The Influence of Corporate Culture on Organisational Change of First National Bank of Namibia

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

Abstract
Change is invariable 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.

Organisational readiness for change

Organisational readiness can be referred to as an organisation 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.

Factors that influence organisational 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. For example, if employees have negative experiences with previous organisational changes, then their perceptions may have a negative impact on the proposed change and vice versa. Because change comes with scepticism and a feeling of threats to the status quo, uncertainty about the future, frustration, and anxiety, it is therefore essential to know employees' perceptions about changes beforehand. By knowing employees' perceptions towards organisational change in advance can help change managers understand sources of resistance to change.

- **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.

- **Mutual trust and respect**

Successful change efforts depend on team work, and team work should be governed by mutual trust and respect for team members to effectively work together in the change management process. Goetsch and Davis (2010) advocate that for a team to work best together, team members are required to trust and respect each other and continue building on trust among each other. Managers and change agents should ensure that they earn the trust and respect from employees to be able to lead change. People will not work well, nor commit to change efforts that are initiated by people they do not trust. To the contrary, when those initiating and leading change are trusted and respected, people are likely to listen to them and take them serious.

- **Change initiatives**

Members of the organisation respond differently to various change efforts initiated in the organisation. When change is initiated, employees' desire is to know whether the change initiated is really necessary and there are benefits derived from implementing the change initiated. Sometimes employees may view that the change being initiated is not appropriate, feasible or is not to their advantage and this may impact on their readiness for change. Since organisations are made up of people, and people are the ones to embrace or resist change, it is important that people are given an opportunity to be involved in all aspects of organisational change and also to be given a chance to propose and initiate changes that are deemed necessary. Susanto (2008), however, pointed out that although people of the organisations may be given an opportunity to propose and initiate changes, it is the organisational leaders that make the decision to effect the proposed changes.

- **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.

- **Acceptance of change**

Employees' willingness to accept change plays a role in organisational readiness for change. Change efforts will not be successful if employees have not accepted the change proposed. Employees will accept change only when they are certain that change has benefits and advantages for them. However, even if change is beneficial for both employees and the organisation, employees often do not see clear benefits and advantages to appreciate them over a short period of time, and this consequently affects their readiness for change.

- **Managing change**

The management of change can have an implication on the organisation's readiness for change as well. Managing change has to do with how change management as a process, the management of employees and the system support is handled when the change is initiated. If the organisation does not have the human and technical capacity to handle and manage the change, then it can never be ready for it. Managing change requires organisation members and structures to be aligned with change strategy for smooth implementation process. An organisation's ability to manage a challenging change effectively becomes apparent in the organisation's readiness for change.

Barriers influencing organisational resistance to change

Gravenhorst (2003:2) describes resistance as 'a response that has to be expected from all members of an organisation'. On the other hand, 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. According to Michalak (2010:26), the term resistance to change is customarily mentioned in management literature as 'an inevitable consequence of organisational change initiatives, and listed among the most crucial inertial forces against any transformation'.

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 to change. In most cases, change is resisted in some organisations.

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.

Misunderstanding and lack of trust

When people do not understand change implications and perceive that change has less to offer than to gain, they are likely to resist change. This usually happens when employees feel that there is no mutual trust, and tends to question the credibility of those leading change (Kotter and Schlesinger, 2008:133).

Different assessment

This implies that people assess the change situations differently from their managers or those leading the change process. Sometimes employees see more costs than benefits from the change, not only for themselves but for their organisation too (Kotter and Schlesinger, 2008). In some cases, people resist change when they are obvious that their assessments are more correct and beneficial to the organisation than those made by those initiating the change.

- **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.

Strategies to overcome resistance to change

- **Education and communication**

Kotter and Schlesinger (2008) recommend that it's very crucial for managers to communicate and educate employees about the change in advance. For a vision for change to be effective, it must be communicated to all employees to clearly see and understand the strategic logic for change. It is important for managers to understand the end effects of change on employees. Employees surely need to know who will be affected by the change and how will the change affects 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 by indicating that effective communication can minimise the uncertainty and fear of unknown associated with change.

- **Participation and Involvement**

Participation and involvement of those affected by change to foster positive attitude towards change is significant. Robbins and Coulter (2002) believe that by allowing those affected, particularly those opposing change to participate as much as possible in the change process, can reduce resistance, and increase their dedication to seeing change succeed. This is because the involvement assures resisters that their contributions to change are of great importance resistance.

- **Facilitation and Support**

Management support and facilitation during the change process is critical in ensuring successful implementation of change efforts. Robbins et al. (2009) advise that when people resist change due to adjustment problems, managers should offer a range of supportive efforts to help employees cope with fear and anxiety during the transition period. In this case, provision of special training programs, and emotional support such as counselling and therapy to those affected by the change should be considered.

- **Negotiation and Agreement**

When change is proposed, some employees may feel that there is nothing in it for them, and as such, those employees may have a significant power to resist change. In this case, these employees need to be convinced to accept change. Robbins et al. (2009) advise that it is imperative to negotiate with potential resisters and reward them by exchanging something significant to persuade them to accept change. Rewards can be either in the form of incentives, pay increases, profit sharing, or bonuses

- **Manipulation and Co-optation**

Manipulation can be described as covert attempts to influence others. In the case where manipulation is needed, the use of very selective information and the conscious making-up of events is a good strategy (Kotter and Schlesinger, 2008). In some cases when change is crucial for the survival of the organisation and employees resist change just for the sake of it; management can opt to manipulate employees.

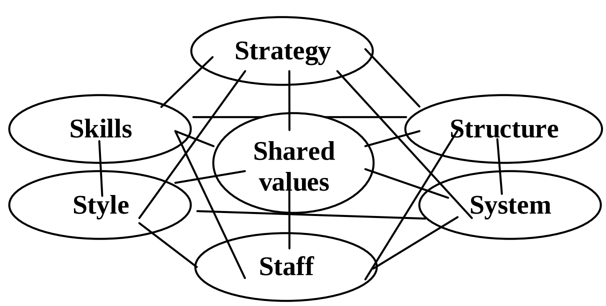
- **Coercion**

Coercion is the use of power that is deliberately aimed to threaten resisters to accept the change. Johnson et al. (2006:517) define coercion as 'the imposition of change or the issuing of edicts about change'. This strategy can be used as the last option if other strategies did not work or in the case when pace for change is critical. Kotter and Schlesinger (2008:137) indicate that managers may decide on visible use of power to compel and intimidate resisters directly to accept change. However, this approach can be risky as it provokes anger that may affect the overall performance for the reason that employees may comply with the change but not be committed to it.

Corporate/Organisational culture

Schein (2004:13) define 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.

McKinsey 7-S Model



Source: (Lynch, 2000:68)

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

Problem Statement

Change is constant 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 is to; establish whether there is a relationship between corporate culture and organisational change management in FNB Namibia.

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

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 to collect such information.

Questionnaire design

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: this was done by calculating the average scores of each organisational culture. The scores of the six individual items of OCAI based on the view of the respondents were calculated and shown on averages of the four alternatives that each represents a type of organisational culture. A five-point scale was used, ranging from 1 (strongly disagree) to 5 (strongly agree). The scores on each alternative (consisted of six items) were totalled and divided by the number of questions in that alternative to give the average score. Thereafter, the average scores of each alternative were totalled and divided by six to yield the average score for the overall perceived dominant organisational culture. In the instrument, A represented a Clan culture, B represented an Adhocracy culture, C represented a Hierarchy culture and D represented a Market culture.

Cultural profile for staff category

Clerical positions think that the dominant culture of the bank is Hierarchy with a mean score of 31.55, followed by a Market culture scoring 28.40. Respondents in supervisory positions also think that the dominant culture of the bank is Hierarchy with an average score of 33.09, followed by a Market culture scoring 28.15. The Clan culture was perceived to be the least dominant culture at the bank by respondents in the clerical and supervisory positions scoring 17.86 and 17.04 respectively. While the Hierarchy culture was perceived the most dominant by both respondents in clerical and supervisory positions, and Clan culture perceived to be the least dominant, the respondents in the management positions think that the dominant culture of the bank is Adhocracy scoring 26.43, followed by the Clan culture with an average score of 26.27. The respondents in management positions perceived the Hierarchy culture to be the least dominant as opposed to respondents on clerical and supervisory positions. This suggests that the respondents in management position view the bank to be externally focused with emphasis on differentiation, flexibility and discretion, while leading edge with long-term concern on growth and innovativeness is prominent.

- 54.5% of respondents were in disagreement that clear reasons for change were communicated whenever the change effort is initiated, while 45.5% were in agreement.
- With regard to whether the urgency around the need for change was explained and communicated whenever change effort is initiated, the results shows that the agreement is at par with the disagreement sharing 48.5% each, while 3% of respondents were neutral.
- The majority (57.6%) of respondents indicated that the benefits of change were not frequently communicated while 39.4% disagreed with them and believed that benefits of change were indeed properly communicated, the remaining 3% were neutral.
- About 54.5% of the respondents indicated that the reasons and benefits of change were not communicated, while 42.4% disagreed and only 3% remained neutral.

Discussion of results regarding: "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. As shown in Figure 4.10 to Figure 4.13, the Clan culture 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. In the Market culture 70.37% had a positive perception towards change. This implies that a Hierarchy culture is less receptive to change than other culture types. The findings showed 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 result 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.

Recommendations

- The bank should try to create an innovative culture in order for the Adhocracy culture to be the most dominant culture at the bank.
- Communication is a very crucial element in the change management process. It is therefore recommended that some interventions are needed to improve communication within the bank.
- Change is a leadership issue, since it starts with the leaders as they know what they want to see the change being effect, and it ends with the person who does the process. If leaders are not at the helm of the change process, and decide to discard the process to become the responsibility of a change agent who is facilitating the process, then the results of such change might not be as favourable.
- For a vision for change to be effective, it must be communicated to all employees in order for them to clearly see and understand the strategic logic and benefits for change.
- Reward and recognition can be motivating tools for successful change.
- Employees should be treated as one of the valuable and scarce resources of the bank. The leaders should emphasise long-term benefit of human resources development and attach great importance to cohesion and morale.
- Employees' involvement in decision making affecting them is very crucial rather than imposing decisions on them.

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