

## CHANGE MANAGEMENT MODEL TO INTEGRATE NEW CULTURAL VALUES INTO THE ORGANIZATION'S STRATEGY

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*Abstract: In the context of internationalization and globalization that characterizes the actual economy over the world, the international organizations' management has to face the challenges of the host country's cultural values. It is well known that the organization's system of values depends on its strategic mission and the personal believes of its members. Nevertheless, whether the strategic mission is not well understood and accepted by all organization's members, then, any change would spring up the opponents that are not sharing the shareholders or management values. Therefore, the culture may be a barrier against change and the organizational culture itself may be more difficult to be changed. Based on the briefly presented framework, this paper is underlying the major cultural problems that the organizations are facing when entering into the host country. Furthermore, it is proposing a change management model to integrate the cultural values of the international organization into the host country's organization. In gathering and selecting the data, the Delphi method has been applied to a group of 12 persons working in corporations, as well as personal judgment. However, the model harmonizes issues of organizational culture with stages to be followed in the process of change management. The model could be put in practice as a tool for managers and may be developed.*

*Keywords: change management, organizational culture, cultural values, organization's strategy, model*

### Introduction

The internationalization has appeared as a need for free trading. Also, other benefits have been added to it, such as: the scale economy, better access on raw materials markets, competitive advantage creation, know-how and technology transfer and others.

More and more organizations are internationalizing, offering processed products, services, utilities, training, and charities. The most number of companies that internationalized came from USA, Japan and Europe, but in the last years China and India are shortening the advance investing abroad.

The benefits of internationalization are suggested and described by two core theory streams: theories of foreign direct investment (FDI) and theories of the multinational firm (Ruigrok & Wagner, 2003).

The internationalization is not an easy process for the management, mainly because the multi-national organizations are difficult to be managed as they operate in many geographically dispersed markets and they must determine the values needed (Tichy, 1987). Aside of the technological, economic and political factors, the organizational culture of the host country may also produce difficulties. The communication in the international environment is sustained by three cultural components: knowledge, skills and mindfulness (Pathak, 2011).

The organizational culture represents "the character of an organization, which directs its employees' day-to-day working relationships and guides them on how to behave and communicate within the organization, as well as guiding how the company hierarchy is built" (Shu-Mei, 2010). One definition of the organizational culture is "the specific collection of values and norms that are shared by people and groups in an organization and that control the way they interact with each other and stakeholders outside the organization" (Ravasi & Schultz, 2006). More specifically, organizational culture is defined as "shared philosophies,

ideologies, beliefs, feelings, assumptions, expectations, attitudes, norms, and values” (Schein, 2011).

When internationalizing the organizations are facing different challenges referring to the diversity of the national culture, people thinking, perception and language, time and space concepts, organizational behavior, social grouping and relations and others.

In the internationalization process the host country organizational culture needs to be implemented, created or change, because the “organizational culture has a deep impact on the performance of employees that can cause to improve in the productivity and enhance the organizational performance” (Shahzad et al., 2012). Nevertheless, “the reality is that it may be more costly to ignore culture than to deal with it” (Millington & Schultz, 2009) and “different types of corporate culture have different levels of acceptance on attitudes toward organizational change” (Al-Zu’bi, 2011).

In the host country organization the new culture is taught to new members through the artifacts (values, ritual, protocol, structure, language and others) “as products of the group efforts to survive and thrive and define appropriate ways to perceive, think, feel, and act” (Schein, 1985; 1996). In this respect, between the knowledge management process and the organizational culture is a positive relationship (Raadabadi et al., 2013) because the “change programs contain subjective, informal and linguistic dimensions which might give reasons for understanding resistance to change in new ways” (Pieterse et al., 2012). The change management process is mostly affected by “three factors which are employee commitment, top management support and organizational culture” (Iqbal, 2011).

One method of changing the organizational culture is through the socialization process “by which individuals learn the values, expected behaviors, and social knowledge necessary to assume their roles in the organization” or “by identifying meaningful culture change drivers” (Somerville & Dyke, 2008).

The internationalization needs a well defined strategy to change the culture in the host country organization. In order to help the practitioners, plenty of models regarding the organization’s culture changing are available in the literature. An example is the Kotter’s eight-step model that discusses the “fundamental changes in how the business is conducted in order to help cope with a new, more challenging market environment” (Kotter, 1995). Another example is the creation of the culture change eight-step process (Cameron, 2006; 2008). The author suggested the following eight steps:

- assess the current culture and determine direction;
- clarify meaning;
- identify stories;
- determine strategic initiatives;
- identify small wins;
- create metrics, measures, and milestones;
- communicating and creating symbols;
- developing leadership.

The “competing values model” (Millington & Schultz, 2009) defines organizational culture along two value dimensions:

- internal (people) vs. external (organization) focus, and
- stability (control) vs. flexibility (change).

The model creates four cultural archetypes:

- hierarchical culture (high internal focus/high value for control);
- market culture or rational culture (high external focus/high value for control);

- adhocracy or developmental culture (high external focus/high value for flexibility), and
- group or clan culture (high internal focus/high value for flexibility).

The other point of view is “the ideational model” that are relating the organization’s performance to cultural fitness, measurement and statistic methods (Xiaoming & Junchen, 2012).

The cultural change cannot be imposed or controlled in the organizations by the management. The managers have to understand, to assess and analyze the directions the culture is moving and they “can only change their behavior towards the workforce and shape their behavior in ways that elicit the desired response” (Millington & Schultz, 2009). “Managing change effectively requires specific kinds of leadership attitudes and behaviors, based in part on knowledge of the specific competencies needed to manage change” (Gossage et al., 2010), because the “organization should build up the capability and resources” (Edmonds, 2011).

Having in view the context briefly presented above, this paper is aiming to highlight the major cultural problems that international organizations are facing in the host countries. In addition, the paper is focused on establishing change management strategic actions to integrate the country of origin organization’s cultural values into the strategy and finally to conceptualize a model to be followed.

### **Methodology**

After issuing a list of the cultural problems, considering the observations, ideas changing with foreign investors and judgment the prioritization of the problems has been donning by using the Delphi method applied to a group of anonymous twelve persons working in seven international organizations, contacted online. Furthermore, in the fifth round, the experts have come to a consensus, so that it was possible to highlight the problems prioritization.

Using the judgment, the change management strategic actions have been selected in order to integrate the international cultural behavior into the host country organization’s strategy and a conceptualization model has been designed.

### **Cultural problems when internationalization**

Even the internationalization is done by setting up a new branch in another country or by joint venture the international organizations are facing some cultural problems when entering into the host country. Aside of the national rituals, values, norms and other aspects of the culture, some organizational behavioral aspects have been deeply rooted, affecting the international organizations’ efficiency and activity’s effectiveness.

The main cultural problems expressed in terms of staff and workers behavior could be followings:

- Lack of following standards and rules

In some organizations the standards and rules are neglected, because the people are very inventive and consider that their ideas of solving a task are most effective. But, the innovation is incremental and not organized, deregulating the process.

- Insufficient time spent for effective work

The people are used to spending some time for taking several brakes during the working time: coffee brakes, longer lunch brakes, solving some personal problems or just talking.

- Ineffective quality of working

“It could go like this” is sometimes a rule of working. That means that some workforce do not consider the quality aspects of their activity and they work without following the quality standards.

- Delay or info deformation in reporting

Reporting is not a usual task or the people are used to emphasize the best aspects of their work, hiding the truth or the negative results, affecting the best decisions.

- Unfair treatment of customers

The primary scope of the workforce’ activities is not considered to be the customers and clients’ satisfaction, but a way to gain salaries, with a negative impact on the relations with the market players and finally on the organization’s outcomes.

- Financial reward expectation

Even the organization is successful on the market or not, the people are expecting different bonuses on different occasions, such as religion free days, holiday, etc. and they feel dissatisfied whether they do not get them.

- Tasks commenting

Some people are commenting the tasks received. This behavior is wasting manager’s time and is stressful for the both parties, affecting the organization’s working climate.

- Self-sufficient feeling

In some organizations the people, especially the experienced ones, have the feeling of self-sufficient that has implications on the training programs.

- Lack of foreign language understanding

In many organizations, the people do not speak a foreign language, and it is difficult to communicate when internationalize. The young people are eager for learning, but the experienced people are refusing or have a lack of capacity to assimilate the basics of a foreign language.

- Insufficient skills and competencies

When hiring local people the competencies and skills required according to the job descriptions are proved by the diplomas but there is not what the employers are expecting.

The table 1 shows the problems identified and prioritized and the strategic actions to solve them.

Table 1 The cultural problems and the change management strategic actions

Median Rank	Cultural problems	Change management strategic actions
1	Lack of following standards and rules	Listening-understanding Communication-explanation Teaching-training-coaching Manager’s own example in team working
2	Insufficient time spent for effective work	Rewards-penalties system
3	Ineffective quality of working	Communication, training and coaching
4	Delay or info deformation in reporting	Communication Manager’s own example in team working

5	Unfair treatment of customers	Communication-explanation Teaching-training-coaching Community relationship
6	Financial reward expectation	Rewards-penalties system
7	Tasks commenting	Listening-understanding Communication-explanation
8	Self-sufficient feeling	Listening-understanding Communication-explanation Teaching-training-coaching
9	Insufficient skills and competencies	Training programs in the country of origin
10	Lack of foreign language understanding	Using a middle manager speaking the foreign languages

However, the problems provided in the table represent the main barriers against change.

When internationalization by joint-venture the cultural problems highlighted above are easier to be solved by applying the strategic actions to the whole organization located in the host country. In addition, the internationalization by setting up a foreign branch or an overseas location, when managers hire the people from different organizations with different sub-cultures or from the unemployment agencies, the problems solving and to cope with the strategic actions that have to be taken are becoming more difficult.

Nevertheless, the best aspects to be mentioned are that the organizational cultural problems illustrated in the table 1 are not representing any national cultural artifacts, but some organizations' culture or sub-cultures.

### **The change management model**

In order to facilitate the integration of the international organization culture a change management model to integrate the cultural values of the international organization into the host country organization is proposed (figure 1).

Usually, the international organizations have a well defined culture, to gain competitive advantages, comprising values like:

- mission and vision well established;
- standards & rules that are governing the entire activity;
- people responsibility, commitment and implication in the organization's strategy and management tactics;
- team working and strengthening;
- human assets & competences building;
- knowledge sharing inside and outside the organization;
- communication at all levels.

Having in view the problems discussed above, the process of integration the international organization's cultural values into the local organization the implementation of the following strategic actions stages are to be challenged:

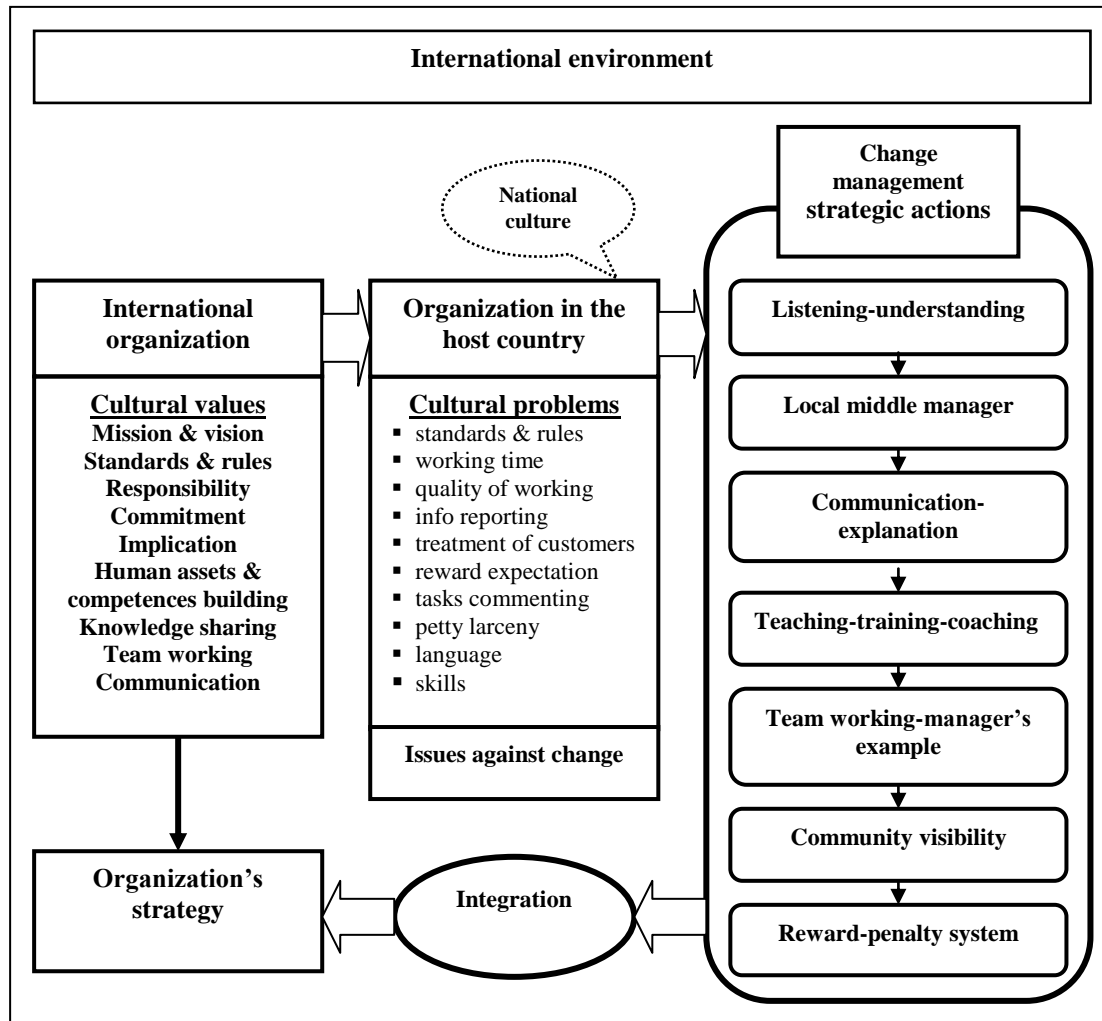


Figure 1 The integration cultural management model

1. Listening and understanding the national cultural values and local people's believes, behaviors and artifacts;
2. Local middle manager hiring to be a mediator and communicator between the both parties;
3. Communication and explanation of how the things have to be percept and applied;
4. Teaching, training and coaching through programs and informally and developing a learning attitude;
5. Team working implementation and manager's example interacting into the team;
6. Developing visibility throughout the community and building relations with the community by implying the employees and their families participation;
7. Reward-penalty system to be negotiated and adapted to the local context.

Without considering that the mentioned cultural values are defining the internationalized organizations, the main aspect that have to be challenged is to integrate these values into the host country organization. In this respect, the process of integration is simple, but it takes time and well selected strategic actions flexible applied.



## Conclusions

The process of internationalization are challenging different problems, among is the cultural problems that are occurring from the host country organization's members behaviours and attitudes. The list of the problems issued could be considered the main problems encountered by the international organizations.

In order to integrate the international organizations' cultural values into the host country a model of change management cultural values is proposed. However, the model harmonizes the problems of organizational culture by stages to be followed in the process of change management.

The limitations of the model proposed are coming from the fact that not all problems are going to be found in every host country and probably other problems not considered here are occurring.

The model proposed is general and flexible, it could be put in practice as a tool for international managers and it could be developed in other researches.

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