



# Study Regarding Opinions of Manages from within the Banking System Regarding Organizations' Methods of Adapting to Change and the Perception of the Stability of the Economic Environment

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## ABSTRACT

The purpose of the present article is to analyze the concept of change in banking organizational cultures from the point of view of employees in positions of leadership and the relationship that exists between change and the environment in which banking institutions carry out their activities in Romania Starting off from the theoretical research and practices with regards to changes that occur in organizations, our intention has been to offer an overview image of the way in which change is accepted and the way in which banking organizations adapt to change. In this sense 150 subjects were questioned and a database was set up which was accessible electronically. Afterwards a processing specific to the respective questionnaires was conducted, as well as a graphic representation of the recorded data. The conclusions of the study that has analyzed the given responses confirm that an organization is able to easily adapt to change and, in so far as the stability of the activity environment is concerned, perceptions differ. Manages from banking organizations with a primarily local, Dutch and Greek capital consider, with an overwhelming majority of 80%, that the environment in which they carry out their activities is stable, while only 35% of bank managers with a primarily French and Italian capital share this perception.

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## 1. Introduction

The study of the notion of change represents an issue of major interest for researchers from various areas of activity: economic studies, sociology, political sciences, anthropology, psychology, management, etc. as well as being a preoccupation of companies that have in mind the influence that it has on performance. For this reason the way in which change is understood and applied can make the difference in the various areas of activity. Our interest is focused on the way in which changes are perceived in banking organizations by employees in management positions, on how organizations adapt to change, starting from the environment in which they carry out their activities.

If we delve into the literature that deals with this issue we should take into account the opinion of Lynch (2002, p.99), according to which the organization is an open system, highly influenced by the transformations of its internal and external environment, which reacts to the impulses it receives or that it can anticipate. This systematic dynamism that has as a purpose the conservation of the organizations life force refers to the larger concept of organizational change. In general, theoreticians and specialists within organizations agree on the fact that the external environment (by means of *exogenous factors*) limits change due to the need to maintain competition, a global economy and inflation thanks to ever-advancing technology. However, neither should one neglect the internal environment (by means of *endogenous factors*): low productivity rates, conflicts, strikes, absences or fluctuations in personnel.

From this perspective, according to Durand and Weil (1997), the factors that lead to change are: demographic factors, technological progress, cultural values and ideologies.

Even though most factors that influence change are natural, Crozier and Freidberg (1977) draw attention to the fact that change has a character which is built and not a natural construct, thus when a change occurs, it always has to be consolidated with a profound transformation of the individuals.

In this sense, the above-mentioned authors identify several typologies of change thus: (1) change through crisis and adaptation; (2) change through learning; (3) change through development.

Of importance is the interdependency created between organizational development and change, which in the opinions of authors Burduş and Popa (2014, p.14) "implies the creation, projection and

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*implementation of change, which would in turn favor an efficient use of resources, thus an increase in economic efficacy and efficiency”.*

Therefore, supporting any and all changes is the way in which resources are utilized with the purpose of increasing efficiency within the organization. For this reason, the success of any organizational change depends on the personnel's rate of adaptation and change since, no matter how neutral a technological transformation might be, for example, it affects the learning levels, values, attitudes or competencies of individuals.

Due to a strong anchoring in the practical, organizational change has given rise to the interest of not only theoreticians, but most prominently of practitioners. In this sense, a series of empirical studies have targeted the concept of organizational change, most of them being of American origin, with examples taken from the large multinational companies.

We may recall thus the empirical study conducted by Ryan and Gross (1943). We recall this study due to the impact that it has had on the specialized literature, the fact that on the basis of its results the paradigm regarding “the lifespan of a product” was introduced.

Later on, in the 80's, Tushman and Romanelli (1985) took up this research once again, finding new evidence with regard to the fact that change, as an industry evolves, is not constant. In this sense, the authors have documented empirically the fact that this change has a slow start associated with the experimental phase and introduction into the market, a middle phase associated with a rapid increase as the product is more and more accepted by the public at large and, finally, a leveling out and even decrease as the consumers' attention turns to other products.

Gladwell (2000) later picked up these ideas with the purpose of demonstrating the fact that, in our modern society, the majority of changes don't take place gradually but rather they spread like veritable epidemics. The term that the author gave for this phenomenon is “*the tipping point*”, his study starting off from a new way of viewing the nature of change and the implications that different types of change have on organizations.

Returning to the theory of change, we can say that it may be comprised of 2 segments of ideas that are in conflict with each other. We recall here the studies conducted by Gould (1977), respectively Gersick (1991), where we find the paradigm of equilibrium. This paradigm maintains that organizations evolve through their capacity to alternate between periods of balance which permit a limited range of structural change and periods of revolution where the fundamental structures of organizations are irrevocably altered. The second part of the theory is developed by Weick and Quinn (1999) respectively, Brown and Eisenhardt (1997). These authors have developed what we know today as the gradual change paradigm and they maintain that an organization can be changed at any moment as long as the changes are relatively small. A compact series of such changes leads in time to fundamental changes in the organization, the change being gradual and cumulative.

Moving forward, we should mention the vision provided by Johns (1998) which identifies the systemic nature of change respectively, the changes within an area implicitly produce changes in other areas as well, and the external factors that are active are competitiveness, globalization and advanced technology. Johns has shown that the process of change becomes an efficient one only if one has in mind other aspects as well, such as: diagnosis, resistance, evaluation and institutionalization.

According to what we have, systemic collecting of information in order to implement change respectively, diagnosis lead to relaxing; the structures, attitudes, abilities of members are insufficient and there is a need for change. However not all organizations or members of organizations agree with change, there are organizational cultures that oppose both relaxing and change, preferring the comfort of tradition. In periods subject to change what is needed is *a high degree of flexibility of the organizations that might respond quickly and efficiently to immediate and unforeseen needs* (Moldoveanu and Dobrin, 2007, p.135).

In such cases, managers on all levels need to understand the diagnosis that is at the basis of the change and, transformational leaders have to inspire trust and to utilize tactics that encourage people to place the good of the organization ahead of their personal interests. Once accepted, changes must be evaluated in order to determine whether they have fulfilled their mission and to what degree they can be institutionalized.

*These researches constitute the theoretical background of the study of the way in which changes are perceived in banking organizations by managers.*

## **2. Research methodology**

In order to represent the feedback offered by subjects from within the banking system on the way in which change is perceived, a questionnaire was used that is considered to be the best means of obtaining information on existing changes in the Romanian banking system. In addition, for a proper representation of the answers a graph was used.

The present study is based on the act of administering, processing, analyzing and interpreting of questionnaires addressed to employees in leadership positions within the Romanian banking system.

The applied questionnaire will capture aspects from within the banking system at a national level. We've chosen this level since at the level of our country there are no ample studies conducted in this research area. The premises we start off from in our choice are as followed:

We've considered this research instrument an opportune one keeping in mind the specificity of the field. Since the opinions, values and psychological valences of human resources are utilized in the evaluation of the taxonomy of the organizational culture, the questionnaire has provided us with the prefect premise in this sense.

The method for gathering data was one of *direct administration* of the questionnaires at the banks as well as one of *indirect administration*, through an electronic format and mode of communication.

The results that were obtained have been recorded, stored and structures, resulting in the *database* needed for this analysis.

With regards to the respondents who received a comprehensive questionnaire, we should mention that the target group was formed of employees from commercial banks in Romania. The selection process was an exhaustive one, limited by one's willingness to be involved, an approval being needed from the headquarters of the organizations.

The number of subjects who were provided with a questionnaire was 150 employees with leadership positions.

The recorded data has been subjected to adjustments, grouping, and unifying encoding so as to have a more streamlined means of processing, analyzing and interpreting. Thus, a database was created that might be used electronically. A traditional act of processing was conducted specific to the respective questionnaires, direct observation of answers and a graphic representation of the recorded date.

The analysis has continued through a graph presenting the opinions of those interviewed depending on the country of origin of their financial capital.

### 3. Analysis of date, results of study and graphic representation

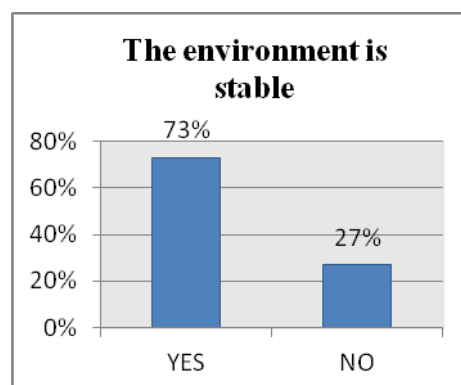
The study has in mind the concept of change in the banking organizational cultures from the perspective of employees in leadership positions and the relationship that exists between change and the environment in which the bank organizations carry out their activities in Romania. With regards to this field of study, we have included in the questionnaire addressed to managers 2 questions, as follows:

1. *Is the environment in which your organization carries out its activities stable?*
2. *How does the organization adapt to change?*

With regards to the first question whether the environment is stable the responses show that 117 of the 160 employees with leadership positions who have applied for this research consider that the environment is stable. The graphic representation of their opinions is the following:

**All of these aspects lead us to conclude that the research theme is presently of value, and its results will permit bank institutions to improve upon their managerial policies and practices, to develop positive abilities and attitudes, with a focus on the external environment, surely leading to prosperity and performance around them**

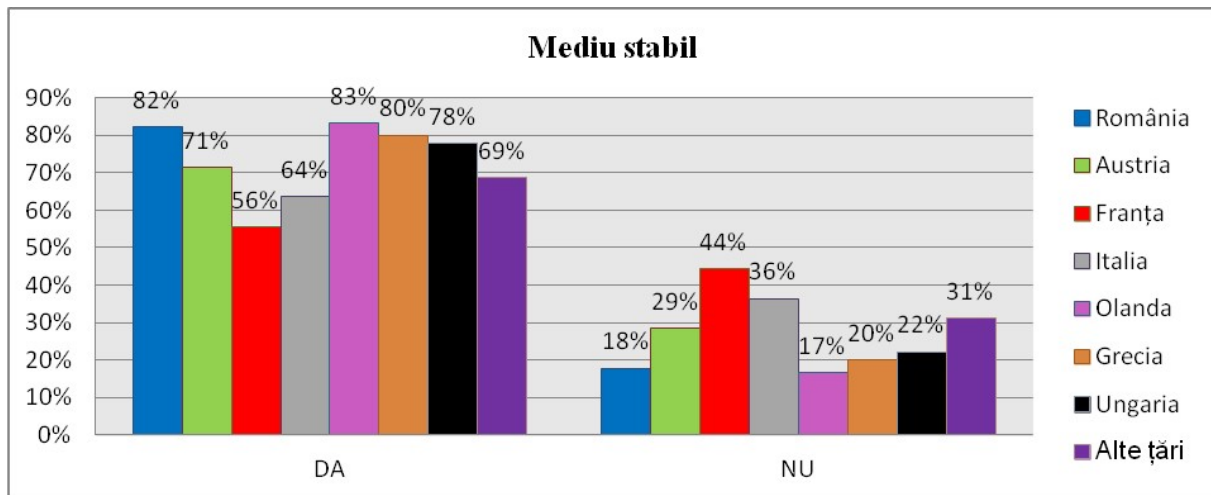
**Graph 1.** *The opinion of manages with regards to the environment in which their organization carries out its activities*



Source: author's projection

With regards to the answers to the second question on *the stability of the environment in which their organizations carry out their activities*, the responses of managers, grouped up depending on the country of origin of the majority of their capital, a difference of opinion is noticeable as represented in the following graph:

**Graph 2.** *Opinion of managers on the stability of the environment in which their organizations carry out their activities, based on the country of origin of the majority of their capital*

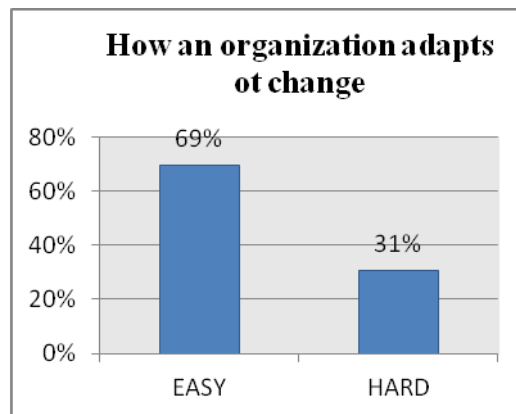


Source: author's projection

From the representation above we may conclude that managers belonging to bank organizations with a primarily national, Dutch and Greek capital consider, at an overwhelming 80%, that the environment in which they carry out their activities is stable, while the perception of those managers from banks whose capital is primarily French and Italian takes on rapidly changing values, over 35% of the respondents being of the same consideration.

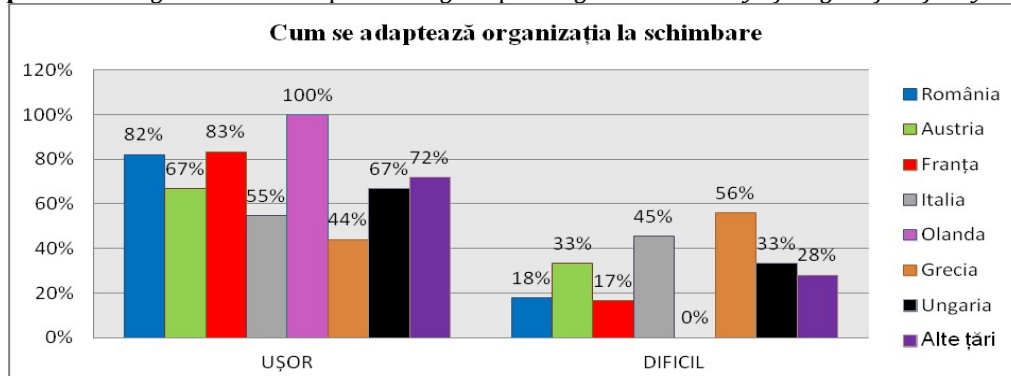
With regards to the second question on adaptability to change, we have tried to offer an overview of the way in which it is perceived by employees with leadership positions. The answers given confirm the fact that an organization's ability to adapt to change is an *easy* one. Out of the 160 respondents, 69% have maintained that change occurs *easily*, and 31% state that this process is *difficult*.

**Graph 3.** *How an organization adapts to change*



Source: author's projection

**Graph 4.** *How organizations adapt to change depending on the country of origin of majority capital*



Source: author's projection

From the research conducted the following results:

- ✚ managers from organizations with a Dutch majority capital consider that their institutions adapt to change without any problems, there being no obstacle presents;
- ✚ with regards to bank organizations with a local and French majority capital, employees in leadership positions consider at an overwhelming 80% that their institutions adapt to change easily;
- ✚ for managers belonging to bank organizations with a Greek majority capital, the institutions adaptability to change is low.

#### 4. Conclusions

We may begin our conclusions starting from the words of Johns (1998), who identifies the systemic nature of change respectively, that changes within a field implicitly produce changes in other fields, and external factors that play an active role are competitiveness, globalization and advanced technology. Johns has shown that the process of change becomes an efficient one only if one has in mind also other aspects such as: diagnosis, resistance, evaluation and institutionalization.

According to what we have, the systemic accumulation of information for implementing change respectively, diagnosis contributes to relaxing; the structures, attitudes, member abilities are insufficient and a change is needed. However not all organizations or all members of organizations agree with change, there are organizational cultures that are opposed both to relaxing as well as to change, preferring the comfort of tradition.

During periods of change what is needed is a *high level of flexibility on behalf of the organizations in order to respond quickly and efficiently to immediate and unforeseen needs* (Moldoveanu and Dobrin, 2007, p.135)

In such cases, it is necessary for managers at all levels to understand the changes that have occurred within the organizations and the environment that is the basis for this change, to encourage people to accept the change. Once accepted, changes must be evaluated in order to determine whether they have fulfilled their mission and to what degree they can be institutionalized.

The present study has captured from a managerial point of view the way in which organizations adapt to change, starting from the environment in which they carry out their activities. The answers from the 150 managers to the two questions, regarding the stability of the environment in which their organizations carry out their activities, and how these adapt to change, proves this fact.

The conclusions of the study through analyzing the answers given confirm the fact that an organization can *easily* adapt to change. Out of the 160 respondents, 69% have maintained that change comes *easily*, while 31% that it comes *hard*.

**Management has to constantly adapt to changes that occur within their organizations in order to handle the demands of the market and of the competitive market. In the banking system, more than in any other type of society, business is in a constant state of change and adaptation to the environment in which it carries out its activities.**

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