CHANGE WITHIN ORGANIZATIONAL CULTURE

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We suggest you to cite this article as:
Tanase, I.A. (2015) Change within Organizational Culture. *Junior Scientific Researcher*, Vol 1 (1), pp. 27-32.

Abstract

The paper aims to underline the importance of organizational culture. Although most of the time the culture of a company has an invisible presence, it remains one of the most important parts that forms a company. The paper reflects on how organizational culture can be changed, what are some of the most important facts regarding this process, why is this process so important and how the company's activity can be modified and improved. It is important to underline the fact that, at the present moment, organizational culture is a very important issue in the activity of worldwide companies, if we take into consideration the fast changing business environment and the globalization process that is taking place.

Keywords: *Adaptability, change, culture, organizational culture, procedures, success*

JEL Classification: A1, F6, M2, Z1

Introduction

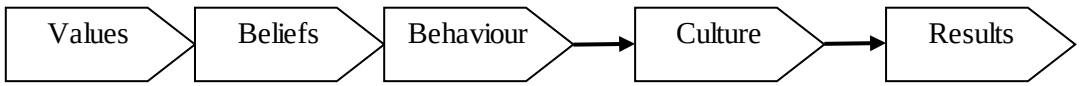
Organizational culture is a concept that was introduced only 40 years ago in the field of management. After just 10 years of existence it began to catch the attention of schools and universities. Researchers have reached the conclusion that organizational culture is of great importance in a company structure, since it can influence the outcome of an organization. The culture, if managed properly, could be used to affect the actions that employees undertake within a company, differentiate companies one from another, and create adaptive and competitive advantages. Nowadays, based on this, understanding and making use of this concept as a tool within a company has become a „most do" if a company targets the top ranking market in which it activates.

If we compare a company to a person, we can say that they both have one thing in common, and that is personality. This means that the organizational culture of a company is its personality and it can have multiple versions, as people do. The culture of an organization is, as in case of a person, based on a group of values, beliefs, norms, assumptions, ideologies and behaviours. (Figure no. 1)

If we analyze an organizational process as a normal process, which is formed out of three steps (input of material, process of transformation and output) we can say that the input is formed by what a company receives from the external environment (client demands, framework of law, society requests) and that this input is processed by the company that in the end creates the output (products, services, technology). The output will present a distinguish mark left by the company's personality. This process is based on its culture and assumptions of how "things should be made".

Somewhere on the process chain, things can go wrong and the activity of the company may encounter difficulties in achieving its target. This is the point when the leaders need to start the process of change. This process is known to be one of the most difficult ones to undertake within a company. That is why leaders need to analyze the problem thoroughly and to be sure about what needs to be changed so that they can go on to establish how the process will be implemented.

Figure No. 1 Chain formation of organizational culture



Source: Made by author

Theoretical approach of organizational culture concept

Pettigrew (1979), one of the first professors to introduce the concept of organizational culture, stated that culture is an amalgam of identity, belief, ritual, and myth. An approach towards organizational culture defined it as being a mix of assumptions and beliefs that members share within an organization, in which a leader is the creator of its culture that and he or she has the role of maintaining it (Schein 1985). Later, Schein (1996) argued that, "culture is a core set of beliefs that reflects the state that is present in the world and that also shows how it should be, taking in consideration that a group of people should share the same perceptions, thoughts, values and behaviour". Members of an organization, which is based on a solid culture, can be influenced to work towards mutual benefit. A strong culture system can help its members adapt to the external environment demands, giving them the ability to respond in a short period of time. According to Geert Hofstede, organizational culture is highlighted by the following elements: symbols, heroes, rituals and values (Hofstede 1996).

The methodology used for this study is based mostly on the longitudinal and quality method. The general approach is structured on a comprehensive and phenomenological analysis. The connection between theory and empirical research is based on an emerging theory throughout the study. The data that was compiled during the research was interpreted in a comparative and deductive style.

The process of organizational culture formation is influenced, according to M. Nastase (2004), by eight factors. These factors can be either endogenous or exogenous: history, the founding myths and traditions of the organization, the company's products, human resources, competition and customers, economic, social, political and technological globalization, the organization's resources and societal values (Nastase 2004).

Since companies conduct their activity in a dynamic business environment, that can be described as being fast and changing, they have to adapt to this trend line and to be able to fulfil the market requirements. As stated before, change of culture within a company is one of the most difficult processes to undertake. It is important for leaders to be prepared and to have a strong knowledge base regarding change management.

They need to correlate this knowledge with a good analysis of the situation in which the company finds itself in. Changing organizational culture can be viewed as a part of a comprehensive transformation. Its implementation may occur at the beginning or at the end of the transformation process. Change within a company can start either with business solutions or management actions and end with the organization's culture or the other way around.

Author John Kotter is a supporter of the theory according to which the culture of an organization should be left at the end of a transformation process. "Culture is not something you can easily handle. Culture changes only after the employees' restructured actions take effect and after the new behaviours that were implemented start to show benefits to a particular group and after the staff begin to understand the connection between the new actions and improve performance."(Kotter 1996).

The process of change necessitates not only well trained leaders, but also competent human resources within the company. If a process of change does not have the required knowledge resources, financial stability and enough time at its disposal, it can transform itself in a hard and brutal process of cultural change.

According to the theory, the strategy of change can be applied using two models: the Sook model, which focuses on changing the thinking process so that it can end with the change of behaviour or the Schein model (used in most cases), which focuses on changing behaviour by changing the way of thinking.

When referring to the change of management as a concept, we can say that it tries to redefine the ideology of managers. It changes the economic ideology, which is a profit based way of thinking with social based ways of thinking which tend to put emphasis on employees or environment. An organization cannot achieve its goals only through an economic pursue of its activity. The economic activity must be supplemented by intangible aspects such as employees' satisfaction or positive beliefs within the organization (Oswick, Grant and Michelson 2005).

A statement on how change should be done says that change should be promoted by the leaders and implemented starting with the bottom hierarchic levels. „Top down for targets, bottom up for how to do it" (Osterloh and Forst 2006).

Why should change take place?

The difficult process of cultural change takes place most often after one or more problems have been discovered in an organization. By doing so, the outcome of the change should be a positive one that will bring benefits to the company.

Most companies agree that change is needed. Therefore, we can categorize them as having a dynamic culture (a culture that reacts in response to change that takes place in the external environment). Of course, there are companies that don't apply such processes or, if it is absolutely necessary, they change just a small part of their internal culture. In this case we can say that it is more an adjustment than it is change. These companies can be categorized as having a static culture (a culture that does not react in response to the change that takes place on the external market).

A culture could change due to many reasons. One reason could be a moment of crisis. Crises can be economical, social or even natural. A social crisis that we can refer to is the terrorist attacks of 11 September 2001. After that point, many organizations such as airline companies, travel agencies and hotel chains, but also national agencies implemented drastic changes in the security sector.

A second reason could be the lack of performance. When an organization does not fulfil its objectives a change is definitely required, so that these gaps can be eliminated. Yahoo's new CEO is a positive example of how performance gaps demand change in an organization. When Marissa Mayer was appointed as the new CEO of Yahoo, performance was decreasing, revenues were lower than expected and, overall, employees were unhappy. After evaluating the problem, Mayer reached the decision that the change should go on with improving the employees' perception of working at Yahoo. She put a lot of emphasis on promoting talent among employees and implemented over 500 employee-focused initiatives to boost their moral and also a new program that encouraged Yahoo employees to test different products. The result was that Yahoo increased its earnings, but most of all, the employees were happy and came to work with pleasure and with the feeling that they are cherished by their new CEO.

A third reason for change is when an organization's output is directly linked to technology. Technology nowadays changes very fast. This fact is crucial for companies that conduct their activity in the technology market. Nokia is an example of an important company that did not change as fast as technology and market did. Long time leader of the mobile phone market, Nokia's market share decreased drastically within a timeframe of only a few years after the „smart phone era" started. Smart phones caught up very fast with the market and obliged companies to shift their approach towards new technologies. Unfortunately for Nokia, that was the long time leader of the segment. Nokia ended in selling its shares to Microsoft.

A fourth reason could be linked to the pressure that comes either from internal problems or from the external environment. Internal problems occur when management or employees are not satisfied with the present culture that drives the company. In this case, employees usually form a sort of union that will make pressures so that the process of change to start. External pressure can come from many directions, such as clients, framework regulations, competition or financial markets (Swaim 2011).

Important steps in the process of organizational culture change

The organizational culture that drives a company must be spread by the leaders from the beginning. The employees must then disseminate the input and follow the beliefs and values that are promoted. Of course, not all employees will be willing to do so, mostly because they do not agree with those values and beliefs. But many others will. Those are the employees that want to show their potential, talent and importance within the company. They want to integrate in the organization's personality and highlight themselves through the work that they provide. These employees are the ones that will always look for a way to make a difference in the activity that takes place in the organization. Leaders should, therefore, pay attention and discuss with these employees when the process of change should be implemented.

When a leader notices that the present culture does not reach the beliefs he is hoping for, it is important for the company's future to take actions as fast as possible and not to waste time. Some leaders' lack action, hoping that time will fix the existing problems or the company will improve itself influenced by the external environment.

Since the process of cultural change is a difficult and complex process, it is necessary that a plan of action to be established before the process starts. By respecting this plan the process can go a lot smoother. Attention to detail must be a given and actions must be managed carefully so that they are integrated across the organization.

This plan must also include a progress chart and objective target. By doing so, a company can verify if the process is going as planned. Analyzing the outcomes of the process is crucial so that the leaders know in which direction the company is heading. If outcomes are fulfilled, then the process is going as planned, but if not, then the leaders must think of another solution and change the process again.

As stated before, organizational culture represents the company's personality and most of the time it also represents the leader's personality with his set of values and beliefs. Therefore, many leaders that have not yet undertaken a process of cultural change tend to be too subjective when it comes to choosing what and how they should change in the company's culture. Because of this, many organizations request help from people that have expertise in this field. It is never wrong to ask for help from a consultant or a company that can adjust the plan of change.

The leader has the role of a mentor within an organization. Therefore, when the change of culture needs to take place he must definitely speak with the members of the organization and explain why change is needed and how it will be done. The mentor should always stand up for his beliefs regarding the process. Otherwise, if he is going to adopt a less solid position, people will start to lose faith in his authority and, consequently, in the values that he promotes. This is why a thorough analysis must be made and clear messages must be sent when unpredicted situations occur.

Taking into consideration that an organization is comprised not only of its leaders, it is important that the culture process to be undertaken as a common effort that involves the presence and implication of all members of the organization. Of course, in the case of a big company with thousands of employees, this could be a challenging process, but in case of small and medium sized companies, such an effort may bring lots of benefits. Consequently, a survey or a simple conversation should take place with each employee. Leaders should make employees feel that they are part of the company and that their opinion matters in the process.

Conclusions

The findings of the paper underline the importance of organizational culture within a company. They show how beliefs, values, behaviours and ideology create the "personality" of an organization. This is why the paper starts with the process of analyzing organizational culture and its importance. Since the environment in which we live is a fast changing one, companies need to be also prepared to keep up with these changes. The paper shows why the process of cultural change is is so important for an organization and how can this process be implemented. Examples are given to emphasize the importance of the process, and also to underline what can happen when cultural change is not undertaken. Nevertheless, this paper presents a short description of the concept, analyzing and expressing the most important facts of organizational culture and the reasons why change should occur in a company.

Acknowledgement

I would like to thank Prof. Popa Ion, for encouraging me to pursue on this topic and for the support received during the research, being the ground basis for this paper.

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