysis. The performance scale was discussed as the dependent variable in this quantitative research in which the independent variables of reengineering, psychological capital, and organizational climate were analyzed. When it is considered that reengineering and the psychological capital were taken into three factors among themselves, the number of independent variables in the research was divided into seven subfactors. The predetermined three hypotheses were updated and changed so that there would be a total of seven hypotheses. It is remarkable that motivation is the most effective determinant in the research by taking a very high beta value (0.273). Motivation is followed by the positive viewpoint factor by the beta coefficient of 0.164. It was observed that all other subfactors were shadowed by organizational climate and positive viewpoint. 38.1% of the variations in the performance factor are explained by these two independent variables. The remaining portion of about 62% is not the research subject of this study. The emergence of such a high ratio in social sciences shows the accuracy of the established research model.

Table 4. Regression Analysis

Coefficients						
Model		Non-standardized Coefficients		Standardized Coefficients	t	Sig.
		B	Standard Error	Beta		
1	Constant	1,463	,332	---	4,402	,000
	Motivation	,222	,052	,273	4,257	,000
	Vision Change	,065	,069	,074	,949	,344
	Company Structure Rules	,001	,065	,001	,018	,986
	Company Perception	,041	,041	,061	1,015	,311
	Self-confidence and Stability	,024	,105	,022	,225	,822
	Objective and Expectations	,207	,109	,191	1,895	,059
	Positive Viewpoint	,153	,055	,164	2,789	,006
F Value: 26,044				R Square: 0,381		

Dependent Variable: Company Performance

The findings obtained as a result of the comprehensive analyses performed can be interpreted in a number of different ways. In Turkey, family-owned companies are generally established based on capital by entrepreneurs, and the professional specialization and intellectual background are not required in shareholders, managers and personnel. Generally, favoritism/nepotism comes to the forefront in family-owned companies. The proper perception and implementation of literature-based current issues such as reengineering and psychological capital by managers and employees are not possible due to the reasons mentioned. The research results support this opinion. Another issue is that the concept of organizational climate is likely to have shadowed the other current approaches because of its

importance. A mild organizational climate is more important than many contemporary approaches with aesthetic names for Turkish companies. For instance, the possibility of a presence of a manager or employee who will adopt the concept of reengineering with all its aspects is much lower than the possibility of a presence of employees who will show high performance due to a mild organizational climate. In brief, the concepts that may be applicable in Turkey cannot go beyond the intellectual perceptions of managers and personnel working in Turkey.

5. Conclusion

The small and medium-sized businesses' powers of resistance to market are gradually increasing as a result of the globalized economic changes. As a result of the research, family-owned companies in Turkey generally fall into the category of capital-based companies. They are classified as small and medium-sized companies on the scale basis. The effect of reengineering, organizational climate and psychological capital on the company performance was analyzed within the research subject, survey responses were obtained through the employees working in small and medium-sized family-owned companies located on the Anatolian Side of Istanbul.

In the light of the analyses of the data obtained with the information that emerged when the effect of reengineering, organizational climate and psychological capital on the company performance was analyzed, the organizational climate was the independent variable that had a direct effect on the company performance with a higher value. It is seen that the company performance increases in businesses with mild organizational climate. The presence of a mild organizational climate within the business indicates fewer conflicts among employees, objective/work pressures, stress, and supervision; on the other hand, it indicates the higher job satisfaction and the motivation of the members of the organization, employees' good feelings in the work environment and their commitment to the organization. Organizational climate varies according to employees. For instance, the person will be in search of a different organizational climate for himself because the teamwork is not appropriate for someone who does not like to work in crowded conditions or spend time with other workmates will not be satisfactory for someone who is ambitious. It is seen that the employee performance increases and also this has positive effects on the company performance when the right people are directed to the right departments and working conditions by the distinction that organization leaders/managers or human resources employees have the feature of being a good observer with a mild organizational climate.

When an overall evaluation is made within the scope of the independent variable of reengineering, it was concluded that this concept is still not known sufficiently in Turkey. The concept of reengineering appeared in the 1900s, and its objective is based on the phenomenon that continuity of change is an inevitable process from now on. The fact that businesses aim a fundamental change lies behind the implementation of reengineering studies in businesses. It is not to make improvement in an existing process or see the increase line at a low speed. While the business can achieve a sudden leap in the implementation process, the fact that the business comes to an end due to a deficiency that could not be considered in a predictable way is a normal situation. Although the risk-loving concept of reengineering is not known adequately yet in Turkey, the number of companies applying it within their body is very few. The academic studies performed on this concept should be examined thoroughly for the dissemination of the concept. On the other hand, it is important to organize training on its applicability in businesses that want to make radical changes in the business policies or processes, start all over again and achieve competitive advantage among businesses that take the risk after radical changes and perform the same service or production. It is necessary to perform in-depth analysis for the application processes and the experienced difficulties of businesses that applied reengineering in the past years and for the things to do in terms of bringing up the concept to an understandable level. Within the scope of the research performed, it is seen that the concept of psychological capital is not known too much. As a result of the analyses performed, it was revealed that this concept which is not known too much had no effect on the company performance in family-owned companies located on the Anatolian Side of Istanbul.

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