

# Corporate Culture Change Management

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## **Abstract**

Corporate culture is a construct of substantial importance to enhancing the competitiveness of the modern business organization. Corporate culture supports the adaptation of the organization to the dynamic business environment requirements that in turn impose the implementation of changes in corporate strategy and organizational structure. To be sustainable, a modern business organization should adopt the idea of change and embody the plans and policies for development. On the example of two companies - large and small - realizing business activities in Bulgaria - offers a vision for change management of corporate culture.

**Key words:** corporate culture, change management, competitiveness

**JEL:** M14

## **Introduction**

The modern organization could be studied as an open system and as a complex adaptive system (Dimitrova, 2012; 2013). As an open system, it carries on constant interaction with the surrounding business environment and its survival depends on the ability to provide adequate „responses“ to various trends and influences. Differentiation

and integration are the mechanisms by which the organization is adapted to the business environment surrounding it, and the more flexible and dynamic the organization is, the more competitive it is. The above-mentioned requires the existence of an appropriate corporate culture directly related to corporate strategy and structure of the organization. It is necessary to mention the theory of the learning organization (Senge, 1990), aimed towards resolving problems, which provide enhancement of its competence (Daft, 2007). While examining the organization through the prism of a systemic approach, it is important to strike a balance by which harmony is sought between opposing influences that come from external and internal organization environment. The theory of the organization as a complex adaptive system focuses on that the most effective way that organizations implement their strategies “on the edge of chaos” - i.e. - the dynamics between flexibility and stability. For maintaining the balance, they need the implementation of frequent micro changes that generate significant strategic changes leading to increased competitive performance (Brown and Eisenhardt, 1998). The complex theories apply to organizations experiencing the impact of changes in the external environment that exceed those that occur in the internal environment. In a turbulent business environment, organizational survival is under development - not the planned actions (McKelvey, 1999). Such organizations are characterized by a decentralized and

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non-hierarchical structure; therefore the mechanisms that connect their members are corporate culture and the related construct of organizational identity, supported by effective communication practices. Self-organizing systems are an alternative to organizational management based on control and strict rules. The change in these organizations is the driving force. Self-organizing systems most often occur as a result of organizational learning, adaptation, innovation. Organizational learning (Argyris and Schon, 1996) is regarded as a single - loop learning, related to corporate development, double-loop learning - associated with organizational transformation and triple-loop learning, which related to the reflection of the beliefs, values, thinking - in how they are connected to the actions of the members of the organization and their ability to alter the corporate strategy.

### Literature Review

Corporate culture is a construct essential for the successful existence of the modern business organization. Corporate culture steers the conduct of members of the organization and gives meaning to the organizational reality. The corporate culture has a „visible“ and „invisible“ stage; the second lends itself much more difficult to change. Less visible and deeper level „refers to the values that are shared by the people of the group and that tend to persist even when group membership changes“ (Kotter & Heskett, 1992:4). According to Edgar Schein (1985), on the „invisible“ level of unconscious assumptions (taken-for-granted assumptions), which determines the perception and the relations of the members of the organization, usually subconsciously measurement is defied, though they are essential to the nature of corporate culture adopted by the organization. On the „visible“ level of corporate culture are manifestations of culture

and artifacts, according to Schein (1985) - corporate buildings, corporate logo, dress code, corporate jargon, stories, and myths. An interesting assumption is that the changing of corporate culture happens on a subconscious level within elements themselves (not among them) that characterize the own corporate culture (Goffee and Jones, 2001).

The corporate culture and management of the organization are mutually determined. The corporate culture and communications of the organization are also correlated (Dimitrova, 2012). Researchers of the organization's culture see it through the prism of three paradigms (Martin, 2002) - integration, differentiation, fragmentation; and three approaches - interpretive, functionalist and critical.

There are different models to explain and „visualize“ corporate culture - Schein (1985); Hatch, (1993), Johnson and Schoeles, (1999); Denison et al. (2006, 2011), many typologies - Hofstede et al., (1990); Cooke and Lafferty, (1989); Cameron and Quinn, (1999), O'Reilly et al, (1991), Ashkenasy et al., (2000), etc. (cited in: Dimitrova, 2012).

The above highlights the diversity of the construct on corporate culture, its various manifestations and functions in the organization and its importance to the company's overall successful existence. Not accidentally, corporate culture is defined in brief though comprehensive as „the way of doing things around“ and „social glue“, representing the solder between the members of the organization.

Corporate culture is directly connected with the images which the different stakeholders of an organization have of it. Hence corporate culture change affects the corporate image.

The corporate culture helps improve the competitive advantages of the organization (Dimitrova, 2012) and requires competent management to secure the opportunity

not only to survive but also to enhance organizational performance in the environment in which it operates. The change of corporate culture, understood as organizational change, is a critical aspect of the management of a modern organization. The complexity stems from the fact that corporate culture is a "double face" construct. On one hand, it is oriented towards maintaining the status quo, which support stability. On the other, it is enshrined in the trend towards change that helps the adaptation of the organization to the dynamics of the environment. To retain its cultural identity, the organization should be changed (Gagliardi, 1986). The change of the corporate culture is directly related to the shift of the corporate strategy and to the improvement of the organizational structure.

For the realization of successful change, a significant role is played by the company management. The change is usually viewed as a project on top management, but if members of the organization do not perceive this idea, its implementation is doomed to failure. The company's employees should be involved in the implementation of change (Cartwright and Cooper, 1993). The communication of the change should be maximally open about the objectives, stages of implementation and the future of the employees. The resistance to change is caused by the uncertainty stemming from the threat of deterioration in status, job loss or reduction in income.

Sometimes it is possible that the change be adopted out of fear of sanctions, or in an attempt to put pressure or to manipulate the behavior of employees, for example by using opinion leaders. Consequently, when the change is completed, it is necessary to apply new practices in harmony with it - for the implementation of various organizational processes, techniques, for selection and socialization in the organization, career and professional development, organizational

behavior rewards, harmonized with the changed culture. A mistake by leaders would be the assumption that a change in corporate culture will automatically lead to a change in individual behavior (Nadler, Thies and Nadler, 2002), which highlights the importance of existing organizational trust and plays a vital role in the successful adoption and implementation of change.

In the field of organizational studies a distinction is made between planned, emerged and contingency occurring changes. The planned change is a result of a deliberate approach, targeted to a particular program of the management of change actions. It is understood as a project of top management and is usually associated with organizational development. The emergent change is an unpredictable and nonlinear process of interaction between organization and the surrounding business environment. The contingency occurring changes are considered nonlinear ones generated in the process of looking for opportunities to adapt the organization to the changes required by the dynamics of the business environment. As a result of the examination of contingency occurring changes the Contingency approach to change has been developed which, in line with the planned changes, requires the establishment of an implementation plan for change and for the respective management actions. The proposed activities must be consistent with the circumstances giving rise to the need to implement change.

The processual approach to the change is seen as a result of the actions of the empowered in the organization and with the different policies applied to it, on the one hand and, on the other - by continuously implementing small changes, leading to the occurrence of organizational transformation. The implementation of the processual approach has required the presence of

critical situations in the organization itself / for example, Parmalat, Tyco, Enron and Arthur Anderson/.

The scales of the change are different - from small, so-called incremental, to much larger transformations. Incremental changes reinforce improvements. They constantly develop over time and lead to the generation of positive things for the organization (Weick and Quinn, 1999). This type of changes is embodied in the management practices of the organization. They can occur independently in one department or another and they can possibly take the organization to a new level of competitiveness through the implementation of significant changes. To a large extent this type of changes ensures the sustainability of the organization. The above-mentioned requires the existence and appropriate management of corporate culture which in turn implies acceptance of the idea of constant change, improving creativity and innovation, which supports the competitiveness of the organization of existing and new markets.

The change which leads to transformation is defined as „strategic“ and „revolutionary“ and refers to organizations that encounter challenges which redefined corporate culture and related constructs of corporate and organizational identity and corporate image, necessitated by the turbulence of the business environment. For such organizations, the idea of small, incremental change is not suitable (Hodges and Gill, 2014). The transformational changes required the change at the deepest level of corporate culture - that of underlying assumptions (Schein, 1985) and total paradigm shifts (Johnson and Schoeles, 1999).

The following types of transformation (Flamholtz and Randle, 2011, cited in Hodges and Gill, 2014) can be outlined:

- When an organization moves from the phase of entrepreneurship to phase of professional management, we noted that

corporate culture is changed. As we have already mentioned, corporate culture and management of the organization are mutually determined.

- An established organization decides to enter new markets and feels the need to change its strategy, culture, and structure order to increase competitive advantages.
- The next step is when the organization decides to change the object of its activity completely.

There is a „mixed“ option - between incremental change and transformational change - punctuated equilibrium. This type of change occurs after periods of fluctuation long after the implementation of incremental changes and brief moments of transformation (Brown and Eisenhardt, 1997). In the process of searching the right balance between the change as a constant variable and transformational change the possibility is detected that the organization should achieve its business “on the edge of order and chaos” (Brown and Eisenhardt, 1997), which supports increasing its competitive performance through the possibility of realizing innovation, this option becomes its competitive advantage. Eric Abrahamson (2004) coined the term “dynamic stability”, which is the simultaneous introduction of incremental and transformational changes at different levels in different periods of time.

For successful change implementation Beer and Nohria (2000) recommended finding a balance between two different approaches - Theory E and Theory O. Theory O is directly related to corporate culture, promoting the development of human capital of the organization and seen as directly linked to the existing organizational trust and commitment, the identification with it and the effectiveness of corporate communication and communication practices of management. Their combination

is difficult because Theory E focuses on the „hard“ factors, Theory O – on the „soft“ factors finding the balance requires serious skills to competently manage change and managing the changed organization. The successful implementation of change in the context of the balance between the two theories ensures the sustainability of the competitive advantage of the organization. The successful implementation of change in the context of the balance between the two theories ensures the durability of the competitive position of the organization. The organization must be flexible towards the adoption and implementation of change – it should be future-oriented to the provided business opportunities for creativity and innovation, removing various restrictions - hierarchical, communication, physical, to managing change through people involved in thereof. Changing the corporate culture purposes make it more receptive to the idea of change, change as an integral part of the essence of the organization.

For the purpose of this research we will introduce two models of the corporate culture change:

### **Model of Heracleous (2001)**

Heracleous, 2001 (cited in Alvesson & Svenningsson, 2007) built his model based on the Cultural Web model (Johnson and Schoeles, 1999) and ideas of the model of Schein (1985) associated with the understanding of corporate culture as construed by deep underlying assumptions reflected in values and beliefs and manifested through artifacts. The notion of Heracleous (2001) for the realization of lasting organizational change is related to the disclosure of underlying assumptions and their expression through the artifacts of organization (defined as sub-systems): symbols and power structures, communications, control systems, stories, myths, routine duties. The model Cultural

Web serves as an instrument for corporate culture diagnostics through:

**Situation analysis**, which answers the question of what is the current status of the organization. The cultural network provides an understanding of the basic assumptions and beliefs around which the essence of the organization is shaped.

**Policy and strategy making** of the organization which displays direction development. It reveals how underlying assumptions and the beliefs support the strategy when the conditions for realization of change are in place.

**Organizational Implications**, which is associated with the need to change specific values related to organizational change and the preservation of others.

**Change Management** is focused on organizational parameters that must be changed in order to implement strategic change.

### **Monitoring and Evaluation.**

Heracleous' study on the realization of organizational change identifies four basic parameters that must be available for the successful implementation of change:

- Active management of organizational change through effective leadership through the implementation of the clear communication program, meetings, interviews with employees to understand their attitudes to the switch and the introduction of the new corporate culture.
- Empowering target groups for which the change is intended that are to be included in the planning process.
- Implementation of communication that helps the clear understanding of efforts to change.
- Creating opportunities to acquire new skills.

Another model for realizing the change of corporate culture and its relationship with organizational change is John Kotter's model.

### **The Model of John Kotter (2012)**

John Kotter (2012) builds upon its Eight Stage Process for Creating Major Change (1996), emphasizing the fact that hierarchical nature and the new "network" nature of most organizations jointly initiated the idea of major changes and implemented them. Kotter believes that the hierarchical nature of the organization supports evolutionary change expressed in the gradual development of the core business, and the "network" is driven by the ideas of the members of the company with creative thinking that was trying to implement innovative approaches to bringing the organization to a new level of competitiveness. In unison with the above said, Professor Kotter introduced five principles and eight "accelerators".

#### **Principles:**

1. People can generate a change that is not necessarily derived from a known focus, i.e., it requires a shift in perspective. It is needed the presence of more "change agents".
2. The members of the organization can adopt new attitudes and not be obliged to implement change.
3. The actions to be "dictated" by reason and emotion, not only by reason.
4. Much more significant emphasis should be put on leadership rather than management.
5. Inspiring collaboration between the hierarchies and "networking", the only accent of increasing emphasis on hierarchy.

#### **Accelerators:**

1. Creating a sense of urgency to 'Big opportunity';
2. Establishing and promoting the development of Guiding Coalition;
3. Creating a vision for change and strategic initiatives that helps to achieve the "Big opportunity".
4. Communicating the vision and change to create a group of volunteers for its introduction - the sense of urgency is the cornerstone around which the strategic rationality and the real emotional possibility are constructed.
5. Promote the achievement of the vision and support the implementation of the action by removing barriers and encouraging "networking".
6. Create (and celebrate) of the achievements in a short period.
7. Sustain acceleration - there is no denial of the pursuit of the vision, it is important to remember that through attempted to realize the learning organization, and never stating the successful conclusion too early.
8. Need to institutionalization of the strategic changes in the corporate culture.

#### **Method**

In the example of Beer and Nohria (2000), the author of the article developed the methodology for presenting the multidimensional aspects of change in the context of the quest for the balance between Theory E and Theory O. The methodology has been applied relevant to the current empirical study.



**Table.1. (Corporate Culture Scope of Change in the context of Theory E+Theory O)**

Corporate Culture Change Scopes	Theory E	Theory O	Theory E + Theory O
Organizational scope	Strategy, structure, financial indicators	Companies must be oriented toward perception and realization of changes; training in the context of change.	The change encompasses the strategy, the structure, the corporate culture and the resulting consequences.
Market scope	Apply strategies related to marketing mix management, competitiveness, entry into new markets	Integrated marketing communication strategies	Priority for the companies must be successful branding of different markets and increased competitive performance.
Innovation scope	Planning, product/service, manufacturing	Organizational learning, knowledge management, R&D, open innovation	Companies should encourage the creation of new business models, ambidextrous organization; adopt and manage an innovation culture.
Communication scope	ROI of communication programs	They need to dealing with uncertainty and ambiguity. Reduce resistance to change; to persist and encouragement of the involvement of members of the organization in the implementation of the change.	They need the realization of communication audits; enhance security; increase trust.
Monitoring and measurement scope	Clear accountability for financial performance; growth indicators	Measuring and reporting the impact of change on key stakeholders.	Corporate culture diagnostics tools -The Balanced Scorecard (Kaplan and Norton); Sink and Tuttle (1989), etc.

(Source: Author, adapted from Beer and Nohria, 2000)

With a view to “visualizing” changing the corporate culture in an organizational environment, two case studies of real companies – a large and small one – will be presented that realize their business activity in Bulgaria.

For large Company X, in-depth interviews were conducted, with open questions, with representatives of top management of the company - executive director, head of human resources, and head of the PR department. The survey is complemented by a review of documents and internal editions of the company, its website, and media publications - online and printed. The method of direct observation, the nature of

work, the examination of samples of physical artifacts – sharp details and elements of their production, conversations with employees were also used. The survey was conducted in the period 2015-2017.

The study for the small company - VB Studio Ltd. - is based on a communication audit, three in-depth interviews, and open-ended interviews with co-managers and employees, based on the model of Johnson and Schoeles (1999) company culture diagnostics and was conducted between 2014 and 2018. The used method is content analysis of the publications from and to the VB studio - on their website, their presence

in social media, official announcements, comments from clients and partners.

The case study method is best suited to the particular research because there is qualitative research.

The first company Company “X”<sup>1</sup> SA is foreign-owned, and we are looking at the change that occurs after its acquisition. VB Studio Ltd. is a small company with Bulgarian ownership. Characteristic of it is that it is outlived successfully transition from entrepreneurial period to the period of professional management and now faces the need to implement change, with the goal of entering new foreign markets to enhance the overall competitive performance.

### Company “X” SA

#### Current state and history of the company

The manufacturer for glass packaging Company “X” SA is one of the 20 largest public companies represented on the Bulgarian Stock Exchange, and one of the 100 largest companies in Bulgaria. Company “X” SA is a member of the Group “Z” and a leading manufacturer of high-quality glass packaging both in Bulgaria and the Balkan Peninsula. The company operates through a certified system for quality management.

In 1997, „ Group X“ SA - Greece took a strategic decision to invest in the production of glass packaging in Bulgaria through participation in the privatization of two Bulgarian glass plants - in Sofia and Plovdiv. In 2004 The Group purchased the plant in Novi Pazar that produces glass products for the household.

The company's development can be traced through the introduction of new improvements with a focus on ensuring sustainable production quality.

All processes are now integrated into the system of total quality management, product safety, an environmental management system for health and safety, thereby increasing the Company's competitiveness in both the domestic and international market.

#### Structure of governance:

Company “X” SA has a two-tier management system. It is a public company and strictly obey the rules of good corporate governance - strictly and consistently apply the principles to guarantee and protect the rights of shareholders and their equality. Account the rights and interests of all company stakeholders - It must be timely and accurate information about the financial results, ownership, and management when necessary. The management of the company complies with the legislation and implements effective management control over activity.

#### Corporate culture

##### The Goals of the company are:

The improvement is an essential aspiration of company members. Its main commitment is:

- The supply of high-quality glass packaging to customers in Bulgaria and abroad; Competent and proactive response to the market trends;
- Staff motivation through care, training, improving the working environment and ensure the adequate system for internal communication of the company;
- Honest partnerships with customers and suppliers, concern for consumers, which requires maintaining sufficient contact with them;
- Ensuring environmental behavior by the company and by appropriate investments; Compliance with national and international legislation related to the activities, and any other requirements

<sup>1</sup> It is a fictive name.



that the company has accepted to observe;

- Improving financial management;
- Image and appropriate action of a responsible corporate citizen.

The corporate policy, adopted by the company, has been focusing on product quality and its safety, a strong commitment to environmental protection and health of employees and members of the public to occupational safety. The values enshrined in the corporate culture of Company "X" SA, correspond directly to the company's business strategy, which is focused on:

- continuous improvement of the competitive advantages of the company, both on the domestic and international market
- satisfying the highest customer requirements for high quality and safe products and communicate with customers and partners in a continuous dialogue and availability of feedback to ensure the creation and maintenance of trust between the organization and its key stakeholders;
- creating mechanisms which facilitate the realization by the company's employees to the importance of strict compliance with the procedures in the company;
- Compliance with the norms of national and international laws that relate to the Company, and any other requirements that Company "X" SA has agreed to follow;
- Integrity planning with customers and suppliers, concern for consumers and the implementation of effective communication with them;
- The proper attitude about the staff training professional development, motivation, and safety of company employees;

- Maintaining a high and efficient communication system in the company;

Implementation and operation of programs in line with the concept of Corporate Social Responsibility; promote and achieve the commitment of the members of the organization with the objectives of the policy on quality, safety, environmental protection and human health and safety at work.

### Corporate culture change

After the acquisition of the ownership of two factories - in Sofia and Plovdiv, from Group "Z" is done and the corporate culture is changed. The new owners adopts the created by "Z" corporate culture but retains the positive practices of the previous one. Choose a longer path for change. It is important to note that the management of Group "Z" decided not to lay off employees, hiring completely new staff. The new owners managed to "earn" working with the help of competent communication program. Clear and consistent communication alongside co-emphasizing feedback is the way through which changes in staff members' attitudes are achieved. The process is slow and needs patience, but it assists the implementation of the changes. The communication program is focused mostly the optimizations to the enterprise and benefits for its employees.

In introducing and implementing corporate culture change, training for employees by internal experts and by an outside consulting firm were conducted. The emphasis in training falls mainly on the importance of so-called "soft" skills. Good tactics in the implementation of the change in corporate culture, Company "X" SA is dealing with the informal leaders of the groups in the company, which significantly facilitates the adoption and diffusion of new corporate culture. Employees are won and provided opportunities for training, and the introduction of new production technologies.

For those working in the company today specialized training abroad are regularly held.

Regarding building new corporate culture owners – Group “Z” - has achieved significant results: in team building, clear communication policy, highlighting a serious concern for people, the practices of recruitment. The progress in the company has been achieved and maintained with hard work and a strong desire for success. The management group focused on training for staff - a fact that has strong motivational aspect and shows the existence of a corporate culture oriented towards the development of human resources, increasing productivity, and hence - the competitive advantages of the company. The members of the company show a clear understanding of its objectives, which focus on the joint efforts of employees and management to continue to be the market leader that implements business activities. Understanding the purpose of the company is achieved by changing the policy for managing human resources. After the organizational change that is directly related to the change in the corporate culture itself, personnel selection for working for the company is taking place in a new and different way, changing the criteria and requirements necessary initial knowledge

by the new, higher requirements quality. The nature of training to enhance the skills and competencies also changed. Following the acquisition of the company by Group “Z”, the quality of personnel is much improved, the company employs more engineers and mid-level professionals who have very excellent knowledge of English.

The next significant organizational change in the company came in 2004 when the last merger between factories in Sofia and Plovdiv was implemented. External consultants prepared the presentation and successful implementation of change communication program. They developed a comprehensive plan change indicating what and in what time limit the improvement of organizational processes should be implemented.

The corporate culture of Company “X” SA represents an amalgam of imported (in the change of ownership) and keeping the positive practices of the previous one. The changes (supported by the communication program to change the corporate culture) refer mainly to optimization of production, new approaches for improving the knowledge and skills of employees, emphasis on teamwork, new rules for working with clients.

**Table 2.** *Company “X” SA*

Corporate Culture Change Scopes	Theory E	Theory O	Theory E + Theory O
Organizational scope	Two-tire management system; Public company  Top management performs effective control over activities.	Change programs and staff motivation to embrace the change; Honest partnership during change – not lay off employees. Training for employees, team buildings, strong motivation to deal in changing conditions.	Policies, procedures, actions and image of a good corporate citizen. The new values of corporate culture correspond directly to business strategy. They are changing the policy of HRM.
Market scope	Continuous improvement of the competitive advantages of the company – both on the domestic and international market.	Survey and satisfaction of customer needs and requirements.	Company X performs a competent and proactive response to market trends.

Corporate Culture Change Scopes	Theory E	Theory O	Theory E + Theory O
Innovation scope	Introduction and application of new technologies for continuous improvement of processes and production of goods, corresponding to the modern trends in the sphere.	Specialized training of staff members from different levels - in Bulgaria and abroad.	Search for and implement new approaches to empower employees to generate innovative solutions.
Communication scope	They maintain investor relations, provide timely and accurate information about financial results, ownership, company policy and CSR standards.	Company "X" build an adequate system of internal communication. Integration of corporate communication; comprehensive communication of CRS activities; clear and consistent communication with stakeholders in continuous dialogue with feedback.	They maintain adequate systems of communication in the company based on communication audits.
Monitoring and measurement scope	ROI, return on sales, trends of stock prices	They explored the satisfaction of shareholders and other key stakeholders groups.	Company "X" recognizes the enhancement of overall competitive performance through high-quality products, procedures, policies.

(Source: Author)

Its purpose is through the provision of high-quality products (goods, services, relationships, communication practices, organizational behavior and their transfer outside the organization) to enhance the overall competitive performance of the company.

We can conclude that the company has a market-oriented corporate culture, with an emphasis on innovation in the manufacturing sector and to continuous training of personnel. The leadership evaluates the role of this culture to enhance the competitive advantages of the company. The administration encourages the sharing of corporate culture by the members of the staff. In the company there are good practices of corporate culture's communication to internal and external stakeholders.

The change realized in Company "X" SA is planned and represents the successful combination of approaches seeking balance between Theory O and Theory E - given a meaning to increase the capacity of the company by focusing on economic indicators and also for the factors associated

with corporate culture - human capital, management style, communication practices.

The change programme implementation can be likened with the one proposed by Heracleous (2001) – the model for the implementation of change in corporate culture associated with organizational change.

After the organizational transformation experienced by the company, it is oriented towards maintaining a state of "dynamic stability" and focuses on the introduction of systems and innovative solutions that improve productivity and regulatory processes - and thereby to enhance its competitive performance.

Based on the author's methodology presented earlier in the study, we will present the parameters of change for the **Company „X“ SA** and provide frameworks for future changes based on the Heracleous (2001) and Kotter (2012) models.

### **Framework for realizing a change in the corporate culture of Company „X“ SA.**

In order to successfully change the corporate culture of the company, it is

necessary to conduct corporate culture audits once a year, using diagnostic tools such as the Cultural Web Model (Johnson and Schoeles, 1999). The recommendation is that it should remain with a strong market orientation. Positive would be the empowerment of middle management by increasing their responsibilities for making more independent decisions. Specialized training, as well as training in the context of learning and developing soft skills, should be a priority. The continuous updating of the communication programs is mandatory.

### **VB studio Ltd.**

#### **The current state of the company**

Company VB studio ([www.vbstudio-bg.com](http://www.vbstudio-bg.com)) specializes in offering a complete design and construction of exterior and interior solutions by integrating architecture, furniture, audio/video equipment. It has its design, manufacturing and commercial base. VB studio is working successfully in partnership with other companies. It is certified under ISO 9001: 2008. Currently for the company worked 22 employees.

#### **Structure and management**

The studio has two managers and consists of three departments - architecture, furniture, and Hi-Fi. Furniture and Hi-Fi units have respectively two supervisors. The structure is horizontal, but in the formation of teams associated with the implementation of specific projects, managers are singled out who assign tasks to other team members. The company management sees the possibility of a future phase current employees to form a middle management level and work more actively with freelancers, which will set new challenges for the organization. Each one of the departments of the company is situated at a different location - employees of the architectural office work together, but the Furniture Studio (factory)

and Hi-Fi studio are separated. The company has one employee who works in the city of Burgas because one of its primary customer has business on the Black Sea.

One of the company managers, after considering the advantages of the corporate culture, says that his interest in the adoption of best practices increases gradually and he subsequently tries to implement them in the operations of the company. He says he wants to engage with leadership, not management, to encourage and motivate employees. Regarding corporate culture, he says that he wants to consider the company as a family and to transfer this type of attitude to its customers. The Corporate culture of studio VB has the characteristics of the culture of integration (Denison et al., 2006), which is based on the emphasis on the development of human resources, teamwork, and informal, implicit control. However, the company management focuses on encouraging adaptive culture (Denison et al., 2006) - customers are evaluated and the aim is to create mechanisms to capture the signals coming from the surrounding organizational environment to provide an appropriate response, which requires the construction of relevant values and norms.

Managers share the view that whoever is on the market and wants to be competitive needs to adapt to provide the right answers to the changes that occur in the external macro and micro environment. The management of VB Studio decided that they were able to close the cycle - from investment to implementation and subsequent maintenance of the finished site.

The company's business philosophy is to always look for successful solutions.

In example of Google the management of VB studio has decided to introduce the rule of 20%, whereby within the working day employees should work on their projects which however are associated with their

duties. Thus they believe that they will be motivated to work devotedly for the company that provides them with such an opportunity and will assist in generating new ideas that can then be further developed and applied in the specific practice.

The manager of the company notes that the main problems are communication problems - they have not established good practices for the implementation of both internal and external communication, which in turn leads to low level of understanding of the objectives of the company by both employees and customers.

In this case, management has realized the weakness in both the internal and external communications. To a large extent, formal communication is done informally, which is directly related to the specifics of the existing corporate culture. According to the company employees, the online contact is a very suitable communication channel for disseminating information about their official activities and tasks, as most of them work on different projects in various fields and are oriented to flexible working hours. At present, the management of VB studio introduces the use of an online communication system that combines the capabilities of intranet and extranet. The above-mentioned will facilitate communication between employees and customers. Subsequently, the online communication system will facilitate communication with freelancers, with which the company management intends to expand its activities. The administration has decided to invest in training - both for professional development and for improving the so-called „soft skills“ - related to communication, emotional intelligence and leadership. Introductions of the practice will be presented online so that each employee at any time has access to them.

According to the company manager, the flaw in the communication with customers is the inability to clearly present the nature of the services they offer. So customers cannot be fully aware of the high-quality work of the company employees regarding of specific details that are aimed at creating added value. The weak presentation does not allow clients to understand the extent of work quality with VB studio, so possible cooperation is terminated. The company management is oriented in the future to work with clients from abroad; therefore the role of communication becomes critical. At the time managers are committed to creating an interactive web site and on the advice of communication, specialists will have a specialized Chat room for customers that will provide online consultations with employees of the company. The idea of the manager is that every employee has the opportunity to communicate with current and potential customers. According to him, the communication employee - client for identification of customer interests - is one of the most complex challenges the company faces.

Essential for VB studio is the introduction and use of the tools of corporate PR, to assist both the promotion of services provided by the VB studio and the creation of a recognizable corporate profile in public space with the help of new technologies which offer significant opportunities for competition on the global marketplace. As a first step, on the advice of communication specialist, the company management intends to conduct webinars to present the company's services and use them as a form of attracting future customers.

VB Studio is a change-oriented company, and the current situation does not satisfy them. The knowledge accumulated so far provides an opportunity to understand the stage of development and the issues that are relevant to solving them, as well as which ones should

be prioritized to move to the next phase of the company's lifecycle. The manager of the company is of the opinion that the satisfactory stage is the one in which the business functions as a well-oiled machine and the managers are more in the role of facilitators and leaders who support the motivation of other company members to successfully achieve the organization's goals, which are found in a corporate culture that is clearly defined - not only in certain formal documents but also in the products and the approaches to the realization of the business activities.

The company management is planning a strategy for entering a new foreign market, which exposes it to search for opportunities to increase its competitiveness. Again, this emphasizes the need for a clear definition, communication, and management of corporate culture that promotes competitive performance.

As an investment in the future implementation of change and innovation, recruitment and recruitment process is taken into account to motivate and fully engage in corporate culture. The motto is to look for and then hire people with whom they can build a long-term relationship. The company management see innovation as an opportunity of identifying and pursuing common goals which aid the attitudes towards the drive to market leadership and competitive advantage. They are well aware that the company's

corporate vision and culture are still not fully formulated and documented, which negatively reflects motivation. The abovementioned, in turn, leads to the departure of some of the employees who have failed to feel part of the team with whom they have not matched regarding the vision of the future.

Even though that VB studio is a small company, we are talking about corporate culture, which is a result of the adoption by the management of best practices in governance, corporate culture specific to large companies (Dimitrova, 2015).

The first significant change VB studio that successfully underwent is precisely the transition from the phase of entrepreneurship to professional management phase – the culture of the entrepreneur should become a corporate culture - in line with the aforementioned. This change has a transformational character – it requires the adoption of totally new rules for actions under the revised organizational reality. The change combines approaches associated with Theory E and Theory O. After a relatively long period of implementation of constant change - in different departments of the company in respect of the various rules and procedures, the introduction of standards for quality management, the company is directed to transformational change - seeking to enter on a new market.

**Table 3.** *VB Studio Ltd.*

Corporate Culture Change Scopes	Theory E	Theory O	Theory E + Theory O
Organizational scope	Small firm; three departments, two co-owners/managers	Working in fluid teams  Accent on leadership; motivation and inspiration	Performing informal, implicit control. VB Studio members continually looking for the riching implementation of modern corporate practices, they insist on improvement of soft skills.
Market scope	Search for the complexity of the services offered. Expanding the niche market and exiting the international market.	Search for options for implementing The Blue ocean strategy.	VB Studio is trying to promote the product brand: initiating actions for enrichment and development.



Corporate Culture Change Scopes	Theory E	Theory O	Theory E + Theory O
Innovation scope	Searching for options for introducing technology solutions to reduce prices. Using specialized software	The VB Studio is applying an atypical marketing. Enter and act according to Google's 20% rule. The continuous search for „the different”. Selection and hiring of employees – through full involvement in company affairs.	They are conducting training for the use of specific software for external groups, where the services offered by the company are presented. VB Studio operates as an ambidextrous organization.
Communication scope	ROI of communication. VB studio enhancement presentation of services and identification of customer satisfaction.	They developed of online communication system – a combination of Intranet and Extranet. VB studio staff is an active using of social media tools.	VB Studio advances in training – professional and of soft skills.
Monitoring and measurement scope	They carry out employee hourly measurement..	Prepare a regular assessment of the contribution of each employee and their engagement to specific projects.	One of the managers holds regular meetings with each employee – for professional support, problem- solving, motivation.

(Source: Author)

What could be a strategy for the change in the case - functioning of VB studio as a virtual organization - a “core” formed by project managers who work with freelancers, depending on the specific architectural projects and the specifics of the job? Managers of the company will be acting more as “social architects” - their main task will be to promote the integration of project managers and employees from a distance around the values and norms, emphasizing professionalism, quality, and fair treatment of all stakeholders, creating and maintaining trust towards the company. That requires a high level of communication competence, introduction and use of new media tools for the realization of organizational communication, emotional intelligence, and sensitivity. In the case of implementation of this change, VB studio will become the organization whose members are guided not by management approach based on command and control or hierarchical relationships; they will be linked precisely by the postulates of corporate culture and related constructs of organizational identity and corporate image and reputation. If the company grows, it has a chance to become a

company of the type referred by Kotter (2012) - balancing between hierarchy and networking, a company that has a corporate culture oriented towards preserving stability in the parameters of continuity and acceptance of the idea change as a generator of creative solutions, innovation and competitive advantage.

Based on the author's methodology presented earlier in the study, we will present the parameters of change for the **VB studio Ltd.** and provide frameworks for future changes based on the Heracleous (2001) and Kotter (2012) models.

### **Framework for realizing a change in the corporate culture of VB studio Ltd.**

Successful future change in the corporate culture of VB Studio can be done if it exists in a state between formalization and partially unfrozen construct. For this purpose, it is necessary to adopt new attitudes that encourage the adaptation, generation and introduction of innovations. The idea of the company operating as a virtual organization using the services of freelancers requires the formation of a group of members of the organization that are both susceptible to

environmental trends and able to inspire others to pursue and successfully implement projects and products. The generation and realization of innovation must be constant. Company leaders must continue to be the „social architects“ who set the agenda for culture. Communication policy, with an emphasis on inspiring vision, communication channels used and have a high level of communication competence are necessary conditions for the successful management and validation of the brand - the corporate and its related products as well as that of the employees. The company's communication policy should be aimed at creating value, which can be a joint process between the members of the organization, the partners with whom they think in the same direction and the clients.

The emphasis of strategic thinking, enhancing the economic and financial culture of members of the organization, skills related to soft skills should be a priority. The maintenance of a network structure is indispensable in the context of the sustainable enhancement of the competitive advantage of VB Studio.

## Conclusions

The presented case studies show that there is not a single „best“, individually deterministic approach or model for the implementation of organizational change with a view to changing corporate culture. The change is dependent on the context in which the organization implements its activities, the characteristics of the internal organizational environment and of top management and the other members of the organization, the trends in the surrounding macro and micro environment and of corporate culture that shapes the organization. It is essential to take ethical aspects into account and to act in synergy with any change of corporate culture.

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