**L4: Cultures for Change**

**The Iceberg**

 FORMAL ORGANISATION

 Goals, Strategy, Structure

 Systems and procedures

 Products and services

 Financial resources

 Management

 Sea

 Sea

 INFORMAL ORGANISATION

 Values, attitudes and beliefs

 Leadership style and behaviour

 Organisational culture and norms of behaviour

 Power, politics and conflicts

 Informal groupings

 The Organisational Iceberg

**Organisational Iceberg**

French and Bell (1990) said that organisation is like an iceberg and coined the term “organisational iceberg” to depict the two aspects of organisational life:

1. Visible part of the iceberg represents the formal organisation - goals, strategy, structure, technology, systems & procedures, products & services, financial resources and management.
2. Invisible part of the iceberg represents the informal organisation and makes up the greater part of the iceberg and is being hidden all the time - values, attitudes and beliefs held by management and other employees, the informal groupings, the norms of behaviour, organisational culture, power, politics and conflicts. The culture, politics and power play an important role in helping or hindering the process of change. Therefore regardless of how well change might be planned in term of the more formal organisation, it is the hidden informal aspect of the organisational life that will act to help or hinder it.

**Organisational Culture**

**Brown (1995)** gave three examples:

1. The culture of the factory is its customary and traditional way of thinking and of doing things which is shared to a greater or lesser degree by all its members …. covers a wide range of behaviour ….(Jaques, 1952)
2. “A set of understanding or meaning shared by a group of people. The meanings are largely tacit among members, are clearly relevant to the particular group, and are distinctive to the group. Meanings are passed on to new group members.” (Louis, 1980)
3. Culture is ‘how things are done around here.’ It is what is typical of the organisation, the habits the prevailing attitudes, the grown-up pattern of accepted and expected behaviour. (Drennan, 1992)

From these definitions, people are seen as being from different cultures of their ways of life as a group differs significantly, one from another. Collectively these definitions imply that culture is an objective entity which can be identified and which delineates one human grouping from another. It shows that culture has cognitive (to do with thinking), affective (to do with feeling) and behavioural characteristics.

It is difficult to identify an organisational culture being the hidden part of the iceberg.

**Schein** (1992) sums this up by referring to organisational culture as: “*The deeper level of basic assumptions and beliefs that are shared by members of an organisation that operate unconsciously and define in a basic ‘taken for granted’ fashion an organisation’s view of its self and its environment.”*

These definitions seem to indicate that culture is ‘deep-seated’ and is likely to be resistant to change. However, culture can be changed and in fact it is changing all the time and is done in three possible ways: (1) culture can be managed, (2) can be manipulated and (3) cannot be consciously changed. For the last of these three, some external forces are required to force it.

Models of Organisational Culture

(a) **List of Characteristics**

 Brown (1995) Robbins (2005)

 artifacts Innovation and risk taking

 language attention to detail

 behaviour patterns outcome orientation

 norms of behaviour people orientation

 heroes team orientation

 symbols & symbolic action aggression

 beliefs, values & attitude stability

 basic assumptions (More on formal aspect of

 history organisational life)

 (More on informal aspect of This is more acceptable & is used

 organisational life) to describe organisation’s culture in

 practical term.

(b) **Hierarchy of Levels**

 Hofstede et al (1990) Schein (1992) Dyer (1985)

 3 levels 4 levels

 Symbols (1) artifacts – visisble (1) artifacts – annual report of

 orgnal structure & processes co, talked about policies on

 Heroes such as language environ., employees, customers &

 rituals, ceremonies, myths & shareholders.

 Rituals stories.

 (2) Perspective - future work

 Values Practices

 (2) Espoused values: (3) Values - be fair to workers

 orgnal strategy, goals, and conditions of work,

 philosophies gaining customers

 satisfaction

 (3) Basic underlying assumptions: (4) Basic tacit assumptions -

 unconscious, taken for granted all people should be

 Different levels of culture beliefs, perceptions, thoughts & treated with dignity.

 feelings – the ultimate source of

 values and actions.

(c) **The cultural web**

Johnson, Scholes and Wittington (2005) provided a model of organisational culture as a “cultural web” giving the idea the culture of an organisation is a congruent of everything that happens in an organisation.

 **Stories Symbols**

 **Rituals The Power**

 **routines paradigm structures**

 **Control Organisational**

 **Systems structures**

 **The Cultural Web**

*The routine behaviours* - members of the organisation displace both internally and toward those outside the organisation make up ‘the way we do things around here’ on a day-to-day basis. Such behaviours may be extremely difficult to change.

*The rituals* of organisational life are particular activities or special events through which the organisation emphasises what is particularly important and reinforces ‘the way we do thins\gs around here’. examples include training programmes, interview panels, promotion and assessment procedures, sales conferences and so on. However, rituals can also be informal activities such as drinks in the pub after work or gossiping around photocopying machines.

*The stories* told by members of an organisation to each other, to outsiders, to new recruits and so on, embed the present in its organisational history and also flag up important events and personalities. They typically have to do with successes, disasters, heroes, villains and mavericks (who deviate from the normal). They are devices for telling people that is important in the organisation.

*Symbols* such as logos, offices, cars and titles, or the type of language and terminology commonly used, become a shorthand representation of the nature of the organisation. Symbols convey messages beyond their functional purpose. Routines, control and reward systems and structures are symbols.

*Power structures* are likely to influence the key assumptions. The most powerful groupings within the organisation are likely to be closely associated with the core assumptions and beliefs. For example , in the accountancy firms, the most powerful individuals or groups have been qualified chartered accountants with a set of assumptions about the business and its market that are rooted in the audit practice. There are many sources of power in organisations.

*The control systems*, measurements and reward systems emphasise what is important to monitor in the organisation.

*Organisational structure* is likely to reflect power and show important roles and relationships. Formal hierarchical, mechanistic structures may emphasise that strategy is the province of top managers and everyone else is ‘working to orders’. Highly devolved structures may signify that collaboration is less important than competition and so on.

*The paradigm* of the organisation encapsulates and reinforces the behaviours observed in the other elements of the cultural web.

**Organisational Culture Typologies (different structural forms)**

 Types of Culture

 Handy’s structural view Scholz (1987) associated Hall’s Compass

 of culture based on four strategy, structure and model of culture

 areas: external environment (see Figures 4.3 &

 1. The power culture 4.4 in pp 152-153)

 (centralised decision making)

 2. The role culture

 (rules and regulations)

 3. The task culture

 (getting jobs done) Assertive Responsive

 4. The person culture Behaviours Behaviours

 (use of participating members) (Illustration 4.5)

 (Illustration 4.7 p. 154)

 Strategy Structure External Environment

 1. Stable 1. Production 1. The tough-guy, macho culture

 2. Reactive 2. Bureaucratic 2. The work hard/play culture

 3. Anticipating 3. Professional 3. Bet-your company culture

 4. Exploring 4. The process culture

 5. Creative (Illustration 4.8 & Figure 4.5)

|  |  |
| --- | --- |
| Assertive behaviour | Responsive behaviour |
| * individualistic
* demanding rather than obliging
* taking control
* pushy
* authoritative
* charging ahead
* challenging
* hardworking
* auick moving
* (low) cautious (indecisive)
 | * sensitive
* loyal
* compromising
* trusting
* team players
* value harmony
* unpredictable
* (low)quantitative rather than qualitative
* (low) factual rather than emotional
* (low) precise rather than inexact
* (low) task rather than people oriented
* (low) consistent (methodological)
 |

 Source: Hall, W 1995), Managing Cultures, Making Strategic Relationships Work

 (Chichester, Wiley pp54-5)

It is evidenced that organisations may sustain more than one structure at any given time. This possibly gives rise to the difficulties in describing a particular organisation’s culture and in choosing which framework of typologies to use.

**Organisational culture, structure, strategy and the external environment**

Scholz (1987) suggested that the organisation’s culture is a combination of three dimensions:

1. External-induced - there are 4 cultural types: tough-guy macho culture, work hard/play

 hard culture, bet your company culture and process culture.

2. Internal-induced - based on three cultural types: production, bureaucratic and professional.

3. Evolution-induced - relates to strategic orientation of the organisation and this can give rise

 to five possible cultural types: stable, reactive, anticipating, exploring and creative.

These three dimensions of culture cover both internal and external aspects of an organisation’s functioning in terms of structure, strategy and the operating environment. This provides a possibility of describing organisational culture in a more complex way.

A qualitative study of a culture provides more revealing information of the sources from which current cultures evolve.

**Sources of Organisational Culture**

National cultural differences are the sources of organisational culture. This is the conclusion reached by studies made by:

1. Kluckhohn & Strodtbech (1961) on behaviour of society.
2. Hofstede (1980) on geographically and cultural differentiated regions (nations) of cultural groups.
3. Laurent (1983) on behaviour of managers in many organisations spread over 9 European countries and USA.
4. Hall (1976) on interpretation and creation of communication.

**Organisational Culture and Change**

Popular view: Culture can easily affect any aspect of organisational life.

In the words of Schwartz and Davis (1981): Culture is capable of blunting or significantly altering the intended impact of even well-thought-out changes in an organisation.

Therefore culture can be supportive or in defence of change.

Many elements of organisational culture influence organisational change:

1. Attitudes to share information, criticism, experimentation in processes and products, conflicts.
2. Degree of willingness to give people autonomy and support them in their actions; to discuss sensitive issues openly or degree to which the organisation’s structure facilitates change. Some of these elements of organisational culture may be for or against change.

Kanter distinguished two extreme types of organisational culture:

1. Segmentalist culture (defensive culture)
2. Integrative culture (supportive culture)

|  |  |
| --- | --- |
| Segmentalist culture | Integrative culture |
| * compartmentalise actions, events and problems;
* see problems as narrowly as possible;
* have segmented structures with large numbers of departments walled off from one another;
* assume problems can be solved by carving them up into pieces that are then assigned to specialists who work in isolation;
* divide resources up among the many departments.
* avoid experimentation;
* avoid conflict and confrontation;
* have weak coordinating mechanisms;
* stress prededent and procedures.
 | * are willing to move beyond received wisdom;
* combine ideas from unconnected sources;
* see problems as sholes, relate to larger sholes;
* challenge established practices; operate at the edge of competencies;
* measure themselves by looking to visions of the future rather than by referring to the standards of the past;
* create mechanisms for exchange of information and new ideas;
* recognise and even encourage differences but then are prepared to cooperate;
* are outward looking;
* look for novel solutions to problems.
 |

Segmentalist culture tends to mitigate (in defence) organisational change. Kanter (1983) gave ten rules to support this view and Argyris and Schon (1987) gave six unwritten rules to support this view.

1. Regard any new idea from below with suspicion.
2. Insist that people who need your approval to act first go through several other levels of management to get their signatures.
3. Ask departments or individuals to challenge and criticize each other’s proposals.
4. Express your criticisms freely and withhold your praise. Let them know that they can be fired at any time.
5. Treat identification of problems as signs of failure, to discourage people from letting you know when something in their area isn’t working
6. Control everything carefully. Make sure people count anything that can be counted, frequently.
7. Make decisions to reorganise or change policies in secret, and spring them on people unexpectedly.
8. Make sure that requests for information are fully justified and make sure that it is not given out to managers freely. (You do not want data to fall into the wrong hands.)
9. Assign to lower-level managers, in the name of delegation and participation, responsibility for figuring out how to cut back, lay off, move people around or otherwise implement threatening decisions you have made. And get them to do it quickly.

10. And above all, never forget that you, the high-ups, already know everything to do it

 quickly.

Argyris and Schon (1987) gave six unwritten rules to support this view:

1. Keep your views of sensitive issues private; enforce the taboo against their public discussion.
2. Do not surface and test differences in views of organisational problems.
3. Avoid seeing the whole picture, allow maps of the problem to remain scattered, vague an ambiguous.
4. Protect yourself unilaterally - by avoiding both direct interpersonal confrontation and public discussion of sensitive issues that might expose you to blame.
5. Protect others unilaterally - by avoiding the testing of assumptions where that testing might evoke negative feelings and by keeping others from exposure to blame.
6. Control the situation and the task - by making up your own mind about the problem ane acting on your view, by keeping your view private and by avoiding the public inquiry that might refute your view.

The Open University provides six rules of supportive climate:

1. Surface sensitive issues and encourage others to do so.
2. Ensure differences of view are publicly tested and that statements are made in ways that can be tested.
3. Bring together dispersed information and clarify vague and ambiguous data.
4. Do not avoid interpersonal confrontation even if it involves negative feelings.
5. Make protection of oneself and others a point task oriented towards growth.
6. Control the task jointly.

A segmentalist or defence culture will militate against organisational change, while a integrative or supportive culture will do much to help the change process.

**Changing Organisational Culture to bring about Organisational Change**

Organisational culture plays a dominant role in the life of an organisation and organisational change. Johnson & Scholes (1993) spoke about it in the cultural web. An organisation with supportive culture has characteristics that are similar to the organic structure. Therefore for the organisation to change, the members of the organisation must be prepared to change their values, attitudes and beliefs. This is referring to change the culture at the deepest levels. This is not easy to achieve (Schwarty & Davis, 1981).

We can assess cultural risk by listing the areas of corporate culture as what Robbins has done and give each area some quantitative measures of culture. Swart & Davis used management tasks to measure organisational culture. They assessed the compatibility of the organisation’s strategy, structure and operation. Assessing cultural risk helps management to detect where they are likely to meet resistance to change e.g. there is incompatibility between strategy and culture.

Whether an organisation has a strong or weak culture it can be detected from the functions of the organisation. A strong culture has:

1. Little or no problem in resolving conflicts.
2. Good coordination and control of the people and their activities.
3. The people in the organisation will help new recruit to quickly adjust to the culture of the organisation.
4. There is strong motivation among the organisational members and better work performance.
5. Organisational performance improves and gains a competitive advantage over other organisations in the same industry.

**Note**: A strong culture may not necessarily improve organisational performance. It can be a disadvantage when it becomes so controlling that there is little potential (chance) for bringing new ideas for change to take place. The existence of a weak dominant culture with multiple subcultures may be an advantage.

**The relevance of culture change to organisational change**

Once the management has detected resistance to change, because of incompatibility between strategy and culture, it can:

1. Ignore the culture. This is not advisable if the organisation does not have the resources to weather the subsequent storm and the initial downturn of business.
2. Manage around the culture. If there are other ways to achieve the goals of the organisation then it is possible to go around the culture. E.g. set up oroject teams to solve a problem if the bureaucratic organisation has rather slow way to make the change.
3. Try to change the culture to fit the strategy. The approach is to change the behaviour of the people first. This can be done by changes in the structure, system and role relationship i.e. changing the formal organisational life to bring about desired cultural changes incorporating organisational members’ attitudes and beliefs. Beer et al (1993) has shown how this can be done in six steps:

(a) Get organisational members to jointly diagnose the business problem.

(b) Share the vision with members of how to organise and manage for competition.

(c) Forster (encourage) consensus for new vision, competence to enact and cohesion to

 move it along.

(d) Revitalise all departments without pushing fom the top.

(e) Make revitalisation a reality by having the necessary formal policies, systems and

 structure.

(f) Monitor and adjust strategies in response to problems in the revitalization process.

Other ways to bring about cultural change:

(a) Provide education and persuasion or even coercion to help bring about changes in

 attitudes.

(b) Change recruitment, selection, promotion, reward and redundancy policies to alter

 the composition of the workforce and so to retain those who have the desired beliefs,

 values and attitudes.

**Change Strategy to match the Culture**

To be more compatible with existing culture:

(a) Merging two organisations and change the strategy to be more compatible with the

 existing culture.

(b) Changing the culture and adapting the strategy to accommodate somewhere between

 the two.

May be a combination of these different approaches to manage organisational culture could be possible. For example combine education and persuasion to change the attitude and value of organisational members and changes in structure and system (changes in behaviour).

1. Organisational culture can easily affect any aspect of an organisational life. Explain.

 OR

 Why is culture important to organisation?

2. What do you understand of Johnson and Schole’s concept of the ‘cultural web’?

3. What are the possible ways to maintain “organisational culture strategy fit?

4. How would you identify a constructive culture in organisations?

Assignment 4- Culture

Q & A.

1. Organisational culture can easily affect any aspect of an organizational life. Explain.

Or

 Why is culture important to organisation?

Answer

There are many cultural elements that can influence the life in the organisation especially in time of organizational change. The attitude of the people in the organization towards criticism, sharing information, experimentation, taking-risk, conflict or the willingness of the management to accept new ideas, to discuss sensitive issues openly or to grant autonomy and support to the subordinates or to bring about structural orientation to facilitate change are good examples of the tremendous influence organizational culture can have on the life of the organisation.

From these examples it is conceivable that organizational culture can either support or defend changes in organisation. This has led Kanter to distinguish 2 extreme types of organizational cultures:

1. Segmentalist culture (defensive culture) and
2. Integrative culture (supportive culture).

The characteristics of these two types of organizational culture as described by Kanter are as follows:

1. Segmentalist Cultures
	1. Compartmentalize actions, events and problems.
	2. See problems as narrowly as possible.
	3. Have segmented structures with large numbers of departments walled off from one another.
	4. Assume problems can be solved by carving them up into pieces which are then assigned to specialists who work in isolation.
	5. Divide resources up among the many departments.
	6. Avoid experimentation.
	7. Avoid conflict and confrontation.
	8. Have weak coordinating mechanisms.
	9. Stress precedent and procedures.
2. Integrative Cultures
	1. Are willing to move beyond received wisdom.
	2. Combine ideas from unconnected sources.
	3. See problems as wholes, related to large wholes.
	4. Challenge established practices.
	5. Operate at the edge of competencies.
	6. Measure themselves by liking to visions of the future rather than by referring to the standards of the past.
	7. Create mechanisms for exchange of information and new ideas.
	8. Recognize and even encourage differences, but then be prepared to cooperate.
	9. Are outward looking.
	10. Look for novel solutions t problems.

The segmentalist culture tends to mitigate (in defence) organizational change, while integrative culture is supportive of organizational change.

Since organizational culture is closely related to the structure of the organisation, the mechanistic organizational structure is defensive to change because of its structural characteristics such formalization, centralization, inflexibility. This kind of structure will only support change when it is serious trauma, frame breaking or evolutionary.

However, the organic structure is supportive to change because it is flexible and open.

It encourages innovation and responds to challenges from the external environment and makes changes as and when necessary.

An organisational culture has also been considered to be strong or weak. A strong culture is where most of the organisational members have accepted the organisational objectives, while a weak culture is where most of the members do not accept the organisational objectives. A strong culture can either make organisational changes easy or difficult. On the other hand the management to bring about organisational change can manipulate a weak culture.

(Read pages 133 – 138, Barbara)

2. What do you understand of Johnson and Schole’s concept of the cultural web?

Answer

The cultural web as mentioned by Johnson and Schole, gives the idea that organizational culture is congruent with everything that happens in the organisation such as:

* 1. The routine ways of doing things.
	2. The rituals of organizational life.
	3. The stories told by members.
	4. The symbolic aspects of organisation – logos, offices, cars, titles.
	5. The control systems.
	6. The power structures.
	7. The formal organizational structure and the informal structure.

Therefore the organizational culture is about the day-to-day activities of the organisation and that it will change when many of the elements in the cultural web change.

3. What are the possible ways to maintain “organizational culture-strategy fit”?

Once the management has detected resistance to change, because of *incompatibility between strategy and culture,* it can follow Beer et al’s 6 steps.

Beer et al (1993) has shown how this can be done in six steps:

(a) Get organisational members to jointly diagnose the business problem.

(b) Share the vision with members of how to organise and manage for competition.

(c) Forster (encourage) consensus for new vision, competence to enact and cohesion to

 move it along.

(d) Revitalise all departments without pushing from the top.

(e) Make revitalisation a reality by having the necessary formal policies, systems and

 structure.

(f) Monitor and adjust strategies in response to problems in the revitalization process.

4. How would you identify a constructive culture in organisations?

Answer

There are 6 ways to identify a constructive culture in organizations.

1. Where sensitive issues are discussed openly and people are encouraged to do so.
2. Where differences of view are discussed publicly and tested and where statements

 are made in ways that can be tested.

1. Where dispersed information is brought together and any unclear or vague or ambiguous date are classified.
2. Where negative feelings are confronted and resolved.
3. Where tasks are jointly implemented to attain growth of the organisation.
4. Where members jointly control the task they do.

(From Open University)

(Read page 136, Barbara.)

**Review Assignment 4 - External Environment**

Why do firms want to understand how data and information about competitors are collected and interpreted?

What practices should a firm use to gather competitor intelligence and why?

This is to ensure that the information gathered is not done illegally or unethically e.g. blackmailing, trespassing, eavesdropping, stealing drawings, samples or documents.

Practices should be used (considered legal and ethical):

1. Obtain publicly available information (e.g. court records, competitors' help-wanted advertisements, annual reports, financial reports of publicly held corporations and uniform commercial Code filings (ROC)).
2. Attending trade fairs and shows to obtain competitors' brochures, view their exhibits and listen to discussions about their products. (Open discussion).

To be following ethical practices:

To respect the principle of common morality and the right of competitors not to reveal certain information about their products, operations and strategic intentions.