

# Organisational Culture: The Thoughts of An OD Practitioner ...

Or ... All You Ever Wanted To Know About Organisational Culture

To pass this MBA course!

A Speech to Victoria University of Wellington - MBA Class

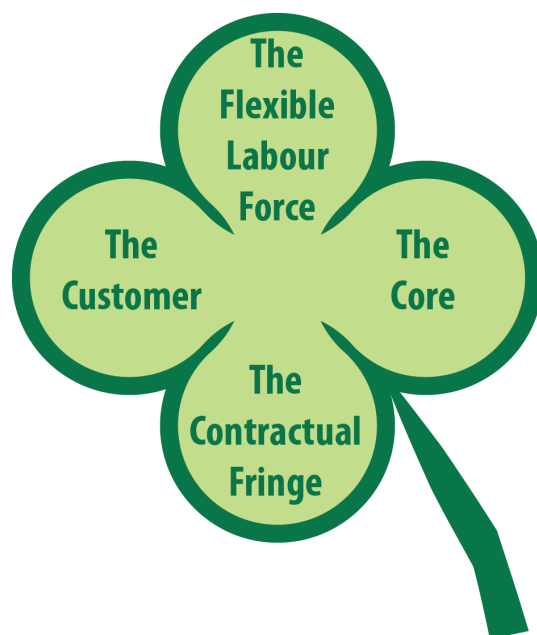
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By Jane McCann

## Introduction

I'm what is called an OD (no not overdose) but organisational development practitioner. My definition of organisational development is 'planning for change'. I was lucky enough to be working in the public service during the major restructurings in the mid-eighties (as a result of the 1984 Labour government reforms). Since then I've spent many years as an internal and external change agent, planning and implementing large and small scale changes. I've observed leaders and their teams leading and managing change and reforms and, today, will share some of their lessons, frameworks and models.

It was Charles Handy (1989) who predicted, and coined the phrase the 'shamrock organisation'. He foreshadowed what's happening now in organisations - as they become more like shamrocks and inter-related systems, with the core of professionals shrinking and the contractual fringe (where I sit) and the flexible work force increasing - and the client, stakeholders, consumer and communities playing a more significant role in corporate decision making. The new model has a few unintended consequences - but that's for a later paper.



Source: Handy 1989

Today, I've been asked to share some of my experiences of organisational culture change. Having been involved on both sides of the fence I'd like to begin with some classical and historical definitions and offer you some models that may help you (they helped me) understand what culture is and how it can (or can't) be created and changed.

## Definitions of Culture

Culture has been described over the years as:

“The way we do things around here.” Bower (1966)

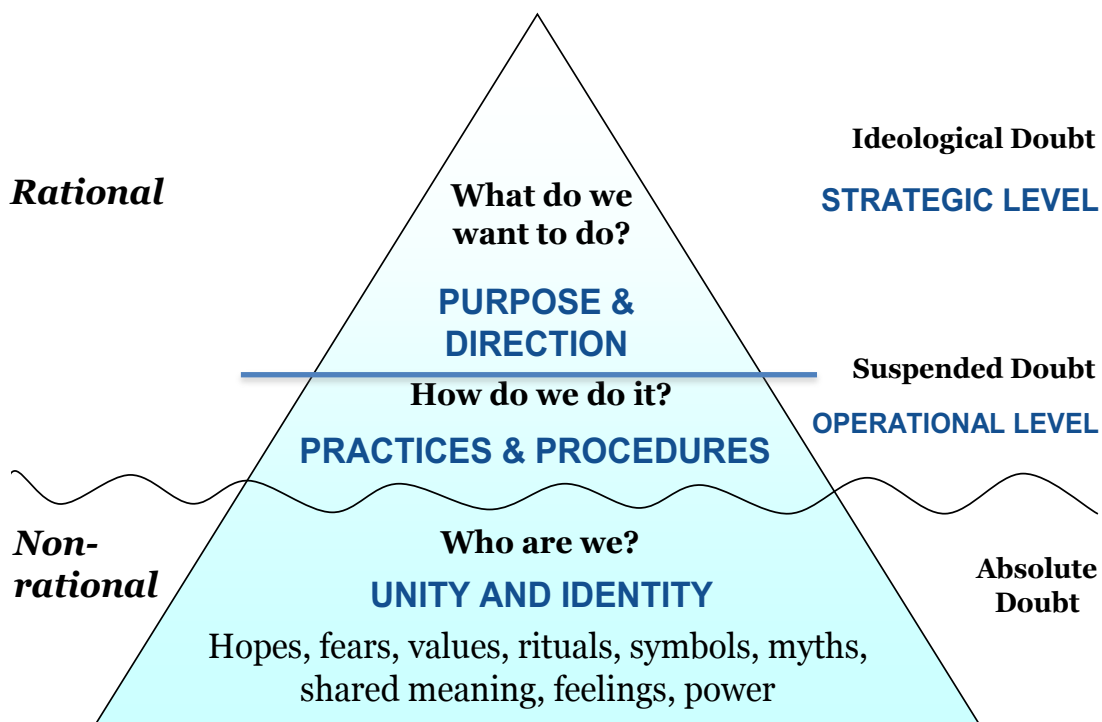
“A pattern of shared basic assumptions that the group learned as it solves its problems of external adaptation and internal integration that has worked well enough to be considered valid and therefore, to be taught to new members as the correct way to perceive, think and feel in relation to those problems.” (*Schein 1985*)

“The character and personality of the organisation, it is the identity which makes every company unique and which is manifested in the effect it has on its staff, customers, and the community at large.” (*Inkson et al 1986*)

Earlier theorists Arnold (1938) and Barnard (1938) and later Selznick (1957) began to “Move us below the conscious level of organizations to capture a deeper more powerful force.” (*Bolman and Deal, 1991*)

Herzberg et al (1959) did not specifically mention culture but their definition of “performance” gives us an idea of what's needed to create a high performing culture.  
*PERFORMANCE = “Ability x Motivation x Opportunity x Direction”.*

My favourite model of organisational culture is one adapted from the work of Dalmau and Dick (1985) which redefined the rational and non-rational aspects of organisations. The rational is the part above the water line that most businesses understand all too well... it includes the visible bits that people see - the strategic direction (purpose) and operational (practices and procedures) part of the firm.



Source: Adapted from Dalmau & Dick 1985

The non-rational part is below the water line (often invisible except in the behaviours of people) and as Sherwood says (cited in Dalmau and Dick, 1985) “is located in the myths of the organisation... it pervades the formal and informal systems.” The non-rational side includes the hopes, fears, aspirations, myths, legends (who did what to whom? Who got away with what? When, where?) It is the part of the firm that deals with the unity and identity issues (how do we perform as a community and who are we as a company?). Things seldom dealt with in any depth in my experience.

The part of the iceberg below the water line can be thought of as ‘the unity and identity’ part of an organisation - in essence its culture. The types of culture can range from constructive culture (it takes the firm forward towards its goals) or destructive (it works against the goals). The culture stuff is the hardest part for leaders and managers to get to grips with ... it’s not logical, rational, analytical, sequential, ordered or structured. In fact, most of the time it is little understood and generally ignored. Culture is the sum of all the parts - the personality, history, myths, stories, processes and systems, the way things are done. It is a collective phenomenon and it is only recently that it’s being studied in any depth, and it is generally beyond articulation by any one individual. It is the sum of all of the parts.

If culture cannot be articulated by one individual then perhaps it is the non-verbals or actions that transmit the culture louder than the words. Corporate culture ‘screams’ at staff and customers ... it is often, not what you do it’s how you do it that influences people.

I particularly like the iceberg model because most organisations spend much of their time re-jigging the part above the waterline and ignore the hazard to shipping below! Yet we know from experience that if you don't take account of the part below the waterline you end up with a ship wreck!

Peters and Waterman, in their ground-breaking work, *In Search of Excellence* (1982) found that successful organisations were not rational, logical or consistent - in fact, the really successful ones were illogical and non-rational. I metaphorically describe this as an organisational version of chaos theory (McCann, 1991).

Egan (in Dalmau and Dick, 1985) says there's a "rational covert culture" and describes the "logic" part of organisations as the designing, planning and co-ordination, and the "literature" as stories about what it's really like to work here. He suggests that the "informal organisation is the covert culture" with both rational and non-rational elements. Most organisations are very clear about their rational parts, the direction and systems. But the shared meaning that we know as the "identity and unity" (the organisational culture) the bit below the water line is where the informal networks and unspoken strategies exist. (Dalmau and Dick, 1985).

Over the years my consultancy teams and I have been involved in numerous reviews and strategic and business planning exercises - working with the parts above the water line. And we've learned the lessons about how powerful and dangerous (if not acknowledged) the parts below the waterline can be when embarking on large scale change. Unless there's a commitment to work with the 'culture/irrational' and engage the people, and honour the history while strategising about the future - the result will be failure.

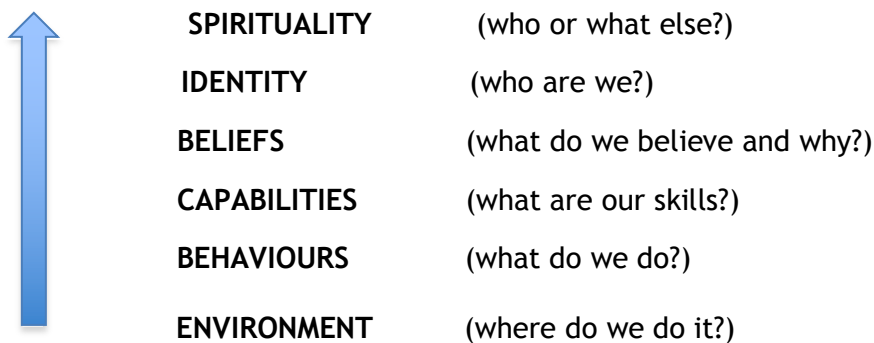
The part below the waterline becomes a hazard for shipping and leaders - when the top parts of the iceberg get restructured, realigned or whatever the latest euphemism is. It's really easy to change the direction, strategy and systems and really difficult to change an embedded and anchored culture. If we don't work on the myths, legends, feelings, fears and aspirations of the organisation we change nothing except the names. And of course, it's easier to do the planning and organising because it's logical and rational (and easy to measure) and much more complex, difficult and challenging to lead people to change their own attitudes, behaviours and habits - which is what has to be done if you're going to change a culture.

We cannot change anyone - people can only change themselves!

Culture change takes years - the rule of thumb used to be two years and more recent research indicates anything up to 5 years - and it's a nightmare to measure.

My advice: if the unity and identity issues are not dealt with during a strategic redirection/restructuring (re-jigging/refocusing) the residual culture (the one left after the people go) will come back to haunt them in the years ahead. It does time and time again. We get called in time and again to mop up the pieces of poorly implemented strategic planning or realignment. It usually takes about a year then a CEO will ring saying ‘the strategic plan was didn’t work, let’s do another one because people didn’t get on board - we couldn’t change the culture’. Generally we find that the first plan didn’t work because the old habits, behaviours and fears were not dealt with (there was no people strategy or culture change plan) and the dominant culture overtook the emergent one that the CEO was trying to create. So instead of changing the plan or purposefully anchoring the culture the consultants get changed! Now you know its bad business to tell the client “we told you so!” ... but there are times! Being courageous and speaking truth to power is one of the key roles of external advisors.

Another way that I understand culture in organisations is through this model called Logical Levels (developed by a US colleague Robert Dilts, based on the logical levels work of Einstein and Bateson).



*Source: Robert Dilts (based on the work of Greg Bateson after Albert Einstein)*

### No Quick Fixes

There are no quick fixes in organisations and definitely not when it comes to culture creation and culture change - leaders need to think about the systems-wide implications and unintended consequences. Change takes reflection and consideration.

Einstein said “you can’t solve a problem at the level it has been created” (you have to go to another level of thinking.) And if we look at Dilts’ model (above) - we’ll see that most behaviours happen at the (lower) first three levels, and they’re driven by the top three levels. This means that if a manager has a performance problem with a staff member (at the **behaviours** level) they have to look to the next level (which is **capability and skills**) For example, has the person got the skills to do the job? If not - provide them. If the skills development doesn’t work - go up another level - what are the **beliefs** involved in doing this job? Maybe the person doesn’t believe they can do it or even should it! If the beliefs are able to be changed (and it only takes a moment to change a belief - but there has to be enough motivation)

and there's still a performance problem perhaps the issue is at the *identity* level. What role does the person play? Are they a manager or a professional, are they an administrator or a business person. *Identity* is the level that defines us? For instance, when we were involved in helping clinicians become leaders we found that their *identity* was 'clinical' first and foremost, not necessarily a 'leadership' *identity*,. So helping them define what 'clinical leadership' was in very specific behavioural (competency) terms was important. They were not about to give up their 'clinical identity' it had to be incorporated into their new roles. If we're out sync and doing things that are incongruent with our *identity* we're in trouble. Think for a moment about the professionals you know who become managers - many find it quite challenging to incorporate and integrate both identities.

For some people the issue goes right to the top level - the *spiritual* level. There are times that people's personal values change and this may lead them to decide that they can no longer work for a place that doesn't have, for example, a social conscience. We saw many public servants in the mid 80's struggling with the *beliefs, identity and spiritual* level when the public sector contract and ethos changed to one of a 'user pays'. This was not the public service that many people spent their careers working towards - and they walked - some by choice. In the 21<sup>st</sup> Century, many people are struggling with the meaning of their lives and the meaning of work in their lives. I believe that spirituality is going to be the major issue for organisations in the future as we merge multiple generations and beliefs in the same workplaces.

## **Creating a Successful Culture**

For an organisation to succeed it must have a culture that supports its vision, mission and goals. We see organisations stating (publicly) that this is what they espouse ... but if we ask their staff - 'does the organisation walk the talk' we often (too often in fact) get a different answer.

It is much more complex and much harder to change an old (or existing) culture than it is to start a new one. Most practitioners (Harrison, Senge, Widdis) would say that it takes at least two years to shift a culture that is already existing. Our experience in New Zealand and Australia bears witness to this. You don't see results of a culture change strategy overnight ... but as Rachel Hunter says "it will happen".

Moss Kanter's (1983) research on organisations found that successful organisations had the following factors: "culture is clear, consistent ... and supportive of initiative and pride; ... change issues were viewed as normal; organisation structure was matrix or decentralised... with free info flow... (and) emphasis on horizontal communication flows."

Planning for a culture change means planning for the future. This means being flexible and adaptable to emergent trends as an organisation moves from its 'intended strategy' to its "realised strategy" (Mintzberg, 1994). Mintzberg notes that without emergent strategies there is

no innovation or flexibility, but without intended strategies there is no structure or formality, he believes that both are necessary for success.

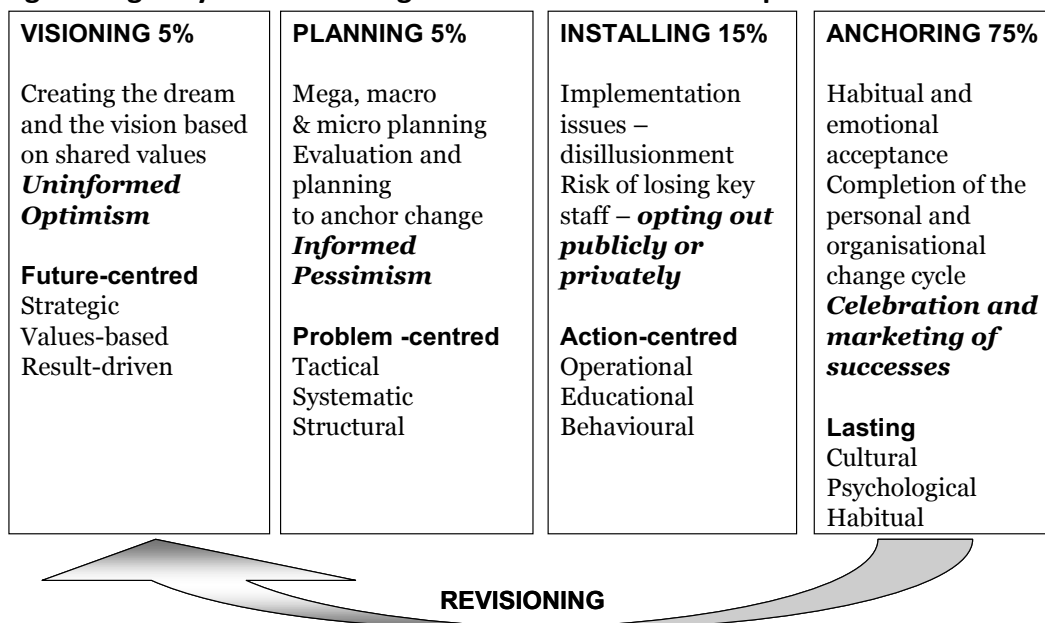
Hamel and Prahalad (1994) suggested that the prerequisites for change are “pre-emption; proximity, predisposition and propagation.”

Some of our clients are spending time as leadership teams doing what we call ‘strategic thinking’ sessions - this means dreaming the dream and changing their own internal paradigms *before* they begin a restructure/redesign or culture change or attempting to change others.

Every change in every organisation involves the culture - you can’t get away from it. Does the existing culture support the change or doesn’t it? If it doesn’t - ask - what needs to happen to create the culture that will support the change effort? Many millions of dollars are wasted every year on change interventions that just don’t work! The literature and board rooms are littered with the casualties of poorly planned and badly managed change initiatives.

Most culture-change interventions fail because they are not anchored, that is, they do not become habitual - embedded in systems, processes and behaviours. Widdis (1993) has developed the following model based on his work in over 160 organisations with a change process he called FOCUS: Focus On Change Understanding and Skill.

**Producing Strategically Defined Change – the time taken in each phase**



Source: Adapted from the work of Widdis, Kaufman and Kelly & Conner by Jane McCann

All culture change has to be driven off the mission. Most importantly the strategic planning, performance management and systems within a firm have to be integrated and the leaders have to all sing off the same song sheet with relentless repetition of the vision, values and mission.

Everything that is done in an organisation must support the vision and mission (otherwise why are you doing it!) and the culture - better be one that you can live with especially if you are trying to create a new one! You can't change one aspect (system or process within a firm) without impacting others - and so we're back to systems thinking (Maani & Cavana, 2000) and inter-related complexity again! The knee bone is connected to the thigh bone - and they all go to make up your skeleton which keeps you standing ... so it is with companies. If one piece breaks or is dysfunctional it impacts everything else - even the way you walk!

Some people say you can't create a culture - it just emerges. In my experience, this is only partly true. The top teams I work with - the leaders who are very clear about their vision, mission, values and the culture they want to create to support the achievement of their goals are usually more successful than the ones who neglect to define the desired culture. People who work in organisations, know what makes a good culture and they appreciate being asked. The clearer the top team and their teams - collectively - are about what they want (and do not want) in a culture the more likely they are to succeed in creating what they do want.

### **Changing a Culture**

This is the most difficult task and it takes much more time than people expect. I think we have to delve into a little psychology here - when we talk academically about changing a culture what we're really looking at is asking people to change the way they do things and people don't like to be changed! They will change themselves but often resent externally driven change - this is particularly true of intrinsically motivated people.

### **Failure of Leadership**

Most failures in organisational change are failures of leadership skill and will. That includes not being able to take the time to involve the people in defining the change, the new culture, new ways of working (behaviours) etc.

Theorists and consultants tend to look at organisations through a set of lenses (depending on the glasses you are wearing - you'll see whatever you're looking for). Bolman and Deal (1991) in *Reframing Organizations, Artistry Choice and Leadership* (a must read for anyone aspiring to senior management) suggest that there are four frames we tend to wear:

- The structural frame - draws on sociological theory which emphasises the importance of roles and relationships.
- The human resource frame - draws on social psychology and says that organisations are inhabited by people who have needs, feelings and prejudices.



- The political frame - invented by political scientists - solutions are developed through political skill and acumen.
- The symbolic frame - draws on social and cultural anthropology and abandons the assumptions of rationality.

Depending on your frame you can examine culture every which way. And at the end of the day people inhabit organisations and if you don't take them into account you generally don't succeed. To consider people - you have to examine their needs (and I won't go into motivation/need theory here) but I'll quote Robbins (1988) who suggests that we have 'paradoxical needs' - that is, the need for spiritual uniqueness, importance and difference which clashes with our need for connection, love and growth. In creating, changing and maintaining cultures an awareness of the paradoxes and of the needs of people in the workplace is essential.

### **You Cannot Manage Change unless you Manage Loss**

Every change involves loss. From my own research on leaders in organisations, I've found if we don't manage loss we can't manage change. This means loss of status, power, position, property, perks, influence, friends at work, security etc. Loss in turn creates grief and depending upon the degree of loss, grief takes time to work through and has some predictable elements to it (denial, anger, bargaining etc).

As you'll see from the models below - we tend to have two responses to change; a positive one (when we're looking forward to moving house perhaps) and a negative one (when we miss all the good things about the house we're living in). If you look closely you'll see that one of the models is, in fact, based on the Kubler Ross grief cycle.

I am still surprised by leaders who tell me that they've just restructured and they're having a dip in performance. How can you expect not to! Remember the bit of the iceberg below the waterline - we're back to managing the culture again - it's about hopes and fears, grief and anger over the 'loss' of things that were important to the people involved.

## **Managing the Transition**

Culture change, as I've said doesn't happen over night. This means that you'd better make plans to manage the transition. If you've defined the future you want to create and you know where you are now - then managing the gap (or transition) to get there is the missing piece.

A colleague and organisational development practitioner, Roger Harrison has a useful model where he identifies the 'tensions' that leaders need to be manage in the transition phase of getting from here to there:

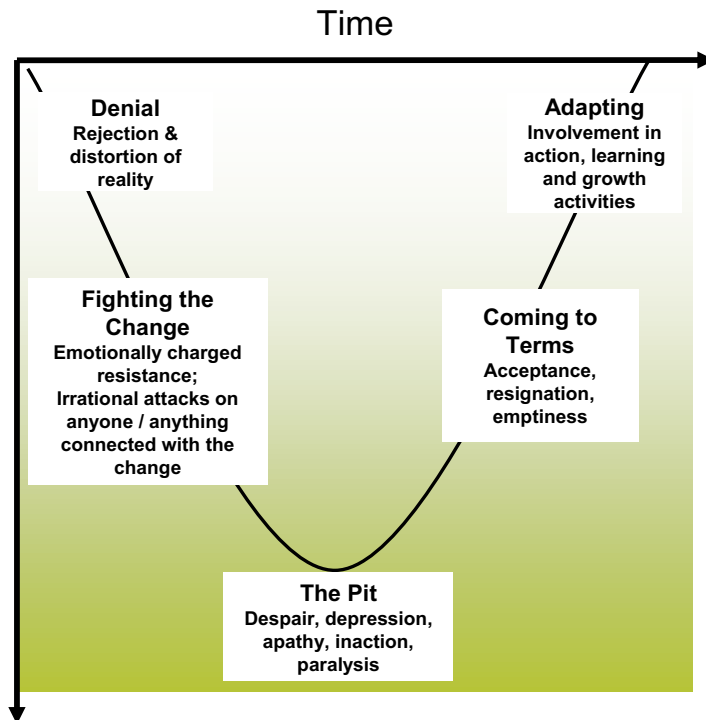
- Leadership (from the centre) vs Participation (from the teams/staff/stakeholders)
- Learning vs Performing (and delivering on existing strategy)
- Planning vs Experimenting
- Internal vs External focus
- Embracing the future vs Treasuring the past
- Doing it quickly vs Doing it right

**Source:** *Roger Harrison (1986)*

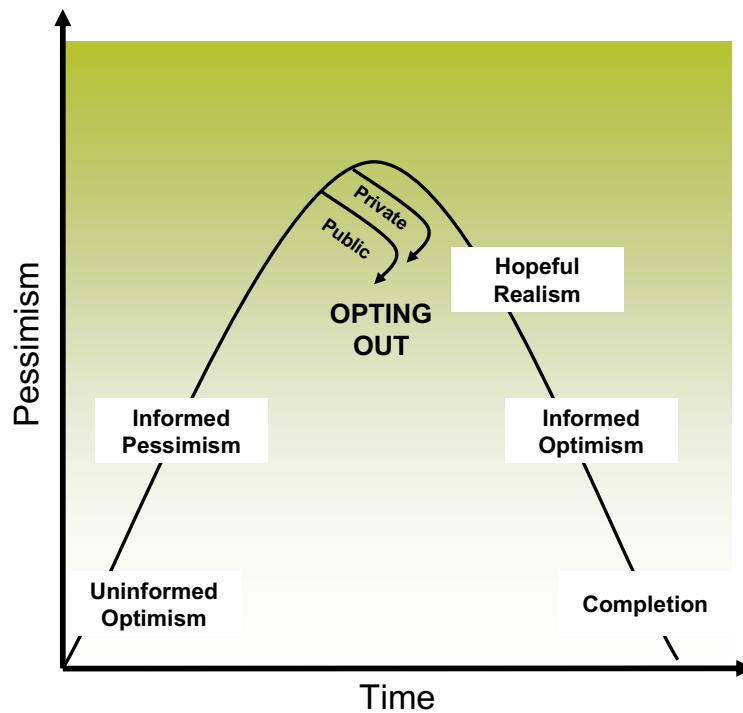
## Emotional Cycles of Change

Response to a Change that is perceived as Negative

Source: John Adams and Sabrina Spencer



Response to a Change that is Perceived as Positive



Source: Kelly and Connor (1979)

## Summary

I've ranged quite widely today in our discussions about culture. And I did say I do not have any right answers or quick fixes - in fact, I think you are the only people who have the answers.

I promised you some models that I've found useful and would like to leave you with some of my learnings from working as a change agent at the front line during large scale public sector, departmental changes and smaller state owned enterprise and agency reforms.

## McCann's Learnings about Changing Culture

- It's easier to start a new one than change an old one.
- You will be misunderstood, misquoted and maligned so be prepared if you want to be an agent of change and a leader.
- You can't change other people - they can only change themselves - all you can do is model the change you wish to see (Ghandi) and go about changing yourself.
- You can't manage change without managing loss, whether this be the loss of status, power, influence, location, security, colleagues, desk space, familiar office routines etc - even a small change can have a systems-wide impact.
- People can be going through the positive and negative cycles of change at the same time - they are not sequential, nor linear.
- Communicate, communicate, communicate - some people need to hear and see and feel the messages sometime 100s of times before they really understand (timing, need and receptivity have to be right). Relentless repetition of the messages in a variety of media is the key.
- Even a tree has a winter ... expect a dip in performance after a major change.
- Nothing's free - expect to resource the changes with money, support people and leaders who will lead and make decisions while building the capability within teams - especially in the skills to manage on-going change-management.
- Acknowledge and resource the "transition stage" - and allocate people to manage the "business as usual" while others are managing the "future state".
- Above all - take the time to do it right. Tinkering usually doesn't work or last.
- Expect chaos, and deviations to your plans as you navigate the ride.
- If there's a lack of information about what's happening, and where the changes are 'at' people will fill the void with fantasy and imagination.
- It is the leadership role to 'lead during change' and to put truth into the rumour machine.
- If you want lasting change - involve the people in their destiny.
- Lasting organisational change has to be anchored into processes, systems and behaviours - and this usually takes about 75% longer than the visioning, dreaming stage of the changes.

**For further lessons and research on large scale in New Zealand contact:**

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