

Joanna Małgorzata Michalak
Uniwersytet Łódzki

Cultural Catalysts and Barriers of Organizational Change Management: a Preliminary Overview

The only thing constant is change
Heraclitus, Greek philosopher

1. Introduction

“As the environment changes so should the company” [Thompson 1967] is a fundamental presumption in management literature. Internationalization and globalization, accelerated technological changes, growing scarcity of resources, the circumstances of global financial crisis – these all shape the current world business environment escalating competitive rivalry among companies [Brahm 1995, pp. 71–91] and trigger desire for change. Thus, Peter Drucker’s [1999] observation that “Change is unavoidable [...] that implies that change is like death and taxes – it should be postponed as long as possible and no change would be vastly preferable. But in a period of upheaval, such as the one we are living in, change is the norm” is more timely than ever.

Moreover, corporate business environment is becoming more and more globalized, which expands international cooperation between companies. Hence, in order to build high performing organizations managers need to know how to effectively manage organizational changes and understand the relationship between organizational culture, national culture and organizational change.

2. Organizational Changes: Success Rates

The changes in organizational life range from routine operational improvements to major, radical, transformational changes. Examples of the latter include: business mergers and acquisitions, business (territorial) expansions, cultural

changes, management information system (MIS) implementation, enterprise resources planning (ERP) implementation, process improvement or re-engineering, and restructuring of organizational units, such as downsizing, technology changes, Total Quality Management (TQM) driven changes, and development of new business strategies [Smith 2002, p. 26]. Moreover, business and professional publications report that over 40% of organizational changes encompass several categories [Mourier, Smith 2001], which makes the process of organizational change management both complex and complicated.

Simultaneously, according to various studies, organizational change attempts frequently fail [Coulson-Thomas 1992; Smith 2002, pp. 26–31], which makes them events with potential strong negative consequences for individuals as well as businesses. Although the rate of failure varies by type of change [Smith 2002, pp. 26–31], it stays relatively high, especially with large-scale changes. Thus, 50–80% of mergers and acquisitions never produce anticipated outcomes, 70% of re-engineering projects are unsuccessful, 83% of all mergers and acquisitions fail to produce shareholder value [KPMG Global Research Report 1999], and over a 50% failure rate applies to business expansions, re-structuring (e.g. downsizing) and Total Quality Management driven changes. This turns organizational change into an event with strong negative consequences for individuals and businesses.

3. Organizational Changes: Major Barriers

Organizations rely on their employees to adapt to changes [Armenakis, Harris, Mossholder 1993, p. 681], however the adaptation is usually slow, often difficult and sometimes even unsuccessful. This mostly occurs in the case of socially detrimental changes, for instance those in the aftermath of the recent global economic crisis which include: closures of factories and redundancies for cost reasons, organizational changes in management strategy, price restructuring (cost cutting) accompanied by lay-offs, internal restructuring involving, for example, a merger of two work units, and a decrease in company value (reputation, goodwill). Therefore, change remains and will remain a dilemma in how to cope with challenges that are often mutually exclusive: a challenge to assure high organizational change performance and a challenge to sustain organizational social integrity. Thus, the question here is: “If the change produces anticipated benefits, will people survive the change and stay with us?”

The odds of successful change management depend on numerous influential factors: methodological determinants, the complexity of change and social aspects. These aspects are dominant and comprise: top manager commitment and open communication [Ringer 1998], social culture [Hofstede 1980] and employees’ reaction to change, especially resistance [Carnall 1990; Burnes 1992; Coulson-Thomas 1992; Kotter 1996].

Organizational members' reactions to change vary depending on the character of transformation and the value that people place on satisfying different individual needs [Carnall 1990]. Individuals or groups can react very differently to change: from passively resisting it, silencing its advocates, refusing to engage in joint problem-solving, refusing to seek common ground, sabotaging, and aggressively trying to undermine it, to sincerely embracing it [Kotter, Schlesinger 2008; Agocs 1997, p. 45].

Resistance to change is customarily mentioned in management literature as an inevitable consequence of organizational change initiatives and listed among the most crucial inertial forces against any transformation [Carnall 1990; Burnes 1992; Coulson-Thomas 1992; Kotter 1996]. Because the future is often uncertain in terms of change, people in general are not motivated to change unless there are compelling reasons to do so [Bouckenooghe, Devos, van den Broeck 2009, p. 559, p. 41] and the destination state to which the organization moves is indeed beneficial to individuals and the whole organization. Therefore, any change attempts encounter resistance.

Peter Senge [2006] states that "People don't resist change. They resist being changed". Employees' resistance to change is attributed to various causes including habit and inertia [Agocs 1997, p. 45]. It stems also from change as such (e.g. impediments related to undertaking the transformation); from fear of the unknown and anxiety [Baron 1990; Czerska 1996; Griffin 1996] resulting from individual perception of consequences of the change process, such as absence of the skills they will need after the change, and losing power or position.

Although inertial forces constantly occur during the change process, adaptation will be successful when they are overcome. Because resistance is claimed to be a natural human response [Schein 1988] to "uncertainty, anxiety and ambiguity" inherent for a situation of change [Griffin 1996], attaining the organizational balance by "ensuring a tolerable level of environmental uncertainty, anxiety and ambiguity" [Ristino 2005/2006, p. 130] for organizational members seems to be a vital determinant of successful change management.

Table 1. Methods for dealing with resistance to change

Approach	Commonly used in situations	Advantages	Drawbacks
Education + communication	Where there is a lack of information or inaccurate information and analysis.	Once persuaded, people will often help with the implementation of the change.	Can be very time-consuming if lots of people are involved.
Participation + involvement	Where the initiators do not have all the information they need to design the change, and where others have considerable power to resist.	People who participate will be committed to implementing change, and any relevant information they have will be integrated into the change plan.	Can be very time-consuming if participators design an inappropriate change.
Facilitation + support	Where people are resisting because of adjustment problems.	No other approach works as well with adjustment problems.	Can be time-consuming, expensive, and still fail.
Negotiation + agreement	Where someone or some group will clearly lose out in a change, and where that group has considerable power to resist.	Sometimes it is a relatively easy way to avoid major resistance.	Can be too expensive in many cases if it alerts others to negotiate for compliance.
Manipulation + co-optation	Where other tactics will not work or are too expensive.	It can be a relatively quick and inexpensive solution to resistance problems.	Can lead to future problems if people feel manipulated.
Explicit + implicit coercion	Where speed is essential, and the change initiators possess considerable power.	It is speedy and can overcome any kind of resistance.	Can be risky if it leaves people mad at the initiators.

Source: J.P. Kotter, L. Schlesinger, 2008. *Choosing Strategies for Change*, HBR, July–August, p. 136.

The tension resulting from uncertainty can be eased by developing a strategy for change and employing a combination of management facilitation methods (OD interventions) appropriate for each phase of organizational change process¹. Those interventions include: showing empathy and support, motivation, stakeholder participation, team building, negotiation and confrontation meetings, manipulation, co-optation and coercion but above all training and communication programs [Griffin 1996; Czerska 1996; Zarębska 2002; Mikołajczyk 2003, Kotter, Schlesinger 2008]. Commonly recognized facilitation strategies and their characteristics are shown in Table 1.

4. No 'One Best Way' to Manage Organisational Change

Despite a growing body of management literature on the organizational change process which has been a focus of study in a variety of contexts, there seems to be a constant lack of ultimate answers on how to manage the change successfully in different cultural settings.

In the current internationalized and globalized business environment, the cross-cultural aspects of change management should not be overlooked. Geert Hofstede states that "Culture is more often a source of conflict than of synergy. Cultural differences are a nuisance at best and often a disaster." In consequence, change is becoming more challenging in a way that the typical obstacles to organizational change appear to increase.

Since Hofstede's [1980] monumental work, the issues of cultural differences in a business context have been thoroughly researched and profound knowledge has been accumulated in recent management literature [Hampden-Turner, Trompenaars 2002, 2005, 2006; House (ed.), 2004]. Studies show that people from different cultural backgrounds vary in terms of their receptiveness to new ideas [Coulson-Thomas 1992] and every culture differs in its selection of approach to decision-making and problem-solving [Hampden-Turner, Trompenaars 2002] as well as to change-managing [Hess 2009], specifically in selection of OD interventions.

Moreover, Charles Hampden-Turner and Fons Trompenaars [2002] in their work *Riding the waves of culture* reveal that management methods developed in the North-American arena encounter methodological problems when applied to non-North American countries. Thus, while using universal approaches to change, one should take into account that they might not serve their purpose in every cultural setting. Therefore, to achieve positive results in management, "tailoring is needed" [Coulson-Thomas 1992]. Consequently, companies operating in varied cultural settings should adopt approaches to organizational change management congruent with a particular societal culture. The unresolved question here is: "How and to what extent should organizational change theory be modified according to national differences for business organization success?"

¹ See: Carnall 1990; Burnes 1992; Kotter 1996.

5. Cultural Dimensions and Change Management in Multi-Cultural Settings

In management literature there are numerous studies presenting classification of cultural dimensions. Geert Hofstede's study of cross-cultural values has come to be regarded as one of the most influential.

G. Hofstede [1980] identified four sets of fundamental cultural dimensions, which are: power distance, individualism and collectivism, masculinity and femininity, and uncertainty avoidance. The fifth dimension: long-term and short-term orientation was introduced by Chinese researchers and later incorporated into Hofstede's framework. According to this study [Hofstede 1980]:

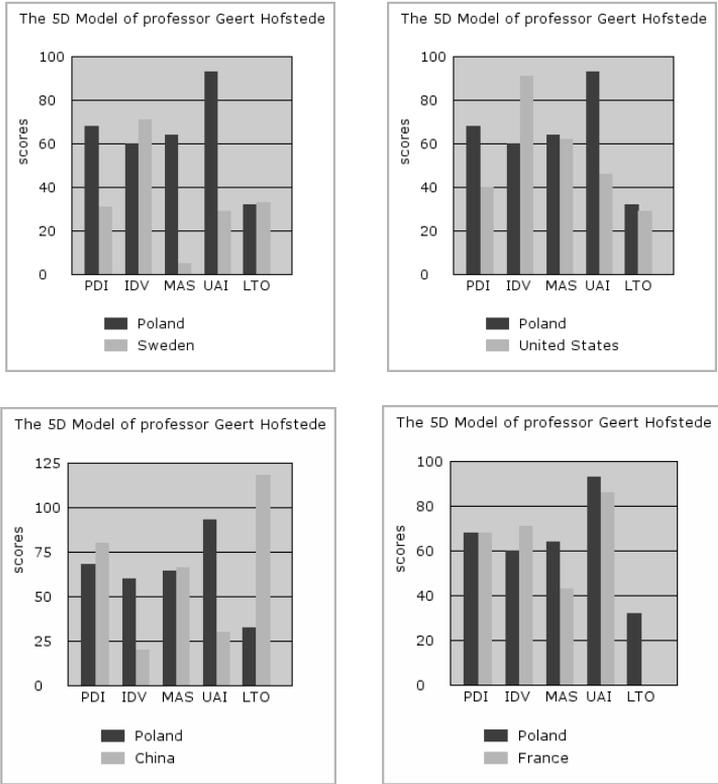
- **Power Distance** explains the extent to which the less powerful members of organizations and institutions accept and expect that power is distributed unequally. This represents inequality, but defined from below, not from above. It suggests that a society's level of inequality is endorsed by the followers as much as by the leaders. Power and inequality are extremely fundamental facts of any society and anybody with some international experience will be aware that "all societies are unequal, but some are more unequal than others".
- **Individualism (IDV)** versus **collectivism**, indicates the degree to which individuals are integrated into groups. On the individualist side there are societies in which the ties between individuals are loose: everyone is expected to look after him/herself and his/her immediate family. On the collectivist side, there are societies in which people, from birth onwards, are integrated into strong, cohesive in-groups, often extended families which continue protecting them in exchange for unquestioning loyalty. The word "collectivism" in this sense has no political meaning: it refers to the group, not to the state.
- **Masculinity (MAS)** versus **femininity**, refers to the distribution of roles between the genders. The studies revealed that (a) women's values differ less between societies than men's values; (b) men's values from one country to another contain a dimension from very assertive, competitive and maximally different from women's values on the one side, to modest and caring and similar to women's values on the other. The assertive pole has been called "masculine" and the modest, caring pole "feminine". The women in feminine countries have the same modest, caring values as the men; in the masculine countries they are somewhat assertive and competitive, but not as much as the men, so that these countries show a gap between men's values and women's values.
- **Uncertainty Avoidance (UAI)** deals with a society's tolerance for uncertainty and ambiguity and indicates to what extent a culture programs its members to feel either uncomfortable or comfortable in unstructured situations. Unstructured situations are novel, unknown, surprising, and different from usual. Uncertainty avoiding cultures try to minimize the possibility of such situations by strict laws and rules, safety and security measures, and on the philosophical and religious level by a belief in absolute Truth. People in

uncertainty avoiding countries are also more emotional, and motivated by inner nervous energy. The opposite type, uncertainty accepting cultures, are more tolerant of opinions different from what they are used to; they try to have as few rules as possible, and on the philosophical and religious level they are relativist and allow many currents to flow side by side. People within these cultures are more phlegmatic and contemplative, and not expected by their environment to express emotions.

- **Long-Term Orientation** deals with Virtue regardless of Truth. Values associated with Long Term Orientation are thrift and perseverance; values associated with Short Term Orientation are respect for tradition, fulfilling social obligations, and protecting one’s face.

These cultural differences describe averages or tendencies and not characteristics of individuals. The examples of cultural dimensions for four selected countries, namely: Poland, Sweden, US and China are shown in Figure 1.

Figure 1. Geert Hofstede’s Cultural Dimensions for Poland versus Sweden, USA, China



There is an interplay among the above-mentioned cultural dimensions and resistance to change in a way that societies with a high indicator of power distance, individualism, and uncertainty avoidance create vital inertial forces against transformation [Hofstede 1980]. This makes a demand for the application of – the above-mentioned (Table 1) – persuasive and manipulative facilitation strategies to organizational change [Hess 2009]. In contrast, in cultures with a low indicator of these dimensions (e.g. Australia, New Zealand) people tend to have low resistance to change, and participative – consultative and democratic – interventions such as: communication, participation and negotiation (Table 1) are found to be most effective [Hess 2009].

Simultaneously, other empirical researches demonstrate important links between culture and social capital, including: trust and trustworthiness. The environment of trust within an organization is impacted by the culture of that organization [Robbins 1998].

Trust represents a positive assumption about the motives and intentions of another party; it allows people to economize on information processing and safeguarding behaviours [Gambetta 1988]. Organizational trust is based on collective trust of individual organizational members [Huff, Kelley 2003, pp. 81–90] and is viewed as the level of trust employees have in the multiple organizational members [Shockley-Zalabak, Ellis; Winograd 2000, pp. 35–48]. The level of organizational trust is influenced by the level of trust inherent in the society [Mayer, Davis, Schoorman 1995, pp. 709–734] and differs across societies [Huff, Kelley 2003, pp. 81–90; Zaheer, Zaheer 2006, pp. 21–29].

Francis Fukuyama [1995] argues that global competitiveness of firms is affected by the level of trust inherent in the nation's society. Business outcomes are significantly influenced when trust is treated as a cultural characteristic of the organization.

Moreover, there is much evidence of the positive roles of trust in the corporate environment in general [Knack, Keefer 1997; Huff, Kelley 2003, pp. 81–90; Alston 2004, pp. 411–417; Sztompka 2007] and also in organizational change [Sydow 1998]. Thus, there is a need to create a culture that reinforces trust [Alston, Tippett 2009], which is possible in the case of the application of participative facilitation methods to organizational change (Table 1).

6. Summary

The paper gives a preliminary overview of cultural aspects of organizational change management. It highlights culture as a critical issue in managing organizations or business corporations. It shows that in the process of transforming a company across national and cultural boundaries and applying facilitating strategies, cultural differences should be definitely taken into consideration.

Notwithstanding the profound research regarding the links between management and culture, including social capital and social trust, the issues of culture and its influence on change management performance have not been systematically explored in current economic literature. Owing to the fact that to survive and develop in turbulent business environment organizations should quickly respond to changes, the main focus of this study is the statement that companies operating in different cultural settings need to know how to manage organizational changes effectively. That is to say, the application of a methodologically sound approach to change [Kotter 1996], comprising the facilitating strategies congruent with a particular national culture, should be applied. This would subsequently result in a positive performance of the change process.

Consequently, the following question arises: “Will firms that consider culture in their approach to change management and adjust facilitating strategies be more successful in achieving expected results of organizational change than firms that neglect culture in their change approach?”. This and other questions mentioned in the paper will be addressed by the author in further empirical research.

Abstract

Business organizations confront increasing and more complex changes in economic, technological, and social environment than never before. Internationalization and globalization, accelerated technological changes, growing scarcity of resources, the circumstances of global financial crisis – these all shape the current world business environment and trigger desire for change.

Although the organizational change process has been examined in a variety of contexts, there seems to be a constant lack of ultimate answers on how to manage the change successfully in different cultural settings.

This paper gives an overview of major issues of managing organizational change in multicultural context. The focus of this preliminary theoretical study is the statement that companies operating on internationalized markets in different cultural settings should know how to manage organizational changes effectively. This should involve the application of a methodologically sound, customised approach to change, comprising the facilitating OD interventions congruent with a particular national culture. These issues need a profound study and empirical research, which will be the next step in the author’s work.

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