

# THE ROLE OF ORGANIZATIONAL CULTURE IN INNOVATIVE CHANGES OF PUBLIC ADMINISTRATION

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## **Abstract:**

This paper outlines the role of organizational culture in the process of introducing e-learning in public administration. The relationship between innovations and performances of public administration is the subject of numerous theoretical views. The purpose of this paper is to explore the role of organizational culture in the implementation of e-learning as an innovative technique in local governments in Montenegro. The research method is qualitative research in focus groups conducted for the implementation of e-learning as an innovative learning method. Data collection is based on semi-structured interviews, observations of stakeholders' representatives and diagnostic workshop with the representatives of local government. The obtained results show that there is a high resistance to the changes in the organizational culture of public administration. The representatives of stakeholders usually evaluated organizational structure as "good", but not ready to support innovation in the application of ICT technology. The research showed that despite need for the introduction of e-learning participants cannot make decisions independently, because decision-making is strictly centralized and participation of employees in implementation of changes very little. The research showed that bureaucratic culture is represented in public administration and that it is based on a large number of procedures, hierarchy and formalization. The consequence of it is certain unwillingness for accepting changes despite the necessity of implementation of new technologies such as e-learning.

*Keywords: organizational culture, innovation, e-learning, public administration, local communities*

## 1. INTRODUCTION

The purpose of this paper is to determine the role of organizational culture in public administration and to encourage innovations aimed at implementation of e-learning for the purpose of strengthening and improvement of human resources in the case of public administration in Montenegro. This paper presents results of pilot study which has been realized under the frame of implementation of the innovations in the use of e-learning in local communities in Montenegro.

The primary motive for public administration to introduce innovations is better use of resources and greater efficiency through staff's capacity building together with the use of e-learning. "Educational resource is to increase investment in human capital through better educational and skills, and enlarging participation in higher education, particularly in lifelong learning context" (Frank de Langen, 2011.)

The implementation of e-learning should enable the strengthening of administrative capacity and performances by using information technology. This kind of innovation includes the implementation of new ways of learning in local communities and rising of employees' level of knowledge. E- Learning is a tool for capacity building within the public administration and it also serves for improving communication.

In the empirical study Demanpour, Walker and Avellaneda (2009) states the positive relationship between the adoption of technical, administrative and management innovations, on one side, and the performances of public services, on the other. They also emphasized the complexity of these relationships, as well as connection between technical, administrative and management innovations. Organizational culture is a very important condition for improving the organization of local governments and for fulfillment of their objectives. The literature pays special attention to the importance of culture in public institutions. Appropriate culture can be a stimulus for innovations and can ensure balance between available resources through the organizational arrangements that make resources more efficient. Human resources in public administration have special significance, so improving of their knowledge and skills in countries in transition is particularly emphasized.

The development of human resources is very important for organizational culture. Schein (1992) emphasizes the importance of organizational culture for the coordination and integration of various organizational units in order to improve efficiency, quality, design, production and delivery of goods and services. He also points out that organizational culture is essential for the introduction of innovations and new technologies. A strong culture provides the necessary alliance of the majority of members of the organization which is directed to the organizational changes and innovations, the acceptance of new ideas, perspectives and reduction of conflicts within organization.

The definitions of the organizational culture give primacy to the cognitive components, such as assumptions, beliefs and values (Schein, 1992); (Mayerson and Martin, 1987). O'Reilly and Chatman point out seven primary characteristics to capture the essence of an organizational culture among which is "innovating and risk taking" as the degree to which employees are encouraged to take innovations and risks. Organizational culture can encourage or demotivate innovations. Damanpour (1991) defines innovation as "the generation, development, and adaptation of novel ideas or behavior. An innovation can be a new product or service, a new administrative structure or system, new plan or program pertaining to the members of the organization (pp. 556)". This definition shows that the concept of innovation is multidimensional phenomenon which generates numerous activities. Moynihan & Landay (2009) point out that "wider organizational culture that values learning, acknowledges error without provoking defensiveness welcome multiple perspectives, and focuses on the assumptions and information challenged assessed rather than the status of the individuals involved" (pp 1103).

This paper presents the analysis of organizational culture as the assumption for the introduction and use of e-learning in public administration which is conducted through qualitative research of focus group in order to assess the conditions for implementation of innovations in public sector in the case of local communities. The consideration of organizational culture has great importance for the implementation of innovations in public administration.

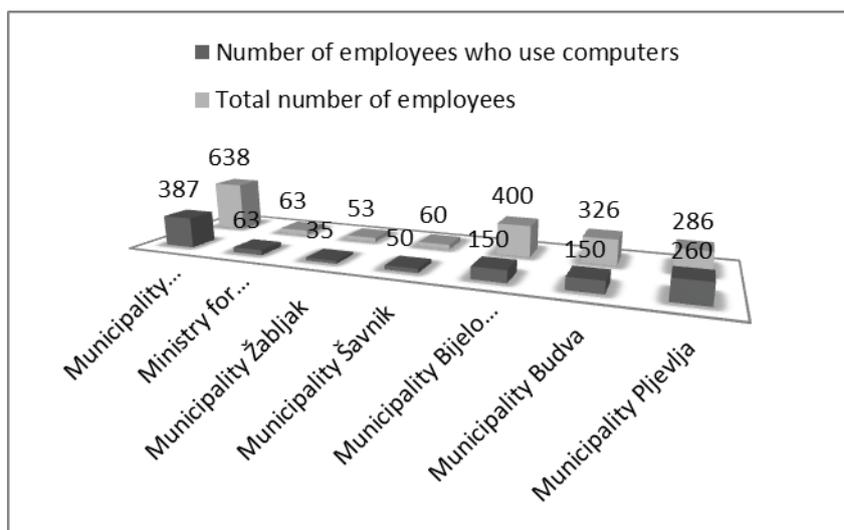
## 2. METHOD

The starting point for the pilot project was the analysis of the existing situation which revealed numerous barriers for the implementation of e-learning. Related to the issue of using of e-learning/self-regulated learning in general are multi-faced and may relate to (a) fear about unknown matters, (b) lack of expectation to use the OER medium, (b) lack of incentives (motivation) and (d) strategic concept for deployment and encouragement to use the medium apart from a misfit of offers due to (e) institutional routines or (f) contents, didactics, or usability wise. These barriers are the starting point for understanding the role of organizational culture in introducing e-learning. Beside the variables related to the role of organizational culture, variables such as IT equipment and personal qualifications were also considered.

As a part of this pilot project research in focus group with representatives of seven stakeholders who are managers of the municipalities, IT experts and human resources managers was also conducted. The workshop methodology was oriented on focus groups and was geared both to inform stakeholders about the project's goals and its opportunities and to generate knowledge about the requirements.

Selection of stakeholders was made according to the criteria of representation of larger communities and underdeveloped municipalities. Representatives of the municipalities involved in the focus group have positions that enable implementation of innovations and the necessary level of coherence between organizational units which would allow the implementation of new ways of learning and sharing knowledge within the local community using e-learning technology. In order to test the model of implementation of e-learning two focus groups with 27 participants were conducted in this pilot project. Interviews during which data were collected lasted about 90 minutes each. The total number of asked questions was 79. The questions were related to mission, structure and organization of work, the development of information systems and infrastructure needed for e-learning. The organizational culture, organizational change, social climate, team orientation and motivation for the implementation of e-learning were at the focus of discussion. The project team (three professionals) observed responses collected during the interviews. Despite different opinions the cooperation of the respondents was at the high level. During the sessions we observed the interactions between representatives of different municipalities. Even though groups worked together and the discussion was unstructured, participants were very careful in defining the conditions for the application of e-learning and pointing problems that may occur during the implementation.

Figure 1



Selected local governments employ 1826 employees, and at the level of given population 54% of employees use computer, while that number is various in different local communities.

It was noticed that municipalities with larger number of employees such as Podgorica, Budva and Bijelo Polje have small number of employees who use computer in their work. Every second employee in these municipalities uses computer, or 50.36% of the employees. This fact can be worrying because

these are the largest and most developed municipalities in Montenegro in which live nearly half the population of Montenegro. From obtained results is concluded that the IT infrastructure should be at higher level and additional staff trainings should be carried out. IT infrastructure in smaller municipalities is at an acceptable level.

**Table1:** Interview guide

| Main questions   | Subordinate topic                  |
|--|------------------------------------|
| 1. How would you describe the working atmosphere within the organizations?   | Social climate                     |
| 2. How would you define the organizational culture of your organization?   | Responsibility                     |
| 3. What are the core values of your organizations?   | Values, beliefs,                   |
| 4. To your view, to what extent does the existing organizational culture have the ability to support the future introduction of e-learning? Why? | Resistance to change<br>Motivation |
| 5. To your view, to what extent does the organizational culture foster innovation and continuous improvement?                                    | Appraisal                          |
| 6. To your view, what could be impact of the introduction of e-learning on the work atmosphere?  | Appraisal                          |
| 7. Why did organization decide to go for this e-learning solution?   | Attitude toward HR                 |
| 8. Which actors are at the origin of change project?   | Leaders and managers               |
| 9. To what needs or problems does the desired change answer?   | Authority                          |

Additions to these issues include the variables of training, communication and infrastructure for implementation e-learning.

### 3. RESULTS

The representatives of stakeholders point out that their mission is to be "*citizens' service*", i.e. to be in the service of citizens and their needs. When it comes to the vision, the majority of respondents showed a lack of vision in the implementation of e-learning and innovations in the IT sector. Generally the largest number of participants said that organizational changes were rare and were usually caused by the support of new administrative duties, or, as a part of rationalization, i.e. downsizing. The local governments are emphasizing the strengthening of the capacities for "*payment of taxes and revenues*," or "*political reasons*" which are conditioned by the greater efficiency and necessity for the integration into EU funds.

Participants have no experience with e-learning or OER. Open Educational Resources (OER) are any digital object which can be freely accessed, (re-) used, adapted and distributed for educational purposes with a certified open license. Most of participants are familiar with concept of e-learning, but none of them ever attended online training course or used any other form of online resource for learning (webinar, online repository, forums, web 2.0 tools etc...). They expressed no significant interest for e-learning as a model of learning. During this phase participants identified factors that can affect motivation for using e-learning system. Participants also expressed dissatisfaction with organizational climate in municipalities and most of them emphasized inadequate cooperation with superiors, frequent changes of HR staff and unclear distribution of tasks and responsibilities. This was the reason that specifically examines variables related to organizational culture.

The participants were answering the questions which were related to the way of procurement of IT equipment and organizational changes. Changes in the IT sector are mainly related to the purchase of the equipment, procedures, and very rarely to the implementation of new technologies. Most participants said that they were "*constantly faced with problems during the implementation of changes*," and that changes "*upgraded existing knowledge and allowed better insight into the problems and work*."

The orientation towards citizens which was pointed out by representatives of stakeholders means that municipalities are able to focus innovative activities in increasing the knowledge of their employees on quality improvement. However, although they emphasized in their answers that their mission is "to

meet the needs of citizens," municipalities do not find ways to improve citizens' services. The concept of e-learning in public administration has declarative support of managers of selected stakeholders, but they have many dilemmas about the way of implementation.

The organizational changes in public administration include organizational culture and connection with the environment in which the changes are taking place. The complexity of communities' environment requires change management which will develop synergies between environmental factors and organizational culture. Answering the question "*how sectors within the local community are associated?*" all respondents were referred to the official acts and laws that established formal communication. The communication is performed only through the head of the organ, and the decision-making process on all issues is centralized, including the development and changes in the IT sector. Managers at lower hierarchical levels can only make propose, but not decide. Employees are not included in the decision-making process. A large number of participants were referred on laws that regulating the work of local communities.

Emphasized role culture (Handy, 1985) is based on procedures, hierarchy and formalization, and it is particularly expressed at representatives of the local communities. When it comes to public administration, avoiding of uncertainty is very high and distance of power small. Bureaucracy is dominant within the local communities in which work of special departments takes place through special procedures, job descriptions, prescribed formats and rules including placement of the civil servants. The individual work is monitored through the role. Performance is above and below the role, and it is not specifically requested from civil servants. Presented attitudes show that public administration is successful in a stable environment and when there are predictable tasks. However, if there are changes, public administration has difficulties to face them, so the resistance to changes is expressed.

Formal communication is "*carried out in accordance with the applicable rules,*" but lateral communication between the managers of individual organizational units is very weak. The managers coordinate work in sectors for which they are in charge, but they don't have the formal decision-making power. The level of formalization is extremely high. The communication is performed in the direction from managers to employees, and there is a lack of communication between the same hierarchical levels. Employees do not have the opportunity to participate in decision-making process. The reasons for this type of communication do not lie just in the formalization but also in centralized bureaucratic structure aimed at, as participants said, "to the execution of the jobs." Weaknesses in formal communication reduce the possibilities of encouraging changes and motivations for accepting innovations in public administration.

In the analysis of the technical requirements for the implementation of e-learning the participants' opinions vary depending on the level of development of the local community. At the question "*Do you believe that the implementation of e-learning will have impact on the improvement of existing processes and procedures in local government?*" most representatives of the local communities responded with "*partially*" or "*I do not know how e-learning will contribute to the increased efficiency at work.*" In terms of available equipment necessary for the implementation of e-learning it is stated that "*the equipment complies fully*" or "*partially.*" When it comes to space that can be used for e-learning, half of the participants considered that they did not have space, while the other half said that they had a space that would allow distance learning.

At the questions about trainings and courses, participants replayed that trainings, seminars and other forms of training are regularly carried out. Trainings are related to the finance, administrative tasks, work on computers and specific project skills. Trainings are carried out according to the plans available to the local communities, but in planning of these trainings employees do not participate. New innovative methods and techniques are not represented in the training programs. Programs and plans are made by the presidents of local governments on a proposal from the Department of Human Resources.

The majority of the representatives of the local communities considered that implementation of e-learning would have "*little impact*" on managers, but some of the participants said that the introduction of e-learning in practice would have a "*huge impact on personnel policy*". The optimism regarding the application of e-learning is shown after explaining what e-learning is and which possibilities it has. After this explanation participants considered that e-learning would have a positive impact on

employees and the working atmosphere. It can be expressed as: "*with the help of e-learning the employees will easier and faster solve problems faced during the work.*"

#### **4. ORGANIZATIONAL CULTURE**

The stakeholders' representatives were chosen according to the fact that they can play an important role in the dissemination of ideas and that they can provide support to the employees, as well as support from the environment. According to that, managers who have leading positions in the local communities were chosen. The support to the staff is referred to the explanation what is expected from innovations, as well as their involvement during the implementation of e-learning. The Ministry of Information Technology was also included among selected stakeholders. Its role is to contribute to the creation of a clear vision for the participants of the local communities and to assist in provision of necessary infrastructure and resources for the implementation of e-learning. Selection of stakeholders' participants was primarily conditioned with previously obtained results on the existence of a large number of barriers related to the implementation of the e-learning concept. The organizational structure of public administration is directly connected with the organizational culture, so the participants presented the structure of the local communities which is mainly based on a functional principle. The representatives of local communities cherish "*collective*" approach and high level of formalization. During the discussion they showed uncertainty avoidance. The high level of uncertainty, risk and change avoidance in organizational culture imposes a high level of formalization, specialization and standardization of processes, as coordination mechanisms. Local governments are prone to the bureaucratic structure. As it shown by this research study, organizational culture is a type of tasks' culture. When making strategic decisions the centralization in decision-making is present together with approval of the authorities at higher levels of the system.

Almost all stakeholders' representatives evaluated organizational culture in their administrations as "*good*". Despite the perception of the participants, they did not choose to say "*we do not know*" how their organizational culture is, so they chose a neutral solution. From other questions related to the process of decision-making, autonomy of employees, communication, learning and attitude towards innovations, as predictors that influence the quality of organizational culture, is concluded that participants do not have power that may affect the implementation of innovative learning techniques in public administration. Relatively small number of participants is not enough for generalization, but from their responses can easily be concluded that the existing organizational culture is not focused on innovations and risks. Bureaucratic environment is primarily focused on strict rules and procedures. It makes the implementation of innovative technologies harder. Authoritative behavior is a barrier for the implementation of new ways of learning and development of team orientation. Continuous improvement of knowledge is not part of daily duties. Planning and deciding on trainings and implementation of e-learning do not have systematic character, so they depend on the decisions of individual authorities that have a formal decision-making power.

Respondents expressed concern about the implementation of e-learning and they emphasized necessity of organizational changes for the implementation of e-learning. They also said that there were resistance, misunderstanding and bad timing for starting the change. When managers and employees express concern, it reduces the possibility of improving the organization. A similar situation occurs when manager is confronted with resistance, so he has to pressure implementation of innovative processes.

Despite the fact that there is no possibility to set clear boundaries between types of the organizational culture in different systems, it should be emphasized that national culture presents the framework within which all organizational cultures appear. The organizational culture within the public administration depends on national culture, especially in the case of societies in transition. Norms of behavior create behavioral models that contain elements of bureaucratic-authoritarian culture from the past and, at the same time, introduce new models which should reinforce creativity and teamwork as basis for good interpersonal relationships and better adaptation of changes.

#### **5. CHANGES OF THE ORGANIZATIONAL CULTURE**

Organizational culture includes behavior of employees with the respect to the changes, different conflicts, innovations, organizational learning, knowledge on management and building partnerships and responsibility for changes. Fishman (2001, p 433) pointed out that "characteristics of

organizations, such as size, structure and expertise are important determinants of innovation in general and also with respect."

When public administration is faced with problems of external adaptation and/or internal integration, a critical moment in its functioning is formed. The problem of external adaptation is a challenge for the adaptation to the demands of citizens or systematically defined measures. In internal integration the building of harmonious interpersonal relationships in which employees function dedicated to a common goal is a mechanism that helps the acceptance of new ideas and perspectives. Norms and beliefs that strengthen organizational capability and acceptance of signals from the environment into the internal organization contribute to the development and changes of the organization.

There is multitude of approaches for the change of the organizational culture. Denison and authors (1995) introduce the idea that with the support of the strategy members of the organization are coordinated towards collective goals. They also suggest that, depending on the cultural complexity, approach to changes should be situational. It includes differentiation of the culture in relation to the functional and technical component; stable as opposed to variable environment; control as opposed to the individual discretion; directive as opposed to participation and democracy versus autocracy. Changes in organizational culture are mainly achieved by strategies which change the attitudes and values of employees. Schein (1999) emphasizes the psychological approach and highlights effective strategies for creating motivations for change, psychological safety with an emphasis on positive vision, training of relevant groups, support to the employees and addressing of fear and loss.

The strategy of changes of the organizational culture is an instrument for changing attitudes, values and behaviors of employees. Therefore, it is very important that the changes of the organizational culture resulting from the management mechanisms of public administration. One of the mechanisms which change the organizational culture of employees in public administration is the management of human resources and rising of the level of their knowledge through the implementation of e-learning. The importance of the management of human resources is particularly prominent in the situations of weaker management capacities of public administration in transition countries. Therefore, the importance of implementation of e-learning is exceptional and it dictates the necessity of creating a climate in which employees will accept the need for training through e-learning.

## **6. CONCLUSIONS**

The development of information technology, computer systems and techniques greatly affect the improvement of education and skills. Under the influence of information and communication technologies new ways of teaching and learning emerged. One of the most important concepts is the concept of e-learning.

E-learning is a tool which enables the acquiring of new knowledge and strengthening of public administration's capacities. Communication between employees and strengthening of the skills are trail for future organizational changes in the public administration of the countries in transition and essential for strengthening of its capacities.

Innovations change behavior of employees and they begin to think differently about their work. Therefore, it is very important that employees accept changes. The success of e-learning primarily depends on how managers in public administration will lead the process of adjustment of employees to a new method of learning. Motivation of employees to specialize themselves is particularly important.

Despite the importance which the implementation of e-learning has in practice, and in improvement of the public administration's services, particularly local communities, this pilot study shows that, among many barriers that exist, the organizational culture have a great impact. The organizational culture should be directed to the acceptance of innovations in terms of e-learning and to the continuous specialization of employees in public administration. The research revealed that the organizational culture is not sufficiently strong for the acceptance of innovations, but that there is a willingness to change things.

This is the reason why the organizational culture should adapt new working conditions and increase knowledge and skills of employees through investment in education and trainings. Leaders and

managers in local governments should be carriers of changes that will enable the implementation of innovative technologies.

The power of innovations lies in use and respect of participants to improve their knowledge through the improvement of the system of values and relationships in public administration. The role of organizational culture is of a great importance for bureaucratic organizations in which rules and procedures can provide value system in which knowledge and efficiency will have priority.

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