

Analysis of Issues Related to Changes in Organizational Culture

Sabrina Puspa Gassany

University of Pécs

A. Introduction

One of the most important factors for a successful organization is a great organizational culture. It's often said that a good organizational culture is a key to develop a business in general. So, what is organizational culture? Organizational culture is set of collection that consist of expectations, practices, and values that guide and deliver the actions of all team members or employees in a company or organization. There is various definitions are available to describe culture but formally, culture can be defined as the values, behaviors, and attitudes that are formed by the characteristic of a group of people (Warrick, 2015).

Organizational culture can be seen as a great impact that influence employee's performance and effectiveness in the terms of work. A great functioning company, mostly has specific morale and productivity which could attract, motivate, and retain talented people. In other words, the term group in a company could pertain to a whole organization of any size. The point is that groups of people, regardless of how big the size is, most likely can form a specific cultures (Warrick D. D., 2017). In practical terms, organizational culture can be describe as an environment that explain on how people work and how people think, act, and behave towards their work.

Cultures can differ significantly within and between an organization or company. Cultures is either can bring out positive trait of people and create great and supportive environments for people to work inside or outside the organization or company. On the other side cultures can also bring out negative traits in people and somehow create dysfunctional environments which can produce malfunction filled with stress and tension. However, not all organizational culture can lead to dysfunction because again, oragnizational cultures are varies in every company or

organization. We need to know that culture is created by the management, which can be distinctive, different from the culture of other similar organizations. As a linking chain, organizational cultures is a combination between all the efforts of all employees to achieve the common goals of the organization based on the spiritual, emotional, and cultural values of the humans (Horčíčková, 2019).

Organizational culture has the power that is determined whether the employees are living their core values and the breadth of dissemination among organizations. The greater amount of members (in this case are the employees) who accept and live the core values, the greater the commitment of the members of the organization to the strength of the organizational culture. There are several strengths of organizational cultures, such as creating a mature organizational culture which produces a stable employees who are able to cooperate effectively between others, creating an environment that has deep values, and to provide clarity about the behavior that must be taken or implemented (Lubis, 2020).

B. Organizational Culture

As we know, every company or organization has its own organizational culture standard. As mentioned earlier, organizational culture has a significant impact on organizational vision, mission, and also decisions. Hence, organizational cultures should be considered when reviewing the internal factors of the company. In this case, organizational culture can form a basic foundation of strategies and it will affect the elements of the communication process and strategic relationships among every member of the organization or company. Let say that if the organization is able to implement strategies, it will lead to a result that the organization will be able to take advantage of its strengths. In that case, any changes within the management can be easily implemented and would be able to be performed by employees very fast.

Based on this, it can be said that culture determines organizational boundaries to the extent that it could impact the identity in members of the organization. Also, it can help to form a special responsibilities and obligation on

members towards achieving organizational goals. Many have said that any kind of changes always initiated by the leaders. The leaders should had a great skill on strategic thinking which has long been considered a great value in economic and social fields. This skill is often ambiguous to many employees at first sight while many are sure that these capabilities will help the employees in making decisions especially in strategic positions (Arayesh, 2017).

On the other side, the impact of organizational culture on performance has been quite significant. Based on the research, organizational culture impacts not limited only to employee performance but also to other factors. In late 1980s, researches has been focusing their studies on organizational culture which started the whole theory and began to provide evidences that saying culture can have a significant influence on employee's morale, engagement, job performance, job satisfaction, loyalty, trust, motivation, attitudes, turnover, commitment, and last but not least efforts to attract and retain talented employees.

John Kotter and James Heskett in 1992 published an eleven year evaluation of company cultures and then they found out that over an eleven year period, companies with healthy organizational cultures could possibly had a 682% average increase in sales compare to companies without such a healthy organizational cultures which result in 166% for comparable. As we can see that it has high different numbers and very impactful on the productivity for the company in general. Similarly, Kotter and Heskett found out that these companies with healthy organizational cultures could enhance their stock increases until it reach 901% compare to companies that had unhealthy organizational cultures that could only produce 74% for comparable companies. Since then, other studies have identified various characteristics that could performed high and low-performance cultures (Daft, 2015).

Moreover, there has been a discussion on how organizational culture is usually understood as a tool of social understanding that can be shared among the members of organization. It can result that there will be a shared assumptions and

different point of view from each members of the organization. This has been lead to the topic that how organizational culture will give a huge impact on human resources in general. In today's work environment, human resources has a primary goal to improve their employee performance that can meet the expectation of an effective and productive organization. Human resources department has to played a big role to professionally manage the whole organization to be in harmony. It means that it can arrange effectively of all organization interest in order to achieve the same goal and at the end, it will advance the organization (Mappamiring, 2020).

There is another research that has been conducted which included executives in higher position of the company and asked about their opinion about organizational culture. It can be found that the result of the research that as many as 91% of executives view culture as something fundamental and become an important factor in their company. However, there is also 78% of their view stating that culture as one of the top three factors saying that organizational cultures somehow impact their company's value. Thus, it can be conclude that organizational culture can act and perform as a “social control”. Furthermore, based on the founding, organizational culture is often said as a communication tool. It is like unspoken code among members of an organization. As mentioned by Cremer (1993) it is assumed that human beings are trustworthy honest, but on the other side human are slow and have limitation for receiving, processing, and transmitting the information. So organizational culture can be defined as the stock of knowledge that is being shared by the members of a particular organization. We can say that acquisition of communication’s skills and knowledges is an investment.

Organizational culture has several functions such as increasing cooperation among employees in the organization, giving employees an identity in order to show unique features that could differentiate them from others, enhancing a stable work environment that can make the employees become comfortable, great relationship among the employees that feels like family, and

shaping behavior by helping members become aware of their environment. Creating a supportive work environment means that helping the employees to have a great deal of communication among other employees that also include sense of respect and mutual understanding at work. So, it can be seen that the function of organizational culture is to produce and achieve specific goals, duties, and responsibilities in a group to achieve agreed objectives that has been set from the start. One of the most important reason to a successful delivered fuction of organizational culture is to have a benefit for the employees so they can actually carry out the values and norms that have been made and will produce good habits for themselves (Lubis, 2020).

As a result, characteristics of organizational cultures can be defined as a process through individual interactions. Organizational culture can also be understand as a humanitarian process, meaning that humans are considered as the main source of occupied culture that includes values, principles, traditions, and attitudes that influence the way members of the organization to behave towards other members.

Moreover, organizational culture has a great impact on change management. Its only make sense that different response to different paces and to varying extents, has significant impact on organizational culture. Thus, change management concepts and their application require input from different areas and levels within an organization. It is also can be differ from each individuals, groups or organizational systems. In this case, it needs to be understand that organizational culture also explain a broad understanding of change that often needs to be understood and redefined by individuals within the company or within an organization. This is mainly because organizational culture is grounded in a rich set of behaviors, values, responsibilities, assumptions, beliefs, and how they effectively and collectively influence change, employees, and performance.

C. Change Management

We often heard the term of change management in our daily life. Change management is indeed a scientific area that treats all aspects of changes in the global society and contemporary economy. Nowadays, changes have become a trend in which more accepted as a universal social understanding and organizational phenomenon. As we live in modern era, it is only possible that modern society has brought constant change. It also force us to be able to adapt quickly in any change of situation meaning that in order to survive, we have to maintain efficiency, profit, and sustainability.

Regarding this matter, it also applied in organization or company. The more adaptive the organization is, the more reliable they will become. All organizations must be proactive, instead of reactive in regards to the implementation of changes. Since there are many form of change management in organizational level, all members including executives and all employee need to be aware of this constant changes and need to be open minded to accept new knowledges and skills as their life-long learning process (Terziev, 2020).

There is different factors that could affect changes in an organization, including internal motives. Internal motives is initiated by by organization employee through two different method such as top-down and bottom-up initiative. On the other side, there are internal and external circumstances that can affect organizational culture. Internal circumstances is a cindition within the organization which include how the organization runs (or called as organization system), organizational structures, processes, and leadership styles; as well as changes in leadership, team members, budgets, or other key internal decisions. Besides that, external circumstances could include situations such as government regulations, major lawsuits that damage the reputation or resources of a group, acquisition by another company, or an unexpected catastrophe like pandemic that recently become a crisis since late 2019 until today.

However, managing organizational change is often not possible without a change leader or an agent that plays a big role on actively control the changes itself. Moreover, organizational culture and the commitment of those who involved in the change process, regardless of the nature of actions required (Metre, 2009). Beaman and Guy (2005) explain that bad leadership may often cause the change process to go into wrong direction and eventually made the organization process turns out fail, while Beer and Nohria (2000) argue that lack of acceptance, unpreparedness, and unwillingness to embrace different types of change often hinder the change management process. Furthermore, commitment to change on the part of organizational members depends on their emotional responses to the change initiatives in which if the employee is not ready to accept this, it may result as an organizational failure.

D. Conclusion

As mentioned earlier that organizational culture is understood as a shared social understanding, which include shared understanding, assumptions, and different point of view from each member. A great organizational culture could impact employee's performance in so many ways so it can be concluded that it brings a significant impact in the organization in general. Whether it is a positive or negative impact, both ways could change the organization in different level.

Since organizational culture could impact the organization system and procedures, it can be said that there must be some changes along with the process. This where change management plays an important role to a successful organization. Change management should lead the whole employees, teams, departments, and organization toward thriving and benefiting from change, rather than reacting and merely surviving it—or even worse, seeing no results from the change efforts.

In general, organizational culture could refer to human creativity as in general norms and value. Through practical examples, it can be said that the more supportive and the greater the organizational culture is, the greater its impact on the attitudes and behaviours exhibited by all members in the organization including the leaders and moderate employees. Therefore, it can be concluded that a successful organization can't be existed without a proper change management and processes within the organization.

REFERENCES

- Abdulla Ahmed Al-Ali, S. K.-N. (2017). Change management through leadership: the mediating role of organizational culture. *International Journal of Organizational Analysis Vol. 25 Issue: 4*, 723-739.
- Arayesh, M. B. (2017). The effects of organizational culture on the development of strategic thinking at the organizational level. . *International Journal of Organizational Leadership*, 261-275.
- Beaman, K. a. (2005). Effecting Change in Business Enterprises: Current Trends in Change Management. *The Conference Board, New York, NY*.
- Beer, M. a. (2000). Breaking the Code of Change. *Harvard Business School Press, Boston, MA*.
- Daft, R. L. (2015). *The Leadership Experience (6th Ed)*. Boston: Cengage Learning.
- Horčíčková, Z. &. (2019). Philosophy of economics and management: Youth participation in family business and national economy. *Filosofija. Sociologija*, 30(1).
- Lubis, F. R. (2020). Organizational Culture. In *2nd Yogyakarta international conference on educational management/administration and pedagogy (YICEMAP 2019)*, Atlantis Press (pp. 88-91).
- Mappamiring, M. A. (2020). what millennial workers want? Turnover or intention to stay in company. *Journal of Asian Finance Economic Business*, 7 (5), 237-248.
- Metre, C. (2009). Deriving value from change management. *Journal of Science in Organisational Dynamics Vol. 1 No. 1*, 1-47.
- Terziev, V. D. (2020). Change management and digital age training. *Available at SSRN 3525698*.
- Warrick, D. D. (2015). Understanding, Building, and Changing Organizational Cultures. *Lessons in Changing Cultures: Learning from Real World Cases*.
- Warrick, D. D. (2017). What Leaders Need to Know About Organizational Culture. *Business Horizons*, 60 (3), 395-404.