THE INTERNATIONAL JOURNAL OF BUSINESS & MANAGEMENT

Organizational Culture and Change

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Abstract:
The phrase (like the term "culture" is a useful catch-all, incorporating broad aspects of organization, manipulation, (looking at groups and individuals) and structure, design and corporate performance (at the organizational level of analysis). Despite a growing empirical research base which testifies to the difficulty in defining, let alone managing, organizational culture (see Pettigrew 1990c; Pittegrew and Whipp1991) it like quality for facilitating corporate change and renewal.

Keywords: *Organization, social action theory, structure, perspective, and so on*

1. Organization Culture

No definitions of organizational culture are given here. The primary reason for this lies partly in the difficulty of precision (since culture appears to include virtually everything in an organization, any definition must do the same) and partly in being unable to resolve the inherent differences which abound in current definitions in the literature. Such incompatibility lies along a number of dimensions, including tangibility-intangibility (culture is viewed as something which is directly manageable, or as something much deeper and more symbolic); or culture is viewed variously as an analytical construct as an applicable variable (culture can only be understood in terms of symbols, subjective meaning, language and context, or is a set of identifiable factors which can be managed directly towards a given end). This chapter will examine a number of theoretical and empirical approaches, each of which has arisen and been developed under the banner of organizational culture, in an attempt to lead to a critical evaluation of the concept as it relates to organizational change.

***First*,** it is necessary to locate the concept of culture within some overall frame- work to see how it fits in relation to other theories of organization (some of which have already been covered in the previous chapters). This is no easy task. The distinction between the applicable and analytical approaches to organizational culture has been outlined by Wilson and Rosenfeld (1990). Yet this only illuminates one facet of the concept and primarily distinguishes between the different uses to which organizational culture is put. It does not locate the concept in sociological space. However, in a prize-winning analysis, Risto (1990) provides a framework within which it is possible to locate the main cultural approaches to organizations (see *fig*.1). Placing organizational culture in the context of

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three distinguishable approaches to the sociology of organizations (the structure of social action, symbols and codes of meaning and theories of social action) allows different approaches to culture to be analytically separated as well as considered at different levels of analysis.

The major distinction in fig. 1 is that between structural and interpretative views of culture. Interpretive views hold organizational culture to be something created thro- ugh symbols, language and ritual. The language used to describe organizational events, the symbols commonly employed to denote status and membership, and the way in which individuals act out their various roles, create and maintain the cultural fabric of the organization. Goffman (1982) offers a number of illustrations drawn from the everyday behaviour of people both at work and social life. Looking first at individuals, he argues that the dramaturgical metaphor is useful in describing the type of behavior observed. That is, individuals act out a part within the context of a wider organization. They can write the parts themselves, or can act them out within some preformed or prescribed role, very much in the manner of a stage actor. Mangham (1986) has directly applied this kind of dramatic role analysis to the behavior of individual managers during the course of a decision-making process. For both authors, two factors are key – the performance itself and the individual's belief in his or her performance.

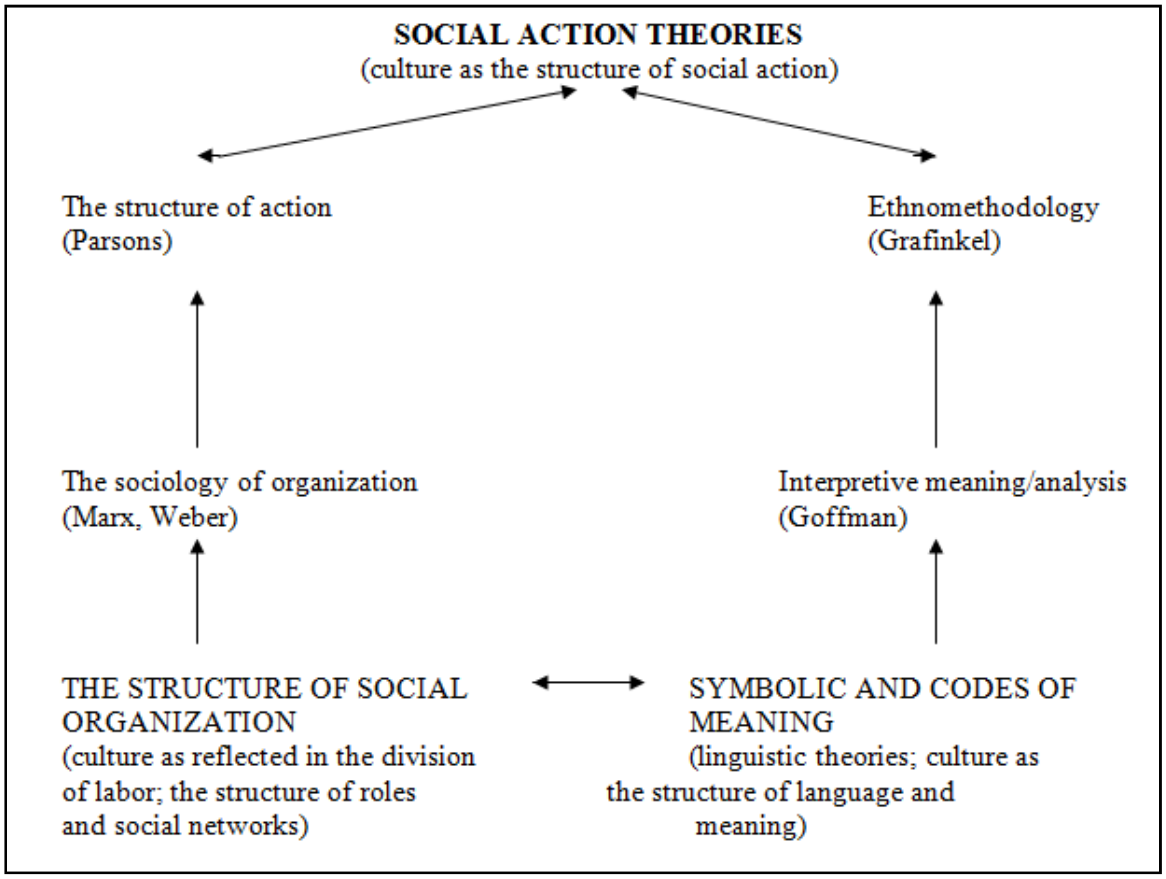

Figure 1: Organizational culture in the context of the sociology of organizations (adapted from Risto, 1990)

More structural analyses rely more upon how roles are structured together to form particular organizational designs. The shape or configuration of an organization becomes an important facet of its culture. Handy's (1986) widely known distinction between four typologies of organizational culture represents a specific attempt to describe the division of labor, the structure of roles and social networks. Indeed, the cultures themselves are described primarily by organizational structures. Power cultures are those which are centrally controlled by a single individual or group. This power centre determines the culture, since the structure of the organization (a spider's web) allows the all-powerful spider to control key organization processes (such as discussion-making) in whatever way is deemed suitable. Similarly, bureaucratic structures are characterized by role cultures in which processes are subject to rule, precedent and regulation. Matrix structure allow the culture of the task or the business project to become the dominant philosophy of the organization and, finally, almost structurales organizations (clusters) allow a culture of professional independence to be maintained (see Handy, 1986, for a full description of the culture/structure analysis).

Both the interpretive and the structural views of organizational culture lead towards very different interpretations of the process of organizational change. As has been the case throughout the history of organization theory, the structuralists have emerged with a greater volume of empirical research at their disposal (compared with interpretivists), often coupled with an overriding normative conviction that certain cultures and structures supported organizational change whilst others hindered or detracted from its realization. Perhaps the most famous (or infamous) of these approaches over the last de- cade has been the "tradition" of achieving organizational "excellence" through the management of organizational culture.

2. The Structure of Culture: "It All Comes from People"

Organizational culture and organizational change become close bedfellows, since the one was though to be inextricably linked with the other. The causal arguments for this link are cast in a linear fashion and are argued unidirectional. *First*, culture and organizational performance are argued to be inextricably linked. *Second*, to achieve changes in organizational performance, manipulation of the organization culture by attention to its structure are the first factors for attention. *Third*, decentralized, project-based organizations which place individuals at the centre of organizational attention are those which succeed. Such emphases are restricted neither to American reorganizations nor to those in the private sector.

Intellectual justification for the excellence approach is surprisingly hard to find, given its near universality in organization theory. It falls down at the early hurdles of both empirical and theoretical enquiries. Below are summarized the major criticisms that have been leveled at the concept of achieving change towards a model of excellence.

2.1. Empirical Issues

1. The failure of many excellent companies to sustain corporate success.
2. The availability of alternative explanations of success (such as monopoly position- on in the market).
3. Mostly poor sampling among the studies, so that it is not known how far the organizations are representative.
4. The virtual omission of key business sectors, such as petrochemicals, motor manufacturing, financial service, etc.

2.2. Theoretical Issues

1. Assumes a "one best way" of organizing.
2. Assumes a simple causal relationship between culture and performance.
3. Generally dominated by a top-management view of the organization.
4. Lacks a well argued theoretical basis, preferring to borrow selectively from other work.

There is no doubting the emphasis on people as agents of organizational change in the excellence tradition. The question is whether organizational culture and excellent performance consist of anything more than the ceremonious, the ritual and the symbolic, aimed at securing emotional attachment to the organization (Peters and Waterman, 1982). The evidence to date suggests that there is indeed much more.

3. Looking for Clues: Interpretive Views of Culture

At first sight it may appear that the interpretive views are more obscure, less radially analyzable than structural perspectives. This is not inevitably the case. Evidence of the potency of symbols, for example, can be found in almost every organization, from individual dress "codes" to corporative logos Just as individuals seek medical advice, organizations can now consult professionals about their identity (its meaning, or lack of it, perhaps). Corporate identity "doctors" such as Wolf Olins have come to the fore in recent years, as exemplified not least by the controversy over British Telecom's new corporate logo (designed in consultation with Wolff Olins). Both public and trade unions were unhappy not only about the logo itself (what did it signify, and what was wrong with the old one?) but also about the cost (an estimated Lstg 50 million) of changing the logo on some 40.000 vehicles, 70.000 uniforms and almost 100.000 telephone boxes. Symbols, evidently, do not come cheap. Yet they are potent. Despite British Telecom's radical "downsizing", shedding almost 11.000 jobs in 1990-91, with more losses to come, the unions appear convinced that the new symbol is worth while, lending their support to the change of image depicting BT as a truly global player in the communications industry. At least for the time being, it seems, the corporate mission and its symbolic hoopla placed the pervasive issues of industrial relations change very much in the background. Thus symbolism takes primacy in the context of structure and strategic decision-making.

Lest the reader think this perhaps too cynical a view of organizational change, consider the ways in which the potent forces of corporate symbolism are also bolstered by language (see Mitroff and Kilmann 1976; Pettigrrew 1979). Only ten or so years ago the literature on change management was using a vocabulary which seems very different from that of today. Although concerned expressly with organizational change, the work of Lewin and other researches who oriented towards examining the relevance of theories to organizational practice. As such, their role was that of the traditional researcher, takings concepts such as small group behavior and seeing to what extent it helped explain what going on in any particular organizational change. Today the role of the traditional researcher has arguably been usurped by the wordsmith, in particular who can fashion a colorful metaphor. In a remarkably short time the language used by practicing managers, by many management trainers and by many researchers has coalesced into a diorama of metaphor (and no, that's not an example). Virtually everything that moves within an organization is subject to metaphor:

1. Organizations are no longer described by what they produce or do: they have mission statements instead.
2. Mission statements are meant to "cascade down" the organization and are the means of individual "empowerment".
3. This empowerment in turn leads to great teams who run hot, who play passionately (even chaotically), towards the corporate mission, united in their common vision.
4. Organizations are no longer run by managers but by heroes who are insanely great in what they do. They turn treats into opportunities, presumably by constantly gazing through that double-glazed window of opportunity towards the distant horizons of total quality.

These views and criticism are rooted in ethno methodological studies of organization (where individuals' definitions of the situation are given pre-eminence over other methods of data collection, especially survey or cross-sectional data gathering). However, there is a relative dearth of interpretive empirical evidence, in comparison to the more structuralist interpretations of organizational change. In particular areas of human activity (rather than strictly in complex organizations) the imperative approach has been well researched.

Deaths, hospitals, suicides, police activity in dealing with down-and-outs, dental practice and gynaecological clinics have all been focuses of study (see Sudnow 1976, Garfinkel 1967, for example). In each case the definition of the situation of the participant is taken to explain the phenomena of change. For example, a woman would be unlikely to define the situation she encounters in a gynaecological clinic as pre-dominantly sexual, yet in many other contexts such would undoubtedly be the case. The ability of the gynaecologist to act unhindered depends largely upon the woman's changed definition of the situation upon entering the clinic. Interpretive studies of change in complex business organizations are relatively rare.

The arguments against the interpretive perspective rest largely on the difficulty of systematically representing the perceptions of others without falling into the trap of baiting the analysis with one's own subjective interpretation. This is quite apart from the inherent difficults of the method itself, involving asking individuals to describe and account for their interpretive feelings. It is not self-evident that interpretive approaches necessarily avoid some of the criticisms which can be leveled at more structural analyses.

First, the interpretations of individuals are themselves located in a wider context. This broadening of context might be from individual organization to business sector; from business sector to overall national economic context, or from national context to questions of internationalization and differing national cultures (see Hofstede 1980, 1990; Tayeb 1989). The relative impact of context thus becomes an important dimension in shaping and being shaped by individuals' interpretation of any situation. Differences of position in hierarchy or in function in any one organization will as surely influence interpretations of events as differences in types of organization or nation states.

Second, the four interpretive steps laid out by Isabella (1990) are relatively close to the Lewin model of change. There is still a strict temporal sequence implied, consisting largely of unfreezing, moving and refreezing the change process.

Finally, the emergence of patterns in individuals' interpretations can become con- founded precisely because reality itself (as perceived) is an unfolding, changing factor. It is extremely difficult, therefore, to isolate and precisely identify those frames of reference which are conventional, or context-based, and those which are in the process of being formed (in-progress interpretation). The blurring of distinctions lends the interpretive perspective an air of inaccessibility. One can never know the absolute reality of others' inter- presentations and frames of reference.

Unfortunately for the student of change, this muddies the waters even further. For example, it is not just interactions between individual behavior, perception and organizational structure which need to be taken into account. The wider context in which the organization operates also casts its influence over both aspects (Greenwood and Hinings 1988).

4. The Wider Aspects of Culture: Societal and Institutional Values

So far we have examined conflicting analyses of the role of organizational culture in strategic change. However, we have also assumed so far that the appropriate unit of analysis is either the single individual or the single organization. As Di Maggio and Po- well (1983) revealed, the external legitimization of change is an equally pervasive force in sustaining in destroying organizational transitions. Put simply, the extent to which changes conform to established patterns in operating environment of the organization will determine greatly how change is hindered or facilitated and will also influence how changes are evaluated later on.

There appear to be at least two major factors to consider. The *first* concerns generalized norms in the environment. This could include norms of behavior ranging from those within individual business sectors to those which characterize entire countries or geographical areas. The *second* concerns those patterns (structure, culture networks) which are set by market leaders in particular industries or service sectors.

Arthur Bell & Sons	Macmillan – Glenlivent
Associated Book Publishers	McCarthy & Stone
Associated Paper Industries	Pringle of Scotland
Collins Publishers	Rotaflex
Countryside Properties	Sidlaw Group
Dawson International	Sirdar
Don & Low	TI Group
Ferranti	UDI Group
Fisions	Ward White Group
Glaxo Holdings	Whatman Reeve-Angel
Low&Bonar	John Wood Group
Adopted from Grinyer *et al.* (1987)	

Table 1: British companies which achieved successful change by breaking away from strategic recipes

Both factors have the concept of pattering central to their argument. Taking pattering in business sectors first, Grinyer and Spender (1989) shoved how organizations in particular niches or business sectors tend to adopt similar strategic responses when faced with pressure for change. They term this response managing by strategic "recipes". Such recipes become the yardstick by which the appropriateness of response is judged by others in the sector. They also inevitably set limits around which alternatives for action are seriously considered and eventually implemented. Grinyer *et al.* (1987) studies twenty-six British companies over ten years. Those which had successfully managed to effect change (averting and turning round previous decline) were the organizations which had largely gone outside the recipes set by their respective industrial sectors. They had invested in training when others had though it inappropriate. They had invested in people and technology, again running counter to previous in the sector.

Other aspects of pottering can be found in Greenwood and Hining's (1988) idea of organizational design tracks. The argument is that organizations develop archetypes which embody where they are now and where they want to be in the future. The data which inform such archetypes come from various sources, although the actions of other organizations in the same business sector appear to be a major influence. Thus managers build up a set of beliefs, norms and cause-effect maps which represent a consistent patter- ns or design track for managing the organization in its wider environment. The change process is thus initiated. Along the way, different sets of patterns begin to emerge as managers modify their beliefs in the light of experience. These are then consolidated into a further archetype. As a theoretical piece of work Greenwood and Hinings's (1988) assert- ions require empirical evidence to lend support to

the theory, although their categorization of track is intuitively appealing, as the following summary (adopted from Butler 1991:242) shows:

1. *Inertia.* No change takes place. The organization remains true to its archetype, no matter what the stimuli towards change.
2. *Aborted excursions*. After an attempt to change, managers decide to give up and return to the *status quo.*
3. *Linear transformation.* Managers attempt to change; this involves some frag- mentation in the organization (knowing as the schizoid phase) and eventually the change to another archetype is achieved.
4. *Oscillating transformation.* After a number of aborted excursions, or attempts at change, managers eventually decide upon another archetype. Many iterations may be involved in this process.
5. *Delayed transformation.* During the change process, interruptions and recycles occur, thus destroying much linearity. Nevertheless, a new archetype is, persistently sought and is achieved in time.
6. *Unresolved excursions.* Begin like a linear transformation but get stuck, since managers are unable or cannot agree upon the characteristics of the new archetype.

One of the advantage of the above typology is that it provides a systematic comparative framework for empirical testing. It potentially allows change processes to be compared, something which has been noticeably absent from the general literature on organizational change, which either draws detailed data from a single case or lumps together seemingly endless examples of organizations which have changed their culture (Butler 1991). The only problem is that the measurement of culture often extends to hundreds of variables, obviating both comparisons and stringy significant results other than to say that culture is all things to all organizations.

The relevance of these studies to organizational change is twofold. ***First*****,** the pattering of national attitudes, values and beliefs closely parallels similar approaches to the culture of individual organizations. It's just that the levels of analysis are different. The same caveats should apply to each area of research, and care should be taken to avoid over generalized and stereotypical categorizations of cultures. ***Second*****,** given the diversity of factors which contribute to shaping and fashioning national cultures, it is likely that one or more of these factors will act as a facilitator or as a hindrance to organization- al change. This would obviously include such things as legal/fiscal factors, which might preclude joint ventures between companies in different countries (the aborted Midland Bank and Hong Kong & Shanghai Bank partnership is one example of this; the move was terminated after a three-year "courtship"). Others less tangible factors would include a nation's history, its language or its political context.

Returning for a moment to the pattering of national cultures by clustering them along the lines of their similarity across a range of dimensions reveals some remarkable similarities between factors characterizing national cultural patterns and those factors used to describe organizational cultural patterns identified by Handy (1896). For example, Hofstede (1980, 1990) suggests four broad clusters of national, based primarily on:

1. The prevailing sense of individualism or collectivity in country,
2. The power distance accepted in each country (the degree of centralization, autocratic leadership, number of levels in hierarchy, etc.).
3. The degree to which uncertainty is tolerated or avoided.

The four broad clusters of countries are:

1. Scandinavia (primarily Denmark, Sweden and Norway). These cultures are based upon values of collectivity, consensus and decentralization.
2. West Germany (as it was pre-1990), Switzerland and Austria. These are grouped together largely as valuing efficiency – the well oiled machine – and seeking to reduce uncertainty.
3. Great Britain, Canada, the USA, New Zeland, Australia and the Netherlands. These are somewhere between (1) and (2) but cluster on the value they place on strong individuals and achievers in society.
4. Japan, France, Belgium, Spain and Italy. These are clustered on bureaucratic tendencies – a pyramid of people – favouring a large power distance.[1]

The similarity of factors in the national culture study to Handy's (1986) four organizational cultures is striking. Power cultures favour and nurture strong individuals; role cultures favour the pyramid of people as well as a large power distance and the reduction of ambiguity. Task cultures represent the decentralized, consensual organization which favours group working (collectivity) over individualism. Person cultures favour individualism, but avoid bureaucratization or large power distances.

The extent to which there are parallels between dominant national cultures and prevailing organizational cultures is a question for future research, although one could hypothesize that a consensus-based organizational culture which found itself in a "bureaucratic" national culture would have a hard time remaining in that form (other things being equal). Thus we might look outside the individual organization for pressures to change, or indeed outside the business sector of which it is part. Important clues might be found in the extent to which the dominant characteristics of national cultures pervade organizational structures and process. Such an analysis would apply equally to multinational enterprises and to single-nation business.

5. Summary

The simplistic notions of strong organizational cultures and associated organizational "excellence" have been subjected to criticism in this chapter. The intellectual and methodological bases upon which such assumptions are founded are fundamentally flawed. This means that to effect change in an organization simply by attempting to change its culture assumes an unwarranted linear connection

between something called organizational culture and performance. Not only is this concept of organizational culture multi-faceted, it is also not always clear precisely how culture and change are related, if at all, and, if so, in which directions.

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