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Change Management

Organisational Culture and Change
Power, Politics and Change



Last time we.....



- Examined perception and change
- Explored emergent change
- Considered the typologies of change

Today's objectives

- Consider organisational culture
- Evaluate how it affects change
- Examine the role and impact of politics and power in organisations
- Appreciate the choices available in designing and changing organisations



Assignment: Case Study

- Consider the relevance of the material to your case: look for evidence, analyse critically, evaluate, compare and contrast

Assignment Case

It's make your mind up time.....

Any changes of topic?



Thought for the week



There is a story of two stone cutters.

The first, when asked what he was doing, responded :

“I am shaping this stone to fit in that wall.”

The second, however, said:

“I am helping to build a cathedral.”



Organisational Culture and change

Organisational culture

Importance

- We do not work in a vacuum.
- The way we work and behave is shaped, directed and tempered by the culture of the organisation to which we belong.
- Organisations are miniature societies.



The current fascination with Culture

Arose in the 1980s from the work of:

- Peters and Waterman (1982)
- Allen and Kraft (1982)
- Deal and Kennedy (1982)



However,

Blake and Mouton (1969) had linked culture and performance in the 1960s.

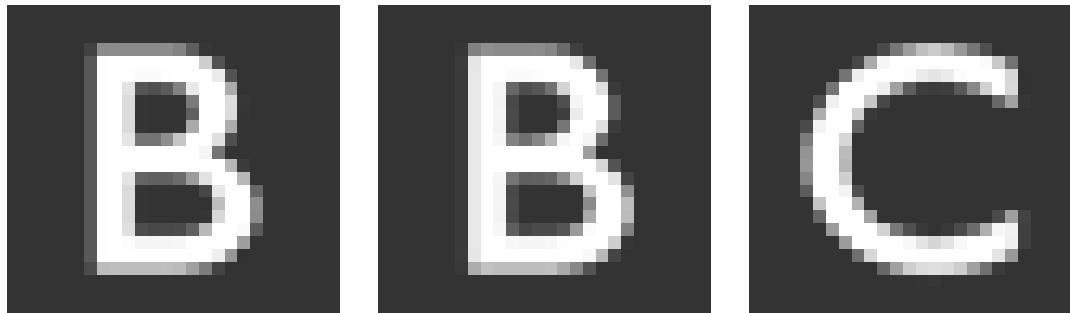
Why the 'Culture Craze' of the 1980s?

- The decline of the West
- The rise of Japan.



TODAY.....

<https://youtu.be/qXH53MpEciE>



<http://www.bbc.co.uk/news/live/entertainment-arts-35635403>

<http://www.bbc.co.uk/news/live/entertainment-arts-35635403>

Culture in the news.....



<http://edition.cnn.com/2013/10/09/sport/football/fifa-world-cup-qatar/>

https://www.washingtonpost.com/sports/olympics/wada-ties-putin-to-former-iaaf-head-in-doping-scandal-ap-reports/2016/01/14/22f77882-ba35-11e5-b682-4bb4dd403c7d_story.html

<http://www.telegraph.co.uk/finance/newsbysector/transport/10324383/Ryanairs-Michael-OLeary-vows-to-change-macho-culture.html>

Organisational culture: definitions

*‘The collection of traditions, values, policies, beliefs and attitudes that constitute a pervasive context for everything we do and think in an organisation.’
(McLean, 1993)*

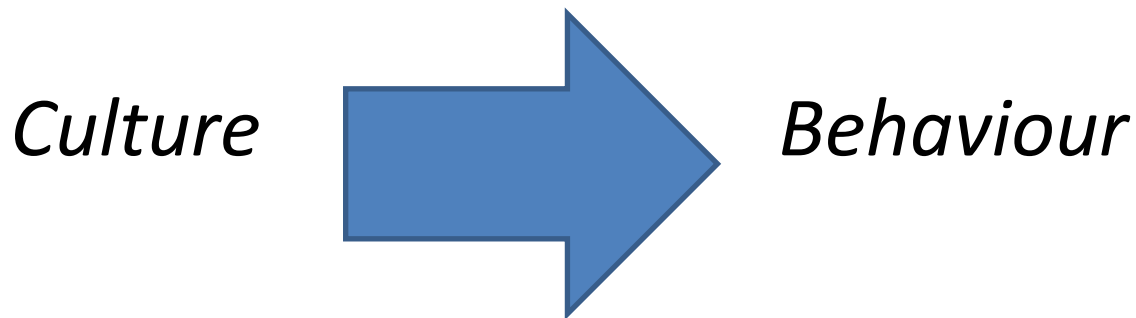
The collective self-image and **style** of the organisation; its **shared values and beliefs, norms and symbols**

<http://youtu.be/kfQFAzsC9r8>



My favourite:
the organisation's 'personality'

'How things are done around here.'
(Drennan, 1992)



Organisational Culture



<http://youtu.be/9bJBeCl0e3U>

https://youtu.be/f_R3XG7s2hw

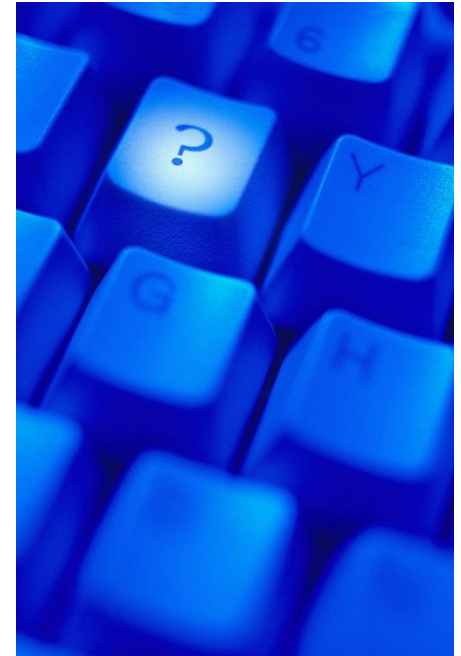
- Distinctive artefacts...pianos, pool tables and roller hockey
- Values of innovation and sharing

Does all this matter- just style or a key determinant of performance?

Why is culture important?

Culture shapes behaviour

- Friendly or Aggressive
- Proactive or Passive
- Concerned or Not Bothered
- Teamworker or Solo Player
- Rule Follower or Rule Breaker.



- <https://youtu.be/hPx2503UiKc>

Describe Ryanair's culture

- https://youtu.be/qQqGKMU5_NM



Positive aspects of culture



When accepted by employees culture increases the **authority of management** because:

- Employees identify with the organisation
- They internalise the organisation's values
- They are motivated to achieve organisational objectives

Cartwright (1999)



Culture as a Liability



- Barrier to Change
 - Culture is slow to change – even in a dynamic environment
- Barrier to Diversity
 - Culture seeks to minimise diversity
 - Can embed prevalent bias and prejudice
- Barrier to Acquisitions and Mergers
 - Most mergers fail due to cultural incompatibility

So.....

- Values, beliefs and assumptions influence behaviour not extrinsic/intrinsic motivators
- Culture guides actions but only when strong and unchallenged
- Some cultures are better than others
- If values, beliefs and attitudes can be learned they can also be changed



Culture's Five Basic Functions

- Defines Boundaries
- Conveys a Sense of Identity
- Generates Commitment Beyond Oneself
- Enhances Social Stability
- Sense-making and Control Mechanism



Levels of culture: Schein



Shallow to deep as follows:

- 1. Artefacts:** physical space and layout, technological output, written and spoken language, overt behaviour of group members
- 2. Espoused values:** beliefs which become part of the conceptual process by which groups members justify actions and behaviour
- 3. Basic underlying assumptions:** unconsciously held learned responses – the essence/core

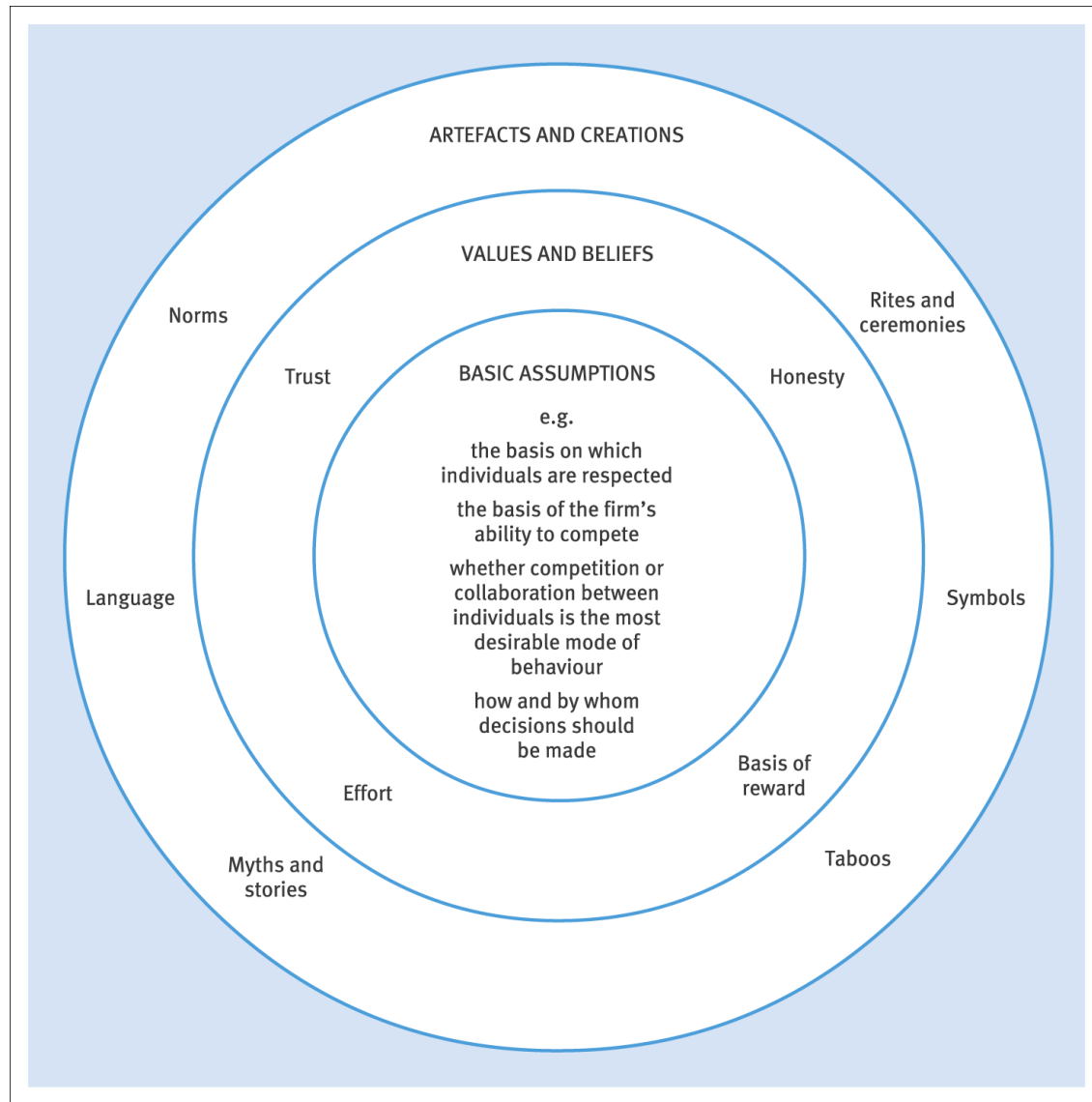


Figure 20.1 Schein's layered conceptualisation of culture

- <https://youtu.be/BSoZw2BSxdg>

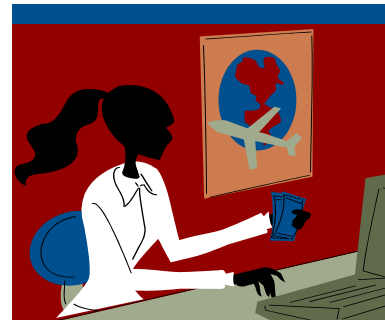


amazon.com

Activity

Describe each organisation's culture and consider the main differences between:

- a) a regiment in the army
- b) an advertising agency



Solution

Army:



- Very disciplined
- Decision-making by officers
- Formal behaviour between ranks
- Each regiment has own history
- New recruits: tradition

Ad agency:



- Different mission
- More fluid
- Individual creativity encouraged
- Individual creativity expected

Types of organisational culture: Handy

- **Power** culture
 - Centralised control
- **Role** culture
 - Bureaucratic control
- **Task** culture
 - Project and team orientation
- **Person** culture
 - Individual focus

Zeus



Apollo



Athena



Dionysus

Handy's four **types** of culture



Person – The individual is the central focus. Found amongst artists, performers, barristers, architects.

Power – Power radiates out from the centre like a spider's web. Found in small entrepreneurial companies, family dominated companies, etc.

Role – Found in bureaucracies where the main emphasis is on compliance with rules and procedures.

Task – The emphasis is on completing the job or project. Found in organisations which require teamwork, flexibility and speed, such as advertising agencies.

Main cultures in the UK = Role and Task

Handy (1986)

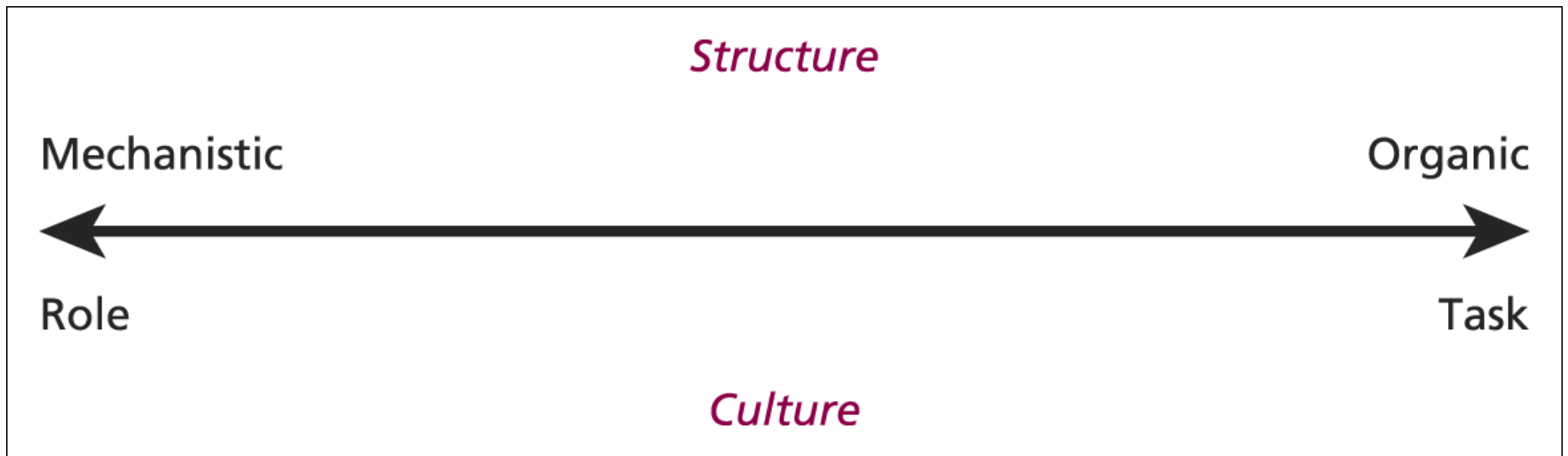
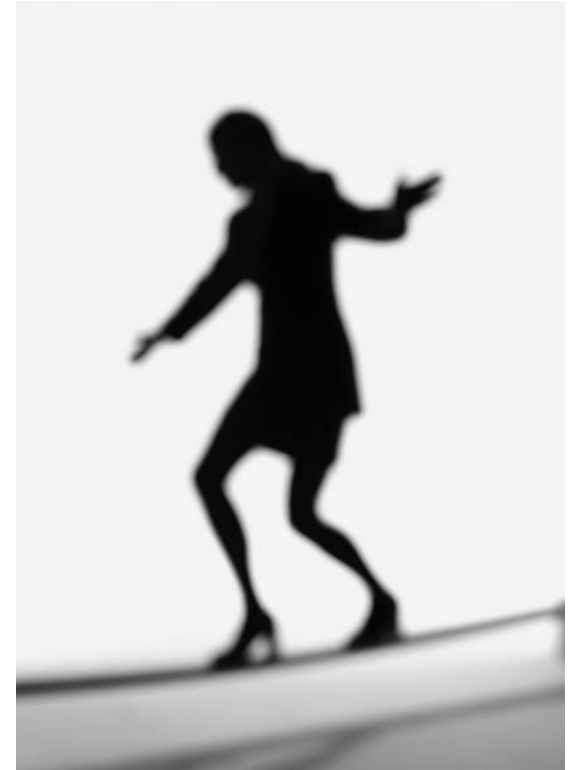


Figure 3 A structure–culture continuum Burnes (2009)

Types of culture: Deal and Kennedy

- **Tough-guy, macho** culture
 - High risk, quick feedback
- **Work-hard / play-hard** culture
 - Low risk, quick feedback
- **Bet-your-company** culture
 - High risk, slow feedback
- **Process** culture
 - Low risk, slow feedback



Influences on the development of culture

- History
- Primary function and technology
- Strategy
- Size
- Location
- Management and staffing
- The environment



The cultural web

<http://youtu.be/8lVxC6XRvtY>

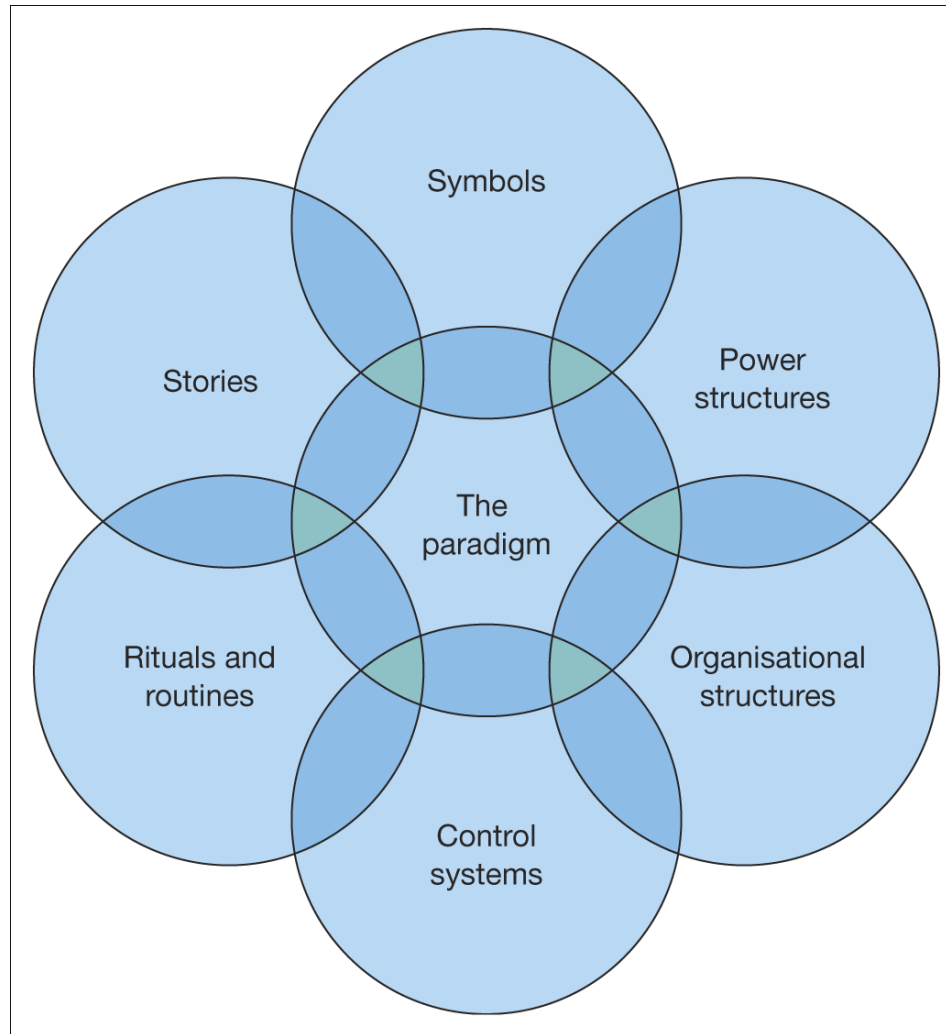


Figure 19.1 The cultural web of an organisation

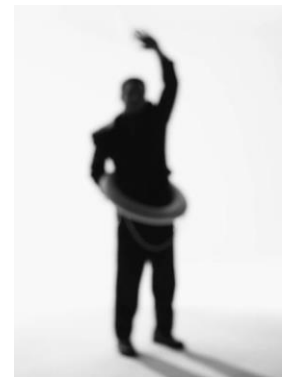
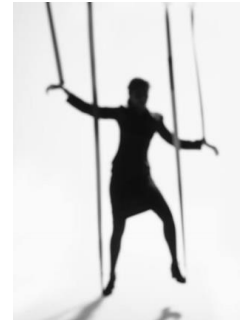
Source: Johnson, G., Scholes, K. and Whittington, R., *Exploring Corporate Strategy*, Seventh Edition, Financial Times Prentice Hall (2005), p. 202.
Reproduced with permission from Pearson Education Ltd.

Do Organisations Have Uniform Cultures?

- The ***dominant*** culture expresses the core values that are shared by a majority of the organisation's members
- ***Subcultures*** tend to develop in large organisations to reflect common problems, situations, or experiences of members
- Subcultures mirror the dominant culture but may add to or modify the core values

Types of culture: (ACAS)

- **Control culture**
 - Emphasis on rules, procedures, control and compliance.
- **Quality of working life culture**
 - Emphasis on core values, mission statements to provide guidance and commitment through shared goals, values and traditions.



Culture and organisational performance



‘Without exception, the dominance and coherence of culture proved to be an essential quality of the excellent companies.’

Peters and Waterman (1984)

*‘There is nothing accidental about cultural strengths..
There is a relationship between an organisation’s
culture and its performance.’*

Heller

Managerial tools



- To be suitable, a culture must be:
 - Strategically relevant
 - Strong enough for people to care
 - Able to adapt to changing circumstances
- Managerial tools to develop culture include:
 - Recruitment and selection
 - Social tools and training
 - Reward systems

<http://youtu.be/j8hsCx7FFNk>

Dobson's guide to changing culture



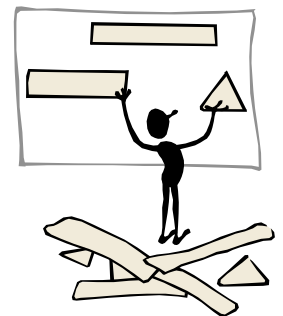
Step 1 Change recruitment, selection and redundancy policies to alter the composition of the workforce so that promotion and employment prospects are dependent on those concerned possessing or displaying the beliefs and values the organisation wishes to promote.

Step 2 Reorganise the workforce to ensure that those employees and managers displaying the required traits occupy positions of influence.

Dobson (1988)

Step 3 Effectively communicate the new values. This is done using a variety of methods such as one-to-one interviews, briefing groups, quality circles, house journals, etc. However, the example of senior managers exhibiting the new beliefs and values is seen as particularly important.

Step 4 Change systems, procedures and personnel policies, especially those concerned with rewards and appraisal.



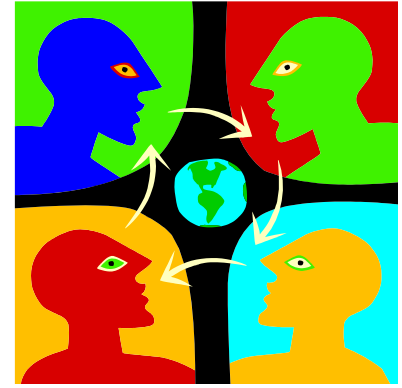
Guidelines for **changing culture**



1. Formulate a clear strategic vision.
2. Display top-management commitment.
3. Model culture change at the highest level.
4. Modify the organisation to support organisational changes.
5. Select and socialise newcomers and terminate deviants.
6. Develop ethical and legal sensitivity.

(Cummings and Worley, 2001: 509 – 511)

National and international culture



- Culture:
 - Helps to account for variations among organisations and managers both nationally and internationally
 - Hofstede’s “software of the mind”
 - Helps to explain why different groups of people perceive things in their own way
 - Helps to explain why people do things differently
- National differences and cultural reasons raise concerns about the transferability of organisational ‘best practice’ across national boundaries.
- <https://youtu.be/UTE0G9amZNk>

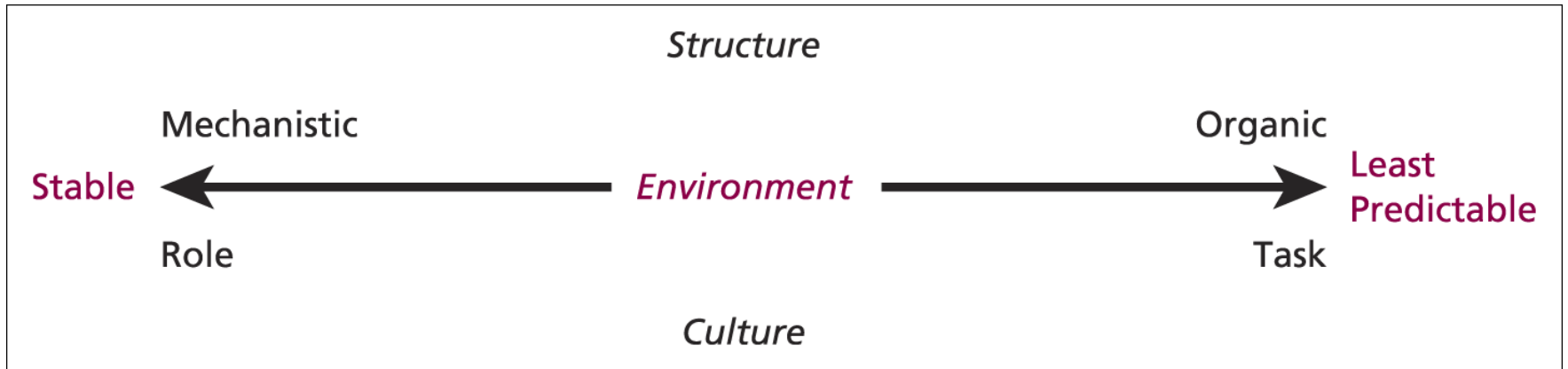


Figure 4 A structure-culture-environment continuum



Figure 5 A structure–culture mismatch

Three perspectives on culture



- **Optimists** – culture can be changed, e.g. Peters and Waterman (1982).
- **Pessimist** – culture cannot be changed, e.g. Hatch (1997)
- **Realists** – parts of culture can be changed, e.g. Meek (1988).

Ogbonna and Harris (2002)

Warning



Culture as a whole cannot be manipulated, turned on or off, although it needs to be recognised that some [organisations] are in a better position than others to intentionally influence aspects of it....

culture should be regarded as something an organisation 'is', not something it 'has': it is not an independent variable nor can it be created, discovered or destroyed by the whims of management.

Criticisms



- Strong cultures can make organisations resistant to certain types of change.
- Strong cultures may only suit organisations at certain stages in their development.
- Can bring short-term benefits but may also bring long-term stagnation and decline.
- Organisations also have sub-cultures.
- Timescale for changing culture: 6 to 15 years.
- Ethics: should we seek to control or manipulate people's emotions?
- Culture cannot be controlled.

Culture: Conclusions



- No clear agreement about the nature or the malleability of culture.
- Managers must make choices based on their own circumstances and perceived options.
- Without strong or appropriate cultures, managers may find it difficult to agree among themselves or gain compliance from others.
- In such situations, there is a tendency for conflict and power battles to occur.



Power, Politics and Change

<http://youtu.be/6wjuXMwGnXC>

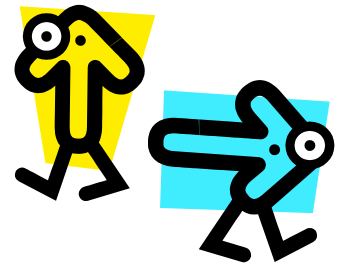
The sharing economy



Power, politics and change

- Re: managing change, some assume organisations are well integrated within which everybody works harmoniously together.
- Decisions are made logically and rationally, people share similar views of the world, they act to promote the interests of the organisation as a whole.

This is rarely the case.



A point of view.....

➤ https://youtu.be/9U_XDin5tjl



Organisations are political arenas



- Organisations can be conceptualised as a collection of individuals, groups and communities of practice, each pursuing their own objectives.
- When there is a conflict of interests it is the power and influence of those involved that determines the outcome rather than logic and rational argument.
- Consequently, those responsible for managing change cannot afford to ignore issues of power and influence.

Political behaviour is most intense in times of change



- Change upsets the balance of power

Some will defend the status quo and others will seek change to improve their position

- People will resist change because of:

Threat from anticipated future state

Threat from process used to secure change

Implications for change managers

- In order to manage change successfully change managers need to be alert to the identity of important stakeholders and to their predisposition to either support or resist the change.



Power and politics



It is difficult to think of situations in which goals are so congruent, or the facts so clear-cut that judgment and compromise are not involved.

What is rational from one point of view is irrational from another. Organisations are political systems, coalitions of interests, and rationality is defined only with respect to unitary and consistent ordering of preferences.

What is power?



... we defined authority as the right to act, or command others to act, toward the attainment of organisational goals. Its unique characteristic, we said, was that this right had legitimacy based on the authority figure's position in the organisation.

Authority goes with the job.... When we use the term power we mean an individual's capacity to influence decisions.. .the ability to influence based on an individual's legitimate position can affect decisions, but one does not require authority to have such influence.

(Robbins, 1987 :
186)

What is politics?

[Politics is the] ... efforts of organisational members to mobilise support for or against policies, rules, goals, or other decisions in which the outcome will have some effect on them. Politics, therefore, is essentially the exercise of power.

(Robbins, 1987 : 194)



Some definitions

- **Authority:**
 - The right to act.
- **Power:**
 - The capacity to influence decisions.
- **Politics:**
 - The exercise of power.



- **Politics:**
 - The exercise of power.
- **Legitimate use of politics:**
 - The exercise of power by those entitled to in the interests of the organisation.
- **Illegitimate use of politics:**
 - The exercise of power in pursuit of personal interests or by those not entitled to.



The political view of organisations

... a political view can explain much of, what may seem to be, irrational behaviour in organisations. It can help to explain, for instance, why employees withhold information, restrict output, attempt to 'build empires' ...

(Robbins, 1986: 283)

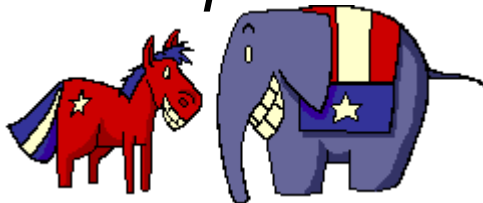


The conditions for political behaviour

...virtually all [writers] agree that for politics to occur, certain conditions must exist.

There must be two or more parties (individuals, groups or large entities), some form of interdependence between the parties, and a perception on the part of at least one of the parties that divergent interests exist between them such that there is, or may potentially arise, conflict between the parties.

Once these conditions exist, the subsequent actions of the parties involved will be deemed 'political.'



(Bradshaw-Camball and Murray, 1991: 380)

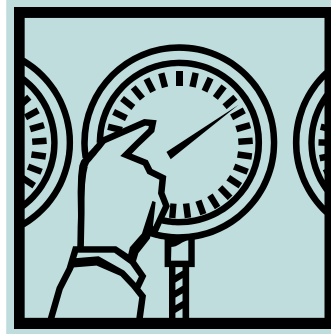
Political plays



- **Reason** – facts and information are used selectively to mount seemingly logical or rational arguments.
- **Friendliness** – the use of flattery, creation of goodwill, etc., prior to making a request.
- **Coalition** – joining forces with others so as to increase one's own influence.
- **Bargaining** – exchanging benefits and favours in order to achieve a particular outcome.
- **Assertiveness** – being forceful in making requests and demanding compliance.
- **Higher authority** – gaining the support of superiors for a particular course of action.
- **Sanctions** – using the promise of rewards or the threat of punishment to force compliance.

Kipnis *et al* (1980, 1984), Schilit and Locke (1982)

Using power and politics



- Decide what your goals are, what you are trying to accomplish.
- Diagnose patterns of dependence and interdependence; what individuals are influential and important in your achieving your goal?
- What are their points of view likely to be? How will they feel about what you are trying to do?
- What are their power bases? Which of them is more influential in the decision?
- What are your bases of power and influence? What bases of influence can you develop to gain more control over the situation?
- Which of the various strategies and tactics for exercising power seem most appropriate and are likely to be effective, given the situation you confront?
- Based on the above, choose a course of action to get something done.

(Pfeffer, 1992: 29)

The four main types of power



1. **Coercive power** – the threat of negative consequences (including physical sanctions or force) should compliance not be forthcoming.
2. **Remunerative power** – the promise of material rewards as inducements to cooperate.
3. **Normative power** – the allocation and manipulation of symbolic rewards, such as status symbols, as inducements to obey.
4. **Knowledge power** – the control of information.

Etzioni (1975), Robbins (1986)

Favourite influencing strategies



- **For influencing up** (managers) – the use of reason.
- **For influencing across** (co-workers) – the use of friendliness.
- **For influencing down** (subordinates) – the use of reason.

Huczynski and Buchanan (2013)

Power tactics



- **Image building** – action that enhances a person's standing, such as backing the 'right' causes.
- **Selective information** – withhold unfavourable information from superiors.
- **Scapegoating** – blame someone else.
- **Formal alliances** – form or join a coalition of the strong.
- **Networking** – make friends with those in power.
- **Compromise** – be prepared to give in on unimportant issues in order to win on the important ones.
- **Rule manipulation** – interpret rules selectively to favour friends and thwart opponents.
- **Other tactics** – if all else fails, use dirty tricks such as coercion, undermining the expertise of others, playing one group off against another, and get others to 'fire the bullet'.

(Buchanan and Badham, 1999: 27–29)

Political behaviour

- **Minimised** when there is:
 - Stability
 - Agreement about goals
 - Openness.
- **Maximised** when there is:
 - Uncertainty
 - Conflict over goals
 - Secrecy.



Behavioural factors in control systems



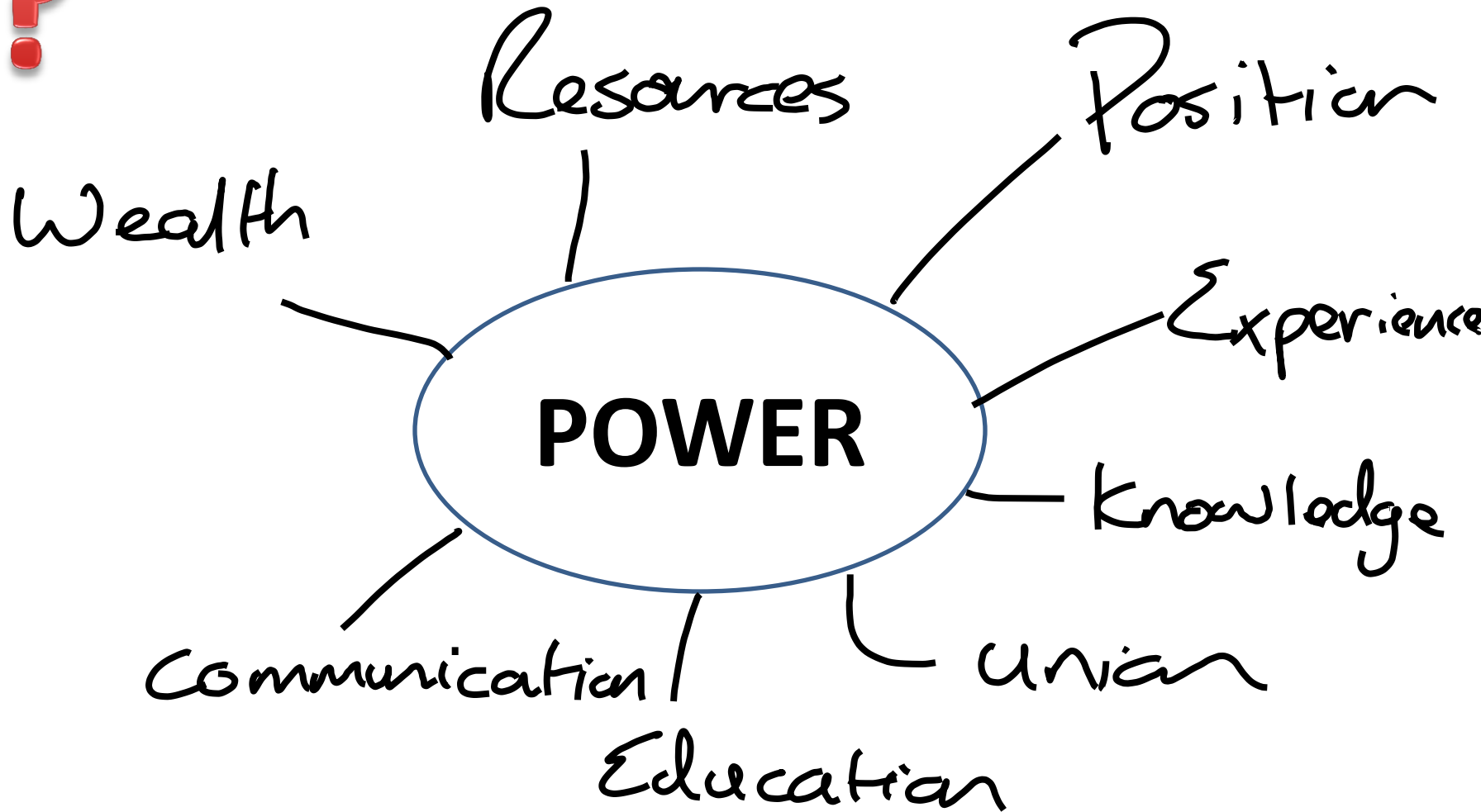
- Control systems provide an interface between human behaviour and the process of management.
- Control often provokes a negative emotional response from those affected.
- The effectiveness of control systems is dependent on their design and operation.
- And also the way staff respond to them.

Overcoming resistance to managerial control



Paying attention to the following factors can help reduce resistance to control:

- Consultation and participation
- Motivation
- Organisation structure
- Groups and informal organisation
- Leadership style and systems of management



The constituencies or stakeholder groups that
are **most powerful** are those that:

- In a position to deal with important problems
- Have control over significant resources valued by others
- Are lucky or skilled (Problems & Resources)
- Centrally connected in the work flow (Social Capital)
- Not easily replaced
- Successfully used power in the past.

Power and authority

- Some stakeholders are more powerful than others and they are able to act in ways that will either support or block a change.
- This power is not confined to those who have been given the authority to determine how certain things will be done.
- Sometimes individuals and groups who do not have any legitimate authority have more power than legitimately appointed managers.



Who are the most powerful individuals or groups in your case study organisation?

Conclusion:

Organisational change

- **Can:**
 - Create instability
 - Challenge culture
 - Threaten existing power relations
 - Promote political behaviour.
- **But it can also:**
 - Restore stability
 - Recreate or support culture
 - Maintain existing power relations
 - Reduce conflict.
- **It depends on the context.**



Next time –

<https://youtu.be/xBm-2-HyZPg>

