

EIS 9/2015

Leadership Values
in Transformation
of Organizational
Culture to Implement
Competitive
Intelligence
Management:
the Trust
Building Through
Organizational
Culture

Submitted
04/2015

Accepted for
publication
07/2015

Leadership Values in Transformation of Organizational Culture to Implement Competitive Intelligence Management: the Trust Building Through Organizational Culture

Andrejs Cekuls

Faculty of Economics and Management, University of Latvia, Aspazijas blvd. 5, Riga LV-1050, Latvia



<http://dx.doi.org/10.5755/j01.eis.0.9.12811>

Abstract

The purpose of this paper is to explore the role of leadership values in changing of organizational culture to implement competitive intelligence. General criteria and values should be defined for observance in the processes of competitive intelligence management. Organizational culture can be supportive of changes when it corresponds with the prevailing values. The aim of this study was to do an investigation within companies in Latvia, research the scientific resources on this matter as well as understand the leadership values that stimulate the successful implementation of competitive intelligence management. The study was performed in two stages: first, the examination of the process of competitive intelligence and second, the determination of the role of organizational culture and leadership values in implementation of competitive intelligence. At the first stage, research was carried out regarding implementation of competitive intelligence management in Latvian companies (N=60). The research in Latvia shows that prospects of CI process should be evaluated from the point of view of organizational culture. At the second stage, another research was carried out regarding the role of organizational culture in the implementation of competitive intelligence technologies in Latvian companies (N=39). The results showed that successful turnover of information is hindered by mutual distrust among employees. Trust was found the essential element allowing for interaction within relationships and social exchanges. Further, there were significant correlations between both organizational culture and CI.

The main difficulties emerging in the process of implementing cultural transformation projects are related with changes in the behavior of organizations. Leaders are responsible for the currently created culture, and they are the ones who have to establish the new culture.

KEYWORDS: leadership values, trust, organizational culture, competitive intelligence, knowledge sharing.



Along with the growing role of information, also organization leaders' comprehension increases regarding the necessity to arrange internal processes of organization or to perform organizational changes in order to be able to give efficient response to the changes caused by external environment. Most sources dealing with organizational changes assume that all attempts of changes are at least theoretically appropriate to the existing situation (Herold & Fedor, 2008). Therefore, it is topical not only to observe the changing environment, but also to elaborate such functional measures within the organization, which would ensure implementation of the potential changes. Prescott J. emphasizes that implementation of the competitive intelligence system into an organization often calls forth the necessity of changing the employees' habitual behaviors.

From an organizational perspective, a growing body of evidence suggests that leadership can affect organization performance (Agle, et al., 2006; Waldman, et al., 2004). Barrett (2006), for his part, believes that organizational culture is the mirror of this organization leaders' consciousness; therefore, cultural transformation begins with leaders' individual transformation. When defining "solutions" of changes within the organizational culture transformation process, unwillingness of leaders to acknowledge personal prejudices, values and habits can hinder the process of changes. Organizational cultures consolidate the shared beliefs, assumptions, goals and values of their members. In addition, various researchers suggest that the shared values of organizational members, which their cultures encapsulate, contribute to the sustained success of the organizations (Barney, 1986; Deal & Kennedy, 1982; Fairholm, 1991; Malphurs, 1996; Peter & Waterman, 1982). In culture transformation process, the leader is considered to be an expert in technical or particular aspects of the intended changes or in the general leadership of changes. If an organization as an entirety has the experience of past, culture exists in such organization. Cultural value orientations shape beliefs on effectiveness of leadership styles (House, et al., 2004; Kirkman, et al., 2009; Thomas, et al., 2001).

Organizational culture has also been recognized to have an important role in assuring efforts in organizational change (Ahmed, 1998; DeLisi, 1990; Lorenzo, 1998; Schneider & Brief, 1996; Silvester & Anderson, 1999; Pool, 2000).

The way, in which competitive intelligence and dissemination of information will be carried out, depends on each organizational culture based on employees' undivided understanding of collection and exchange of business information. (Cekuls, 2014).

Scientific studies show that organizational culture encourage sharing of information (Abzari & Teimouri H., 2008; Al-Alawi, et al, 2007; Chin-Loy & Mujtaba, 2007; McDermott & O'Dell, 2001), which is one of key factors in competitive intelligence management. The study on implementation of competitive intelligence management in companies indicated the trends that employees of Latvian enterprises lack motivation to share information.

An important number of respondents emphasized that the results of competitive intelligence are only distributed among the authorized persons of the organization, and this could hamper informational interaction within organization. The study confirmed that power in Latvia's companies is mainly concentrated with one or several leaders who take all major decisions. It indicates that information turnover at Latvia's companies is mostly one-way. This evidence could also witness about the hierarchic system of information transfer or about shortcomings in the knowledge movement processes in general.

Introducing changes into organizational structure, values of organizational culture should be assessed. It is intercommunication problems that are considered to be communication defects of a certain culture.

Introduction

Problem statement

Although respondents in Latvia admitted that information from people obtained within the organizational framework serve for competitive intelligence, a comparatively low evaluation in the study has been given to the statement that the existing organizational culture encourages sharing of information. In the light of this information, it was important to determine the leadership values that directly impact the process of competitive intelligence.

Shaw (1997) believes that organizations with low levels of trust are fighting an uphill battle when trying to implement new operating principles and processes. They are at a competitive disadvantage because every step in the change process becomes more difficult and time consuming at all levels.

The definition shows that leaders should balance two mutually compensatory forces: on the one hand, the necessity to implement changes into the organization, and on the other hand, to maintain the human aspects of changes. Leader's appropriate social skills and values play an important role in the processes of changes within organization. Most values come from senior leaders and permeate all levels of organizations (Hambrick, 1987; Kilcourse, 1994; Schein, 2004). The institutional leader is primarily an expert in the promotion and protection of values (Rowse & Berry, 1993).

The scientists Herold & Fedor (2008) argue that even though culture embodies mostly intangible characteristics of organizations, it is mainly considered an entirety of key values and opinions accepted by organizational members in the course of time, because these have turned out to be most efficient for problem solving.

Study design and results

At the first stage, quantitative research was carried out regarding implementation of competitive intelligence management in Latvian companies (N=60). In order to clarify the process of competitive intelligence management the questionnaire by Calof J. and Breakspear A. (Cronbach's alpha 0.974) about stages of CI process was used: (1) planning and focusing, (2) data collection, (3) data analysis, (4) communication, (5) process and structure, (6) information and culture.

At the second stage, another research was carried out regarding the role of organizational culture in the implementation of competitive intelligence technologies in Latvian companies (N=39). The questionnaire was prepared on the basis of three theories: 1) the theory developed by Calof J. and Breakspear A. regarding the competitive intelligence process, 2) the theory of organizational culture developed by Cameron K.S. and Quinn R.E. 3) the whole system approach to cultural transformation by Barrett R.

The results of the first research revealed a range of negative phenomena related to the competitive intelligence implementation process can be understood if considered within the context of organizational culture. The statement "Our corporate culture encourages sharing information" has received the lowest score of 2.38. (using a five point Likert scale) within the part "information and culture". The better understanding of values, the less interferences hinder creation of a supporting organizational culture. The organizational culture unified within the entire organization and with elements of supportive culture, favors successful competitive intelligence management. It should be noted that before the process of reorganization of the entire system is started including also cultural transformation, it is important that management was aware of the reasons, due to which this reorganization is necessary; employees of the company, on their part, should understand why the process of system reorganization has been started at the company.

The results of the study pointed out the problems in the communication system of companies in order to implement successful competitive intelligence management. In the technological process of competitive intelligence, organizational members should collaborate at all CI stages; the role of leaders is particularly important at the first stage, when the requirement is defined for competitive intelligence goal, which will determine the focus of the sphere of information. The results showed that in Latvia companies do not have a solid internal communication technique

within them. The statement “There is a central coordination point for receiving of competitive information” in the survey received the lowest score averaging at 1.72 (using a five point Likert scale) within the part “Process and structure” of competitive intelligence. The research showed a strong positive correlation between the parts “information and culture” and “process and structure” ($r=0.866$, $\alpha=0.01$). To understand how the introduction of new technologies affect organizations, it is important to understand the role of organizational culture. While organizational structure and process show the formal working methods of the organization, the values of organizational culture reveal the actual ones.

When introducing changes into organizational structure, values of organizational culture should be assessed.

It is important to note that another correlation between the parts “information and culture” and “data collection” was discovered. For instance, the results regarding percentage of time spent for stages of CI process (Table 1) revealed that nearly the least time is spent for transfer of information. Most of respondents admitted that their companies have not established the way for employees to report their observations and provide information.

The survey revealed that Latvian companies spend twice as much time on gathering intelligence rather than analyzing it. The results confirmed that the main focus of gathering intelligence is on competitors’ daily operations which, according to the research 32.3% of the total time spent on competitive intelligence. However, it must be noted that this information might not correspond with the requirements of the management as only 22% of the respondents said that the reason for doing work on competitive intelligence has been communicated internally. The author believes it is important to communicate the results of the competitive intelligence research further within the company so that the management can make decisions based on it.

The results of the research prove the necessity of transformation of organizational culture to implement competitive intelligence, and the creation of such set of values that motivates people support the implementation of competitive intelligence.

When introducing changes within the organization, values of organizational culture should be assessed. The value system dominating in the organization and the social standards based on it, form the organizational culture, in which values determine what managers expect from their employees and employees – from their managers.

Taking into account the role of organizational culture in the processes of changes, organizational changes should not be considered as mutually independent, isolated events, because employees respond to the total view of the environment of changes. If there is willingness to understand how organizational context affects implementation of new technologies and what is the impact of technologies upon the organization, the role of organizational culture should be identified.

At the second stage the role of organizational culture in implementation of competitive intelligence was assessed. The results showed important correlations that confirmed the results of the first part of this research: there is a strong relationship between successful competitive intelligence gathering depending on the cultural values and the current organizational culture within the company ($r = 0.631$, $\alpha = 0.01$). 44% of the respondents believe that the organization should ensure an environment in which there is open communication and trust between the employees.

Stages of CI process	Percentage
Planning and focusing	16.1
Data collection	35.2
Data analysis	17.7
Communication	11.7
Process and structure	12.3
Information and culture	7.1

Source: Author’s.

Table 1

Percentage of time spent for stages of CI process

The role of organizational culture in competitive intelligence management

72% of the respondents think that the culture of the organization is the most important aspect of ensuring successful internal communication and trust building within the company.

The research showed a strong positive correlation between organizational culture and successful implementation of competitive intelligence depending on culture specific issues ($r=0.964$, $\alpha=0.01$).

Consequently, there could be a positive change within the organization if the cultural values of the organization were improved.

On the other hand, 62% of the respondents say that many problems that are generally stated as “communication gap” or “inefficient level of collaboration” can be considered as imperfections in the cultural value systems. In case changes comply with main standards and values of organizational culture and become a value of the company culture, then culture plays a positive role in development of the organization and the implementation of competitive intelligence.

Without a compatible culture, a common vision, and a common organizational value-set, leadership is not the dynamic at work (Fairholm & Fairholm, 2000). The better is the organizational members’ understanding of values, the less interferences hindering creation of an organizational culture consistent with technological changes.

Experts of changes Herold & Fedor (2008) speak about difficulties caused by turbulent organizational environment in the process of changes. Applying this concept to separate organizations, scientists speak about internal instability, which is felt by organizational members and which can encumber the employees when they will attempt to introduce some particular changes. Even though the leader carefully considers what should be changed, what and how will be done, the degree of interferences should be taken into account, because employees may be disappointed by the negative response to their plans. Interferences are conditions reducing efficiency of each stage of competitive intelligence, thus affecting the course of entire process. (Cekuls, 2014). It should be taken into account that employees’ ability of adapting to changes is restricted, therefore the way of the best use of this ability depends on leaders.

The changes, which include remarkable centralization of power and resources, will cause a much more serious and negative reaction in an open and supporting culture than in an extremely structured and bureaucratic culture. It should be noted that in organizations with hierarchical structure, differing views can emerge regarding the way information turnover should develop among organizational members at different hierarchical levels. Therefore, it would be necessary to establish common criteria and values observed in the processes of competitive intelligence management. Organizational culture can be supportive of changes when it corresponds with the prevailing values.

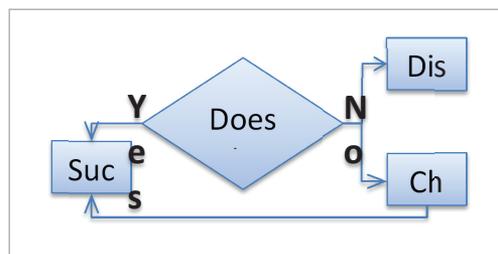
Prospects of the CI process should be evaluated from the point of view of organizational culture – does the existing organizational culture support implementation of the CI process (Figure 1)?

Two alternatives can be considered: (1) to disregard culture in competitive intelligence management. In this case, organizational culture can obstruct or entirely stop efficient implementation of

competitive intelligence in the company; (2) to develop culture compliant with organizational goals regarding competitive intelligence. In such case, the competitive intelligence plan should be supplemented with measures focused towards learning, implementation and consolidation of the desired organizational culture throughout the organization.

Figure 1

Role of organizational culture in CI process (Cekuls, 2014)



The questionnaire performed in Latvia showed that eighty five percent of respondents agree that organizational culture is able to facilitate successful process of competitive intelligence (CI) in the company. A range of negative phenomena possibly related to the process of competitive intelligence can be understood if considered within the context of organizational culture.

There is a limited range of scientific sources regarding aspects of organizational culture for successful implementation of competitive intelligence management (Rustman, 2002).

Most discussions of organizational culture (Cameron & Ettington, 1988; O'Reilly & Chatman, 1996; Schein, 1996) agree with the idea that culture is a socially constructed attribute of organizations which serves as the "social glue" binding an organization together. A majority of writers have come to an agreement that it refers to the taken-for-granted values, underlying assumptions, expectations, and definitions present, which characterize organizations and their members (Cameron, 2004).

Organizational culture includes core values and a consensual view upon the things happening in an organization. Culture can be defined as an active living phenomenon, which refers to ideas and values of people and can affect people's actions without explicitly being noticed (Bolboli & Reiche, 2014). Organizational culture is judged by many to be a major determinant of company success (Baker, 2002) especially now organizations deal with the idea of change (Coolican & Jackson, 2002). Ehlers (2009) has pointed out that culture consists of the following elements: norms and values, patterns of thought, opinions and attitudes, stories and myths about changes, language habits and conducts and collective expectations.

The two main disciplinary foundations of organizational culture are sociological (e.g., organizations have cultures) and anthropological (e.g., organizations are cultures). Within each of these disciplines, two different approaches to culture were developed: a functional approach (e.g., culture emerges from collective behavior) and a semiotic approach (e.g., culture resides in individual interpretations and cognitions) (Cameron, 2004).

It is a complicated task to develop and implement formal structures and processes required for maintaining trust. But many business leaders believe that hardest part of building competitive organizations and teams is managing the culture, or what is often considered the "soft side" of organizational life. They understand that values, operating principles, and norms are difficult to manage yet demand attention, for these are often key in determining how well an organization or team operates (Shaw, 1997).

Culture is an enduring, slow to change, core characteristic of organizations. Changing organizational culture is a very difficult goal to achieve, not only because culture is largely unrecognized, but because once set, commonly shared interpretations, values, and patterns are difficult to modify (Cameron, 2004).

Theorists and practitioners speak a lot about transformation of culture, but less about impact of culture upon the changes (Herold & Fedor, 2008). The issue of culture is, however, often remembered for explaining difficulties encountered when implementing changes or expecting a successful process of changes.

Schein (1996) believes that cultures cannot be changed arbitrarily, but can evolve as the group eliminates the dysfunctional or undesirable elements of the current culture and builds on the strengths and virtues of the desired culture. Bennis (1993) defines some clues as to how this change occurs. He posits that positive change requires doing three things: (1) gaining our trust; (2) expressing their vision clearly so that we all not only understand but concur; (3) persuading us to participate.

Cameron (2004) believes that most people are unaware of their culture until it is challenged or a new culture emerges, or until the moment when the culture is transformed as open and clear by using, for example, a system or a model.

However, if cultural changes are found to be the intended goal for the organization, organizational members should engage into performing the cultural changes step by step, thus applying motion to the process of cultural transformation. The objective of these steps is to direct organizational culture from current situation to the intended future situation. These steps are described by Cameron (2004), based on the work of several authors who have described successful change interventions aimed at organizational culture change (e.g., Hooijberg & Petrock, 1993; Denison, 1989; Trice & Beyer, 1993; Cameron & Quinn, 1999; Kotter, 1995). These steps initiate change in individual and organizational processes, conversations, language, symbols, and values, none of which by itself ensures that culture change will occur, but in combination they create a great deal of momentum toward fundamental culture change in organizations (Cameron, 2004).

Inspired from Reger et al., researchers Bolboli & Reiche (2014) have illustrated the probability of accepting culture change by members.

Researchers Bolboli & Reiche (2014) believe that in case the change in organizational culture is low defined (i.e. close correspondence between current and ideal identity), employees can admit the culture changes as needless and believe that the current state of culture is equivalent enough with the ideal situation. On the other hand, by extending the scope of defined changes, the gap between current and ideal situation will increase, thus causing organizational stress and stimulating employees to seek for solution in order to eliminate the gap. When changes in organizational culture take place, optimal situation is in case the gap between current and ideal situation is large enough, but still insufficient to take the ideal situation as unachievable. If the difference between current and ideal organizational culture is within the zone of the acceptance, probability of acceptance the culture changes by organizational members will increase.

Clear understanding of what the organizational culture change might mean and what it cannot mean is mentioned by Cameron (2004) as one of the main steps for acceptance of culture changes. If the organization is making progress towards one particular culture, it does not mean that other types of culture should be ignored or completely rejected. It only means that certain elements should be particularly emphasized so that culture changes were successful. In the transformation process, an organization should not refuse of the main aspects, which make it unique, even though some of the aspects will be modified in the process of changes. When defining culture change, one should be aware of what will be maintained and what will be altered as a result of transformation.

Perception of changes

Cameron (2004) writes that it is absolutely clear resistance to culture change will occur within the organization. As a result of changes, individual's basic way of life will be challenged and such familiar and habitual environment will be changed. As a result, fundamental change of aspects should occur, which could cause severe resistance. Leaders of change should be able to explain the changing realities to employees.

Leadership has been suggested as one of the most crucial factors contributing to the attitudes of employees toward their organization (Buckingham & Coffman, 1999; Bass, et al., 2003).

Informing about the process of culture change is an instrument for reducing and overcoming resistance and its possible consequences. Explaining the reason why culture change should be carried out might be the most important step to ensure transformation.

Research suggests that people tend to explain "why" to people they care about and hold in high esteem (Cameron, 2004).

The research (Herold & Fedor, 2008) about how leaders and followers perceive the specific aspects of changes managed by leaders and how this perception is related to various results of changes – both personal and individual – showed that regarding the behavior of change launching and both stages of implementation, leaders believe they perform better than their subordinates think. The research has revealed that leaders are much more optimistic than their subordinates regarding the process of changes.

Data about the stage of change maintenance are interesting in that they show broad consensus between both groups. It could indicate that leaders do not spend much time in order to evaluate the process of change, to ensure feedback, to express supportive gratitude or otherwise show ceremonial behavior. Experts (Herold & Fedor, 2008) believe it could rather be a characteristic feature of organizational culture than a quality of individual leaders.

Unsuccessful change can be a significant obstacle to motivation, especially if occurred repeatedly. It is important to take care of the maintenance of changes, to communicate mutually in order to find out the actual situation – how implementation of changes proceeds, so that there was minimum difference between the opinions of leaders and subordinates. Inability of noticing difference in opinion will preclude leaders from improving their work. It is important to focus on the change leadership behavior in general. Leaders should regularly ask for the opinion of other employees during the process of change in order to obtain an approval of the assessment of personal performance and to what extent the subordinates experience difficulties because of being unable to accept change suggestions.

Once culture changes have been introduced, leaders of change should be prepared to manage the organization. The new skills of leadership will have to be specified. Differences between current leadership and future leadership requirements should be articulated. In the process of changing, it should be ensured that leaders' values complied with future cultural requirements.

Often values are published in organizations, pasted on the walls and that is expected to change the culture. Successful organizations bring values to life in everything that happens in the organization (Cook, 2008). Research has shown that leader and employees function at different levels depending on their values orientation (Hall, 1998). Employees need to know how to translate the values. If people understand the meaning, how it links to what they do, what positive impact it can have on them and their colleagues, then employees will be more motivated to put values into practice. Values need to be well communicated, to become part of the culture of an organization. Fukuyama (1995) believes that trust arises when people share a set of values so that certain expectations about consistent and honest behavior exist. Moreover, the particular character of the values is less important than the fact that they are shared.

Leaders' values of their care for followers, integrity, and competence are all necessary to foster interpersonal trust – an essential ingredient in servant leadership (Covey, 1990; Greenleaf, 1977; Kouzes & Posner, 1995; Melrose, 1995; Pollard, 1996; Russell, 2001; Russell & Stone, 2002).

Barrett (2006) believes that the primary task to be completed at the preparatory stage of changing the entire system is to evaluate general values of the particular company in order to find out employees' personal values and their views about the current cultural values and the desired cultural values. The process should be started with identification of the steering group's values and with the steering group's commitment to change their behavior.

In the research by Herold & Fedor (2008) about the relative impact or contribution due to the way a leader conducts the certain changes, about the leaders' general leadership styles and about the willingness to work for the certain changes, personal trust overpowered the behavior of the leadership of smart change. Not all leaders, however, enjoy close relationships with their follow-

Process of Changing and Values

The Trust Building

ers in order to use these relationships during the changes. On their part, even those who have such behavior at their disposal can replenish their personal competences with a more relevant behavior suitable for changes. For example, the organization, the activity of which is hindered by poor internal relationship, could focus on building trust.

Trust plays a fundamental role in the process of social exchange by clearing individuals of their obligation (Blau, 1964). He believes that the maintenance of the relationship in the long term is heavily dependent on the sense of trust established between the two individuals. Fairholm and Fairholm (2000) believe that leadership is a task of teaching a common vision common organizational principles and a process of instilling and encouraging trust.

Several studies witness that trust facilitates knowledge sharing in the organization (Ghoshal & Bartlett, 1994; Goh, 2002; Renzl, 2008; Holste & Fields, 2010). Trust being the essential element allowing for interaction within relationships and social exchanges (Young, 2006; Bachmann & Inkpen, 2011). Thus, trust tends to crystallize the relationship between two individuals by building a virtuous spiral of exchanges (Paillé, et. al, 2013).

Examining trust as an essential element of culture, we can understand how a lack of a trust culture permits discord and disharmony not only in organizations, but also in social institutions from the family to the world (Greenleaf, 1996).

Shaw (1997) believes that the most critical actions for developing the appropriate culture for a high-trust organization or team are: (1) develop a common vision and shared view of competitive realities; (2) live by genuinely felt values and operating principles; (3) build familiarity across levels and groups; (4) encourage a culture of risk taking and experimentation; (4) make visible a few powerful symbols of trust and collaboration.

Within the literature, some previous research has been conducted on the factors affecting the development of trust. There are personal factors such as communication (Selnes, 1998), ability (Sichtmann, 2007), education attained (Massey & Dawes, 2007), experience with the task, expertise and disposition (Sarker, et al., 2001).

The research done by experts of change Herold & Fedor (2008) showed that leaders who have established relationships of personal trust will enjoy followers' support in the period of certain changes, even though they will not do everything "by the book" when it comes to practical management of change. However, in case this behavior related to change is inappropriate or is not considered to be mutually favorable, it will exhaust the resources of trust and make changes much more difficult.

The behavior of leaders has been shown to influence the perception of organizational culture among followers (Block, 2003) and it is thought that the types of practices involved arise from the basic assumptions managers make in developing and attempting to implement visions/philosophies and/or business strategies necessary for the company's long-term survival (Igo & Skitmore, 2006).

Building trust in an organization requires a leader to engage in a difficult task, one fraught with risk (Fairholm & Fairholm, 2000). Several forces may hinder the development of trust among group members: (1) Individual (interpersonal communication, apathy and alienation, the risk of trusting others, personal selfish interest, leader sensitivity to follower needs); (2) Organizational: (authority structure, the lack of effective accountability mechanisms, a history of negative trust events, organizational structure) (3) Societal: (the general decay of moral values).

As trust is a key relationship commodity, if not the key relationship commodity, an understanding of how to operationalize the power of the trust concept is important for managers (Dowell, et.al,

2013). Leader should persuade the followers to accept the change on the basis of strong mutual personal trust they have obtained from those whom they ask to change. These relationships are characterized by mutual support of various level and by mutual necessity-satisfaction that will affect followers' disposition to act in the direction recommended by the leader. Followers will act in the scope adequate with their trust to the leader that he has the experience and resources required for successful results and that the leader will support them throughout the process of change.

The leader of change will listen in others' opinion, will be open for contributions from others, will get information, find out problems together with others, will encourage, develop action plans and celebrate success.

The research concluded the significance of the organizational culture and the necessity to implement competitive intelligence management emphasizing such leadership values as trust, open communication and collaboration. The results revealed a strong relationship between successful competitive intelligence gathering depending on the cultural values and the current organizational culture within the organization. The research revealed that a successful turnover of information is not facilitated by a mutual distrust among employees.

The main difficulties emerging in the process of implementing cultural transformation projects are related with changes in the behavior of an organization. Leaders are responsible for the currently created culture, and they are the ones who have to establish the new culture. The way, in which competitive intelligence and dissemination of information will be carried out, depends on each organizational culture values.

The organizational culture, a characteristic feature of which is mutual confidence between leaders and employees, will ensure successful competitive intelligence management in the organization. Among the dominant values of organization, cooperation, helpfulness and availability for team work should be included. Further trust is more likely when the goals or objectives for the organization or team are clearly articulated and accepted.

Conclusions

Abzari, M. and Teimouri, H. (2008). The effective factors on knowledge sharing in organizations, *The International Journal of Knowledge, Culture and Change Management*, 8(2), pp. 105-113.

Agle, B.R., Nagarajan, N.J., Sonnenfeld, J.A., Srinivasan, D. and Does, C.E.O. (2006), Charisma matter? An empirical analysis of the relationships among organizational performance, environmental uncertainty, and top management team perceptions of CEO charisma", *Academy of Management Journal*, 49(1), pp. 161-174. <http://dx.doi.org/10.5465/AMJ.2006.20785800>

Ahmed, P.K. (1998). Culture and climate for innovation, *European Journal of Innovation-Management*, 1(1), pp. 30-43. <http://dx.doi.org/10.1108/14601069810199131>

Al-Alawi, A., Nayla, I., Al-Marzooqi, Y., Mohammed Y.F., (2007). Organizational culture and knowledge sharing: critical success factors. *Journal of Knowledge Management*, 11(2), pp. 22-42. <http://dx.doi.org/10.1108/13673270710738898>

Alavi, M. and Leidner, D.E. (2001). Knowledge management and knowledge management systems: conceptual foundations and research issues, *MIS Quarterly*, 25(1), pp. 107-136. <http://dx.doi.org/10.2307/3250961>

Ang, A.Y. and Ofori, G. (2001). Chinese culture and successful implementation of partnering in Singapore's construction industry. *Construction Management and Economics* 19, 619-632. <http://dx.doi.org/10.1080/01446190110062087>

Arditi, D. and Mochtar, K. (2000). Trends in productivity improvement in the US construction industry. *Construction Management and Economics*, 18, pp. 15-27. <http://dx.doi.org/10.1080/014461900370915>

Bachmann, R., Inkpen, A.C. (2011). Understanding Institutional-based Trust Building Processes in Inter-organizational Relationships *Organization Studies February 2011*, pp. 281-301.

Baker, M. (2002). Organizational culture, principles of organizational behaviour, Third edition. Oxford University Press.

References

- Barney, J.B. (1986). Strategic Factor Markets: Expectations, Luck, and Business Strategy, 32(10), pp. 1231-1241.
- Barrett R. (2006). Building a Values-Driven Organization: A Whole System Approach to Cultural Transformation. London: Butterworth Heinemann, Elsevier.
- Bass, B., Avolio, B.J., Jung, D., Berson, Y. (2003). "Predicting Unit Performance by assessing transformational and transactional leadership", *Journal of Applied Psychology*, 88(2), pp. 207-218. <http://dx.doi.org/10.1037/0021-9010.88.2.207>
- Bennis, W. (1993). *An Invented Life: Reflections on Leadership and Change*, Addison-Wesley, Reading, MA.
- Blau, P.M. (1964). *Exchange and Power in Social Life*, Wiley & Sons, New York, NY.
- Block, J. (2003). The leadership-culture connection: an exploratory investigation. *Leadership and Organization Development Journal*, 24, pp.318-334. <http://dx.doi.org/10.1108/01437730310494293>
- Bolboli, S.A., Reiche M. (2014). Culture-based design and implementation of business excellence, *The TQM Journal*, 26(4), pp.329-347. <http://dx.doi.org/10.1108/TQM-01-2014-0015>
- Buckingham, M., Coffman, C. (1999). *First, Break all the Rules: What the World's Greatest Managers Do Differently*, New York: Simon & Schuster.
- Cameron, K. (2004). A Process for Changing Organizational Culture; To be published in Michael Driver (Ed.) *The Handbook of Organizational Development*.
- Cameron, K.S. and Ettington, D.R. (1988). The conceptual foundations of organizational culture», in Smart, J.C. (Ed.), *Higher Education: Handbook of Theory and Research*, Vol. 4, Agathon Press, New York, NY, pp. 356-396.
- Cameron, K.S. and Quinn, R.E. (1999). *Diagnosing and Changing Organizational Culture. Based on the Competing Values Framework*, Addison-Wesley, Reading, MA
- Cekuls, A (2010) Competitive intelligence model in Latvian enterprises, *Bridges / Tiltai*, 53(4), p.35-44.
- Cekuls, A. (2014). Konkurences izziņāšanas vadīšana. *Globedit*. p. 268.
- Chin-Loy, C. and Mujtaba, B.G. (2007). The influence of organizational culture on the success of knowledge management practices with North American companies, *International Business & Economic Research Journal*, 6(3), pp. 15-28.
- Cook, S. (2008). The essential guide to employee engagement: better business performance through staff satisfaction/ Sarah Cook
- Coolican, M.J. and Jackson, J.L. (2007). *Integrating culture with your strategy*. Retrieved February 26, 2015, from http://www.strategyletter.com/cp_0799/Viewpoint.php
- Covey, S.R. (1990). *Principle-Centered Leadership*, Fireside Books-Simon and Schuster, New York, NY.
- Dastmalchian, A., Lee, S. and Ng, I. (2000), The interplay between organizational and national cultures: a comparison of organisational practices in Canada and South Korea using Competing Values Framework. *International Journal of Human Resource Management*, 11, pp. 388-412. <http://dx.doi.org/10.1080/095851900339927>
- Deal T., Kennedy A., (2000). *Corporate cultures. The rights and rituals of corporate life*, Perseus Books Publishing, 232 p.
- DeLisi, P.S. (1990). "Lessons from the steel axe: culture, technology, and organizational change", *Sloan Management Review*, 32(1), pp. 83-93.
- Denison, D.R., (1989). Organizational Culture and Organizational Effectiveness: A Theory and Some Preliminary Empirical Evidence, *Academy of Management Proceedings*, pp. 168-172.
- Dowell, D., Heffernan T., Morrison M. (2013). Trust formation at the growth stage of a business to business relationship, *Qualitative Market Research: An International Journal*, 16(4), pp. 436-451.
- Dumdum, U.R., Lowe, K.B. and Avolio, B.J. (2002). A meta-analysis of transformational and transactional leadership correlates of effectiveness and satisfaction: an update and extension, *Transformational and Charismatic Leadership*, 2, pp. 35-66.
- Ehlers, U.D. (2009). Understanding quality culture, *Quality Assurance in Education*, 17(4), pp. 343-363. <http://dx.doi.org/10.1108/09684880910992322>
- Igo T., Skitmore M. (2006). «Diagnosing the organizational culture of an Australian engineering consultancy using the competing values framework», *Construction Innovation*, 6(2), pp. 121-139. <http://dx.doi.org/10.1108/14714170610710659>
- Fairholm, G.W. (1991). *Values Leadership : Toward a New Philosophy of Leadership*, Praeger Publishers, New York, NY.
- Fairholm M. R. Fairholm G., (2000). Leadership amid the constraints of trust, *Leadership & Organization Development Journal*, 21(2), pp. 102-109. <http://dx.doi.org/10.1108/01437730010318192>
- Fukuyama F. (1995). *Trust: The Social Virtues and the Creation of Prosperity* (New York: free Press)
- Ghoshal, S., Bartlett Ch.A. (1994). Supplement: Chaos theory and strategy: Theory, application, and managerial implications, *Strategic Management Journal*, 15(2), pp. 1-17.

- Goh, S.C. (2002). Managing effective knowledge transfer: an integrative framework and some practice implications, *Journal of Knowledge Management*, 6(1), pp. 23-30. <http://dx.doi.org/10.1108/13673270210417664>
- Greenleaf, R.K. (1996). *On Becoming a Servant Leader*, Jossey-Bass, San Francisco, CA.
- Hall, B.P. (1998), "Knowledge management and the values factor», *Knowledge Management Magazine*, London
- Hambrick, D.C. (1987). The top management team: key to strategic success, *California Management Review*, Fall, pp. 88-108. <http://dx.doi.org/10.2307/41165268>
- House, R., Hanges, P., Javidan, M., Dorfman, P. and Gupta, V. (2004). *Culture, Leadership, and Organizations: The GLOBE Study of 62 Societies*. London: Sage.
- Heffernan T., O'Neill G., Travaglione T., Droulers M., (2008). Relationship marketing: The impact of emotional intelligence and trust on bank performance, *International Journal of Bank Marketing*, 26. <http://dx.doi.org/10.1108/02652320810864652>
- Herold David M, Fedor Donald B. (2008). *Change The Way You Lead Change: Leadership Strategies that Really Work*, published by Stanford University Press
- Hooijberg R. and Petrock F. (1993). On cultural change: Using the competing values framework to help leaders execute a transformational strategy, *Human Resource Management, Special Issue: Special Issue on Applications of the Competing Values Framework*, 32(1), pp. 29-50.
- Howard, L.W. (1998). "Validating the competing values model as a representation of organizational cultures", *International Journal of Organizational Analysis*, 6(3), pp. 231-250. <http://dx.doi.org/10.1108/eb028886>
- Kouzes, J.M. and Posner, B.Z. (1993). *Leadership Practices Inventory. A Self-assessment and Analysis*, expanded ed., Jossey-Bass, San Francisco, CA.
- Kouzes, J.M. and Posner, B.Z. (1995). *The Leadership Challenge: How to Keep Getting Extraordinary Things Done in Organizations*, Jossey-Bass, San Francisco, CA.
- Kilcourse, T. (1994), «A Human Resource Philosophy», *Management Decision*, 32(9), pp. 37-42. <http://dx.doi.org/10.1108/00251749410071612>
- Kirkman, B., Chen, G., Farh, J-L, Chen, Z.X and Lowe, K.B. (2009). Individual power distance orientation and follower reactions to transformational leaders: a cross-level, cross-cultural examination. *Academy of Management Journal* 52(4), pp. 744-764. <http://dx.doi.org/10.5465/AMJ.2009.43669971>
- Kotter, J.P. (1995). "Leading change: why transformation efforts fail", *Harvard Business Review*, March-April, pp. 59-67
- Lorenzo, A.L. (1998). "A framework for fundamental change: context, criteria, and culture", *Community College, Journal of Research & Practice*, 22(4), pp. 335-348. <http://dx.doi.org/10.1080/1066892980220403>
- Love, P.E.D., Irani, Z., Li, H., Cheng, E.W.L. and Tse, R.Y.C. (2001), An empirical analysis of the barriers to implementing e-commerce in small-medium sized construction contractors in the state of Victoria, Australia. *Construction Innovation*, 1, pp.31-41. <http://dx.doi.org/10.1108/14714170110814497>
- Malphurs, A. (1996), *Values-driven Leadership: Discovering and Developing Your Core Values for Ministry*, Baker Books, Grand Rapids, MI.
- Massey, G.R. and Dawes, P.L. (2007), "Personal characteristics, trust, conflict, and effectiveness in marketing/sales working relationships", *European Journal of Marketing*, 41(9), pp. 1117-1145.
- McDermott, R. and O'Dell, C. (2001), "Overcoming cultural barriers to sharing knowledge", *Journal of Knowledge Management*, 5(1), pp. 76-85. <http://dx.doi.org/10.1108/13673270110384428>
- Melrose, K. (1995). *Making the Grass Greener on Your Side*, Berrett-Koehler Publishers, San Francisco, CA.
- O'Reilly, C. and Chatman, J. (1986), Organizational commitment and psychological attachment: the effects of compliance, identification and internalisation on prosocial behavior, *Journal of Applied Psychology*, 71(3), pp.492-499. <http://dx.doi.org/10.1037/0021-9010.71.3.492>
- Oreg, S., Vakola, S. and Armenakis, A. (2011). Change recipients' reactions to organizational change: a 60-year review of quantitative studies, *The Journal of Applied Behavioral Science*, 47(4), pp. 461-524. <http://dx.doi.org/10.1177/0021886310396550>
- Pailé P., Grima F., Bernardeau G. (2013). When subordinates feel supported by managers: investigating the relationships between support, trust, commitment and outcomes, *International Review of Administrative Sciences*, 79(4), pp. 681-700. <http://dx.doi.org/10.1177/0020852313501248>
- Peters, T. and Waterman, R. (1982). *In Search of Excellence*
- Pool, S.W. (2000). "Organizational culture and its relationship between job tension in measuring outcomes among business executives", *Journal of Management Development*, 19(1), pp. 32-49. <http://dx.doi.org/10.1108/02621710010308144>

- Pollard, C.W. (1996). *The Soul of the Firm*, Harper-Business and Zondervan Publishing House, Grand Rapids, MI.
- Prescott J. The P&G dilemma: espionage and ethi-Competitive Intelligence Magazine, 4(6), pp. 22-24.
- Renzl, B. (2008). Trust in management and knowledge sharing: the mediating effects of fear and knowledge documentation, *Omega*, 36(2), pp. 206-220. <http://dx.doi.org/10.1016/j.omega.2006.06.005>
- Rowse, K., Berry, T., (1993). Leadership, Vision, Values and Systemic Wisdom, *Leadership & Organization Development Journal*, 14(7), pp. 18-22. <http://dx.doi.org/10.1108/01437739310046994>
- Russell, R.F. (2001). The role of values in servant leadership, *Leadership and Organization Development Journal*, 22(2), pp. 76-83. <http://dx.doi.org/10.1108/01437730110382631>
- Russell, R.F., Stone, A.G. (2002). A review of servant leadership attributes: developing a practical model, *Leadership & Organization Development Journal*, 23(3), pp. 145-157. <http://dx.doi.org/10.1108/01437730210424>
- Rustman F.W. (2002). *CIA Inc. Espionage and the craft of business intelligence*. – Washington D.C: Brassey's, pp.98
- Sarkar, M.B., Echambadi, R., Tamer Cavusgil, S. and Aulakk, P.S. (2001). The influence of complementarity, compatibility, and relationship capital on alliance performance, *Journal of the Academy of Marketing Science*, 29(4), pp. 359-373. <http://dx.doi.org/10.1177/03079450094216>
- Schwarz, G.M. and Huber, G.P. (2008). Challenging organizational change research, *British Journal of Management*, 19, pp. 1-6.
- Shaw, Robert B. (1997). *Trust in the balance: building successful organizations on results, integrity, and concern*, (Jossey-Bass Publishers)
- Schein, E.H. (2004). *Organisational Culture and Leadership*. San Francisco, CA: Jossey-Bass. p. 464.
- Schein, E. (1996). Leadership and organizational culture, in Hesselbein, F., Goldsmith, M., and Beckhard, R. (Eds), *The Leader of the Future*, Jossey-Bass, San Francisco, CA.
- Schneider, B. and Brief, A. (1996). "Creating a climate and culture for sustainable organizational change", *Organizational Dynamics*, 24(7), pp. 7-19. [http://dx.doi.org/10.1016/S0090-2616\(96\)90010-8](http://dx.doi.org/10.1016/S0090-2616(96)90010-8)
- Scott Holste, J., Fields, D. (2010). Trust and tacit knowledge sharing and use, *Journal of Knowledge Management*, 14(1), pp. 128-140. <http://dx.doi.org/10.1108/13673271011015615>
- Selnes, F. (1998). Antecedents and consequences of trust and satisfaction in buyer-seller relationships, *European Journal of Marketing*, 32(3/4), pp. 305-317. <http://dx.doi.org/10.1108/03090569810204580>
- Sichtmann, C. (2007). An analysis of antecedents and consequences of trust in a corporate brand, *European Journal of Marketing*, 41(9), pp. 999-1015.
- Silvester, J. and Anderson, N.R. (1999). Organizational culture change, *Journal of Occupational & Organizational Psychology*, 72(1), pp. 1-24. <http://dx.doi.org/10.1348/096317999166464>
- Tan, H., H. and Tan, C., S., F. (2000). Toward the differentiation of trust in supervisor and trust in organization. *Genetic, Social and General Monographs* 126(2), pp. 241-260.
- Thomas, J., L., Dickson, M., W., Bliese, P., D. (2001). Values predicting leader performance in the US Army Reserve Officer Training Corps Assessment Centre: Evidence for a personality-mediated model. *Leadership Quarterly* 12(2), pp. 181-197. [http://dx.doi.org/10.1016/S1048-9843\(01\)00071-6](http://dx.doi.org/10.1016/S1048-9843(01)00071-6)
- Trice, H. and Beyer, J. (1993). *The Cultures of Work Organizations*. Englewood Cliffs, NJ: Prentice Hall.
- Waldman, D.A., Javidan, M. and Varella, P. (2004). Charismatic leadership at the strategic level: a new application of upper echelons theory, *The Leadership Quarterly*, 15(3), pp. 355-380. <http://dx.doi.org/10.1016/j.leaqua.2004.02.013>
- Young L., (2006). Trust: looking forward and back, *Journal of Business & Industrial Marketing*, 21(7), pp. 439-445. <http://dx.doi.org/10.1108/08858620610708920>

About the author

CEKULS ANDREJS

Dr.admin.

University of Latvia

Address

Aspazijas blvd. 5, Riga LV-1050, Latvia

Tel. +371 67034749

E-mail: andrejs.cekuls@lu.lv