Change Implementation in Intercultural Context: A Case Study of Creating Readiness to Change

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ABSTRACT

This paper focuses on change implementation in the global business environment. Organizations seek continuously ways to cope with major changes in order to survive and sustain competitiveness. A primary challenge in cross cultural change processes is how to manage and implement change successfully in the context of different national and local cultures. The paper discusses and examines empirically how change readiness is created for implementing change in cross cultural context. Ways of handling change resistance is quite scarcely studied in more detailed although it is a widely recognized issue in business practice. Creating readiness to change is one of the primary challenges in coping with continuous change and its effective management in organizations. Empirical findings from the case study in the company of crossing Chinese and Finnish cultures are presented and challenges the findings imply to global management are discussed.

Introduction

Sustaining competitiveness forces business organizations to implement major changes and seek strategies that can be realized in varying and different cultural environments. This presents challenges to multicultural management, in general, and change implementation processes in specific. Change implementation does no more concern organizational culture only. It is also dependent on understanding culture-related global business issues which involve differing national cultures and skills needed for preparing for and coping with changes.

Organizations face constant challenge of change management and leadership. External economic and social change forces create a necessity for internal changes in organizations. Globalizing marketplace and fast technological changes force organizations to be superior and proactive in identifying and evaluating impacts of change (Paton & McCalman, 2003). In today's turbulent work environment, change is a means to keep in competition, to renew continuously organizational structures, find new directions, and capabilities for customers, employees, and owners. The primary managerial leadership challenge in coping with continuous change is how to manage and implement change successfully.

Changes in economic and social environments are not the only cause of challenges in organizations. In today's world, national cultures undergo change due to globalization which has an influence on the organization's processes, activities and operations (Sackmann, 1997). Local employees represent a culture that contains typical elements and aspects of national culture, for example values, ideologies, norms and beliefs. They have an impact on organizations' activities and operation, as local employees bring them and/or follow them in local work places (Miroshnik, 2002). This makes change and adaptation indispensable having influence on the organizations' ability to implement change, especially from leadership and HRM point of view (Sackmann, 1997). As cultures are under pressure of change, organizations face the challenge of developing competencies for succeeding in change implementation processes. Employees' national culture can have positive influences, such as readiness and support, or negative influences, such as resistance on change and its implementation process. Taking people into consideration with different elements and aspects of national culture change processes could be implemented more successfully.

This paper examines factors, elements and challenges of change implementation in creation of readiness to change in the organization. In addition, the paper discusses the influence of national culture on change implementation and also discusses implications and challenges to the global business context. The findings are presented from the case study made in the cross cultural context in China in the local business unit of globally operating Finnish business organization. Data were gathered by interviewing local middle managers in the local plant. Therefore, the paper contains discussion about the factors that emerge from local, national (Chi-

nese) culture and their influence on change implementation and intercultural management more broadly.

Organizational Change

Organizational change and change management are one of the most frequently appearing and persisting topics in organization and management literature since the 1980's and a relatively high percentage of organization research has been done in the change-related topics during the last 30 years. Almost countless number of books and articles has been written on change in the course of years for both practice and academicians. The abundant literature is understandably quite fragmented. A number of approaches, schools of thought and models exist. Theoretical development has made significant progress over the years (Demers, 2007 & Burke, 2008). Yet, the concept of change remains without a generally accepted definition. The topic is multi-faceted and multi-disciplinary and is a far too wide topic to be captured in any sensible scale in one paper. Therefore, besides a very brief theory overview of change, theory and conceptual model applied in this study will be discussed pertaining to the specific topic and research question of the study.

The theoretical discussion about change in the period after the World War II until the 1980's was characterized by classic and modern theories dealing with issues such as adaptation, growth, selection and imitation and asking the question "do organizations really change?". Change was looked at from the outside of the organization, from the macro perspective and as rational and planned (Demers, 2007). In the mid 1980's change theories was influenced gradually by the postmodern approach with more radical ideas. Change was conceptualized as a necessary, natural, continuous and emerging process (see e.g., Pettigrew, 1987) and was looked at from the above as incremental and/or revolutionary (evolution and organizational transformation). Cognitive, cultural, and political approaches on change emerged with symbolic, radical, discursive and interpretive views. Role of change agents, especially management, and effects and outcomes of change were highlighted. In the late 1980's learning and innovation appeared as topics of interests in the change research.

During the 1990's and in the early years of the new millennium the focus has shifted more into looking at change from the inside, in other words, internal change processes and practices within organizations departing somewhat from the prior main streams of change research (Demers, 2007). In the 2000's the two views of natural evolution and social dynamics have more clearly discussed and questioned the nature and role of actors (people) in change processes. The different views differ in how the actions of people, the context and time are seen in change processes and how they influence bringing about change. Lately, discursive and practice-based views have contributed to the theoretical discussion by developing the ways of understanding and studying of how organizations renew themselves. A practice-based approach focuses on the micro level and daily life practices, actions, interactions and situations of people at work (Demers, 2007). Change is seen to take place within daily work situations of organizations.

In this paper, Pettigrew's model of change (1987) is applied as the main conceptual frame for analysing change implementation in the case study (Figure 1.). Moreover, the elements defined by Cummings and Worley (2005), Kotter (1996), Burke (2008) and Burnes (2009) are also used and utilized in theoretical discussion and framework. The main purpose of Pettigrew's approach is to understand change as a multilevel and continuous process in the context where leadership and management are understood as a function that guides, supports and motivates personnel to accept and carry out changes in the organization. Pettigrew concludes that change can be managed in organizations by understanding three dimensions of content, context and process of change. The latter involves change implementation and creation of change readiness. Implementation of changes and transformations in organizations can become successful if the context, content and process of change are considered and understood, and the interrelations between the three categories are analysed. Pettigrew's model is a conceptual and quite broad description of the three key dimensions of organizational change process. The model can be applied as an analysis framework in studying the change process of a part of it. Pertaining to change implementation, Pettigrew suggests that the purpose and goal of change need to be understood. In addition, a suitable environment for the change has to be created. This is about the focus of this paper and mainly what creating of change readiness is about.

Change Implementation in the Context of Culture

Moreover, implementing change in a global business life brings necessarily the context of culture in focus. The cultural context of an organization is multilevel and quite complex. This paper looks mainly at national culture as an influential factor in intercultural organizational change implementation. National culture has been reviewed by many researchers and there are different approaches and models for viewing and specifying it. What is often the main interest in the studies are characteristics of and differences between cultures. One of the most well-known approaches to cultural differences of nations is Hofstede's study (1991). It is applied in the paper in addition to Trompenaars (1995) and Usunier (1998). Hofstede has presented a well known description of the layers of culture and dimensions of national culture. (At the organizational culture level Schein's model and literature, e.g., 2004, are widely known). In culture studies, the most important differences explaining employees and managers' behaviour and attitudes are described in four dimensions of power distance, uncertainty avoidance individualism vs. collectivism, and masculinity vs. femininity. The four dimensions determine national value systems that affect not only individuals' behaviour, actions and working methods but also the development of organizations. The model also involves interaction between individuals and organizations. The framework of the study integrates the cultural and change perspectives and is illustrated in Figure 1.
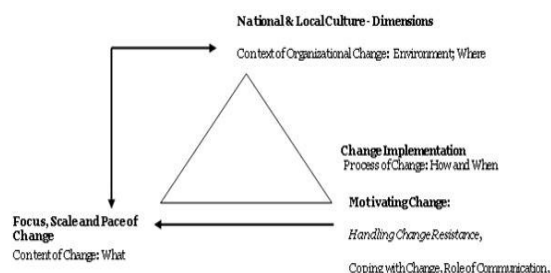

Figure 1: *Framework of the study: Organizational Change in the Context of Culture. (Adapted from Markkanen, 2007).*

Research Methodology, Data Collection and Analysis

The empirical case study was conducted in a medium-sized industrial organization supplying mechanical and electro-mechanical components for the telecommunications industry and operating in several locations in several continents. In the study the company remains anonym. The approximate number of employees varied being over 10.000 with temporary staff.

The organization pursued to achieve its vision by sustaining competitiveness in six strategic focus areas. One of them was operational efficiency which concentrated on the business process development and improvement and a comprehensive utilization of global systems and resources in the area of business process management. In the case company process management was deeply interlinked with the ability of change management which was emphasized as a key component within business process development and implementation. Process management also influenced the attainment of the stable state of change. Hence, operational effectiveness involved the organization's change management practices.

The research data were collected by interviewing selected informants (managers) individually. The purpose in individual interviews was to get rich data on the perceptions, feelings and experiences of interviewees more efficiently and openly than in a group interview situation. Moreover, choosing of individual interviews the objective was to take into account the combinations in hierarchical dominance that might have influenced responses (Myers, 2009, Hirsjärvi & Hurme, 2001).

ive interviews were carried out during this research. The interviewees were selected from the case organization located in Northern China and they represented middle management. The interviewees were well educated and also had knowledge of change management. The five interviewees had worked in the organization at least for one year and their tasks were clearly related to change management within the organization.

Each interviewee encountered change situations and three of them were also deeply involved in the development projects enabling the implementation of changes in the organization. One of the essential goals in the cross cultural study was to find out the way to overcome cultural barriers and develop understanding of the way to implement changes in other plants and units located in different cultures and countries.

The interviews were carried out during the interviewees' working hours and in quiet meeting rooms. Although a silent environment during the interviews was attempted to be secured, there were two interruptions during one of the interviews because of a mobile phone. The interviews were recorded and some additional written notes were also made. The purpose of the notes was to make sure that all important points and aspects were memorized and covered. The notes also supported and guided the researcher's analysis of the interview data.

The following main research questions guided data collection by interviews:
- How is change readiness created; what are the factors perceived by middle managers in change implementation in the case organization?
- How do managers perceive the impact of national (local) culture on change implementation in the inter-cultural context?

The data analysis began with reading and examining each interview carefully and then analysing the interviews theme by theme in the card index. Themes identified in the interview data were separated from one another by using consecutive numbers. Finally, the themes were analysed one by one. During the analysis, it was quite easy to comprehend that some themes had to be re-structured, and some of the themes integrated and merged in one re-named theme. After the analysis, the themes constituted the model containing two main themes. Sub-themes were well covered by the main themes.

The final themes were formed as follows: 1. Creation of readiness for change. This theme consists of six sub-themes containing: planning and scheduling, commitment, roles and responsibilities, communication, resources, and leadership issues such as motivation and involvement. 2. Cultural background. This theme is divided into two sub-themes that emerged from the interview data. The first sub-theme, national culture, contains four areas: management and leadership, communication, change resistance, and society. According to the interviewees' perceptions, these four elements were seen important to be taken into consideration in change implementation. The second sub-theme is organizational culture. The key findings are presented next following the two main themes.

Key Findings

Readiness for Change

Six main elements of creating readiness for change were found in the data mainly related to creating motivation of people, accepting change, and sustaining momentum. The elements for enabling change implementation are as follows: planning and scheduling, roles and responsibilities, communication, resources, and commitment which are related to trust, motivation, and involvement. The factors make it possible to provide personnel with updated, accurate and information that is relevant. Information and communication in a change process play a crucial role facilitating the overcoming of change resistance and willingness of individuals to contribute to the implementation by taking their responsibilities. Sharing information strengthens trust which in turn affects commitment (Savolainen, 2008). One of the most important points is the sharing of expected, understandable information on change in the right time and with credibility. The findings highlight the importance of communication, motivation and involvement which all reflect the role of trust as a foundation for cooperation in change implementation. Trust in turn requires interaction. Therefore, communication becomes highlighted. As to resources of change, internal human resources, i.e., change agents, and other necessary resources (time, training and education) were found as significant elements in preparing to the implementation of change.

The research results pointed out the importance of continuous communication during the change process, and in this study in preparation to its implementation; interaction facilitates overcoming change resistance among people. Direct, two-way and face-to-face communication styles are considered the key elements toward successful change implementation, as they also create or strengthen trust. Two-way communication enables interaction between superiors and subordinates. Although decisions are made and guiding is done by superiors, the perceptions and opinions of personnel can provide important information for change implementation. The research results were in accordance with the perception of Young and Post (1993) concerning communication. According to them, two-way communication motivates personnel to be involved in the change process and face-to-face communication with superiors reduces the uncertainty that is created by change. In addition, they discovered that each organizational level is

responsible for sufficient communication although the final decisions must be made by top management. In addition, several detailed issues and factors in the research data that specify more accurately the creation of readiness for change. One of them is the role of communication in conflict situations which is perceived to decrease conflicts. Interaction builds trust and reciprocally increases openness between managers and subordinates (Ikonen, 2013). The root cause of conflict was seen important to be identified and defined by communicating with the people that are involved in the conflict.

Two other issues that emerged from the data were the commitment of top management to change, and motivation to change implementation. The commitment of top management is not only considered an important element in change implementation as such but top management's awareness of its significant role and responsibilities in the change implementation process was highlighted. Top management's role clarity and commitment show trustworthiness through credibility and competence (Mayer, et. al, 1995) to people whose commitment in turn depends on how they see superiors behaving. In the case of untrustworthy behaviour the involvement of people in change implementation remain low (Savolainen & Häkkinen, 2011). The commitment of top management supports motivation and enhances trust. Further, the interviewees perceived that the personnel's trust, involvement, and motivation is strengthened by sharing information about the implementation process, i.e., letting people know whether the change is going in the right direction and if or what goals have been achieved. Feedback was perceived very important; Personnel become motivated if they get to know that they have contributed to the success of change implementation. It is noticeable in the data that internal change agents and change implementation were preferred. Hiring external change agents is not seen advisable in this case, as the participation in the implementation of change was seen as one of the most powerful means for achieving and increasing higher commitment.

Impact of Culture

The research results show that national culture have an impact on organizations' activities, procedures, and management in change implementation. As Miroshnik (2002) concludes, there are elements such as values and social structures that emerge from national culture and directly influence organizations' activities and procedures through their employees. In this case, the influence of national culture on the organization's activities also became evident. Local people represent values of the national culture that also creates their philosophy of life in the workplace. This partly explains why the same activities are carried out differently depending on the country and national culture. The results show that the communication between individuals and the degree of interaction was low and mainly one-way in nature. Change resistance appeared, and people preferred and defended the existing ways of doing things. Rules and instructions set by superiors were followed conscientiously.

In the research, the interviewees emphasized the importance of subordinates' feedback concerning change plan and scheduling before the change implementation process. By giving feedback, subordinates can influence the direction of change implementation. This differs from what Hofstede (1985) has depicted regarding high power distance cultures stating that subordinates are not allowed to provide any feedback or comments that might have impact on management's decision-making; decisions are only made by management. It could be assumed that this may be a sign of some kind of cultural change in this case.

Proactive behaviour during the change implementation process was not quite evident, as the existing and familiar activities were preferred. Although the change could bring along some benefits for people, they were reluctant to be involved in the change implementation process. Current processes and activities created safety and feeling of secure as the instructions and rules were known to people. The research findings support Hofstede (1993). In cultures where people attempt to avoid uncertainty they also resist change. In uncertainty avoidance cultures, the activities of organizations are based on structural and systematic operations. Uncertainty is willingly eliminated by clear rules and instructions. In change situations, however, this notion may be valid in human behaviour more or less in cross-cultural situations.

Cultural differences between different parts of the nation emerged concerning, e.g., openness, decision making styles, flexibility of people. Some elements of individualistic culture could be discovered in the results. However, stronger conclusions cannot be made from the results because the interviewee for the case

study represented such a small group. There is another interesting element concerning the importance of national and organizational culture in the change implementation process that emerged from the research results. Although organizational culture is considered a strong force in change implementation and global rules and policies should be followed in the process, it was easy to ascertain from the results that the influence of national culture is viewed as a factor that is stronger than organizational culture. The common, global rules and instructions, based on the entire organization's policy, are followed but they are, in any event, carried out by local people who represent the national culture. In such a case, national culture has the power over organizational culture. This makes change implementation complex especially if effectiveness is considered.

The study provides interesting results showing that during the preparation phase feedback from people on the current situation and expected effects of upcoming change need to be encouraged. It is also important to create a support plan and evaluate supporting resources before change can be implemented. National culture makes an impact on the change implementation process in several ways. Four key factors based on national culture emerged from the interviews as follows: management and leadership, communication, change resistance, and society-related issues. Each interviewee emphasized that these factors need to be taken into consideration when changes are prepared and implemented in the cross cultural organizational context where local culture influences the process. In this case, national culture is looked from the point of view of local (Chinese) culture. Figure 2 (next column) summarizes the key findings.

Discussion and Conclusions

This paper examines change implementation in the global business environment in cross cultural context, and more specifically focuses on change readiness. The influence of (local) national culture on the change process was studied in creating change readiness and handling resistance. The case study has presented the key elements, issues and factors in creating readiness to change for implementing change. In the empirical qualitative case study middle managers' perceptions towards their subordinates and as followers to their managers (top management) were studied.
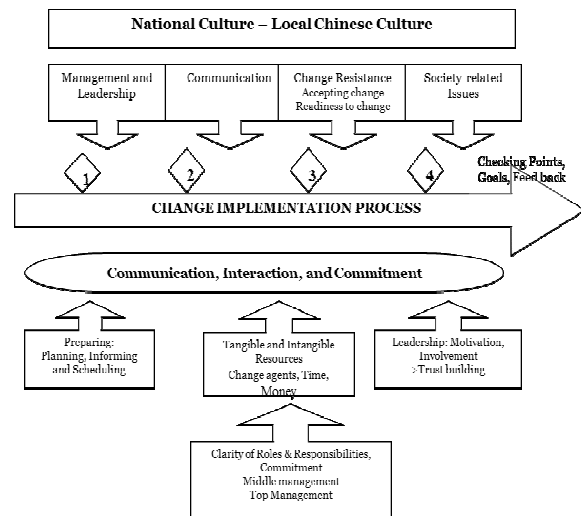

Figure 2: *Summary of the Key Findings in the Case Company's Change Implementation Process*

The importance of preparing for change before its implementation was emphasized in the findings. Six essential issues and factors were revealed for preparing to successful change implementation. They create readiness for people to think, accept and cope with change, find motivation and sustain momentum. The following factors paved the way to the implementation of change: planning and scheduling, commitment, clarity of roles and sharing responsibilities, sufficient communication, interaction, and resources, and motivation and involvement. All of these elements involve information and knowledge sharing in one way or another which seem to be a key in dealing with change resistance. As people feel they are provided with sufficient, reliable and relevant information in the right time, they are able to cope with the situation, to accept change and overcome change resistance. They also become willing to contribute to change implementation by their involvement in the actions of change. Information sharing seems to influence trust formation.

Furthermore, the case study findings point out the importance of continuous and culture specific communication during the change implementation process; Direct, two-way and face-to-face communication is seen as a key element in coping with change situation and its implementation. Two-way communication enables interaction between superiors and subordinates which creates trust. Trust was not a research question as such but came up, and the data implies its significance in change imple-

mentation. The importance of subordinates' voice and feedback on plans for change and scheduling before the change implementation stage was also highlighted.

In conclusion, change implementation is perceived as a process that requires specific actions and steps. The process needs to be planned and scheduled in order to receive support and commitment from top management and organization. The goals and change plan need to be communicated to people and the need for resources evaluated and assured. It is essential to define roles and responsibilities in order to create employee motivation and involvement. Finally, according to the interview data, it is evident that, in a global organization, national culture have a clear impact on change implementation locally, i.e., the organization's activities, procedures, and management (Friesl, Sackmann & Kremser, 2011). This seems to make implementation more complex and challenging, and even unpredictable implying an emerging type of change process. Four key culture differences emerged in the case study as follows: management and leadership, different styles of communication, attitude towards change and resistance, and society related issues (Figure 2.) The national and organizational levels of culture are seemingly intertwined in cross cultural change implementation.

Implications

Finally, managerial implications are made to global and intercultural management. The key change implementation issues and factors found in the case study may guide leaders in change processes in the multicultural context and could be taken into account in changes of any scale, importance or impact. Change implementation in the intercultural context is complex and challenging. Thus, it requires the development of change leadership skills with intercultural orientation, in specific. The findings show that intercultural management is a special challenge for leaders in different continents when they operate with a local workforce and subordinates. Change implementation does no more concern organizational culture only, as cultures are becoming mixed and are globalizing. It is also about learning and adaptation ability and resources, and behavioural skills. Therefore, challenges in leading change in the complexity of contexts exist. There is a need for growing awareness and flexibility on change management in the dynamic and non-stable world as well as on individual readiness for change independent on the continent or culture.

Sustaining competitiveness is a forceful external pressure for businesses to renew organizations. Continuous changes require seeking of capabilities and strategies that will be realized in varying, different cultural environments. Challenges may still grow in diversity management, in general, and change implementation processes specifically (cf. Elsey & Leung, 2004). Skills development is important in a local focus but also in the inter-cultural context and as a global mind set and stance to life referring to the idea of 'globe citizens'. This study advocates the idea of leading complexity and diversity of change more effectively in the future through stimulation of individual growth and learning. Capability development such as flexibility, adaptation, willingness to trust, ability to build trust, and language skills become highlighted. Trust that came up in the study deserves more attention as a foundation for cooperation and hence facilitator of change. Trust is needed for functioning group and dyadic relationships and sharing knowledge in learning processes (Savolainen, 2008). Further empirical research is required to shed more light on leadership development in the global context. This means training of leaders to grow 'globe citizens' in business life who are able to support and lead changes in multicultural workplaces through cultural communication skills, trust building and flexibility.

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