

The Role of Learning Culture in Supporting Individual Readiness to Change in Bureaucratic Simplification Initiatives

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Abstract. A survey conducted by The World Economic Forum in 2017 has reported that a bureaucratic inefficiency is a barrier in supporting ease of doing business. In Indonesia, delayering in the bureaucratic structure has been one of the strategic initiatives to increase the speed of service and decision-making. This initiative resulted in the abolition of middle-level management positions and replacement with specialist positions. Accordingly, this study highlights the level of individual readiness in dealing with delayering organization structure through evaluating the effect of learning culture on individual readiness to change. This study will also examine the mediating role of organizational commitment to accelerate individual readiness to respond to change. The aim of this study to provide input from an academic perspective which has further managerial implications in identifying and formulating change strategies in bureaucratic organizational environments. Quantitative research through self-administered questionnaires has been used in this study where the researcher administered questionnaires to more than 200 of civil servants who served in middle-level management positions at the Directorate General of Treasury of the Ministry of Finance and potentially have to experience delayering. The findings reveal that learning culture has positive impact on the conformation of individual readiness to change. Ultimately, the organizational commitment takes a partial effect as the mediator that can accelerate the influence of both.

Keywords: Readiness to Change, Learning Culture, Organizational Commitment, Delayering, Efficiency

1 Introduction

The ease of doing business is an indicator of global competitiveness. The government has a crucial role as an enabler in creating an efficient business environment which could change the quality of private sector growth [1]. Unfortunately, the report of a survey on the ease of doing business in 2017 assessed that a government bureaucracy that operates inefficiently had become a barrier in establishing a new business [2]. The global competitiveness report 2017-2018, 2017. In response to this, The President of Indonesia, Joko Widodo has determined that the debureaucratization initiative is one of the five platforms that will guide Indonesia's development in 2019-2024. Ideally to his idea, reconstruction towards simpler bureaucracy has positive implications to fasten and to make more efficient the decision-making process in

the bureaucracy and public services. Furthermore, the creation of service innovations that can directly affect Indonesia's competitive advantage in the global arena.

One of the efforts in debureaucratization is to eliminate the middle-level management in Ministries/Agencies and Regional Governments, and then to reposition them into specialist positions that encourage professionalism and mastery of more specific skills. In essence, the abolition of the organizational structure aims to make the bureaucracy more efficient and agile in providing public services. In similar vein, Littler et al. [3] define delayering as a planned vertical compression of hierarchical managerial levels involving removing one or more layers of managerial staff or supervisors from the organizational structure. Many experts consider delayering to reduce overhead costs, increase efficiency, empower lower-level employees, increase motivation, improve communication within the organization and get closer to stakeholders.

The issue of delayering may become sensitive for some people when the changing process is related to their career path, income level, and may possess a threat of losing pride in structural positions that have strategic authority as department head, which is not owned by the characteristics of specialist staff. Consequently, significance of differences in characteristics both types of career paths will affect individual readiness to change when the initiative is about to be implemented. Therefore, measuring individual readiness to change in planned change is essential because it relates to the sustainability of organizational performance, especially in the public sector that provides direct services to the community. On the other hand, change tends to be difficult to accept since it resulted an increasing uncertainty, especially on the change recipients [4]. Changes in the organization encourage every organization member to adapt to new patterns or cultures that require a high fighting spirit and enthusiasm for learning. In this context, the researcher intend to investigate whether the learning culture factor in public sector organizations can influence individual readiness to change in the delayering implementation plan. This study aims to provide inputs pertaining to policies in the field of human resources, especially regarding to the organization's efforts to maintain the psychological capital of its employees so that they would always support reasonable change efforts for public sector organizations.

Upon further readings on the relevant literatures, it is found that many studies on readiness for change have focused on an organizational perspective. However, Holt et al. [5] reveal that individual readiness analysis is more convincing than measuring organizational readiness to change as a predictor of change initiatives' success based on the following two main reasons. The first reason is that the implementation of change initiatives is usually more related to the individual so that the measurement is appropriate to target changes in individual level. Second, there are differences and variations in perceptions about organizational readiness to change according to each individual's beliefs and understanding, considering the organization as a complex human system, and no single individual has complete information about everything that happens in it.

Many experts have addressed the issue of readiness to change. Choi and Ruona [6] define it as an individual's perception of the urgency of change and its capacity to adapt to these changes. A broader definition is expressed by Holt et al. [7] as an employee's belief about four elements, namely confidence in the ability to implement the proposed change; belief in the benefits of change for the organization; belief in the leadership's commitment to change; and believe in the benefits of change for them. Readiness to change needs to be measured to identify the gaps that exist between the change expectations of the organization and its members.

Not many studies have discussed about the influence of learning culture to retain highly knowledgeable employees, although according to Jo and Joo [8], it is part of a strategic effort to create a good work environment. In this case, an organizational learning culture is an organization that learns to improve continuously and to change itself [9]. Furthermore et al. [10] take a different perspective to enrich the boundaries of an organizational learning culture, namely organizations that promote individual learning as an organizational perspective with reasonable learning goals. The learning process includes exchanging knowledge and then expanding it to a study group in organizational learning, and it shows the contribution of employees in achieving organizational success. Research conducted by Levering (1996) complements the theory that organizations with a learning culture potentially could attract knowledgeable individuals, support innovation, and reduce employee intentions to leave the organization. With a supportive learning culture, the organization possess a strong potential to motivates its employees to become learning agents who continuously improve their understanding of the organization's needs so that in the future, they can evaluate the effectiveness of how they work and be better prepared to face organizational changes [11][6].

Organizational change will less likely to succeed without a strong commitment to change from its members. Accordingly, Kreitner and Kinicki [12] define organizational commitment as the extent to which an employee will identify himself with the organization and have the same commitment to achieving the organization's goals. The higher level of a person's commitment to his work could increase productivity and loyalty. Therefore, organizational commitment is associated with a person's performance in which a higher organizational commitment would lead to better quality performance.

Meyer and Allen [13] described that commitment to the organization can affect the formation of individual readiness to change, considering that there are physical and emotional attachment factors between employees and their organization in creating a desire to participate in organizational change. Learning culture organization will increase employees' understanding of organizational change to become more open, and thus they would provide feedback by showing their loyalty. Henceforth, commitment to the organization will encourage someone to be willing to sacrifice for the sake of the organization [14] so that a belief that arises for positive changes in organization are also beneficial for themselves.

2 Hypothesis

This research is a development of previous studies that reveal the antecedents of individual readiness to change, including the journal written by Choi and Ruona [6], which is a conceptual model by linking individual readiness to change with change strategies, and learning culture as research conducted by Jo and Joo [8] which investigated the correlation between learning organizational culture, organizational commitment, and organizational citizenship behavior on knowledge sharing intention. According to Choi and Ruona [6], organizations need to accommodate changes that focus on significant changes in attitudes, values, and relationships to complement knowledge management changes and solid intellectual reasons when designing organizational change interventions. Their study concluded that the change process is ongoing and requires the participation of employees. Thus, organizations also need to build a positive learning culture to support the participatory abilities of employees. Individuals will be better prepared to adapt to constant changes when the organization implements a learning culture as a working climate. Mathieu and Zajac [15]

in Jo and Joo [8] state that organizational characteristics can increase organizational commitment. Jo and Joo [8] also concludes that employees' perceptions of organizational learning culture significantly affect employee commitment to the organization. Thus, if employees increasingly feel that their organization has the characteristics of a learning organization in terms of system and culture, and behavior, it will further strengthen their psychological attachment to the organization. Thus, this study examines the influence of learning culture on individual readiness to change by committing to the organization as a mediator. The research model is constructed as shown in Figure 1.

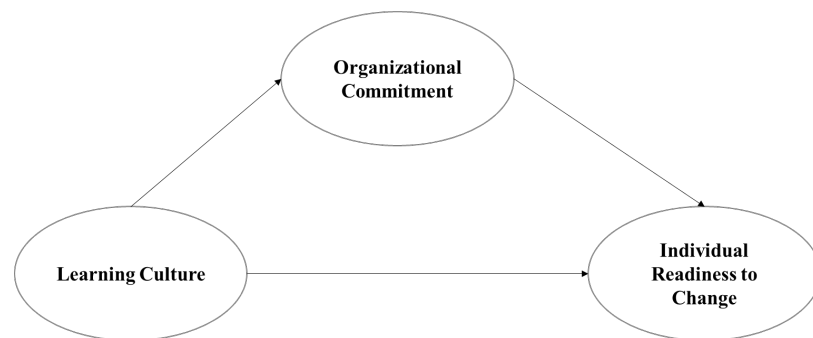


Fig 1. Research Model Construction

Cultural norms and socialization experiences make a difference in individual achievement in educational settings. Changes made by individuals in building the organization's image will lead to new practices obtained from applying particular theories obtained from the learning process [6]. In this case, learning culture allows individuals to become learning agents in organizations and adapt to future organizational change [6]. Some meta-analysis studies have revealed that a significant relationship of organizational culture and the formation of organizational commitment in which when it is further be associated with learning culture, it can increase individual commitment to the organization, especially those who have high learning agility. Based on these considerations, the researcher proposes a hypothesis, namely:

H1: Learning Culture (LC) affect Organizational Commitment (OC).

Change is a necessity and is a continuous process in an organization. Supporting this idea, it is undeniable that contextual factors such as culture, climate, and leadership can become influential factors by becoming causes and drivers in organizational change. Various studies have revealed that learning culture in organizations is an essential issue in the change process. As Schein [16] revealed in Choi and Ruona [6], organizations must adapt quickly in dealing with a constant and dynamic turbulence of change. Given that the process of change is also related to innovation, the organization also needs to provide space for a trial-and-error process facilitated by a learning culture. In similar vein, Watkins and Marsick [17] explain the relationship between change and learning by defining change as "a cyclical process of creating knowledge (change or innovation), disseminating it, implementing the change, and then institutionalizing what is learned by making it part of the organizational routine." Therefore, individuals have more opportunities to engage in organizational development if they can capture what others have learned, which is then used to modify their organization's image, to

restructure their activities, to develop new practices, and, to change organizational theory used. Based on these considerations, the researcher proposes a hypothesis, namely:

H2: Learning Culture (LC) affects Individual Readiness to Change (IRC).

Meta-analysis studies on organizational behavior reinforce the grounded theory that organizations that value knowledge and have a comprehensive system of recognizing, storing, and collectively developing knowledge possess a strong potential to increase individual attachment to the organization as individuals feel recognized and valued for their abilities [6]. This condition impacts the trust in the organization and the willingness to follow the direction of the organization. Furthermore, the same study also concluded that organizations also need to build a good learning culture to support participatory commitment from employees since individuals in organizations that implement a learning culture are more likely to become more prepared to deal with change than organizations that do not. Based on this analysis, the researcher proposes the following hypothesis:

H3: Organizational Commitment (OC) acts as a mediator in the relationship between Learning Culture (LC) and Individual Readiness to Change (IRC).

3 Method

This study utilize quantitative research methods. The data was collected by distributing self-administered questionnaires to civil servants working at the Directorate General of Treasury of the Indonesian Ministry of Finance. At the time of the research, they were still in middle-level managerial positions and had not experienced a delayering process. A total of 266 respondents filled out a survey conducted online. The questionnaire explores respondents' opinions about indicators based on a Likert scale of 1-6, which were adapted from various studies. Researchers choose the Likert scale of 1-6 to prevent the possibility of respondents doing central-tendency bias on respondents of Asian culture as the results of research by Lee et al. [18].

The variable learning culture (LC) in this study was measured unidimensionally using 7 statement items adopted from the measurement model validated by Yang et al. [9] as a reconstruction of the measurement model built by Watkins and Marsick [17]. Furthermore, the organizational commitment (OC) variable was measured unidimensionally with 9 OCQ questions validated by Mowday et al. [19]. Individual readiness to change (IRC) variable was the only variable that is multidimensionally constructed in this study adapted from Holt et al. [7] which consist of 25 question items in dimensions: appropriateness, management support, change efficacy, and personal valence.

Testing the pre-test measuring instrument produced data that all variables were valid and reliable, with cronbach's alpha ranging from 0.783 to 0.946. The analytical approach to test the role of the three variables uses the Structural Equation Modeling-LISREL method, which is carried out by analyzing the coefficients contained in the relationship between latent variables with the concept of path analysis.

4 Result and Discussion

Using the Confirmatory Factor Analysis (CFA), for all variables, the standardized loading factor values were found > 0.5 , composite reliability values were > 0.7 and average variance extracted values were > 0.5 . In the descriptive analysis of the variables, mode 6 (strongly agree) was found in the LC and OC variables, while the IRC variable obtained mode 5 (agree). Following the class interval of 0.083, the grand mean for the independent variable (5.45) and the intervening variable (5.56) are categorized as very high. The grand mean on the dependent variable (4.82) is categorized as high, reflecting their readiness to support change driven by strong commitment and support from their leaders. From the model goodness of fit test results, most of the criteria like GFI, RMSEA, NNFI, NFI and RFI stated good fit, so that it conclude the model has a good fit.

Hypothesis testing was conducted to identify the effect between the variables used in this study. The hypothesis test uses a one-tailed test, where the significance of the effect between variables is tested through t-value, which has a value of more than 1.645 (95% confidence level). LC has a significant effect on OC, which is indicated by t-value of 4.72 with a loading factor of 0.60, so it can be concluded that hypothesis 1 is accepted. The path of influence between LC and IRC produces t-value of 3.15 with a loading factor of 0.28 so that it can be concluded that hypothesis 2 is accepted. The direct effect test also produces a loading factor of 0.21 with a t-value of 1.72 for the relationship between OC and IRC. Figure 2 shows the path diagram between the variables tested in this study. This is following the research of Jo and Joo [8] which states that learning organizational culture significantly influences commitment to the organization. The research of Mardhatillah et al. [20] is also in line with the results of this study where organizational commitment is a significant predictor of change readiness.

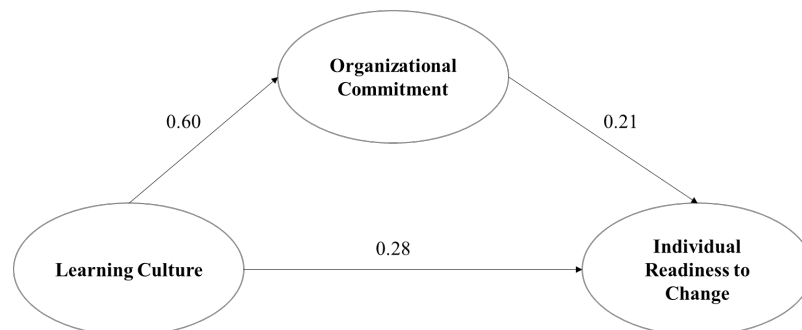


Fig 2. Path Result of Structural Model

It was testing the role of the mediating variable using the VAF test method by comparing the direct relationship between the independent variable and the dependent variable, with a direct influence involving an indirect effect through the mediating variable. The indirect effect is calculated by multiplying the loading factor on the path of LC to OC (0.60) with the loading factor on the path of OC to IRC (0.21). The indirect effect resulted in the number 0.126. The total effect is obtained from the sum of the direct influence of LC to IRC (0.28) with the calculation of the indirect effect (0.126), resulting in 0.406. A VAF value of 31.03% was obtained, indicating that OC partially mediated LC to IRC. Therefore hypothesis 3 is accepted because it has exceeded the threshold of mediating influence by Hair, Black, Babin, and Andersen [21], which is 20%. It was also aligned with the study of Iverson [22] stated that

organizational commitment acts as both a determinant and mediator in the management of change and as such must be integral to any change strategy.

5 Conclusion

Based on the results of the descriptive analysis, it can be seen that the holders of middle-level management positions within the Ministry of Finance tend to be ready to deal with delayering initiatives. The delayering initiative is considered to be appropriate and relevant to the current issue of competitive advantage and organizational needs to improve the effectiveness and quality of the bureaucracy. Another factor that supports readiness to participate in delayering initiatives is the belief in the individual's capacity to anticipate and adapt to implementing the proposed changes. In addition, the support illustrated by management can overcome employees' concerns about the impact of the delayering initiative due to top management always demonstrate real commitment and provides adequate explanations for the delayering initiative. Employees also conceive that the delayering initiative will less likely to cause any harm in terms of their careers or their economic capacity.

Learning culture has potential to increase individual commitment to the organization, especially those who own high learning agility. Additionally, one way to increase employee commitment is by providing access and participation to employees in the policy-making process. Through this method, organizations need to build employee engagement with the organization by encouraging the development of affection and confidence in the process, performance, and organizational goals. Furthermore, social exchange theory states that organizations that are perceived to provide a good work climate and meet the needs of their employees - one of which is the need of learning - will receive rewards in the form of employee commitment and loyalty to the organization [4]. In addition, organizations that value knowledge and adopt a comprehensive system in recognizing, storing, and developing knowledge collectively can increase individual attachment to the organization since individuals feel recognized and valued for their abilities. Ultimately, this condition has an impact on employees' willingness to follow the direction of the organization.

The results of this study also confirm the literature review of Choi and Ruona [6] which states that organizational members who are constantly learning tend to be more open to new opportunities to increase the probability of being ready to deal with. Considering that the process of change is dynamic, every stage that is passed at the same time is an opportunity to learn new things, which will later be implemented on a broader aspect. Organizations with a supportive learning culture will practice this as a steady process to discover the best solution in achieving organizational change goals. Ultimately, the application of the knowledge management system (KMS) allows employees to take part in various cross-competency learning according to their individual interests and necessity needs.

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