

# CULTURAL ASPECTS OF SYSTEMIC CHANGE MANAGEMENT

by Jeff Dooley

## 1. *Introduction*

A roadblock to successful implementation of structural change programs, such as TQM or re-engineering, is the vulnerability of such initiatives to powerful, yet poorly understood, cultural influences (Heilpern and Nadler, 1992). Some change programs—especially TQM—go beyond building new work habits, roles, and responsibilities; they amount to a values-based organizational paradigm change (Shiba, Graham, Walden, 1993). To the extent that change initiatives are values-based, they may clash with cultural patterns of values, thought, and action already in place. If already-existing cultural patterns are inconsistent with new values and cultural implications of systemic change initiatives, then defensiveness, withdrawal, and distortion of important information may result (Argyris, 1992). These effects can powerfully inhibit an organization's ability to implement successful, durable systemic change. Moreover, another result of these effects is that organizational learning—learning that could focus attention on these effects as potential problems—is likely to be prevented.

If we acknowledge the potential causal role of culture in the success or failure of organization change, then it makes sense to develop strategies for examining and redesigning cultural systems as an integrated aspect of change management.

This paper provides a theoretical and practical approach to incorporating cultural inquiry into programs for organization change. A definition of culture is offered, and a way of understanding how culture is created and maintained is examined. Patterns of organizational thought and action are viewed as systemic structures driven by values that are usually tacit. A new pattern, driven by new values more consistent with values-based initiatives, such as TQM, is proposed. Finally, a model of change management is sketched that can help integrate cultural and structural inquiry within a broad strategy for intervention.

## 2. What is “culture” and why is it so hard to understand?

In many organizations, systemic change requires a transition period of at least three to five years. Major factors contributing to the lengthening of this transition are the complexity, ambiguity, and power of organizational culture (Heilpern and Nadler, 1992). Yet, managers who embrace values-based change initiatives often have little awareness of the causal impact of cultural forces—values, assumptions, patterns of thought and action—on the success or failure of their plans (Argyris, 1994). If we are going to address cultural factors in the design and implementation of systemic change, then it may be useful to clarify what we mean by “culture.” Once we have a definition and a model of culture, we shall begin to see how systemic change efforts in general can become frustrated when hidden cultural factors, triggered by perceived threat, come into play.

When we think of “culture” we enter a fuzzy world of purposeful thought and feeling, action and meaning that shapes what life is like within an organization but that is very difficult to capture and define. This is in part because patterns of purposeful thought and action are not particularly amenable to reductionistic analysis. They are holistic, qualitative elements of our complex, collective lives. Despite the difficulty, Edgar Schein (1992) has proposed the following clarification of what we mean by culture. First, he builds a holistic context within which culture is to be understood:

Culture somehow implies that rituals, climate, values, and behaviors bind together into a coherent whole. This patterning or integration is the *essence* of what we mean by “culture.” (P. 10)

Next he offers a “formal definition” of culture:

A pattern of shared basic assumptions that the group learned as it solved 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 these problems. (p. 12)

Culture is built up through its continuing enhancement of an organization's ability to deal with its problems in a way that fixes its identity. While culture is a systemic phenomenon, its primary architects are those at the very top (Schein, 1992).

Schein models culture on three levels (Figure 1). The first level, *artifacts*, includes observable daily features of organizational life such as activities, rituals, jargon, office layouts, and so forth. The second level, *values and beliefs*, includes an organization's espoused judgments about what is good and bad, which make sense of how actions are evaluated as exemplary or ineffective. The third level, *basic assumptions*, includes our deepest and most comprehensive explanation of reality—our views of fundamental truths about people and the world. This layer is usually tacit. Additionally, to be found in this deepest layer, Schein points out, are the mental models and value systems that actually drive organizational behavior (Schein, 1992). I have added a feedback loop suggesting that while artifacts emerge as consequences of basic assumptions and values and beliefs, they also reinforce and further embed basic assumptions within the core of culture.

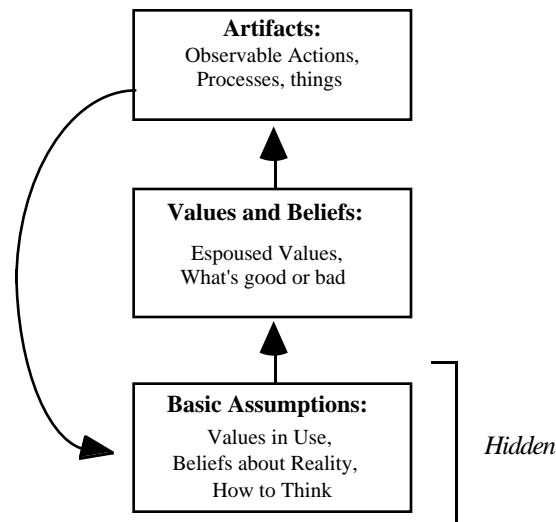


Figure 1: Layers of Culture (adapted from Schein, 1992)

A difficulty for examining and understanding the levels of culture is that rarely are all three levels out in the open. Certainly the level of artifacts is observable; it contains the manifestations of culture that we see around us, the things, adornments, relations, and ways

of speaking and address, that characterize tangible life in an organization. But when we attempt to look beneath the artifacts to find out *why* they are there we enter a realm that is often at least partially hidden from conscious thought, even among members of the organization.

Directly beneath the level of artifacts lies the level of “values and beliefs.” These are the values that the organization holds dear and espouses a will to enact in practice. Common values are “promote honesty,” “respect the needs of co-workers,” or “strive for excellence.” These values are usually highly visible, often prominently posted.

Yet, research has found (Argyris & Schön, 1978), that routine organizational behavior sometimes reflects other, hidden values, especially in situations of stress and uncertainty. In contrast to espoused organizational values, these shadowy, alternate values are rarely acknowledged openly, nor can we examine them directly. Instead, they must be inferred from patterns of behavior. An example of such a hidden value would be “win, do not lose” (Argyris & Schön, 1978). These hidden values often conflict with published espoused values. Moreover, when we choose to act consistently with hidden values, our actions will likely undermine other actions seeking to realize the espoused values of the organization.

These alternate values-in-use lie beneath awareness within Schein’s deepest cultural stratum: the layer of “basic assumptions about reality.” These assumptions are complex, value-driven theories that explain the world in ways important to organizational problem-solving (Schein, 1992). Examples would be the basic assumptions that people are fundamentally trustworthy, or not. Such assumptions frame and constrain our cognitive field within which we create and enact strategies to solve problems. The role of values is to drive action strategies within the context of key basic assumptions. An example of a strategic action script would be: “since people are not trustworthy, I have to watch my back and protect my own interests; to do this I’m going to win at the expense of my adversaries, and at all costs, avoid losing.”

The possibility that our hidden values (deepest layer) may conflict with and override the organization's espoused values (middle layer) implies the possibility that we may act at times, perhaps unknowingly, in ways that undermine the espoused values. Such behavior may have powerful impact on organizational effectiveness.

If, as researchers such as Argyris suggest, key patterns of organizational behavior may be incongruent with espoused organizational values, the question arises: are there any types of work life situations that are likely to trigger incongruent behavior? Yes, these situations are likely to be those in which individuals feel the need to protect themselves from embarrassment or threat (Argyris, 1992). Figure 2 represents an elaborated model of culture that shows how the presence of a perceived threat can lead us to choose behavior driven by hidden values even though such behavior may be incongruent with espoused values and may undermine, over time, our commitment to espoused values.

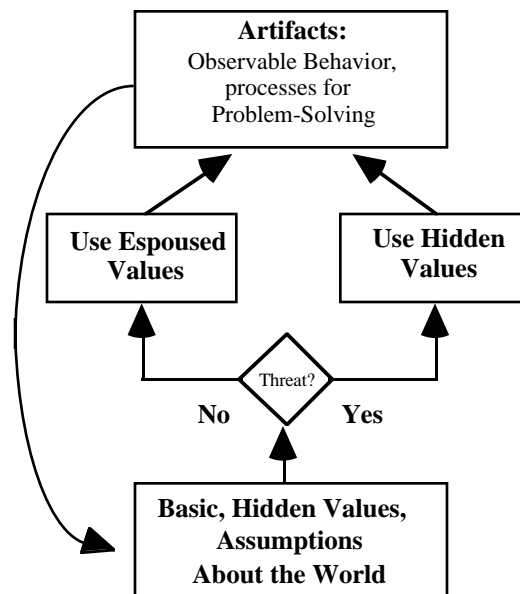


Figure 2: An elaborated model of cultural values-selection and the role of threat

### 3. *How values give purpose to organizational behavior*

One way of looking at patterns of thought and behavior in the workplace is to see them as cultural structures with a purpose. The purpose is a pragmatic one: to help individuals and groups become integrated within the culture—a part of the team. But when

things go wrong or are hazy and uncertain the purpose of behavioral patterns may become: to protect individuals and groups from embarrassment or threat, and to defend against antagonism real or imagined. In short, either way, organizational patterns of thought and action may be considered “purposeful.”

During change initiatives situations of uncertainty, ambiguity, and stress abound. These are situations in which organizational learning is required, so that we can understand and adopt new roles and responsibilities while discarding old ones. In TQM, as in many structural change programs, the vision or ultimate purpose is something like: “enact continuous improvement of team effectiveness in anticipating and exceeding customer needs.” The problem is that acting to cover a mistake is clearly not consistent with most if not all meanings and implications of continuous improvement.

But what is the role of values in the systems of thought and action that work toward these various purposes, and how do these hypothetical systems organize purposeful action? Figure 3 shows a simple goal-seeking, or cybernetic, action system. Its structure enables a looping sequence of error-correction that continues as a function of decisions within the system to influence changing conditions relevant to the system goal.

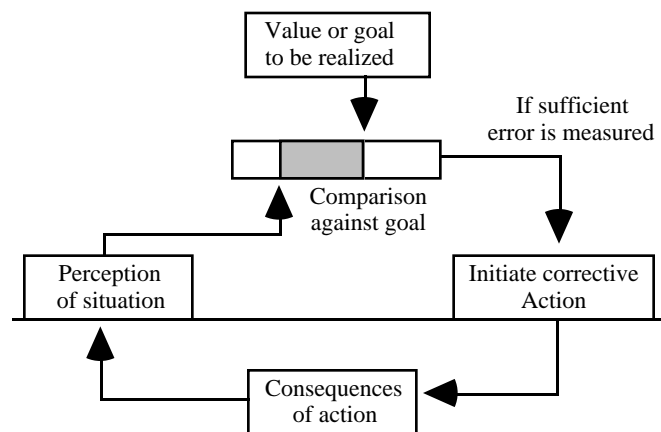


Figure 3: Schematic of a purposeful, cybernetic system (Powers, 1973).

If we understand patterns of organizational thinking and action as “behavioral systems for correcting error” then we can see a role for values as the goal to be realized in the purposeful, behavioral system. If situations arise that threaten the values we hold in

those situations, we are likely to act individually or in groups to “correct” the situation so that it realizes the values driving our behavioral theory of action in the situation. In this way a perceived mismatch between elements of a situation and our values in that situation lead to action aimed at correcting the mismatch or error.

For instance, if a project seems in danger of being late, as a team member we might begin to feel stress. We might hold the value (perhaps hidden) “win, do not lose,” and feel stress precisely because we see losing (late project) as a possibility. A typical behavioral strategy that could follow might be: “take over, own, and control the task.” We might mutter to ourselves, “if I want something done right, I have to do it myself.” Our behavior then would be simply to take over the responsibilities of team members who we feel are not getting the job done, work long hours, get the project out on time, and consider ourselves a hero. However good we may feel at having single-handedly saved the project, our behavior may have important consequences for the future effectiveness of the team. This is especially so if the team is unable to reflect on its process of getting projects completed. If “enhance teamwork and team effectiveness” is an organizational value, our heroic behavior may have actually inhibited the realization of that value even though it saved us from the embarrassment of having a late project. The behavior that we thought was so heroic can be seen as a defensive act to save us from embarrassment or threat.

Figure 4 depicts a generic organizational defensive pattern.

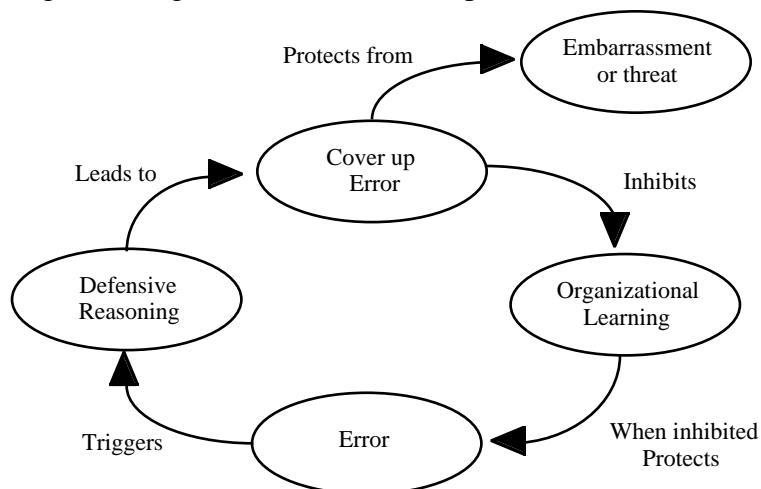


Figure 4: Organizational Defensive Pattern (ODP) (Argyris, 1992)

What is remarkable about the above example is that rarely would we be able to recognize, without the aid of a skilled consultant, that our actions are incongruent with company values, or that the value we sought to realize in our actions was something like “win, do not lose.” Rather, we would likely remain unaware of these possibilities, unaware that we may hold such a value as “win, do not lose.” Moreover, this unawareness is not accidental, it is skillfully designed to allow us to enact the same routine over and over in similar situations (Argyris, 1992).

An ironic conclusion to be drawn from our hypothesis of a set of hidden values, driving defensive behavior at the expense of organizational learning, is that we can begin to understand such action as a kind of effective problem-solving rather than organizational error. Defensive behavior is effective in realizing the values driving it, so it is not error. It would only be in “error” if it realized a state reflecting values other than those driving the behavior. This ironic consideration has prompted Argyris to coin the phrase: “skilled incompetence” (Argyris, 1992). He argues that we employ great and subtle skill in acting in ways that undermine organizational effectiveness and learning; such actions are both skilled and incompetent.

It’s time now to consider the systems of hidden values suggested above. These systems of values, action strategies, and consequences are hypothesized as purposeful systems of thought and action that are likely to inhibit or prevent organizational learning during times of stress and uncertainty—precisely the times in which organizational learning is most needed (Argyris & Schön, 1974; 1978). Argyris & Schön have organized these hidden systems of thought and action, “programmed sets of rules for action,” or “mental models,” into a meta-mental model they call “Model 1.” Figure 5 gives an abbreviated treatment of this meta-mental model.

## Model 1 system of thought and action

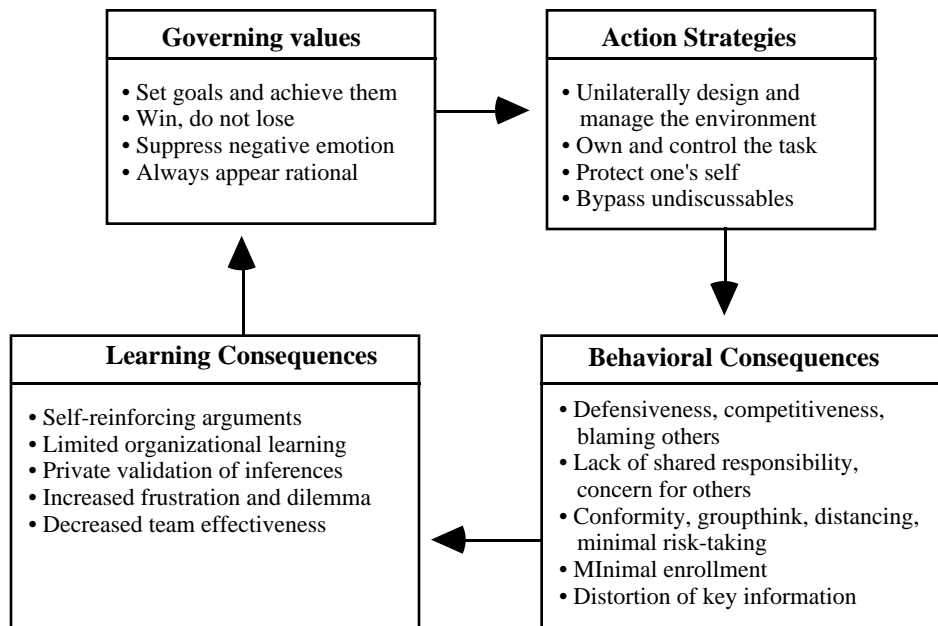


Figure 5: adapted from Argyris &amp; Schön, 1974

The following are a few typical aspects of organizational life that can result from the institutionalization of mental models consistent with Model 1 (Argyris, 1990).

- Others or the “system” are blamed for poor decision outcomes
- Upward communication about difficult issues is distorted or lost
- Important issues are undiscussable; the undiscussability is covered up
- Ad hoc political networks and coalitions thrive
- Individuals protect themselves at the expense of the organization

If these mental models are largely hidden from awareness, how do we identify, understand, and transform them? How do we recognize their involvement in routine problem-solving behavior? A body of theory and practice has emerged under the name “Action Science” which provides an approach to inferring, diagnosing, and mapping patterns of thought and action that inhibit learning and effectiveness (Argyris, Putnam, & Smith, 1985). The approach also provides guidelines for designing conditions under which new, effective patterns can be learned and integrated to displace the old patterns in appropriate situations. Based originally on Kurt Lewin’s three-stage model for behavioral

change, the approach calls for active, behavior-based learning to accomplish (1) *unfreezing*: help participants become aware of ineffective actions, and bring to the surface the values upon which these actions may be based, (2) *cognitive restructuring*: introduce to participants new mental models, values, and behavioral patterns and help participants begin to use these new patterns, and (3) *refreezing*: help participants gain skill with and internalize the new patterns through case work and role play (Lewin, 1947).

In answer to the question, “what new mental models might be more consistent with typical espoused values?” Argyris and Schön (1974) have advanced a model which they feel would lead to effective behavior, even under moderate stress. This new system they term “Model 2.” Key assumptions of this model are that robust team effectiveness depends upon clear, undistorted information, free and informed choice for participants, and internalized commitment to or ownership of choice. In figure 6 these assumptions are adopted as values governing action strategies and behavior.

Model 2 system of thought and action

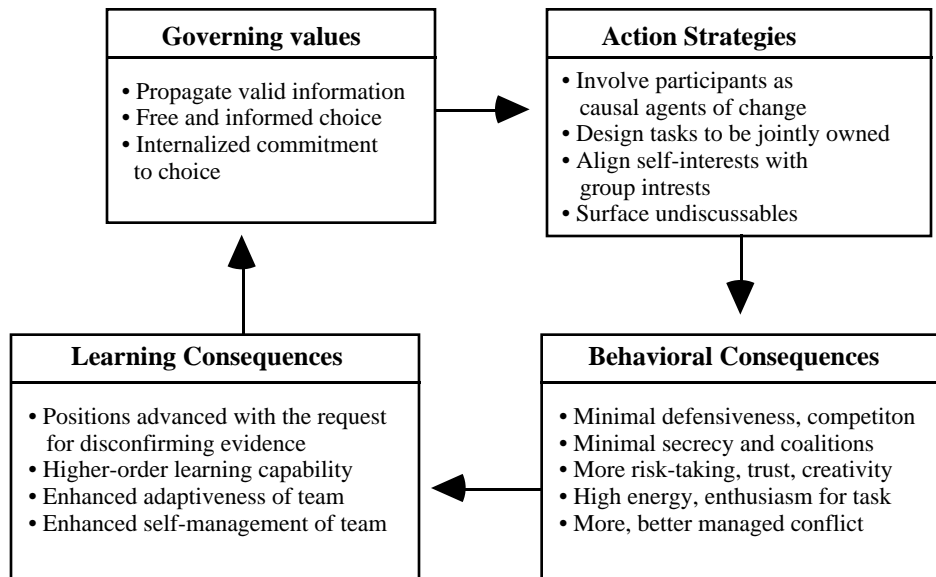


Figure 6: adapted from (Argyris and Schön 1974)

A program for institutionalizing Model 2 as the appropriate system for dealing with difficult, uncertain, or complex situations should itself be designed and executed according to Model 2 values. This is because a method aimed at bringing behavior into congruence

with espoused values should not itself act in ways that violate these values. A pragmatic reason for this requirement is that participants will likely learn to mistrust a facilitator who violates the values s/he is proposing that others adopt, and that because of this mistrust, little learning will be likely to occur.

Aside from their contribution to group effectiveness in problem-solving, Model 2 values and behavior are consistent with rebuilding culture in ways consistent with robust implementation of values-based change initiatives such as TQM. For instance, valid information about defects would be key to reducing them in the SDCA cycle of a given process. But even greater value could be derived from valid information *when processes are redesigned*. Information drawn from Model 2 discussion of new processes could be absolutely crucial to continuous improvement in the PDCA cycle, having possibly a much more profound impact on defects than simply acting to reduce them within a given process. Similarly, teams that create conditions for free and informed consent and commitment to choice by participants are likely to be more effective in reaching consensus on customer needs and on when those needs have been exceeded. Implicit in these considerations is the hypothesis that teams lacking the ability to enact Model 2 values are less likely to reduce defects, improve processes, or satisfy customer needs.

#### *4. Integrating cultural and structural interventions*

Up to now we have focused on culture, with little emphasis on structure. Culture we have characterized as the framework of shared values, beliefs, and assumptions that give an organization its problem-solving personality. Let us characterize structure as the chain of command, roles and responsibilities, functions, processes, and information channels that are the vehicles for organizational operation and performance.

Values-based change initiatives such as TQM have strong effects both on the structures and culture of an organization. At the same time, the success or failure of the implementation may rest on combined cultural and structural forces that make up the status quo. In this section I wish to sketch a framework for integrating cultural inquiry like that

outlined in section 3 within a general approach to systemic change management. This approach, whose structure is adapted from Checkland and Scholes (1990), seeks to provide theory-based intervention in both cultural and structural systems, and it seeks to integrate both streams of intervention into a unified, logical whole.

A full account of the methodology for integrating cultural and structural intervention cannot be given here because of space restrictions, and because the primary focus of this paper is on cultural aspects of systemic organization change. Yet, since I am proposing that we integrate cultural with structural intervention in a way that results in a unified, systemic whole, it may not be out of place to briefly outline an integrated model.

Once a change team has been named, the general steps might include:

1. Develop a rich picture of the organization's situation, including customers, causal loops, dependencies, key people, groups, processes, technology, and so forth.
2. Renew the Values, Vision, and Mission of the organization

### *3. Cultural Intervention*

### *4. Structural Intervention*

3a. Beginning with artifacts, analyze three levels of culture

4a. Perform stakeholder analysis, including customer needs

3b. Clarify existing espoused values

4b. Determine goals and objectives for structural change initiatives

3c. Check to see if existing culture is consistent with espoused values

4c. Establish performance criteria

3d. If inconsistent, propose learning program for culture redesign

4d. Develop alternative structural process designs, compare, evaluate

3e. Engage learning to bring behavior into sync with espoused values, or re-evaluate espoused values, assumptions

4e. Propose change or implementation which optimizes performance criteria and is culturally feasible given the result of the cultural intervention

5. Decide on a particular design for the change program
6. Plan and take action: implement change program
7. Monitor and improve the change program, cycle back through the process

Note that cultural work begins before and continues after a decision to change is taken.

## 5. Summary

In this paper I have sought to outline a process for performing cultural intervention as a part of systemic change. Reasons for doing so include the vulnerability of structural change programs to powerful yet poorly understood cultural forces. A definition of culture was advanced, and a general map of culture was presented. An approach to surfacing and altering hidden aspects of culture—especially systemic patterns of values, thought, and actions—was suggested. Finally, a general intervention scheme for integrating cultural and structural intervention was sketched.

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