Czesław Zając
Uniwersytet Ekonomiczny we Wrocławiu

Change of company organizational culture – premises, aims and results

1. Introduction

Contemporary companies function in the state of perpetual change. Changes occur both in the company environment and within the company. The latter, internal area of changes involves such elements as company strategy, structure, technology, real and regulatory processes with human resource management in particular, as well as organizational culture. Organizational culture is an important element of the so-called 'soft management' sphere. 'Soft attributes of organization', including, among others, people, management styles and values, are often regarded as mission-critical. This applies in particular to values as core factors of organizational culture [Peters, Waterman 2000, p. 41].

Change of company organizational culture, often referred to as company cultural transformation, should be perceived as a particular kind of change. This is a result of 'nature' of organizational culture as the subject of change, especially in the context of organizational culture being often regarded as one of the company assets or resources. Proper shaping of this asset through transformation allows the company to strategically adapt to its turbulent environment[1].

Cultural transformation of a company is a difficult task, involving a multitude of compound problems. Transformation results are, more often than not, considerably delayed in time. Addressing the problems requires knowledge, extensive experience, patience and, to some extent, intuition on the part of personnel responsible for

---

[1] Strategic adaptation of a company to its turbulent environment, in the author's view, involves any activities of reactive character on the part of company management that employ company resources in a way that offers fast and efficient response to environmental changes that may challenge company competitive advantage.

carrying out the cultural transformation. Key factor in the success of such a transformation is the introduction of new values and norms, as well as anchoring those norms and values in the minds of employees and managerial cadres. This in turn requires transformation of the mindset, attitudes and behaviours of company personnel – an inherently 'compound operation upon living tissue' that is, by nature, resistant to changes.

The aim of this paper is to identify and analyse the most important premises and objectives of changes within company organizational culture as well as effects of such changes on personnel and company as a whole.

2. Premises and objectives of changes in company organizational culture

Of all the views on potential and appropriateness of changes within organizational culture, two diametrically opposed opinions prevail, each based on different time-frame approach adopted by its proponents [Czerska 2003, pp. 35–37].

Supporters of the first approach argue that organizational culture does not succumb to any transformation efforts and cannot be shaped [Smircich 1981]. They adopt a short-term perceptual and ontological perspective that defines organizational culture as an independent variable. In the light of this approach, organizational culture is perceived as a fundament for management, especially for company human resource management. Organizational culture is one of the determinants for company strategy [Romanowska 2001, p. 214], one that cannot be operationalized.

Adherents of the opposed view maintain that organizational culture, in the long run, becomes a dependent variable influenced by cultural factors [Sułkowski 2002, p. 305]. In the long-term perspective, organizational culture evolves as a construct anchored in the values of employees and managers. Those values, through binding norms, affect their attitudes and behaviours.

As a result, organizational culture is firmly implanted in the organizational structure of a company, shaping its identity. Organizational culture is, admittedly, characterized by relatively high inertia and cannot be easily changed, but it does not necessarily mean that it cannot and should not be changed. It must be noted, however, that 'this is a strenuous and drawn out process, one that requires strong involvement on the part of both employees and company management' [Potocki 2005, p. 199].

What are the reasons for deliberate and intentional changes in organizational culture? To help address this question, it may be noteworthy to present a set of factors that effect cultural transformation or considerably increase its probability, as proposed by S.P. Robbins [Robbins 2004, s. 446]. The set includes:

– emergence or intentional triggering of a serious crisis resulting in shock and challenging the existing values and norms as basic determinants for behaviours and attitudes of employees and managers,

– change of leadership, with resulting emergence of new values that may prove a panacea for the crisis at hand, provided that the values are well-anchored among employees,

– choosing young and small organizations as objects for transformation[2], with increased likelihood of efficient implementation and adaptation to new cultural values, due to shallow character of the existing organizational culture,
– attempting transformation of 'weak organizational culture' that is more prone to changes than 'strong organizational culture' with its inherent feel for fundamental values of the organization and wide acceptance of those values among organization members.

Obviously, the above set does not include all potential factors, such as ownership changes or the actual level of organizational culture subject to intentional transformation efforts. Let us examine the latter two factors in more detail.

Ownership changes resulting from mergers or acquisitions, particularly those on the multinational level with new owners representing strategic investors or supranational corporate entities, require integration of people and tasks [Aniszewska 2002]. Theory and practice unambiguously show the need for cultural integration in the processes of international acquisition. Some authors combine the cultural integration of these processes with integration on social level, emphasizing at the same time that socio-cultural integration should be accompanied and even supported by physical (structural and organizational) as well as systemic and procedural integration [Cartwright, Cooper 2001, pp. 107–115]. Organizational culture has a significant impact on problem-solving in the social sphere as immanent elements of ownership transformations. Expat[3] assimilation difficulties, cultural shock resulting from clash of different national/organizational cultures, the multi-control phenomenon, difficulties in unification of work standards and management styles – these are some examples of such problems. Organizational culture is also an important factor supporting human resource management on strategic level.

Managers responsible for preparation and efficient implementation of 'organizational marriage' in the course of merger or acquisition in the initial preparation phase attempt to address two key issues of the cultural aspect:

1. What type of organizational culture should be represented by the acquiree (or merger partner)?

2. What is the best approach to cultural integration during the change propagation phase following the actual merger or acquisition, and particularly what motivational steps should be taken to make the integration as rapid and smooth as possible [Ranking, Howson, 2008, pp. 69–72]?

In the phase following the ownership transaction, the acquirer often chooses to change organizational culture in order to introduce new norms and values

---

[2] This applies to companies in the pioneering phase, in line with the organizational life cycle postulated by L. Greiner.
[3] The term 'expat' is a practical equivalent of 'expatriate', referring to a representative of the acquirer delegated to work in the acquired company, typically on the executive management level.

that will result in desirable changes in behaviours and attitudes of employees and managers of the acquired organization. New values, in the acquirer's view, should stimulate strategy-oriented behaviours and values as well as organizational norms consistent with corporate standards of the new owner. It is extremely important at this stage to show caution, prudence, calm and respect for some of the existing elements of organizational culture of the acquiree. Previous experience of the acquirer in cultural transformation as a result of former international M&As may also prove invaluable. Taking advantage of proven and effective strategies in this respect may bring considerable savings in terms of organizational cost and 'social cost' of such intricate operation.

In practical application, activities undertaken by the acquirer in the area of organizational culture affect mostly norms and values, with artefacts addressed seldom if ever. In the area of artefacts, typical issues addressed involve respect for former rituals and ceremonial. More often than not, changes in this respect include logo, dress code and visual standards to make them consistent with corporate standards of the new owner. This corresponds well with the thesis proposed by many authors in the field, that efficiency and pace of the transformation of organizational culture is closely related to the level of culture involved in propagation of the change. Proponents of this thesis also tend to perceive organizational culture through the viewpoint of the so-called 'clinical' model postulated by E.H. Schein [Schein 1992]. The model presents organizational culture in the form of a pyramid, with the peak occupied by artefacts of linguistic, behavioural and physical nature, the latter consisting of material products of culture, clearly visible and clearly internalized by people. The middle part of the pyramid consists of partly visible and partly internalized norms and values that affect behaviours and attitudes. The bottom part of the pyramid is composed of fundamental cultural premises and assumptions; these form the 'cultural core', the deepest and most durable level of culture – one that is the most difficult to decipher. The core consists of beliefs unquestioningly adopted by organization members, representing five fundamental problems of human existence: relation to environment, concept of truth and time, human nature, nature of human endeavours and nature of interpersonal relations [Potocki 2005, p. 175]. Hence, it is fairly easy to change artefacts, while transformation of basic cultural assumptions as a fundament for a specific organizational culture is very difficult, if at all possible. Therefore the key to efficient transformation of organizational culture of a company is to address the middle part of the pyramid, accenting the change of former values in order to establish favourable conditions for change of attitudes and behaviours among employees and managers.

Practical application, as shown by M. Czerska, allows for differentiation of the aims of organizational culture transformation into two basic groups: formal aims and tangible aims [Czerska 2003, pp. 39–40].

Formal aims are oriented to preserving or increasing the current company effectiveness. In the view of E. Masłyk-Musiał, they should result in increased

adaptability of the company or in transformation of values and behavioural patterns of the employees [Masłyk-Musiał 1978, pp. 18–19]. Formal aims are, therefore of strategic importance.

Tangible aims, on the other hand, may be further divided into external aims (improve company image, retain clientele, win over investors, acquire funds) and internal aims (improve organizational climate, retain valuable employees, decrease non-attendance, solve conflicts within/between groups, etc.).

Regardless of the adopted typology, it must be noted that changes in organizational culture of a company should be teleological in character, i.e. consistent with the aims adopted by the originators. It is believed by the author that such changes should effectively support the process of human resource management within the company.

3. Effects of cultural transformations for a company

Cultural transformation of a company brings varied and multiple effects for the employees and the organization itself. Those effects, in the sphere of human interaction (employees and managers) should be identified and analysed in psychosocial and economic perspective, whereas from the viewpoint of the organization, the effects may be perceived in the organizational and economic dimension.

Change of organizational culture affects employees and managers similarly to any deep and compound organizational transformations[4]. The effects are consistent with models of human reaction towards organizational changes, as presented in literatureof the subject. Those models typically involve four phases: shock (denial, rejection), alienation (resistance, defensive withdrawal), adaptation (adjustment) and acceptance [Clarke 1997, p. 109; Mc Kenna, Beech 1997].

Following the official proclamation of planned changes in organizational culture by the company management, most of the employees enter the phase of shock. The shock is stronger in organizations with well-rooted informal channels of communication that create favourable conditions for spread of rumours. This phase is characterised by cognitive dissonance, i.e. deconstruction of the former system of information. The phenomenon results in deep decomposition of former values, since values and norms subject to change are the core of the system. The simplest and typically recommended way to reduce the cognitive dissonance is to undertake wide and official campaigns to inform the personnel on planned cultural transformation and its possible effects at every level of company management. Lack of professional communication at the onset of this phase is detrimental both for the employees and the organization as

---

[4] This applies in practice to all managers of medium and low level. Top management representatives, such as board members and executives in the role of change sponsors and change managers, as the change 'authors', are outside the cultural transformation sphere of influence.

a whole. In the face of information deficit, people tend to confabulate and create their own, most likely negative, scenarios of the incoming change effects. The phase is accompanied by radical drop of initiative and involvement, leading directly to limitation of effectiveness and noticeable decrease of work output. The employees are frustrated and stressed, with fading morale and tendency to question their loyalty to the employer. The latter may result not only in economic loss, but also departure of valuable personnel on technical and managerial level. Following the shock phase, employees start to voice their resistance, which, in the face of cultural change, may be highly emotional. The mechanism of such resistance may be analysed against three types of barriers present:

– barriers in comprehension of the change, resulting from misunderstanding of the need for change, the nature of change as well as difficulties in forecasting the effects of change,

– barriers in acceptance of the change, related to the emotional sphere and human need of safety and control that is challenged by the planned change,

– barriers in operative efficiency, resulting from lack of qualification and predisposition of change managers and employees subject to change, as well as organizational lethargy.

Further phases (adaptation and acceptance) mark the turning point in employees' awareness, resulting in increased self-esteem, directly related to increased involvement and improved work efficiency up to the pre-change level. The role of cultural change manager is to bring the employees to perceive the change as their own, and not an imposed one. This task should be performed in the shortest possible time frame. In practice, the task is completed when employees and managers start to perceive tangible and measurable benefits of accepting and observing the new norms and values promoted by company executives.

A significant condition for success in management of the change in organizational culture is the methodologically appropriate preparation of the plan for change, followed by consistent implementation of the plan, with support of proper motivation and good internal communication. Due to 'sensitivity' of change objectives, i.e. of norms, values and compound human nature, any errors on the part of change managers may result in negative, long-term social and economic effects. The former will be expressed in lack of acceptance for newly introduced cultural patterns, leading to reluctance or even latent conflicts, enhanced informal relations (negative from the employer's viewpoint) and impaired psychological contact resulting in decreased level of social integration. In the economic perspective, negative effects may be manifested in increased cost of change (disproportionate to the effects), the need of additional financing and organizational involvement for change implementation, and so on. To eliminate or largely limit those negative effects, sponsors and managers of cultural change should respect the following postulates:

– placing the change in proper rank (strategic significance) through authentic, and not only formal, involvement of executives in the process of transforming organizational culture, initiating discussions on the aspects of change, sponsoring activities, supervising projects and monitoring their realization,
– setting up a taskforce for transforming organizational culture, involving external experts, representatives of major interest/vocational groups and members of middle and low management,
– securing proper budget for preparation and implementation of the cultural change,
– preading out the decisions and activities involved in the process of changing individual elements of organizational culture,
– showing consistency and determination for the change in the long perspective (several years), especially in the face of potential changes in company management and key management positions,
– granting the leading role to the personnel manager in the task of preparing and implementing cultural changes,
– providing suitable operationalization of organizational culture by introducing varied systems and solutions to translate the system of norms and values into operational level of change management, with proper support of such instruments as employee selection, periodic evaluations, motivation for training and development.

4. Conclusions

Change of organizational culture is a difficult, compound and time-stretched process. As shown by practical applications, company managers are increasingly aware of the need for such organizational changes. In most cases, this process takes the form of 'adjusting organizational culture' of economic entities involved in mergers or acquisitions initiated by large institutional foreign investors. It may also be a manifestation of globalizing tendencies that lead to standardization of organizational cultures. The most fundamental problem of cultural transformation in terms of its aptness and efficiency lies in respect for cultural identity (national and organizational culture) of the acquiree.

In conclusion, it must be noted that transformation of organizational culture should always serve a purpose of complementing company strategy. At the same time, any such change should be prepared and implemented in a way that safeguards the subjectivity of the personnel involved.

Abstract

Cultural transformation of a company is a difficult and compound task, requiring knowledge, extensive experience and prudence on the part of personnel responsible for preparation and implementation of change. Key factor in the success of such transformation is the introduction of new values and norms, as well as anchoring those

norms and values in the minds of employees and managerial cadres. This paper aims at analysing premises and objectives in transformation of company organizational culture. Effects of such a transformation are presented for the company as a whole and for the company personnel. Recommendations are made for management practice in the process of introducing changes in organizational culture.

References

Aniszewska, G. 2002, *Proces integracji w fuzjach i przejęciach. Rola kultury organizacyjnej,* PN AE, No. 951, Wrocław.

Cartwright, S., Cooper, C.L. 2001, *Kiedy firmy łączą się lub są przejmowane. Strategie, konflikty, rozwiązania,* Petit, Warszawa, pp. 107–115.

Clarke, L. 1997, *Zarządzanie zmianą,* Wyd. Gebethner & Spółka, Warszawa, p. 109.

Czerska, M. 2003, *Zmiana kulturowa w organizacji. Wyzwanie dla współczesnego menedżera,* Difin, Warszawa, pp. 35–37.

Masłyk-Musiał, E. 1978, *Teoria i praktyka rozwoju organizacyjnego,* Ossolineum, Wrocław, pp. 18–19.

Mc Kenna, E., Beech, N. 1997, *Zarządzanie zasobami ludzkimi,* PWE, Warszawa.

Peters, T.J., Waterman, P.H. 2000, *Poszukiwanie doskonałości w biznesie,* Wydawnictwo Medium, Warszawa, p. 41.

Potocki, A. (ed.) 2005, *Zachowania organizacyjne. Wybrane zagadnienia,* Difin, Warszawa, p. 199.

Rankine, D., Howson, P. 2008, *Przejęcia. Strategie i procedury,* Polskie Wydawnictwo Ekonomiczne, Warszawa, pp. 69–72.

Robbins, S.P. 2004, *Zachowania w organizacji,* PWE, Warszawa, p. 446.

Romanowska, M. (ed.) 2001, *Podstawy organizacji i zarządzania,* Difin, Warszawa, p. 214.

Schein, E.H. 1992, *Organizational culture and leadership,* Jossey-Bass, San Francisco.

Smircich, L. 1983, *Concepts of culture and organizational analysis,* "Administrative Science Quartely", No. 28.

Sułkowski, Ł. 2002, *Kulturowa zmienność organizacji,* PWE, Warszawa, p. 305.