

Investigating the Relationship between Corporate Culture and Organizational Change: An Empirical Investigation

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Abstract

This study examined the relationship between corporate culture and attitudes toward organizational change in the Jordanian business environment. The data was collected through the distribution of questionnaires among 209 managers working in 28 insurance companies registered in the Amman Stock Exchange. The Findings showed that there is a relationship between corporate culture and the affective, cognitive, and behavioral tendency of attitudes toward organizational change. The findings also showed different types of organizational culture have different levels of attitudes toward organizational change. Although this study was conducted in Jordan, it is anticipated that the findings may have relevance on a broader scale if applicable. By replicating this study in different countries and contexts the results could be very helpful for developing a new model of corporate culture with new implementation techniques that can be implemented easily and successfully

Keywords: culture, corporate culture, organizational change, insurance companies, Jordan

INTRODUCTION

That the most important characteristics of contemporary environment and under which organizations are dynamic and complex that led to a sense of these organizations, many of the pressures and challenges in order to survive. This required a lot of work and change based on what is happening in the environment changes. And organizational cultures play an important role and occupy a privileged position in organizational change, the most important feature of the modern era, where you need all the organizations in the public sector and private sectors. This situation imposed on organizations in developing countries, interest in culture and regulatory requirements. Based on the organizations that are trying to reconcile between the processes of organizational change and organizational culture, which consists of symbols, rituals, myths transmitted through organizational values and beliefs to employees in the organization. Attic and the importance of this study, which addressed an important topic not addressed in all components of previous studies, did not examine the relationship between them.

From this study, it is possible to enhance our understanding on how or what type of culture is more favorable to organizational change. The findings of this study also have potential implications to managers and consultants on the need to find appropriate organizational culture, consistent with the organizational change.

Thus, this study aims to investigate the possible organizational culture impact on organizational change among Jordanian companies. The objectives

are twofold: first, it attempted to investigate whether the culture construct can be operationalized along distinct, repeatable dimensions; second, it attempts to assess how culture impact organizational change. The main focus of this study is definitions of culture as the shared values and norms of the organization's members. This is appropriate, as the study is primarily concerned with the cause-effect Impact culture on organizational change.

LITERATURE REVIEW

Organizational Culture

The concept of organizational culture has gained wide acceptance as a way to understand human systems. From an "open-systems" perspective, each aspect of organizational culture can be seen as an important environmental condition affecting the system and its subsystems. The culture of a group can now be defined as: A pattern of shared basic assumptions that the group learned as it solved its problems of external adaptation and internal integration, that has worked well enough to be considered valid and therefore, to be taught to new members as the correct way to perceive, think, and feel in relation to those problems (Schein, 2004)

Organizational culture is an idea in the field of organizational studies and management, which describes the attitudes, experiences, beliefs and values (personal and cultural values) of an organization. It has been defined as "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 with stakeholders outside the organization. Ravasi and Schultz (2006) several constructs are commonly

agreed upon – that organizational culture is holistic, historically determined, related to anthropological concepts, socially constructed, soft, and difficult to change.

A significant study was carried out by Deshpandé et al. (1993), in which culture was defined as “a pattern of shared values and beliefs that help individuals to understand organizational functioning, and thus provide them with the norms for behavior in the organization”. In fact, for many companies, organizational culture can end up being more valuable than its own tangible assets (Kaplan and Norton, 2004). Organizational cultures represent 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 (Tseng, 2010). An organizational culture, consists of the values shared by the members of a firm; this is why there will be specific beliefs regarding any corporate structure and behavior. When such beliefs are widely shared, the culture is said to be a strong or powerful one; however, when a certain value has been accepted by a very specific group (Claver et al., 2001).

In trying to understand better the concept of corporate culture, several typologies had been developed. One of the most recent typologies was developed by Goffee and Jones (1998). They categorized organizational culture into four main types based on two dimensions: sociability and solidarity. Goffee and Jones suggested that there were four main types of corporate culture, namely the communal culture, fragmented culture, networked culture and mercenary culture. In this framework, culture is a community or the way in which people relate to each other.

Sociability can be defined as friendliness in relationships between people in an organization. It is valued for its own sake and independent of its impact on the performance of the organization. Through friendships, ideas, attitudes, interests and values are shared. Reciprocity is a hallmark of friendship; so that actions are taken that favor others with no expectation of immediate payback. On the other hand, solidarity is the ability of people to pursue shared goals efficiently and effectively for the larger good of the organization without much regard on the impact on individuals and the relationships between them. Solidarity is favorable in the sense that it generates single-minded dedication to the organization's mission and goals, quick response to changes in the environment, and an unwillingness to accept poor performance. In this type of culture, work roles are defined and understood and everyone is working for the overall good and everyone held to the same high standards. People in high-solidarity

organizations often trust their employers to treat them fairly, based on merit, with resulting commitment and loyalty to the firm (Abdul Rashid, 2004).

ORGANIZATIONAL CHANGE

Often described as a process of organizational change in the organizations and its members and to move through the stages of sequential organization and to change the status quo. The process of change is a complex process, involving individual and organizational learning (Salinas, 2010). A change in organization refers to any alteration in activities or task (Dawson, 1994). Kanter et al. (1992) defined change as the process of analyzing the past to elicit the present actions required for the future. Cao et al. (2000), believed that organizational change showed a diversity of the organization in its environment, and also the interaction of the technical and human activities that had interrelated dimensions in the organization.

There are three types of individuals' or groups' response to organizational change: affective, cognitive and instrumental. Affective response refers to the feeling of being linked to satisfaction or anxious about change. Cognitive responses are opinions relating to usefulness and necessity and about knowledge required to handle change, while instrumental responses refers to actions already taken or which will be taken to handle the change. Dunham et al. (1989) also suggested that there are three types of attitudes toward change: affective, cognitive and behavioral. The affective component consists of the feelings a person has toward an attitude object, which involves evaluation and emotion, and is often expressed as like or dislike for the attitude object. The cognitive component of an attitude consists of the information a person possess about a person or thing which is based on what a person believes is true. The behavioral tendency concerns the way a person intends to behave toward an attitude object.

THE OBJECTIVES OF THE STUDY

The general objective of this study is determining the effect of corporate culture of the insurance companies. The specific objectives are two-folds, namely (1) to assess the direct effect of corporate culture of a firm on its attitudes of employee towards organizational change., and (2) to assess the direct effect of corporate culture types of a firm on its attitudes of employee towards organizational change.

HYPOTHESES OF THE STUDY

This study focuses on the relationship between the types of corporate culture with organizational change within the typology of cultures presented in above literature review. Therefore, within the conceptual framework of the study, it is hypothesized that:

1. H1. There is no significant relationship between corporate culture and attitudes toward organizational change

The main premise is derived from the following sub-hypotheses:

1. There is no significant relationship between corporate culture and cognitive tendency attitudes towards organizational change.
2. There is no significant relationship between corporate culture and affective tendency attitudes towards organizational change.
3. There is no significant relationship between corporate culture and behavioral tendency attitudes towards organizational change.

METHODOLOGY

Data collection and Sample

A total of 28 insurance companies registered in the Amman Stock Exchange for the year 2010, were used as the sample population. Questionnaires were mailed to the managers in the sample population. Total of 224 completed questionnaires were returned 215 but only 209 are usable for data analysis.

In the sample, nearly 91 percent of the total respondents were male and the rest were female. In terms of age group, nearly 41 percent of the respondents were between 41-50 years old, about 34 percent of the respondents were between 31-40 years old, 11 percent were below 30 years old, and 14 percent were above 50 years old. With respect to job position, 9 percent were general managers, 12 percent were marketing managers, and 11 percent were human resource managers. In terms of educational level, nearly 63 percent bachelor's degree, Table 1 summarizes the characteristics of the respondents.

MEASURES

The questionnaire was designed and developed using the results of the literature review. Some measures were drawn from previous research. Organizational culture was measured using Goffee and Jones's (1998) cultural typology, and the attitude toward change was measured using Dunham et al. (1989).

The draft questionnaire was tested by scholars and experts, which led to minor modifications in the wording of some survey items. The final questionnaire comprises four parts. The first part is demographics of the sample, the second part is organizational culture, and the last part is the organizational change. The appendix contains all the measures, as well as their sources. Research constructs were operationalized by means of related studies and a pilot test. A five-point Likert-type scale, ranging from 1 (strongly disagree) to 5 (strongly agree), was used to measure the research variables.

Table 1: Demographic characteristics of respondents n = 209

Characteristics	Frequency	Percentage
Gender:		
Male	191	91
Female	18	9
Age:		
30 Years old or less	23	11
31 – 40	72	34
41 - 50	85	41
Above 50	29	14
Current position:		
General Manger	18	9
HR Manager	23	11
Marketing Manager	25	12
Financial Manager	22	10
Manager (others)	121	58
Educational level:		
Diploma or less	43	21
Bachelors	132	63
Master	27	13
Others	7	3

ANALYSIS

Data were analyzed using the Statistical Package for Social Sciences (SPSS) version 12.0 for Windows software. Descriptive statistics, which include frequencies and percentages, were utilized to present the main characteristics of the sample and the profile of organizational culture and attitudes toward organizational change. Cross-tabulation and chi-square analysis were also employed to measure the association between the variables.

RESULTS

Relationship between Corporate Culture and Organizational Change

Results of (χ^2) test on the relationship between Corporate culture and the attitudes toward organizational change (cognitive, affective and behavioral), and the overall attitude toward organizational change.

Table 2 displays that there is a relationship between corporate culture and the cognitive attitude toward organizational change. The (χ^2) value was 55.400, significant at $p < 0.000$. A table 3 displays that there is a relationship between corporate culture and the affective attitude toward organizational change, and the (χ^2) value was 74.657, significant at $p < 0.000$. Table 4 displays that there is a relationship between corporate culture and the cognitive attitude toward organizational change. The (χ^2) value was 48.033, significant at $p < 0.000$. Finally, Table 5 displays that there is a relationship between corporate culture

and the overall attitude toward organizational change. The (χ^2) value was 88.997, significant at $p < 0.000$.

From the above results, it implies that the hypothesis that there is no significant relationship between corporate culture and attitudes toward organizational change is rejected. It could also explain the relationship between the types of corporate culture and attitudes towards organizational change more accurately, as shown in Fragmented Culture 0.85 has a positive attitude toward change, and 0.11 had a strongly positive attitude toward change. In the network culture 0.69 had a positive attitude, and 0.13 had strongly positive attitude toward organizational change. In the mercenary culture 0.56 had a positive attitude toward organizational change, and 0.44 had a strongly positive attitude toward organizational change. In the communal culture, 0.78 had a positive attitude and 0.22 had a strongly positive attitude toward organizational change.

These results suggest that, if corporate culture promotes quick response to changes in the environment. The results, therefore, showed that corporate culture plays an important role in the successfulness of the change process (Lorenzo, 1998; Ahmed, 1998; Pool, 2000; Abdul Rashid et al., 2004).

Table 2: Test between corporate culture and cognitive tendency attitudes towards organizational change

Type of culture	Cognitive tendency attitudes				Total			
	-ve		+ve		Strongly +ve			
	n	%	n	%	n	%	n	%
Fragmented culture	6	3	89	42.6	20	9.6	115	55
Networked culture	3	1.4	47	22.5	12	5.8	62	29.7
Mercenary culture			6	2.9	3	1.4	9	4.3
Communal culture	4	2	19	9			23	11
Total	13	6.4	161	77	35	16.8	209	100
				Value	df	Asymp. Sig. (2- sided)		
Pearson Chi-square				55.400a	4	0.000		
Likelihood ratio				45.932	4	0.000		
Linear-by-Linear Association				18.082	1	0.000		
N of valid cases				209				

a. 2 cells (20%) have expected count less than 5. The minimum expected count is 1.81.

Table 3: Test between corporate culture and affective tendency attitudes towards organizational change

Type of culture	Affective tendency attitudes				Total			
	-ve		+ve		Strongly +ve			
	n	%	n	%	n	%	n	%
Fragmented culture	4	2	104	49.7	7	3.3	115	55
Networked culture	8	3.8	48	23	6	2.9	62	29.7
Mercenary culture	3	1.4	6	2.9			9	4.3
Communal culture			20	9.6	3	1.4	23	11
Total	15	7.2	178	85.2	16	7.6	209	100
				Value	df	Asymp. Sig. (2- sided)		
Pearson Chi-square				74.657a	4	0.000		
Likelihood ratio				98.206	4	0.000		
Linear-by-Linear Association				60.261	1	0.000		
N of valid cases				209				

a. 2 cells (20%) have expected count less than 5. The minimum expected count is 2.34.

Table 4: Test between corporate culture and behavioral tendency attitudes towards organizational change

Type of culture	Behavioral tendency attitudes				Total			
	-ve		+ve		Strongly +ve			
	n	%	n	%	n	%	n	%
Fragmented culture	5	2.4	98	46.9	12	5.7	115	55
Networked culture			58	27.7	4	2	62	29.7
Mercenary culture			9	4.3			9	4.3
Communal culture	3	1.4	16	7.6	4	2	23	11
Total	8	3.8	181	86.5	8	9.7	209	100
				Value	df	Asymp. Sig. (2- sided)		
Pearson Chi-square				48.033a	4	0.000		
Likelihood ratio				56.948	4	0.000		
Linear-by-Linear Association				16.054	1	0.000		
N of valid cases				209				

a. 2 cells (20%) have expected count less than 5. The minimum expected count is 1.81.

Table 5: Test between corporate culture and overall tendency attitudes towards organizational change

Type of culture	Overall tendency attitudes						Total	
	-ve		+ve		Strongly positive			
	n	%	n	%	n	%	n	%
Fragmented culture	4	2	98	47	13	6	11	55
Networked culture	11	5.2	43	20.5	8	4	62	29.7
Mercenary culture			5	2.4	4	1.9	9	4.3
Communal culture			18	8.6	5	2.4	23	11
Total	15	7.2	164	78.5	30	14.	20	100
			Value	df	Asymp. Sig. (2 – sided)			
Pearson Chi-square			88.997	4	0.000			
Likelihood ratio			86.002	4	0.000			
Linear-by-Linear Association			5.493	1	0.019			
N of valid cases			209					

a. 2 cells (20%) have expected count less than 5. The minimum expected count is 1.81.

CONCLUSION

The findings of this study showed that corporate culture is relationship with attitudes toward organizational change. Different types of corporate culture have different levels of acceptance on attitudes toward organizational change. Overall, the sample in this study showed that the respondents have a positive or strongly positive attitude toward change. One major implication of this finding: First, the corporate culture has an effect in the organizational change process. Secondly, the results showed how the types of corporate culture to each type of attitudes toward organizational change, and this gives the impression of the importance of each type of culture. Finally, this study supports results of previous studies on the importance of corporate culture in organizational change in the context of the Arab business environment.

Findings of the study also showed that fragmented culture have strong positive attitude toward organizational change, in the present organizational context where survival is critical, the fragmented culture adopted well to ensure a situation of survival.

Therefore, as managers, the mercenary culture in an organization can ensure effective and efficient management of organizational goals and objectives. This type of culture will ensure that people will work hard, make things happen and hit the targets that were set.

The study also found that network cultural groups had positive attitudes toward change. In this type of culture, the need to change the attitude of other members in the organization to adopt changes would not be difficult as they are among “friends” in the organization. This is a positive trait of a network

culture. However, this type of culture may have difficulties in implementing the changes in an organization when the proposed changes may affect their friends in the organization.

LIMITATIONS AND SUGGESTIONS FOR FUTURE RESEARCH

In this study, employees’ participation was voluntary and was conducted at insurance companies in Amman City, Jordan. These factors limit the possibility of generalizing from the study findings. The results of the study can only be generalized to all employees employed in insurance companies. So, the findings should be interpreted with caution since the participants were insurance employees from a particular province of Jordan and do not represent all insurance employees in this country. And the use of questionnaire to collect data regarding employees’ attitude toward organizational change might not fully capture the dynamic nature of organizational change. This study may serve as a foundation for future studies in different countries. It is recommended therefore that this study be repeated in different countries and contexts.

This study may serve as a foundation for future studies, in different companies, on a larger scale. The results of such studies can be very helpful for developing a new model of leadership with new implementation techniques that can be implemented easily and successfully in a cross cultural context

For further research, a few suggestions are recommended. A longitudinal study of the relationships between various dimensions of attitudes toward organizational change, organizational culture and organizational loyalty might better capture the dynamic nature of attitudes toward organizational change. This study also suggests more research is needed to examine the relationship between corporate culture and other variables. Further research could also be considered by considering the impact of organizational size, organizational strategy, age of the organization and the type of service/sector of the firms.

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