

Effects of organizational change on cultural value shifts

redefining organizational culture through corporate change models

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Abstract— *Corporate organizations represent the economic foundation of contemporary societies; they have great importance in the development and maintenance of countries that have a low or medium economic status to a sustainable level. The dependence of the Eastern European societies on Western corporations is becoming more and more visible due to the importance they have in the creation of new jobs and because of the economic growth they can guarantee.*

Organizations are steadily growing, creating new ways to optimize processes, increase satisfaction and improve procedures. Any development process is employed in the field of organizational change; but change does not only relate to development but also to culture shifts regarding smaller companies which are affiliated as corporate branches. This paper tries to encompass the effects that a takeover of a local company by a corporation may have on the way company values are perceived by employees, on the formation of a new organizational climate and generally on the way that work related interactions are developed within the organizational environment.

Culture shifts may imply changes in the mission, vision and values of a company and in the way there are perceived by employees. Large organizations usually have specific processes of value alignment and organizational culture calibration that envision future order within corporate branches.

Keywords— *value alignment, culture shift, resistance to change, cultural differences*

I. Introduction

Some of the most important subsystems in contemporary societies are private organizations that represent the main economic bases of European countries. Organizations are steadily growing, creating new ways to optimize processes, increase satisfaction, improve procedures etc. Any development process is employed in the field of organizational change. David Collins, the principal theorists on organizational change perceive organizations as a social phenomenon based on human relationships (Collins, 45). He posits that organizations are primarily the sum of the social interaction that members of an organization have in order to achieve a common goal. Also Collins defines organizations sociologically as entities focused on developing systems by ensuring their survival in the economic, social and also cultural environment.

In the study of organizational change two main directions are revealed: the direction that acknowledges change as being part of organizational development and the study of particular processes that are considered to be change factors- change processes that can affect companies in a positive but also in a negative way. An important process that contains the mainline of this paper is changing

organizational culture and adapting personnel values to the norms, beliefs and principles of the company that hires them. Perceiving organizational culture as being a key element in obtaining performance at a company level can enhance the overall services that the organization is providing and the engagement level of its employees. A stable organizational culture can be achieved only by calibrating employee values to the direction that the company offers.

The present paper tries to register the degree in which organizational change affects (from a cultural perspective) -in the current Eastern European social context- organizational performance by underlining best practices (from employee perspective) that can reduce resistance to change and can facilitate the transition from the current status of a company to a more efficient one. By framing the concept of organizational culture shifts and felt differences between company and personnel norms, values and general objectives, a model of best practices can be established for overcoming possible difficulties produced by changes in the company management and the general direction which the organization follows.

The increased number of mergers and company takeovers in Eastern Europe implies an accelerated calibration of operational procedures, workflow processes and also of a very clear direction to a different way of working. This type of changes are destabilizing the dynamics of an organization, the acceptance of certain directives that come from the management team, the alignment with the new company values and ultimately the sense of safety and belonging that employees feel towards the company.

The fundamental issue that this paper tries to raise is what are the principles of creating a general set of best practices and methods of development by which takeovers by Western multinational companies can be achieved without major repercussions on employees. The research is focused on identifying ways to improve the process of organizational change, to identify leadership behaviors beneficial transition in ways that can be transmitted as clear information from the management team, and methods of establishing a current organizational culture (perceived by employees, based on the current system) that can make a system that relies on multinational policies to work in a smaller environment based on different values.

II. Organizational culture and change management in Romania

In post-communist Romanian society, achieving a balance in terms of political organization and economic stability has attracted a market of multinationals corporations with diverse activities in the manufacturing

industry. The emergence of these companies and the rapid creation of jobs for many different specializations of all levels - both those that require no experience and those of specialists in technical fields has had a great impact on society; trends in technical studies have reappeared - engineering, IT etc.- partnerships were initiated between universities and corporations for the recruitment of graduates that had the best results throughout their studies. Income levels have been redesigned for most positions - like the entire compensation package, which can be assigned all the benefits that an employer places- and the differences between having a job in state institutions and having a job in a multinational company has become increasingly visible. Basically the horizon of possibilities of social actors - in terms of their professional activities - was highly increased. Therefore individual values are changing because of exposure to different working environments of multinational corporations to the detriment of state institutions or smaller companies. The accommodation with a different organizational culture is therefore felt by employees as a cultural shift that has large implications in the degree of satisfaction, engagement and sense of belonging of an employee. Western companies have made changes in personnel policies and procedures, in adapting training programs, resource management and integration of foreign workers in the Romanian society. Following a constant process of adaptation to the needs of employees was found to be a difficult stage in locating a corporate branch. Cultural differences have even overcome the need for developing

Kluckhohn defines culture as consisting of certain thinking patterns and action transmitted by symbols, consisting of various achievements of human groups; the core of organizational culture consists of traditional ideas and especially their attached values (Hofstede, p.65). According to Schein, organizational culture is "a model of basic assumptions invented, discovered or created by a particular group in order to cope with its problems of external adaptation and internal integration, that has worked well enough to be considered valid, and therefore be taught to new members as the correct way to perceive, think and act in a particular environment."(Schein, p. 31). Organizational culture is one of the key areas of study on change management, business strategy development, both in theory and practice of organizational development and system optimization. Organizational culture can be considered a management tool and an important factor in generating satisfaction (and hence commitment) and employee performance. Wheelen and Hunger state that organizational culture is the ensemble of all beliefs, expectations and values learned and shared by members of a company, and transmitted from one generation of employees to another (Wheelen, Hunger p. 88). Therefore, having a strong perceivable sense of acceptance towards the actual organizational culture that a company promotes (regarding the promoted mission, vision and values of the company) give a sense of identity to employees. Two distinct functions of organizational culture are intensity and integration; culture intensity refers to the degree in which members of the organization accepts norms, values and / or other cultures associated with the unit in which they operate. Organizations with a strong standard to implement particular

values have cultures with a high degree of intensity compared with new companies that have a promotion system with a low degree of intensity. Culture integration is the factor by which departments of a company share common values. Organizational culture is a integrative bridge between departments that refers to the norms and values of an organization.

Culture also affects employee behavior- entrenched culture as the core of an organization should be described by uniformity and simplicity.

Alvesson states that "values cannot be isolated or independent entities; Beliefs and assumptions, tastes and inclinations, hopes and aims, values and principles are elements that need to be calibrated between employers and employees. They cannot be used and changed when they are worn out. They have their own dynamic elements formed on patriotism, dignity, order, progress, equality and security-factors involving sub-values."(Alvesson, M., 29). From this perspective, values represent the key factor in calibrating an organizational culture according to employee expectancies. Alvesson also states that value perception stands at the core of organizational culture (Alvesson, M. 32).

The first and most important dimension introduced by Alvesson in the study of organizational change is represented is the management (Culture Management) and is applied by taking actions that are based on the rules and values of the company- imposing a cultural change model that consists of the principal elements on which the company is built. In order to optimize an organization's transition from a current status to a more developed state, an organizational change process must occur through customized actions that are covering all parts of the organization as a system, but also to inspire a sense of belonging throughout the company's personnel.

Cameron and Quin state that in order to undergo a positive change process within an organization the following culture related aspects should be taken into consideration:

Firstly, a complete analysis must be undertaken in order to realize what are the main benefits that the current culture offers, and the aspects that need to be improved or changed. Cameron and Quin also state that a clear link should be made between the utility of cultural changes and the company's future business plan. Future key roles within the company need to be defined in order to maximize individual and group potential; realistic performance standards need to be placed and growth opportunities within the company have to be clearly understood by all personnel.

Lastly, organizational culture shapes the behavior of employees in the company. Due to this influence that organizational culture has on employee behavior, it can be used to create new business strategies for the company. A strong culture must also promote the firm affirmation on the market in a competitive manner.

III. Research background and methodological approach

The focus of the paper is the practical study of organizational culture in companies undergoing a process of change resulting from a takeover by a multinational Western company. A major cause of dissatisfaction is the cultural difference between their current job and their previous one. Reporting to a past situation that felt familiar to employees is a barrier to obtaining commitment for the current organizational culture. In this context, the present study seeks to identify these cultural barriers that lead to resistance to change and form a set of best practices in order to overcome the resistance to change that comes with a cultural shift. The methodological approach of the paper is descriptive, aiming to identify certain characteristics of the change process, the presence of resistance, satisfaction and commitment to the organization.

The survey was conducted based on a pre-defined sample consisting of 3 branches of the same company located in different counties, totaling over 600 employees (185- Branch 1, 234-Branch 2 and Branch 3-196). The company's field of activity is manufacturing parts for the automotive industry; it entered the Romanian market last year by taking over three companies with local ownership and by increasing the number of employees from each branch by 20%. The branches we're passed through a process of change that targeted process technologies, performance appraisal, working schedules, company vision and values. The present optimization goal of the company is to develop a sustainable organizational culture to which employees can identify themselves, mainly because of the lack of objective calibration between management and operations that resulted from the takeover.

The objective of the culture assessment study was to identify what are the employee attitudes throughout the implementation of the change programs, to measure the alignment of company values to employees and to analyze the current organizational culture by highlighting the company strengths and factors that need improvement. The survey was realized by applying a questionnaire to all employees that consisted of 8 dimensions totaling to 83 questionnaire items:

- The way that the company is perceived by employees – 8 questionnaire items
- New environment and improved working conditions- 10 questionnaire items
- Job perception- 13 questionnaire items
- Perception of middle level management and top management- 16 questionnaire items
- Opportunities of training and career development- 10 questionnaire items
- Working atmosphere and cooperation- questionnaire 8 questionnaire items
- Perception and alignment to company values- 8 items
- Retention and commitment (engagement level) to the company- 10 items

The aim of the survey is to highlight key issues that employees have regarding the company and present ways of improvement of the general employee perception and

workflow optimization. Also, the survey helps the organization to understand employee perceptions by their measurement. Employees act based on perceptions which is why management must always bear in mind their perspectives on matters related to their activities. The measurement of employee perception (regarding cultural aspects of the organization) is given by two main categories: "hygiene" and motivation.

Hygiene does not motivate employees but if it's not fulfilled it becomes a factor of discontent. The hygiene factor are related to company policies, environment and working conditions and working procedures of formal relations between departments, salary and direct supervision. Motivating factors create a positive perception that employees have of the company, and a high level of commitment. In the case of ambiguity that can occur throughout a change process, employee motivation and commitment can be achieved through recognition, responsibility, rewards in case of outstanding results of an employee and clear communication of the business direction that the company follows.

The measurement of the survey dimensions was made by a 4 point scale (1-total disagreement; 2- partial disagreement; 3- agreement; 4 – strong agreement) with the questionnaire items (example of items: *I am encouraged to express my ideas within the company; I know the objectives of department/team-* Dimension 1- General company perception). The general perception indicator was calculated by taking into considerations all the 83 questionnaire items through the following formula ($(\text{Sum of response values}- \text{Total number of responses})/ \text{sum of the difference between the maximum and the minimum value of the scale}) * 10$). All company employees from the three branches participated, the general completion rate being as follows: Branch 1: 89% percent validates questionnaires; Branch 2: 94% percent validated questionnaires; Branch 3- 90% validated questionnaires.

The dimension results for all three branches we're compared in order to have a definitive view of the effectiveness that the organizational change policy has on employees.

IV. Research analysis and conclusions

The findings show a high segmentation of overall scores obtained by applying the questionnaire. Branch 1 has had a generally positive overview, obtaining a perception indicator of 89.4; Branch 2 has also received a positive feedback regarding the perception that employees have of the company- 83.6. Branch 3 obtained a lesser score than the other two- 64.1. An average of the three perception indicators highlights a score of 79.03, perception problems being recognized mostly in Branch 3. There is a positive perception on indicators that refer to issues as direct supervision, environment and working conditions, working atmosphere and collaboration in the company. Negative perception relates to salary and other benefits, retention and commitment, the company and top management.

Items with higher values relate to the direct manager/supervisor (9 of the 10 items). Items related with

the company, career benefits (transport, bonuses), and items linking wages with input and retention have low values. These results indicate a possible distancing from the headquarter- located in Branch 1- and a low sense of belonging from employees located in Branch 2 and Branch 3.

For all three Branches retention and engagement, training and careers opportunities are perceived by employees as a factor of discontent. The fact that the company has made a clear statement at the start of the takeover which implied an interest in developing career paths and opportunities for all company employees has set unrealistic expectations. This does not generally mean that the management team has not made efforts for personnel development but that the statement was wrongly perceived. This can be considered a general example of poor communication, which can have high impact results on employee perception of the company. The results of the survey have shown that most of the employees from Branch 2 and Branch 3 have perceived the concept of career planning for each employee as being the define certainty that they will occupy a managerial position if the company has very good results in the first year. This can lead to problems as: increased personnel turnover, general high degree of dissatisfaction and poor employee performance. A good understanding of company procedures and policies is necessary in order to have a balanced work environment and a high level of engagement from all personnel.

Branch 1 (the Romanian headquarter of the company) employees have a positive perception on the following dimensions: Job perception (91.3 score on the questionnaire scale), Perception regarding top and middle management (89.6 score) and Perception and alignment to company values (86.6 score). There is a good relationship with middle and top management, and it should be used to set clear expectations of the company's employees and to gain a better understanding employee perceptions.

Management can contribute to better communication between employees and increase development and engagement within the company; a good relationship with the working staff and a general positive perception of the organization can increase motivation and act as a catalyst between the organization and its personnel. The most important aspect obtained from the study is the positive perception of employee alignment to company values. This aspect shows that employees have a clear understanding of the company's mission and expectations; the fact that employees have a high level of commitment to company the company can be explained by the fact that the management team has a strong presence in the company, being actively involved in communicating the company's general direction and by promoting transparency.

Branch 2 and especially Branch 3 show a lack of trust in company management; employees have a good relationship with their direct supervisor and they perceive the organization's climate as being cohesive, but they do not interact with the management team and therefore don't feel have a positive general perception of the company (the indicators for the specific dimensions show an average of 78.6 for Branch 2 and 51.8 for Branch 3).

A general conclusion of the survey analysis is that communication with the management team and a weekly briefing of results and future expectations can motivate

employees in finding common elements between them and the company for which they work. The issues raised by employees show that a sense of identification with the company can only be achieved by a structured development plan- the fact that Branch 3 has had a constant focus on improving working procedures and obtaining quick results has altered employee perceptions on the organization., and increased personnel turnover (compared with Branch 1 and Branch 2).

An important aspect that relates to the degree of acceptance of change, and the transition to a corporate environment is the fact that the companies which we're taken over by the corporation were not part of the same company. The fact that the top management team was headquartered in Branch 1, the other two being led by member of the middle management team has had a significant impact on company perception, therefore increasing the resistance to change that employees manifested. Positive change cannot be positively implemented without leadership and top management participation. Without promoting values downward, from top management to the rest of the organization resistance to some aspects that need to be changed will be encountered. As stated earlier, a corporate change model needs to include differentiations in management and operational procedures but also in shaping the company's organizational culture in order to align to the model promoted by the corporation. In almost each case of corporate takeover the implementation of change will meet resistances from the company personnel. As explained throughout the paper, these resistances can be handled and maintained at an acceptable level with active participation from the corporate representatives- mainly, the company's new top management team. The degree in which top management appear as having fundamental leadership skills has a principal role in overcoming resistance to change. This is shown from the significant differentiations in the survey analysis from Branch 1 to Branch 3. Empowering a team without the necessary skills to manage a change process can lead to low results in terms of employee satisfaction, commitment and general motivation. The fact that a clear set of procedures that the company was promoting in order to develop skilled employees was finally perceived as being unfulfilled by the organization has made a wide differentiation between Branch 3 and the other two Branches. Elements that corporate changes try to develop can be perceived as negative by employees, due to lack of communication or understanding of policy specifications.

Another important factor that can impact the transition to a corporate working model is the way in which employees perceive autonomy. Employees from Branch 2 and 3 do not have a positive perception on the level of control that the functioning of a corporation requires. In this regard, autonomy may be considered as having great importance for the Romanian entrepreneurship; although corporations cannot function based on team autonomy -due to the complex processes that they require in order to be controlled in order to obtain performance-, an extended level of attention should be allocated in implementing operational procedures. Also, it has been made clear that managers should be directly involved in the implementation of changes- employees have a higher degree of acceptance if changes are communicated and explained by the company's leadership.

The implementation of corporate change models has to have a certain degree of control, but it must also consider the fact that change is mostly perceived by company personnel as not being positive - employees tend to achieve higher results if they understand and accept a change model. The study has shown that in order to calibrate company expectancies to the level of understanding and willingness that employees have towards fulfilling the organization's objectives. Implication from management has proven to be an important factor in obtaining successful implementation of change processes; management gives a sense of identity to the organization especially in a takeover process. Employees tend to identify the new company brand with its representatives. Having an active participation from management has proven to be the most important aspect in increasing positive perception that employees have towards the organization. Therefore, we can conclude that having a high degree of management involvement, through leadership and communication can facilitate corporate transition- in the absence of management involvement corporate transition can develop resistance which can lead to discordant factor between the company and its employees.

The transition from a privately owned small organization to a corporate environment is always going to encounter resistances; cultural and value alignment is a process that needs involvement from all the company members in order to obtain and develop a strong cultural identity, in accordance with the company's brand. In this regard, the paper tried to enlist several possible situations that may occur during a corporate takeover.

Cultural adaptation and value alignment will be studied through a series of papers which will have the final aim of encompassing a general model of best practices used in implementing change, by identifying general situations and adequate responses for facilitating corporate takeovers.

Acknowledgment

This paper is a result of a research made possible by the financial support of the Sectoral Operational Programme for Human Resources Development 2007-2013. Co-financed by the European Social Fund, under the project POSDRU/159/1.5/S/132400- "Young successful researchers- professional development in an international and interdisciplinary environment."

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