

The Shift in Organizational Culture, and Ways to Recreate post Covid-19: The Case of Georgia

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Abstract

For the last one and half years the world has witnessed enormous changes, without any precautions a lot of people's lives, business and way of living has changed. The Covid-19 pandemic had a massive effect on the way people do business, and eventually it affected the global economy. To observe the psychological damage on people's work, the study will observe and analyze the changes that took place on the organizational level, as well as the impact on the way employees interact with each other's, or what is called the "Organizational Culture" this study presents the main organizational culture's elements, and why are they important, and identifies the most prominent aspects that affect the stability of corporate culture. Then after that, the main changes that took place on the working settings of the organizations working in the service industry in Tbilisi, Georgia will be determined, with a highlight on the tourism industry. The study will analyze the role of corporations in this organizational change in order to emphasize the key players in this change, try to find the gap as well as best practices, and draw some picture for the future after this shift. Using the quantitative methodology, there will be analysis of a questionnaire that was distributed among employees who worked or are working in the service industry when the restrictions associated with the spread of the virus were initially introduced, the survey was designed to compile data regarding the characteristics of the companies during this crisis, and how do the respondents evaluate the attributes of the organizational culture at their working place. As for the qualitative methodology, we discussed a case study of a company that successfully managed the shift in organizational culture without compromising the company values, then we observe the response of the company as soon as the pandemic started spreading and affected the service industry, the observation is conducted by studying multiple sources evaluating the company's reputation before and after the crisis, and also comparing the way people currently talk about this company against how they used to talk prior to the spread of the virus. Lastly, the final findings are presented beside a list of recommendations which include key success factors that companies are encouraged to follow to succeed in these rapid economic changes, and the main cultural values are highlighted for the companies to take into consideration amidst any organizational change that affect the way people work and interact.

Keywords: Covid-19, organizations, organizational change, organizational communication, organizational culture

JEL: M14, L84, I18

Introduction

The organizational culture is an important element of any workplace, it conveys the rituals, values, and beliefs that are shared among the employees, it represents an informal document that states the nature of interactions, what is acceptable and what is unacceptable in the workplace.

Recently it is getting more attention and is being considered as core for the organization's process and structure, as stated by Lou Gerstner, an ex-chairman of IBM: "Culture is not just one aspect of the game—it is the game. In the end, an organization is no more than the collective capacity of its people to create value" (Gerstner Jr, 2002). That is clearly understandable coming from top manager at a top tech company who reflected on the importance of the organizational culture, that is not just a good thing to have, rather it is a thing that is encouraged and rewarded, "At Zappos, our belief is that if you get the culture right, most of the other stuff —like great customer service, or building a great long-term brand, or passionate employees and customers—will happen naturally on its own" (Hsieh, 2010 ;Matin et al.,2020;Khostaria et al., 2021).

By the end of 2019 a disease started to spread in China and specifically in the city of Wuhan which was first identified as Pneumonia or a developed state of it creating several clusters in the city (WHO, 2020), not long after that, the novel Coronavirus has been identified. It started spreading faster than the corresponding authorities' actions to contain the danger, due to its fast infectiousness it started infecting humans in other cities, and eventually other counties which became more alarming on a global level. Few months later it was announced as pandemic by the World Health Organization, as response to that people reduced their movement outside their households, governments shutdown

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borders with other countries in an attempt to get excluded from the impending danger; however, all attempts went in vain. Covid-19 was tricky enough to leak through every border.

Things were estimated to last for not so long time, however things started to become more dramatic when people had to follow government regulations of lockdowns, curfews, social distancing, ceasing any business and educational operations, with this pause in the globe the virus's effects hit hard on the world economy, and eventually on the work settings which left the organizations lost as regards to what to do and how to react, lots of companies stopped activities, and another moved to the work-from-home mode, such move was expected to be temporary, however, it took more than expected and almost one year and half since then, the world is still shook to the consequences and results of the lockdowns, new work settings were introduced, and some important decision were to be made, including lay-offs, salary deduction, reduced working hours, working remotely, and as stated by (Carnevale & Hatak, 2020) "employees who formerly spent all or most of their time working inside their organization's physical boundaries now have to quickly adjust to remote work environments". Moreover, these effects prevailed beyond the fixtures and offices of companies, it hit the psychology and intangibles existing in the workplaces, more precisely on the way people interact and communicate with each other, on the corporate communication that is directed from the leaders to the employees, and most importantly on the chemistry and synergy between employees, that is nurtured rather than taught or trained, it is something that is found between employees due to values, beliefs and interests they share.

In the light of what is given above, companies cannot bear more loses than what has already been experienced when they were first hit by the first wave of lockdown, and when a company has been economically suffering from closures at least they need to come up with a way to keep the company spirit alive in order to keep their business inline, despite the reduced revenues, and for that comes the role of companies leaders and managers to give guidance to what defines the organizational culture and how to maintain it in these sever times, it is up to managers to set the new standards that everyone shall follow as a physically dispersed team, that is communicating in a not face-to-face manner, and most in an online settings.

There are different outcomes that followed the introduction of covid-19 as pandemic in regards to the working hours, employment and the way managers communicate with their staff, the responses of the business owners and managers, could either facilitate the work process into a smooth one, or on the contrary they might lead the company into a diversity that eventually would result in closure of activities, staff leaving the job, psychological damage of the staff and forced lay-offs.

In this study, we will discover what are the main elements of the organizational culture that are affected due to the changes imposed by the new regulations caused by Covid-19, and will give a light on the responses that represent the best possible ways for managers and business owners to undertake as a response to these changes.

Problem Statement

The impact of Covid-19 goes beyond closing shops and restricting movement. It is affecting the way employees interact with each other in the working set, as employees switched to the distance working mode. Such occurrence imposes changes on the organizational culture that employees share within the workplace, which affects the synergy between employees and seem to break the chemistry that is created in the workplace, so the employees do not seem to be connected anymore when managers do not have the proper guideline of how to lead teams that are working and cooperating using online means of communication.

With that being stated, few issues arise at the workplace: lack of communication, unclear future at the company, low leadership approach, and the sense of ambiguity at the organization seem to distort the organizational culture and impact the values of companies as they need to respond to rapid changes in the industry and within the company itself, and without setting guidelines how to address the most vulnerable elements of the organizational culture and trying to improve, as well as setting and improving a dynamic set of shared values among the company, organizations will always suffer at the slightest change unless if companies take their cultural values into consideration and show commitment to them. Moreover, the organizational culture is prone to lose its importance due to these rapid changes, if managers do not address it correctly, by identifying the major values and how they need to maintain them.

Research Questions

In order to achieve the goal of this research, a set of questions are formulated to be answered, those questions are:

1. How do companies in the service industry in Georgia create their organizational culture?
2. What are the main internal/external factors that affect the organizational culture?
3. Which aspects of the organizational culture got influenced by the recent changes caused by Covid-19 in work environment?

4. What are the challenges that face companies when reshaping the organizational culture in the new working setting?
5. What are the main critical success factors for companies that successfully adapted for new changes?
6. How to measure the success of online created and adopted culture in the work-from-home environment?
7. What mode to adopt post COVID-19? (back to office or work from home)

Research Objectives

There are few objectives that need to be set towards the end goal of this research, those are:

1. Define the main factors of the organizational culture, specifically those affected by the new working modes caused by Covid-19.
2. Understand the effects of the Pandemic on the service sector in general, and what industries got affected the most.
3. Discuss the changes in the work settings due to pandemic and demonstrate the trends associated with each change.
4. Determine the main characteristics of service companies during the last year dealing with Covid-19.
5. Collect responses and analyze surveys that reflect the opinion and experiences of the sample taken from the targeted groups.
6. Create regression table and understand trend generated from the responses to the questionnaires.
7. Find out about companies that managed to successfully adapt to the new given norms that are created by the effect of Covid-19.

Significance of the Problem

The emergence of these new trends caused by Covid-19 are considered significant for the way they shape today's and tomorrow's type of organizations, and as organizations are the notion for every economy, any kind of such dramatic change impacts the national economy and consequently the global economy.

Methodology and Analysis

Primary Data Presentation

For the quantitative methodology of the study, a questionnaire was designed to compile information and observe the current events regarding the organizational culture of companies working in service industry in Tbilisi, and how do the employees evaluate the performance of their companies during the current crisis of Covid-19. The survey contained nine questions prepared in Google forms in the type of multiple choice, the outcomes were analyzed using Microsoft Excel and IBM SPSS Statistical software, the questionnaire was shared among target group by social media platforms through Facebook and LinkedIn, as well as using electronic mail through Gmail while no user data was stored or collected.

In order to test the validity of the answers gathered from hundred responses, a reliability test was conducted in IBM SPSS Statistics, using Cronbach's Alpha as shown in Table below:

Table 1. Reliability Test of Questionnaire

Reliability Statistics		
Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.700	.843	17

The Table 1 mentions the amount of questions shown as N=17 because the eighth question is linear scale question consisting of nine factors. The resulting Cronbach's Alpha = 0.7 which is considered good for the whole research survey that is consisted of nine questions, the Cronbach's Alpha generated means that the responses generated from the questionnaire are valid to formulate a reliable conclusion at the end of the research.

101 responses were gathered for questions that started to discover the type of job the respondents work or worked at when the first restrictions related to the pandemic were imposed, in order to relate the events or consequences to a specific workplace, the majority of respondents worked in (hospitality – education system – IT service) they formed 55% of the total respondents as shown in the Figure 1 below:

What type of company you work/used to work when the restrictions of Covid-19 were firstly introduced

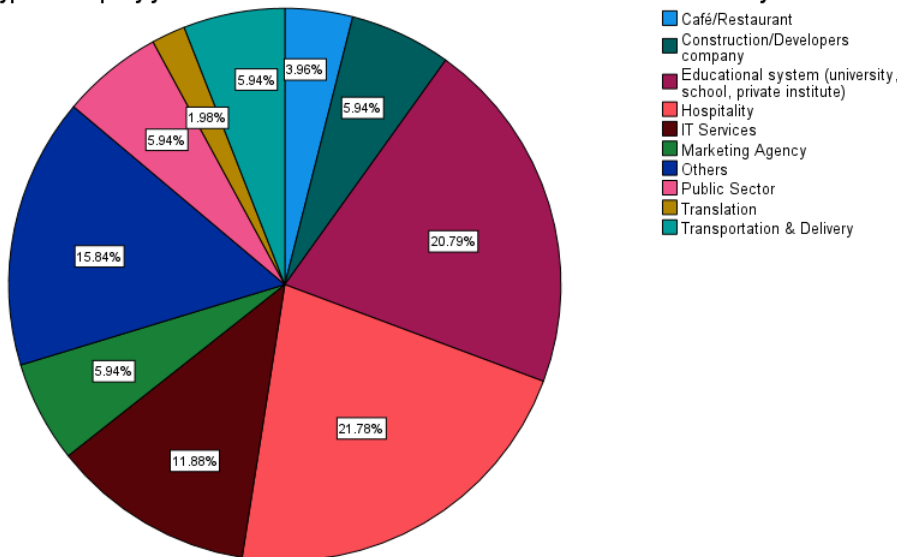


Figure 1. Workplace of Target Audience

Having the majority of respondents working at hospitality sector, have aided to the study in a big proportion because later on, the study will give a highlight at the practices at tourism companies.

The next question is more crucial for the topic of the study, the question aims to determine the outcomes in regarding to employment status since the restrictions were imposed as a result of the pandemic being announced in Tbilisi, as shown in Figure 2.

The results show that despite the huge effect of the severity of the restrictions in Georgia nationwide, the majority of the sample 51% mentioned that they kept working as usual, following by 25 % mentioning that they kept working with reduced hours/payment, which indicates that most of the organizations in the service sector tried to survive by keeping their employees performing their jobs either on a full activity or by reduced activity. The result will further let us discover the attitude of employees who remained in business who represent 75% or the majority of the sample questioned, and how did they evaluate their company performance working during the crisis.

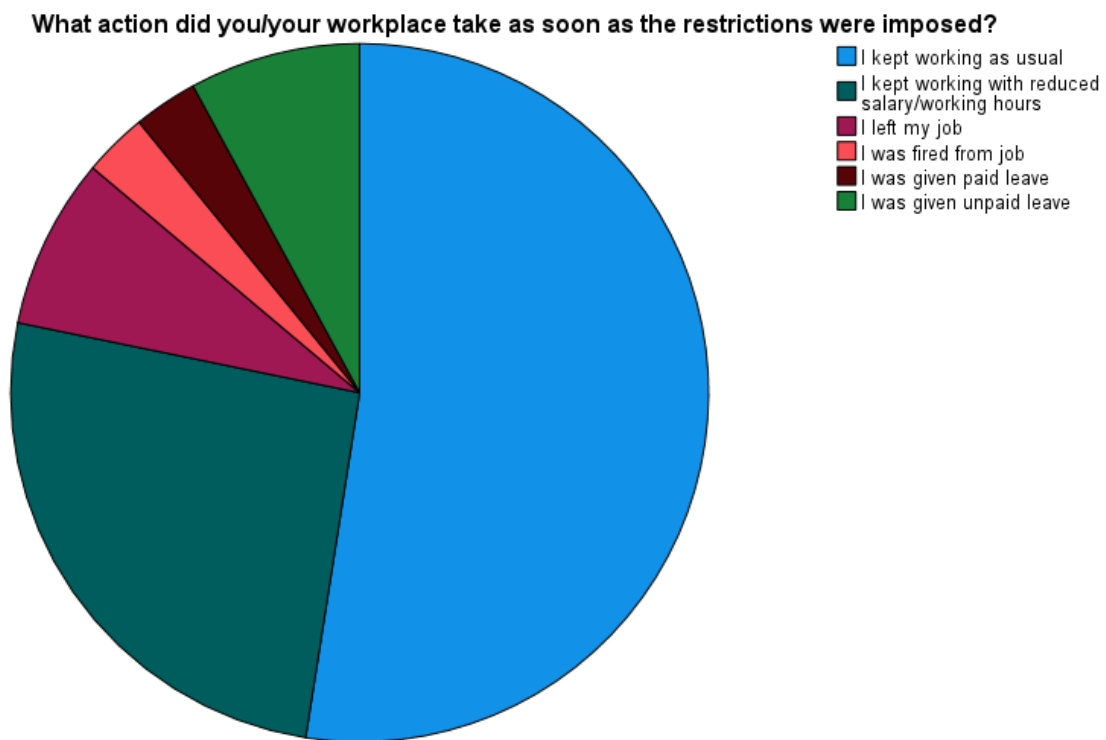


Figure 2. Outcomes in Regards to Employment Status since the Restrictions were Imposed

Cultural Factors Mean

Table 2. Cultural factors summary (means)

	Honesty	Communication	Leadership	Quickness to respond	Staff-Orientation	Fairness among all employees	Looking after employees' health	Looking after employees' psychological health	Following the imposed COVID-19 regulations
N	101	101	101	101	101	101	101	101	101
Mean	2.94	3.09	2.95	3.04	2.84	2.82	3.02	2.58	3.40

From the summary Table 1; we see that the cultural factor (Adherence to regulations) was mostly chosen between respondents with mean rating of 3.40 from 4, while communication, quickness to respond and looking after employees' health almost equal with around rating 3, and as discussed before, looking after employees' psychological health ranked the least with 2.58.

Respondents were asked to rate the cultural characteristics at their job, out of (Leadership – Communication – Honestly – Quickness to respond – Fairness among employees – Being staff oriented – Looking after employees' health – Looking after employees' psychological health – Adhering to newly introduced regulations) and from the nine factors, two factors were prominent, that first of them is leadership, and it seems that all employees regardless of the changes in their employment status, or how they evaluate the effectiveness of the organizational culture at their workplace, have given high scores to the leadership as cultural characteristic of their company during the crisis. Another observation was the rating for the caring for employees' psychological health, and it seems that almost more than half of the respondents gave low rating to their employers' attentiveness to psychological health of the staff, and it seems that it is been overlooked by most of organizations because even those who managed to carry on working, have also given moderate ratings to this element, specifically those who worked with reduced working hours or reduced salary, which might be the main driver for this rating.

Case Study

Key Success Factors

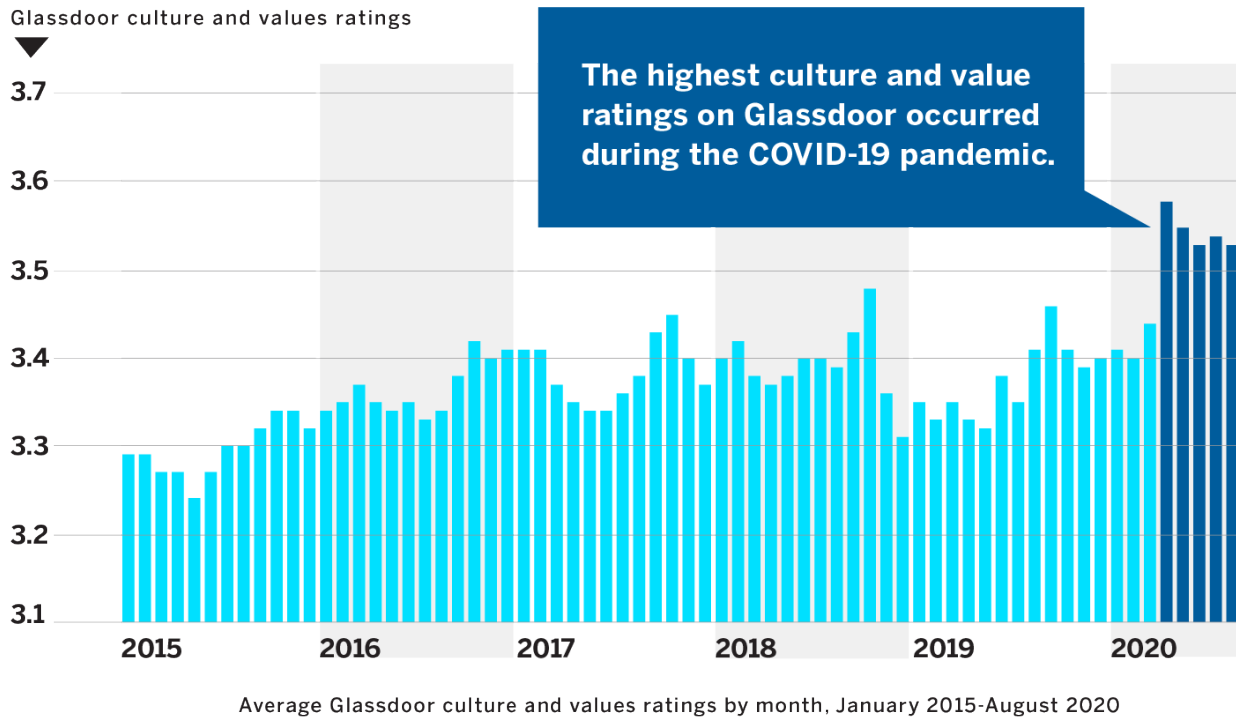


Figure 3. Culture and Values Ratings
 Source: (Sull & Sull, How Companies Are Winning on Culture During COVID-19, 2020)

We would expect that all the employees have spoken negatively about their companies during this crisis as everyone started working remotely and had their working conditions changed. Surprisingly, 1.4 million employees working at 500 companies have given their companies high rating scores regarding cultural values (Sull & Sull, How Companies Are Winning on Culture During COVID-19, 2020) these cultural values are discussed in the upcoming subtopics more specifically since the start of Covid-19 the employees tend to mention cultural values more often than before the pandemic.

We see that the terms that are related to culture have been highly rated since the pandemic has been announced, this could be related to the fact that before the pandemic employees would rarely concern about it, however after the covid-19 has been announced as pandemic and working settings have changed, employees became more concerned with the values that the company conveys to them, and if since they are mentioned more frequently, if half of these mentions were positive we will most likely witness a more positive attitude currently than previously. On the other hand, to understand what this increase means, we need to measure the percentage of those positive attitudes of the total mentions. MIT have studied the main cultural values and compared the sentiments of these topic to 12 months before the covid-19 pandemic, and in general employees tend to speak more positively about these cultural values “In fact, they were 88% more likely to write positively about leaders’ honesty and transparency (46%). Employees also expressed more positive sentiment about transparency (42%) and communication (35%) in general” (Sull & Sull, How Companies Are Winning on Culture During COVID-19, 2020).

Marriott International Inc. Cultural Values

In this part of research, a qualitative methodology was used to analyze a secondary data that has already been obtained and gathered by different resources, however, this case will demonstrate the right example for an organization that was highly affected by Covid-19 but managed to keep their business working without compromising their reputation or -most importantly- the company value and commitment towards its employees, Marriott International Inc. founded in 1927 is an American multinational company that operates, franchises, and licenses lodging including hotel, residential, and timeshare properties. It has 30 brands with 7,642 properties containing 1,423,044 rooms in 131 countries and territories. (Marriott International Inc, 2020) the international hotel chain was highly affected as a result of the Pandemic that hit the industry of hospitality, and as described by the chain then CEO Arne Sorenson “I can tell you that I have never had a more difficult moment than this one” (Marriott International, 2020) the CEO spoke about the heavy impact of this crisis on the hotels chain from business perspective as it drove the hotels revenue severely low, as well as from employees perspective which he also described when he said “There is simply nothing worse than telling highly valued associates — people who are the very heart of this company — that their roles are being impacted by events completely outside of their control.” (Marriott International, 2020) As the company had to do some layoffs in order to keep the company’s costs in line with its balance. it is rarely to see an organization’s CEO acting as real role model that inspires the stakeholders, keeping them informed about the situation, showing honest sympathy that the crisis is influencing everyone at the organization from the bottom up to the top, as well as showing hope in the end of his message that one day tourism will return and they will see a great rebound.

MARRIOTT INTERNATIONAL



Figure 4. Marriott International Brand Hotels

Throughout the 30 branded hotels they spread the culture of placing the customers first, JW Marriott, Sr.: “Take great care of your associates, and they’ll take great care of the guests, and the guests will come back time and time again” (King, 2021) as the core mission of the company.

In fact, Marriott International has been identified as great place to work at, a fact stated that 89% of employees say that it is a great place to work at (Great Place To Work Institute, Inc, 2020). We can also take a look at what employees at Marriot speak about.



Figure 5. Word Cloud of What People at Marriott International Speak about
Source: (Great Place To Work Institute, Inc, 2020)

From the above shown, the values and culture that Marriott International incorporated in their organization has really impacted the way their employees – or associates as they are called – think and speak. That can be the result of their established program “Take Care” that is announced to help their associates that are facing financial hardship caused by national disasters.

We take another look at how did Marriott International Inc. rank in the tourism industry in regards to several factors that are relevant to the organizational culture, we pick up the top five of them, and those are: (1- Collaboration. 2- Customer. 3- Diversity. 4- Innovation. 5- Integrity):

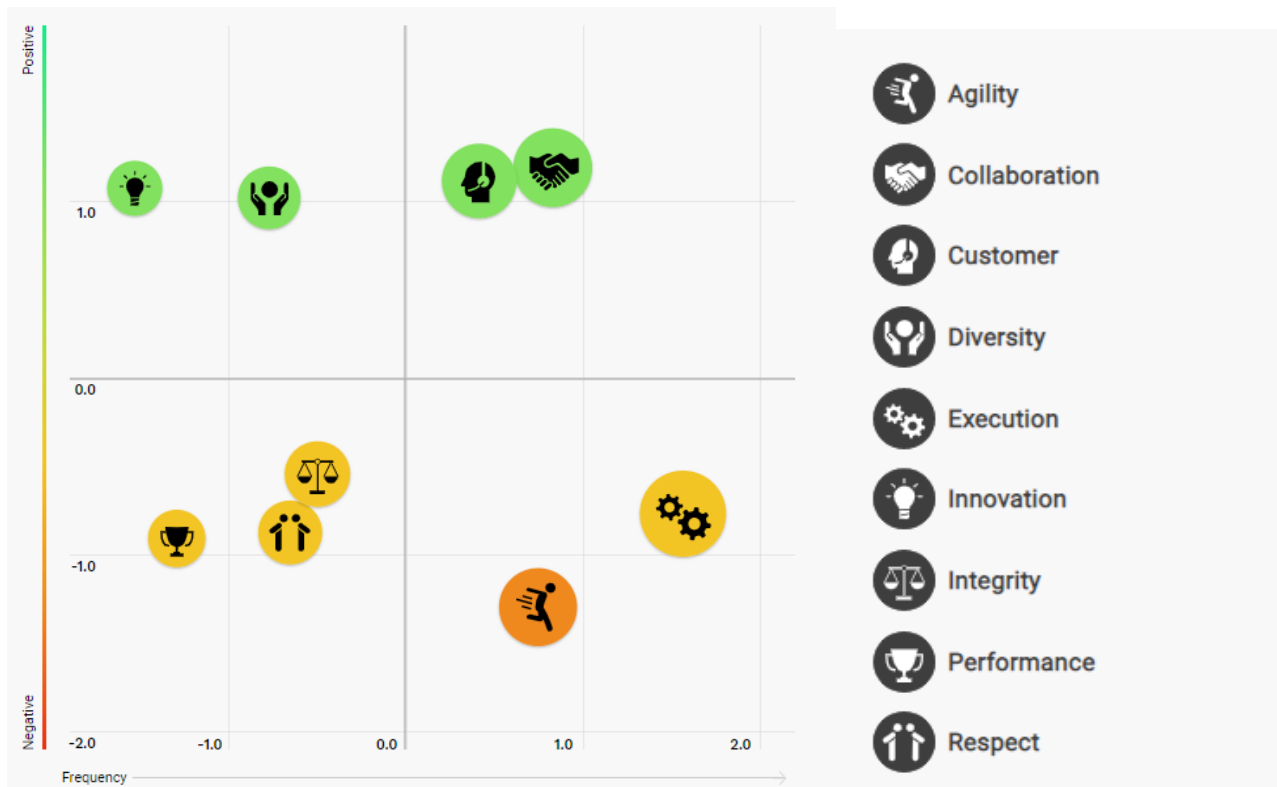


Figure 6. How Employees Talk about Culture at Marriott
Source: (Massachusetts Institute of Technology, 2021)

Along the two dimensions, the X-dimension represents how frequent a word relevant to a certain cultural value mentioned from January 2015 – September 2020, which varies between -2 and 2. While the other Y-dimension reflects that attitude towards that specific cultural value, the attitude by the employees of Marriott International Inc. the organizations seems to perform perfectly in the aspects of (Collaboration and Customer) in a way that these aspects were the most mentioned between the employees, and the mention was in a positive way and for a positive attitude.

Conclusion

As result of the pandemic, global economies have changed, national corporations were changed and the way they work have also changed, some businesses had to suspend their operations while several organizations managed to ride the wave of changes by implementing few changes in their organization's structure in order to comply with national regulations that were newly introduced to promote health hygiene standards. All these changes have destabilized the inner shape of the organizations; thus, the way employees interact with each other, the values and habits they share in the working place have also changed due to the tendency to work from home, causing a major shift in the organizational culture.

The study was focused on observing the relevant events in the service sector in Tbilisi, Georgia, to offer a guideline for business owners and managers on how to lead such forced changes without compromising their cultural values, because these values unify the workforce of the company and what keeps it alive, for that, during the study a highlight was given on the way companies perform currently to analyze reasons and factors which were followed by these companies, as well as to study the key success factors of companies and apply them as golden rules to implement any change successfully and prepare for the future of the company. During the study a set of primary data was collected by conducting voluntarily questionnaire to individuals who worked or are working in a service company, and through the analysis it appeared that the vast majority of employees in service sector managed to keep their job either as usual or with reduced working hours or reduced salary, and the majority of those who remained in business were switched to working from home using different communication channels and distance meeting platforms in order to keep them as efficient as possible.

Despite being highly damaged by the restrictions related to Covid-19, most of the respondents working in hospitality have indicated that they stayed at their job, whether with reduced working schedule or just as they used to do before the pandemic, moreover, these employees also believe that their organizations incorporate a corporate culture either so strong to lead everyone behaviors, or somehow bounded and not fully applied, also they gave high rating for their company's culture as key player in the adaptation to the new regulations caused by the spread of the virus.

The study has presented nine main cultural values that characterize the company during the crisis, those are (Leadership – Communication – Honestly – Quickness to respond – Fairness among employees – Being staff oriented – Looking after employees' health – Looking after employees' psychological health – Adhering to newly introduced regulations) and two factors were thoroughly traced and studied, starting from leadership which was highly rated by respondents regardless of the changes on their employment status, even those dismissed from their work have also given high scores for the leadership as cultural factor at their last workplace, another element was analyzed to trace the leadership factor, that is the belief of the existence of an effective organizational culture at their workplace, and respondents who firstly indicated the lack of corporate culture have indicated high ratings for the leadership aspect at their workplace.

Another aspect of the cultural characteristics of a company was analyzed, that is looking after the psychological health of employees, and it seems that despite the satisfaction towards employment status, or whether employees managed to keep working as usual without any disturbance, they rated their company low in regards to caring about the psychological wellbeing of their staff, this seems to be overlooked by most of employers in Tbilisi either because it is part of the culture that psychological and mental health is not promoted thing locally, while some employees face it due to the fear of the unknown they seem to suppress it for the fear of the worse, they might feel that if they have spoken about it there is risk of losing current status.

Lastly, we took a look at the case of Marriott International Inc. and how they managed to excel at every managerial aspect while keeping their organizational culture intact, despite the fact that as hoteliers, the company has incurred huge financial losses in 2020, they were determined to their values that they have always lived up to, which is promoting the wellbeing of their staff, or as they call them "associates". That was reflected in global cultural indicators (MIT Review) that placed the corporation high in their defined cultural values, only for that, the company was called one of the best places to work at.

Recommendations

Leading physically separated teams does not seem to be easy, however managing from distance requires different

approach, no longer close supervision is appropriate, rather delegation is more important to manage online connected team, decentralized management seems to empower employees by making them accountable for their work, on the grounds of facilitating the access to and the use of digital tools required to perform their job.

Collected primary and secondary data has showed that leadership and communication are the most important cultural values, even they can be considered key success factors for companies to maintain their organizational culture intact amidst any adversity. Individuals who were left out of employment as result of Covid-19, and those who reflected poor organizational culture at their workplace, they all have given high score for leadership in their company or at their last workplace, which indicates that people look up to leaders in any case, especially during these days when the future is unknown, given the example of Marriott International Inc. where the CEO showed up at the nearest occasion to show the roadmap for the employees to keep their faith and emphasize the values of the company, showing sympathy and showing initiative in leading the way.

Another cultural value which seems to be prominent in the way employees behave and evaluate the corporate culture at the workplace is the psychological health, for that might be overlooked by employers, it could be argued that since people are able to work from home, they can make out a life-work balance, however it does not seem to be the case always, as the studied sample showed that even those who remained at work, as well as those moved to work from home at different working place have rated their company low in regards to looking after their employees' psychological health.

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