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Change Management

Organisational Culture and Change



Last time we.....



- Examined resistance to change

Today's objectives

- Consider organisational culture
- Evaluate how it affects change



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.

Culture in the news.....

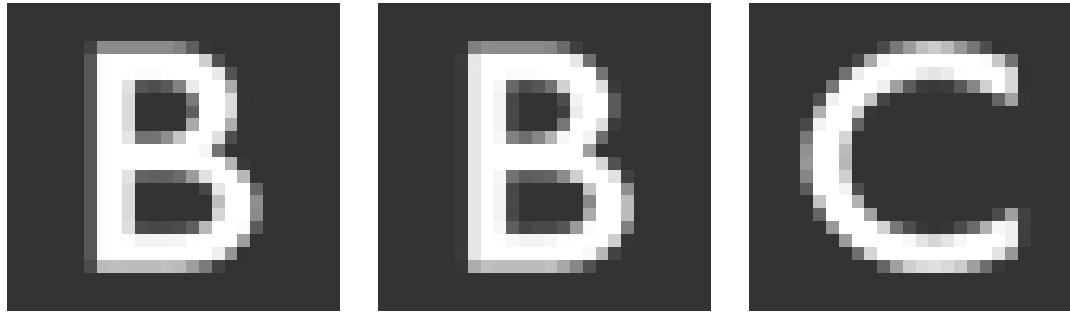


<http://edition.cnn.com/2013/10/09/sport/football/fifa-world-cup-qatar/>

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

Gender pay gap

<https://youtu.be/qXH53MpEciE>



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

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)*

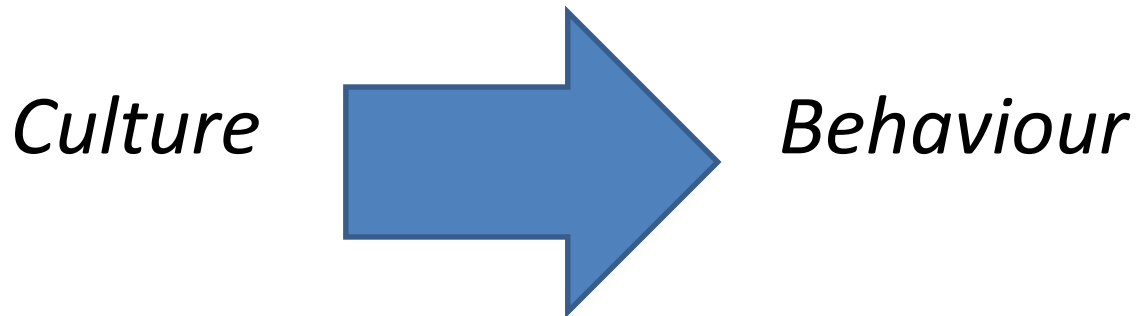
The collective self-image and **style** of the organisation; its **shared values and beliefs, norms and symbols**

<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

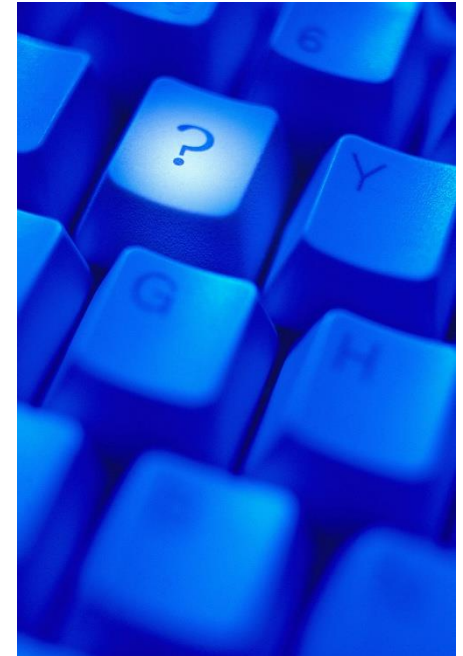
- Distinctive artefacts...pianos, pool tables and roller hockey
- Values of innovation and sharing

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

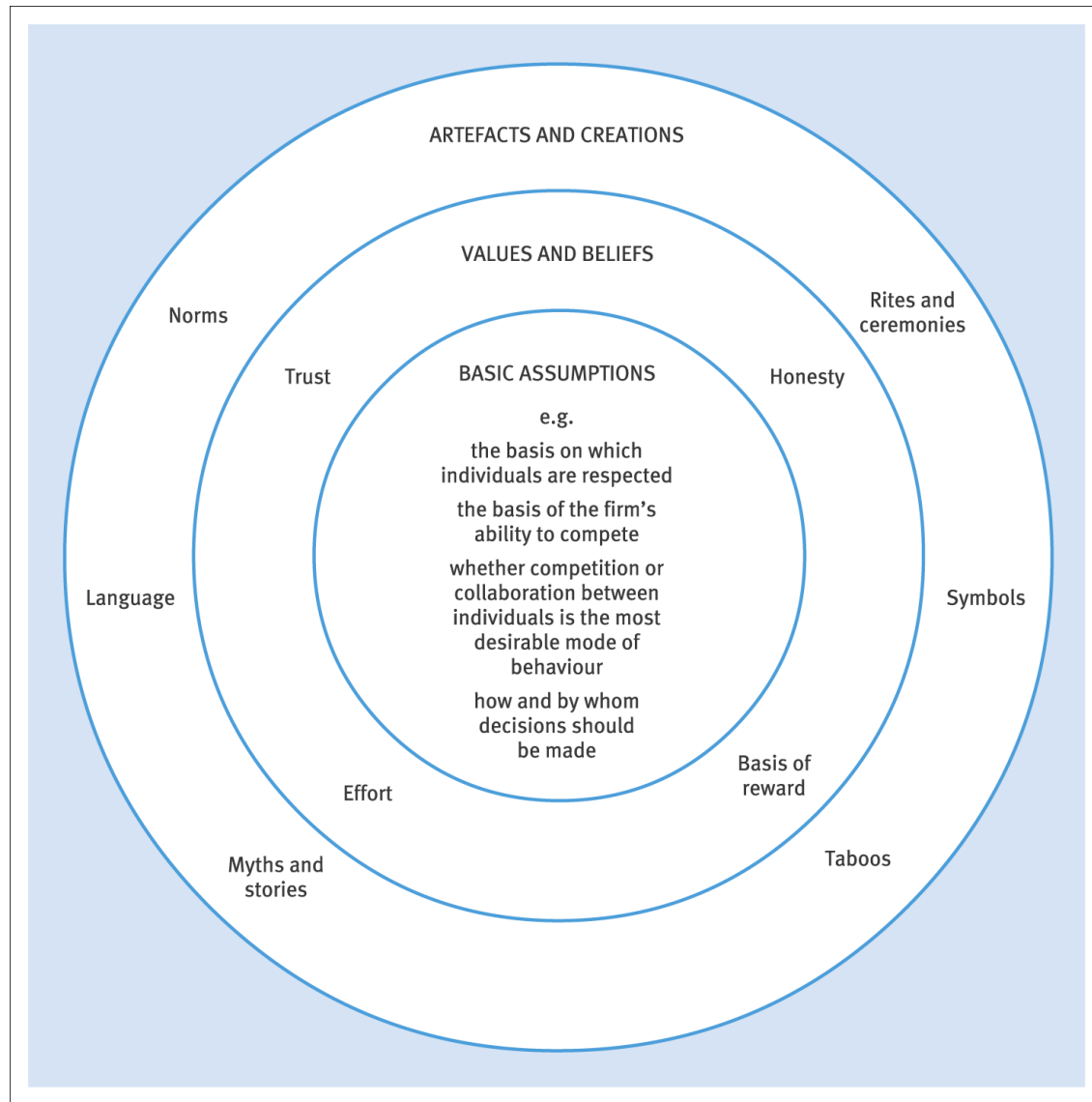


Figure 20.1 Schein's layered conceptualisation of culture

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

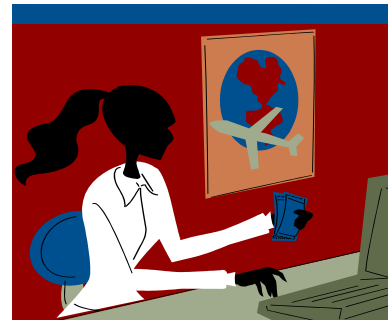


amazon.com

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)

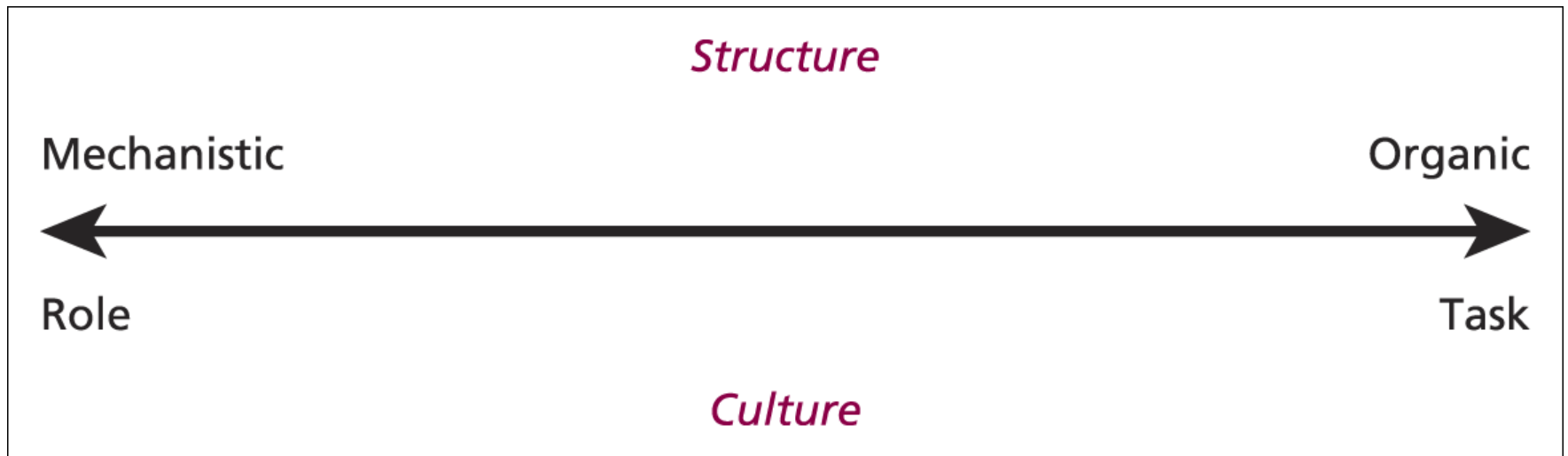
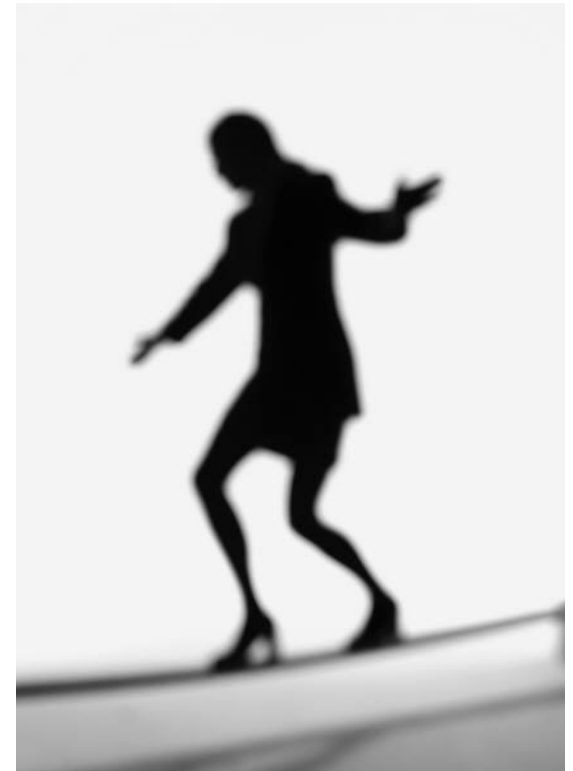


Figure 3 A structure–culture continuum Burnes (2009)

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>

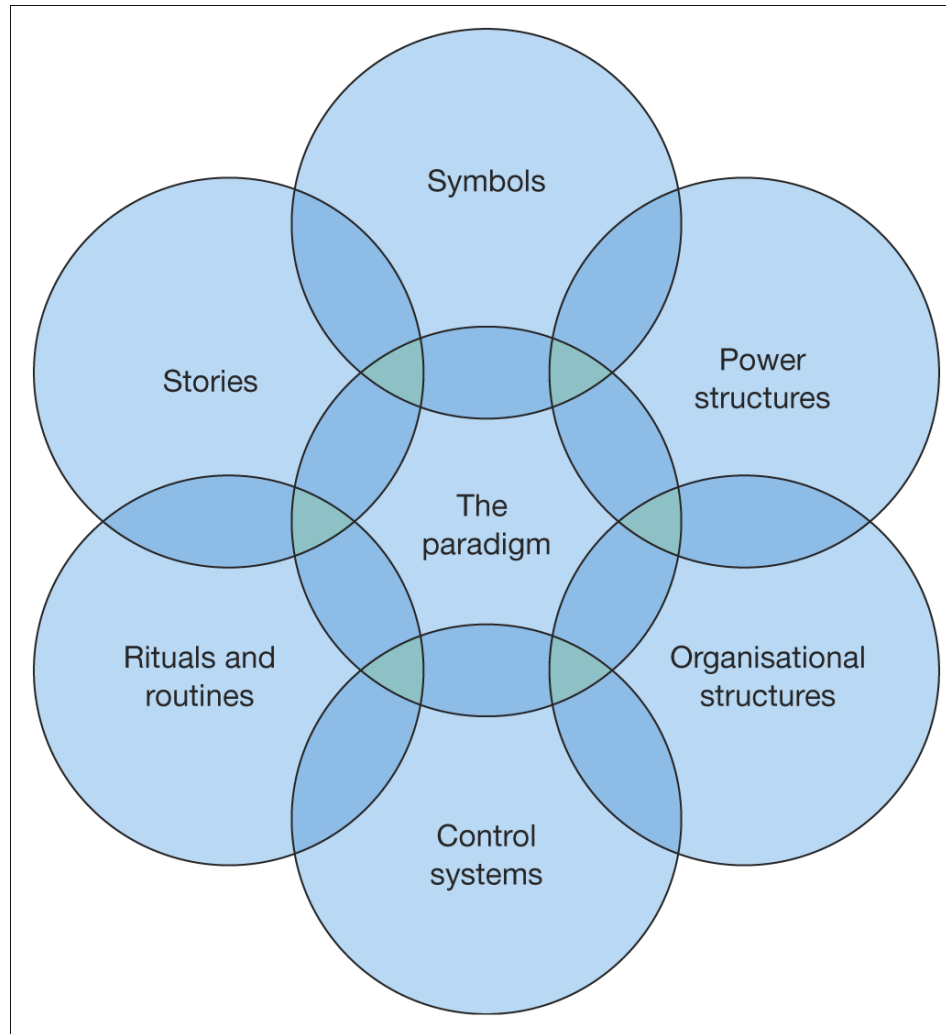


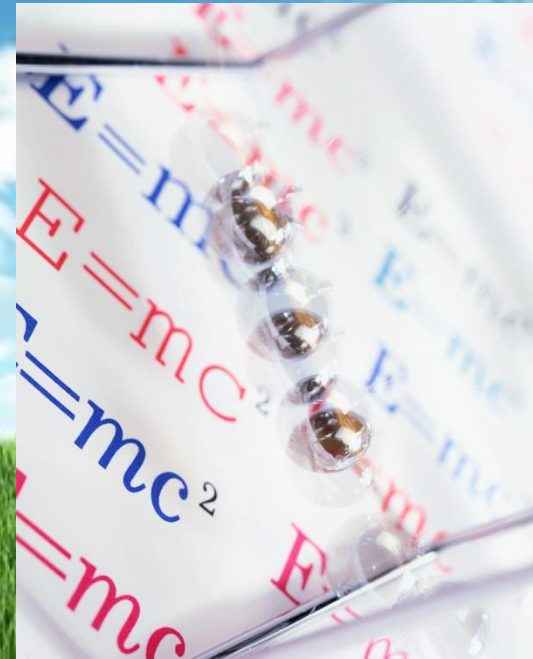
Figure 19.1 The cultural web of an organisation

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.

Culture Case Study: Tesco

30mins – in groups

- How is the Lewis plan working out?
- To what extent can Tesco's problems be blamed on poor leadership rather than bad culture

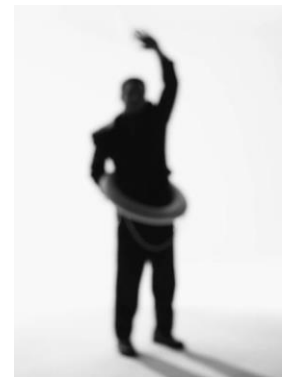
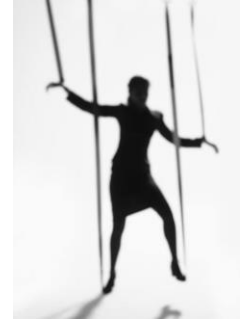


Do Organisations Have Uniform Cultures?

- 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



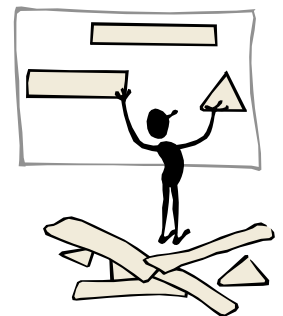
Step 1 Change recruitment, selection and redundancy policies to alter the composition of the workforce so that promotion and employment prospects are dependent on those concerned possessing or displaying the beliefs and values the organisation wishes to promote.

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.



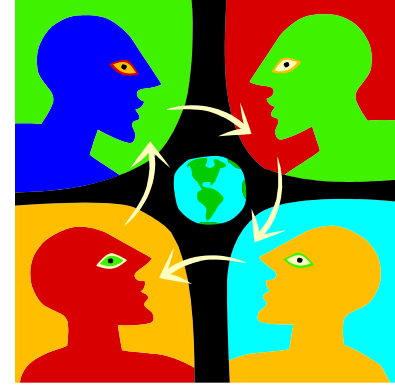
Guidelines for changing culture



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>

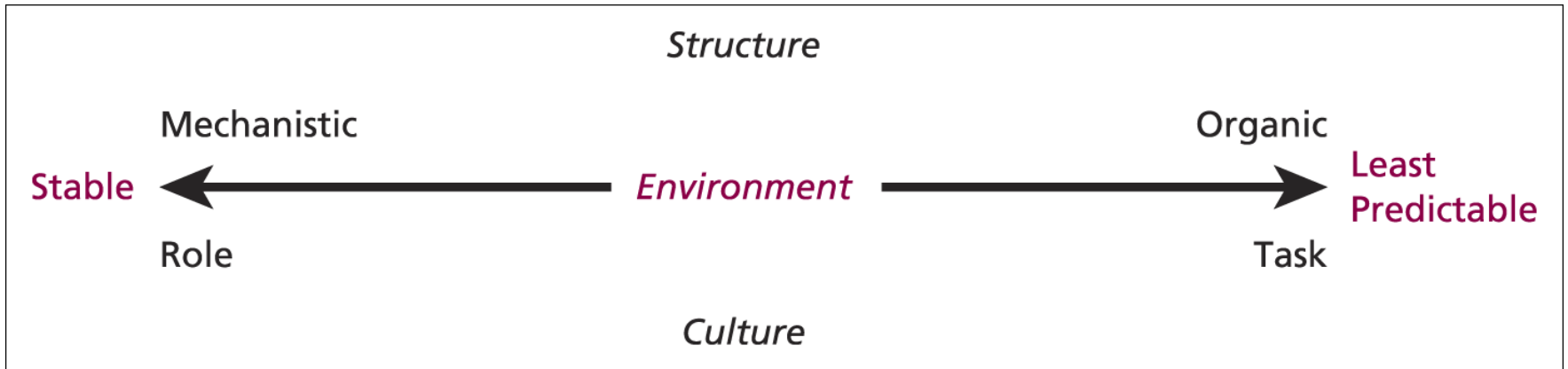


Figure 4 A structure–culture–environment continuum



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.