# Issues in Understanding and Changing Culture

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Which are the well-run companies? Are they the star performers so often referred to in articles about good management and organization—GE, GM, IBM, Texas Instruments? Not to mention the Mitsubishis, Sonys, ICIs, Phillipses, and Siemenses of the world? Whatever your list, a discussion of what makes these firms tops will involve notions of their strategic sense, their clear organization, their management systems, and their excellent top people. Even then, a description generally ends up with statements about some vague thing called corporate "style" or "culture." Apparently, the well-run corporations of the world have distinctive cultures that are somehow responsible for their ability to create, implement, and maintain their world leadership positions.[1]

The idea of managing corporate cultures is still quite new to most practitioners. At best, most managers have a vague sense of what the term *corporate culture* means: something having to do with the people and the unique quality or character of organizations. But ask how culture can be identified and, if found dysfunctional, changed, and most managers are at a loss. Some may talk about holding awards ceremonies to praise excellent performers or family picnics to bring employees together. For the most part, however, their knowledge of how to manage culture is even fuzzier than their definitions. This lack of knowledge about corporate culture is in sharp contrast to managers' intricate knowledge of goals, strategies, organization charts, policy statements, and budgets—the more tangible aspects of their organizations.

## Does Culture Have Impact?

There is not much point in attempting to study or change a thing called *culture* if it does not affect what goes on in organizations. An important assumption guiding all our discussions on this topic, therefore, is that culture *does* affect organizational behavior and performance. We find it useful to distinguish three interrelated aspects of impact: direction, pervasiveness, and strength.

The *direction* of impact is the course that culture is causing the organization to follow. Does culture influence behavior so that organizational goals are accomplished, or does culture push members to behave in ways that are counter to the formal mission and goals of the organization—is culture moving the organization in the right direction? If, for example, an organization's culture says, "don't rock the boat," yet it is innovation that is required for success in the organization's fast-paced, competitive environment, then the impact of that culture is in the wrong direction.

The *pervasiveness* of impact is the degree to which the culture is widespread, or shared, among the members of the group. Is the culture seen the same way by all members—is it highly pervasive—or is the culture seen very differently by different members within the organization? If each member of a work group is being influenced to behave in a different way, for example, the work group will not be able to act as a unit and will be immobilized. Whether each group in an organization (divisions, departments, and work groups) should have the same culture is another issue,

and this will be discussed further later. For now, we will recognize that the members of any group must share a common view if the group is to act effectively.

The *strength* of impact is the level of pressure that a culture exerts on members in the organization, regardless of the direction. Do members feel compelled to follow the dictates of the culture, or do they feel that the culture only mildly suggests that they behave in certain ways? The social energy captured in culture can range from very weak to very strong. If a culture only mildly suggests what to do, the direction of the culture is largely inconsequential. However, a strong culture that puts considerable pressure on each person to behave in certain ways must be managed correctly; the consequences of a strong culture that channels behavior in the wrong direction—against the formal goals and objectives—can be devastating, and, conversely, a culture that captures the group's energy and imagination and moves activity in the right direction will help the organization accomplish its goals.

These three aspects of impact affect the performance of the organization. A culture has *positive* impact on an organization when it points behavior in the right direction, is widely shared among the members of work groups, and puts strong pressure on group members to follow the established cultural guidelines. Alternatively, a culture has *negative* impact on an organization when it points behavior in the wrong direction, is widely shared among group members, and exerts strong pressure on group members. If a culture is mobilized against the mission of the organization, it is better for the organization to have a weak culture (wrong direction, but not strong or pervasive among group members) than to have a mobilized counter-culture (wrong direction, but very strong and pervasive). Considerable research is needed to learn how these different aspects of impact, separately and in combination, affect the performance and morale of different types of organizations in different settings.

## How Deep-Seated Is Culture?

Culture can be defined as the shared philosophies, ideologies, values, assumptions, beliefs, expectations, attitudes, and norms that knit a community together. All of these interrelated psychological qualities reveal a group's agreement, implicit or explicit, on how to approach decisions and problems: "the way things are done around here." A key issue in discussions of corporate culture, however, is just how deep-seated these shared qualities are. The degree to which a culture is consciously and overtly rather than unconsciously and covertly manifest has much to do with how easily the culture can be studied and, ultimately, managed.

Culture is manifest in behavioral norms, hidden assumptions, and human nature, each occurring at a different level of depth. Behavioral norms are just below the surface of experience; they are the unwritten rules of the game. Norms describe the behaviors and attitudes that the members of

a group or organization pressure one another to follow. Norms, by definition, are not written but are transmitted from one generation of employees to another by stories, rites, rituals, and, particularly, sanctions that are applied when anyone violates a norm. Examples of norms are: don't disagree with your boss, don't rock the boat, do the minimum to get by, don't socialize with the boss, only wear dark business suits to work, don't share information with other groups, treat women as second-class citizens, cheat on your expense account, don't trust anyone who seems sincere, look busy even when you are not. When asked, most individuals can list the norms that operate in their work groups and can even suggest what new set of norms would be more effective for achieving higher performance and morale. Such discussions can also lead to the management of norms, as when members develop agreed upon ways to change the old, dysfunctional (actual) norms into new, adaptive (desired) norms.

At a somewhat deeper level lie the hidden assumptions—the fundamental beliefs behind all decisions and actions—that underlie culture. These assumptions pertain to the nature of the environment and to what various stakeholders want and need, how stakeholders make decisions, and which actions stakeholders are likely to take both now and in the future. For example, some assumptions that might be shared among the members of a group or organization are: no new competitor will enter the industry, the economy will steadily improve, the government will continue to restrict foreign imports, the consumer will buy whatever the firm produces, employees will continue to accept the same working conditions, new technology is more important than finding out what customers really desire, what made the organization successful in the past will make the organization successful in the future.

At its deepest level, culture is the collective manifestation of human nature—the collection of human dynamics, wants, motives, and desires that make a group of people unique. Some properties of human nature, for example, can be generally shared among group members, although each group differs in the strength and nature of these qualities: mental capacity (only a few variables can be understood and analyzed at one time), memory (time erases the clarity and recall of events), and objectivity (psychological needs bias the interpretation of both current and past events). To understand how any group functions, therefore, we must understand which issues it is likely to emphasize or ignore, what information it is likely to select to retain, and how it is likely to distort information.

## Can Culture Be Changed?

Whether a given culture can be changed depends on how deep-seated the culture is and whether multiple cultures exist. The deeper the level at which culture change is required and the more cultures there are in the organization, the more difficult and time consuming the culture-change

process. Certainly, it is easier to conduct a change effort in the same way in every department and division in the organization than to design and implement a unique approach in each case.

When culture change involves changing surface-level behavioral norms, it can occur with relative ease because members can articulate what behaviors are required for success today in contrast to those required yesterday. In addition, closing the gap between actual and desired norms is easier if the desired norms are essentially the same throughout the organization—if the environment is homogeneous. Even when multiple cultures exist, requiring different changes in each work group, change is still easier to effect when the focus of culture change is on behavioral norms rather than hidden assumptions or human nature.

The *process* of identifying and changing culture is also affected by the level and number of cultures in the organization. Specifically, managing the deepest layers of cultures differently in each work unit requires a participative approach—a derivative of Theory Y. Top management, with or without the aid of consultants, cannot dictate changes in assumptions about human nature and the business environment or in the content of these assumptions in each unit of the organization. However, the top-down approach to culture change—a derivative of Theory X—might be feasible when a one single corporate culture exists (those at the top thus *could* be accurate in their view of the desired culture) and if the focus is on changing norms and not assumptions. For example, Trice and Beyer outline how various types of rites and ceremonies can be designed and implemented by top management to either reinforce or alter particular behaviors.[2] Similarly, as reported by Sethia and Von Glinow, a top-down approach to changing the reward system and thus encouraging different behaviors is also feasible.[3]

How long a change in culture will last and how firmly the change is ingrained in the behavior and decision-making processes in the organization also are related to the process of culture change. On the one hand, top-down approaches to changing behavioral norms result in changes that are difficult to sustain, even though such changes may be easy to bring about; top-down approaches generally result in overt compliance to what is mandated, not covert acceptance. On the other hand, participative approaches to changing underlying assumptions, although difficult and time-consuming to implement, are likely to result in changes that last and are felt in everything that organization members do; participation yields overt commitment to and covert acceptance of what the group decides.

Which approach to culture change, then, should be used? An either/or choice is not required. A feasible approach is to conduct some early culture change at the norm level, using a top-down approach, if necessary, to encourage the organization members to begin behaving in new ways. After the new culture achieves some successes, time can be devoted to changing

the deeper, more fundamental aspects of culture so the change will be sustained. Now a participative approach can be used to fine-tune the culture change to the unique circumstances of each work unit as well as to challenge assumptions regarding the organization's environment and the essence of human nature. Thus, over time, all three levels of culture can be addressed, and the culture change desired by the organization and its members can be sustained. For example, Tunstall describes how American Telephone and Telegraph, formerly the largest company in the world, is undergoing dramatic culture change at all levels so the company can succeed in its new, highly competitive environment.[4]

## Why Culture Is Not Just a Fad

Corporate culture has been the rage for several years now, and people are wondering how much longer it will last. There is the expectation that it is just a matter of time before the culture fad will be dropped, and a new "hot" management topic will emerge. After all, that has been the pattern for several decades now: in the 1940s, human relations training was the new management tool; in the 1950s, management by objectives was heralded as the new solution to performance problems; in the 1960s, organization structure was believed to be the best solution; in the 1970s, corporate strategy was considered the new panacea; by the mid-1980s, hundreds if not thousands of firms had implemented quality circles to improve performance.

We believe that the topic of corporate culture is too important to be dismissed as just another fad. Culture *is* the social energy that drives—or fails to drive—the organization. To ignore culture and move on to something else is to assume, once again, that formal documents, strategies, structures, and reward systems are enough to guide human behavior in an organization—that people believe and commit to what they read or are told to do. On the contrary, most of what goes on in an organization is guided by the cultural qualities of shared meaning, hidden assumptions, and unwritten rules.

Another possible development is that culture will continue to be studied but will be called something else. We believe that the study of corporate culture or, more generally, the human side of the organization has been fragmented because of this tendency to put old wine in new bottles. For example, the human relations movement in the 1940s and 1950s was directly relevant to today's efforts to understand and manage corporate culture. Further, bringing sensitivity training groups to organizations and efforts concerned with participative management, humanizing the workplace, quality of work life, and democratization of work are approaches related to what we now call corporate culture. Such relabeling, although often effective in capturing research attention and news headlines, does little to help us integrate all that we have learned about managing people

at work. Perhaps when both academics and practitioners resist the temptation to call something "new" every few years, they will be able to add to our store of knowledge rather than to keep reinventing the wheel.

Actually, what makes anything a fad—culture included—is the promise of a quick, single remedy to a complex problem. We believe that it is virtually impossible to improve the functioning of a complex organization by any quick fix, no matter how appealing this is. Complex problems can only be solved by complex solutions—approaches that take into account the full range of interconnected variables that operate in a problematic situation. Thus, to improve the bottom line requires an explicit management of culture along with all the other controllable variables in the organization: strategy, structure, rewards, skills, teams, and so on.[5]

## Conclusion

If innovation, growth, and revitalization are mandatory in a world characterized by rapid change and worldwide competition, organizations must find a way to breathe new life into their procedures, management styles, and cultures. Otherwise, the large, established firms in America will continue to lose ground to the more vibrant smaller companies in this country and to the newer firms in other nations. At the same time, if the large, established firms attempt to foster innovation by acquiring smaller, more dynamic companies, ways must be found to mesh the two merging firms so that innovation is realized. Otherwise, the large firms will stifle the innovation of the acquired firms just as they have done repeatedly in themselves.

For both innovation and corporate mergers to succeed, corporate culture—the missing link to moving forward in today's world—must be managed, and all our other strategies for managing complex organizations must be implemented as well. The time has come to fight against the lure of the next "quick fix," the next key to management salvation. The danger of accepting panaceas is slowly being recognized, but the defenses necessary to ward off temptation are not yet firmly implanted in the way corporate America thinks and acts. Let us look at the case of quality circles, for example, which promised increased productivity and worker satisfaction. In the past few years, many companies in the United States have taken the plunge and learned the hard way that quality circles are not enough, by themselves, to salvage organizations.

A *Fortune* article underscores the difficulty of implementing quality circles: "Many American companies are discovering that, unlike a new piece of machinery, quality circles cannot simply be acquired, installed, and left to run on their own. This lesson was brought home repeatedly to managers and workers at General Motors' Chevrolet plant in Adrian, Michigan, southwest of Detroit, where they're now trying to make quality circles work for the third time . . . it's just a lot harder than many fix-it-quick, fix-it-once Americans thought it would be."[6]

Managing corporate cultures is now possible. If we continue to improve our understanding of this important concept, we will be able to develop new methods that increase our control of corporate cultures, instead of vice versa. We should refrain from latching onto the next panacea and be careful not to overlook what we have already learned because it is called by a new name. If the current interest in corporate culture is taken seriously and lasts, we will not be reading about the demise of efforts toward innovation and revitalization. Rather, we will see that an integrated approach to managing organizations is possible with people—and culture—at center stage.

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