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## **Social context of changes in organizational culture in industrial companies**

### **1. Introduction**

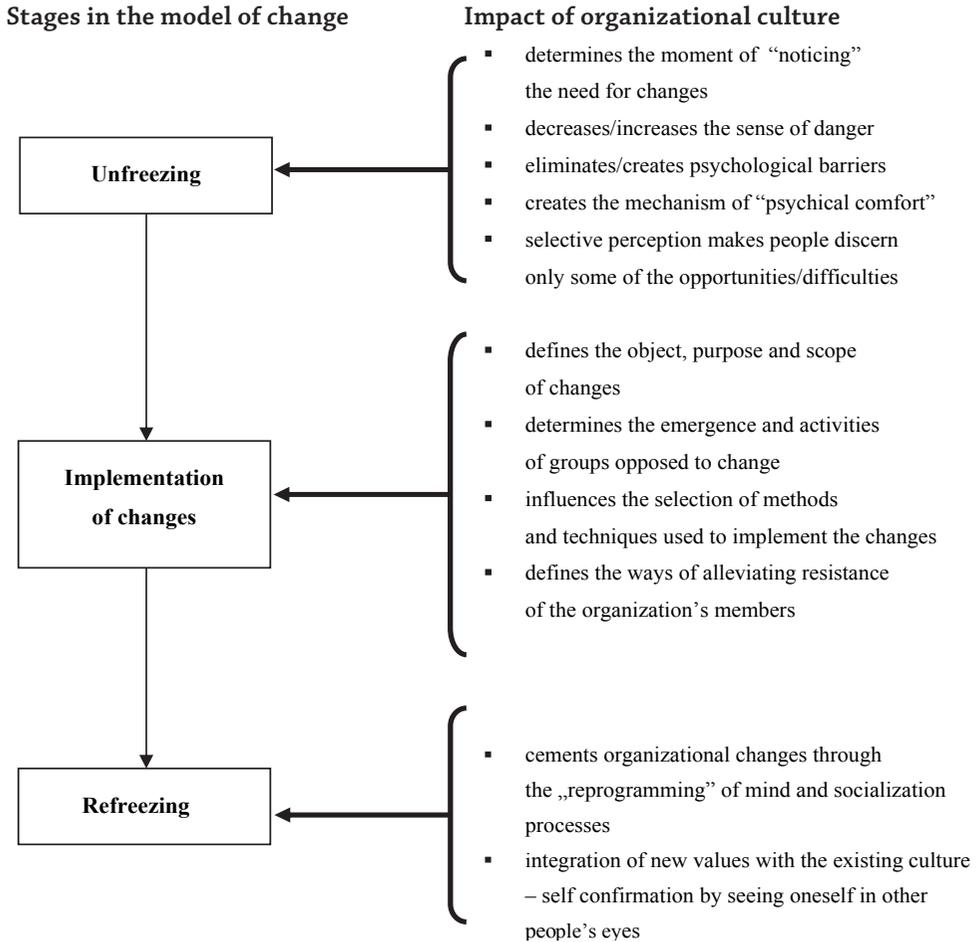
The present century is sometimes called the age of discontinuity and widespread changes. The pace of those changes is getting faster, they are increasingly unpredictable and are affecting more and more areas of our life. Globalization is shortening life cycles of products, technologies and even whole branches of industry. Managers who want to be successful in such a volatile environment must learn to be able to implement changes on every level of the organization. They also have to understand the unique value systems, norms and relationships present in their organizations and create such an organizational culture in which the tolerance for uncertainty will be high. Back in the 16th century, Machiavelli [As quoted in: Stachowicz, Machulik 2001, p. 213] wrote that “It must be noted that there is nothing more difficult and dangerous to implement, and less likely to succeed, than leading the process of the creation of the new order. Because those who fared well under the old order will stand up against the reformer, and those who could benefit from the new order will prove to be very cautious friends. Such caution will stem partly from the fear of potential adversaries, who have the law on their side, and partly from the lack of trust among the people who will not fully trust the new order until they personally experience it”.

The purpose of this article is to present practical aspects of changing organizational culture. It is based on research conducted in large industrial companies in the province of Warmia and Mazury. For the purpose of the research, the researchers analyzed relevant literature and conducted questionnaires and in depth interviews. The questionnaire prepared by the researchers served as the research tool.

The issue of the relationship between organizational culture and management has appeared in the relevant literature relatively recently. A few factors which coincided in the 1980s made people aware of the existence and importance of value systems in organizations. People understood that those systems were key factors which could determine the organization's competitive advantage. In the classic book by Peters and Waterman [1982, pp. 75–76], *In Search of Excellence*, the authors claimed that a strong and consistent organizational culture is of paramount importance if the organization wants to be successful. It should help the organization to operate in a better and more effective way and its employees should display a high level of involvement and loyalty. Unfortunately, further research showed that strong organizational culture entails numerous dangers, which strike with a vengeance when external conditions change. In such a case, a strong organizational culture proves to be a constraint which is very difficult to overcome. Gagliardi [Stańczyk 2002, p. 213] aptly describes the cultural inertia in his typology of cultural changes. He called it the strategy of a “vicious circle”. An organization which has fallen into the trap of this “vicious circle” is not capable of dealing with its problems successfully. It thinks that some „higher power” is responsible for its failures, and its lack of success is blamed on some „scapegoat”. It solves its problems in a routine manner and it is not able to draw any conclusions from its past experiences. The growing tension within the organization has a negative influence on its effectiveness and it is highly unlikely that any attempts at introducing changes will be successful.

The interdisciplinary character of research related to organizational culture is the root cause why, despite 30 years of studies into this field, it has been impossible to create a universal and widely acceptable definition of “organizational culture”. For the purposes of this article, the authors chose to use Schein's definition [2004, p. 22]. Schein understood organizational culture as a pattern of shared basic assumptions – created, embedded and developed by the members of the organization. Those shared assumptions help the organization to better deal with the problems related to internal integration and external adaptation. Moreover, having worked well enough to be considered valid, the common assumptions can subsequently be taught to new members as the correct way you should perceive, think, and feel about those problems.

Implementation of organizational changes is usually a difficult and demanding task. The classic model of change propounded by Lewin goes so far as to suggest that the success of every organizational change is culturally conditioned (see Fig. 1). Schein [Pimpicki, <http://oin.uwm.edu.pl>] claimed that the creation and management of a certain culture within the organization is the most important task of every manager.

**Figure 1.** Influence of the organizational culture on the stages in Lewin's model of change.

Source: Siemiński 2008, p. 110.

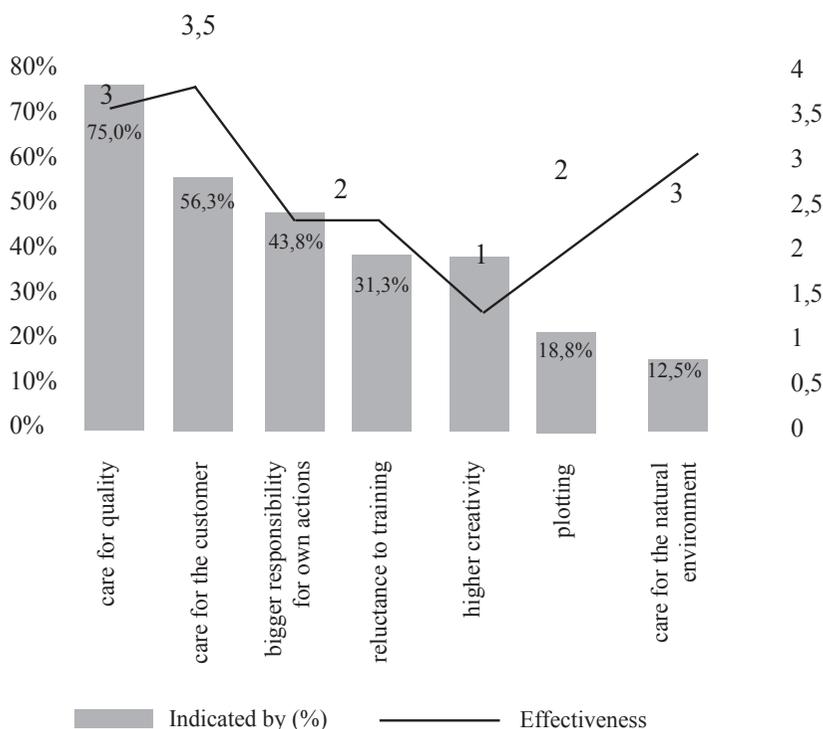
According to Lewin's model, in order to successfully implement changes, the manager must be conscious of the cultural context and must be able to influence it at every stage of the process. After all, it is the strategic changes that determine successful implementation of the long-term strategy and the financial success of the organization. Research conducted by the International Institute for Learning Organization and Innovation in Munich shows that approximately 60% of German, Austrian and Swiss companies fail to achieve their strategic goals. And it is the elements of organizational culture such as employees' resistance to change or failure of the management to create suitable role models that are to blame for those failures [Pimpicki, *W poszukiwaniu...*, <http://oin.uwm.edu.pl>]. According to Fryzeł [Fryzeł 2003, p. 33], when discussing culture, we should first look at an individual, both as the creator and addressee of the culture.

## 2. Research results

The choice of the research sample was deliberate. The research sample included 19 large production companies (employing 250 or more people) located in the province of Warmia and Mazury. They accounted for 40.4% of the population studied.

As many as 84.2% of the companies studied tried to actively shape values and cultural norms although none of them assigned a separate activity just for this purpose. In all cases, the transformation of value systems went hand in hand with organizational changes.

**Figure 2.** Values and norms subjected to change in the companies studied.



(Scale: 1 – none of the objectives have been achieved; 2 – only a few objectives have been achieved; 3 – most of the objectives have been achieved; 4 – all objectives have been achieved)

Source: own elaboration based on research results.

The managers indicated 7 basic factors which they wanted to change in their companies. In 75% of the cases, the managers wanted to promote the spirit of care for the quality among their staff. The managers said that the effectiveness of the activities undertaken to this effect was high. They said that most of the goals were achieved (3.0). The second most popular area subjected to change in the studied companies was the employees' attitude to the customer, understood as the care for the customer's needs. In almost half of the cases, the managers

undertook activities aimed at making the employees feel more responsibility for their own actions.

Implementation of organizational changes in a company depends on both internal and external factors. Any interference in the values and cultural norms disturbs the fragile internal social consensus built on established procedures and norms of behaviour. Any attempt at the redefinition of them or interference in the generally accepted ways of behaviour provokes different reactions from the employees. According to Zakrzewska-Bieławska [Lachiewicz, Zakrzewska-Bielawska 2005, pp. 247–248], the way the employees adapt to new conditions is highly dependent on each employee's status, qualifications, skills and occupied post. There are also other conditions influencing their personal and professional life that matter. Among them are: personality; balance of potential gains and losses resulting from the change; ways in which and scope to which the staff are informed about the planned changes; the degree of involvement in the implementation of change; and culture. Resistance to change among employees is a form of reaction to the discontinuity which results from the changes. It is also a way of challenging the new reality by employees. In the researched companies, such resistance appeared in 87.5% of organizations in which the changes were implemented. Thirteen major reasons for such resistance were identified during the process of creating new organizational culture.

**Table 1.** Reasons for organizational resistance and their strength of impact.

Reason for resistance	Indicated by [%]	Impact, if indicated [1-3]
Inertia of habits	100,0	2,5
Fear of the unknown	100,0	2,2
Fear of loosing the job	100,0	2,4
Age of the employees	92,9	1,7
Reluctance to change	92,9	2,2
Fear that the new requirements will be too difficult to meet	85,7	2,0
Lack of understanding of the purpose and sense of the changes	78,6	2,1
Fear of a decrease in the salary or a loss of the job	78,6	2,0
Resistance of informal groups	71,4	1,9
Lack of sufficient skills among the staff	57,1	1,8
Fear of the necessity to improve skills or learn new skills	42,9	1,5
Bad preparation of the process of change	35,7	1,4
Activity of labour unions	28,6	2,3

Source: own elaboration based on research results.

Three causes of resistance turned out to be common for all of the companies studied. Inertia of habits is the strongest factor and its impact in all of the companies

was described as “average” or “high”. This factor is undoubtedly hampering the introduction of any organizational change. Inadequate or inconsistent process of “refreezing” usually causes the employees to revert to old, “tried and tested” ways of behaviour.

Uncertainty is responsible for the exaggeration of threats and dangers whose cost will supposedly have to be borne by the employees. In consequence, uncertainty leads to the emergence of further negative results accompanying the process of change, such as fear of the unknown (100% and 2.2 respectively), lack of understanding of the purpose and sense of the changes (78.6%; 2.1), and particularly fear of being sacked (100%; 2.4). Managers expect their staff to engage wholeheartedly in the implementation of changes while the staff do not see the purpose of them or the need for them. Therefore it is imperative that the managers prepare a comprehensive strategy of the implementation of changes, a strategy which will take into account the effect of changes on human personality on the intellectual, behavioral and emotional levels (the principle of “head-heart-hands”). If the manager expects his or her staff to achieve the goals, he or she has to explain to the employees, in a rational way, why the changes have to be implemented, what the present problems are and what potential problems may occur in the future. The manager also has to address any doubts the employees have concerning the changes.

Resistance displayed by informal groups in the organization can disturb successful implementation of changes. The managers in the studied companies admitted that they very often underestimated the importance of this factor.

**Table 2.** Signs of organizational resistance.

<b>Signs of resistance towards the change of organizational culture</b>	Indicated by (%)
Attempt at „sitting out” the changes	85,7
Looking for problems	57,1
Dissemination of untrue or incomplete information or gossips	50,0
Reticence, withdrawal	42,9
Contesting the purposefulness of the changes	35,7
Increase in the number and frequency of taking days off sick	35,7
Activity of labour unions	28,6
Lack of involvement in work	28,6
Lack of acceptance of the new rules and disregard of them	21,4
Increase in the number of resignations from work	21,4
Lowered discipline	21,4
Refusal to accept new ways of behaviour	7,1

*Source:* own elaboration based on research results.

Resistance to changes should be seen as a fact of life, although its influence should not be overrated. Resistance is a natural reaction, particularly when the

changes are imposed on people. Therefore the instances of employees' resistance should be treated as a natural phenomenon during the implementation of changes. Managers have to be prepared to control and solve emotional, social and organizational problems appearing in day-to-day operation of the business. In the companies studied, the employees usually tried to "sit out" the period of changes. This kind of attitude was reported by almost 86% of the companies who participated in the study. Employees, not knowing the real reasons why the changes were being implemented, preferred not to show their real feelings and opinions. Fear of the unknown, low confidence in their own skills and a low sense of work security make it difficult for them to openly stand up against the changes. Only in 7% of the companies, the employees refused to adopt the new ways of behaviour but in 21% of them the employees did not accept the changes and did not comply with new procedures. Communication problems leading to a lack of knowledge and increasing the sense of insecurity among employees may further aggravate the situation. In the face of insufficient information, it is very common for employees to spread incomplete, often exaggerated or unverified information (50% of indications). Increased stress level among the employees is also a common and natural phenomenon accompanying changes in an organization. Lack of sufficient information (particularly when the employees feel only as the objects of the change process or when the exaggerated or untrue gossip spreads across the company) may lead to, and according to research does lead to, other defensive reactions on the part of employees. The employees tend to become reticent and withdrawn (43% of indications). The employees are passively waiting for what tomorrow will bring them, and resign themselves to their fate, feeling that they are not able to influence their own situation. They live under permanent stress, which results in a higher number of days off sick (35.7%).

Most people, sooner or later, adapt to changes. The saying that "time heals the wounds" can be also applied to the reaction of people to a new, changed situation. It should be noted that managers carrying out organizational changes should remember that, even if the change is positive for the employee, it may provoke emotional tension and a sense of unrest. This state is typical for a situation when a person feels that he or she is losing confidence. The change forces employees to adapt to new situations and change the perception of the world around them.

The ability to make a quick and good diagnosis of the situation allows the manager to understand the type of reaction and enables him or her to choose more effective procedures which will help the employees to better adapt to the new situation. In all of the companies studied in which resistance to change occurred, the management undertook measures aimed at reducing the scale of this resistance. Sources and symptoms of the resistance and its complex nature prompted the managers to take various measures. In 85.7% of the companies the management tried to keep the employees better informed about the changes. In 64.3% of the companies direct talks were held with the employees and the

management organized meetings explaining the reasons for and the objectives of the change process. The following measures were also taken, although less often: negotiations with labour unions (35.7%), involvement of informal leaders in the change process (28.6%), increased participation of employees in the decision making process and in the execution of the plan of changes (28.6%). The managers also tried to use their formal superiority over the staff by increasing discipline in the company (50%), increasing supervision over employees (42.9%) and imposing the changes on their staff despite their resistance (21.4%).

It is a difficult task to overcome the resistance of employees. However, if managers apply consistent and intensified measures which influence their employees on different levels, they will be able to take advantage of the synergetic effect of the measures they took. Inertia of habits was identified in all of the companies participating in the study. This problem was completely solved in almost 43% of the companies, and was partly solved in 35.7% of them. Only 14.3% of the managers admitted that they had not managed to overcome this problem. A relatively high rate of successfully implemented measures in this respect testifies to the determination, involvement and patience of the managers. In order to overcome the inertia, three kinds of measures had to be applied: intensification of the information campaign, combined with a change in the organizational structure and adjustment of the motivation systems proved to be effective in most cases. When a crisis erupted, it was important to increase supervision. The employees were not always ready to take over "control" over their own activities. Maintaining a strict, or at least intensified control during the period of changes can make the employees adapt to new conditions faster. On a scale of 1 to 3, the managers rated the effectiveness of the steps they had taken in order to minimize the resistance of the employees at 2.2.

The measures applied by the managers allowed them to overcome the resistance of their employees caused by the lack of sufficient information about the purpose and direction of changes and the resulting requirements for the employees. Thanks to those measures, the employees were less worried about the necessity to change their professional skills (2.6) and about the new requirements which were feared of as impossible to fulfill (2.5). The resistance of informal groups also decreased (2.4) and employees better understood the purpose and sense of the changes (2.3). Increased level of employees' involvement also contributed to mitigating the problems resulting from the mistakes which were made during the preparation of the change process (2.7). The activities aimed at reducing the resistance from labour unions turned out to be the least effective (1.0). However, in 66.7% of the companies in which this problem occurred, it is still too early to evaluate the effectiveness of the activities undertaken by the management.

### 3. Conclusions

The results of a study conducted by McKinsey [Stachowicz, Machulik 2001, p. 217], a consulting company, may serve as a good summary of this article.

According to them, almost 75% of western companies in which the management tried to introduce new organizational culture failed to implement the changes successfully. Among the main reasons behind the failures were:

- lack of good project of the change process;
- inconsistency in the implementation of the change process;
- insufficient involvement of senior management;
- lack of sufficiently trained coordinators of the change process.

All of the reasons listed above occurred in the companies studied, too. With the benefit of hindsight, 85.7% of the managers would decide to modify the change process: 33.3% of them would increase the involvement of informal leaders; 33.3% would make the members of the organization aware of the causes and purpose of the planned changes. They also admitted that it is necessary to involve the employees in the process of change as early as the planning phase (25%).

### Abstract

*The main objective of the article is the presentation of practical aspects of cultural changes implementation and also the analysis of research conducted in large industrial enterprises of Warmia and Mazury. To realize the main goal of the research the literature studies, a survey and also an interview were conducted. As a research tool a questionnaire prepared by the researchers was used.*

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