**Conference Paper**

# Does Organizational Culture Matters in Organizational Change? Transformational Leadership and Cynicism About Organizational Change

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## Abstract

Culture is fundamental in the organizational change because it becomes a distinguishing feature or characteristic of the organization. In organizational change context, culture is important because differences of organizational culture will affect the different perceptions of employee about organizational change. Leaders need to be an example and be a pioneer in the formation of a positive culture within the organization. This article shows that transformational leadership is able to minimize cynicism about organizational change (CAOC). Transformational leadership is characterized by the ability to become role model which will be followed by all members of the organization. Members' behavior of the organization would be an organizational culture that had an impact on decreasing CAOC.

**Keywords:** organizational culture, transformational leadership, CAOC, organizational change

## 1. Introduction

Culture is a topic that always discussed, both in the social realm, country context, and in the organizational perspective. A country and organization can be distinguished based on the culture and it's values. Many international researches confirmed that relations between employees and developing organizational culture is key to success (Iljins et al., 2015). Culture is a reflection one of the concepts of thinking and behavior of a group in acting and doing activities. In the organization, culture is fundamental because it signifies an organizational. Anderson and Anderson (2010) state that culture is a way for organizations to be different from certain characters and personalities.

Organizations with one another are distinguished by existing cultures, because in culture there are organizational values, operational norms and principles, and become history for the organization. Therefore, it is important for organizations to build a culture

that will later reflect the organization, both within the organization and external organizations. Culture is the impact of organizational perceptions on existing reality, showing an opportunity, response to competitors, and market control (Anderson and Anderson, 2010). It was in line with Warrick (2017), that stated Organizational researchers have begun to link close links between culture, performance of organizations, and behavior and attitudes of people in organizations.

Culture is a product that is formed based on the mindset, behavior, and style of the predecessors. According to Anderson and Anderson (2010) that a leader must be aware of the views and realities that exist through policy making, both informally and formally, as well as methods and ways for organizations to shape characteristics. Bommer et al. (2005) stated the role of a transformational leader is quite dominant in changing followers' cynicism during the change process. This shows that a leader who cares and always inspires followers will be able to minimize cynicism about change (CAOC). Characteristics of an organization's culture, and groups within that culture, can influence ways of individuals behavior and team experience and make sense of organizational change initiatives and how that subsequently influences their learning (Colleen & Kline, 2008).

Transformational leadership style shows a style of leader who is able to embrace the aspirations of followers and is able to inspire followers who will form a work system. The work system that has been built and becomes a characteristic of the organization will become a culture that continues to be held and implemented in the organization. The role of a transformational leader who is sustainable will be able to minimize cynicism about change (Bommer, 2005). Haroon et al. (2018) explained that leadership in Pakistan can encourage followers to behave positively, especially in organizational changes, so CAOC will be minimized. The role of leader must be able to provide a role model for followers so that leaders can make followers optimistic and CAOC will decrease when organizational changes process.

## 2. Literature Review and Proposition Development

### 2.1. Organizational culture

Culture as basic for organization to get bargaining power and competitive advantage. Definition of culture has been described by experts. Culture can be defined as beliefs, values, attitudes, behaviors, and practices that are characteristic of a group of people (Warrick, 2015). Edgar Schein also give definition and a leading authority in the study of

organizational culture, uses the word group to describe social units of all sizes (Schein, 1992).

Warrick (2017) As mentioned previously, such values are typically identified through the core values of an organization or by identifying specific cultural ideals. Nam & Kim (2016) Culture can be referred to as a collective term of all the things acquired by acquired learning. Accordingly, organizational culture means a culture formed in accordance with organizational goals by sharing the things acquired by learning, and comprises all the values, activities, philosophy, ideals, etc. of an organization.

Warrick (2017) The team should include at least one member of the senior leadership team so there will be an advocate for culture at the top. Possible tasks for the culture team could be: First, Monitor the culture must be monitor and informed by leader about the culture and any significant changes; second, Advise the senior leadership team on ways to build, reinforce, and make changes to the culture; third, Become students of information on organizational culture and help leaders implement ways to strengthen the culture.

## 2.2. Transformational leadership

Transformational leadership has become one of outstanding area research. Burns (1978) in Bass and Avolio (1993) who have shown a shift in theories about leadership from leader behavior to leader and follower relationships. Transformational leadership theory was first developed by Burns in 1978 (in Bass and Avolio (1993).

Bass and Avolio (1993) defined transformational leadership is the ability to inspire and motivate subordinates to achieve results that exceed what followers previously expected. Transformational leadership will show that followers are not an exploited object to fulfill their duties and work, but a partner who feel trust, admiration, loyalty, and respect for the leader. Leader and member communication and relationship intimacy will encourage employee to do their job well.

In line with this understanding, Afsaneh (2003) defined transformational leadership as an attitude or habit that is more complex than the initiation of structure and consideration. Transformational leadership focuses on exchanges between leaders and followers, such as the emphasis on the importance of commitment and the achievement of the company's mission objectives. Transformational leadership is seen as the ability of leaders to expand and increase the interests of followers in line with the goals and mission of the team in the organization (Seltzer and Bass, 1990).

Based on definition, transformational leadership focus on leader and member relation and make them more positive and can manage their feel for positive view. Bass and Avolio (1993) state that transformational leadership emphasizes reciprocal relationships between leaders and followers. Therefore, they state that transformational leaders motivate followers in the following ways.

Bass and Avolio (1993) describe transformational leadership become four dimensions. (1) Charisma is defined as a leaders influence and connection with the employee. Bass in Winkler (2010) reveals that leaders are a source of inspiration and identification of charisma through the enthusiasm and achievements that have been achieved. (2) Inspirational motivation, transformational leaders motivate and inspire followers in facing the changing of organization. Leaders become a source of inspiration and encouraging followers because leaders become examples that followers must imitate. (3) Intellectual Stimulation, encourages followers to actively participate in problem solving (Winkler, 2010). Leaders facilitate employee to develop their skills and ability to face the organizational changing. Employees can manage themselves because they feel have competencies and skill. (4) Individualized consideration, as one of leaders ability in understanding employee's character to support them in facing organizational change.

## 2.3. CAOC

Cynicism concept known as negative perception. Cynicism is a general attitude involving "contempt, frustration, and distrust toward an object or multiple objects" (Andersson, 1996, p. 1397). Besides, Wanous et al. (2000) defined cynicism about organizational change as "organizational change cynicism" (OCC), as "a pessimistic attitude towards change efforts being successful because those responsible for making change are regarded as being unmotivated, incompetent or both" (p. 133). They showed that CAOC will influence behave of employee because they incompetent or not have complete information about important change.

CAOC can be reduced by giving motivation and information about change. It will be succeed if the leader use new strategy or tactic in motivating employee. If an employee has a high level of OCC, he or she may think that either the change itself is bogus and dubious or the efforts made by leaders are not sincere or the leaders responsible for such changes lack morality, integrity, and competence (Barton and Ambrosini, 2013). Leader have to integrate all dimension of employee condition, such as feel, knowledge, and morality.

Yuxia & Daniels (2008) Change-specific cynicism refers to a negative attitude toward a specific organizational change consisting of three dimensions: a disbelief in management's stated or implied motives for the change; a feeling of pessimism and frustration about the change efforts; and tendencies to disparaging and critical behaviors toward the specific organizational change. Mutualism about leaders and employee become important key because employee will behave positive if they have felt comfort with their organization and leaders.

## 2.4. Transformational leadership and CAOC

The leadership style is the first indicator of culture, because leaders can also be said to be symbols of the organization. The leader will be an example for followers and all that is conveyed will be followed by followers. Therefore, transformational leadership style can influence followers, especially in the process of change. This is consistent with Anderson and Anderson's statement (2010) that the role of leaders must be able to be an example and can build synergistic human resources.

The dimensions of the articulation of vision and being a role model of transformational leadership behaviors are dimensions that can make can reduce CAOC. Transformational leaders who are continually shown to followers will truly understand and can push themselves to achieve the company's vision. Such action will become a system and behavior of all members of the organization that will become an organizational culture.

The change process in the organization can become a cultural benchmark in the organization, because in the process of change all members of the organization are expected to be open to these changes and respond positively to these changes. The role of a leader must be able to make followers positive about change and they are not cynical about change. Bommer et al. (2005) explained that transformational leadership shows the role of a leader who is able to transform CAOC into a commitment to change. This can be done through an increase in competence and able to influence the positive affection of followers on change.

Kiefer (2005) in his article stated that the process will affect employees' negative emotional conditions. The negative emotional state of employees is not only influenced by the process of change, but the relationship is mediated by three variables, namely the conditions of work, personal status and future, and the treatment of the organization. Employees who have negative emotions are not directly affected by the change process, but the work conditions of employees are also influential. Therefore, negative emotional

conditions that arise continuously at the time of change will become a habit and can become a culture in the organization.

The process of minimizing negative emotions is important to be anticipated by leaders in the organization. The impact of negative emotions is that it will make employees withdraw from the organization and can reduce the level of trust in the organization (Kiefer, 2005). Yuxia & Daniels (2008) The findings show that perceived quality of information, cynicism of colleagues, and predictable change-specific cynicism, which, in turn, lead to intention to resist change. Trust will be increasingly eroded because of negative emotional attitudes so that depletion of distrust between individuals in the organization indicates an organization that has a passive type of culture. Therefore, the role of the leader is needed to minimize negative emotions of followers. Transformational leaders will become role models and can motivate followers so that followers will have positive emotions and will be able to reduce CAOC.

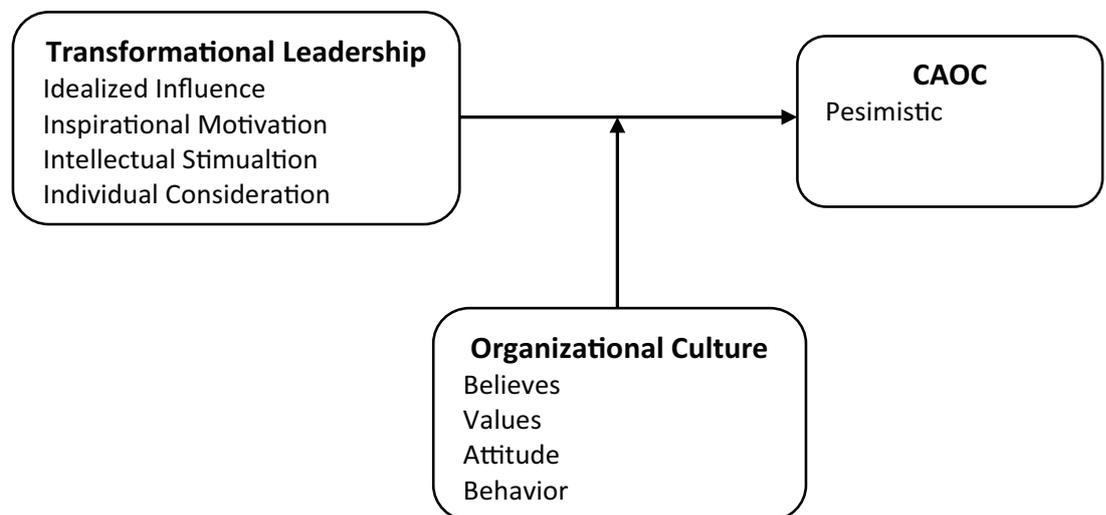*Proposition 1: Transformational leadership will reduce employee's CAOC*



**Figure** 1: Conceptual framework: The role of organizational culture in transformational leadership and cynicism about organizational change.

## 2.5. Transformational leadership and CAOC: Support of organizational culture

Anderson and Anderson (2010) argue that culture will be difficult to see, hear, and touch because culture is an intangible asset. Organizational performance can be seen based on the culture and values in the organization. Culture will manifest in all members of the organization on behavior, systems, and attitudes. Therefore, the role of culture is sufficiently fundamental which will have an impact on the organization. In general, culture

will have an impact on organizational performance and employee behavior (Anderson and Anderson, 2010).

Culture is also formed because all the forms and behavior of the predecessors have been ingrained in the organization, besides the role of the leader is also quite dominant. Anderson and Anderson (2010) change leaders and consultants can quickly and accurately measure organizational culture through the delivery of information about key indicators of organizational culture. Therefore, Bommer et al. (2005) confirms that transformational leadership behaviors measured through six significant dimensions of influence to minimize CAOC.

Hussein et al. (2016) The organization may have invested heavily for status quo; subsequently resisting change will take place to avoid uncertain future of organization. Consequently, the necessary actions are to be taken to motivate employees. Anderson and Anderson (2010) generally divide the type of change in three aspects, namely: constructive, passive or defensive, and the last is aggressive. The three types of cultural change are of course the organization wants a constructive culture, because constructive culture has sparking, self-actualization, affiliation. Constructive culture shows the attitude of all creative, supportive, friendly members of the organization, and mutual support. A constructive culture will make the organization still exist and have a competitive advantage.

The second type of organizational culture that has norms are dependent, conventional, and avoid. Usually the behavior of members of an organization will be demonstrated by behavior that always denounces a mistake, has hierarchical control, and has a conservative mental attitude. Anderson and Anderson (2010) Aggressive types of culture are indicated by the norms contained therein, such as opposition, strength, competition, and perfection. An aggressive type of change will manifest in behavior that is always confrontation, debate ideas, champions are values, avoid mistakes, and so on.

Anderson and Anderson (2010) stated that organizations need to build six cultural conditions that can bring a company to success. First, a culture of change must be relevant to business conditions: second, a culture of change must be conveyed explicitly and legitimately: third, a culture of change must include personal change: fourth, a culture of change must be exemplified by the leader: fifth, a culture of change must be attached to all followers: and sixth, all aspects of the organization must care about the culture. six dimension will success if leaders aware about the significant change and employee condition.

Based on the study, a concept of the importance of transformational leadership can be built to minimize CAOC and negative emotions in change. Reducing CAOC will have

an impact on increasing the level of trust and can minimize withdrawal from employees of the organization. Transformational leadership can be an example and can articulate an organizational vision to lead a culture building and can be an organizational characteristic.

*Proposition 2: Organizational culture Support the relationship of transformational leadership and employee's CAOC*

## 2.6. Theoretical implication

Leader have great role in changing process in organization, so, in theoretical perspective CAOC can be investigate by leader and how to make the optimistic. There many literature discussed about leader and employee relationship. Hussein et al. (2016) his paper associates positive impact of leadership style on change process. This study describes the effect of leadership in terms of employee involvement in change by motivating employee for change.

Warrick (2017) in the literature argued that leaders throughout an organization have to understand about strategy and culture in building a successful organization and to make both a top priority in their decision-making and practices. Culture become important thing because it's a distinguish an organization with each other.

## 2.7. Practical implication

Yuxia & Daniels (2008) cynicism refers to a negative attitude toward a specific organizational change consisting of three dimensions: a disbelief in management's stated or implied motives for the change; a feeling of pessimism and frustration about the change efforts; and tendencies. Leaders have to make clear understanding of employee about significant change in organization, without making advice and motivate them it will be difficult for organization to reach the competitive advantage.

Employee pessimism and frustration can be reduced by stimulating and sharing knowledge because they feel incompetence in facing organizational change. Employee have different characteristic, so leader have to understand about employee characteristic to make them comfort about change process.

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