

## CHANGE MANAGEMENT: A CASE STUDY IN THE REPUBLIC OF MOLDOVA THROUGH THE PRISM OF BUSINESS EFFICIENCY

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### Abstract

Organizational culture in the current conditions has become a well-known and deeply developed phenomenon by international companies, including those in the Republic of Moldova. Despite the fact that our country has been independent for 29 years and in conditions of developing the market economy, we managed to have good practices in the managerial field, including in terms of organization. Organizational culture in terms of organizational change is a current topic, with a precedent in companies, international corporations, which led the researcher to an analysis of national experience in the efficient management of a local enterprise. The fact that in recent years the Republic of Moldova has known good performances in the theoretical substantiation of management has left a rather convincing and applicable imprint in the practice of national companies. Among the entities with developed organizational culture are identified primarily those in the banking field. In this context, the author managed to present in this article a practical study on the analysis of organizational culture in the context of change management with effects of managerial and administrative efficiency. This entity continues to be one of the largest and most representative commercial banks in the Republic of Moldova, including highlighted by the particular and efficient organizational culture.

**Key words:** organizational culture, change management, efficiency, managerial performance, banking

The world changes periodically, and we must and are obliged to comply. Regardless of the society you are in, the environment in which you work in the field you belong to, you have to be part of the process of global change. In this context, you must obey the requirements of the market and modern society and keep up with the latest in management, a fact recently confirmed by Brian Tracy (Trecy Bryan, 2017) in the book *Management* where he proposes to focus on the 7 important keys to achieving performance, one of which it is the perfection of organizational culture. One of the obstacles we face in the vision of W. Chan Kim and Renee Mauborgne (Chan Kim W., 2015) in the book *The Blue Ocean* one of the obstacles to change is the cognitive one: putting employees in front of a change. It is not at all easy for them to make a decision of change, but according to Alexandru Houghts and feelings, etc. from one to another or between groups of people. In other words, it is an exchange of facts, thoughts, information, emotions, which results in a common understanding.

People play an important role in shaping the company's image, and one of the supporters of this

idea is Philip Kotler (Kotler Philip, 2016; Ignat G., 2020; Jeffrey K. Liker, 2011) in the book *80 concepts that every manager must know* states that the company's staff must be vaccinated with the organizational culture and brand of the company. There are unique examples in the world of large companies, corporations and concerns with half-century traditions such as the practice described by Djefi Lyker (Jeffrey K. Liker, 2011) in the book *Toyota Corporate Culture*, but there are lesser-known examples that also deserve attention. In this context we present the organizational culture of a commercial bank, which in the period since the independence of the Republic of Moldova and until now has worked to form an organizational culture and was not afraid to change it in the context of business management efficiency.

Karl W Deutsch is a famous person in terms of the concept of communication. In his view, "communication means the transfer of messages that contain amounts of information." According to communication Dentoach is a type of channel through which messages or information or directions pass from one stage or group of organization to another. Even evaluation or

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emotions go through the channel and this is treated as a communication.

Managing an organization is an ongoing process and the function of the communication system is to maintain this continuity. Therefore, we can say that communication makes the administration mobile. In other words: Communication is the process of establishing community through the movement of ideas.

**MATERIAL AND METHOD**

The author intended to present a study on organizational culture with a tradition of more than 24 years of presence on the market of the Republic of Moldova. The objectives of this study were to analyse the visible and invisible elements of the commercial bank Moldova Agroindbank, to determine the model of organizational culture approached and the factors of influence. As a result of the analysis, the author managed to draw conclusions on how to manage change and the effects caused in terms of leadership. The method of documentation, synthesis and analysis were used to identify the theoretical-practical phenomena regarding the organizational culture. The method of deduction, observation, argumentation regarding the elements of organizational culture, influencing factors and the model used by the commercial bank.

**RESULTS AND DISCUSSIONS**

**Moldova Agroindbank organizational culture system**

**a) "visible" components**

The first level, the most visible, includes: artificial products, actors and heroes, as well as the perspectives offered to individuals by organizations, while the invisible level of culture embodies the values and norms of behaviour, beliefs and basic concepts.

Organizational culture is more than the sum of its components. That is, the culture of an organization represents more than assumptions, beliefs, values, norms, etc. shared by members of the organization.

So, developed from a variety of sources, the culture of the organization is manifested through symbols, myths, rituals, ceremonies and heroes (practices), as well as through the behaviour of the organization on the market and in society.

**The creation.** BC Moldova Agroindbank SA was founded on May 8, 1991. During this time, MAIB focused on openness, mutual credibility and honesty in customer relations, on the quality of products, services and service system.

**Increasing indicators.** 1997-2001 BC Moldova Agroindbank SA lays the foundation for

the development of the interbank credit market in the country, becoming an active participant in the corporate investment market. In 1997, the bank registered its first official logo with the State Intellectual Property Agency, which represented it for almost 17 years, until its 2015 rebranding.

**The beginning of innovations.** 2002-2006 BC Moldova Agroindbank SA was the first bank in the Republic of Moldova to set up a leasing company, its president being elected the bank's vice president, Serghei Cebotari.

**Expanding the market.** 2007-2011 Starting with 2007, individuals can manage deposit accounts in any branch of the bank throughout the country, and as a pilot project is started the Internet-Banking service. At the same time, for the first time, Moldova Agroindbank launches VISA and MasterCard chip cards.

**My home bank.** 2012-2016 The "Virtual Branch" - MAIB - Online project starts, which combined all the services offered by remote banking. Moldova Agroindbank obtains the status of member of the European Business Association.

**Brand (Symbol)**

In 1997, the bank registered its first official logo with the State Intellectual Property Agency, which represented it for almost 17 years, until its 2015 rebranding.

2015-present	1997-2015
	

Figure 1 BC Moldova "Agroindbank" logo

**Slogan:** Together, in 2019, we can do BETTER. The power is in us!

**Physical artificial products**

The bank is recognized by visible body elements. The colour that identifies the brand, brand and affiliates is a light green. All offices are arranged identically so that customers can feel at home everywhere (figure 1).

**b) "invisible" components of members of the organization (premises).**

The Extraordinary General Meeting of Shareholders of Moldova Agroindbank, on November 22, approved the early termination of the term of office of the members of the current Board of Directors and elected a new composition of the Board. The change came in the context of the acquisition of a 41.09% stake by HEIM Partners Limited - an international consortium of investors consisting of the European Bank for

Reconstruction and Development, Horizon Capital and AB Invalda INVL.

Formation of the young team. No matter what stage of your career you are in - student, graduate, with or without experience, at Moldova Agroindbank every candidate has the chance to develop a successful career or to do an internship. Banking enthusiasts will find at MAIB attractive benefits, including a motivating business environment, career advancement opportunities and development in a successful company.

#### **The cultural model adopted by SA Moldova Agroindbank**

The temple-type culture, developed by JSC Moldova Agroindbank is characteristic of large enterprises with pronounced bureaucratic mechanisms, shows an operation based on the inertial accomplishment by staff of specialized roles. Within it are very important specialized departmental or compartmental subcultures: production, financial - accounting, personnel, research - development, marketing, commercial. Temple culture is based on these functions of the organization performed by specialized departments or compartments, they are the pillars of the temple. The values and perspectives of employees and the organization are clear, being expressed in writing, but with great tendencies towards rigidity.

The functional sectors in these organizations are strong and, in many cases, specialized. These compartments are the pillars of the temple, and their coordination is done at the top by a small management team.

Moldova Agroindbank rewards the investment of its customers' trust through high quality, competitive services that meet the requirements of information protection used.

The result of this culture contributed to the recertification of Moldova Agroindbank to the requirements of the international standard ISO 27001: 2017 "Information technology. Security techniques. Information Security Management Systems. Requirements", which once again confirms MAIB's commitment to protect its customers' data and ensure their confidentiality.

In simple terms, an ISO 27001: 2017 certification means:

- increased trust and business security: customers can be assured that the bank maintains the highest standards of information security, by providing simpler and smarter services, in conditions of maximum confidentiality;
- high organizational culture: develops and maintains a security culture of adequate quality, for the proper functioning of the bank;

- competitiveness: has an increased level of competitiveness on the local market, but also internationally by ensuring compliance with existing legal requirements.

#### **Factors influencing the culture of the organization at SA Moldova Agroindbank**

We assume that crops develop from a variety of sources; thus, the most important sources are the national culture and the vision or mission of the founders of the organization. The "personality" of an organization can only be understood with the help of national culture. Being a social entity, the organization involves a set of personalities, individual and collective mental programs.

We characterize the factors of national culture on five dimensions: distance from power, avoidance of uncertainty, masculinity/femininity, individualism/collectivism and short/long term orientation.

*Distance to power.* Inequality is accepted as natural, superiors are inaccessible, and differences in power are given great importance.

*Avoiding uncertainty,* it refers to the degree to which people feel threatened by uncertain or unknown situations. The management ensures them on rules and regulations, comfort and safety.

*Individualism / collectivism.* In this regard, the bank emphasizes the strength of the group.

*Masculinity/femininity.* Sex is an involuntary characteristic as well as nationality and therefore their effect on our mental programming has a strong involuntary character. At Moldova Agroindbank, there are women in the management bodies, but in very small numbers.

*Short/long term orientation.* Moldova Agroindbank's short-term culture emphasizes personal stability and security, respect for tradition, little investment and quick results. Moldova Agroindbank's long-term culture tends to emphasize perseverance, compliance, prudence and respect for social obligations.

The social division of labour allows the emergence of a new type of culture given the organic solidarity of the organization.

All these factors contribute to the consolidation of the type of organizational culture of mechanical solidarity adopted by JSC Moldova Agroindbank. The main features of mechanical solidarity refer to the following aspects:

- ✓ managers and employees do not have their own movements at all;
- ✓ the connection that unites employees with the bank is analogous to that between an object and the person who owns it, and the individual does not belong to them, they are something that the organization has exclusively;

- ✓ personal rights are not distinct from real rights;
- ✓ the individual personality is absorbed by the personality of the organization.



Figure 2 **Model of organizational culture in Moldova Agroindbank**

The cultural proximity consists, on the contrary, in recognizing the partial overlap of the places of affiliation, the organization being one of these places. It combines the influence of cultures wider than national culture and those that manifest and articulate within or professional culture and social group culture.

**Components and typologies of business culture at SA Moldova Agroindbank**

It should be noted that, whether we refer to the business culture in a narrow or broad sense for SA Moldova Agroindbank, its components and forms of manifestation are those of the culture of any organization. However, there are differences in the value system of the culture of banking organizations.

The set of values at SA Moldova Agroindbank includes the entire business in order to have them. Without a well-defined set of business values, they risk losing the positions accepted by individuals and the legitimacy of their existence in society. Currently, along with all the traditional values of business culture, joins the managerial concept of the set of values of business culture. According to all traditional business values, individuals are responsible for their own material well-being. Initiative, saving, diligence, honesty, honesty, discipline, imagination and taking risks are rewarded. It is considered that failure and lack of success are deserved by some individuals.

The values found at JSC Moldova Agroindbank as part of the set of values of the successful business culture are:

- individualism;
- moral responsibility and freedom;
- materialism and productivity;
- practical realism;
- sustained progress;
- optimism and adventurous spirit;
- taking risks;

- competition;
- equal chances;
- sustained activity;
- social responsibility;
- serving society.



Figure 3 **The values of the overall organizational culture of JSC Moldova Agroindbank**

The typologies of organizational culture are also valid for business culture. In addition to the classification of organizational cultures presented in the first chapter, business culture can also be structured in relation to the territorial organization of the business. Thus, the business culture at SA Moldova Agroindbank can be:

- ❖ characteristic of organized business in rural areas
- ❖ characteristic of businesses developed within the urban environment

In order to form and emerge the culture, SA Moldova Agroindbank develops both an "assimilated" business culture, formed on an already existing foundation of the entity before 1990, based on taking over elements of that culture but also a business culture "creative", whose formation is based on the values of the founders and the first employees after the reform of the bank on May 8, 1991.

The business culture manifested by JSC Moldova Agroindbank according to the type of organizational structure is identified as wide and deep. Both contribute to the transformation of the bank into a modern organization. The Bank's strategy is oriented towards the organic development of the business, increasing the profitability and efficiency, consolidating the position of undisputed leader of the banking market.

It can be stated that, SA Moldova Agroindbank depending on the organizational culture is a business organization, which has economic and social performance, of which:

1. tries to satisfy all stakeholders (shareholders, employees, customers, state, unions);

2. has a higher purpose (job creators and service providers);
3. it is dynamically connected to the economic and social environment;
4. has high standards.

#### **Factors that form the business culture at SA Moldova Agroindbank**

Regarding the factors that contributed to the emergence and evolution of the business culture at JSC Moldova Agroindbank, in addition to the previously presented factors that influence the culture of any organization, the business culture is subject to influence and certain specific factors. Among them, the most important are:

- shareholders;
- the values of the members of the business organizations;
- local community;
- specific interest groups depending on the object of activity of the organization;
- political organizations;
- employers' and professional associations;
- trade unions.

**Stake holders**, they are the ones who provide capital to business organizations and expect managers to obtain the highest profits from their investments. At SA Moldova Agroindbank, the managers put the wishes of the shareholders first. The elements formulated by shareholders are customer-centric, so as to increase the probability of achieving the economic objectives of the organizations. Also in this chapter we can see that the symbols and slogans can be changed.

Another element at SA Moldova Agroindbank are the personal values in the business activity. It focuses on the following elements:

- economic values;
- theoretical;
- political;
- religious;
- artistic;
- social.

In this context, managers know the reasons why their employees work, as well as the values that determine them to action, thus showing greater interest in the social conditions of employees. Organizational culture at SA Moldova Agroindbank is manifested by selecting and socializing individuals who are well suited to their culture, who may reconsider their values especially in the face of internal and external influences. The bank's material objectives encourage employees to measure the value of their work in quantitative and qualitative terms in order to be stimulated.

Performers in management and business, people of culture, the media and those who revolutionized society through impact projects carried out in 2018 were recognized for their merits and awarded laurels by VIP Magazin magazine, which named "Man of the Year 2018" during a gala organized in Chisinau. The event is in its sixth edition and celebrates excellence, valuable things and people, the top laureates being voted by Internet users and a jury of experts. In the category "Management", Serghei Cebotari, Chairman of the Management Committee of Moldova Agroindbank, took the title "Man of the Year 2018", the title being a tribute to the exceptional results obtained by MAIB in 2018, which opened a new stage of development of the bank.

**The community** a business organization is the perimeter in which it operates. The physical network of the bank reaches the number of 104 branch branches, 214 ATMs, 3025 POS - terminals, 5 non-stop banking self-service centers and 37 self-service areas. The bank has several financing agreements with the European Fund for Southeast Europe, the Black Sea Bank for Trade and Development, the International Finance Corporation and the EBRD for lending to small and medium-sized businesses. Similarly, Moldova Agroindbank obtained the right to manage the accounts of the Millennium Challenge Fund under the Compact program in the amount of \$ 262 million.

Increased attention has also been paid to charity projects, in the last 5 years their range has been expanded: "Merit Scholarships" and "Merit Scholarships for young people from disadvantaged families". The bank sponsors the "Maria Biesu", "Two Twin Hearts" festivals, the National Olympic Committee, etc.

**Interest groups.** The bank strengthens its positions, holding a share of 26.3% in assets, 28.7% - in loans, 27.8% - in deposits. In 2016, Moldova Agroindbank launched a comprehensive process of transformation into a modern bank, aimed at optimizing, centralizing and automating business processes, increasing the efficiency and quality of customer service. MAIB is the undisputed leader on the banking market, occupying the top position in the ranking of banking efficiency. Moldova Agroindbank becomes a member of the VISA International system and expands its product range based on bank cards. Starting with 2007, the Internet-Banking service is started as a pilot project.

### How the national culture influences the development of the organizational culture at SA Moldova Agroindbank

The relations in which the organizational culture enters, in order to influence the activities carried out by the organizations, present two essential coordinates, both in terms of the possibilities of identifying and characterizing the aspects of the process of formation and evolution of the organizational culture.

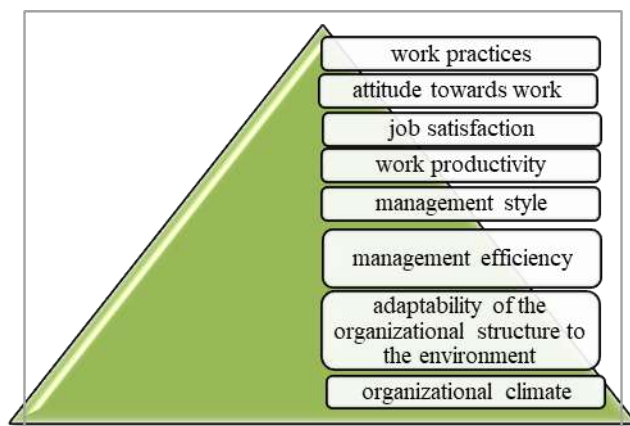


Figure 4 Hierarchy of economic factors influencing the organizational culture of JSC Moldova Agroindbank

As well as the opportunities to use the relations of certain organizational cultural components with certain components of the national and business culture, in order to obtain high performances at organizational level.

In this aspect, 2 directions of influence can be presented, the economic and the social ones. From an economic point of view, the performances of the commercial companies focused, in particular:

The field of national culture approached by social factors, is made up of language, law and morals, literature and traditions, fine arts. In essence, the national culture consists of acts of preservation, development and cultivation of the language, regulation of moral relations of law and knowledge of the past. The national consciousness is a soul complex, a synthesis of several elements, among which can be mentioned: physical-geographical elements; of race; intellectuals; sentimental; of will; language; of religion; historical; and so, on.

### CONCLUSIONS

1. The business culture manifested by JSC Moldova Agroindbank according to the type of organizational structure is identified as wide and deep. Both contribute to the transformation of the bank into a modern organization. The Bank's strategy is oriented towards the organic development of the business, increasing the profitability and efficiency, consolidating the position of undisputed leader of the banking market.

2. The result of this culture contributed to the recertification of Moldova Agroindbank to the requirements of the international standard ISO 27001: 2017 "Information technology. Security techniques. Information Security Management Systems. Requirements", which once again confirms MAIB's commitment to protect its customers' data and ensure their confidentiality.

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