



INSPIRING WAVES OF CHANGE

## CHANGING ORGANISATIONAL CULTURE

### Introduction

Organisational culture is simply defined as “the basic values, ideologies and assumptions, both tangible and intangible, which guide and fashion organisational behaviour”. Culture plays a very important but informal role in the daily activities of organisations and in the management of change. Culture is significant because it reflects what has worked in the past, and these practices then become part of the belief and value systems of the employees in that organisation. This can benefit an organisation by creating an environment, which is conducive to performance improvement. At the same time it can also work against an organisation by erecting barriers to the attainment of organisational objectives.

### The ‘Excellent’ Culture Fad

Organisational culture generated considerable interest following the publication of Peters and Waterman’s, “In Search of Excellence” in the early 80’s. In the book the authors asserted that there was such a phenomena as “excellent culture” and that to achieve positive changes in organisational performance, there was a need to alter and modify organisational culture to make it ‘excellent’. They further asserted that IBM, (at that time, the ‘Dream Company’), success was directly attributable to the deliberate manipulation of the organisational culture.

Many companies and organisations jumped on the bandwagon and tried to emulate IBM, Disney, Mcdonald’s and the other examples of excellence. ‘Change the organisational culture and become excellent organisations’ became the management fad of the day. Unfortunately, these organisations found out that trying to change organisational culture was no simple task. They underestimated its power and resistance. They also realised that it was not possible to manipulate organisational culture directly, as it was not tangible. Quick fix solutions did not work as organisational culture is deeply rooted in the beliefs and values of the organisation and hence change required deeds and not just simply words. Change could not take place through new mission statements, speeches or newsletters. They had to be changed through long term sustained effort and commitment especially from top management. These efforts must also be given time and the appropriate systems and structures must be in place to support these changes. But is it true that all cultural changes are viewed in a negative light? I would argue that employees in organisations do not necessarily resist all changes, especially those which work for their interest. ‘Positive’ changes in organisations like flexible working hours or skills training are welcomed. Management should therefore take this into account and ensure that changes are planned and executed in a manner in which employees perceive them to be positive. This can be done through transparent policies and clear communication to staff of the reasons and objectives behind these changes. But then, how do we go about changing organisational culture? Importantly, when?

### When Should Culture Changes Take Place?

Charles Handy through his concept of the Sigmoid Curve contends that organisations must change when they are at the peak of their success. He contends that when at the top, organisations will have to change and develop another curve. Not doing so would mean sliding down the reverse of the first curve. This is a paradox in that; it is at this point that organisational culture will be most resistant to change. When experiencing success, organisational culture helps to provide the energy for reinforcing this growth. Yet ironically, in time, it can also stifle innovation, since the organisation gets locked into specific ways of operating. The management and employees alike get into what is called the “comfort zone”. They become entrenched in their values and beliefs as to how to run the organisation. The vindication for their beliefs is the fact that the organisation is enjoying success. To change at this time would therefore mean abandoning what is perceived to be successful methods in exchange for untried procedures. I would suggest that this would be extremely difficult as the ‘it ain’t broke, why fix it’ syndrome would come into play. The question therefore is, when is an organisation amicable to change?

I would contend that organisational culture provides least resistance to change when there is a crisis in an organisation. This situation is applicable to many of the companies who are experiencing difficulties right now, due to the present economic situation in Malaysia. A crisis will help to obliterate the cultural resistance relative to the intensity of the crisis. In this instance, the survival of the organisation and well being of the employees come into play. Changes are therefore forced upon the organisation so as to overcome the crisis. At the same time, as their own employment and therefore self interest comes into question, the employees will be more amicable to these changes even if they had in an informal way blocked these changes before.

As an example, when General Motors experienced huge losses in market share in the late 80's, it took the radical action of establishing a whole new subsidiary, Saturn, from scratch. This meant using a new organisational structure, new management, new technology and new distributorship channels. Implicit in all this was the development of a new organisational culture, different from the parent company. The result was overwhelming success at the new subsidiary.

Two key issues arise from this case. Firstly, the fact that it took a crisis to produce this kind of radical change, and secondly the fact that GM took great pains to ensure that none of their existing management staff were sent to man the new subsidiary. Among other reasons, they did not want the culture bound views and perspectives of their management staff to be carried over. In a sense, GM was innovative in this change. Rather than risk trying to change the culture in the organisation, which would have taken a lot of time and effort, they opted for the alternative of setting up a subsidiary, which developed its very own corporate identity and culture.

The unfortunate aspect of situations like this is that this organisational change often comes about much too late. During crisis situations, there will be little time for thorough planning because of the need to cope with the emergency. Change is therefore achieved at a considerable price. Perhaps the solution to this paradox is to institutionalise change in organisational culture as has been done in many of the large computer-related companies. In the computer business, technology is what keeps a company competitive. Innovation is crucial because as soon as the last product was adapted, another technological innovation is on the drawing boards. The only way to sustain a competitive advantage is to create a culture that accepts change as a value or belief.

It can however be debated that it is easy to institutionalise change in the culture of companies who are in businesses like these. Change is after all their business. The question is, how can you carry the same concept to organisations, which do not deal with technology or with products, or services that need constant innovation? I would contend that this would be extremely difficult.

## **Conclusion**

Managers will have to understand that culture, the known but little understood influence that works behind the scenes, will resist change whenever it is perceived to be against it's interests. It is able to strengthen and support the efforts of those who use it wisely, as surely as it will frustrate the efforts of those who ignore it. Managers who unwittingly work counter-culturally will find that there is this symbolic wall against which they are beating their heads. The ones, who are able to work out the nature of the culture, can at least begin the process of influencing the direction of the cultural development.

In the final analysis, changing organisational culture must be accepted as an extremely complex and sensitive exercise. Organisations have two options, sit back and allow culture to evolve naturally or else take measures to try to influence its positive development. The first carries it with it the biggest risks, as once 'negative' culture develops, it will be extremely difficult to eradicate it. On the other hand, when carrying out the latter, managers must always keep in mind that the human factor will come into play. Organisations as we know them are the people in them. If the people do not change, then there is no cultural change.

## **References**

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