

# A Systematic Review of the Organizational Culture Change Literature and Future Outlook

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## Abstract

This study aims to examine critical success factors and major failure factors in organizational culture change, as well as their practical implications and future trends, by conducting a comprehensive literature review to synthesize key findings in organizational culture research. Our findings reveal that leadership support, effective communication, adaptable structures, and well-designed incentives are crucial for successfully changing culture, while insufficient resources, underestimating risks, and resistance to change contribute to failures. This research offers a fresh perspective on organizational culture change, shedding light on the complex interplay between success factors and potential pitfalls. Limitations of this study include its reliance on qualitative methods, which may introduce subjectivity and limit generalizability. Practically, our findings inform organizations about the importance of addressing success factors, mitigating failure risks, and embracing future trends, such as digital transformation and inclusivity, to ensure successful organizational culture change.

## Keywords

Organizational Culture Change; Culture Transformation; Culture Shift; Cultural Evolution in Organizations; Cultural Adaptation in the Workplace.

## 1. Introduction

Organizational culture is a shared, multi-layered, and elusive phenomenon that encompasses values, beliefs, behavior patterns, and habits learned and formed by organizational members (Cameron & Quinn, 2011). Cultural change within organizations is essential for adapting to external environments, achieving strategic goals, and improving performance. This paper presents a systematic review and analysis of the literature on organizational culture change, addressing primary problems and challenges in the field and proposing directions for future research.

Driven by globalization and digitalization, organizations increasingly face cultural challenges, necessitating cultural change to adapt to diverse and complex environments and meet market and customer needs (Hofstede, 2001). In the face of fierce competition, organizations must continuously innovate, with cultural change providing the necessary motivation and support. McKinsey & Company (2019) observed in their study, "Organizing for the age of urgency," that companies undergoing cultural change achieved an average performance improvement of 65% compared to those that did not. Deloitte (2016) also found that over 90% of executives believed company culture was critical to business success, while 88% of respondents felt a strong company culture helped attract and retain top talent.

Subsequent scholarship on organizational culture change has focused on various aspects. Some scholars emphasized the goals and processes of culture change, defining it as a process aimed at fostering a more effective organizational culture to promote sustainable development and competitive advantage (Carroll et al., 2004). Others concentrated on the scope and impact of culture change, defining it as a broad, holistic, and continuous process aimed at adjusting and

optimizing all aspects of an organization to enhance performance and competitiveness (Berg et al., 2004). Yet others underscored the connotations and realization methods of cultural change, defining it as a pursuit of change content and methods designed to encourage active participation in change to promote organizational innovation and development (Parmelli et al., 2011). These definitions offer valuable guidance for organizations seeking effective culture change implementation.

Previous research on change leadership has explored various interpretations and understandings of cultural change, including its meaning, influences, and effects on organizational performance and employee behavior. Scholars have also investigated the success factors, difficulties, and challenges of implementing culture change. Empirical studies have supplied best practices and strategies, such as internal communication, employee engagement, and leadership support, which serve as vital references for organizational culture change. Various levels and perspectives have been applied to analyze the relationships and roles of cultural change in relation to concepts such as organizational change and strategic change, deepening our understanding of cultural change's role in organizational transformation. Emerging research areas, such as international comparisons of cultural change and cultural change in multinational corporations, provide inspiration and direction for future inquiry.

This systematic review and analysis of the literature on organizational culture change offers valuable insights into the field's primary problems and challenges, and proposes directions and suggestions for future research. The paper's contribution lies in providing a comprehensive and in-depth review of the field, which will guide the direction of future research and practice.

## **2. Major Success and Failure Factors in Culture Change Research**

Organizational culture change research has identified several key factors contributing to the success and failure of cultural change initiatives. This section reviews the literature on these factors and provides a critical analysis, integrating findings from various studies, synthesizing conclusions, and identifying gaps for future research.

### **2.1. Key Success Factors in Culture Change Research**

Leadership support and full staff involvement are vital to ensuring the success of organizational culture change (Kotter, 1996). A clear vision, strategy, motivation, and support for members to actively participate in the change process are essential. The literature emphasizes the importance of establishing a positive communication climate and fostering long-term culture change. However, more research is needed to identify effective leadership styles and communication strategies that facilitate successful change.

Effective communication and training play a crucial role in facilitating organizational change (Armenakis & Bedeian, 1999). Regular evaluations of their effectiveness and adjustments based on employee feedback are necessary. Although the literature offers insights into the importance of communication and training, more research is needed to determine best practices and optimal training methodologies for various organizational contexts.

Adapting organizational structures and workflows to change is crucial for maintaining competitiveness (Teece et al., 1997). The literature suggests that redesigning and implementing technology systems should align with new workflows and business requirements. However, there is a need for further research on how organizations can effectively adapt their structures and processes to accommodate cultural change initiatives.

Incentive and reward mechanisms can enhance employees' engagement and contribution to the organization during cultural change (Eisenberger et al., 1990). The literature recommends establishing fair, transparent, and sustainable incentive mechanisms. Nevertheless, additional

research is necessary to develop tailored incentive mechanisms for different industries and organizational settings.

Integrating organizational culture change into long-term strategic planning is another critical success factor (Bartlett & Ghoshal, 1994). Developing a long-term strategic plan can better guide the management and implementation of cultural change. However, more research is required to explore the optimal integration of cultural change initiatives into organizations' strategic planning processes.

## **2.2. Major Failure Factors in Culture Change Research**

Lack of adequate resource input can hinder the success of cultural change initiatives (Whelan-Berry & Somerville, 2010). The literature underscores the importance of formulating corresponding resource input plans and management strategies, monitoring and evaluating resource input, and adjusting resource allocation. However, additional studies are needed to determine the optimal resource allocation for different organizational sizes and industries.

The risk of ignoring organizational culture change is another factor that can lead to failure (Kotter, 1995). The literature emphasizes the need to assess and analyze possible risks, develop corresponding risk mitigation measures, and establish a sound change management system. Further research is necessary to develop a comprehensive framework for risk assessment and management during culture change initiatives.

Resistance in the process of organizational culture change can arise from employees, teams, or departments (Oreg, 2006). The literature suggests that improving communication and coordination, providing necessary training and support, and establishing effective incentive mechanisms can address resistance. However, more research is needed to understand the underlying causes of resistance and develop targeted strategies to overcome it.

In conclusion, the literature on success and failure factors in culture change research provides valuable insights into the critical elements of effective change management. However, there are still gaps in our understanding of best practices and methodologies for different organizational contexts. Future research should focus on addressing these gaps to further enhance the success of organizational culture change initiatives.

## **3. Practical Management Implications for Organizational Culture Research**

Before embarking on cultural change, organizations must clearly define the objectives and strategies for the transformation, ensuring alignment with the organization's vision and strategy while providing unambiguous direction and guidance (Cameron & Green, 2019). The literature highlights the importance of goal-setting and strategic planning in successful cultural transformations. However, further research is needed to develop frameworks for establishing effective goals and strategies tailored to different organizational contexts.

Cultural change necessitates comprehensive communication and collaboration (Armenakis & Harris, 2009). Organizations should cultivate open and transparent communication channels, empowering employees to understand the change's purpose and progress while actively engaging in the process. The literature offers insights into the importance of communication in change initiatives, but more research is needed to identify the most effective communication strategies and tools for various organizational settings.

Change leadership is pivotal for driving successful transformations (Higgs & Rowland, 2005). Organizations should nurture leaders who are adaptive, flexible, and creative, inspiring employees to innovate and experiment with new work methodologies. The literature underscores the role of leadership in culture change, but additional research is required to

explore the most effective leadership styles and development programs for fostering adaptive leaders in different industries.

Throughout the change process, organizations must concentrate on preserving exceptional cultural elements, maintaining core values and cultural traits while fostering cultural evolution and innovation (Schein, 2010). The literature emphasizes the importance of striking a balance between preserving core cultural elements and embracing change. However, more research is needed to develop strategies for identifying and safeguarding core cultural elements during change initiatives.

Organizational culture change constitutes an ongoing learning and improvement process (Senge, 1991). Organizations must persistently reflect on and adapt their experiences, refining change strategies and practices to stimulate sustained growth and progress. The literature provides valuable insights into the importance of continuous learning and improvement in culture change. Nonetheless, further research is required to identify best practices for fostering a learning culture and facilitating continuous improvement in various organizational settings.

In conclusion, the literature on practical management implications for organizational culture research offers valuable guidance for organizations embarking on culture change initiatives. While significant progress has been made in understanding the critical factors contributing to successful change, gaps in our knowledge remain. Future research should focus on addressing these gaps, developing tailored strategies and frameworks to support organizations in implementing effective culture change initiatives.

#### **4. Future Trends and Directions for Organizational Culture Research**

Organizational culture research has experienced significant advancements, with new trends and directions emerging to address the evolving business landscape. Current research highlights crucial trends in organizational culture, including digital transformation, flexibility and adaptability, diversity and inclusivity, knowledge management, the integration of brand and culture management, and prioritizing employee career development and experience. These trends carry significant implications for organizational culture research, underscoring the need to adapt to rapidly changing environments, integrate digital technologies, foster adaptability, prioritize diversity and inclusion, manage knowledge effectively, align brand and culture management, and focus on employee development and experiences.

Future research should delve deeper into the following areas:

The widespread adoption of digital technology has not only transformed business models and operations but also profoundly affected organizational culture (Bharadwaj et al., 2013). Investigating the long-term effects of digital transformation on organizational culture, its impact on employee experiences, and the strategies required to navigate this transformation successfully.

Flexibility and adaptability, crucial components of an organization's culture, empower organizations to promptly respond to change and address emerging market demands (Lengnick-Hall & Beck, 2005). Exploring the role of adaptability and resilience in organizational culture, and how organizations can foster these traits in their workforce.

A diverse and inclusive organizational culture positively correlates with employee creativity, innovation, job satisfaction, and overall organizational performance (Richard et al., 2013). Examining the dynamics of diversity and inclusion in organizational culture, the barriers to achieving them, and the most effective strategies to promote diversity and inclusion.

As the knowledge economy advances, organizations must improve their ability to manage knowledge and information, converting them into core organizational competencies (Nonaka & Takeuchi, 1995). Investigating the role of knowledge management and learning organizations

in contemporary business environments, and how organizations can leverage these strategies to enhance performance.

Organizations that effectively integrate brand and culture management can more accurately communicate their core values and vision, thereby increasing employee and customer loyalty and satisfaction (Hatch & Schultz, 2003). Assessing the integration of brand and culture management in organizations, and how this impacts employee and customer loyalty and satisfaction.

As competition for talent intensifies, a growing number of organizations are concentrating on the career development and experiences of their employees (Collings et al., 2015). Studying the influence of organizational culture on employee career development and experiences, and the best practices for supporting and nurturing employee growth.

Future research should consider employing various methodologies, such as longitudinal studies, mixed-method approaches, and cross-cultural comparisons. These approaches can offer comprehensive insights into the evolving nature of organizational culture and its impacts on performance and employee experiences.

The future of organizational culture research will encompass a broad range of directions, focusing on the evolving business landscape and its impact on organizational culture. By understanding these trends and applying methodologically diverse approaches, researchers can effectively explore the implications and nuances of organizational culture, offering valuable insights for organizations an increasingly complex and competitive world.

## 5. Conclusion

In this study, we sought to examine the factors contributing to successful organizational culture change, as well as the reasons for failures and the future trends and directions in organizational culture research. Our key findings revealed the importance of leadership support, effective communication and training, adaptable organizational structures, and well-designed incentive and reward mechanisms. Moreover, we identified the major failure factors in culture change, including insufficient resource investment, underestimating risks, and resistance to change.

In this study, we sought to examine the factors contributing to successful organizational culture change, as well as the reasons for failures and the future trends and directions in organizational culture research. Our key findings revealed the importance of leadership support, effective communication and training, adaptable organizational structures, and well-designed incentive and reward mechanisms. Moreover, we identified the major failure factors in culture change, including insufficient resource investment, underestimating risks, and resistance to change.

Synthesizing these findings, we deduce that achieving successful organizational culture change necessitates a multifaceted approach, wherein organizations address both the success factors and potential obstacles. Our study underscores the significance of tailoring organizational culture change initiatives to an organization's specific needs and context while incorporating insights from previous research and best practices.

The implications of our findings extend to both practitioners and researchers. For practitioners, understanding the critical success factors and potential pitfalls can inform the design and implementation of effective organizational culture change initiatives, ultimately enhancing the likelihood of success. For researchers, our findings serve as a springboard for future studies, opening new avenues for exploration in the realm of organizational culture change.

However, there are limitations to this research. For instance, our study primarily relies on qualitative methods, which may introduce subjectivity and limit the generalizability of the findings. Future research directions include diversifying research methods, exploring processes and factors in culture change practices (Marshak & Grant, 2008), engaging in

interdisciplinary studies (Tsui, Nifadkar, & Ou, 2007), and assessing the impact mechanisms of culture change (Yang, Huang, & Wu, 2011). By utilizing a combination of quantitative and qualitative approaches, researchers can obtain a more comprehensive understanding of organizational culture change.

In conclusion, organizational culture change is a complex and dynamic process, influenced by numerous factors that can determine its success or failure. By understanding the critical success factors, addressing potential pitfalls, and staying informed about future trends and directions, organizations can effectively navigate the challenges of culture change and foster a thriving organizational culture that promotes growth, innovation, and success.

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