

Organizational Culture Change

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The process of change

Two differing concepts of change, shift versus transformation

- ▶ In 'doing' cultures people and groups are mostly defined in terms of what they do, what they achieve
 - organizational change is perceived more in linear fashion, a question of putting the past state of affairs behind and pushing on with the new
- ▶ In 'being' cultures people and groups are defined more in terms of affiliation, the relationships they have with others in the organization
 - the past state of affairs gradually transforms to become a new state of affairs

The process of change...

According to Laurent, both the **instrumental** and **social** nature of the organization must be considered:

- ▶ Managing change involves ensuring the on-going running of the organization, re-assigning tasks, maintaining overall stability, but this is not enough
- ▶ Inspirational guidance also needed: a leader who engages people's minds through vision
- ▶ Minds cannot be managed, but they can be transformed through inspiring leaders who spread new visions which advocate new meanings and lines of thinking

The process of change ...

According to Deal and Kennedy (2000), many company managers may go about dealing with tangible factors involved in change, do not pay attention to the cultural issues involved:

- ▶ To become, for example, more marketing-oriented involves subjecting the company to a fundamental cultural change which involves everyone in the organization
- ▶ The change is not just changing routines but also identifying with role-models who embody a new purpose or goal
- ▶ Such fundamental change is often a gradual and sometimes painful transformation

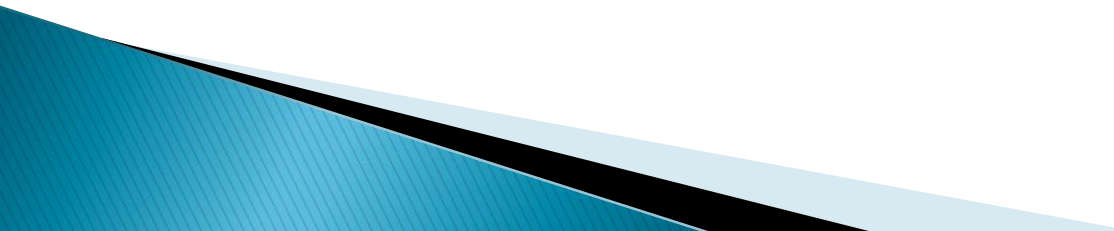
The mechanisms of change (Schein)

Primary mechanisms for changing culture

- ▶ What a leader considers important and pays attention to, what must be measured and controlled
- ▶ The way a leader reacts to difficult situations and crises: shows others how to react in similar situations
- ▶ The priorities set by a leader when allocating resources
- ▶ The examples set by a leader: these deliberately teach and reinforce the desired values and behaviours
- ▶ The criteria which a leader uses to allocate rewards and status as well as to reinforce desired behaviours
- ▶ The criteria used for recruitment, promotion and dismissal

The mechanisms of change (Schein)...

Secondary mechanisms for shaping the culture (only effective if consistent with primary mechanisms):

- ▶ The design and structure of the organization
 - ▶ The systems and procedures used
 - ▶ The 'rites and rituals' used
 - ▶ The design and layout of the organization's physical space
 - ▶ Stories of important events and people
 - ▶ Formal statements of the organization's philosophy
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The mechanisms of change (Schein)...

For Schein, culture plays an important role in determining:

- how environmental developments are perceived by members of organizations
- how members of the organization react to the strategies designed to respond to those environmental developments

Can organizational culture really be changed?

- ▶ Deal and Kennedy (2000) argue that a culture which has developed along with the organization will be difficult to change
- ▶ If the external factors have a strong influence on the organizational culture, then it is unlikely to change unless the external environment changes in line with desired changes.
- ▶ If organizational culture depends on internal factors, then culture can be directed and changed
 - focus on the leader as instigator of changes, OR
 - focus more on how to initiate change at the levels of corporate culture

‘Weak’ cultures v ‘Strong’ cultures

Is cultural change easier to implement in an organization with a ‘weak’ culture rather than a ‘strong’ culture?

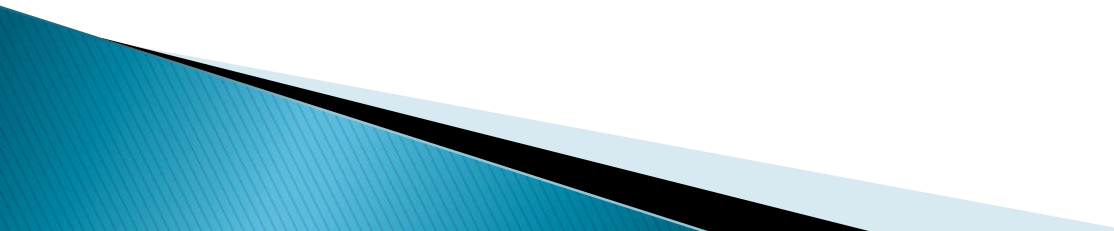
- ▶ Laurent (1989) considers that both are in a way doomed to extinction:
 - The organization with a weak culture may eventually crash since it is poorly coordinated, lacks direction and consistency
 - The organization with a strong culture may be throttled by rigid norms and behaviour and the resulting lack of innovation

Culture Typology

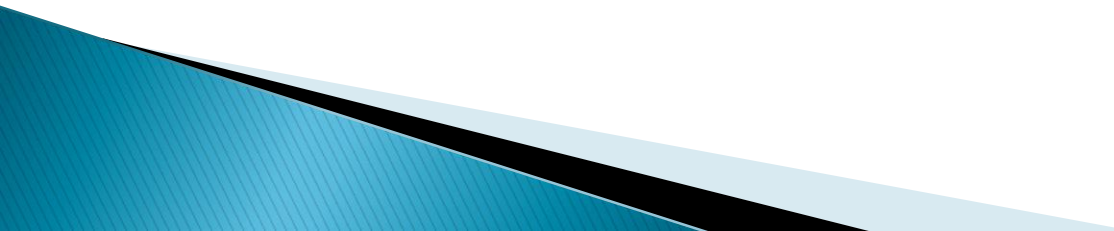
Figure 1

	Flexibility and discretion		
Internal focus and integration	Clan	Adhocracy	External focus and differentiation
	Hierarchy	Market	
	Stability and control		

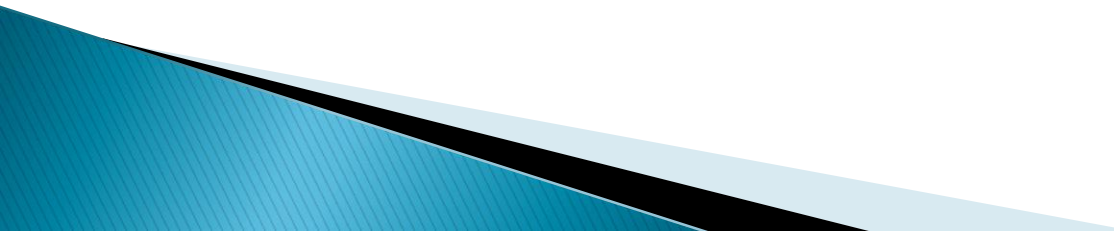
Clan Culture

- ▶ Focus on internal issues
 - ▶ Values team-spirit, participation, consensus and mutual support
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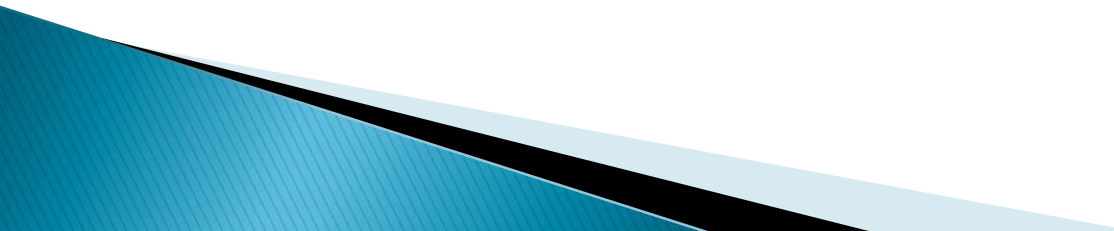
Adhocracy Culture

- ▶ Focus on external issues and flexibility
 - ▶ Values adaptability and innovation
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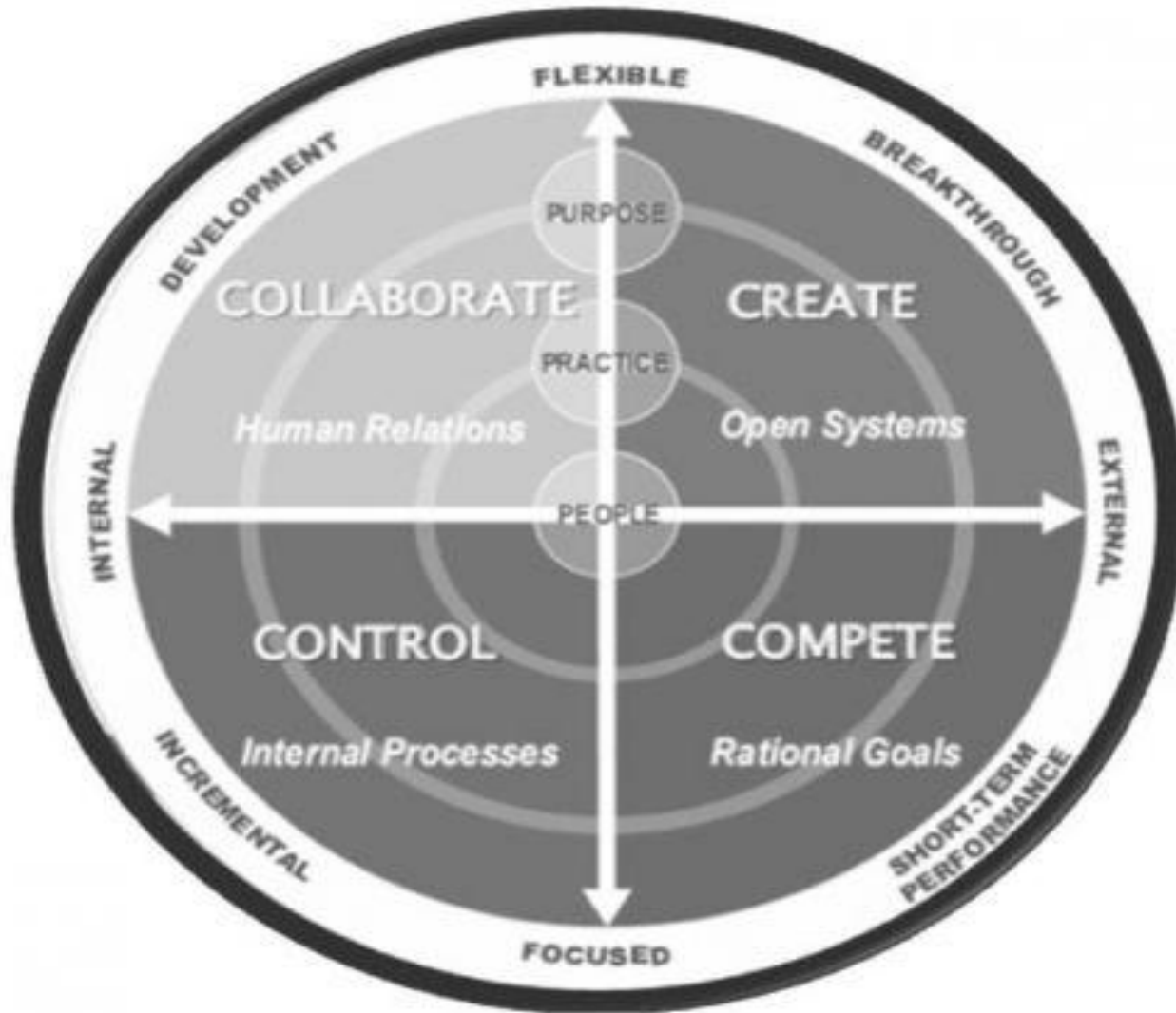
Market Culture

- ▶ Values stability and control
 - ▶ More focused on external issues
 - ▶ Values profit, productivity, competitive advantage and achievement
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Hierarchy Culture

- ▶ Values tradition, continuity, rationalization and regulation
 - ▶ Traditional 'command and control' model
 - ▶ Works effectively if the goal is efficiency and the environment is stable and simple
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Competing Values Framework



Using the CV framework

The framework serves as a basis for

- diagnosing the predominant culture of an organization
- assessing whether it is responding appropriately to the challenges and changes in the environment
- helping to diagnose and manage the interrelationships, congruencies and contradictions in the organization

Altogether, the framework helps leaders to improve in a comprehensive way the organizations' performance and value creation

