Organizational Culture and Change in Sarajevo

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Abstract

Main aim of this paper is to explain and analyze the importance of organizational culture in an organization, and the organizational change. Paper will define organizational culture, its characteristics, impacts and functions in an organization. Also, it will analyze the organizational change and the possibility of cultural change in an organization. There would be different opinions and arguments about this topic and also the example of Sarajevo company Elektropriveda will be presented. In this paper, both secondary and primary data will be used. Considering the case of Elektropriveda, primary data will be presented and used and secondary data will be presented through various definitions and theoretical part. Established organizational culture has a lot of impact on organization performance and development, and also on creating a competitive advantage of a company. It is very hard to achieve the organizational change especially in the organizations with the strong culture. Paper will try to answer on few questions such as is it possible to change organizational culture and in what ways, and if change happens is it possible to manage it and how?

Keywords: Organizational culture, Organizational cultural change, resistance to change, competitive advantage, and uncertainty

1. INTRODUCTION

Main aim and focus of this paper will be presenting the importance of organizational culture in an organization and evaluating the possibility of organizational change. It is a concept that serves companies to perform better and improve their outcomes. This paper examines the possibilities of changing the organizational culture and the barriers that aggravate the change. Main focus will be on difficulty of changing and managing the cultural change. The paper explains it all, with linking an examples with theory.

2. ORGANIZATIONAL CULTURE

2.1 Definition and explanation of the term

In the recent years, the term organizational culture becomes very popular topic of huge interest among academics and practitioners. The concept of organizational culture is very complex and broad because it is not possible to put it in some firm boundaries or limits, but it is one of the most important aspects of an organization or company due to the fact that it facilitates adaptation to change and innovative conditions of society. It is also one of the main factors in determining the successfulness of the company, its competitive advantage and the overall results and profit.

Due to enormous interest for organizational culture, the definition of it should be understood and explained in a very clear way. It cannot be defined so easily, but it is very visible. The most prominent and useful definition is given by Schein and he noted that organizational culture is: "A pattern of shared basic assumptions that the group learned as it solved its problems that has worked well enough to be considered valid and is passed on to new members as the correct way to perceive, think, and feel in relation to those problems."

Organizational culture is basically set of same and shared beliefs and opinions among the organization's employees and it distinguishes one company from other companies, and it is generally recognized by its employees. It has an enormous impact on the behavior of organization's members and it is one of the main characteristics which organization values. Organizational culture actually brings people closer and it makes easier to conduct reconciliation of business and the workplace. The organizational culture which is on the high level is a subtle and sophisticated condition that certainly contributes to the increase in efficiency and effectiveness of the organization. Defining and creating good culture helps in predicting the company's success and position on a global market. There is a general consensus that culture is the main part of an organization and it has to fit into strategy of organization. So without a culture the company cannot have the effective strategy or the effective strategic goals. Different organizations have different organizational cultures which makes personality of the company very unique and stable. When it comes to external innovations and changes, the existence and the type of the organizational culture plays a significant role in habituating a change and determining a company's role in global market. It is very important to mention that managing the organizational cultural change is very important skill required by today's managers, leaders and the employees of the organization due to rapid changes that companies face.

2.2 Importance and Impact

In the past 30 years, the term organizational culture is used to describe and analyze a human systems and their behavior. Organizational culture and its types, aspects and norms are seen as an important factor that affects the company's success, competitive advantage and performance.

214

The set of integrated concepts becomes the manner or strategies through which an organization achieves its specific goals. It can therefore be postulated that an organization's collective culture influences both the attitudes and subsequent behaviors of its employees, as well as the level of performance the organization achieves. (Marcoulides and Heck, 1993) Therefore, it has become a key factor in the development of an organization or the company. Managing the organizational change can provide a foundation for competitive advantage. There are lot of reasons for the company to possess a culture, and due to globalization and increased competition, the need for organizational culture created an important step and skill for every organization that wish to go in the raising direction. A common hypothesis about this role suggests that if an organization possesses "strong culture" by exhibiting a well-integrated and effective set of specific values, beliefs, and behavior patterns, then it will perform at a higher level of productivity (Dennison, 1984). A big number of members who accept the core values and if they posses greater commitment to those values, will result in a stronger organizational culture. There are lot of key factors that makes organizational culture the important term in organizational theories and development.

The primary importance of organizational culture is improving the organizational performance. The cultural setting of the organization will affect the outcome of the methods and also the performance of the organization (Naor et al., 2008). It makes people or employees of the company as very important and empowers people to be innovative and to work together in order to achieve desired goals. Organizational culture determines the effectiveness, capacity and the organization's long term existence. It determines the relationship among internal and external environment of the company and the maintenance among them. One of the most important impacts of organizational culture is that it highly affects and contributes to the image or brand of the company and it creates energy among members of the organization to achieve desired outcome. Culture improves the stability of social system and it helps to hold the organization together, in the context of what employees should do and say. Organizational culture has a lot of impact on company's business strategy and its strategic goals. In order to determine its vision and mission, company must look in its internal environment and culture in order to implement the certain strategy. In other words, what the companies do is determined by the culture.

3. ORGANIZATIONAL CHANGE

3.1 Factors causing change

In today's world, the organizations face a dynamic and rapid change. The increased competition, globalization and the opportunity for more growth brought a wide variety of expectations and needs from the organizations. This requires these organizations to adapt. The ability to manage a change has become a very important and in some way required skill for managers, leaders and employees of the organizations. To increase effectiveness, improve efficiency, gain market share, or simplify the organizational design, managers are constantly creating new programs, streamlining procedures, evaluating proposed courses of action, and encountering new opportunities in their organizations' environments. All of these activities

215

involve change. (Glick et al. 1990)There are lot of reasons and factors that cause change and adaptation of the companies but the most important and prominent ones are to be explained in further text.

Technology is one of the main causes of change in companies. Technology is changing organizations and jobs. The improvement and advances in technology have a lot of impact on the employees work. It is foundational thing for almost every organization, and it is considered as one of the main ingredients for company to be successful and competitive. The technological networks or computer networks are changing and shaping the whole industries due to need of having access to many specters and aspects in a market.

Nowadays with the complex challenges that companies are faced, the economic changes or so called economic shocks play a major role in causing a change. The reasons for this are the creation of new businesses, declining or increasing of stock market and of course the innovation. As we live in no certain world, the so called economic shocks are constantly imposing the changes on the organizations.

Another one factor of causing the changes is competition. As we live in a fast environment, there are lots of competitors in a global perspective. Global means that competitors can came from every side and every corner of the world, so the organizations has to be very quick and fast in order to defend themselves from competitors with a new innovative products and services.

Social trends are also one of the concepts that impose change on organizations. It is widely known that people are get used on buying through Internet, so the companies have to invest not just in regular commercials and marketing, they also have to advertise through Internet or some social networks.

All this can develop and cause resistance to change by employees of the company but also by managers and leaders. It is widely known that the organizations and its members resist change. It can be very beneficial and positive for the company because it proves that company has a strong organizational culture, behavior and norms that respects. Resistance to change gives stability but also can cause conflicted sides due to adaptation and the changing nature of the workforce. The reasons for resistance to change are usually based on the individual characteristics and security. It is very hard to change the habits of people or their personality in a way. When people in the organization are confronted with the change, they fell as their security is harmed due to reason that change always leads us into unknown situations. The uncertainty may be one of the main reasons to resist a change. Uncertainty is an aversive state that motivates strategies aimed at reducing or managing it (Bordia et al. 2004). It can be very hard to successfully achieve organizational change because it is similar to changing person's habits and personality. As it is mentioned it is very hard to manage change, but even harder to manage cultural change in the organization.

3.3 Managing Organizational Cultural Change

Why do organizations are forced to change and transform its culture? This situation is most likely to occur when the organization's environment is dynamic. When the company is surrounded by rapid change and the environment is faced with fast change, the organization's entrenched culture may no longer be appropriate. The organization can face the lack of ability to respond on changing process and changing its cultural environment.

According to Cummings and Worley (2005), organizational culture cannot be changed easily because the employees need time to acquaint themselves to a new culture. It is hard to change personality and habits of employees and it would be much harder if the employees are not innovative and conductive to change.

Although it is very hard to change culture of an organization, it is not impossible. There are certain plans for implementing the change of the organizational change. First of all, the certain approaches and strategies have to be identified to identify the change. Second action would be developing the teams in order to implement identified actions. Plans have to be documented and when change is visible, managing change is the next process. The focus question here is if the organizational culture is eventually changed, can it be easily managed? Even though there is lot of reasons why cultural change is so difficult process, it is not impossible act. Effective cultural change is possible if certain conditions are implemented. According to Stephen and Timothy (2007) cultural change is most likely to take when most or all of the following four conditions exist: the existence of dramatic crises, turnover in the leadership, young and small organization and weak culture. It is very important to explain these four conditions in detail because cultural change is a lengthy process and it cannot be done in couple of a months, it can take even few years.

It is widely known that some executives create a crisis to actually encourage a change of culture. Also crises could be financial, technological or losing major competitor. Turnover in leadership can be very efficient in an introducing and managing new culture. If someone from outside comes to be new leader of the company, it is more likely that new values, norms and beliefs will be established. If the organization is young and small, there is a huge opportunity and possibility that cultural change will happen and the company can easily share and manage its values if the company is small. If the company has a weak culture, it is more possible to change it than to change the strong one.

Changing culture is a very complex and hard process; it is lengthy process which takes a large period of time and in which managers and employees have to be very careful in order to continue with company's normal functioning after the change is done.

3.4 Organizational Cultural Change in Sarajevo

Sarajevo is a capital of Bosnia and Herzegovina, with a very distinct population within it. Sarajevo companies possess a very strong organizational culture with committed employees to their norms, values, beliefs and behaviors. Sarajevo market is consisted of many domestic and international companies.

The example of the domestic or state owned company in BiH is Elektroprivreda. It is very successful company, with a high budget and the great opportunities and possibilities for its employees. It is exposed to change, because it is on international market, but the company is still working under old system and does not give the prior interest toward changing their organizational culture. They are satisfied with the existing profit that they operate, and its employees are not prepared for cultural change. Why? It is known that 30 or 40 years ago, socialism system was represented, and still the organization is working by the old system, values and norms. The employees are very much resistant to change, because the older generations are not used to technology usage and advancement, they are not prepared to a new system and culture after many and many years of working under one certain system and rules. Employees are used to strong rules and regulations, and are not used to modern system leading of the company. In Elektroprivreda there are not any training courses for its employees, there are not any kind of yield to its employees, and strong culture of strong rules and regulations is represented. Individual based resistance to change is also included, because it is hard to change the strong habits of an employee who feel uncertain to go with the change, because change is leading them into uncertain future and situation in which they never were, and never experienced.

4. CONCLUSION

In order to understand the nature of organizational culture and its change it is important to evaluate all the positive and negative sides that organizational cultural change brings and to analyze all the important aspects and characteristics of organizational culture.

This paper gave the explanations of all important definitions of organizational culture, its characteristics and possible outcomes. Also it presented the impact and importance of organizational cultural change on companies. It can be said that organizational culture is one of the most important things that the organization values and change of culture is very difficult especially in the organizations with a strong culture. However, even though it is difficult to change the culture of an organization, paper also gives reasons, ways and arguments toward the possibility of such kind of act. Although it is difficult, it is not impossible. To support the argument that it is difficult to change a strong culture in companies, paper presents the example Elektroprivreda as of one of the most successful companies in Sarajevo and the overall BiH. It is presented that employees in Elektroprivreda are resistant to change and that they feel uncertain considering the cultural change, which leads to lack of security among employees and uncertainty to go in unknown situations and business.

However, organizational culture is a significant factor considering organizational performance and its outcomes, and one of the most important ingredients toward creating and sustaining a competitive advantage of a company. If the company desires to compete on a global stage against all innovative and new offerings from their competitors it is important to have strong organizational culture and ability to change it. Even though it is difficult to achieve this goal, and even though rapid changes are reshaping the entire industries,

companies should evaluate different planes of implementing changes, and try to adapt to a new environment in order to stay stable, competitive and successful on global market.

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