The influence of corporate culture on organisational change of first national bank of Namibia

Evelyn Chiloane-Tsoka
University of South Africa, South Africa

Key Words

Culture, change, corporate culture, organisational culture, organisational change, organisational members, resistance to change, change management, staff members, FNB Namibia, bank

Abstract

Change is relentless and continuous, and has become inevitable in almost every sphere of business. The FNB Namibia operates in a highly vibrant competitive environment that is influenced by external and internal change drivers, and has not been resistant to any forces of change. This study was conducted to examine the relationship between corporate culture and organisational change of FNB Namibia. In this study corporate culture is the independent variable while organisational change is the dependent variable under the investigation. The data were collected through the questionnaires distributed to the staff members of the bank. A total of 50 questionnaires were administered, 33 of the questionnaires were correctly completed and returned. The findings showed that there is a relationship between corporate culture and organisational change. The findings also showed that the dominant existing organisational culture at the bank is hierarchy culture. Even though hierarchy culture is found to be the dominant organisational culture of the bank, the findings however, further revealed that the bank has adopted all four types of organisational culture. The study also found that different types of organisational culture have different levels of perceptions towards organisational change.
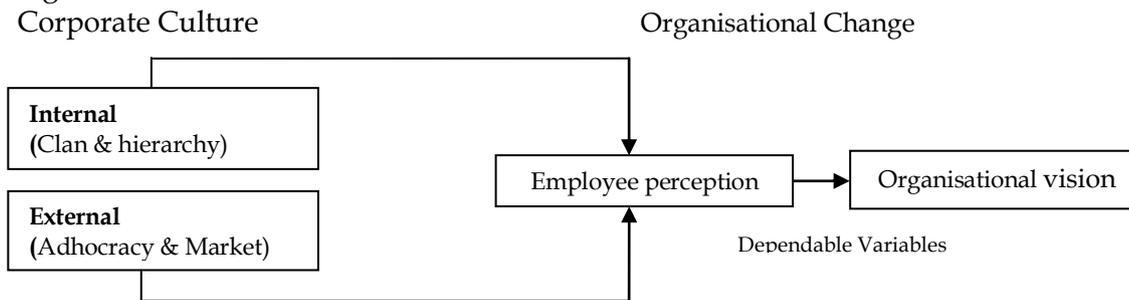
Introduction

Organisational change has become one of the important aspects in organisations to guarantee their survival in the increasingly changing business environment. Organisations need to change to accommodate internal developments and be able to respond and adapt to the external factors. As organisations respond to those factors arising from internal and external environments, many aspects emerged to obstruct organisations' efforts to effectively implement the necessary mechanisms adopted to ensure the organisations' success. One of those aspects is organisational culture. The concept of organisational culture has been popular for the past few decades. Zhou-Sivunen (2005:12) is in support with this statement by indicating that 'since the 1980's, there has been an increase in the attention paid to organisational culture as an important determinant of organisational success'. Even though this is the case, most organisations still do not understand what organisational culture really is, and what implications it has on the organisational change. Furthermore, numerous academics have developed integrative models and frameworks of organisational change and organisational culture to help organisations realise effective change and perform efficiently in this dynamic business setting. This study explores the aspects of organisational change, organisational change models, organisational culture and its influence on organisational change of FNB Namibia.

Rational Behind

Change is relentless and continuous, and has become inevitable in almost every sphere of business as technology becomes more part of every aspect of business. FNB Namibia operates in a highly vibrant competitive environment that is influenced by external and internal change drivers. For these reasons, FNB Namibia has not been spared from forces of change and still is expected to focus on its vision of being the local but world-class financial service provider of first choice. This vision can be attained through its mission of creating wealth for its stakeholders through innovation, value-added partnerships and a position for service excellence' (FNB Namibia Annual Report, (2010). Change at FNB Namibia sometimes is not always easily welcomed as at times change initiatives are strongly resisted. Some change initiatives have been successfully implemented; some take longer than expected, while some fall short of reaching the goals.

Even though change management can be identified and classified into steps, FNB Namibia still encounters some difficulties to implement change efforts smoothly. Many factors influence organisational change, with corporate culture and resistance to change being identified as some of the influential factors. Inherently, human beings are resistant to change. The question that comes to mind is, why organisation members are resistant to change, yet change is meant to benefit the organisation as a whole. There have been many explanations which have been put on paper by many academics as the reasons why change is resisted and rendered unsuccessful in the organisation. Most scholars attribute resistance to change to be imbedded in the organisational culture. Therefore, the purpose of the study was to; establish whether there is a relationship between corporate culture and organisational change management in FNB Namibia.

Fig1. **The research framework**

Corporate Culture   Organisational Change

Research questions
- Is there a significant relationship between corporate culture and organisational change of FNB Namibia?
- What are the most dominant cultural types at FNB Namibia in terms of Clan, Adhocracy, Hierarchy and Market types?
- Is resistance to change a function of organisational culture?

Research Objectives
- To examine the relationship between corporate culture and organisational change with effect to FNB Namibia.

- To examine the organisational culture and change management process of FNB Namibia in order to establish why change is sometimes resisted.

Literature Review

This section contains a discussion of research on organisational readiness for change. Organisational readiness for change can be viewed as organisational members' psychological and behavioural commitment to the implementation of an organisational change. This is because it is believed that readiness is reflected in the organisation members' attitudes and beliefs about the need for change, and the organisation's capacity to successfully implement changes. Susanto (2008:50) believes that 'organisational readiness for change from members of the organisation is a critical factor in successful change implementation'. If the organisation attempts to implement change while its members are not prepared for it, then the change process will be costly and overwhelming because change managers have to spend more time and money dealing with resistance to change. Susanto (2008) states that if organisational change is to take hold and succeed, organisations and their members must be prepared for such transformation. There are many factors that influence organisation's readiness for change.

Employees' perception towards change efforts

Goetsch and Davis (2010) report that one of the difficulties organisations face when attempting to facilitate change is the 'differing perceptions of employees and managers concerning change'. The term perception is described as the process individuals use to give meaning to their environment by interpreting an organisational sensory impression (Brown and Harvey, 2006:108). In addition, Brown and Harvey (2006:108) point out that 'what one perceives can be substantially different from reality'. This means that the change proposed may be perceived differently by individuals in an organisation. This is simply because peoples' perceptions are influenced by many factors, of which one's past experiences with change is one of them. Change comes with scepticism and a feeling of threats to the status quo, uncertainty about future, frustration, and anxiety, it is therefore essential to know employees' perceptions about changes beforehand.

Vision for change

Creating a vision for change is one of the critical aspects in the successful implementation of change efforts (Kotter and Rathgeber, 2006; Goetsch and Davis, 2010; Brown and Harvey, 2006; Susanto, 2008). Without a clear vision and strategy in place to drive the organisation through the implementation process, the change efforts eventually divert into a sequence of detrimental tasks that might have negative effects on the desired change. It is therefore, management's responsibility to make sure that the vision for change and the strategy to be employed during the change implementation process is clear and understood by employees at all levels.

Management support for change

Management support for change plays an integral role in the organisational change process. In support of this declaration is Ndara (2009:15), who indicate that top management support is a crucial factor in any activity implementation process. Susanto (2008:57) views

management support for change as 'management's commitment to be supportive and consistent in leading and establishing changes'. Management support for change should be reflected in effective change leadership which is revealed by the leaders' capacity to adapt to change, lead and assess the change process in order to reduce resistance and also take corrective measures when necessary. An organisation would not be ready for change without the management support. Managers should ensure that system support is in place, policies and practices are flexible and supportive of change. During change initiation stage, managers should invest much of their time in facilitating change and supporting employees through training, offering emotional support, and also motivating them with incentives. Goetsch and Davis (2010:192) acknowledge that when managers offer support and understand employees' point of view, it helps maintain employees' loyalty and calm their fears during change periods. In response to management support for change, there are however dynamics that confront management in pursuing change such as the following:

- **Barriers to change**
  Brown and Harvey (2005:171) view resistance to change as 'reaction to the methods used in implementing a change rather than an inherent human characteristic'. Resistance to change can therefore be referred to as a natural response of people to anything that significantly threatens their comfort zones. In other words, resistance occurs when an individual or group engages in acts to disrupt an effort to implement change. Michalak (2010:26) sees the term resistance to change as customarily mentioned in management literature as 'an inevitable consequence of organisational change initiatives, and listed among the most crucial inertial forces against any transformation'.

- **Parochial self-interest**
  This means that people think that they will lose something of value as a result of change. Based on that thought, people focus on their own best interests and not those of the organisation.

- **Low tolerance for change**
  Kotter and Schlesinger (2008:134) highlight that people resist change when they fear that they are not able to develop the new skills and behaviour that will be required of them. Saran, Serviere and Kalliny (2009:12) support this statement by stating that change absorbs concerns and fear about people's ability to cope with the threat and insecurity attendant upon change that leads to creation of new relationships.

While some barriers to resist change are inherent to employees within the organisation, there are various approaches that can be implemented to overcome the resistance to change:
Kotter and Schlesinger (2008) articulate that it's very crucial for managers to communicate and educate employees about the change in advance. In order for a vision of change to be meaningful and effective, it must be communicated to all employees to clearly see and understand the strategic logic for change. Thus, it is critical that managers should understand the end effects of change on employees. As this is important to employees for them to know who will be affected by the change and how will these changes affect them. If such information is
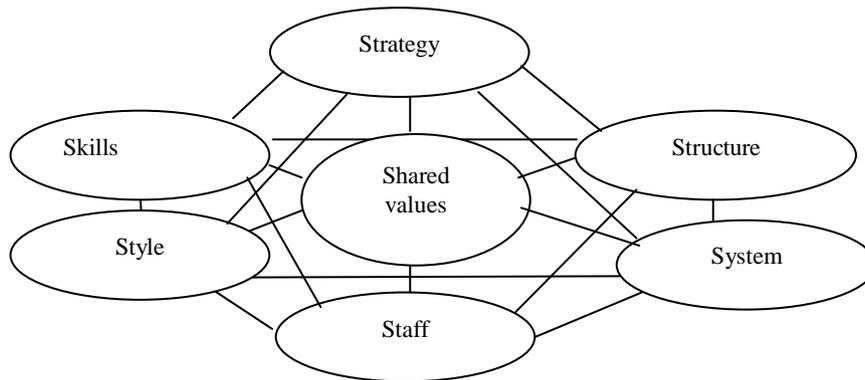
clearly communicated and understood by employees, a mutual trust and credibility would be maintained between employees and managers and thus, alleviate change resistance. Brown and Harvey (2006:166) concur with these recommendations and indicate that effective communication can minimise the uncertainty and fear of unknown associated with change.

Corporate/Organisational culture

Schein (2004:13) defines corporate culture in short and simplest terms as 'the way we do things around here'. Corporate culture is manifested in the values and organisation's philosophies that organisation's leaders practice and become apparent in the attitudes and behaviours of employees. Saran et al. (2009:12) highlight that corporate culture is an 'ordering characteristic that is reflected in the employees attributes and understanding, policies and practices implemented, and is frequently described as a deep, less conscious set of meanings about the context of work in organisation'. Corporate culture is a very powerful force that resides within every organisation, and it has many powerful attractions as a lever for change, and these forces are powerful because they operate outside of organisation's awareness (Schein, 2010:7). Aiman-Smith (2004:1) supports Schein's declaration by mentioning that 'culture is indeed a powerful set of forces that determine human behaviour', and is known for defining people's behaviour and how organisations get things done either in positive or negative ways.

The McKinsey's model illustrates that, these seven elements are interdependent, in the sense that an alteration in one element has an impact on others (Lynch, 2000:967), and therefore, should be aligned for the organisation to succeed in the change management process. Strategy can be referred to as a course of action or a plan that an organisation formulates to maintain and build competitive advantage over the competition

Fig.2: **McKinsey 7-S Model**

Source: (Lynch, 2000:68)

Research Methodology

A survey method based on a quantitative approach was adopted for data collection and analysis in this study. Since this study attempts to understand FNB Namibia staff members' individual perceptions towards organisational culture, and their thoughts, perceptions, and experiences about change, a survey was viewed as the most appropriate way for data collection.

Pilot test of the instruments

A small pilot study was conducted on friends and colleagues to measure the reliability, the correctness of the language used, identify poor wording in questions, and also to establish the time frame required to complete the questionnaire. The responses indicated that some minor changes such as shortening the statements were needed. This has resulted in some modifications made to the questionnaire. A structured questionnaire was designed comprising of A 5-point scale ranging from completely disagree (1) to completely agree (5).

Population

The total population was made up of the staff of First National Bank of Namibia. The actual sampling frame was limited to staff members at FNB Namibia working at departments and branches in Windhoek only. The choice of these branches and departments stems from the fact that they were centrally located and are the ones with a large number of employees as compared to other branches. This selection was also based on practical considerations in sourcing the required data. Since all resources required in carrying out the study were to be incurred by the researcher at her own cost, the population was therefore limited to Windhoek because it is the same town where the researcher lives

Sample Size

Sample was composed of 50 individual staff members who serve as permanent staff and partake in the day to day operations of the bank. The sample was selected in a stratified random manner whereby staff members were segregated into strata such as: clericals, supervisors and management. The use of a structured questionnaire also allowed respondents to answer to the same elements because the questions and contents were the same.

Response rate and sample size

A total of 50 questionnaires were distributed to FNB Namibia branches and departments in Windhoek only. From a total of 50 questionnaires administered, 37 questionnaires were returned to the researcher which constituted a response rate of 74%. However, out of the 37 questionnaires returned 33 (66%) were correctly completed while 4 (8%) questionnaires were incorrectly completed. The incorrectly completed questionnaires were treated as unusable. This means that only 33 (66%) of questionnaires were used for this research.

Data Analysis and Interpretation

The data from the first three sections of the questionnaire were analysed, summarised statistically using Microsoft Excel, and interpreted through descriptive statistics. Descriptive statistics are used to summarise data that are obtained for a group of individual units of analysis and to show basic patterns in data.

Findings

The organisational culture profile was established using descriptive statistics. These were done in calculating the average scores of each organisational culture.

Fig. 3: Perceived dominant existing organisational culture

Figure 3 illustrates that hierarchical culture is more dominant in FNB Namibia within an internal focus while market culture is of an advantage within the external environment.

Employees' perception towards change

The majority of 75.8% indicated that they found change initiatives necessary, while 24.2% disagreed. While 72.7% of respondents indicated that they saw change initiatives as opportunities, 24.2% disagreed and 3% were neutral. 72.7% of respondents saw change as positively while the remainder 27.3% viewed negatively. About 69.7% of respondents were confident that changes have clear benefits both for them and for their company, however, 27.3% of respondents were of different opinion by indicating their disagreement while the remaining 3% were being neutral. 66.7% regarded change as pain and 33% as opportunity. On matters relating to change as fear the majority of respondents (78.8%) indicated that they were not having fear of losing their status, power or jobs because of change, while the remaining 21, 2% felt that change poses a threat to their status, power or jobs. Respondents were further asked to indicate whether they can adapt easily to new ways of doing things or not, 60.6% indicated that they adapt easily, 30.3% felt that they find it difficult to adapt and the remaining 9.1% were neutral.

Is resistance to change a function of organisational culture?

Literature reveals that even though change initiatives are meant for the benefit of the organisation as a whole, people in the organisation respond to change differently. Some members of the organisation view change initiatives as opportunities, while for others, changes are met with anxiety, despair, resentment, and generally with resistance. Kotter and Schlesinger (2008:130) observe that organisational change efforts often encounter human resistance.

In order to answer this research question, the responses in each culture type were linked to the statement that reads 'when a change effort is initiated, I definitely disagree'. This was meant to establish how respondents in each culture type associate with resistance to change. The results showed that 16% of respondents in the Clan culture are associated with resistance to change. In the Adhocracy culture, 12.50% of respondents are associated with resistance to change. In the Hierarchy culture, 26% of respondents are associated with resistance to change. In the Market culture, 19% of respondents are associated with resistance to change.

The results can be interpreted that respondents in the Hierarchy culture are more resistant to change. This could be attributed to the fact that since the hierarchy culture emphasises more on stability employees are therefore accustomed to their old ways of doing things, thus are more resistant than those in other culture types. The results also showed that the respondents in the Adhocracy culture are less resistant to change. This is not surprising because an adhocracy culture values innovation and as such change initiatives are seen as emerging opportunities rather than threats. This however encourages employees in an adhocracy culture to be more creative, anticipative and aggressive towards innovation. These findings are found to be in support of the literature. Kotter and Schlesinger (2008:134) also observe that the amount and quality of information and the manner in which the information is communicated, and the management support that is provided when a change is initiated, are likely to influence how organisational members will react to change. The responses in the section of communicating and understanding the vision for change; and the responses for the section of Management Support for change were also linked to the culture types to see how respondents react.

The results on the Vision for change showed that 69% of respondents in the Clan culture felt that the reasons, benefits and urgency are properly communicated to employees. The majority (75%) of respondents in the Adhocracy culture felt that the reasons, benefits and urgency for change are properly communicated. In the Hierarchy culture, only 39% of respondents agreed. In the Market culture, 45% of respondents agreed. The results on the Management Support for change indicated as follows: In the Clan culture, 71% of respondents felt that the support provided by management during change is adequate. In the Adhocracy culture, 63% of respondents were of the same opinion. In the Hierarchy culture, however, only 35% of respondents agreed to that. In the Market culture, about 41% of respondents also had the same opinion. The lower responses in the vision for change of 39%, and the management support for change of 35% in the Hierarchy culture can explain why there is

The significant relationship between corporate culture and organisational change of FNB Namibia

The perception towards organisational culture and the perception towards change were correlated in the previous chapter in order to establish whether there is a relationship between organisational culture and organisational change. The Clan culture indicated 83.33% had a positive perception towards change. In the Adhocracy culture 81.25% had a positive perception towards change. In the Hierarchy culture 64.52% had a positive perception towards change. While the Market culture showed that 70.37% of employees had a positive perception towards change. This implies that a Hierarchy culture is less receptive to change than other culture types. The findings further demonstrated that organisational culture plays an important role in the change processes. Therefore, it can be concluded that there is a relationship between corporate culture and organisational change of FNB Namibia.

Conclusion

The results showed that the dominant culture of the bank is Hierarchy. The results also showed that there is a relationship between corporate culture and organisational change. It was also established that resistance to change can be a function of organisational culture.

However, there were other aspects apart from culture that emerged from the study that seem to play a role on resistance to change such as poor execution of the change itself; lack of rewards and recognition; employees not being involved in the initiation of changes, yet are forced to implement changes imposed.

The study also revealed that there is a relationship between corporate culture and organisational change of FNB Namibia. Different types of organisational culture have different levels of perception towards organisational change.

Implications

The results of this study have a number of implications. The bank management should try to create an innovative culture in order for the Adhocracy culture to be the most dominant culture at the bank. Management should consider culture and change as important variables in order to enrich employee satisfaction performance which will be embraced by communication mechanisms as a very crucial element in the change management process. Top management should engage and see its vision for change improving the employees. Compensation packages should take into consideration the reward to enhance family financial standards when promoting employees. Employees should be treated as one of the valuable and scarce resources of the bank. Top management should emphasise long-term benefit of human resources development and attach great importance to cohesion and morale. The findings also established that employees' involvement in decision making is very crucial rather than imposing decisions on them.

Research limitations and further study

- The study was limited to FNB Namibia staff members in departments and branches in Windhoek only.
- The sample size did not represent the total population of FNB Namibia; therefore different outcome might have been obtained. Further research should be carried out on the same topic in order to include a large sample of the population.
- More research is needed to examine the relationship between corporate culture and other variables such as organisational commitment, employees' job performance, organisational effectiveness, innovation management, corporate performance

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