

Change Management Project: Option 2

**The culture of an organisation determines its ability to change effectively.
Discuss.**

Introduction

Organisational Change is essential to modern companies not only to maintain competitive advantage but also to succeed in today's rapidly changing business environment. I believe that it's safe to say that 50% of all systems and applications that will be in regular use in ten years time have not yet been invented. That's quite an ambitious statement, but just think about applications that you use every day; Google, Eclipse, DeamWeaver, Microsoft Office, Oracle Databases, Firefox Web browsers, these tools fall into two categories. One – tools that are less than ten years old or two – Tools that have radically changed in the past ten years. For organisations to maintain levels of success it's clear that they must adapt. Just look at Apple, a faltering computer manufacturer on the brink of extinction, brought back to life by changing their organisation into a funky and stylish commodity producer and the branching out into music by the invention of the iPod, which is now the must have gadget of recent times.

There are numerous factors affecting organisation change, including Environment, Organisation Structure, Politics, Leadership, but in this project I will focus on the culture of an organisation and how that is central to the organisations ability to change, adapt and maintain itself. Culture is not merely "how things are done around here", but culture is the set of values, beliefs, customs and systems that are unique to the organisation (Burns 2004).

Main Body

What is Organisation Culture?

Managers and employees do not perform their duties in a value-free vacuum, their work and the way its done are governed, directed and tempered by the organisations culture (Burns 2004). There are three principal factors affecting the culture of an Organisation, these are:

- 1) The founders basic assumptions
- 2) The national culture
- 3) The task in hand

(Gargan D., 2005).

The Founders basic assumptions

In a typical company the founders set up small and grow the company from one basic good idea. These founders go into business to make money, pure and simple. However, depending on the nature of their work certain assumptions made by the founders will immediately set the culture for the initial and all future employees. If, for example, it's a financial institution (like a bank or insurance broker) that is set up, then basic assumptions of security and strictness need to be made. Employees will probably not be given too much freedom and all work would be carried out along strict guidelines and the basic idea of management not trusting staff may be in place. On the other hand, if the company is a software development house dealing with

Internet technologies, then assumptions of employee freedom and encouraging innovation are likely to be put into place by the founders, because by its very nature software is constantly evolving.

The Founders basic assumptions immediately set the working environment and culture within an organization.

The national culture

National attitudes to working determine the employee's general attitude towards working. Now every employee is different, but when talking about culture at a national level there are some basic truths that always apply. Some national cultural behaviour will lead the company toward organizational change, while others will hamper it.

National Cultures that help change:

- Irish people leaving the office at 5pm on a Friday to go to the pub. This helps change, because it leads to a more integrated working environment, where everyone ends up talking about work and discussing opportunities and threats.
- Society encouraging further education

National Cultures that hinder change:

- Japanese people not leaving the office until their boss has. (Over tired and less productive staff)
- Lunchtime drinking culture
- Unions and their involvement
- National pay agreements

The task in hand

The task in hand is the major defining factor towards the culture of a company. If the company's job is mainly customer service, meeting and dealing with people, then the organization's culture should be customer focused. However, if the company is an innovator, its culture should be one of exploration and give more individual freedom to the employees.

At different levels within an organization there are usually different tasks. For example, in a software development company there may be 3 distinct groups.

1) *Product Development*

This is obviously where the product is built. This group will have an innovation culture and be relaxed, as it will usually have to meet quarterly targets for external software releases.

2) *Professional Services*

This group works directly with customers, working on top of the core product, customizing and extending it for specific customer needs. Their culture will be more customer focused as they are under more pressure.

3) *Sales*

The sales group will have a "Yes" culture, never turning down any opportunity, and putting pressure onto the other two groups to deliver.

Organisations structure effects on Culture

Hierarchical Structure

Hierarchical Structured organisations are usually management heavy, with a large number of management and other employees supported by few “real” staff. The culture from these staff can be quite negative towards all the levels of management and bureaucracy in the organisation.

Flat Structure

Flat structured companies usually only work for very small organisations, so a culture of working for each other and everyone working towards a single goal, can make this an efficient workplace.

Matrix Structure

With Matrix structure’s resources are shunted around the organisation to meet the demand for attention that tasks require. People work less in fixed groups for long periods and so no pockets of different cultures can grow, but rather if people are unhappy with their work, the chances are that they can be easily moved, so as to maintain an good working culture.

Fluid/Organic Structure

With organic structured organisations having the work structured around core employees, with support staff growing and shrinking as necessary around them, the culture, if its lasts, can be negative towards those core staff.

Factors forcing Change

Organisations face huge pressures to change, from both internal and external sources, internal forces to change are often as a result of long-term external forces. For example, a banks internal pressure to adopt an Internet banking system, as a result of more and more other banks going online.

Internal Factors forcing change

The factors internal to an organisation that force changes can be identified through a formal analysis method. Most common among these methods is S.W.O.T. analysis.

Strengths

An organisation’s strengths, which help identify a competitive advantage or unique selling point, are of vital importance when deciding on changing the focus of the company. Deciding to push certain products or features in favour of dropping others, (like Apple did in recent) years can reinvent the organisation.

Weaknesses

An organisation’s weaknesses are a real motivation to change. Weaknesses identified internally in a company’s product or service, will require immediate attention and changing. Quite often (especially with service based companies), the weakness would be resolved by a cultural change.

Opportunities

Opportunities that present themselves, like new contracts on other continents will force changes in the company, sometimes as simple as new working hours. With

the differences in different customer expectations, modern companies need to remain flexible. Flexibility is a major cultural change that needs to be introduced.

Threats

Threats to an organisation, usually in the form of competitors and substitution products force a company to react. To react effectively companies have to react quickly, which is a cultural change in a company.

External Factors forcing change

The factors external to an organisation that force changes can be identified through the PESTELI acronym.

Political

Political factors would include the current and potential influences from political pressures such as unions and national pay agreements.

Economic

The local, national and world economy impact can force an organisation into changing their work practices or even product prices.

Social

Changes in lifestyle absolutely force changes in organisations (e.g. iPod), but at a cultural level, socially changing attitudes towards work or ethical issues can also have effects on the culture inside an organisation.

Technical

The ever-changing technical world in which we live has probably the most profound effect on organisational culture of all external factors. Technical advancements that allow employees to work from home, working teams to be separated by great distances and for customers to be located on the opposite side of the world from their suppliers. Anything that changes the day-to-day work of the employees has a profound effect on the organisations culture.

Ecological

The local, national and world ecological and environmental issues that have effects on culture at national levels filter down into the organisational culture within a company.

Legislative

The legal issues both locally and at an EU level, such as taxes and working time regulations also have effects on culture at a national level, filter down into the organisational culture within a company.

Industry

Industry changes have a huge effect on national culture. The move away from agriculture into industrial and now information economies has greatly changed the national working culture.

Who can change culture?

Changing the culture of an organisation is an extremely difficult task, but it may be necessary to get the results required. If an organisation were thought of as a restaurant, and the employees as the waiters, content and well looked after waiters would go about their jobs in a pleasant manner and as a result tips would be high and the restaurant turnover would be high, as customers would enjoy eating there. However, on the other hand, if working at the restaurant was made difficult for the waiters, with an unpleasant working environment and impersonal culture, they might

not go about their jobs with such enthusiasm, a lack of motivation would become obvious in their demeanour, tips would be low and restaurant business would suffer. So it's in an organisation's best interests to maintain a healthy and productive working culture.

Changing an organisation's culture can be done at the three distinct levels within an organisation: Executive Management, Middle Management and regular employee level. Let's look at them in turn and consider two very different football clubs (Manchester United and Arsenal) as differing organisations.

At an Executive Management level

Executive management are the group that direct the organisation's goals. So, in order for them to effect cultural changes, they may have to change the organisation's direction. The organisation may need to be streamlined in order to make provisions for the desired changes. Inspiring and motivating staff through vision and mission statements as well as overall policies would be a common approach taken at this level. Changes introduced at the executive management level are the most difficult changes to resist, because employees are largely powerless against them.

In the terms of the football clubs, the executive management would be the boards of directors, who can release certain amounts of funding for the operation of the team and/or make performance goals for league finishing positions.

At a Mid-Management level

Middle management is the level from which most organisational change comes from. These changes can take the form of new operations rules (e.g. Forced timesheet logging). Changing the working practice for employees, by making their working life more strict or more lenient, pushing more responsibility onto the individual employees or smaller changes like more frequent or earlier meetings. However, changes enforced or imposed by the mid-management are the most resisted.

In the terms of the football clubs, the middle management would be the team managers. The managers can effect change by shouting at players and demanding results, as done by Alex Ferguson at Manchester United, or by talking through the current issues are working for a solution together with the players, as done by Arsene Wenger at Arsenal.

As a regular employee

Regular employees can change the culture in an organisation in the most effective manner. Through an observed work ethic or levels of professionalism or levels of "completeness" in their work, employees can pressure other employees to change how they work and this will filter around the organisation, effecting the change.

Now there are two types of motivation that people respond to. One, the people who are shouted at and told what to do and told there will be consequences if they do not perform. This was the kind of tactic employed by Roy Keane at Manchester United. Two, the people who like to be told that they are doing a great job and encouraged to do a little more, but encouraged by someone who was obviously performing better. This was the kind of tactic employed by Patrick Vieira at Arsenal.

Guidelines for changing culture (Burns 2004)

- 1) *Formulate a clear strategic vision.*
An organisation needs a clear vision with a well define strategy and values in place in order to be effective.
- 2) *Display top-management commitment.*
Cultural change needs to be managed from the top down. Executive management need to agree to the plan and stick to it.
- 3) *Model culture change at the highest level.*
Cultural changes need to be communicated through the actions of executive management. Management need to lead by example.
- 4) *Modify the organization to support organisational changes.*
Cultural changes need to be reflected in organisational changes in order to back them up, if at all possible.
- 5) *Select and socialize newcomers and terminate deviants.*
To really effectively change organisation culture, those who resist the change may need to be let go. People stuck in their ways that cannot adapt are of no benefit to the organisation going forward, sometimes this will manifest itself in the form of early retirement. The hiring of new people will be done with the new organisation culture in mind.
- 6) *Develop ethical and legal sensitivity.*
Changing a culture then radically changing all the staff in a company may not only send out the wrong message, but actually be illegal or in breech of union regulations. Such plans need to be enacted very carefully.

Conclusion

Culture is a complex beast, derived from the personalities of all the current and previous employees of an organisation. As such, changing culture is equivalent to changing peoples thinking, which is a non-trivial exercise. The intricacies of culture and office politics are potentially huge and the initially obvious culture may just be the tip of the iceberg as regards the culture at large.

The culture of an organisation does indeed determine its ability to change effectively, but this is a good thing. For small innovative organisations, where the company is based around a core nucleus of core staff, the attitudes and actions arising from those people will define the culture, usually into a vibrant and dynamic workplace, capable of changing quickly and often ahead of the times. On the other hand, in mature hierarchical structured organisations that have a large amount of management supported by a lower amount of staff, the culture will become more complex. Large organisations that have this structure (e.g. Financial Institutions), take time to change effectively, because not only does the structure of the company mean that it will take time for the changes to be propagated around the organisations, but the changes are more likely to be resisted at every level down the hierarchy from the executive management to the “real” works, who the changes will most likely effect the greatest.

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