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The Ethics of Cultural Control and Organizational Change

Overview

Managing through a cultural approach provides many important benefits, including high identification, team spirit, coordinated organizational processes, and more widespread and positive participation in decision making. Like all strategies for organizing, however, managing culture and cultural change has significant ethical implications that cannot be overlooked. This chapter explores what it means to be an ethical cultural manager and lays out different ways organizations can plan for and deal with ethical dilemmas stemming from cultural management and change.

The chapter addresses three concerns. First, various organizational structures can lead to unethical activities, and potential dangers reside in cultural control. Second, developing an overall ethics program includes the creation of a formal ethics credo and the maintenance of ongoing programs of ethics. And third, ethical considerations exist in conducting cultural analyses.

Key Objectives of the Chapter

- To examine the importance of managing ethics as part of an overall cultural management program
- To analyze organizational cultural elements that can lead to unethical activity
- To understand the potential dangers of cultural control
- To provide guidelines for creating an ethical credo and an ongoing ethics program
- To explain the ethical sensitivities of cultural change programs and interventions
- To provide an ethical audit designed to help organizational leaders gauge the ethics of cultural management

Questions to Consider

- Think of times you have engaged or considered engaging in unethical behaviors, for example, cheating or misrepresentation. To what extent did you take into account the general cultural positions (that is, is cheating common or misrepresentation nearly expected) on these activities in deciding your own course of action?
- Have you ever experienced cultural control that was so effective that you rarely thought about how you felt or what you would have preferred? Do you think it is ethical for anyone to control you through controlling how you think and feel?
- On what basis do you feel that anyone has a right to inculcate values? Do you believe that ethically positive cultures are a good way to enhance ethical individual choices?
- Do you think that some cultures are more ethical than others? How would you assess the relative ethical quality of different cultures?
- What are some ethical considerations organizational leaders should think about before engaging in a cultural intervention or change initiative?

The Need for Ethical Considerations

Contemporary issues of ethics and socially responsible behavior are complex. Individual and community pressures and ethical directives (or lack thereof) create pressures in organizations. Interconnectedness and interdependency make personal and community standards less useful and less proper. The decline of traditional systems of surveillance and the relativity of certain values in the international context reduce voluntary compliance and increase complexity and uncertainty for organizations. Ethical concerns range from issues of compliance to organizational directives on matters such as expense accounts to complex concerns with human rights, environmental protection, equal opportunity for disadvantaged groups, and fair competition.

These concerns are instantiated in personal activities such as lying on resumes, stealing, and not doing one's job and organizational activities such as using prisoners as workers, moving operations to environmentally less protective communities, offering and taking payoffs and bribes, engaging tax avoidance schemes, creating environmentally unsound or wasteful products or packaging, promoting violent entertainment, adding to the growing income disparity, tolerating sexual harassment, and closing economically successful operations in takeover and merger games.

Organizational cultures have great impact on the way these ethical concerns are addressed. And the attempt to manage the hearts, minds, and souls of organizational members, no matter how useful or important in these situations, has itself deep ethical complications. Many managers promote cultures that are hard on families, the community, and the environment. Despite the opportunity for abuse, leader-induced culture change (especially when combined with widespread participation) can lead to cultures ethically far superior to existing or native cultures. Our concern is how to get there.

Organizational cultures can be conducive to unethical behaviors. In the public context, the effect of culture is sometimes clear. The decision of the Republication Committee to Re-Elect the President to break into the Democratic Party's headquarters in the Watergate Hotel is a classic case of tight culture run astray. The men who made up this committee were intelligent, experienced, and powerful. These qualities did not enable them to see beyond the party line or overcome the paranoia that

accompanied that limited vision. Equally clearly, the fund-raising rule stretching and breaking by the Democratic National Committee in 1996 grew out of a lax administration of activities and a culture of "whatever it takes." These two cases illustrate how culture can be party to unethical decisions.

Private sector examples are often more complicated and shielded from public view but no less important. Rarely are they as clear as in the Mitsubishi case where a long-term culture of and acceptance of sexual harassment finally lead to an explosion of lawsuits and public outcry. More often, the rules and the violations are less clear, but they matter both to people in the organization and to those outside.

As we head into the 21st century, organizations are facing a turbulent world of work, with bone-thin budgets, imminent downsizing, global competition, and continual transformation. These situations exacerbate issues of organizational ethics. Employees are feeling greater pressure to perform while using fewer resources in companies that show little commitment to them. Typical studies report that almost 75% of employees perceive pressure to act unethically, and 40%-50% of employees report acting unethically or illegally during any particular year. Common transgressions included cutting corners on quality, covering up illegal incidents, abusing or lying about sick days, deceiving customers, lying to a supervisor or subordinate, and taking credit for another employee's ideas.

Employees are facing this pressure during a time when organizations are becoming more complex and diverse. Globalization provides its own ethical dilemmas. For instance, what is considered to be a gift in one culture might be considered to be a bribe in another. Intellectual property rights are complex, and what might be viewed as collaboration in one country might be seen as stealing another person's idea in an another culture or engaging in unfair competition in yet another.

Because of this and other complexities, organizational leaders clearly need to understand the ethical implications of managing culture and managing through culture. The first question organizational leaders must deal with is, what individual and organizational factors lead to unethical behavior, and how can these factors be managed?

Most organizational ethical codes focus on individual employee behaviors. Ethical credos lay out sanctions against employees who lie, cheat, steal from the company, break the law, or take credit for another

person's work. This focus may help individuals to take stock of their personal moral actions. But a fixation on microlevel ethics suggests that all organizational problems can be solved by teaching (or scaring) employees into adopting a moral ethical code. It assumes that everyone faces situations where it is tempting to act unethically and that it is up to the individual to have enough strength and character to stand up and act ethically.

The problem with an exclusively micro view of ethics is that it does little to examine the ways that an organization's cultural strength and character impacts individual employee decisions and activities or the way the organization itself may be operating unethically or socially irresponsibly. Although individual moral codes may be an important part of a culture's ethics, managers must also consider the structures of organizational culture that encourage or are conducive to unethical behavior in a broad sense. Through an incorporation of macroethical issues, cultural managers can encourage ethical values in organizational members through a consideration of cultural structures that impact organizational activity.

Cultural Elements Conducive to Unethical Behavior

Several organizational characteristics can be conducive to unethical behavior. Although managers cannot necessarily prevent the formation of such cultural elements, a simple awareness of their unethical potentiality can curb their power. These situations include work groups that are highly cohesive and closed to outside influences; value statements that are vague, ambiguous, or contradictory; large separations and segmentations between levels of hierarchy or organizational departments; organizational practices that systematically privilege one group of people over another; incentive programs that encourage unfair competition; and a code of silence in regard to organizational ethics.

A Closed, Highly Cohesive System

If an organization is fearful of outside influences or shuts itself off from the organizational environment, members may begin to act unethically. Organizational leaders must know the difference between a strong

culture and a culture that encourages groupthink. Groupthink is a phenomenon in which organizational group members become so cohesive that productive conflict or dissent is disallowed. The Watergate incident is a classic example of groupthink.

Although organizational identification is important for a strong culture, organizational leaders can ward off groupthink by encouraging dialogue and dissent. In fact, interpersonal conflict actually improves a group's decision making if the conflict is focused on substantive issues. Therefore, when an organization needs to make an important decision, leaders should invite and welcome diverse opinions and understandings. If a group's decision cannot stand up to environmental or internal scrutiny, then it is most likely neither the most ethical nor the most beneficial course of action for the organization to take.

Vague or Contradictory Vision Statements

As discussed later in this chapter, organizational members rely on ethical credos that follow naturally from their organization's vision and are easy to understand. Unfortunately, many organizations fall into the trap of devising ethical statements that are so vague as to be almost useless. They may include generalities such as, "Employees at our company should treat customers and coemployees fairly and equitably." But what does this mean? When an employee is facing a decision of whether to go over his or her boss's head to report sexual harassment, where should his or her loyalties lie? Who should the employee treat most fairly—the boss or the person who is being harassed?

Sometimes value statements or ethical credos can be self-contradictory. In a public relations company that one of us is familiar with, called P.R. Inc., employees became confused by the company's "Little Instruction Book." The instructions were listed in no particular order and employees did not know which instructions management intended to be highest priority. Simple instructions included "Always turn in projects by deadline" and "Never turn in projects with typos." Sometimes employees were unable to follow both instructions at once—if they were to turn something in by deadline it would include typos, or if they fixed the typos the work could not be submitted by deadline.

Granted, it is difficult if not impossible for value statements to specify the instructions or particular courses of action employees should take in each and every organizational situation. Nevertheless, because value statements by their nature tend to be somewhat vague and priorities can

seem contradictory, management must consider ways to make organizational value statements come alive and be practical—an issue that is discussed in more detail later in this chapter.

Excessive Organizational Segmentation

Most organizations are segmented and specialized at least to some extent. Organizations divide both laterally into different departments (e.g., legal, marketing, production) and linearly into different hierarchical levels (e.g., management, middle management, staff). Although some type of segmentation is normal and natural in all organizations, excessive segmentation can make it easier for unethical activities to occur. Organizational departments and power levels must be connected or else it is easy for responsibility to "fall through the cracks."

Large gaps between organizational departments can deter needed lateral communication. Products are often recalled because different departments in the same organization were not well enough linked to discuss safety concerns about a product. For instance, if the marketing department of a toy company is not connected with the production department, it might create a toy that could cause a child to choke. The people in the production department might figure that the toy has already been designed and marketed, so now it is their job to make the toy as it was originally proposed. Just as a secretary might shred papers of unknown origin or a garbage truck driver might dump a load of questionable waste, many people figure that if they are told to do something, then it is their job to do it, no questions asked. Unfortunately, this type of segmentation between departments can allow and encourage smart people to ignore important issues. Unethical behavior by people with very high personal moral codes can result.

Excessive organizational power differences and gaps can also lead to unethical behavior. Studies show that one of the main determining factors of open communication between subordinates and superiors is the subordinates' perceived power difference from the superior. The larger the power difference, the less willing subordinates are to communicate openly with their superior. Therefore, organizations prove to be more open, productive, and ethical when power differences between superiors and subordinates are lessened.

Organizations should also incorporate communication structures between upper management and workers when developing organizational

policy. Without clear communication between leaders and members, organizational policies devised by management to be ethical can lead to unethical behavior when carried out by employees. For instance, P.R. Inc.'s instruction "Always turn in projects by deadline" seems to raise few ethical concerns. Management might think twice, however, if they knew that employees often carried out this policy by breaking the law (e.g., speeding down the highway) and lying to clients (e.g., "No sir, we at the agency weren't late. The messenger's car broke down, so it's actually his fault."). Domino's Pizza learned the hard way, through lawsuits, the legal and ethical issues raised by rewarding drivers for quick deliveries.

Incentive Programs Can Encourage Unfair Competition

Most organizations provide incentive programs for employees to motivate or reward them for behaving in the company's best interests. Such programs can take the form of monetary bonuses, end-of-the-quarter vacations, promotions, or simple pats on the back. In the majority of circumstances, these programs do much to help both employees and the organization. Nevertheless, management should beware of incentive programs that encourage unethical or unfair competition between organizational members.

For instance, managers at a Denver-based water treatment company motivated salespeople by offering a one-week luxury vacation to the person with the most water treatment sales each year. This motivation program, in place for years at the company, served to increase employee enthusiasm and boost overall company profits. Near the close of one fiscal year, to increase competition among the salespeople and drive sales, the company's management decided to internally post each employee's sales records. Two salesmen were nearly tied for that year. Driven by the knowledge that he was nearly the vacation winner, the slight underdog sabotaged the other salesman by spreading damaging rumors to his clients and slashing the man's car tires before an important sales call.

This example illustrates an important lesson. Management must be careful of implementing incentive programs that might lead to intense competition and unethical behavior. In this instance, the effect of the incentive program was to encourage unethical behavior that ultimately reduces the company's profits.

Practices That Are Discriminatory to Certain Organizational Groups

Every organization has practices that are peculiar or specific to its particular goals and values. These practices, which often come in the form of company norms, rituals, and ceremonies, vary from organization to organization. Examples might include the norm that "good" employees stay at work at least until 9 p.m. each night (but do not have to come in until 10:30 a.m. the next morning); weekend work is expected even (or especially) when the deadlines are unrealistic; or employees never go out for meals, except for Thursday night when a group goes out to the local Mexican restaurant. Other organizations hold golf tournaments for their clients, whereas others encourage employees to join the company's softball team.

On their face, all these organizational practices may seem normal, natural, and even fun. On the other hand, these practices can serve to privilege some groups in the organization over others. For instance, it is more difficult for a single parent to work until 9 p.m. or work weekends than it is for a childless person or married person with a stay-at-home spouse. Even if the single parent came in early in the morning to make up the time, it is possible that other employees may still look down on him or her for "always leaving early." Likewise, activities like golf tournaments and softball games can serve as integral networking tools, but such rituals can be problematic if they serve as the only vehicle for associating with a prospective client or the boss.

In the organizational communication classes of one of us, a part-time salesman for a major international hotel chain described how golfing worked at his company. In a discussion of organizational networks, he said, "The main way we get new clients in through golf—how else can you spend three hours with a potential client?" When asked the demographics of the company's sales force, the man said, "It's probably about 60% male, 40% female, and probably about 80% white." When asked the demographics of the company salespeople who attended the golf tournament, the man stumbled, stopped, thought about it for a second, and then said quietly, "Last year, I guess it was all white men . . ."

As this example illustrates, company rituals that may be fun and worthwhile can simultaneously serve to privilege some groups over others. Managers must balance their goals for identification and informal networking opportunities by encouraging varied organizational practices that do not serve to systematically discriminate against a certain group of people.

The Ethics Code of Silence

Human beings learn early in life to keep their mouth shut if they are engaged in "bad" behaviors or associated with "bad" people. As little girls and boys grow up to be organizational members and leaders, this inclination to remain silent about ethical issues continues to prevail. For several reasons very few people talk about ethical problems in public. First, people do not want to implicate themselves. Second, people want to avoid "telling" on their colleagues or clients. Third and most important, people dodge ethical discussion because they are afraid that other people do not share their values. If no one else brings up a certain behavior as unethical, then it seems no one thinks anything is wrong. Protected by a code of silence, unethical actions often are ignored until they become big problems.

As discussed, several organizational structures can lead to an organizational environment or culture that is conducive to unethical behavior. These situations include work groups that are highly cohesive and closed to outside influences; value statements that are vague or contradictory; large separations and segmentations between levels of hierarchy or organizational departments; organizational practices that systematically privilege one group of people over another; incentive programs that encourage unfair competition; and a code of silence about organizational ethics.

Exercise 6.1

- Many service organizations have as one of their main values a focus on the customer. This value often manifests itself in policies such as "Never say no" or "The customer is always right." Could this policy lead to unethical behavior on the part of the employee? How about unethical behavior by the customer? How so?
- If some cultures are more ethical than others, how does this judgment affect the way organizational leaders should approach the merging of two different cultures, especially if they are based in different national cultures? Can one nationality's customs be inherently more ethical than those of another? How do you decide?

Ethical Considerations of Cultural Control

Specific types of ethical dilemmas arise from cultural control. Managing by managing culture is largely focused on integration of organizational goals and values into the lives and choices of members. When members accept these values as their own, they become identified with the organization and make decisions that are in line with the organization's goals. Thus, organizational leaders need not closely supervise employees or inundate them with long lists of rules and regulations.

Cultural control is usually more palatable to employees than bureaucratic or technological control. But the aspect that makes cultural control so effective and well received—its unobtrusive nature—is also what makes it potentially oppressive. Because cultural control is almost invisible, it is difficult for employees to discuss or resist. Therefore, it is important to analyze the ethical implications specific to culture management. Cultural control can be unethical for five main reasons:

1. Organizations may couch participatory or team-based methods as being helpful to organizational members, although the programs are devised by top management to induce higher productivity, efficiency, and increased organizational profits.

2. Employees may control themselves on behalf of management in a way that encourages unfair or unethical practices (such as, in the case of Walmart and Albertson's overtime without pay). In addition, rules that employees devise for themselves may be more rigid than traditional bureaucratic rules devised by management.

3. Cultural control is so strong and effective in large part because employees do not realize they are being controlled. This type of control, if not managed effectively, can obscure and stifle opportunities for resistance, discussion, and change.

4. Organizations that maintain strong cultures are the ones that can be most conducive to unethical behavior (e.g., consider the Watergate example offered in the opening of this chapter). Without proper intervention, strong cultures can harbor groupthink and a gang mentality that can lead to unethical decisions.

5. Cultural management relies on the inculcation of value premises in employees, but this inculcation might lead employees to simply follow organizational rules without contemplating or deliberating on the rules and various ways in which organizational goals should be accomplished.

The preceding situations give rise to "unethical potentialities" of cultural control. Nevertheless, organizational leaders can temper these potentialities. The following section offers several guidelines that can help cultural managers better evaluate the ethics of cultural and unobtrusive control systems. Before beginning the discussion, we should emphasize that organizations are fraught with complexities and practical concerns. The guidelines offered are not rules designed for a simple judgment. Rather, the guidelines serve as ways of considering ethical implications of cultural control programs.

1. Cultural control programs should allow for employee voice—both in devising the program and in offering feedback about the effects of the program. Through participation and the encouragement that employees be involved in organizational decision making, organizational leaders allow for employee feedback. Employee communication about ethics and organizational problems can lead to a healthy, moral organizational atmosphere. Open, reflective communication among organizational members can ward off the dangers (such as groupthink) often associated with strong culture companies.

Research shows that employees often misunderstand organizational ethical mandates, and that even when employees do understand organizational values, they are often unsure how to apply them to everyday practices. Increased communication about ethics (especially when these conversations seem most awkward) is important for clarifying organizational goals and sidestepping misunderstandings.

Organizational leaders should also keep in mind that participatory decision-making programs are most conducive to organizational success when they are fostered—not forced—by management and when employees have the opportunity to voice their concerns about the programs. Employee voice not only can make participatory decision making and cultural control more fair, but it can also increase the chances of organizational survival.

2. Organizations should encourage employee participation in understanding how values differently benefit certain groups in the organization. As discussed in the chapter on framing, savvy organizational leaders know how to couch concepts in a way that is understandable and acceptable to the people they are speaking too. Most managers thus frame their programs in ways that seem to benefit all employees (through, for in-

stance, increased empowerment). Nevertheless, participatory decision-making and cultural control programs are also devised to meet management's goals of increased efficiency, productivity, and profits.

Organizational leaders easily underestimate the ways cultural control programs may be stronger than other forms or control. For instance, employees might actively subjugate themselves to organizational cultural values in a way they would not to more obtrusive bureaucratic rules. Organizations have a responsibility to guard employees against the uncritical acceptance that often accompanies cultural control.

One way to avoid uncritical acceptance is through active "conversation" with employees about organizational issues. To lessen perceived power imbalances between management and workers, organizations enter into dialogues where members discuss a wide variety of questions or issues. Not only can members discuss organizational goals and the means to reach those goals, but they also discuss how those goals privilege one group over another. The aim is not consensus or agreement but ensuring that all voices are heard. Through the voicing of all ideas, organizations can become creative.

Managers might keep in mind Aristotle's "golden mean"—with one end marked by excess and the other marked by deficiency. Excess would refer to organizations only worrying about management goals, and deficiency would refer to organizations not worrying at all about management goals. Of course, organizations must consider productivity, efficiency, and profit, but they should also consider members' voices. Organizational leaders should pursue economic interests while at the same time considering the best social interests.

3. *Organization leaders should encourage subcultural as well as individual creativity and deliberation.* One of the dangers of a strong culture company is that it may not be able to change quickly enough to compete in turbulent environments. Charles Conrad (1993) explains that "strong culture" organizations can encourage people to act unethically. To counteract this ethical dilemma, it is in an organization's best interest to encourage variability, plurality, and creativity in both individual organizational members and organizational subcultures.

Indeed, Aristotle explains in the *Nicomachean Ethics* that individuals are most human when they have free will to deliberate on the different means or alternatives for meeting a certain goal. In other words, people

cannot be virtuous or truly human unless they are engaged in choosing the ways they go about meeting goals. Based on this conception, organization leaders must not so thoroughly inculcate organizational values in an individual that the individual does not or cannot engage in deliberation or contemplation. When the power of choice and deliberation are replaced with complete inculcation, employees cannot be full people, because they are engulfed in an environment where choice has no meaning.

4. *Organizations should adopt a situational system of ethics.* Law-based ethical systems are based on creating universal norms without consideration of the context for the law to be exercised. Several organizational scholars have suggested that more situated ethics or ethics based in care are more appropriate to examining the complexities of today's organizational life. In the turbulent world of work, organizational leaders need to "make it up along the way." As organizations head into the 21st century, leaders will need to look around and consider the context before deciding what ought to be done. A situational ethic places communication in the center and considers the idea that an act is good if it probably will result in, or is intended to result in, a balance of good over evil. An ethical stance that considers context may be especially appropriate for cultural managers, because it highlights the importance of relationship.

The preceding four guidelines offer ways for managers to think about the ethical implications of cultural control. As discussed throughout this book, cultural management and control offer many advantages. Members like to feel identified with an organization and therefore generally prefer cultural control over bureaucratic and technological control. Nevertheless, organizational leaders who choose to use cultural management mechanisms and participatory decision-making programs also have a responsibility to organizational members. This responsibility includes allowing for and encouraging member voice and offering forums to discuss organizational goals and who these goals privilege. In doing so, organizations encourage employees to be creative and deliberative—actions that not only guard against homogeneity and groupthink but also encourage employees to think about their choices and thus be "fully human."

Exercise 6.2

- What are some of the potential dangers of cultural control?
- Have you ever been involved in an organization where values were inculcated so thoroughly that organizational members engaged in groupthink? What was the result?
- What are some of the ways that organizational leaders could have warded off the dangers of cultural control?

Creating an Ethics Program

Despite the unethical potentialities of cultural approaches, organizational leaders should remember that ethics can be positively managed. Organizational leaders can incorporate ethics in their overall cultural management plan. The actions of organizational founders and leaders have a strong influence over employee behavior. By placing ethical considerations on the company's priority list, managers send a direct message that ethical activity is an important organizational value.

Organizational ethics programs are a relatively new occurrence. The practice of ethics training and offering an ethics ombudsman or officer to guide ethics and handle questions began in the early 1980s. According to the Ethics Resource Center, in 1997, 60% of U.S. companies had codes of ethics, and 90% of *Fortune 500* firms trained employees in ethics (Greengard, 1997, p. 44). As we head into the 21st century, visionary organizational leaders are realizing that the creation of ethical programs is an integral part of managing culture.

Creating a vision is imperative to good cultural management. The same holds true for ethics. Anyone who considers a formal ethical vision as window dressing should think of the power and credence given to famous ethical lists such as the Ten Commandments. An ethical credo provides such a vision. Through the creation of an ethics code or credo, both managers and employees are provided with a guide according to which they can understand, direct, and evaluate organizational decisions. Organizational leaders should consider several different factors

when devising the ethical credo. Specifically, the credo should (a) parallel the organizational vision, (b) avoid a cookie-cutter approach, (c) be realistic and accessible, and (d) clarify the relations of ethics to the overall company goals or ends.

Parallel the Organizational Vision

Codes of ethics should develop naturally and in parallel form to the organizational vision statement. If the formal organizational vision articulates that employees are the organization's number one resource, then a corresponding ethical credo should emphasize loyalty and preservation of jobs, status, and well-being. On the other hand, if the vision statement articulates an organizational priority of top sales and profits, the ethical credo might do more to accentuate employee actions that place the customer as the number one priority. Leaders should devise the ethical credo to extend and parallel the vision rather than contradict or confuse it.

Avoid a Cookie-Cutter, Simplistic Approach

What should be clear from this discussion is that there can be no one ethical credo that is right for every company. Although most organizational credos illustrate similar elements (including mandates such as "Don't steal" and "Treat other employees with respect"), credos will and should differ based on the organization's particular vision and values. Organizational priorities change from year to year, and a useful code of ethics will shift with the needs of society and the organization.

Organizational leaders should revisit their company's ethics credo at least annually. Through yearly discussions, the credo can be updated to fit changing organizational issues and environments. What might be relevant one year could be defunct the next year, and organizational members often take note of the timeliness of organizational documents as evidence of their importance. If organizational members, for instance, read in the organization's code of conduct, "Employees shall not take office supplies home, including pens, paper, dittos, or typewriter tapes," they will instantly realize that the ethics statement has not been revised since the dawn of computers. And if management does not care about ethics, why should they?

Credos Must Be Accessible, Realistic, and Doable

For ethical credos to have an effect on everyday behaviors, employees need to perceive their contents as realistic and doable. Part of this involves ensuring that credos are accessible to employees. Organizational leaders can do this by placing the credo in visible areas in the organization, such as above the fax machine or in the break room. For instance, Johnson & Johnson lets employees and visitors know how seriously it takes its credo, "Our first responsibility is to those who use our products and services." The credo, carved into a granite block, greets everyone who passes through its main reception area.

Credos should also be simple to remember. As discussed earlier, value statements can never explain the exact actions for every organizational dilemma. In fact, when they are too detailed, such as in the case of P.R. Inc.'s "Little Instruction Book," they can be perceived as self-contradictory. Therefore, organizational leaders should use simple messages that encourage employees to exercise creativity and individuality to reach organizational rules. For instance, messages such as "Remember that our coemployees are just as important as our customers" provide guidance without dictating a specific action (that may be unethical in some contexts). The task of balancing simplicity and specificity is a difficult one. Managers must judge for themselves the degree of specificity that will work best in their particular organization.

Clarify the Means and Ends

One of the most important aspects of an ethical credo is that it emphasizes the company's overall end goals and priorities. Is the overall goal to make a profit for the shareholders? To improve the environment? To please customers? With clear organizational end goals, employees are better apt to understand how to behave along the way. Some organizations have chosen to guide their core ideology in a way that goes beyond just making money.

For instance, Paula Tompkins Pribble (1990) analyzed a Midwestern medical technology firm called BE. Organizational leaders at BE made it clear to employees through the ethical credo and ongoing organizational stories that the company's first priority was "restoring people to full life." Making money, although important, was secondary. Through the

continual repetition of this theme, employees learned to behave in ways to achieve the priority of restoring full life. It is important that organizational leaders devise ethical credos in such a way that employees understand organizational priorities and end goals.

In summary, organizational leaders should consider several different guidelines when creating an ethics credo, including that it parallels organizational vision, avoids a cookie-cutter approach, is accessible and realistic, and clarifies organizational means and ends.

Ethical credos serve as a strong base for an ethical culture. Nevertheless, on their own, credos serve as templates. They must be fleshed out with ongoing programs and actions to be practical. Just as the Ten Commandments is contextualized in a long book of stories, organizational ethical rules can only come alive when employees are given the opportunity to discuss the stories and contexts in which ethical considerations come into play.

"Walking the Talk"

James C. Collins and Jerry I. Porras (1994) studied 18 companies to figure out what made them "visionary." According to the authors, these companies had in common leaders who indicated a consistent commitment to an overall organizational identity and value program. An ongoing commitment to ethics can come in a variety of forms. The following section considers these specifications: the inclusion of ethics in organizational socialization programs, ongoing programs that are understandable and fun yet sufficiently complex, implementation of an ethics officer or task force, and organizational structures that motivate employees to act ethically. Just as framing must connect with visioning for the effective management of an overall culture program, cultural leaders need to attend to ongoing practices as well as credos for ethical programs to become a substantive part of the organization.

Including Ethics in the Socialization Process

Employees enter organizations with varying ideas of what is right and wrong and what should be top priority. This variance in values increases when the company employs people from different national cul-

tures. Therefore, it is extremely important that organizations begin to immerse employees in the organization's values immediately on arrival. According to the organizational communication scholars Anne Nicotera and Donald Cushman (1992), who studied ethics programs at GE and IBM, "If the value systems of individuals do not complement the value system of their organization, those individuals will eventually be faced with insoluble ethical dilemmas" (p. 453). Irresolvable dilemmas are not beneficial to either the individual or the organization.

Through socialization programs that are infused with ethical values, new employees are able to understand the priorities of the organization and whether organizational values can mesh with their own. If they do not mesh, employees can make a quick escape, saving themselves and the company problems down the line.

Managers should not only share the formal ethics credo during orientation but supplement the rules and regulations with stories that illustrate classic ways employees have dealt with ethical dilemmas in the past. Leaders can also provide new employees with tokens that illustrate certain ethical values. Ethical reminders such as posters and paperweights might be corny, but they do indicate leadership's values. For instance, at the medical technology company BE, the CEO provided new employees with a medallion in which science and technology were illustrated by an "electrical field raising a modern day Lazarus" (Pribble, 1990, p. 262). This was just one of the ways the BE CEO urged employees to identify with the company's overall ethic of restoring full life.

Making Programs Understandable and Fun, Yet Sufficiently Complex

Good cultural managers understand that creating worthwhile ethical programs is like walking a tightrope. They must balance between the goals of making sure ethics are presented in an understandable and fun manner—but in a way that highlights the complexity of most ethical dilemmas.

One attempt to make ethics simple has already been discussed—P.R. Inc.'s "Little Instruction Book." The book did have the advantages of simplicity and familiarity. Most employees had positive (or at least not negative) feelings toward the popular series, *Life's Little Instruction Book* (Brown, 1991). Modeled after the popular series, P.R. Inc.'s instructions were listed simply and acontextually. One was listed every day on the employee's daily newsletter. Although this provided ethical mandates in easy-to-swallow bite-size pieces, it unfortunately did not provide a context for instructions. The program was easy to understand and familiar, but it may have been so simple so as to be defunct.

TABLE 6.1 Complex Ethical Dilemmas

Hypothetical Questions to Consider
A female applicant holds the perfect credentials to become our company's new international trademark attorney. Unfortunately, company executives are concerned that overseas strategic alliances will not take a female attorney seriously and therefore will refuse to work with us. What do we do?
Our company has been plagued with overtime for the past 3 weeks and the vice president has promised employees that they will not have to work overtime in the next month. Because of the overtime, employees are behind on current client work, and we have promised a long-term client that we will finish her long-overdue media campaign within the week. At the last minute, the company learns of a new business opportunity that could net the company hundreds of thousands of dollars. Work needs to be completed by the end of the week. As the vice president, what do you do?
A customer asks an employee for the company's product but cannot afford to buy it at the company's prices. From a past job, the employee knows how the customer could get the product at a cheaper price. What should the employee do?

Ethical programs must go beyond simple acontextual instructions. Employees do not want to feel that ethical programs insult their intelligence, and obvious rules such as "Don't steal" or "Don't lie" can do so. One way to remedy such a problem is to incorporate case study analyses of ethical dilemmas as part of an ongoing ethical program. Possible dilemmas could include those illustrated in Table 6.1. Complex ethical questions invite discussion and deliberation. Organizational leaders should allow members to creatively think about these situations. After in-depth deliberation leaders can offer their own opinion of the situation, while continuing to emphasize that complex ethical dilemmas rarely have a single "right" answer.

Implementation of an Ethics Officer or Task Force

The single largest predictor of a successful ethics program is buy-in and visible support from top management. Charismatic organizational leaders have a tremendous impact on the ways organizational members think and behave and this cannot be ignored in the implementation of an ethics program. When top management makes ethics a visible priority, other employees are more likely to consider ethical implications in their everyday decision making. In addition to behaving in an ethical manner themselves, managers can indicate ethical involvement a couple of different ways.

First, organizations can appoint an ethics officer or ombudsman. The person in this position ensures that the organization's ethical systems are functioning. He or she is involved in ethics training, both during orientation and through ongoing programs. This person also provides guidance to employees experiencing ethical dilemmas and serves as a contact person for employees to report suspected wrongdoing. The ethics officer should encourage open and honest communication from employees and be discreet with information provided.

Second, organizations can implement an ethics committee to oversee, interpret, and continually revise and update the organization's code of ethics. Early in the ethics initiative, this committee can form the ethical program or code it will eventually look after. This committee is also often in charge of deliberating on information received from the ethics officer about misconduct in the organization.

Through the implementation of highly visible positions, where the sole or main priority is to implement ethics training programs and help organizational members with ethical dilemmas, employees are continually reminded of the importance of ethics in the organization.

Organizational Structures That Motivate Employees to Act Ethically

Employees work to receive rewards. The type of rewards desired range from monetary compensation and promotions to relationships and praise. It makes sense that employees are more likely to act ethically when doing so simultaneously helps them achieve the rewards they strive for. Therefore, managers must ensure that organizational structures reinforce ethical behavior on a daily basis.

For instance, bonuses, raises, and promotions should consider the ethical actions of employees. Simply including ethical considerations as a section in employee evaluations can provide an important reminder that organizations take ethics seriously. Because actions speak louder than words, organizational leaders need to walk their talk. If an employee acts unethically—especially if this employee is of high rank or visibility—other employees will pay attention to how the organization deals with the wrongdoer. The management consultant Peter Robertson recently noted, "I know an executive vice-president who got fired for sexual harassment. . . . [The company] didn't have to do a lot of training after that" (Sixel, 1996, as cited in Conrad & Poole, 1998, p. 388). Actions speak louder than words.

The real issue is credibility. If organizational structures are not put into place that reward ethical activity and punish unethical actions, then the ethical credo remains only words on paper. Likewise, if the ethical officer or ethics committee consists of low-power, underrespected personnel, then other organizational members are unlikely to take ethics seriously. Obviously, organizations must pick and choose where they will expend energy and place their best and brightest employees. Just as with any other set of cultural values, by remembering the important interplay between visioning and framing, organizational leaders can implement an effective ethics program.

Exercise 6.3

Read carefully the following case based on Carey (1998, p. 57):

Lockheed Martin, a large Maryland-based manufacturing company, has found a creative and fun way to include ethics in ongoing management training. Based on Scott Adams's popular cartoon *Dilbert*, employees have learned about ethics through a humorous, interactive board game called "The Ethics Challenge." The game, which was played by all 175,000 Lockheed employees in 1997, presents hypothetical ethical dilemmas that employees must deliberate on. Employees must choose one of four possible responses. The creativity and humor of the game derive from the cartoon's characters, who provide the responses.

Dogbert, the "evil human resources director," always provides a funny or cynical response. His response often represents what many employees might think but not have the gumption to say. Through this approach,everyone can laugh and feel comfortable and then get into a more serious discussion about how they would approach the situation.

The game was introduced in late 1996 in a management training session. In the early months of 1997, Lockheed employees around the nation got wind of the game and started calling headquarters to find out when they could play. Headquarters was amazed that employees were actually asking for their ethics training. Another advantage of the game was that it required virtually no training. Employees only needed to watch a 6-minute video on the rules of the game, hosted by senior management and Dogbert.

Did it work? According to an internal Lockheed survey conducted after the implementation of the game, employees cited improvement in the involvement of immediate supervisors in helping subordinates who spoke with them about ethical dilemmas. Since the implementation of "The Ethics Challenge," Lockheed has provided the game to more than 1,500 corporations and educational groups.

- What are some of the advantages of "The Ethics Challenge?"
- Keeping in mind the guidelines offered in this chapter, what would you say made the game work?
- Can you foresee any dangers with the use of such a game for ethics training? If so, what are they? How could management overcome these dangers?
- Do you think that the game will be just as effective at organizations other than Lockheed? Why or why not?

Ethical Considerations of Cultural Change

Cultural managers should also consider the potential ethical problems of conducting a cultural analysis. Study and intervention have direct effects on people's lives. Neutrality or certainty are never possible. Edwin Schein (1992) identifies two main risks of cultural interventions.

The Analysis of the Culture Might Be Incorrect

Whenever a person attempts to describe an organization's culture, he or she runs the risk of simply being wrong. If decisions are made on incorrect evaluations of the organization's culture, serious harm could be done. Errors are most likely to be due to an incomplete analysis that relies too heavily on official organizational documents and espoused values. Cultural analysts should remember that everyday behavior is just as important, if not more important, in creating and sustaining organizational culture as formal mission statements and ethical credos. Therefore, analysts should be wary of offering advice based solely on organizational documents and interviews with top-level management. Analysts can incorporate considerations of values-in-use through observing day-to-day activities and interviewing employees from all levels in the organization.

Organizational Members May Not Be Ready for the Analysis

Often, organizational leaders give little forethought to how they are going to use the information derived from a cultural analysis of their organization. Just as therapy can reveal things to an individual that are painful, organizational culture analyses can provide information that is not easy for organizational members to hear. Therefore, cultural analysts must go beyond dropping their cultural analyses in employees' in boxes. They should also consider providing recommendations for employees about how they can best understand and make sense of the information, especially if the information is negative, surprising, or depressing. In agreeing to perform a cultural analysis, the cultural analyst simultaneously takes on the responsibility for dealing with the consequences of such an intervention.

Being an ethical leader in today's organizations is a difficult process. It means going beyond living up to one's own moral code to maintaining an organizational culture that motivates and rewards ethical behavior from all employees. Managers can be reassured in knowing that ethics has its advantages. Ethical employees tend to outperform others, selling more products and receiving fewer complaints. Employees also tend to be more accountable in an ethical culture and take responsibility for mis-

takes. Finally, an ethical organization tends to be more predictable and calm because employees feel free to address ethical concerns as they arise rather than allowing them to turn into long-term problems. Maintaining an ethical organization, however difficult, pays off in the end.

Based on the preceding discussion of the dangers of cultural control, the steps to creating an ethics program, and ethical considerations of change and analysis initiatives, the following list of questions makes up an ethical audit for cultural managers. Like all such lists, this audit is most useful when it is adapted to fit the specific organization and accompanied by a contextualized discussion of typical ethical dilemmas. The audit is designed to serve as a base from which cultural managers can gauge ethics in their organizations.

Organizational leaders who wish to manage culture in an ethical manner should work toward programs that would allow them to answer "Yes" to the following 24 questions.

An Ethical Audit

1. Do leaders consider both organizational structures and individual behaviors that lead to unethical activity?
2. Are organizational decisions held up to environmental scrutiny and do leaders invite internal as well as external dissent?
3. Are value statements clear and noncontradictory?
4. Are structures in place that facilitate interdepartmental communication?
5. Are structures in place that deter excessive power differences between supervisors and subordinates?
6. Are structures in place that deter unfair employee competition?
7. Does the organization balance its practices and rituals so they do not systematically discriminate against a certain group of people?
8. Do leaders encourage ethical discussion and deliberation?
9. Do leaders allow for open forums where employees can discuss the implications and dangers of cultural control?
10. Do organizational programs encourage individual and subcultural creativity?
11. Does the credo encourage organizational members to consider the culture's context when making an ethical decision?

12. Is the ethical credo derived from the overall organizational vision?
13. Do organizational leaders allow for, listen to, and incorporate employee voice in developing the credo?
14. Is the credo understandable and realistic, yet not overly simplistic?
15. Does the credo go beyond emphasizing the short term and obvious?
16. Does the credo allow for self-reflection and discussion?
17. Does the credo clarify overall end goals of the organization?
18. Are organizational leaders walking their talk?
19. Are ethical values communicated to employees in a fun, yet sufficiently complex, manner?
20. Is a formal ethics officer or task force developed in the organization?
21. Are ethics infused into the organization's socialization program?
22. Are organizational structures built in to reward ethical actions and sanction unethical action?
23. Have organizational leaders considered the implications of conducting an ethical analysis?
24. Are organizational leaders prepared for common reactions people have toward organizational change?

Review Questions

- What are some of the organizational cultural elements that are conducive to unethical behavior?
- Cultural control has several dangers. What are they? What can managers do to overcome these potential problems?
- What are some guidelines managers can consider when devising an ethical credo?
- How can organizational leaders make their ethical values come alive through ongoing programs and organizational structures?
- Why must managers be aware of ethics when conducting a cultural intervention or change initiative?

Discussion Questions

- Can seemingly harmless organizational rituals, such as the company golf game, serve to systematically privilege some organizational groups? Is it possible for organizational leaders to prevent systematic privilege? If so, how?
- What are some specific ethical considerations managers should keep in mind when managing a diverse workforce? How does globalization affect the way ethical credos and programs are designed and implemented?
- Have you ever been involved in designing or implementing an ethical program? If so, what were some of the challenges to doing so? How were these challenges met?
- Have you been aware of ethics programs being in place at organizations where you have worked? If so, were they taken seriously? Why or why not?

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7

Culture and Technological Change

Overview

Technology is a central feature of many organizations today. New technologies are frequently implemented to increase efficiency, enhance productivity, and improve profitability. Although the most common way to think about technology today focuses our attention on communication and information technologies, technology can involve the implementation of any tool system that alters the way work is done.

For implementing new technological systems in an organization, several factors bear consideration. Technology inevitably has an effect on the organizational culture by affecting the ways in which organizational members must interact with one another to accomplish routine tasks. Before ascertaining how the implementation of new technology may impact the organizational culture, developing a clear sense of the ways different processes become interrelated can be helpful. Once new systems take hold in an organization, the structure of power relationships may be fundamentally altered, and culture may be affected as various organizational dynamics change the way members think about and make sense of their organizational experience.

For these reasons, several central questions should be asked regarding the organizational impact of technological changes. This chapter explores the issues surrounding the implementation of new technological systems and probes how such change may impact the organization at a deeper level. The suggested case study illustrates some of these issues as they have played out in context.

Key Objectives of the Chapter

- To aid in identifying the multiple ways in which technological change may impact an organization
- To increase understanding of how technology may affect common work practices in the organization
- To increase understanding of the influence of cultures on the understanding of information and role of information technologies
- To explain the impact of information technologies on power and knowledge dynamics in the organization
- To aid the management of culture through technological change
- To aid leaders' ability to identify who will be most directly affected by any technologically induced changes that occur
- To develop skills in implementing technological changes to complement rather than disrupt functional systems in the organization

Questions to Consider

- What business processes can be enhanced by technological change?
- What cultural systems are embedded in the current processes?
- How can technology complement cultural systems?
- In what ways might such changes create tensions or problems in the organization?
- What evidence have you seen of resistance to technological innovations? How much of this resistance is grounded in cultural features, underlying values, or assumptions about people and the work process?

How Are Technology and Culture Related?

In every organization, the routine processes required to accomplish day-to-day tasks organize behavior and interaction in certain ways. The nature of that interaction helps shape the way organizational members think about the work that they do and how they come to understand what organizational managers value. The use of technology in the workplace directly affects how knowledge about work is communicated. Whether the tools in question are information technology (IT) per se or not, information about one's work gets conveyed in the processes required to carry out day-to-day tasks.

Technology is often thought of as complex, intricate, and hard to understand. Although this is sometimes true, for the purposes here technology is thought of as any tool or resource that is used to transform organizational inputs to outputs. Thus, technology can be as simple as a pen and paper or as complex as a state-of-the-art worldwide cellular access system. Each shapes practices and each shapes culture.

In regard to communication technologies, organizational culture is influenced by the ways in which organizational members receive information and store knowledge about their jobs. Technological impact is never simple nor even. Subcultures in an organization use technologies differently in the accomplishment of their tasks and are oriented differently toward IT and its usefulness.

Carole Groleau and James Taylor (1996) provide a useful study of technological changes in the purchasing process at a large organization that demonstrate how a failure to account for the embedded nature of work processes in organizational life can lead to their ineffective implementation. Their study tracked the process of computerization in the purchasing department at a "crown corporation." Prior to computerization both agents and clerks used paper documentation to complete the entire purchasing process from the initial purchase request, through the bidding process, to the final purchase. This process provided written documentation of all the steps along the way but took a great deal of time.

To increase productivity, the corporation computerized this process so that all documentation was stored electronically. What the corporation failed to account for, however, was the quality of information that was accessible to organizational members all along the way under the old

system. Under the new system the same data were available but had become "segmented" into different screens and formats that made it difficult to access all the information at once. By removing decisions at different stages of the process from the context of prior decisions, organizational members found their tasks complicated. This case illustrates nicely how technology may complicate organizational activity if management does not account for the way that an organizational task structures organizational activity and is worth reading.

In an era where organizational problems are often addressed with "upgrades," developing a mechanism for more broadly assessing the usefulness of technological systems in performing specific operations may help open alternatives. When changes are implemented, such implementation generally falls to leaders in the organization. For this reason, a clear sense of how technological changes may impact current systems and be appropriated by organizational members will help ease the transition for those who will be responsible for day-to-day interaction with the modified systems.

What Counts as Information?

Although appearing straightforward, the question of what counts as information may in fact be answered very differently depending on one's cultural perspective. This clash can lead to problems in an organization when those individuals responsible for making productivity assessments and designing or implementing technological change respond differently to this question than those who will ultimately be responsible for integrating such change into their work activities.

Workers responsible for the development of information technology may have a propensity for viewing information as data. Following from this perspective, information can be stored, divided, transmitted, reassembled, and analyzed. If information is no more than quantifiable bits of data then its context is not important to its use. This perspective is important to individuals who must devise mechanisms for rapid storage and retrieval of data, and it shapes the way technology is designed. This is not the only way that it can be designed, but it has been the norm.

Those who must use information on a daily basis to make decisions, however, may encounter frustration as decisions that have evaluative consequences have to be made based on data that have been stripped of

TABLE 7.1 Assumption About Information: IT Professionals and Others

IT Culture Assumptions About Information	*Alternative Conceptualizations*
Information can be accurately digitized and transmitted electronically.	This process only captures data; information must be gained by other interpretive processes.
Information can be broken into pieces for convenient storage and retrieval.	Information is only useful when contextualized and evaluated as part of holistic systems.
Information can be viewed as snapshots on screen or in printed form.	Information is in constant flux; fixing it fundamentally alters its nature.
Faster is better.	Speed may reduce the quality of decisions made.
More is better.	Too much of the wrong kind of information wastes time and leads to less effective decisions.
Quantifiable information leads to reliable and consistent decisions.	Much information must be viewed in qualitative form to be able to make useful and just decisions.
The less paper used the more efficient the system.	Some tasks are done better by handling paper.

SOURCE: Based on Schein (1992, p. 280).

their qualitative nature. The information required to make many decisions needs to be contextualized for employees to be assured that they are making an accurate assessment of a situation.

Before exploring the many ways technology may impact organizational culture and structures, it is perhaps useful to examine the different cultural assumptions that are embedded in the approach to information technology itself. Edwin Schein (1992) has outlined several assumptions that information systems (IS) designers frequently have for information. This has also allowed him to point to alternative ways of conceptualizing information that may lead to alternative conceptions of technological change. Table 7.1 summarizes these concepts.

Viewing the introduction of information technologies, as many IT and management information systems (MIS) people do, as simply an improvement of efficiency overlooks the effects of technologies on power relations, work practices, and values. Hence, resistance is misunderstood or simply written off as antiprogress or technophobia.

Identifying Goals of Technological Change

As Groleau and Taylor (1996) illustrate, sets of decision-making processes are often interrelated in organizational systems, and encountering circumstances in which one is not aware of the context of prior decisions may make later decisions more difficult. If processes are breaking down in an organizational system, before considering implementing technological changes to resolve them, organizational leaders should develop a deeper understanding of their nature. Doing so may help in understanding (a) whether technology can actually resolve the problem at hand, and (b) what factors about functional aspects of current processes will need to be taken into consideration in designing an intervention to adequately and appropriately address the problems.

When considering changes that will affect the way routine practices are carried out in the organization, it is important to consider the ramifications of those changes. Identify what goal your organization seeks to accomplish by altering existing processes and then attempt to ascertain how those changes will affect the broader culture.

If, for example, the goal is to increase production speed or output volume, assess what may be gained by the time currently involved in the process or the speed at which items are currently produced. Will there be a qualitative change in the process incurred by changing it? Groleau and Taylor (1996) demonstrate that after computerized mechanisms for generating purchase orders were implemented, the advantages and disadvantages incurred were not necessarily those that had been expected. Although the actual time to print was decreased, the organizational members' degree of familiarity with the cases and subsequent ability to answer customer inquiries was significantly reduced. Similarly, the ability of an organizational member to easily assess what had taken place at different stages of the decision-making process was inhibited by the format in which the information was now accessible.

If the goal of technological change is to increase member access to multiple sources of data pertaining to a given decision issue, consideration must be given to the way data are presented in the new form. It may make intuitive sense that employees who can access information directly from their desktop terminals can save time by not having to find files of certain information. But if the information is not available in a manner in which different pieces of information can easily be compared and evaluated simultaneously, then the time saved in one area may be lost in another. This may happen when employees are forced to flip between screens or find themselves having to print information from various sources and resort to comparing printed versions.

Assessing the Potential Impact of Technological Change on Culture

All of the factors discussed in the previous section impact the larger organizational culture in many ways. Dealing with technological change is an issue that has always faced businesses. First, the ways in which employees gain knowledge about the tasks that they perform directly affects their understanding of their role in the organization.

Whenever new tools are introduced, the experience of tasks changes. In manufacturing arenas, the gradual shift to increased levels of automation not only changed the types of tasks required of employees but also changed what types of knowledge were considered valuable by the organization and thus affected how decisions were made. Where mechanical equipment once required expert laborers to run and maintain it, advanced computer systems now perform many of the same tasks. As this shift took place, the bodily experience of working on the shop floor changed. Machines now required little regular handling. On one level, this transformation allowed for increased consistency and controls to be implemented. On the other hand, skilled laborers who had performed certain operations for years found themselves either unnecessary or forced to interact with familiar systems in unfamiliar ways.

Oversight of operations has also become more centralized, taking place in a control room filled with computer screens and display mechanisms rather than on the factory floor. Several accounts describe the discomfort experienced by many workers, accustomed to identifying trouble based on sounds, smells, and visceral experience with tangible equipment, but now expected to trust a series of numbers, dials, buttons, and warning lights.

The case study of computerization in the purchasing department (Groleau & Taylor, 1996) also indicates that learning to trust decontextualized data when one has become accustomed to making decisions at a more qualitative level is unsettling for many. For an organizational leader, understanding the root of this discomfort can assist in the introduction of technological change.

Identifying Technological Impact on Common Work Practices

There is no inherent value in change. A problem with the status quo may suggest a fine-tuning of current processes or increases in resources available to carry out those tasks, but often the first impulse is to find a better way. The scenarios referred to above point to ways in which change can lead to breakdowns in current systems or strip current processes of valuable attributes. Frequently, such system breakdowns occur when the variable contributions made by the individuals in the process are not adequately accounted for.

Again, this conceptualization can be traced back to different perceptions of what counts as information. In developing information technology or automating mechanical systems, those responsible for research and development often begin by observing current work practices and attempting to develop a schema for how various tasks are performed. By breaking complex tasks down into component parts, job activities can be quantified, analyzed, and transformed into the mathematical equations that drive most technological systems. Problems arise when the subtleties of decision-making processes at points of human interface are neglected or underestimated.

If a systems analysis only indicates that certain pieces of information must travel in certain ways between various departments, then programs can be written that permit such transfers to take place more rapidly via electronic means. When such programming fails to account for the way in which that information is handled by various individuals in those different departments, however, or precludes the handling of information in particular ways, the transfer of data may fundamentally alter the experience of information for the organizational members responsible for making decisions.

The way organizational members experience their value to the organization and how they perceive their role in performing essential tasks for the organization directly affects their identification with the company. Because of this, ensuring that technological change does not negatively impact on employees' abilities to adequately perform their tasks is particularly important to maintaining strong cultural identification.

Just as it is important to get input from organizational members and stakeholders at other key decision points, enlisting their help in identifying appropriate technological changes can be crucial to success. Often, they have a greater understanding of the intricacies of day-to-day practices with which they are intimately involved. Through their insight into both what works well and what poses difficulties under the current system, a clearer sense can emerge of where to target change efforts.

The Impact of Technological Change on Organizational Structure

Just as technological change affects day-to-day operations in existing organizational structures, it also alters those structures or gives rise to new ones. In the manufacturing example referred to above, the individuals whose knowledge was most valued in the organization shifted dramatically after automation occurred. Whereas earlier systems had required the knowledge of skilled labor to maintain the smooth operation of equipment, automated systems required instead a certain degree of comfort with information technology, a degree of mathematical skill to interpret data readouts, and a willingness to trust the new way information was being presented. Often, those best suited to performing well under earlier systems have great difficulty accommodating to new mechanisms.

This type of transition can become difficult for an organization to negotiate for several reasons. First, those now best equipped to handle new technology often may have significantly less experience in the organization. Those who may rapidly become responsible for performing tasks vital to the organization's functioning may either have relatively little seniority or be new hires, trained explicitly to be able to operate the automated systems. Having little familiarity with actual operations on the floor gives newcomers little context in which to frame their understanding of the function of the tasks they will perform. Similarly, when automation breaks down, these individuals may be poorly equipped to diagnose and repair malfunctions on the floor.

In organizations where technological change is more informational, structural changes may be felt also. The case study exemplifies one way this happens when organizational members no longer have direct access to information in a form that permits them to easily perform the mundane tasks required by their job.

At a more macro level, however, upper management identifies itself by the quality of the work performed. Generally decisions made at

higher levels of the organization are less cut-and-dried, require more flexibility, and are more intuitive. As technology is implemented that strips down decisions to strict equations and eliminates intuitive input, these tasks tend to get pushed down the hierarchy. On the one hand, managers may be pleased to have their time freed to perform other tasks. On the other hand, they may find that a lack of direct involvement in the decision-making processes at other levels affects the degree to which they are in touch with day-to-day activities of the organization.

As practices originally performed at certain levels of the organization get moved around or performed differently, an assessment must be made regarding the qualitative outcomes of the decisions made under the new systems. There are certainly situations in which technological innovation can enhance individuals' capacity to perform their job well. Since this is not always the case, however, being able to assess early on how change may fundamentally impact your organization's ability to make informed decisions and deliver quality products or services can be helpful in developing systems that most comfortably complement your organizational culture and existing systems.

Exercise 7.1

The following questions can provide a useful starting point for considering how organizations handle information exchange and how intrusion into those systems may enhance or detract from its ability to achieve its goals. To answer these questions, think specifically of an organization that you are familiar with that is experiencing difficulties. Try to focus on a specific section or unit in that organization.

- What information does the unit need to perform its job?
- How does that information get shared with other units?
- What else is gained by the mechanism through which information is transmitted?
- How do current information systems shape the way members think about and understand their role?
- What relationships are developed and maintained through the transmission of information?

- What benefits do organizational members derive from developing those relationships?
- Does handling information pertaining to one task affect one's ability to perform another?
- How is information distributed across levels of the organization?
- What types of power are associated with the handling and processing of certain information?
- Would organizational dynamics change if this information was distributed differently?
- What qualities of current systems are important to preserve as change is considered?
- Who will be most directly affected by these changes?
- How should those affected be involved in the development of alternatives?

Assessing the Effect of Change on Power and Knowledge Structures

The questions in Exercise 7.1 can help bring attention to the underlying power and knowledge structures in your organization and how they are created and maintained in large part based on the access that employees have to information. The degree to which one understands how different processes work in an organization and how access to critical information generally shapes the degree of a person's power and influence in an organization.

Often, new technological systems are implemented with the intention of flattening hierarchies and distributing authority and responsibility more evenly throughout the organization. Although often a means to achieving better decisions and increasing the identification of organizational members, such reorganization typically redistributes power in certain ways. Understanding both the potential gains and the challenges that may be encountered is important before beginning such an undertaking.

As systems of power and knowledge are reconfigured, it is possible that organizational members will be able to use their new autonomy to

identify and respond to localized problems before these become severe. They may be able to develop adaptive systems for handling the situations for which they have become responsible. This presumes, however, that the reorganization has simply shifted responsibility for certain tasks to different sections of the organization. What might the results be, however, if the flattening of hierarchy simultaneously diffuses responsibility? As reorganization takes place, considering where the "buck stops" for different tasks is important. Do those who will now ultimately be responsible for certain decision outcomes accept and welcome that responsibility? Do they see the relevance of those decision outcomes to organizational goals? Are they rewarded for their decision-making efforts?

This scenario again presumes, however, that the hierarchy remains fundamentally intact but responsibilities are shifted. Think of an organization of which you are a member. How does this organization depend on its hierarchical structure for identity? What modifications would be likely to take place if titles—and positions—carried less prestige or were eliminated in favor of other systems? Considering how the organization would be affected by such changes can help organizational leaders to determine what benefits their organization might gain from reconfiguration and help them to be attentive to potential challenges that might be encountered in the transition process.

The Influence of Cultural Identification on Adaptability

The extent to which changes are welcomed in a given organization depends a great deal on the degree and nature of member identification with the organization. This includes members at all levels of the hierarchy. Change is likely to fundamentally alter the nature of interaction in the workplace. To be receptive to change, members must understand their role in the fulfillment of a larger purpose and see how change will better enable them to accomplish organizational goals.

For members with less power under current systems, change may involve increased responsibility, alter the nature of interpersonal relationships they have with coworkers, or affect the way that they must interact physically with their task to execute it. For a member who is not

identified with the vision of the organization, change may be felt as an added burden.

Members who have high identification with the organization, however, derive pleasure from the outcome of their task performance because they see its relationship to the fulfillment of a larger purpose. To help develop this identification, managers will have taken the perspectives of various stakeholders into account when developing plans for change. They will also have clearly communicated to those who will be affected by the change both how their new roles will be important to the organization and how they will benefit from and be compensated for their increased responsibilities.

Members who currently hold greater power in the organization may have worked hard to gain the power and prestige that currently accompanies their position. Many years of long hours and other sacrifices may have been made to advance their careers. If implementation of technological change is aimed at flattening hierarchy, redistributing power, or increasing worker autonomy, middle managers, in particular, but also management in general, may have occasion to question their role in the new system. If those they traditionally were responsible for directing and supervising now have the ability and authority to make many of those decisions on their own, what would managers' new roles be? Would their positions hold less prestige? Would they still be necessary to the organization? How would the salary structure change as power and authority are disbursed?

Again, managers who do not see their role in the fulfillment of a larger organizational purpose may feel anxiety. For those, however, who have a broader vision for the organization's future, it will generally be easier to see how change does or does not help to move the organization toward that future. As these are the people who will generally be most closely involved in development plans, it will be especially important for them to see the function of these changes in advancing the needs of the organization. Leadership will be responsible for not only implementing changes but often also for training organizational members to perform new tasks and evaluating the effectiveness of new processes during periodic reviews. Managers having a clear sense of why such changes are beneficial to the organization will help give focus to these tasks. If such awareness does not exist, it is perhaps a good idea to revisit the usefulness of implementing change at all.

Assessing the Usefulness of Technological Change

As an organization moves forward toward the accomplishment of various goals, members will experience setbacks and stumbling blocks. When this happens, it will be important to be able to determine what types of modifications are necessary to restore focus and help the organization get back on track. Working through some of the scenarios above can help management focus on potential areas of concern. Assessing the situation and asking specific types of questions can be useful also. There is no fixed formula or set of questions that can be universally applied across all organizations. There are genres of problems that one is likely to encounter, however, and the following models may be used to spur thinking and develop questions specific to your own organizational circumstances.

Where Is Breakdown Occurring?

Clearly identifying the source of the problem will help save the organization valuable time and resources by avoiding Band-Aid approaches to problem solving. Clearly identifying how and why current systems are failing to move the organization toward desired goals is one way of determining whether the type of change required is one of repair or of transformation. Before large amounts of capital are invested in technological solutions, gaining a sense of how current processes function will help in assessing whether minor modifications in current systems can remedy the situation or whether more systematic change is necessary.

Taking the time to engage in this process can be beneficial for several reasons. First, it allows simple problems to be addressed with simple solutions. Second, if the problems are more complex or if the general consensus across organizational levels indicates that a technological change may be beneficial, a deeper understanding of the cultural context in which those systems are embedded will have already been developed. This understanding will then enable a more sophisticated analysis of what types of change may be most useful once it has been determined that change is, in fact, necessary.

Who Will Be Affected by These Changes?

After a determination of whether or not change is necessary, it is important to identify who will be most directly impacted by the changes that occur. Having assessed the nature of the breakdown also positions you nicely to be able to make this evaluation. Knowing who currently has responsibility for certain processes will aid in the identification of individuals whose jobs may change as systems are altered.

In making such an assessment, consideration of how information gets disseminated among and between organizational members as well as how access to that information shapes and defines power relationships will be important. Any members who are identified as potentially being impacted by technological change should be considered stakeholders in the process and should be involved in regular dialogue as change processes are developed.

How Will These Changes Affect Them?

Before any changes are implemented, every attempt should be made to assess how organizational members will be impacted by the changes. In doing so, attention to levels of identification will help pinpoint potential sites of resistance. Areas in which potential resistance is identified should be given particular attention and members invited to collaborate in the development of change systems. Resistance to change is not always an indication of stubbornness. Sometimes organizational members who deal with particular processes on a daily basis have unique insights into effective ways of handling those matters. Getting this type of input can help lead to productive systems and increase the ownership that those responsible for the implementation of change feel for the process.

What Will Implementation Involve?

Once a clear sense of what the problem is, how it can be solved, and who will be affected by the changes has been developed, attention to implementation will help allow for a smooth transition. Taking into consideration the organizational culture can enhance the ability of various

members to perform their tasks well and contribute to higher levels of performance on other tasks. Such consideration will allow programs to be implemented in such a way as to preserve the positive aspects of current systems while enabling change that moves the organization closer to its objectives.

A clear plan should be established for phasing in changes in such a way as to allow earlier systems to be used as backup while early bugs are being worked out of new systems. Equally important, however, is a plan to finally phase out unnecessary aspects of the previous system when new ones have been firmly established to avoid redundancy. Organizational leaders should clearly communicate the process by which this transition will take place along with explanations of the impact on job responsibilities and the importance to the accomplishment of organizational goals.

Exercise 7.2

In thinking about organizations that you have been involved with, consider the following questions:

- What do information networks tell people about their role in the organization?
- How might those most adept at interacting with current systems have to change under new ones?
- What relationship exists between the handling of information and degree of power in organizations with which you have been affiliated?
- How is organizational culture linked to its hierarchical structure?
- How can change be implemented in an existing culture most smoothly?

Review Questions

- How are technologies and cultures related?
- How do different groups in organizations perceive the nature of information and its role in organizational processes?

- What are some of the most basic goals of the introduction of new technologies?
- How do technologies impact work practices? Organizational structures?
- How are cultural identification and technologies related? How does identification influence resistance?
- In what ways does good technological innovation parallel the introduction of a new vision or cultural change processes in general?

Discussion Questions

- What has been your experience with technological changes? Where have people been resistant? How was that resistance treated?
- What was the effect of technological change on power relations? On human relations? On values?
- Technology implementation teams usually have strong technological expertise but lack cultural expertise, often to the demise of expensive implementations. At what points and in what ways would you involve a cultural expert? Why would this be important?

References and Recommended Readings

Groleau, C., & Taylor, J. (1996). Toward a subject-oriented worldview of information. *Canadian Journal of Communication, 21*, 243-265.

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Zuboff, S. (1988). *In the age of the smart machine: The future of work and power.* New York: Basic Books.

Suggested Case Study

Groleau, C., & Taylor, J. (1996). Toward a subject-oriented worldview of information. *Canadian Journal of Communication, 21*, 243-265.

8

Managing Culture Through Transition Periods

Overview

All organizations must go through small continuous cultural adjustments to stay competitive. Occasionally, organizations encounter major transitions. Organizational transitions require managerial and leadership efforts that go beyond basic transformations in values and vision. Such transitions include the passing of a founder or long-term organizational leader; major market or economic fluctuations; mergers and acquisitions; and significant regulatory, technological, or environmental changes. As discussed throughout this book, even basic changes in organizational values can be difficult. This challenge increases substantially when management must deal with major organizational restructuring, the acquisition of an entirely different corporate culture, or the passing of a leader.

Understanding cultural change is essential to guiding a transition and assessing cultural compatibility in mergers and other restructurings. This chapter discusses the dramatic increase in these types of changes in recent years and provides an overview of instances that lead to such change. The corporate transition and integration process is nothing less than a far-reaching management change initiative for the companies or divisions involved. Just like any change initiative, managers can improve their chances

of success by understanding important cultural strategies in the stages before, during, and after the transition. In this chapter, these strategies are outlined and discussed.

Key Objectives of the Chapter

- To aid the identification of instances that lead to dramatic organizational transitions, including the passing of a founder or leader; major market and economic changes; and organizational reorganizations such as mergers, acquisitions, strategic alliances, and divisionalization
- To examine how communicative activities can ease the transition between one leader and another
- To increase the ability to recognize types of cultural compatibility and incompatibility
- To investigate the ways change can be managed before, during, and after a transition
- To explore the methods leaders can use to create excitement, inspiration, and commitment with all people working through transition

Questions to Consider

- What types of market or economic fluctuations are likely to affect many companies in the next 5 years?
- How can organizational leaders prepare themselves and their employees for an organizational transition?
- What types of transitions have you experienced in organizations with which you are involved? How have organizational leaders and members reacted to such change? What strategies can leaders implement now to smooth the transition for you and other organizational members?

Organizational Transition and Culture Clash

Owing to highly salient needs, organizations encountering transitions usually consider strategic, financial, and operational issues. Less thoroughly investigated are the human aspects that may lead an organization to financial failure even with the best financial plans. Far too often, personnel and culture issues are assigned a low priority during a transition period, and in other instances they are not investigated until they become a major problem. Increasing evidence suggests that cultural incompatibility is the single largest cause of failed projected performance and departure of key executives during mergers and restructurings. In terms of undergoing major cultural change, one of the riskiest times for organizations is the passage of a founder or leader.

When successfully negotiated and integrated, organizational transformations can play a major role in the growth and success of organizations. These can be invigorating periods. But although it is difficult to quantify the relative success of organizations' response to the passing of founders, statistics indicate that up to one third of mergers fail within 5 years, and as many as 80% never live up to their full expectations. Many of these failures are due to cultural, human factors, not financial or objective incompatibility. In other words, the cash flow sheets can spell wonders, but the trouble starts when organizations forget about or underanalyze the effects of dramatic change on people.

P. D. Hall and D. Norburn (1987) reviewed almost 30 major studies on the benefits and gains from mergers. They suggested two possible conclusions regarding the relation of culture (mis)match between partnering organizations and their success: (a) the extent of fit between the culture of the acquiring organization and the acquired organization is directly correlated to the success of the acquisition; and (b) here there is a lack of fit in corporate culture, the success of the acquisition is determined by the amount of postacquisition autonomy granted to the acquired organization. Clearly a need exists to understand the cultural issues involved in all transitions.

The Passing of an Organizational Founder or Leader

One of the most important sources of organizational culture is the values of its founders. Even in mature companies, one can trace many organizational ideals to the beliefs of founders and early leaders. Not only do founders devise the vision in which the organization operates, they also choose the key managers who help to flesh out this mission. Founders have a major influence on how an organization initially defines its product and customers, and based on these goals, the organization develops its particular history, personality, and culture.

The Impact of Founder Values

Organizational founders usually have in common a high level of self-confidence and determination, but they typically differ in their assumptions about the nature of reality, human relationships, and the management of resources. Leader philosophies may view organizational control in manners that range from autocratic to participative, organizational decisions may be made in terms of long-term goals or short-term quotas, and product development may be seen as an integrative process or a departmental action. No matter their philosophy, however, organizational founders are similar in that they normally encourage others in the organization to take on leader values as their own.

If the visions of leaders are incorrect, the organization fails early. If their assumptions function well in the existing environment or their products are fortunate in the existing market, the company succeeds and the founder's values and practices get much credit even if chance and luck were critical elements.

Founder values are perpetuated through the organization in the form of mission statements and the prescribed vision and goals as well as through more informal organizational rituals and procedures. These values are embedded in the organizational culture through the actions of the founder and the leaders appointed by the founder, until such time as the leader must leave the organization.

The Passage of a Leader

As we enter the 21st century, many organizations are on the brink of choosing a new generation of leaders. New CEOs are present or soon anticipated at General Electric, Allied Signal, Ford, 3M, AT&T, Citicorp, and Coca-Cola, in addition to many other organizations. These organizations must find and install new leaders without impeding the momentum of the continuous transformation necessary for organiza-

tions to succeed. Some new CEOs have already had great impact. Founders and leaders pass from organizations for several reasons.

Like any mortal beings, as organizational founders grow older they will get sick and die or may wish to retire. Sometimes, successful CEOs are swayed to leave one organization to lead another. And of course, some leaders loose their jobs because they fail to effectively lead their organizations.

For organizations to flourish in the competitive work environment, strong leadership is crucial. Increasingly, organizations are focusing on founder and leader succession as one of their most important business processes. The process is complicated and political in nature, and thus organizations must proceed with care, forethought, and diligence to remain competitive during such a turbulent transformational period. How does an organization go about accomplishing such a feat?

The Transformational Framework

Several components work toward creating a successful transition from one leader to another. Noel Tichy (1996) sketches out the ideal "transformational framework." The steps in this framework all have in common the importance of strategic thinking, visioning, framing, and dialogue. In other words, forethought and planned two-way communication are essential for a smooth transition from one leader to the next.

Component 1: Identify Transformation Needs. The first component in successful leader transition is to identify the needs and goals for the transformation. This can be accomplished through external research as well as intracompany brainstorm sessions. During times of change, it may be especially worthwhile to encourage participation from multiple groups to learn more about the changes that will lead the company to success. Through off-site workshops and in-depth executive interviews, organizations can encourage employees to think creatively about the ways the organization can meet and manage the changes to come. Such pooled knowledge is essential for laying the foundation for major change.

Component 2: Develop a Mass of Leaders. Second, the organization must mobilize a critical mass of transformational leaders who will lead the company through the change. Depending on the size of the company,

this group of leaders may range from five to several hundred, but they all should have several traits in common. Such leaders usually have the ability to identify changes in the environment that will affect the business, lead others in overcoming the fear and uncertainty of change, visualize business through consumers' eyes, hold a clear vision about the company's future, and take responsibility for change. As part of this effort, the organization must provide significant developmental experiences to create, nurture, and upgrade the skills of this group of transformation leaders.

Component 3: Focus on Customer Service and Financial Performance. Third, the organization should continue to focus on customer service and financial performance. As is common during any type of organizational transition, managers have the tendency to be inward looking during times of leader change. Nevertheless, during this type of change it is especially important to be aware of and responsive to one's work environment.

Component 4: Develop a New Company Vision. Fourth, the development of a new vision by all organizational leaders, including the current CEO and CEO candidates, will assist in pointing to a new beginning. Whether created by individuals or in teams, different visions can be discussed, compared, and evaluated by all candidates involved. Eventually, the new vision should be pared down and agreed on, and the CEO ultimately selected to lead the company should be committed to it. Otherwise, the organization will have to undergo another transition as it waits for an entirely new vision to develop.

Component 5: Provide a CEO Screening and Succession Process. Fifth, and last, the organization should create and provide a CEO screening and succession process. A systematic, disciplined process of screening and developing future CEOs will provide the structure needed to honestly evaluate available candidates. The best candidates should be put in key leadership positions, tested in various ways, and continuously evaluated. Found to be particularly successful in assessment is the use of 360-degree feedback, in which the individual's peers, subordinates, and boss all rate the candidate's leadership skills.

Exercise 8.1

Consider an organization in which you are currently involved or have some knowledge about—whether that be a school club, neighborhood business, or multimillion dollar company. Based on Tichy's (1996) five components for successful transformations, answer the following questions:

1. If a top leader or founder of your organization was about to quit or retire, what action steps would lead to a successful transition to another leader? Consider steps that both the departing leader, as well as other organizational leaders, should take before, during, and after the transition.
2. Do you think that your organization would actually proceed with these action steps? Why or why not? What potential organizational barriers can stand in the way of transformation plans? Are these barriers more often practical or ideological in nature?
3. Many times, organizational leader screening teams consciously or unconsciously search for new leaders who are similar to the departing leaders. What implications does this have for affirmative action and diversity programs in organizations? How can one balance the tension between hiring new leaders who possess the values and ideals of past leaders, yet also representing alternative views or backgrounds? Which is more important in what situations and why?
4. Considering the power of organizational identification and member buy-in, why do you think Tichy suggests that a fresh organizational vision accompany a new CEO? Are visions and organizational rules more powerful when employees have a voice in creating them? If so, what implications does that have in times of organizational change?
5. What are the potential advantages of a 360-degree feedback assessment instrument (as Tichy suggests for the CEO screening process)? Have you ever been involved in such an assessment, either as a recipient or as a provider of feedback? Why do you believe many organizations avoid this type of evaluation instrument?

It is possible for a change in leaders to be successful, even when a company is facing an uncertain organizational environment. With advance planning, the identification and cultivation of a critical leadership

mass, and an outward focus on future goals and customer needs, the passing of a leader need not end in cultural demise. When handled with forethought, strategic visioning and two-way communication, such a transition can actually serve as a catalyst for urgently needed organizational transformation.

Organizational Transition Owing to Economic, Personnel, and Market Changes

The environments in which organizations exist vary in both complexity and stability. At the one extreme is a noncomplex and stable environment in which events are predictable and placid. Companies in such environments are familiar with their surroundings and do not have to worry much about unanticipated market shifts. At the opposite extreme is a turbulent atmosphere that is dense, complicated, and quick to change. An organization with such surroundings lives in continual anticipation of environmental changes and never knows whether organizational actions may result in unanticipated consequences.

Of course, these two environments serve as symbolic poles to a continuum of different types of organizational situations. Near the placid, calm pole, one would find, for instance, a public utility company, a monopoly with a developed line of work and consistent supply and demand. Of increasing interest, however, are the growing number of companies that are grouped on the turbulent end of the pole. These types of companies have complex environments and unstable, quickly changing products. For example, computer software businesses must constantly research and anticipate the latest changes in technology, governmental regulations, and competitor products. Below we review several of the main reasons why organizations increasingly have to deal with major economic or market changes.

Deregulation

In the past 20 years, many industries that had comfortably survived in monopolistic industries for years suddenly had to face an environment of deregulation. For example, such companies have to change from values based on entitlement to those based on customer needs. Since the

Bell telephone monopoly was dismantled in 1984, all telecommunications companies have had to radically change their way of viewing the product and customers. For the first time, companies such as AT&T had to fundamentally change organizational culture to keep up with the competition.

Downsizing

According to Tom Peters (1987) and as discussed by Eric Eisenberg and H. L. Goodall (1993), some U.S. companies are unresponsive to environmental information because of a bias in favor of giantism, or the belief that bigger is better. To be competitive in ever more complex environments, however, organizations are learning that they must be hierarchically flatter. Thus, information can be quickly shared throughout different hierarchical levels and organizations can be oriented toward niche markets. Organizations have had to undergo major organizational changes, often including corporate downsizing, to stay flexible and oriented toward customer needs and competitive pressures. A Towers-Perrin consulting firm survey in late 1995 found that two thirds of white-collar employees reported that their companies had downsized or undergone major restructuring during the previous 2 years (cited in Conrad & Poole, 1998, p. 20). This change in corporate structure often dictates a parallel alteration of corporate culture.

Technological Innovation

As discussed in Chapter 7, the introduction of technology can bring about major changes that require fundamental cultural transitions. For instance, the massive introduction of the personal computer (PC) has constituted a major environmental jolt to computer hardware and software companies. Although the PC has fueled and instigated work in smaller companies such as Microsoft and Apple, it initially affected the computer giant IBM in a negative manner. Used to long-term projects, large corporate accounts, and a virtual monopoly, IBM was forced to completely reanalyze its corporate culture to adapt to changing consumer needs and ever-increasing competition from smaller, more flexible companies.

With the introduction of new technologies, companies are wise to consider both positive and negative results. For instance, although the introduction of email may assist an organization in networking between several of its regional plants, it may also encourage excessive socializing and joking that is ultimately nonproductive. In fact, many companies have been forced to backpedal when they learn that a new technology, such as the use of the Internet, has caused more harm than good. As with all change efforts, organizations must incorporate cultural considerations when introducing new office technologies.

Globalization

As Eisenberg and Goodall (1993) discuss, business is increasingly moving to a global marketplace. Over 100,000 U.S. companies do business abroad, and about a third of the profits of U.S. companies as well as one sixth of the nation's jobs come from international business. For instance, half of Xerox's 110,000 employees work overseas; half of Sony's employees are not Japanese. This trend in globalization impacts the way companies do business. Many companies have shut down U.S. industrial centers to relocate in areas with cheaper labor and materials. For instance, the Nike shoe company employs no Americans to manufacture shoes. The company's shoe manufacturing plants are located in Third World countries such as Indonesia, where they pay employees as little as 40 cents a day. Differences in trade policies, labor costs, and national culture can result in ethical dilemmas and international misunderstandings. These types of transitions require major changes in organizational culture.

Changing Types of Work

In the last half of the 20th century, businesspeople have seen a dramatic shift away from tangible resources toward less tangible, largely symbolic resources. Over 50% of the U.S. labor force is currently involved in the gathering, entering, formatting, and transmittal of information, and this percentage rises to more than 80% in the service industry. In addition, the number of workers who hold power because of their specialized knowledge is increasing substantially. Under the "knowledge worker" umbrella stand research scientists, teachers, and financial ana-

lysts. Although knowledge work products are more intangible, they are crucial in today's society. Among the many cultural shifts that organizations must make to accommodate this new base of workers is the continual (re)education required to update workers with the latest skills and expertise.

Knowledge and power by themselves, however, are not enough to be successful in today's organization. Relationships, forged both in and between organizations, are increasingly important. Informal relationships allow employees to get things done across functions within organizations. Some believe that the growing relational basis of power has unfavorable implications for women and minorities. Nevertheless, informal networks will no doubt be important in defining organizational cultures of tomorrow. Indeed, as we enter the 21st century, those who hold such relationships, along with those who have access to the most current information or specialized knowledge, are most likely to hold power in organizations. To succeed, organizations must adapt their culture and values to accommodate this shifting power base.

Exercise 8.2

Imagine that you are an executive manager of a relatively small company (around 100 employees) that is developing software for an online investment corporation.

- How could the preceding changes impact your organization? As a manager, how could you prepare and manage such changes?
- Must change always be difficult? How can managers frame turbulence and change as an opportunity rather than as a problem?
- Within the next 10 years, which of the preceding conditions do you believe will still be important issues? Which issues do you think will begin to be less significant?
- What other issues, not listed above, do you believe will become important for organizational transformation in the future (e.g., the transformation of organizations to Internet-based businesses)?

Mergers, Acquisitions, and Other Corporate Reorganizations

In recent years, mergers, acquisitions, and other corporate reorganizations have dominated the business landscape. Beyond the melodramatic excitement that characterizes these transitions, there is a human side to these reorganizations, with the lives of millions of employees affected by one decision. In the United States alone, more than 25% of the workforce has been affected by major reorganization activity during the 1990s, meaning that somehow they were touched by a corporate merger, acquisition (or takeover), divisionalization, or formal strategic alliance.

Types of Reorganization Transitions

Reorganizations have long been considered the exclusive work of economists, market strategists, and financial advisors, but organizational leaders are learning that the personnel factor is equally important in determining the success or failure in a reorganization. Depending on the reasons for change, organizational leaders should consider several factors.

Mergers and Acquisitions. In the past 10 years, there have been over 23,000 registered acquisitions in the United States. Why this boom in merger and acquisition (M&A) activity? The following factors can be considered to have facilitated the current wave of reorganization activity. First, M&A activity provides a convenient means of "going global" as well as eliminating competition. Second, in the 1980s, organizations increased their borrowing capacity, and the surplus of capital was used in large part to acquire new companies. Third, an increasing number of companies have come to the market for sale. Last, and most important, has been the easing of government regulations.

M&A activity is usually considered to be rational, financial, and in the best interests of the organization's shareholders. Because financial and strategic factors dominate M&A selection reasons, the human factor is sometimes ignored. Nevertheless, issues of culture and culture clash quickly appear when two or more companies come together as one. Although M&As may indeed fail for financial and economic reasons, one of the main reasons for failure lies in culture clash.

Divisionalization. Although giantism through mergers and acquisitions has the advantages of financial stability and reduced competition, many experts argue that there is no effective way to manage a company with more than 10,000 employees. As discussed, corporate leaders have come to realize that bigger does not always mean better, and some have outsourced and downsized to flatten the hierarchy of their organization.

Another way that organizations have dealt with giantism is to "divisionalize," in the sense of decentralizing functions into autonomous product or market units. This is true in the case of General Motors, a company that has opted to introduce a special class of automobiles through the separate company of Saturn. As divisions develop their own history, they begin to develop a separate culture as well.

Strong divisional subcultures can become problematic when the larger organization decides to impose company-wide rules that may not be compatible with other parts of the organization. Some companies avoid this problem by not imposing company-wide policies, but many of the most successful multidivisional corporations—such as IBM and General Motors—do preserve a strong company-wide organizational culture. Managers should weigh the costs and benefits of managing individual subcultures before making a move to divisionalization.

Strategic Alliances and Joint Ventures. Corporate strategic alliances and joint ventures have become increasingly popular as organizations have hoped to draw on each other's strengths when breaking into new products and markets. In fact, many public relations and marketing companies are beginning to offer facilitation of such alliances as part of their publicity package of organizational services. When corporations form strategic alliances, they do not attempt to completely meld together disparate cultures. Cultural compatibility and trust in the partnering organization(s), however, are integral to making the joint alliance successful. Found to be especially important in determining the success of such ventures are the company policies and managerial styles of leaders working on the joint venture.

Issues in Forging Cultural Relations

All changes that bring cultures into contact require the use of the cultural change processes detailed in earlier chapters. The degree of cultural compatibility and the end relation desired dictate what is to be accomplished in that change process.

Cultural Compatibility. Cultural compatibility may seem outwardly equivalent to cultural similarity. Although this notion makes common sense, empirical evidence does not prove that culture similarity equals reorganization success. Perhaps more worthwhile is analysis of *what constitutes* the current cultures of partnering organizations and *how* the organizations will meld together. In regard to the first question, a number of contrasting styles in organizations exist that can create a problem when the organizations combine. In the first chapter these were described as the character of cultures.

When merging organizations hold some of the same goals and philosophies, there is a higher likelihood of success, and thus it is easiest to find strategic and cultural fits within specific industries. For instance, Nabisco and Standard Brands were a compatible fit because of complementary products and distribution. Before merging, not only did the corporate leaders of the two organizations talk about assets and cash flow, but they also discussed similar customers, business philosophies, and plans for future work.

On the other hand, cross-industry combinations often yield conflicting cultures. Mobil's management of Montgomery Ward is a representative example. Whereas Mobile holds a long-term mind-set typical to exploration companies, Montgomery Ward is focused on a short-term retailing perspective.

The Cultural Relation Desired. The issue of cultural compatibility thus has much to do with the merging companies' philosophies and goals. Just as important, however, is the issue of the *type* of organizational partnership agreement desired. Depending on the motives, objectives, and power dynamics of the combination, this partnership agreement—or "marriage contract"—can take one of three different forms, according to Sue Cartwright and Cary L. Cooper (1992): the open marriage, the traditional marriage, or the modern or collaborative marriage.

Autonomy or Semiautonomy in Open Marriages. The basis of the "open marriage" is a policy of noninterference. The acquiring organization graciously allows the acquired organization to function in a fairly autonomous manner. The goal of this hands-off approach is to create

mutual support and synergy without necessarily changing the original natures of the combining organizations.

The open marriage approach is appropriate when the acquisition or the acquired company promises future growth and already has in place a competent management team. Although semiautonomy often works well for both related and unrelated acquisitions, many acquirers seem unable to resist the temptation to change things, just because they can. Nevertheless, the old adage, "If it ain't broke, don't fix it," is often the best advice. A clear tolerance for multiculturalism can be the first step to ensuring a successful corporate combination.

Open marriages can falter when financial results decline or the acquired organization's management becomes weak. In these cases it is likely that the acquirer will lose trust in the union and resort to a more controlling type of organizational marriage.

Absorbing or Assimilating in Traditional Marriage. When the acquiring partner is dissatisfied with or does not agree with the present performance or philosophies of the acquired organization, assimilation will likely occur. This is analogous to a traditional marriage in which the dominant partner imposes all of its goals and beliefs on the smaller, less powerful partner. In this type of union, the acquirer attempts to redesign the acquired organization so that it fits its own goals and values.

For traditional marriages to be successful, the dominant partner must be sensitive to and prepare for resistance, while the acquired partner must be amenable to change. The acquirer should design a detailed plan on how to acculturate acquired employees to new practices, procedures, and philosophies. Traditional marriages run into problems when the acquired group resists the culture of the dominant group. Based on the way most M&As are currently managed, we would say that most corporate reorganizations fall into the traditional marriage type.

Co-Creating and Collaborating in Modern Marriage. Possibly the most progressive, but most difficult, type of merger is the collaborative, "modern marriage." This type of union can only occur when organizational leaders from the partnering organizations commit themselves to extensive communication and are able to recognize and appreciate each other's strengths and weaknesses. In contrast to the other two types of marriages, where the old culture of both or one of the companies is preserved, in the modern marriage the two organizations combine to form a new vision together.

For a collaborative union to work, with a new culture based on the "best of both worlds," both organizations must be open to share ideas. For all their strengths, collaborative marriages can develop difficulties. For instance, because they are so rare, employees often react as if they were experiencing a traditional type of marriage, with one group of employees feeling that they are taking over (or have been taken over) by the other. To avoid this problem, managers must clearly communicate the goals of the union and act promptly to diffuse any feelings of threat between the two merging groups. In addition, because this type of collaboration takes extensive time and effort, it can be more costly than the other two types of unions.

Communicative Strategies for the Successful Merging of Cultures

For mergers and acquisitions to be successful, members on both sides must understand, recognize, and accept the type of partnership they are embarking on. In acquisitions, the power dynamics are quite clear-cut and acquired employees are likely to realize that they have little choice but to adapt to the new culture. In mergers, however, power dynamics are more ambiguous, and the terms of the partnership must be clearly negotiated and communicated.

The development and implementation of a specific plan of action before, during, and after the merger or acquisition can greatly increase chances for organizational marriage success. The following guide for organizations going through the M&A process is developed from the works of Richard Bibler (1989) and Sue Cartwright and Cary Cooper (1992). The courtship and marriage metaphor is continued here.

Precombination—"Courtship"

1. Know thyself. Before an organization should even consider merging with another, it should take stock of its own corporate philosophies, goals, and visions. This is more difficult than it first might seem. Without careful consideration, it is easy to view one's own quirks—whether an autocratic supervisory structure or a set of participatory socialization rituals—as normal, natural, or intrinsically right. Through the recogni-

tion of corporate strengths and weaknesses, however, managers are made aware of the unique qualities their own organization possesses and the qualities to look for in a partner. In addition, by better knowing themselves potential partners can more clearly articulate and evaluate culture traits.

2. Know thy partner. Before embarking on an organizational partnership, organization leaders should be aware of the strengths, weaknesses, and quirks of the potential partner. Although managers traditionally do a good job of evaluating a potential partner's financial and product information, it is easy to forget about the human aspects of the organization. Nevertheless, managers increase their chances of success by developing a profile of the potential partner's culture and comparing it to their own. Components to this profile include compensation packages, performance appraisal systems, hiring and firing criteria, and the philosophies of dominant leaders (especially if leaders from both organizations are going to stay on).

3. Clarify the partnership agreement. After the two organizations feel they know themselves and are compatible with each other, it is important to have a clearly articulated merger contract. If the terms of the union are incorrectly understood by either of the partners—say, one party believes it is entering a collaborative marriage, whereas the other expects a traditional one—anguish and financial demise are likely to occur.

Formal Organizational Combination—
"The Marriage Announcement and Honeymoon"

1. Implement an announcement plan. Shocking information is usually better communicated face to face than in a written manner. The announcement time should be synchronized to avoid distortion and exaggeration of the information. The messenger is also an important part of the announcement. Research indicates that employees best receive news of change informally from people they know and trust—such as from their direct supervisors. Therefore, news of change might best be communicated in a one-to-one or small group environment, a format that is personal and allows for employee feedback. To acquired employees, the person(s) communicating change—whether a direct supervisor, acquisition manager, or evaluating team—become the "face" of the acquiring

organization. This person or team of people should hold strong leadership qualities, be familiar with both the acquiring and acquired organization, and be prepared to effectively manage employee resistance.

2. Allow for feedback and organizational grief. After employees hear about the organizational combination, they likely will have questions and concerns. Managers can provide opportunities for immediate feedback through question-and-answer forums and for continual feedback through programs such as email discussion groups and interorganizational team-building forums. By encouraging employee feedback, managers can reassure others that they have no "hidden agendas." In addition, managers should expect and allow for a period of organizational grief. Many people are uncomfortable with change, especially when they feel they have no control over it. Managers should avoid telling employees that they must adapt immediately. Employees are likely to respond more positively if they feel they have time to adapt and have some voice in the change.

3. Be open about potential culture changes. It is difficult for employees to determine how or if they want to fit into a new culture if they do not know much about it. Managers should be clear on the type of organizational marriage (open, traditional, collaborative) employees should expect. This includes referring to areas where people will have to make clear culture changes. By maintaining high visibility and honest communication, managers can reduce employee fear and resistance to new ideas. Not surprising, what people object to more than change is the feeling that they are being lied to, rebuffed, or ignored.

4. Prepare for and prevent voluntary staff turnover. Mergers and acquisitions are associated with high levels of staff turnover. In fact, several studies report a managerial quitting rate as high as 75%. Some organizational managers appear to believe this rate of turnover is inevitable, uncontrollable, and sometimes even desirable. Nevertheless, this attitude toward human capital has many shortcomings, and turnover can be reduced when managers plan for the prevention of it. For instance, acquirers can stage welcoming or integrative ceremonies for the acquired organization. Culture change can also be facilitated through changes in the physical environment of the workplace. Last, people usually appraise change as either posing a threat or an opportunity. Through different

framing devices (see Chapter 4), managers can do much to promote the corporate reorganization as creating new opportunities for those involved.

Postcombination—Making the Marriage Work

1. Keep up the effort. No matter how good the precombination plan and the merger announcement system, the postcombination phase can be problematic if managers do not continue communication efforts. Change is considered to be a three-stage process comprising (a) the unfreezing of existing attitudes, (b) the introduction of change, and (c) the refreezing of new attitudes and the development of new group norms. A corporate reorganization faces continuous challenges and leaders must be flexible in the way they continually agree on and communicate organizational values, goals, and philosophies.

2. Develop a new vision and mission that are continually reinforced through framing. After the merger announcement, managers from both organizations should come together and develop a new corporate vision. Even in traditional marriages, where one organization's views will prevail over those of the other, the action of co-creating a new vision has several benefits. First, it clearly articulates organization goals. Second, a co-created vision will likely motivate buy-in from the acquired organization. Third, a vision statement serves as a management guide to track everyday framing actions and behaviors. Of course, some employees may resist the new vision, especially if they feel their beliefs and values are not represented in it. Nevertheless, the creation of a vision statement often provides a much-needed opportunity for resentments to be aired and dealt with.

3. Create and communicate a new personnel plan fast. Merger integration has sometimes been compared to pulling off a Band-Aid: It can be slow and painful or fast and painful. One of the largest areas for confusion after a merger is related to organizational structure and compensation changes. The sooner that changes can be finalized and implemented, even if they include downsizing or geographic relocations, the sooner ambiguity and gossip can be terminated. One of the most sensitive issues is compensation. People understand compensation to

equal worth, value, and status. Through prompt evaluations and modifications in pay and benefits packages, organizations can help to prevent resistance and resentment that can result from compensation differentials.

4. Deal with employee stress. Change is potentially stressful for all concerned. Those who have initiated a merger or acquisition have a stake in seeing it succeed, whereas those in the acquired organization may feel out of control. Meanwhile, middle managers are often put into the role of messenger—having to communicate the mandates of top managers to unsuspecting and resistant workers. Middle managers also face the dilemma of being too young to qualify for voluntary retirement but too old to find a better job. Research findings have shown that it is more the expectancy of change and fears of the future that cause stress than the actual change process itself. Therefore, as previously discussed, communication and overcommunication are extremely important to lessen stress levels in the workplace. Managers can also address the problem by providing stress counselors and stress management training programs and using attitude surveys. The participation, and thus endorsement, of senior managers in such intervention programs has been found to greatly increase their organizational acceptance and success.

5. Monitor success and continue to keep in touch. Once integration is begun, the main goal of communication is to supplement initial information and give direction so that values and beliefs can be reflected in behavioral practices. Dealing with the human factor of corporate reorganizations is a reasonably long-term and time-consuming project. It is therefore desirable from the outset to identify a specific person or team of people to be responsible for merger communication, while at the same time making use of existing communication networks that are familiar and comfortable. Feedback and open information mechanisms introduced in the early stages should remain in place long after the original combination to avoid the resurrection of fears and insecurities.

6. Recognize the warning signs of culture dysfunction. To proactively manage the human side of mergers and acquisitions, managers must be wary of signs that cultural integration has gone awry. Warning signs can take on a number of different faces, but managers should

be particularly concerned if they suddenly see lowered productivity coupled with high rates of turnover and absenteeism. Other indicators include a rising incidence of customer complaints, low level of employee participation in meetings or social events, and an increased frequency in short-term medical absences (possibly to attend job interviews or because employees are experiencing job-related stress and sickness).

By using the communicative tools provided in this chapter, managers can dramatically increase the probability of merger and acquisition success. Employees will be better informed and know how to react to the new organization. This is not to say that any of the organizational transitions described in this chapter are easy to deal with. Admittedly, these types of transitions—the passage of a founder, major economic or market turbulence, and corporate reorganization—are three of the most complex culture challenges for organizations. Nevertheless, through open communication and advance planning managers can provide an atmosphere of trust and community. This, in turn, will result in less employee stress, fewer employee defections, and increased productivity and profitability.

Exercise 8.3

Imagine you are the acquisition manager of ABC, Inc. Your company is merging with a smaller company, called ZZZ. Throughout the next week, ZZZ employees will be moving into the ABC place of business.

- Based on the preceding discussion, what types of organizational processes and personnel activities will you institute or conduct during this first week to ease the transition?
- What are both advantages and potential downsides to these processes and activities?
- What might be the positive and negative reactions of employees in both companies?

Discussion Questions

Mark Sirower described the "failed" AT&T acquisition of NCR in 1991 as follows:

> It is a mystery why, after losing an estimated $2 billion in its own computer business between 1985 and 1990, AT&T's directors were willing to approve the payment of a 4.2 billion premium for the NCR acquisition—a 125% premium above the pre-bid share price of the company. Charles Exley, chairman and CEO for NCR at the time, accused AT&T of merely trying to bail out its own failed strategy for marketing computers.
>
> He may have been right on target. After paying the extraordinary premium for NCR, AT&T voluntarily left NCR executives in place to conduct business as usual for two years after the acquisition. In fact they were even put in charge of AT&T's old computer production and marketing business. NCR executives were merely asked by AT&T to "look" for synergy. The vision was that there would be "convergence" between computers and communications, but AT&T technological advantage was in telecom switches, not in the corporate or consumer computer business.
>
> By 1993, when earnings began to decline, AT&T signaled somewhat belatedly that it had a strategy for NCR after all. It appointed its own executive, Jerre Stead, to run the computer division, but synergies did not materialize. In fact, between 1993 and 1995 most of NCR's top managers left the company. Costs increased dramatically as hundreds of new sales teams in over 100 countries were set up and the company was pushed into new markets and industries where it had little experience. The result was that AT&T shareholders lost the entire premium and racked up losses of $270 million in 1995 alone. (pp. 34-35)

- What are some of the mistakes AT&T made based on your understanding of initiating cultural change?
- What kind of marriage did AT&T have in mind? Why did that not materialize?
- What preparation could AT&T have made to create the possibility of greater synergy?
- What do you know about the prevailing cultures at AT&T an NCR at that time?
- What were likely cultural clashes?
- What can be learned from Tichy's (1996) "ideal transformation framework" that might be applied to AT&T's failures or current attempts with a new CEO to change its place in the telecommunication industry?

Review Questions

- Why are transitions becoming increasingly important as we head toward the 21st century?
- What types of transitions do managers have control over? How can organizational leaders approach these transitions differently from ones that are less under management control?
- How is the passing of a founder best managed?
- What are the advantages and disadvantages of mergers and acquisitions? What cultural factors must leaders take into account when factoring such cost/benefit analyses?
- Is one type of organizational marriage intrinsically better than another? If so, why or when?
- Is there a difference between framing reorganizations in the best light and brainwashing employees? What ethical dilemmas must managers grapple with before, during, and after a corporate reorganization?

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9

Managing Culture in Multinational Organizations

Overview

The difficulty in managing internal cultural differences is compounded when organizations span national boundaries. Since the nature of international business partnerships varies widely today, an organization must be adaptive to each unique set of circumstances.

Despite the uniqueness of situations, several common pitfalls face the transnational organization today. This chapter explores the complexities of managing hearts, minds, and souls across national boundaries. A central issue is the complex tensions that exist between integration and healthy diversity as well as between adaptation and change processes. Cultural sensitivity and skills in intercultural communication are discussed.

Organizations often face difficulties when they use expatriate employees in sites abroad. Typically, organizations that operate on a global level use some combination of employees from the local site and from the parent company. Although this can be extremely beneficial at times, it can also lead to complications if certain factors are not accounted for. A careful consid-

eration of how people must negotiate cultural differences can aid transnational companies—and nicely illustrate other sets of cultural issues.

Key Objectives of the Chapter

- To aid identification of common pitfalls faced by transnational organizations in managing culture
- To increase sensitivity to how cultural differences may influence success or failure of an international venture
- To increase understanding of programs or training that address cultural differences in organizations
- To aid identification of strength and weakness in an organization's orientation to cultural difference
- To aid in the development of plans improving an organization's sensitivity to cross-cultural needs
- To increase understanding of key predictors of success and failure in international business

Questions to Consider

- Consider an organization with a clear international presence, ideally one in which you have some involvement. Or if you are at a university, consider the relation of the university to students from other countries and national subcultures.
- If you were a decision-making member, what could you do to increase the development of systems responsive to cultural difference?
- What are the core cultural beliefs of the parent organization?
- What cultural beliefs are manifest by cross-cultural subsidiaries or affiliates?
- In what areas might these cultures encounter conflict?
- How might fundamental differences be negotiated to help move the organization toward fulfillment of its goals?
- Are the fundamental goals of subsidiary sections at odds with one another?
- What are the types of recurrent conflicts or problems encountered by this organization in its international endeavors?

The Transnational Organization Today

Increasing numbers of large U.S. corporations today have sites in multiple countries. Usually, such expansions of the parent company are initially undertaken to increase the cost-effectiveness of production practices at home. At times, the motivation is procurement of natural resources, at others, the availability of labor. Once they are established abroad, however, it is not uncommon for these companies to examine ways to tap local markets and expand distribution of product lines or services. The driving force behind such undertakings tends to be the achievement of global competitiveness.

Managing a global operation is far from a simple process, as goals, motivations, and desired outcomes may vary widely by geographic location. Increasingly, managers are aware that developing workplaces that are sensitive and responsive to the array of cultural differences exhibited across various sites is crucial to success in the global marketplace.

A Whole New Set of Cultural Complexities

Examinations of cultural differences in organizational subgroups and between merging organizations has already demonstrated the many ways in which cultural conflict can hinder productivity and lead to demoralization. All of these factors have relevance in multinational organizations as well, but these organizations also include another dimension of cultural complexity. When dealing with organizations that span national boundaries, attention must be lent to the differences in national cultures of the parent company and its subsidiaries abroad. Differences between the two complicate the achievement of organizational goals and potentially lead to increased employee turnover or other destabilizing effects in branch locations.

Identifying Sources of Difficulty

An organization's relationship to the international market is influenced by many factors. Some corporations have branch offices aimed at providing similar products and services to different markets. Others have site locations where functions performed vary greatly from one locale to the next. Large conglomerates may own companies in many

locations, each providing goods for a particular niche market, whereas in other circumstances alliances between two organizations from different parent countries may create distinct organizational sites that must be responsive to the direction of two different entities.

To increase managers' awareness about potential areas of difficulty, the relationship between a given organization and its subsidiaries or affiliates abroad must be identified. In doing so, the goals and desired outcomes of each entity should be examined. What are the priorities of each of the branch sites? Are any of those goals in conflict with one another? Do the core values of geographically disbursed sites stand in conflict with one another in any way?

Answering these questions can help identify areas in which the potential for system breakdown is high. Imposing the cultural norms and expectations of the parent company on a branch location is likely to create conflict and reduce effective communication among organizational members. On the other hand, allowing a branch site complete autonomy can create dilemmas of its own. Often, the ultimate responsibility for product and service outcome lies with the parent company.

For this reason, among others, it is important to find a way to negotiate a space in which the national values and cultural norms of the host country are accounted for and integrated in work practices. Still, the mission and goals of the parent organization should not be lost or corrupted.

Preparing Expatriated Employees for Success

A common difficulty faced by multinational organizations is that of placing organizational members who are not native to the host country in sites located abroad. Although most organizations see such placements as important for business, they can become problematic. Expatriates often have trouble adjusting to the host culture at both the national and organizational levels.

Expectations of work performance and authority vary considerably from one locale to another, and being ill prepared to negotiate those differences can create both personal and professional hardship for employees. In addition, such work experiences place burdens on the families of those assigned to live abroad. Frank discussion of such factors with organizational members initially can help reduce the likelihood of employees leaving for personal reasons down the road.

To avoid common pitfalls when placing employees in overseas locations, managers should take certain preparatory and preventive measures before employees leave their native country. Any organization that routinely engages in expatriate placement should have systems in place to help prepare its employees for work abroad. Training employees to be sensitive to cultural differences and adequately preparing them for the different expectations that may be placed on them can help ease the culture shock that is traditionally experienced.

Choosing to place employees who demonstrate a high degree of intercultural skill is also helpful. This goes far beyond proficiency in foreign language. Interculturally adept individuals are responsive to varied perspectives and willing to seek out and develop a greater understanding of the cultural expectations at different sites.

For this to be effective, however, attention must be given to the relationship between the parent organization and its affiliates from their inception. Cultural sensitivity is important for members across the organization, and concerted effort to develop trust across cultural boundaries will lay a more solid foundation for organizational excellence. Particularly in situations where appointments are in flux, clearly defined roles will allow employees to move in and out of them more comfortably and provide more stability for the organization. Along the same lines, clear sources of support and proactive efforts on the organization's part to help integrate expatriates into organizational life will allow a more comfortable fit to develop.

The Role of Communication

As with other instances of cultural management, here again, the role of clearly communicated objectives from management is vital. Since it is not only language that varies from culture to culture but also forms of appropriate speech, leadership must be acutely aware of these factors when framing messages across organizational sites. What is and is not appropriately discussed in different settings varies widely. It is important to keep in mind that the fundamental goal one seeks to achieve is not necessarily a function of the message that would be used to convey that desire in one's native country.

A focus not on the message but on the ultimate goal that one seeks to achieve can allow for a different perspective. By taking this approach, one can more easily evaluate whether or not that goal is in keeping with

the values and norms of the host culture. If it is not, then an assessment of the necessity of accomplishing that particular goal might be helpful or its site of implementation might need to be reconsidered. If it is in keeping with the culture of the target site, managers should find culturally sensitive and appropriate means of communicating that goal.

Management groups can also actively work to create opportunities for expatriates to contribute to operations and feel rewarded for their contributions. As with any organizational site, increased identification with the affiliate site will generally lead to greater employee satisfaction and increased productivity. In a situation where the organizational member is already less identified with the host culture, identification with the organizational site is especially important both for the employee personally and for his or her ability and desire to contribute significantly to the development of the organization.

Although it may be attractive to a parent organization to place exemplary employees from home in a site abroad because of their commitment to organizational ideals, this can sometimes lead to problems in communication on the other end. The entrenched cultural position of dominant managerial groups can make flexibility and adaptiveness difficult. It is possible for what makes an individual most successful in one locale to be precisely the thing that impedes his or her performance elsewhere. Careful assessment of individuals' ability to negotiate cultural differences ought to be considered prior to placing them in a different cultural milieu.

Balancing Cultural Adaptiveness and Encouraging Good Business

In many circumstances a parent corporation has ethical obligations to retain certain degrees of control over the practices of affiliate sites. Similarly, sound economic sense may require similar practices in different sites. Needs of organizational control, cultural management, and cultural conflict usually arise together. The organization must have a clear and unwavering vision and mission that it seeks to accomplish. Only in doing so can it provide a framework in which individual cultures can work toward achievement of the same goal.

Similarly, systems of participation take on new significance in organizations that overtly have a broad range of different perspectives and needs to address. Creating systems that are responsive to the different

cultural needs of employees at different sites but also actively considering the interests of the communities in which those sites are located is important. In such systems, conflict can arise productively to stimulate innovation and growth rather than serving as a catalyst for entrenchment or decay.

Exercise 9.1

- What are several ethical considerations of going multinational?
- How would you consider potential impacts that a company would have on the local value system?
- Is it possible to separate human rights issues from cultural differences? If a certain pay scale or working condition is considered unethical in your home country, should it automatically be considered unethical in an affiliate country? Why or why not? What circumstances would you consider in making this decision?
- How would you define cultural imperialism? What forms of cultural imperialism (if any) are appropriate when going transnational?
- What are potential costs for not imposing home company values and norms on an affiliate company?

Gauging Cultural Adaptivity

Several factors should be considered as an organization considers opening branches abroad or attempts to assess the effectiveness of their current systems. The following discussion examines steps ideally taken prior to the creation of an international venture. The points, however, can as easily be used to assess systems already in existence.

Cultural Assessment

Before beginning an international undertaking, whether opening a new site or embarking on a joint venture, a careful cultural analysis should be conducted. This involves examining the multiple cultural

dimensions in the parent organization and developing a clear understanding of the national culture in which the parent company is embedded. After such an understanding is developed, a similar assessment of the culture of the target location or venture associates must be conducted. As this process is undertaken, careful examination of work roles and expectations, motivating forces, and standard employment practices can provide insight into the ways in which people's orientation to work and to the broader organizational mission may differ between sites.

Identifying Areas of Commonality and Difference

Following a clear articulation of the cultural components of each of these entities, identifying places in which the cultures may be highly compatible can provide insight into useful ways of approaching business. Shared values or common beliefs can be built on to move the cocultural organization toward fulfillment of its mission. At the same time, identifying areas of divergence and incompatibility can allow for insight into areas where forms of cultural training and accommodation practices will be important to success.

Complexities are encountered when cultural expectations of work roles and job performance diverge. Subtle differences may at times be more difficult to negotiate than more overt ones, as those encountering conflict may have little more than a sense of unease, discomfort, and dissatisfaction. As these lead to decreasing levels of productivity or distract from job performance, leadership may have a hard time identifying the source of the problem if careful cultural assessments have not been conducted beforehand.

Having Clearly Shared Goals

Just as it is important for an organization to have a clearly articulated vision or mission that is shared internally, international endeavors must be guided and structured in the same way. When opening a site abroad or developing a partnership with an international organization, having a clearly articulated sense of where the newly created entity is headed is important. With the first two steps completed, the articulation of such goals can allow one to compare the espoused goals with the cultural norms and motivations in use on all sides.

Only when areas of incompatibility are identified can they be addressed. In international business, negotiating shared values is a key to success, and negotiation generally is possible if a clear sense of where the various entities are starting from is established at the outset. As this step is undertaken, the rationale for an international affiliation should be articulated clearly. What purpose does establishing this entity overseas serve? Who stands to gain most from this endeavor? Building an awareness of the driving force behind the project gives the venture a firm sense of direction as it gets under way.

Developing Plans for Autonomy

Although it is almost always necessary for the parent company to have significant oversight early on in the development process, as an international venture gets under way, clearly establishing mechanisms for autonomous operations will be important to the sustained success of the entity abroad. For affiliate employees at that site to develop a sense of identification with and affinity for the organizational site, there must be a sense that what is accomplished there is important in its own right.

At the same time, for effective decisions to be made in a timely fashion, mechanisms for making them in ways that reflect cultural norms and that can be adopted and subscribed to by organizational members must be developed. For efficiency to be maximized, however, it is important that the organizational plan and goals described above be clearly articulated. In this way, the joint goal of the parent organization and its international affiliate can be used as a guiding mechanism to help frame and structure a decision-making process that the parent entity need not be involved in directly on a day-to-day basis.

Determining Optimum Structure

Another key decision in the creation of an international site is the careful structuring of its organizational systems. Clearly, deciding who will be responsible for management and what decisions these persons will have authority over is essential to smooth operation. Particularly in a situation where cultural expectations of systems of authority and control differ widely, carefully considering the response to and effectiveness of varied structural possibilities can lead the organization toward culturally sensitive and effective operations more swiftly.

Further at issue is the degree of decision-making authority to be held among key stakeholders. The parent corporation will generally want to retain authority to make some decisions. If the overseas operation is the result of a joint venture with another organization, determining the degree of control each of those entities will have is important to establish early on to avoid potential confusion and conflict as the organization evolves. Similarly, the autonomous decision-making system already developed for the affiliate organization must be respected.

Obviously, the potential for conflict and problems is quite high when multiple entities based in different geographical locations and sharing different cultural norms and value systems have authority over the operations of a particular site. Although some conflict is healthy for organizational growth, clear structural guidelines and agreements can help reduce unproductive conflict as well as allow those groups best suited to particular tasks to perform them unimpeded.

Formalizing Organizational Structure

After it is clearly established which entities are to be responsible for the management and oversight of which systems, it is important that such agreements be formalized. Creating an agreement between the interested parties that articulates this system both reduces potential conflict down the road, and provides opportunity for those involved to discuss and understand the rationale behind the systems agreement and how its structure helps fulfill the greater goals and mission previously established.

Employee Placement and Workforce Development

After an organizational goal is established and a structural design is developed to implement and oversee it, the selection of employees to carry it out can lead to the success or failure of the venture. Difficulties may be faced in selecting employees to be placed overseas, but in a multinational organization it is not only expatriates who may experience difficulties with cultural adjustment.

The unique culture of a multinational entity will not neatly resemble a workplace in any one of the parent cultures. Rather elements of each are likely to shape different aspects of organizational activity. A clear

sense of organizational goals, a strong understanding of cultural interplay, and a carefully developed organizational strategy will make ascertaining who is best suited to the carrying out of varied tasks easier.

The workforce in a multicultural setting is more likely to be flexible and adaptive to change if programs designed to acculturate and orient new members to the uniqueness of the practices in this venue are present. Developing these skills will be important for organizational members across the board and will enable and encourage better working relationships between native and expatriate workers. Careful examination of the particular needs of a specific organizational site should help point to areas in which such programs would be especially beneficial.

Evaluating Reciprocal Effects of Ventures Abroad

Just as an organization started abroad is a product of its parent corporations and their interaction with the national culture in which it is situated, the establishment of a site abroad typically has effects on organizational culture(s) at home. As employees spend periods of time overseas and domestic efforts are coordinated with those of sites abroad, some effects will be felt in the parent site. As always, a clear sense of purpose for each site will help create identification and investment by members.

If the organization's vision encompasses an international component, then the "feel" of multinationalism may pervade all organizational sites. In some ways, this may ease transitions of employees from one site to another, but in many ways it can also serve to obscure complexities. The varied national cultures in which each site is situated will undoubtedly add nuances to behavior and influence organizational structure. Preparing employees to adjust to and understand such differences is a key role of management. It is also important to keep in mind that although certain structural systems may be found to be highly effective in certain sites, it will require careful assessment of cultural compatibility to ascertain their potential effectiveness in other sites.

Integrating Cultural Awareness in Daily Practice

Negotiating cultural differences is a challenge in any organizational setting. When different national cultures become implicated, the difficul-

ties can compound themselves rapidly if a proactive approach to cultural sensitivity and awareness is not taken. Management can make a difference by clearly identifying cultural differences, articulating goals, taking culture into consideration when designing organizational structures and providing regular training and support for employees working in cocultural environments.

Beyond this, however, a strong multinational organization integrates cultural awareness in daily practice. Leadership must continually communicate its respect for and understanding of subtle cultural differences, and this awareness must be reflected in practices and in policies. A clear sense of direction and understanding of cultural variations opens the door for management to communicate this sensitivity to the rest of the organization.

Review Questions

- What are possible sources of culture-based difficulties in managing a multiculturally based organization?
- How would you prepare an employee for a year-long period in another country?
- What would you consider when trying to decide how much cultural accommodation would be expected from a unit situated in another country?
- How would you determine how much cultural conflict is to be expected in moving operations to another country?
- What would you consider in developing a culture change plan for a unit in another country?
- What accommodations would you expect a parent company to make in initiating an overseas venture or a partnering arrangement?

Discussion Questions

- If you work with a company with international units, how does your company address cultural differences in concepts of time, work effort, and identification with the company? If you do not work for an international organization, what are some of the problems you might expect to encounter in such a situation?

- What is the structure of your organization's international endeavors?
- How would you decide whether to use expatriate employees in your organization? If you do use expatriates, what challenges might you expect to face? How would you address them?
- What are the biggest challenges you would expect to face in managing a business transnationally? How are these communication problems?

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10

Putting a Change Process Together

Overview

Building a successful organization—and keeping it successful—requires careful attention to the workplace culture. The prior chapters have focused on the role of communication in the development, maintenance, and transformation of a company's culture. This chapter returns to some of the central themes and concepts. Partly, this is to accomplish a review and reinforcement of the development of ideas in the book as a whole. It is also intended to continue to integrate a culture-based thinking process into your ongoing practices in working in an organization. Thus, the chapter includes consideration of the functions of cultural management, the choice between leading and managing, the process of developing cases to enhance learning, and the development of continuous learning processes. Finally, these various conceptions are put into practice in consideration of a specific fully developed case.

Key Objectives of the Chapter

- To review basic reasons for engaging in cultural management
- To reconsider basic elements of cultural management
- To consider the choice of managing culture or leading cultural change
- To develop skills in writing cases involving one's own organization for the sake of examining its culture and developing interventions
- To look at general cultural characteristics of learning organizations

Questions to Consider

- Which ideas from this book have you already tried at work? How successful were your efforts? What do you believe best accounts for the degree of success or failure?
- Stories often clarify, reframe, and inspire. Which concepts lend themselves to "storifying"? How successful were you in constructing a story that captured the imagination of members and provided conceptual tools for change?
- When have you chosen to manage and support the existing culture and when have you chosen to change it? Do you think organizations engage in too many cultural change efforts? How do you know the right time to initiate change?
- Are you able to see the cultural logic in specific events or is it mostly a global feeling to you? When do you have time to reflect on cultural elements?
- Do you believe that your organization actively engages in learning and change? When does this most often occur and at what level in the organization?

Looking Back

Building and maintaining an appropriate corporate culture is a key feature of building a successful business or running any organization. A positive work environment must complement a favorable market situation and skilled employees if high performance is to be achieved. Many reasons have been given for this. A positive culture increases motivation and the quality of the work effort. This shows up in a number of performance measures, including productivity and quality of relations with clients and customers.

In a turbulent business environment, continuous learning and adaptation are critical for success. Learning and adaptation require both employees' commitment to organizational objectives and employees' autonomy to take initiative and act on their own. A strong and appropriate organizational culture can resolve the potential tensions between these dual needs. Carefully integrated values enable organizational members to perceive relevant details and respond directly to events from an organizational point of view.

Cultural management enables highly effective passive control and coordination. A strong culture reduces the need for surveillance and direct supervision. This in turn reduces the cost of management and provides a more positive work environment. Decentralization, dispersed facilities, internationalization, and the need for rapid responses increases the need for cultural management, as more traditional forms of coordination and control efforts are difficult and costly to maintain.

A positive culture also increases members' identification with the organization. This increases satisfaction, reduces turnover, and improves recruitment efforts. These factors can be critical in businesses where employee qualities may be the business's greatest asset, where exiting employees carry important trade-relevant knowledge and social contacts with them, and where the competition for skilled employees is great.

Managing Culture

An organization's culture impacts on employees by influencing their degree of identification with the organization, their beliefs and values,

and their ways of interpreting and understanding events. Identification is accomplished through rites and rituals that increase feelings of inclusion and community and forms of explanation and justification that are well integrated with wider employee values. Beliefs and values are influenced by explicit discussion and promotion but are directed more basically by stories, values implicit in work practices, and reward systems. Interpretation and understanding are influenced by contextual frames and vocabularies as well as by beliefs and values.

These influences interact, and both the strength and content of the culture change the nature of these influences. As shown earlier, no particular cultural content is necessarily better than another. Strong cultures are not always positive. The culture has to be assessed in terms of how well the specific values and interpretive frames meet the needs of the company, employees, and external constituents. Cultural strength must be sufficient to enable identification and efficiency and yet enable alternative perspectives and consideration of alternative values, especially when product and market conditions change rapidly. As shown, cultural changes may focus on either strength or content.

Exercise 10.1

- As you think back over the various discussions in this book, what do you consider to be the most important reason to manage the culture in your own organization?
- What prior attempts to manage culture have occurred? Where did they succeed and fail? What have been the costs?
- Again assess the culture of your own organization. What do you now think of the appropriateness of its strength? Of its content?

Leading and Managing

As evidenced from ancient writings forward, people have recognized that organizations need both leaders and managers. This has been expressed in the difference between prophets and priests or between inspi-

ration and administration. Clearly, the value preference is nearly always for the former in each of these linguistic pairs. And the same has been true in this book. But equally clearly, this preference can be misguided. Many organizations have been hurt by the need some managers have to prove they are leaders. Many organizations have been reorganized and reengineered to death. Value campaigns soon fall on cynical and deaf ears.

Although the leading and managing functions are not always easily separated, different situations call for different emphases. Cultural management is an ongoing process. A positive culture is maintained through recruitment, training, and integration. No positive culture can be maintained without the mundane daily activities that support, reinforce, and reproduce that culture. Cultural management is to be emphasized when the cultural strength and content appear appropriate. The commitment of management to cultural maintenance encourages the commitment of other organizational members. Such commitment encourages efficiency and legitimacy. Cultural maintenance and development processes are as important as change processes.

Cultural leadership is called for in certain periods. Most obvious are periods of market or environmental change or major internal transitions created by mergers or leadership change. Leading a cultural change is time consuming and costly. If a new culture is to take, the campaign and commitment must be fairly complete. Faddish implementation or partial commitment usually have negative consequences. All change starts with serious assessment. Leadership is to be respected not because it is simply active but because it is active in positive and lasting ways.

Writing Cases

This book has used a number of case discussions. These are important in enriching the understanding of organizational processes and in developing the application of concepts. But writing your own cases is a powerful way to assess an organization's culture and begin to develop an appropriate response to it. Writing a well-designed case helps sort out essential from less essential elements, reduces detail so focus is easier, aids the identification of underlying values, reveals interpretations, and facilitates discussion. The development of a case includes three steps.

Description of Problem and Solution

First, briefly describe a reoccurring problem the organization confronts and the way organizational members normally go about solving the problem. Include some discussion of how key members would prefer to solve the problem if they had access to the relevant people, resources, and systems.

A careful look at this description gives insight into framing processes, including the basic values and conceptions used in thinking about and assessing the organization. One can ask a number of important questions. Where did these values and conceptions come from? Who has promoted or currently promotes these values and conceptions? Would these values and conceptions be sustained if these people left? What systems reinforce the values and conceptions? What were the implied decisional premises that supported the apparently preferred choices?

What specific events have taken place in the history of the organization that have led to the "normal" way problems are approached? How functional has this way of thinking about the organization been for the organization? In what ways might the normal and idealized ways of solving the problem contribute to its continuation and generate other problems for the organization? What are the common "espoused" values and theories of how things work? What are the "values-in-use" and "theories-in-use"? To what extent do the values and conceptions identified resemble those you would find most important for the organization?

A Critical Instant

Describe in concrete detail an actual discussion or conflict situation where the identified problem was present. Include in this description an actual conversation that has taken place. Develop what was discussed earlier as a "right-hand" dialogue that reveals the likely thought process of different members. How did they interpret what was said? What is the thought process that accounts for the way they replied? What remains unsaid and potentially undiscussible? How were such things kept out of the discussion?

Were stories used? What perspectives would have to be shared for each story to make sense? What were the lessons the stories seemed to give? Were there reoccurring metaphors or slogans? If so, what were they? Why do you believe that these were present?

Which members appear to be operating with values and conceptions that differ from those you would prefer for the culture? Do they seem to recognize this gap? When personal conceptions and values differ from culturally preferred ones, there is often a gap between the "reasons" and "reasons given for" choices. Do you see any evidence for such a gap? What is it? If you were to engage in cultural change activities would others' "reasons" have to change or would changing the "reasons given" be enough? Can you change the latter without influencing the former?

Exploring Alternatives

Develop alternative problem descriptions and ways the problem could be discussed. One way to do this is to imagine the perspective of a stakeholder who is rarely included in the discussion. We have noticed, for example, that professors think far differently about university issues when their own children become students. Businesspeople often feel far differently about environmental issues when their own living community is affected. Imagining alternative perspectives helps us display values and conceptions that are hidden or so routine that they remain unnoticed.

Rewrite the dialogue using terms and concepts that both retain the basic interests of each participant and provide for a reframing of the problem. For example, Saturn had a conflict between management and labor regarding the purchasing of parts. The problem arose from the difficulties in getting high-quality parts at a target price from U.S. parts manufacturers. In a rather routine way, management wanted to purchase the parts from overseas suppliers where quality and price needs could be met. This was a market issue for them. Labor wished to buy American. This was a nationalism and group solidarity issue for them. One can easily image the rather common dispute and discussion that resulted. The problem was reframed when the discussion was changed to focusing on how to get better quality and price from U.S. manufacturers. The decision to teach parts manufacturers Saturn work processes not only achieved Saturn's objectives but had many other positive payoffs.

Unfortunately, people often have to express their interests in the available discourses (language, metaphor, concepts) in the organization. When they do so, their real interests and values are presented in distorted form and often remain obscure even to themselves. The positions they take imply proposed problem solutions but may hide more important

deeper interests and make creativity in discussion difficult. Inventing new ways of talking provides the possibility for greater clarity, better understanding of perspectives, and innovation. The culture evolves in a powerful organic manner.

Two Examples

Two very brief examples illustrate how specific cases can open up the thinking about larger organizational practices from a cultural standpoint. The first comes from the university department that is the work organization of one of us and the other from a quick intervention at a convenience store.

Department Funding Discussion. From the faculty's point of view, most university departments are seriously underfunded. In our department of 16 full-time faculty, 600 undergraduate majors, and 25 doctoral students, the entire nonpersonnel budget is $30,000 a year. This is to cover all supplies, copying, postage, telephones, travel, equipment, and routine research and instructional costs.

Each year departments may request additional funding. In a good year the increase received might be 3% to 5%. Despite the small stakes, usually the funding request process is lengthy and although filled with pent-up emotion, unusually focused and rational sounding. All the various value differences in terms of commitment to different research projects, undergraduate teaching, graduate student support, and use of the copying machine are pulled out in the writing of the justification for increased funding. And much time is spent in trying to guess the university-wide priorities and the relative standing of one's own program. Most of the discussion scripts are well known, well rehearsed, time consuming, and sometimes destructive of work relations. To the members, the problem is clearly the lack of funding and the difficulty in writing the persuasive proposal that will solve the problem.

It seems clear to us, however, that the real problem is the discussion and the sustaining belief that the right discussion and proposal will finally solve the funding problem. Metaphorically, it seems to us (à la Jonathan Livingston Seagull) that this is a very time and energy consuming squabble over the scraps that keeps the group from being visionary and proactive.

One could ask the members what they would talk about if they knew that there would never be a substantial increase in funding. Perhaps predictably, several would suggest that they would have to be even clearer about their priorities so that essential activities would not be hurt. Ironically, although currently being hurt in the system, powerful people in the department may actually perceive gain by sustaining this fight. Power balances are not challenged; outcomes stay predictable. The discussion also keeps departments dependent on university sources of funding, creating control but diminishing the potential total funding for the university system. The manner of solution becomes the real problem.

A few could start to perceive a very different discussion where alternative sources of funding could be considered. The same amount of time spent on looking at new types of grant funding, partnerships with area businesses, and soliciting donations has the potential for much greater payoff. In fact, the potential for solving much of the problem as well as forging new and valuable alliances both in and outside the department resides in having this different discussion. Such a discussion could create a situation where different values and priorities reside more comfortably together.

Furthermore, one suspects that one outcome of participating in these alternative discussions and activities would ultimately result in more department funding from the university. Sometimes one best participates in the discussion by not participating in the discussion. Perhaps even more important, working out the alternatives in this case has implications for nearly all department discussions.

Making Change in a Convenience Store. A second very brief case came from a Korean American student of one of us. His father owned a convenience store in a part of a nearby city known for "racial" tensions. The store was plagued by high employee turnover and suffered from shoplifting and other problems typical of such stores. But in talking with the father it transpired that what bugged him most was that the employees (usually other ethnic minorities) working the cash register were unable to make proper change. Without totally knowing it, he used this as a kind of metaphor for slovenly behavior, low intelligence, and the sorry state of the American educational system. Everything else seemed to follow from this.

After some discussion, it was suggested that he change positions with an especially loyal but vexing employee. He would run the cash register

and this employee would work on policy decisions, work schedules, product layout, and so forth. Unsurprising, he made proper change easily and even learned a thing or two about watching for shoplifting. But perhaps less expected, the employee invented a work schedule that made others happier, suggested a different placement of products that aided sales and reduced shoplifting, and even generated a list of items that would probably sell well. The problem was not the simple lack of expertise, but the failure to recognize and utilize well the expertise already present. And guess what—when the employee went back to working the cash register, making proper change was not a problem. We guess the American educational system improved.

Exercise 10.2

Write a case using an organization with which you are familiar.

- In your own case description, how does the specific way of describing and discussing the problem contribute to its continuation?
- What changes in the culture of the organizations would change the way the problem is understood? How would changing the way the problem is discussed impact on the culture?
- How would you deal with those who seem to have a way of benefiting from the continuation of the problem? What have they themselves lost in its continuation?
- Discuss the consequences of alternative way of thinking and talking.

Toward a Learning Organization

Generally, the need for a specific array of cultural characteristics is dependent on industry characteristics, external values, environmental factors, and specific market conditions. Nonetheless, the capacity to learn is one cultural characteristic that may be valuable in nearly every organization. All successful organizations must continually adapt to changing conditions. As should be clear from the other chapters, independent of whatever other characteristics are present, a culture that favors adaptation is more competitive.

For years Chris Argyris has helped organizations achieve what he calls "double-loop" learning by developing a specific cultural theory-in-use. Single-loop learning is typical in organizations. It entails achieving higher competence levels in the skills and responses that already exist in the organization. Most training aims at this. Double-loop learning entails the development of different types of skills and responses.

The cultural theory-in-use of single-loop learning is fairly typical. Argyris (1992) argues that the model is governed by four variables: "(1) achieve the purpose as the actor defines it, (2) win, do not lose, (3) suppress negative feelings, and (4) emphasize rationality" (p. 218). All of these elements are clearly present in the faculty discussion described above. Although people may be very skilled in this type of discussion, rarely does it lead to organizational learning. Behaviorally, individuals engage in strategies of control and self-protection and discourage genuine inquiry.

The cultural theory-in-use of double-loop learning is quite different. The governing variables are "(1) participation of everyone in defining purposes, (2) everyone wins, no one loses, (3) express feelings, and (4) suppress the cognitive intellective aspects of action" (Argyris, 1992, p. 219). Behaviors here generally encourage inquiry, minimize unilateral control, and aim at breaking standard routines.

Many of the conceptions developed in the book as a whole have attempted to move toward a conception of organizational learning consistent with Argyris's double-loop learning. The best learning from this book is not what culture your organization should have, but how one can become a quicker and more efficient learner.

Exercise 10.3

- How would you characterize the learning style of your organization? Do individuals seek new ideas and perspectives? Does your organization try new things spontaneously or wait until moments of crisis? Is everyone a learner or only some people or groups? How does the organization store and distribute what its members have learned?
- Does your organization focus on helping people learn how to learn or on teaching specific skills? Can you think of specific instances of double-loop learning?

- Do you consider your organization to be a learning organization? What makes it so or keeps it from being so? When has learning occurred most rapidly? Most slowly?
- Does your organization have a culture of learning? What are the learning enhancing elements of its culture and the learning inhibitors?

Putting What You Know Into Practice

The following case report is essentially the diary of a consultant hired to assist with a major cultural transformation in a public agency (our thanks to Patricia Sikora for providing the case). Please read the case and form your impressions, using where possible conceptions developed in this book. Following the case presentation will be a series of discussion questions aimed at helping you engage the case more fully.

The Case

> "If you're looking at it as a solution to some communication problems between supervisors and employees, Pay for Performance doesn't change that. Unless you have a communications structure where you're committed to giving people feedback, both positive and negative, on a regular basis and supervisors with the skills to do that, you're kidding yourself if you think this is a solution to this problem. Where I used to work, I swear they went through every type of human resource planning and evaluation plan ever invented, and it all came back to: are you going to communicate with your employees. . . . unless you're committed to changing that, you're fooling yourself that any plan is going to fundamentally change how things are."
>
> —*(Focus Group participant)*

Setting the Stage for Change

Early in 1996 a western state legislature enacted a bill mandating that all state employees be transitioned from an entitlement-based pay system to a merit-based or "pay-for-performance" system by fiscal year 2000. This new compensation approach, dubbed

"Western State Peak Performance" (WSPP), will eliminate the nearly universal and predictable annual employee raises ("step increases"), and will more closely link annual pay increases with yearly performance. The current performance evaluation system has no link to compensation, or, in some cases, actual job requirements, and will be simultaneously transformed to a more rigorous performance management system to support the documentation and managerial requirements of WSPP.

By mid-1996, a state-level Design Team was formed to make recommendations to the State Personnel Board regarding implementation of WSPP. The recommendations of the team were presented to the legislature by the State Personnel Director in October 1996. The program was strongly positioned as a major culture shift with the intent to "shift [the Western] State government to a work culture that rewards excellence in performance in order to foster a service-oriented work force as [the state] moves into the next century." Furthermore, "performance-based pay can be a powerful tool in finding new ways to make state government more citizen-oriented, responsive, flexible, and productive." The overt message throughout the report is to transform state government to a "service organization" where "citizen satisfaction is the bottom-line."

Generally the state-level plan overviews what must happen in terms of communication, training, systems, and human resource management, but provides little detail in regards to how elements of the program are to be implemented. The decision was made early by the state team that implementation of WSPP would be managed at a departmental level. That is, state-level teams and task forces (12 task forces created in late 1996) would provide general parameters and recommendations for implementation; however, specific decisions such as how to allocate funds, how/when to conduct evaluation or coaching sessions, how/what/when to communicate, what to measure, and how/when to train were to be left to individual departments.

Late in 1997, the Department of Concern Here (DOCH) initiated implementation of WSPP for the department. This department consists of approximately 550 employees in 11 autonomous divisions. It was decided that the department would utilize a cross-functional steering committee (Design Team) and six task

forces (TFs) to plan and implement WSPP. Although membership in the Design Team and TFs was open to all employees, the groups were predominantly populated by directors, managers, and supervisors. Final recommendations from these groups are due June 30, 1998; implementation is to begin early 1999.

Role of Communication

Defining their role—therefore the role of communication—was the overt "problem" for the Communication Task Force. Except for the very first meeting, virtually every meeting of the Communication Task Force was dominated by disagreement/debate over what the task force should or should not do. Although this was sometimes couched in terms of how much effort people were willing to invest to "do" communications, much of the difficulty in moving ahead was due to differences in perspectives about the role of communication in the change process. In fact, choices (lack of choices) about communication contributed significantly to the maintenance of the status quo and raised early barriers to organizational transformation.

Process or Content

One unspoken question in the meetings was: is communication a noun or a verb? a what or a how? In an early Communication Task Force meeting (2/24) a list was "brainstormed" around what aspect of communication the team might focus on: creating, relaying, editing, consulting, planning, integrating, packaging, distributing, soliciting, eliciting, defending, etc. Although all of these were expressed as verbs, there were two separate paths described by the team: (a) developing and editing content, or (b) distributing and delivering messages. The former required that the team write its own material or substantially edit minutes/documents from the other TFs. The latter implied a more passive, reactive role where the team would simply take what was developed by other groups and act as a delivery system.

Definitions of quality entered into this debate as those who advocated the "content" approach felt that quality of communication hinged on appropriate packaging, integration, or distillation of messages, whereas the "process" members felt that quality

information was the "pure," accurate, and timely message "direct from the horse's mouth."

> "The Communication Task Force will create a plan to communicate DOCH Peak Performance developments to all DOCH employees in a timely, accurate, and understandable manner using various mediums." (3/3—Communication Task Force)

In the end, the "conduit" metaphor prevailed, not only because it involved less time and responsibility for individual members, but because it was most congruent with "how we do things around here." The conduit approach maintained the isolation of groups from each other, kept the focus away from the creation of new meaning, and kept power and authority relationship static. By focusing only on the process and defining their output in terms of guidelines or plans, the Communication Task Force did not have to get its hands dirty with the real work of creating meaning for the organization.

Integrated or Separate

In addition to the question of whether the function of the Communication Task Force was to generate content or process, there was implicit disagreement as to whether communication was a separate task or was to be an integral part of the entire WSPP process. Creating a separate "task" force immediately set communication as "separate from" other activities.

Initial discussions regarding the role of the Communication Task Force did, however, revolve around integrating or, at least, orchestrating various messages across the other TFs and Design Team. That is, the "ideal" communication process was defined in terms of integrating communication into every aspect of the process and ensuring that input from as well as messages to employees were tightly woven into decisions made by the Design Team and TFs.

Some Communication Task Force members, then, defined their role as consultants to the TFs and advocated a more cross-functional or "communication is organizing" approach to WSPP planning and operations:

> "It can't be a communications plan without us being involved in decisions—communications influences everything: how decisions are made as well as the timing, the message, or the medium." (2/24—Communication Task Force)

Very quickly, however, this position was overwhelmed by those who wanted to draw clearer lines between roles and "tasks" associated with communication. Communication was piecemealed into discrete elements that different groups should or could own: Who should write content? Who should approve content? Who should integrate across the groups? Who should respond to employees? Who should set up the email system? Who should edit TF minutes? Even as the "central importance" of communication to the WSPP process was emphasized, it became fragmented into a haphazard list of tasks, some of which were assigned, whereas others were not.

> "Communication is so centrally important, it really should be coming from the Design Team. Our role could be planning and strategies, but approval, clearinghouse, oversight role should be Design Team." (3/31—Communication Task Force)

> "I think we should not address 'whole' communications issues. That is the Design Team's job." (4/14—Communication Task Force)

> "Isn't it our responsibility to do Q&A? I'm having trouble w/where our role ends. That isn't our role. But where does it happen then?" (4/14—Communication Task Force)

> "If we're there, we'll be assigned the role of writing communications, we'll end up doing it for the TF. We'd be setting up the expectation that we'd do their job." (2/24—Communication Task Force)

The theme of "It's not my job" emerged in the Communication Task Force by mid-March. By dissecting communication into piece-parts, responsibilities could be delegated or abdicated more easily to others. Over the course of 2 months, integrated, coherent communication to and from employees about WSPP fell by the wayside as individuals debated over "whose job" it was to handle discrete aspects of communication.

The Communication Task Force was successful in convincing the Design Team that the TFs should have the responsibility for communicating their "news" within the broad parameters of "the Communication Task Force guidelines." As a result, little or no strategic communication was developed, interactions between task forces were limited, information that was critical to share was not shared, and decisions remained narrowly constrained by the perspectives of those serving on the Design Team and TFs.

Authority to Communicate

> "Which model do they want us to be? They want us to decide. How can we decide? We have to discuss and come to consensus. We need to clarify though if Design Team wants x or y." (2/24—Communication Task Force)

> "Do we want influence before or after the communications is developed? I just don't think we have the authority to tell TFs what to do. We can decide to have that authority. We can make recommendations, but can't have veto power; that's the Design Team role." (2/24—Communication Task Force)

Many early Communication Task Force discussions revolved around "them": What did they want? When will they tell us what to do? When will they get their job done so we can do ours? They know what they want, why won't they tell us? They told us to write a plan, and so forth. There was confusion as well as dissension regarding what authority the TF had to act on its own recommendations.

Initial meeting minutes noted that one of the members was going to attempt to get on a division directors' (DDs) meeting agenda and discuss the level of authority the team had so it could act without "being bogged down by a bureaucratic process of clearing every idea with the Design Team and DDs" (2/11—Communication Task Force). That meeting apparently never happened, and discussions around power and authority continued until the group was forced into action by "them," that is, the Design Team lost patience with the "dysfunctional" Communication Task Force and mandated a set of guidelines for communication.

The Communication Task Force, although overtly charged with the responsibility to develop and implement a communication plan, could not resolve internal conflict over how much authority it really had. It was obvious that several members still operated under traditional hierarchical power assumptions: They were very uncomfortable issuing any guidelines or taking on any task without first obtaining approval from an "official" person or group. Others in the group believed, or wanted to believe, that the Communication Task Force was charged both with the responsibility and the authority to direct and manage communication for the WSPP process.

Lack of agreement around this issue severely hampered creative thinking and action in the Communication Task Force. If an idea or approach did not fit in an existing box or set of well-defined parameters, it was quickly snuffed out or tabled until approval could be sought. Often, approval required weeks of waiting, and by the time the rubber stamp was obtained, the opportunity was lost or timing of communication out of sync with the process. Those who had joined the group ready to "dive in and do something" were extremely frustrated and often "shut down" as their ideas were continually dismissed as not within the realm of the team's authority. This was unfortunate as these were the individuals that tended to have the most to contribute in terms of experience and innovation.

> "When I volunteered I thought we'd be making a real communications plan, now I've done a 180. I don't want an approval role, I don't want my name associated with communications if I'm not responsible for it. We're just the delivery system. Get a mailman, then, if you're just talking delivery system, not a communications plan. I don't want to be a mailman, I want a true plan." (3/10—Communication Task Force)

What Is WSPP? Sense Making in Teams

What message? A critical meeting was the Design Team meeting held on March 9. At this meeting, each TF reported on its progress. Virtually every TF reported that it was struggling with roles, purpose, and objectives, and had yet to get out of a "hashing out the same old stuff" mode. When the Communication Task Force reported that it was having similar problems, Design Team members were visibly more distressed than when the other TFs had

made their reports. This might have been partially due to the more detailed account given by the Communication Task Force spokesperson of personnel problems (members dropping out, difficulty getting the same people in the same meetings) and conflicts occurring in the meetings.

The overt concern was that "such a critical team would be so dysfunctional." At this point, communication to employees was still viewed as a primary task and there was great concern that the Communication Task Force had not yet sent out a message about WSPP or, at least, created a plan to do so. What virtually no one acknowledged, however, was there was no message to send. Through out the entire chain of players involved with WSPP, from top state groups through the departmental task forces, there had yet to be any interactive sense making around WSPP.

Leadership and Sense Making

> "The Design Team isn't doing their job. The Design Team wants us to create a message, but they haven't given us the message. The Design Team doesn't know what it wants. The Design Team wants us to be their communicator. Isn't overall communications the job of the Design Team? We just need to make some decisions about the 'whats.'" (3/10—Communication Task Force)

> "I wish someone would just say, 'we don't know.' You're not going to see that, everyone is walking around saying, 'we don't know,' but no one is willing to come out and say it. Yeah, so this uncomfortable sense persists." (3/31—Communication Task Force)

The Communication Task Force was given the responsibility to create a message in a sense-making vacuum. The only "sense" or meaning that had been officially crafted was generally viewed with cynicism and distrust (the "vision" articulated by the state-level team—see "Setting the Stage for Change") No one believed this vision. It was typically viewed as a facade for the "real" vision: cutting costs and eliminating jobs.

The individuals on this TF had neither the skills nor the experience in crafting a compelling strategic level vision for the department. In fact, it is rarely the role of a team or task force to create such a message or "make sense" for an organization. Typically, ad hoc teams are brought together for very specific, tactical

problem solving or implementation of solutions. Labeling the "problem" or articulating the vision is the traditional role of senior management sources.

Organizational life revolves as much around the framing or definition of problems (even though this may be implicit or "by default") as it does around decisions. Before a problem can be solved, the leader first draws attention to specific things, create boundaries around what is or is not believed to be relevant, imposes some sort of coherence on it, and finally names it: competitive threat, customer satisfaction, productivity improvement, and so on. Staff or teams are then able to move forward with at least a minimal level of shared understanding of what "it" is.

The only high-level "naming" that has occurred around WSPP had been done by groups whose credibility was highly suspect: the Legislature and highest levels of Personnel. Sense giving around a fundamental culture shift had been delegated not to just one team, but dozens of teams (if one includes the state-level "guideline" teams and task forces). The Design Team and Communication Task Force were implicitly charged with a leadership role in providing "sense" to the organization, but were hampered in doing so not only due to lack of skill and experience, but, as noted in the next section, lack of opportunity.

Meetings and Sense Making

> "The Design Team has really shifted into information gathering rather than being a steering committee. . . . It's hard to do things in a committee of 16 that meets every two weeks. It would be easier if we had 2 or 3 people who would take the bull by the horns." (4/14—Communication Task Force)

Meetings are where sense happens. This is where the creative potential of "intersubjective" or interactional sense making comes up against the controlling orientation of generic subjectivity. Generic meanings are those implicit organizational assumptions, scripts, and norms about "how we do things" that maintain the stability of the organization (the term generic is used because, in fact, meanings are removed from the individual or "subject" and have become objectified or reified as operating "truth").

In times of stability, generic subjectivity is very functional; when times change, however, old scripts may no longer be viable and new meanings need to emerge from interactions or intersubjective sense making. In effect, new shared meanings cannot emerge unless new meanings are shared among individuals.

This transition from old to new requires face-to-face, "messy" interactions around assumptions, beliefs, and norms. But in most organizations, there is a strong bias against meetings: meetings are to be as infrequent, as short, and as structured (i.e., efficient) as possible. There was a strong bias against meetings evident from the beginning of the WSPP process. Several groups—the Design Team and four of six TFs—tried to move as quickly as possible to an every other week or ad hoc meeting schedule.

The Communication Task Force was one of the few groups that immediately went to a 1.5-hour meeting instead of a 2-hour meeting schedule. Attendance at meetings was spotty at best. Very few individuals attended every meeting (only one person in the Communication Task Force had attended every meeting through mid-May); arriving late and leaving early were common patterns. Very frequently, at the end of meetings a request would be made such as "Do you think we can start meeting just once a month now?" or "When this plan is done we don't have to meet any more, right?" The vehicle for intersubjective sense making was shunned or stigmatized as a necessary evil.

Conflict suppression and non-sense making: Meetings that did occur were tightly controlled by agendas and dominated by unidirectional information sharing and formal presentations. Opportunities to express opinions, get conflicting assumptions on the table, or obtain diverse perspectives were rarely "on the agenda." Conflict, in fact, did not seem to have a place in most of the meetings. It was rare for individuals to openly disagree with each other.

Sometimes one or two people would make a comment or ask a polite question of a speaker, but there seemed to be unspoken norms of "niceness" that would not allow "tough" questions or "out-of-bounds" comments within the confines of the meetings. Most of the debate between team members occurred via email exchanges or in small, ad hoc groups of two or three members. These debates were rarely brought into regular meetings for group discussion.

The few times when tempers "flared" in the Design Team were when nonmembers attended the meetings. These were often individuals who were not managers or not part of the "inner circle" of departmental leaders. These individuals, not being familiar with taboo subjects or unwritten rules, would typically be the ones to question underlying assumptions or ask, "Why does it have to be like this?" Often, after some polite response, the topic was changed and the question buried or tabled until next meeting, where it would be tabled yet again.

Resistance to "real" input seemed high, and Design Team members seemed to prefer the "path of least resistance." This was in part due to the executive director's emphasis on speed and minimal investment of resources. Members were quite skilled at conflict suppression, however; the ease at which conflict was avoided implied that this was common practice rather than unique behavior.

The Communication Task Force may have been viewed as "dysfunctional" because in initial meetings, there were no agendas, discussion got very heated around the role of communications, and people were very honest (and uncomfortable) about the "messiness" of the meetings. Instead of being dysfunctional, the team, in fact, was wrestling with fundamental assumptions and norms and was proceeding down the path of intersubjective sense making.

The timeline and organizational norms would not allow the "messiness" to continue, however. People who could not handle the level of conflict in the Communication Task Force quickly dropped out of the group. The remaining members, after a particularly intense interaction, decided to create "operating principles" to better manage the meetings. At this point, agendas were mandated, roles assigned, and members admonished to "be respectful"; meetings were essentially sanitized to reduce friction. Simultaneously, in the Design Team the task force was labeled "dysfunctional" and told to "get back to business" and write a plan.

Sense making in the Communication Task Force abated at this point only to rear its head again after the plan was written and it became evident that a plan was not communication. The April 14 minutes note:

> "Some members believed a more intensive hands-on approach was necessary to ensure all DOCH employees were aware of WSPP developments and communications. Further discussion will continue on this subject at the next Communication Task Force meeting after the current communications plan has been in use for one month." (4/14—Communication Task Force)

Despite an attempt to table this discussion yet again, a handful of individuals—those who originally viewed communication as (a) meaning/content-based, (b) a "whole" effort rather than piecemeal tasks, and (c) integral to the entire change process—continued to push for "real" communication. This group plans to form a new Communication Task Force "subgroup" to initiate what has been termed "Phase 2" of the Communication Task Force mission: develop two-way communication channels, integrate messages across the TFs, and provide consultive support to the TFs and Design Team. The symbol metaphor may yet have an opportunity to emerge.

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Discussion Questions

- Describe the culture at this state agency the best you can from the brief description here. How would you classify it based on the typologies given in Chapter 1?
- Describe in contrast the envisioned culture. How would it differ in authority relations, site of responsibility, and feelings toward tasks?
- Describe the assumptions about people and work built into both cultures. Do you perceive any gaps between the espoused values and assumptions and the implicit ones driving decisions in either the present or the envisioned culture?
- Reconstruct the view of the change process from the point of view of the state, the upper managers, and then most of the members on the task forces. In what ways are these similar and different?
- What are the leading sources of resistance to this change process?
- How well designed do you consider the change process to be? Where is it strong? Where is it weak?

- How would you cast the vision that appears to be present? Do you think that it was clear and compelling to members? Could it have been made so?
- Based on the information here, how congruent would you say the cultural change is with the other practices in the organization?
- Do you think that the Design Team (the leading coalition for change) was well chosen? What would you have considered in addition to what the management there did?
- Much was made in the case about sense making. Chapter 4 developed this as a problem of aligning interpretive frames. Where were events and expectations given different interpretations?
- Framing seemed to be a constant problem in this organization. What framing options would you consider to better manage meaning through this change?
- What do you make of the conflict on the metaphor for communication? Was this a trivial issue? What difference would the metaphor make?
- At least on the surface, upper management seemed committed to empowerment and widespread participation, yet this did not seem to generate either commitment or good ideas. Based on the information given here why do you think that happened?
- The meetings often seemed to be a waste. Do you see evidence of "discussions" or "dialogues"? What would have been different if the mix of these two was different?
- Make a recommendation to the management of this agency. How should the change effort be handled from this point forward?
- This is a major transition for a state agency. Do you think that cultural issues were adequately considered? Where they were considered were genuine differences recognized and appreciated?
- Questions of ethics never arose in the various discussions recorded here. Do you think there were important ethical questions that went unaddressed? Which and where?

Review Questions

- Why has cultural management become of such concern to successful organizations today?
- Ideally, what functions are achieved by successful cultural management?
- Why was managing culture considered to be as important as leading cultural change? Or why is riding waves often more successful than making them?

- What are the elements of a well-written case?
- What can one learn by writing cases about one's own organization?
- What is meant by double-loop learning? What is the cultural theory-in-use that supports it?

Reference and Recommended Reading

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