

Organizational Culture and Organizational Change in Pakistani Commercial Banks

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ABSTRACT

The purpose of current study is to explore the relationship of organizational change and organizational culture in Pakistani Commercial banks. Organizational change and organizational culture are most important and integral factor of any organization. Current study hypothesis is that organization culture is able to predict the organizational change in banking institutions. Organizational culture measured by Organizational Culture Assessment Instrument (OCAI) 24 items given by Cameron & Quinn (2011) and organizational change measured by Instrument for organizational change 21 items given by Shepherd (2012). 450 bankers were involved in current study. Results showed that there is relationship between organizational culture and organizational change. Employees normally supports change if change give them good environment, satisfaction and positive attitude of leadership. Moreover, Pakistani commercial banks employees like to change the banking culture.

Keywords: Organizational Culture; Organizational Change; Commercial Banks; Pakistan

INTRODUCTION

Organizational culture and organizational change are dominant features of organizational performance. Therefore it considered as an important factors in any institutions (Cameron & Quinn, 2011). Mostly organizations desire to change positively using their competitive advantage. Organizations need to employ different strategies to ensure they remain ahead of their competitors. Organizational culture and change are major areas of study in the field of change management. Organizational culture and change are also some of the challenges that the banking sector faces these days (Akhtar, 2006; Hassan, Shaukat, & Shakeel, 2012; Hussain & Corresponding, 2010). Normally employees do not feel comfortable with change without knowing that change will be benefited for them. Therefore change raise the culture of bad attitude and oppose to change.

LITERATURE REVIEW

Organizational Culture

Culture is well-known phenomenon among academic scholars and organizational managements. Peters & Robert (2006) argued that organizational culture can be used to achieve high level of effectiveness. On the other hand, Millett (2000) assume that cultures can be established a basis of history which developed with the passage of time by any particular group. Employee's well-established patterns and behaviors helped those groups to interact with world and define their position. Similarly, Trice & Beyer (1993) elaborated the same concept. They said those patterns, behaviors and beliefs associated with specific myths, rituals and symbols. After combine all these factors, organizational culture came into being.

It is generally believed that, national culture has an impact on organizational culture. But these concepts used interchangeably. But national culture of any country and organizational culture of company in that country can be different, but according to Hofstede (1992) national culture of any country has an impact on culture of organization operating in that country. Therefore when organizational and national beliefs, customs and values mix into each other than distinctive organizational culture came into being (Brown, 1995; Oreg, 2006; Hofstede, 2010).

Organizational Change

General concept of change is that phenomenon "which represents a new form of things which seems different from old one" (Thomas & Christopher, 2014). For better understanding of change to comply

change concept on any organization which called organizational change. Kurt (1947) defined organizational culture in proper way, which clearly satisfied the concept of change, “A state of transition between the current state and future one, towards where the organization is directed”. In addition, Duck (1993) described that change is all about feeling. Normally successful organizational change programs come into being because leader communicate to their employees through values. Gilgeous (1997); van der Voet, Groeneveld, and Kuipers (2013) also raised the same point that organizational change is phase in which organizations moves towards current to future state and in way encounter a lot of threats and opportunity.

Globalization was the critical factor for organization to remain competitive. Business dynamics are changing therefore values of organizations need to be updated (Thomas & Christopher , 2014). Every organization must admit that change is irreversible and compulsory for survival of organization. Pettigrew (2011) explained that change with in organization must arrived properly by managers to their employees. Leader must feel and understand the nature of change, than pass to their employees.

Organizational Change and Organizational Culture

Organizational change is one of the aspects of organizational culture which has been studied in any different organizational context .Normally, organizational change describes an employee’s thoughts regarding desired culture of organization. Lewin suggested that, leader should focus on minimize status quo forces and in result resistance will be decreased. Lewin divided this change process into three parts: Unfreezing, Moving and Refreezing. In unfreezing step, leader try to reduce status quo forces, which will be maintain current organizational values. So change agents or leaders motivate them for change activities. In moving step, leader and change agent intervene into system and introduce to new values, behaviors and try to change organizational structure and culture. In refreezing step, leaders and change agents observe the desired state of change and then produce a new organizational culture and environment for current value (Kurt , 1951; French, 1969; Schein, 1980; Alicia, 2005; Mildred , Sonia , John , Donna , & Lisa , 2008).

Current Study

Current study focus on investigate the relation between organizational culture and organizational change. Current study hypothesis is that organization culture is able to predict the organizational change in banking institutions. For the measurement of organizational culture in Pakistani commercial banks, Organizational culture assessment instrument (OCAI) Cameron & Quinn (2011) was used. Sample size of current study was 450 employees of Pakistani commercial banks. Instrument consists of six dimensions (Dominant Characteristics, Organizational Leadership, Management of Employees, Organizational Glue, Strategic Emphases, Criteria of Success). . Rating scale format is seven-point Likert scale from (1) strongly disagree to (7) strongly agree. Some modification in some items is done in order to change the bank context. The word “Organization” replaced by “My Bank”. For the purpose of current study the permission to use OCAI instrument given by Cameron himself. organizational change measured by Instrument for organizational change 21 items given by Shepherd (2012). Organizational change has considering technological changes, structural change and employees’ attitude towards change are most important dimensions of organizational change. Rating scale format is seven-point Likert scale from (1) strongly disagree to (7) strongly agree. The validity and reliability were tested.

No.	Variables	Cronbach’s Alpha
1	Organizational Culture	0.974
2	Organizational Change	0.964

For the assessment of the OCAI and organizational change instrument confirmatory factor analysis was conducted. The results showed that the initial model is satisfied greatly. Although therefore the hypothesis that there is statistically significant relation between organizational culture and organizational change is accepted, However GFI, AGFI, RMSEA and CFI indicators are showing best possible indicators. GFI, AGFI and CFI always should close to 1, in order to authenticate the model. Also, RMSEA indicator ideally should have values <0.05, For this reason, the development of a first model was considered.

Model	Chi-square(df)	P value	Relative Chi-sq	RMR	GFI	IFI	TLI	CFI	RMSEA
OCAI	233	0.01	3.55	.254	0.856	.675	.877	0.789	.049
OCI	252	.001	4.259	.325	.754	.712	.679	.817	.059

chi-square(df)=252: P value(≥ 0.05)=.001:Relative Chi-sq(≤ 2)=4.259:RMR(≤ 0.08)=.325: GFI(≥ 0.9)=.754: IFI(≥ 0.9)=.712: TLI(≥ 0.9)=.679: CFI(≥ 0.9)=.817:RMSEA (≤ 0.08)=.059: (Standard estimates)

Finding

Finding of current study explained that employees of Pakistani commercial banking sector has been well aware of technological changes and try to support the changing culture. But mostly employees are support to work in friendly environment rather than under leadership focused organizations. In commercial banking sector, employees and leaders of banks mostly focus on customers rather than employees therefore they need that kind of culture which make them feel as a part of organizations. Pakistani banks employees' attitude towards change is positive and they try to flourish that culture which give them opportunity to grow in banking industry.

Organizational culture of Pakistani commercial banks has shown interest in change. But results shows bankers having problem with system and management of bank. Some bankers are not satisfied with leadership based banks (Hierarchy Culture). They want to work in friendly environment (Collaborative culture). Results shows lack of coordination between employees and management in change process. Bankers think bank is personal and dynamic place. But there upper management is result oriented rather than friendly. Most importantly, in process of change and innovation leaders and upper management do not encourage the employees to execute new ideas.

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