



## THE INTERNET AS A MEDIUM FOR IMPROVING ORGANIZATIONAL DEVELOPMENT

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### Abstract:

On the premise that the Internet may serve as a key foundation for organizational development, senior management of the HR agency decided to initiate internet-based business process redesign. This involved the improvement of organizational culture, business communication and client services. Adverse effects of current business practices between three countries (namely Serbia, Slovenia and Croatia) were reflected in duplication of services, increased conflicts, poor communication, waste of money and time and thus reduced operational effectiveness. Internet-based centralization of services has become a framework for managing business process that enabled senior management to remain at the forefront of business operations. Over a three month period, virtual headquarters have led to positive changes in physical environment and instigated integration of business units across different countries. The Internet has proved to be a key medium in the process of business redesign without impeding organizational ability to tailor services at local markets.

### Key words:

Internet,  
organizational development,  
culture,  
business communication,  
client service.

## INTRODUCTION

During the last two decades, the Internet has significantly shaped in which organizations manage their business. Computers are now considered a necessity in almost every organization that operates in the “age of discontinuity”, where the past is no longer a good predictor of the future [1]. The nature of the Internet where each network unit (i.e. organization) can set its own rules and use a number of different applications to serve each element of the business process seems to be the perfect medium for supporting organizational changes.

Organizational development (OD), on the other hand, represents a set of change methods aimed at improving organizational effectiveness and employee well-being [2]. The variety of OD programmes coupled with contemporary internet applications provides the opportunity for tailoring business solutions that would suit each and every market. The primary objective is to develop an organization through proper utilization of human resources.

The project of internet-based business process redesign, aimed at improving organizational culture, business communications and client services within the HR agency, provides insights, methodology and results of the online led organizational development process. All traditional project management stages have been executed,

including the definition of project goals, gap analysis, actions implementation, and monitoring and controlling. Senior management hired an external consultant as a change agent to provide the objective perspective in leading change activities.

The main assumption of this online change management intervention was that the Internet is the most effective medium for improving day-to-day business operations and thus the overall organizational development. The goal was to optimize and standardize business processes between three business units representing different countries (Slovenia, Croatia and Serbia).

## ORGANIZATIONAL CULTURE

It is well established that up to three-quarters of all organizational change initiatives are deemed to fail with the organizational culture being most frequently cited reason for that [3]. Hence, the staggering failure rate underlines the utmost importance of proper organizational culture for the very survival of business.

At the time of gap analysis, business was run by unwritten rules that have been acquired and developed over time and were considered to be the best practice. There were no standard operating procedures or common guidelines on client services among countries. Further-



more, there were no clear mission and vision statements, explaining the purpose and long-term goals of the business. Each business unit (i.e. country) developed its own different set of values, with the separate business philosophy reflecting its national culture, rather than common identity. Those units include the following:

- ◆ Slovenia, as a parent business unit working since 1990s, with outdated work principles and practices;
- ◆ Croatia, working since 2012, operating on its own developed principles, regardless of Slovenian practices;
- ◆ Serbia, working since 2013, operating on guidelines delivered by Croatia while building its own business value proposition.

Having in mind that culture provides organizational framework and sets the standards on organizations should operate and how individuals are supposed to interact [4], the first aim was to create common perception for HR agency employees. Taking into consideration the current state of organizational culture, service policy and standard operating procedures were developed in liaison with the organizational strategy that specified common mission, vision, goals, and values that were incorporated within six business pillars of the HR agency.

A new, 5-year strategic plan was created by top management and cascaded down in a series of mandatory staff meetings. Those meetings were coordinated between all three business units via Skype with the aim of aligning strategic objectives in a transparent, two-way manner. All the material was posted on Google drive that served as an intranet platform and the source of “know-how” best practices for the entire organization.

Within the first month of using those Internet applications, three standard operating procedures were developed and adopted (i.e. recruitment, selection and people development), including a number of forms and reports related to the same processes. This time, however, local languages were not regarded as a major obstacle to cross-functional collaboration but rather provided genuine translations of the general business rules.

All those changes instigated the climate for influencing employee behavior in all three business units. For the first time, perception of identity was created and conveyed to all organization members providing a shared sense of purpose among business units, thus reducing silo mentality while improving organizational effectiveness. This supports the statement that silo mentality is not a part of some conscious structure but rather a state of mind that underlies employee behavior. Hence, it is of vital importance that organizations properly address and manage the human side of change [5].

## BUSINESS COMMUNICATION

Low productivity and thus underperformance of the HR agency were greatly influenced by the lack of transparent organizational hierarchy such as clearly defined cross-operational roles and responsibilities, as well as integrated business communication that would bind all three busi-

ness units. There were no clear lines of decision-making and reporting. Each business unit had its own Operating Director, without one lead person assigned (i.e. General Manager or Regional Director) to effectively manage the Agency.

Besides that, only two out of three Operating Directors were appointed Board members, regardless of the relative contribution of their operating branches. This created the climate of mistrust at managerial levels and instigated dysfunctional competitive behavior among all employees within the three operating branches.

Due to the lack of common communication medium (the Internet) or centralized platform intended for synchronized task planning and information sharing (data base), the activities of business units were poorly coordinated and frequently overlapping, producing waste of services and time in operations towards shared clients. Furthermore, the absence of mutual visual identity at the organizational level generated confusion and even lack of trust from clients, thus impeding the overall organizational effectiveness.

The first steps towards overcoming communication issues was to develop organizational architecture that supports and encourages cooperation among different business units. This was the essential prerequisite in order to determine and clarify key business processes and process leaders, define roles and responsibilities among business units and enable effective information flow.

The result was job classification rule book – redesigned and standardized job descriptions and flattened organizational hierarchy. It was reflected in reducing number of positions by more than two fold (from 13 to 6), while clearly defining the lines of authority, communication and reporting. This effectively set the roots for the subsequent performance management system as a critical tool to tap the full potential of future business. Again, all discussions and solutions were brought by using online management meetings.

The only drawback of these changes was sizeable staff turnover, c. 30% within ten weeks of program implementation. Exit interviews performed with leaving employees provided two plausible reasons for this:

- ◆ New organizational hierarchy changed job ladder demoting one senior manager who left and influenced some former subordinates to follow his move,
- ◆ Anxiety related to the future performance based appraisal that made some employees feeling unfit in the new organizational culture.

Recent research suggests that perceptions of an organizational identity may influence staff turnover intentions, depending on their hierarchical level within the organization. Hence, focused attention designed to foster a strong organizational identity is strongly recommended [6].

In spite of those challenges, senior management remained determined in implementing new organizational architecture that soon started to bear fruit through improved productivity. New business model encouraged



awareness in new hires, timely delivery, better prioritization and joint ventures between all three business units.

This was followed by transforming recently developed mission and values into a new visual identity of the HR agency. In the following weeks, all the elements of visual identity were redesigned and standardized across business units, such as logo, business cards, memos, brochures, flyers, job postings, e-templates, etc. The whole process of redesign was enabled using regular Skype meetings and mail exchange.

Furthermore, a new centralized website was developed, operating in all three languages. Employees were encouraged to participate in content development with a special web-page dedicated to the mission, strategy, values and staff of the Agency, as a purposeful reflection of organizational culture towards perspective clients.

Cost-effective and timely solutions for improving business communication were exclusively internet based and included the following applications:

- ♦ E-mail was used as a medium for information exchange among business units through delivering and sharing daily, weekly and monthly reports and updates on key clients and projects.
- ♦ Google Drive was introduced as a common storage for all business documentation, from standard operating procedures and client service guidelines to images (symbols) that define corporate brand and its application to business communication documents.
- ♦ Skype computer program was used for on-line corporate meetings, participative decision-making process and on-line coaching related to specific management challenges.
- ♦ Viber application was introduced as a standard tool for delivering messages and reaching consensus on urgent matters. This enabled instant participation of key stakeholders regardless of the vicinity of business office or PC connection.

## CLIENT SERVICE

Weak organizational culture followed by ineffective business communication all had a negative impact on client service. Organization also lacked standardized service portfolio and catalogue management across different countries. Business units offered different consulting services, although senior management required all Operating Directors to position HR Agency primarily in temporary employment services.

Current service level agreements across three countries caused differences in definition and value proposition of key services, misunderstandings among employees responsible for sales, lack of effective performance and client problem management. All of the stated practices brought about higher risks and possibility of important projects termination, increasing difficulties in retention and acquisition of prospective clients, as well as, shattered credibility.

There was an urgent need to improve client service to match ever increasing job opportunities. It was decided to set common service level standards and agree upon customized service portfolio for each business unit. Three representatives (one from each country) tailored new service catalogue while working together online (*via* Skype, e-mail). Along with the guidelines related to service agreement with clients, quality procedures for implementation and project follow-up were also established. As a result, client service improvement plan and customized service portfolio were created within the given time frame and aligned between teams and business units.

Future business needs were identified through comprehensive review of client satisfaction feedback. It was clear that both the lack of cooperation and incompetence in dealing with cross-functional ventures instigated most of client complaints. As a result, common mentoring programme with external supervision was established in each business unit to facilitate knowledge transfer and business rules among the teams and individuals.

Another intangible benefit came in the form of employee engagement. The change of organizational culture brought about new business rules with ever increasing employee engagement who are encouraged and rewarded for actions that facilitate productivity and interpersonal relationships. More than eleven suggestions considering service improvements were posted within ten weeks, using the Internet based tools. All these measures led to a significant 60% decrease in client complaints, unlike with the previous quarter.

## CONCLUSION

Introduction of the Internet as a key communication medium and centralized platform for information sharing has brought about numerous innovations and solutions to existing business problems. Due to implementation of internet-based tools, HR agency that had previously been run by unwritten rules, ambiguous organizational architecture and improper planning turned into a coherent, integrated and flexible business with clearly defined priorities and working standards.

Upon completion of the online led organizational development interventions, three business units that had different set of values and distinct business approaches came to work together under the same visual identity, with shared sense of purpose and reduced silo mentality. Improvements in organizational culture, business communication and client services have all led to an increase in organizational effectiveness.

The Internet has significantly shaped the way in which the HR agency managed its organizational change process exclusive of interfering with daily operations. Without the Internet, organizational development among three different geographical locations and dispersed teams would be much more expensive, disorganized and time consuming. In addition, the Internet has made it possible to bring about strategic improvements in a time span that would be unattainable years ago.



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