

Organizational Culture and Change: A Crucial Skill for Leaders Trying To Achieve Strategic Outcomes

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Abstract: *Organizational culture is the collective behavior of humans who are part of an organization and the meanings that the people attach to their actions. Culture includes the organization values, visions, norms, working language, systems, symbols, beliefs and habits. It is also the pattern of such collective behaviors and assumptions that are taught to new organizational members as a way of perceiving, and even thinking and feeling. Organizational culture affects the way people and groups interact with each other, with clients, and with stakeholders. The concept of culture is particularly important when attempting to manage organization-wide change. Practitioners are coming to realize that, despite the best-laid plans, organizational change must include not only changing structures and processes, but also changing the corporate culture as well. Culture is in essence an organization's operating environment the implicit patterns of behavior, activities, and attitudes shaped by a shared set of values and beliefs that characterize the way people work together. In order for any strategic change to be implemented successfully, the organization's culture needs to be aligned. Unfortunately, if it isn't, the challenge is significant; changing culture is not an easy task. Most people won't change their behaviors until they observe the role models in their organization acting differently, and when they see this new behavior positively recognized and rewarded a clear promotion, a plum assignment, a change in authority or responsibility, or simply praise from the top of the organization. Organisational culture is a problem when the way in which the organisation usually operates puts obstacles in the way towards achievement. If the organisational culture is blocking success, the change of culture has to be considered.*

Introduction

Organization culture is a common perception held by the organization members. Organization culture helps the member to have a shared understanding of the organization. It explains how things are done and the way the members are supposed to behave. Organizational culture is concerned with how the employees perceive the ten characteristics. Organizational culture is a descriptive term. Organizational culture is to be differentiated with job satisfaction. Job satisfaction tries to measure effective responses to the work environment. It is concerned about organizational expectations, reward practices, methods of handling conflict etc. The term job satisfaction and organization culture have common characteristics, organization culture is descriptive, while job satisfaction is evaluative. Organizational members have a common perception about the organizational culture. The individuals at different levels in organization will be describing the organization's culture in similar terms. However, the organizational culture differs from organization to organization. The organization culture can be strong or weak. If the core values of the organization are being accepted and followed with commitment by more members of the organization, the culture is strong. A strong culture influences the behavior of the people because of high agreement among members about the organization culture. A strong culture builds cohesiveness, loyalty and organizational commitment.

Formalization sets rules and regulations which in turn help to have the predictability, orderliness and consistency in the behavior of the people. Strong culture achieves this even without the rules and regulations. If the organization culture is strong, the management needs be less concerned with developing formal rules and regulations to guide employee behavior.

Organizational Culture & Climate

Sound organizational climate is important for the achievement of goals. Organizational climate is normally associated with job performance and job satisfaction and morale of the employees. Organizations climate provides for understanding organizations characteristics such as stability, creativity, innovation, communication, and effectiveness etc. Organizational climate is the summary perception which people have about an organization. Organizations like finger prints and snowflakes are always unique. Each has its own traditions, technique of action and culture. Management Philosophy is one of the factors that influence the climate. If the organization is wedded to such a policy then it effectively utilizes its resources. The climate is said to be highly favorable when there is congruence between the philosophy of the organization and the goals of the individual. Organization structure is another variable that affects climate. Formal relationships, the hierarchy, the communication flow affect the climate. Highly decentralized climate results in sound climate. Decentralization will promote participative decision making and commitment. Communication, decision making, motivation and leadership are some of the very important processes through which the management carries out its objectives. In all these processes, the relationship between the superior and subordinate is visible. A leader has to be aware of the possible influence of the interventions to be used for a given situation. Otherwise it would strain the relations between the people in the organization. Physical environment also affects the organizational climate/Location of the organization, will affect the organizational conflict. An employee's place of job should be clean, quiet and safe. Noise and illumination also affect the organizational climate. Every organization has formal value system where certain kinds of behavior are rewarded and encouraged. The values and norms will be influencing the organizational climate. Formal and informal groups are very powerful in exerting influence on climate. People like the organization climate that treats employees with respect and understanding than one with very cold and impersonal climate. Based on the findings of the survey the organizational climate has to be changed. Significant changes in the climate can be carried out at the group level. The changes in the climate are to be gradual and take some time.

Organizational Culture: Functions & Selection Procedure

The first function of the culture is that it differentiates one organization from another. Secondly it conveys a sense of identity for the members of the organization. Thirdly culture facilitates to place the organizational interest over the self-interest. Fourthly it enhances the stability of the social system. Finally culture guides and shapes the attitude of the people. Culture enhances the organizational commitment and the employees' positive behavior. Organizational culture increases the organizational effectiveness. However the organization culture should also change with the organization which is dynamic in nature. An organization's current customs, traditions and general way of doing things are largely due to what it has done before and the degree of success it has had with those endeavors. This leads to the ultimate source of culture. The actions of the top management also have a major impact on the organizations' culture. Top management establishes the norms and procedures. It depends upon the philosophy of the top management towards the authority and freedom to be given to their subordinates'. Top management has to

establish the norms of a dress and what actions will pay off, pay raises, promotions and other rewards and the like if the top management prefers an entrepreneurial environment, which facilitate informal, innovative bold and risk taking culture. Otherwise the top management institutes bureaucratic controls may make the organization formal, with lots of politics, and battles and of watchdog managers. The organization culture increases the company's competitiveness, delegating decision making downward, and boosting the quality of products and services. The top management has to convey the company's values and rewards quality, innovative thinking efficiency and staying on top of the competition.

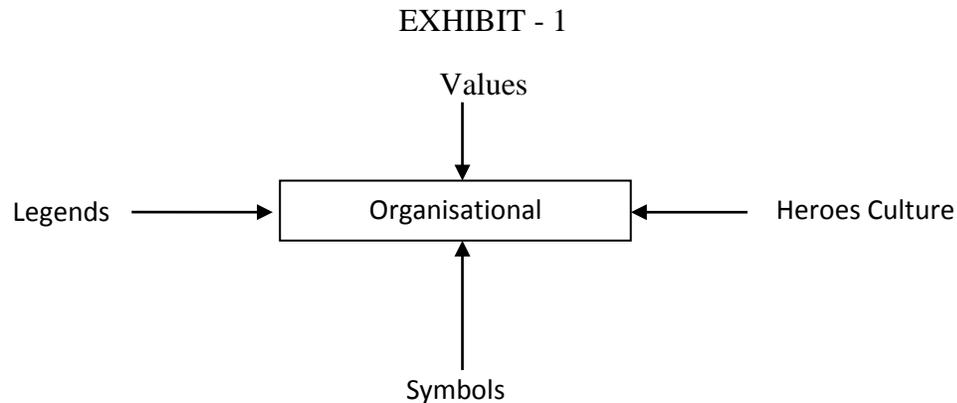
Socialization: Develops and communicates an organization's culture

The socialization is the process that adopts employees to the organization culture. The new employees are to be fully indoctrinated in the organization culture. The new employees are to be made aware of the organizational culture otherwise they are likely to disturb the customs and beliefs of the organization in practice. The organization has to help the people to adopt themselves to the new culture. The adoption process is called socialization. New employees in any organization have to go through one year training programme that tests their intelligence, and endurance, and that requires team work as an essential factor for survival. The socialization takes place at the time of entry into the organization. Organization will be socializing every employee throughout his or her entire career in the organization. This helps further to sustain the organization culture. Socialization can be conceptualized as a process made up of three stages. The three stages are pre-arrival, encounter and metamorphosis. The new employee adjusts to his or her work group's values and norms. This process of adjusting oneself is the metamorphosis. Socialization process is complete when the individual finds himself comfortable with the job and the organization. The new member has internalized the norms of the organization and the work group. The individual feels that he has been accepted by the boss and co-workers. The individual understands the rules, norms, procedures etc. This enhances the individual's self-confidence to complete the job. Successful metamorphosis should have positive impact on the individual's productivity and commitment to the organization and reduce the tendency to leave the organization. The organization culture is derived from the founders' philosophy. Organization philosophy strongly influences the recruitment and selection process. The process of socialization depends upon the top management attitude towards matching the individual's value with those of the organization. Thus socialization process establishes and sustains the organizations' culture.

Organizational Change

Change is a universal and inevitable aspect of all organizations. In a way, the environment around the organizations thrust change upon them. To stay competitive, organizations are forced to improve quality, adopt new technology and at times, may have to redefine the business. It has to be borne in mind, competitors are smarter and quicker. Added to that, product life cycles are becoming increasingly shorter and shorter. Markets emerge and disappear in a flash. As a result, the adage that "Survival of the Fittest" is being replaced by "Survival of the Fastest". As change is so universal, organizations which can adapt to change only can survive. Though it is true that change can threaten an organization's survival, it also offers unprecedented opportunities for growth. That's why, seeing change as necessary for survival, and recognizing it as and when it occurs is essential for effective management. Organizational culture refers to the common set of beliefs and expectations shared by members of an organization. The changes in the environment

of business may necessitate a change in the culture of the organization. An organization's culture is determined by several elements. (See exhibit -1) Important among these are its values, heroes, symbols and legends.



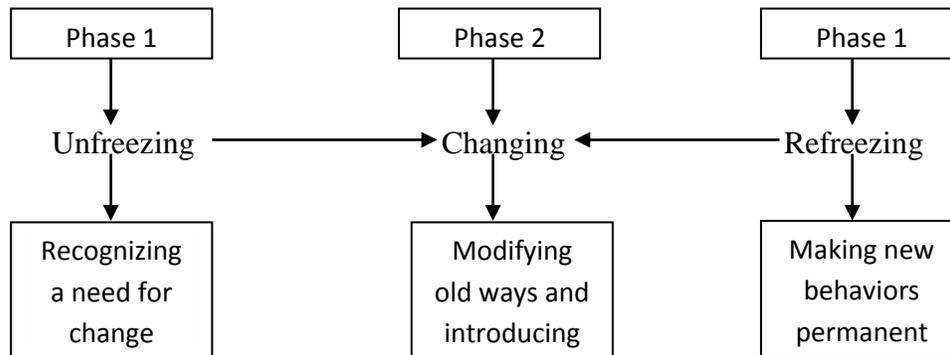
Values are an organization's beliefs about what is good or bad, desirable or undesirable. The beliefs define the fundamental character of the culture of any organization. In outstanding organizations, values are deeply felt and reinforced. The top management's vision is shared by people down the line alike. Tata group companies are known for their own culture. The companies still cherish the values passed on by the founders and hold them very dearly. Organization's values are primarily reinforced by its lead players its heroes. This does not, however, mean that such heroes are found only in the founders or the CEOs of the organizations. Such people may be found at various other levels also in the companies, often referred to as champions and star performers. By acknowledging the achievements and contributions of such achievers, organizations create role models for others to follow. As role models, heroes personify an organization's values and reinforce its desired culture. Symbols are nothing more than objects or events that convey meanings. They take the form of prizes, awards, plaques, slogans and include dress also. They convey what is important in organization. Important achievements are celebrated with much gale and fanfare in many companies. Heroes are rewarded profusely. Symbols stress what an organization values. Symbols are the effective media to convey and promote an organization's values and thus reinforce its culture. They create a sense of identity to those working for the organization, making them feel something special. They further deepen an organization's culture by facilitating individual commitment to collective goals, such as excellence, team spirit, innovation, customer satisfaction, etc. A legend is a story about an actual event or person. Legends help an organization to preserve its culture by imparting values to new employees. They form the company's folklore. In addition to providing guidelines for employees, they tell a great deal about the core values of the company.

Change as a Process & Forces of Change

Having examined what constitutes an organization's culture, successful change requires moving through three phases. Unfreezing, changing, and refreezing (see exhibit - 2).

EXHIBIT -2

LEVIN'S THREE - PHASE CHANGE PROCESS



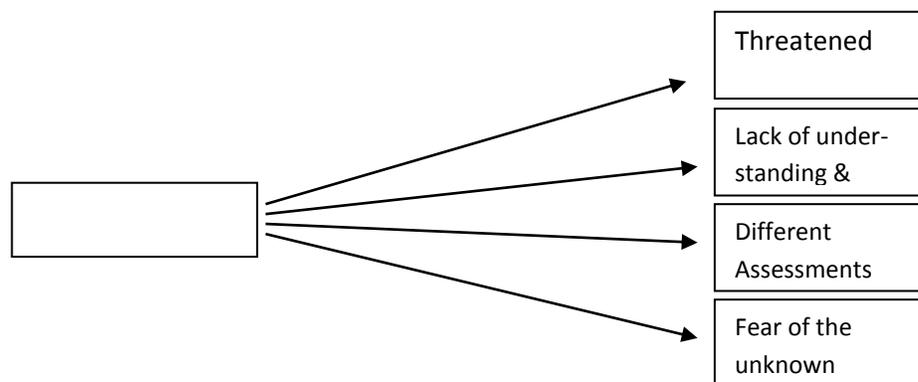
Unfreezing involves recognizing a need for change. It occurs when a situation is recognized as being deficient or inadequate in some way. Changing involves modifying old ways so that new behavior patterns can be introduced. Changes may be minor or major. Though it is difficult to adapt new patterns overnight, there are few options for the companies operating in competitive markets. Refreezing involves establishing new behavior patterns. It is made possible through new training and orientation programs, revised policies, updated procedures and other support mechanisms that reinforce new behavior. Forces of Change exist both within the organization and outside the organization, that is, in the internal as well as external environment of the organization. An organization has to respond to the changes swiftly with least inconvenience to the various interest groups. The organization's success, therefore, depends on its ability to anticipate change and to refocus its capabilities to meet new demands. Internal forces for change arise because of the need for modifications in the strategy and consequently the structure of the organization. An organization has to maintain stability while managing change. Both change without stability and stability without change is not desirable. Therefore, a sound balance has to be struck between the two. For instance, new employees have to be hired while older employees retire, new products must be introduced while established products are discontinued, and new markets must be exploited while old ones are abandoned. It is in a way, a continuous process. All these attempts or actions create internal forces for change. Each of these must be introduced in a manner that is not only consistent with an organization's overall objectives, but acceptable to those affected by the changes. External forces that lie in the environment, quite often, create the need for change. For example, in an increasingly dynamic, interdependent and unpredictable world, virtually all organizations are affected by so many events that happen at the national and international levels. Technological changes, political turbulence and the socio-cultural changes of the society in which the business exists exert a profound influence on the functioning of the business. Similarly, fluctuations in the world's leading economies have worldwide repercussions. These developments both domestic and international in origin continue to outpace the ability of many organizations to absorb them. Markets may vanish overnight. Competition for markets is now at the global level. Organization's work force these days cuts across all nationalities and ethnic boundaries. The new realities, in fact, have created unprecedented opportunities for organizations that are willing to change and grow.

Resistance to Change: the act of opposing or struggling with modifications or transformations

Organizations, like individuals tend to have die-hard attitudes and beliefs. As discussed in the proceeding paragraphs, behavior patterns are firmly frozen, in that, people tend to think and act in a particular way regardless of the exigencies of the situation. They have to be unfrozen to make change possible. It is because; change is received with some protest. In fact, resistance to change is a natural human reaction. Managers have to be familiar with the basic reasons for resistance to change (see exhibit -3). We will now discuss the important reasons for resistance.

EXHIBIT - 3

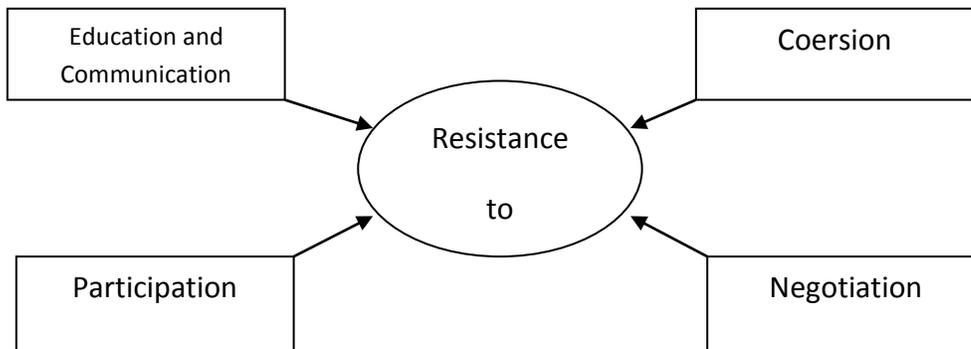
Four Reasons for Resistance to Change



Organization members normally behave in ways that will maximize their goals which they consider most important. Consequently, individuals are likely to resist proposals for change if they believe they stand to lose something of value to them. This is basically due to the fear of insecurity. In such circumstances, they usually are more concerned about their own self-interests at the cost of the organization's larger goals. People also resist when they do not understand the intended purpose of a change. Such a situation usually occurs when there is a lack of trust between the parties involved in initiating and those involved in adopting a proposed change. Distrust and suspicion often result in widespread rumors and distorted information. This makes effective communication difficult and poses a real problem in instituting change. It is important to note that people do not resist change, only the uncertainties that change can bring. Such resistance is easier to prevent than to remove once it has developed. Therefore, it is important to tell employees in advance why a change is being made and how it will affect them. Resistance is not all bad. It can bring some benefits. It forces management to reexamine the change proposals so that it can be surer that, changes are appropriate. This way, employees act as a check-and-balance to assure that management properly plans and does not implement change in haste. Resistance can also help to identify specific problem areas where a change is likely to cause difficulties, so that management can take corrective action before it is too late. At the same time, management may also do a better job of communicating the change. Some amount of resistance also gives management valid information about the intensity of employee emotions on an issue, provides emotional release for pent up employee feelings, and may encourage employees to think and talk more about a change so that they understand it better.

Overcoming Resistance to Change: Strategies for Managing Resistance to Change

Several tactics are available for managers to deal with resistance to change. Four of the important tactics, as could be seen in exhibit - 4 are discussed here. The selection of a particular tactic will depend on the factors specific to the situation.

*Exhibit 4**Dealing with Resistance*

Regarding the choice of the tactic to be used to overcome resistance to change, it may be helpful to identify the forces at play. A sound analysis of the forces helps in weakening the restraining forces and strengthening the driving forces. Those who initiate change in the organization tend to possess first-hand information about the proposed change, which may not be readily available to the other members. The easiest way to counter resistance to change is by sharing the information in a free and fair manner with the other members, at least those who are going to be directly affected by the change. People have to be educated as to why change is necessary by making them realize the problem areas, if any, that warrant a change. Further, in many cases, resistance is largely due to misinformation or poor communication. Adequate initiative has to be taken to dispel the rumors caused by misinformation. Relevant facts have to be presented and different viewpoints must be discussed to remove the misunderstandings caused by distortions in communication. This tactic involves educational campaign, one-to-one discussions, group presentations and reports. Involving all those potential registers in the decision-making process and implementation is by far the best strategy to cope with resistance. The assistance and cooperation of organization members have to be sought. Participation involves open communication and the exchange of viewpoints by all the parties involved. Such participation however is possible and yield results only when all the members are rational and possess the necessary expertise to contribute meaningfully. Each one has to act in good faith. Of course, procuring participation may be a time consuming process. But lot of time may be saved in the implementation because the proposed change is already sold. Negotiation which involves 'bargaining' to reach an agreement is another equally important tactic to handle resistance to change. This requires political skills on the part of the managers. The success of this tactic depends on creating a give and take atmosphere. Since the process involves reciprocation, the change initiator must be willing to concede certain aspects of the change so as to tailor the change to meet the interests of the active resisters. This is quite a good tactic where the

willingness of members is procured through discussions based on give and take. It also provides an opportunity to nurture a continuing relationship. If the stance taken by the members opposing change is rigid and all the efforts at reaching consensus have failed, the last option open to managers is to compel acceptance by means of orders, by threats such as firing, transfer, demotion, etc. As already mentioned, coercion to the extent possible must be avoided. It may be used only as a last resort only when all the other tactics fail to yield results. It is also possible that the situation may turn from bad to worse if coercion is used indiscriminately. Resistance to change can be reduced by helping employees to recognize the need for each change to participate in it, and to gain from it.

Conclusion

Organizational culture is not the result of just a decision, but the outcome of a lasting process, in which the attitude, beliefs and behaviour of people are gradually shaped. Organisational culture, even if not objectively effective, is always a logical adaptation to a changed environment. Organisational culture may be compared to coping mechanisms once effective in one specific situation, but internalised, unconscious familiar and hardly noticeable for the owner. The objective factors like individual initiative, risk tolerance, direction, integration, management support, control, identity, reward system, conflict tolerance, and communication patterns are being perceived as the organizational culture. The perception of the organization favorably and unfavorably affects the employee performance and satisfaction. There is strong relationship between the culture and satisfaction. The satisfaction will be highest if there is congruence between the individual goals and culture. Performance will be higher when the culture suits technology, if the culture is informal, creative and supports risk taking and conflict. An employee's performance depends to a considerable degree on knowing what he should do and what he should not do. Socialization helps to understand the proper way of doing the job. Proper socialization is a significant factor in influencing the job performance. Changes in the environment are so universal these days that those organizations which can adapt to changes only can survive. Forces of change exist both within and outside the organization. An organization has to maintain stability while managing change. An organization has to change its culture to meet the needs of change. The shared values, heroes, symbols, and legends constitute the culture of the organization. Any change has to be understood as a process which contains three phases: Unfreezing, changing and refreezing. Change, however important, is often confronted with resistance from people. Change is normally received with some protest. Threatened self-interest, lack of understanding and trust, different assessments about the change and the fear of the unknown are some of the reasons for the resistance to change. Therefore, necessary steps must be taken to overcome the resistance. Important among those are education and communication, participation, negotiation and coercion. This last measure-coercion has to be used only when all other means fail to bring the desired effect.

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