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PRIN

**THE SUPPORTIVE ROLE OF ORGANISATIONAL CULTURE IN STRATEGY
IMPLEMENTATION**

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OPSOMMING

DIE ONDERSTEUNENDE ROL VAN ORGANISASIEKULTUUR IN STRATEGIE-IMPLEMENTERING

In 'n vinnige veranderende wêreld is dit maklik dat 'n ondernemings sy mededingendheid verloor indien hy te stadig reageer op omgewings- en industrie kragte. Vir ondernemings om suksesvol te wees in 'n dinamiese omgewing verg dat hulle hervorm om pro-aktief op uitdagings te reageer en hul mededingende voordeel te handhaaf en te versterk.

Die veranderinge wat ondernemings moet maak om mededingend te bly, is so fundamenteel dat hierdie veranderinge gewortel moet wees in die organisasie se kultuur en dat die kultuur voortdurend bestuur moet word. Om kultuur suksesvol te bestuur is dit belangrik dat die bestuur van die organisasie vertrouwd moet wees met die konsep van organisasiekultuur, die rol wat kultuur in strategie-implementering speel en ook die bestuur van kultuurverandering.

Verskeie definisies word gebruik om die konsep van organisasiekultuur te beskryf. Om die rol en invloed van kultuur op 'n organisasie se veranderingsproses te begryp is dit belangrik om 'n duidelike begrip te hê oor die verskeie terminologieë wat gebruik word en daarom word daar op verskeie definisies in hierdie studie gefokus.

As gevolg van 'n dinamiese besigheidsomgewing word die bestuur van 'n organisasie daaglik gekonfronteer deur vrae oor hoe hulle die organisasie gaan posisioneer en hoe hulle die kultuur moet aanpas om sodoende suksesvol mee te ding in hierdie omgewing. Om strategiese veranderinge te weeg te bring verg dat kultuurverandering bestuur moet word. Kultuurverandering op sig self, is ook 'n strategieverandering. Die verhouding tussen organisasiekultuur en strategie-implementering word bespreek.

Die organisasie se leierskap speel 'n belangrike rol in die veranderingsproses. Daar bestaan verskeie bestuursisteme om verandering in organisasiekultuur mee te bring. Kommunikasie, vergoeding stelsel en menslike hulpbronbestuur word ondermeer bespreek.

Die doel van die studie is dus om 'n begrip te verkry oor die konsep van organisasiekultuur, om die rol wat kultuur in strategie-implementering speel te verstaan en laastens die verandering van organisasiekultuur suksesvol te bestuur.

CHAPTER 1

BACKGROUND AND PROBLEM STATEMENT

1.1 INTRODUCTION

The world today is characterized by constant change be it social, economical or political. The changing world not only has an impact on every country but also on each and every company. In order to survive these changes, businesses need an adapting strategy as a weapon. A strong strategy will not only equip a company to react to changes but will also enable the company to create changes and to be proactive.

A changing external environment forces a company to re-organize itself internally. New product development by rival companies, changing technology, changing customer needs and customers' rising expectation with regards to service are a few factors that forces a company to adapt. A company can successfully adapt to the environment by changing its strategy and restructuring the company. A very important prerequisite for successful strategy implementation is a supportive culture. Organisational culture provides support to the strategy and influences the success of strategy implementation (Robert, 1994:47).

Organizations change their corporate culture to improve their competitiveness. Visionary managers start to realize that in order to compete in a dynamic environment, and to create a sustainable competitive advantage, they have to place a lot of emphasis on improved productivity as well as more creativity amongst employees.

A corporate culture can become a unique market differentiator or, in fact, a strategic advantage for a company if it is deliberately designed to do so (Stinnett, 2001:18).

Organizational elements that are vital to the successful implementation of a company's strategy are leadership, remuneration structures based on performance, systems, organizational structure and culture (Pierce & Robinson, 1997:339). Strategic changes can only take place successfully if the organizational culture provides support (Myburgh, 1993:78).

“Corporate culture. It’s always been there, but businesses never paid much attention to it ... until now, that is. With reengineering, downsizing, acquisitions and a host of outside pressures wreaking havoc on businesses, many managers are taking a closer look at the inner workings of their organizations – their values, their beliefs, their priorities – to see if they still make sense in the new business environment” (Flanagan, 1995:57).

Culture is a complex factor that all businesses face. However there seems to be consensus that corporate culture is the primary component that influences performance and behaviour (Gibson, 1997:45). Just how it influences management, communication processes and the flow of information inside the organization and also the company's strategy is not always clear to management. Some managers also find it difficult to understand the concept of organizational culture and the management thereof and this result in the negligence of corporate culture during strategy implementation (Flanagan, 1995:57).

1.2 PROBLEM STATEMENT

All companies face change. The question is: "Why are some companies able to survive these changes, while other companies do not?" The answer is that some companies have specific competencies, attitudes, identities and sets of values and beliefs that other companies lack. These attributes of successful companies are known as organisational culture (Johnston, 1995:51).

The rate of change increases on a continuous basis, but can one say the same about an employee's adaptability. The interrelationship of important organisational elements i.e. leadership, systems, organizational structure and culture have to be managed in such a way that it will support not only strategy implementation but also adaptability of employees (Shein, 1996:104).

A strategy can only be implemented successfully if the employees support the strategy and if they are willing to change. Employees, who have been employed at a particular company for a long period, tend to be set in the way they do things and believe in their current methods. Current work methods form part of a company's culture. Organisation culture is derived from the values, beliefs and norms as determined by the people of the organisation. Organisational change is probably the most important challenge management face when implementing a new strategy. Strategy implementation will almost certainly fail if it lacks the support of employees (Cloete, 1996:46).

Management plays a vital role during the change process, as the process creates confusion and uncertainty amongst employees, which may result in resistance. Management have to lead the strategy implementation process, this is however influenced by their experience and knowledge about the business; whether they are new to the job or veterans; their network of personal relationships with others in the organisation; their own diagnostic, administrative, interpersonal and problem solving skills; the authority they've been given; the leadership style

they're comfortable with and their view of the role they need to play to get things done (Thompson & Strickland, 1999:272). Management often lack the insight about the concept of culture, undervalue the complexity associated with the integration of organisational culture and the organisation's strategy and lastly the failure of management to successfully change the culture in response to a changing environment (Preston, 1996:42).

This study examines the supportive role organisational culture plays in strategy implementation and the management of the organisational culture change process.

1.3 OBJECTIVES OF THE STUDY

Management has a huge responsibility in terms of successful goal orientated strategy implementation. They have to ensure that the organisational culture supports the strategy and that employees on all levels co-operate in the strategy implementation. In order to achieve the company's objectives, a supportive organisational culture must be created and maintained. Management has to realize the important role culture plays in an organisation.

The objective of this study is to provide a literature overview of organisational culture, the relationship between organisational culture and strategy and the actualisation and management thereof. In the light of the above mentioned, the following objectives have been formulated for the study:

- to understand the concept "culture" and its place and role in the organisation;
- to understand the relationship between organisational culture and strategy implementation;
- to describe how management and remuneration structures, amongst others, will assist and actualise and manage the process of culture change.

1.4 METHODOLOGY

This study is comprised from secondary research in the form of a literature study. Textbooks, research reports and publications relevant to organisational culture and organisational culture change are researched, compared and viewpoints related to the subject selected and discussed.

1.5 OUTLINE OF THE STUDY

Chapter 2 deals with various definitions of organisational culture and different terminologies that are used. This will ensure that the concept “organisational culture” is understood. Chapter 3 discusses in detail the relationship between organisational culture and strategic change.

The actualisation and management of the organisational culture change process are discussed in Chapter 4. The objective of this chapter is to describe the culture change process and to place the functions of management, communication, rewards and human resource management, into perspective. The study is then summarised and concluded in chapter 5, and relevant recommendations are made.

CHAPTER 2

UNDERSTANDING THE CONCEPT OF ORGANISATIONAL CULTURE

2.1 INTRODUCTION

The nature of organisational culture and the influence thereof on the organisation is a relatively new phenomenon. The word organisational culture first made its appearance in the English language during the sixties as a synonym for "climate". Only after the launch of a book called "Corporate culture" by Terrence Deal and Allen Kennedy in 1982 did the expression "corporate culture" become prominent. Since this, comprehensive literature developed around the concept of organisational culture (Hofstede, 1991:177).

During the past few years, organisational culture enjoyed a tremendous amount of attention in business literature. Managers today become increasingly aware of the important role culture plays in an organisation.

"Never before have the human culture been exposed to a large reciprocal confrontation and been addressed as the core resource for production and consumption" (Johnston, 1995:41).

Literature makes it evident that organisational culture always existed and that each organisation has its own distinguishing culture (Flanagan, 1995:57). Culture is just emphasized more today because of the modern situations organisations face – global competition, changing business environment and lack of trust between employees and managers.

Culture is a non-tangible concept and is therefore difficult to define and quantify it. Although there are various definitions to explain the concept of culture, it fails to explain the influence it has on individual behaviour, the productivity of a company and general management of the organisation (Flanagan, 1995:57).

According to Johnston (1995:78) most literature agrees that organisational culture consists of the following components:

- holistic: this refers to the whole of which the sum is more as the parts thereof;
- historic: echo the history of the organisation;
- related to rituals, values and symbols;
- social construction: created and retained by a group of people who started the organisation;
- soft: intrinsic of nature;
- difficult to change: the degree of difficulty differs from author to author.

To understand the power of culture, one needs to thoroughly investigate all relative perspectives and definitions of culture.

2.2 THE FORMATION OF CULTURE

^{C2} ~~An organisation's culture does not only involve methods to solve problems, but it is also the traditional way of thinking and acting. This is shared by all employees, to a greater or lesser extend, and has to be acquired and accepted by new employees.~~ Organisational culture involves a wide variety of aspects as production methods, skills, discipline, technical knowledge and the way business is conducted. In a new company that is formed, every individual brings its own prior cultural experiences to the group. Only after the identities and roles within the group have been identified and sorted out, will new identities be created and will the group develop its own culture.

Shein (1996:212) has identified the following steps in the organisational culture forming process:

- the founder has an idea for a new business;
- the founder involves other people to form the core group. They then share a common vision and goals;
- the founding group then take action to establish the organisation which will include raising funds, locating workplace and obtaining patent rights;
- more people are brought into the organisation. This is the start of the history. If the group is stable and they accumulate shared experiences, they will gradually develop assumptions about themselves, their environment and how to do things in order to survive.

Organisational culture resides in the culture of the industry in which it conducts business and the industry's culture resides in the norms of the society (Fiol, 1991:194). Because society's values play such an important role in organisational culture, it will be present in an organisation's culture. According to Rue (1992:432) there are four factors that contribute to the origin of the organisation's culture:

- History of the organisation:
There is awareness amongst employees about the organisation's history, its heroes and how things were done in the past. The heroes are not only role models but also the symbols of the organisation to the outside world. This awareness develops the organisational culture.

- **Business environment:**
Every organisation has its own products, technologies, clients and competitors. An organisation has to be able to adapt to its environment in order to survive. The business environment therefore determines the organisation's culture in a way.
- **Recruitment of new employees:**
It is vital that only those employees who fit the culture of the organisation be employed. Successful fits will enhance the ideal organisational culture.
- **Socialisation process of new employees:**
Orientation programs will assist newcomers to learn the culture and will result in more support of the ideal organisational culture.

2.3 DEFINING ORGANISATIONAL CULTURE

The word culture in itself has several hundred different meanings. A combination of ideas and approaches are used to define culture. All the various definitions differ from each other in terms of which concept is central to the idea – it may be shared values, myths, norms or rituals.

A few definitions are quoted to illustrate the differences in defining the concept organisational culture:

"...collection of traditions, values, policies, beliefs and attitudes that constitute a persuasive context for everything we do and think in an organisation"
(McLean, 1993:15).

"Culture is the behaviour people exhibit in response to their environment"
(Lewis, 2001:50).

"...the human invention that creates solidarity and meaning and inspires commitment and productivity ..." (Dahler-Larsen 1994:4), while Pheysey's (1993:1) opinion is *"... how enterprises work and how the people associated with them act"*.

"... an interdependent set of beliefs, values, ways of behaving, and tools for living that are so common in a community that they tend to perpetuate themselves sometimes over long periods of time. This continuity is the product of a variety of social forces that are frequently subtle, bordering on invisible, through which people learn a group's norms and values, are rewarded when they accept them, and are ostracized when they do not" (Wilhelm, 1992:72).

Sackman (1991:18) says the following: *"... a general constellation of beliefs, mores, customs, value systems, behavioral norms, and ways of doing business that are unique to each operation, that set the pattern for corporate activities and actions, and that are described the implicit and emergent patterns of behaviour and emotions characterizing life in the organisation"*.

Pietersen (1991:26) again believes it is more than values, norms and beliefs: *"..virtually everything an organisation consists of, from the nuts and bolts activities of the factory floor below the high ideas about the company's mission, goals and values up in the managerial suite"*.

"... culture is understood to refer to sets of shared values and beliefs which are themselves articulated by participants-in-the-culture in the form of shared meanings and understandings of organisationally significant phenomena 'a set of beliefs, widely shared, about how people should behave at work and a set of values about what tasks and goals are important..." (Brown & Starkey, 1994:808).

Stinnett (2001:18) says, *“A company’s culture is more than a set of policies, a working environment or an atmosphere. A corporate culture defines common beliefs, common behaviour and the way we view and value relationships. Popular policies such as allowing employees to work flex hours and dress in casual clothes are sometimes mistaken as elements of culture ... but they don’t provide the true holding power that comes from developing a culture that is committed to fairness, honesty and respect for the people we do business with”.*

These are only a few definitions found in the literature. It is however apparent that concepts like shared values, beliefs, norms and behaviours amongst people are a common thread that follows through the definitions. Culture is not inherited, but learned. It is born from a person’s social environment and not from his genes. Culture differences are manifested in various ways e.g. symbols, rituals and heroes.

Symbols are those words and gestures recognised by only those who share the same culture. Symbols are easily created or copied from another culture group, but symbols can also easily fade (Morgan, 1997:42).

Rituals are the systematic day to day routine activities of an organisation that advises employees of the behaviour that is expected of them. These activities ensure that employees have a sense of belonging (Morgan, 1997:42).

Heroes are persons, dead or alive or a fiction of one’s imagination that are highly praised and seen as role models (Schultz, 1995:41). Heroes are focused on the vision of the company and only make decisions that support the vision (Schultz, 1995:41).

2.4 VALUES

Values can be defined as: "... an enduring preference for a mode of conduct (e.g. formality) or end-state of existence (e.g. freedom)" (Morgan, 1997:42).

Values have an influence on all aspects of the business, from the manufacturing of products to the way in which employees are treated. Organisations may have a variety of values, but they normally have only a few core values. Core values are the organisation's perception of what is good and evil, how business should be conducted, the organisation's role in society and the importance of life. These core values are present in the organisation's slogan that summarizes those things the employees of the organisation believes in. The slogan includes assumptions based on the way the organisation has to function in order to achieve success (Morgan, 1997:43). (2)

One of the first things children acquire is values. Because it is acquired at such an early age, it is preserved unconsciously and difficult to change. The challenge managers face today is to get the different individuals in the organisation to agree on, accept and to share some core values.

The following are some pre-requisites for developing shared values amongst employees (Schultz, 1995:27):

- the values must be applicable to internal as well as external situations;
- the values must be simple and easily formulated;
- the values must be communicated during the recruitment process to ensure that the employee fits;

- management must live by these values, employees will believe what they see and not necessarily what they've been told (Preston, 1996:52).

Shared values have a greater impact on organisational behaviour than individual values. According to Lessen (1990:53), shared values can have the following advantages for the organisation:

- the organisation has its own identity – everyone feels part of the organisation everyone contributes to achieve common goals;
- internal cohesion as a result of common goals;
- integration and communication is possible;
- participation and support between employees and also between employees and managers;
- greater commitment and loyalty amongst employees and;
- middle management makes better decisions as they are guided by the shared values and common goals.

Values not only have a huge impact on the behaviours and actions of employees but also on the success of the organisation. Managers must therefore pay more attention to values. According to McDonald & Gandz (1992:64), research done in the United Kingdom showed that eighty percent of organisations have formal, written values and that these values contributed to the success of the organisations because:

- the organisation knows exactly where it going, there is a very clear and specific philosophy about the objective of the company;

- the organisation has a specific strategy to achieve its objectives;
- management give a lot of attention to the formation of values, ensuring that it meets the requirements of the economic- and business environments;
- everyone in the organisation is aware of the values, it is clearly communicated.

Robinson (1991) identified some characteristics of values that can be observed and measured:

- **Communication patterns**
The degree to which communication is restricted to the formal hierarchy of authority.
- **Direction**
The degree to which the values create clear objectives and performance expectations to its employees.
- **Control**
The number of rule, regulations and direct supervision that is used to control and manage employees' behaviour.
- **Integration**
The degree to which units within the organisation are encourage to operate in a coordinated manner with each other.
- **Conflict tolerance**
The degree to which employees are encourage to voice conflicts and criticism openly.

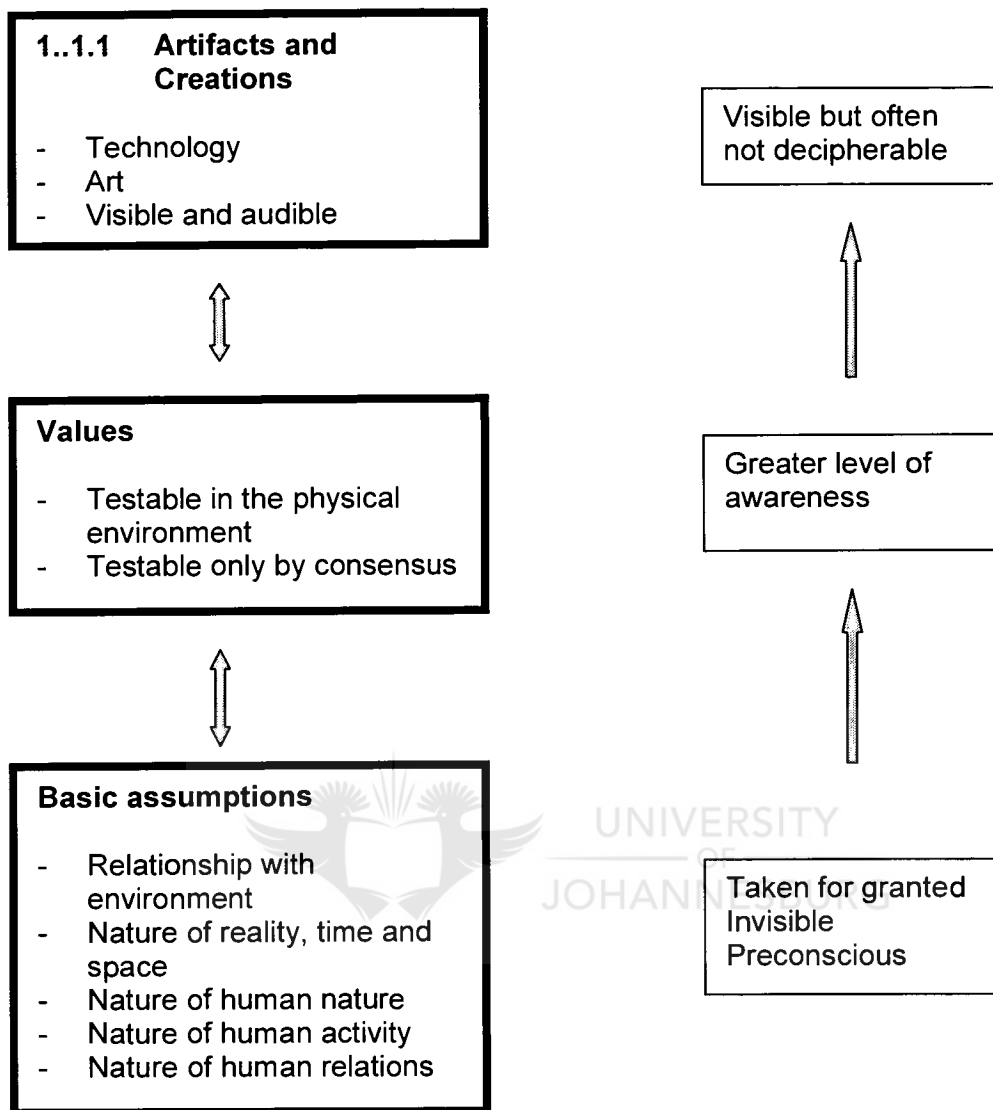
- **Identity**
The degree to which employees identify with the organisation as a whole rather than their particular workgroups.
- **Reward systems**
The degree to which rewards are based on employee performance rather than seniority or favouritism.
- **Individual initiative**
The degree of responsibility and freedom that individuals have within the organisation to perform their tasks.
- **Risk tolerance**
The degree to which employees are encourage to be aggressive, innovative and risk seeking in performing their tasks.

An organisation will be more successful in the market place when the values of the employees match the organisation's vision and mission. The vision and mission reflect the core values of an organisation. Organisations must implement the statement of organisational values in order to capture the competitive advantage that would be created by the shared values (Drysdale, 1993:44).

2.5 LEVELS OF ORGANISATIONAL CULTURE

Shein (1992:16) identifies three analytical levels of culture namely artifacts, values and basic assumptions which describes the dynamics of organisational culture. These three levels are in internal balance with each other but have different degrees of visibility and analytical access. Figure 2 shows he different levels of organisational culture.

Figure 2.1: Levels of organisational culture



Adapted from Schultz (1995:19).

- Artifacts

Shein (1996:17) defines artifacts as follow:

“At the surface we have the level of artifacts, which includes all the phenomena that one sees, hears and feels when one encounters a new group with unfamiliar culture. Artifacts will include the visible products of the group such as the architecture of its physical

environments, its language, its technology and products, its artistic creations, and its style as embodied in clothing, manners of address, emotional displays, myths and stories told about the organisation, published lists of values, observable rituals and ceremonies and so on. This level also includes the visible behaviour of the group and the organisational processes into which such behaviour is made routine, written and spoken language, artistic production and the overt behaviour of its members.”

Artifacts are visible but not easily comprehensible. Organisational artifacts leave an immediate impression about the culture of the company. Schultz (1995:27) divides artifacts into five further analytical categories as indicated in Table 2.1.



Table 2.1: The artifacts level in Functionalist Culture Analysis

Physical Manifestations	Architecture and interior arrangements Physical space and office design Decoration of hallways and conference rooms Dress code of the organisation Attendance of functions
Language	Sound and noise Modes of speaking Special expressions and slogans
Stories	Minor stories from everyday life Stories of key events Tale of the “good old days”
Technology	Materials Operations Knowledge
Visible traditions	Social traditions Leadership traditions Work traditions

Source: Schultz (1995:27).

Artifacts are symbols of the organisation’s culture. It symbolises what people do, their appearance and the physical layout of the organisation. Entrepreneurial organisations will create these symbols if they do not already exist.

- Values

Shein (1996:19) defines values as:

“All group learning ultimately reflects someone’s original values, someone’s sense of what ought to be as distinct from what is. When a group is first created or when it faces a new task, issue or problem, the

first solution proposed to deal with it reflects some individual's own assumption about what is right and what is wrong, what will work or not work... Therefore, whatever is proposed can only have the status of a value from the point of view of the group... until the group has taken some joint action and its members have together observed the outcome of their action."

Values at the conscious level will give a prediction of the behaviour that can be observed at the artifactual level (Shein, 1996:20). Values indicate why people behave in certain ways and form the foundation of organisational culture. By understanding a group's values one can apprehend its culture.

- Basic assumptions

Shein (1996:22) describes basic assumptions as:

"... implicit assumptions that actually guide behaviour, that tell group members how to perceive, think about, and feel about things."

A value gives rise to a specific action or behaviour and when this behaviour help resolve problems, the value will be transformed into an assumption or contemplation. The more the assumption is taken for granted the more it becomes unconscious.

Basic assumptions define how an organisation sees itself and its environment but it is difficult to identify and define. Basic assumptions tend to be those nobody confront nor debate and are very difficult to change (Shein, 1996:22).

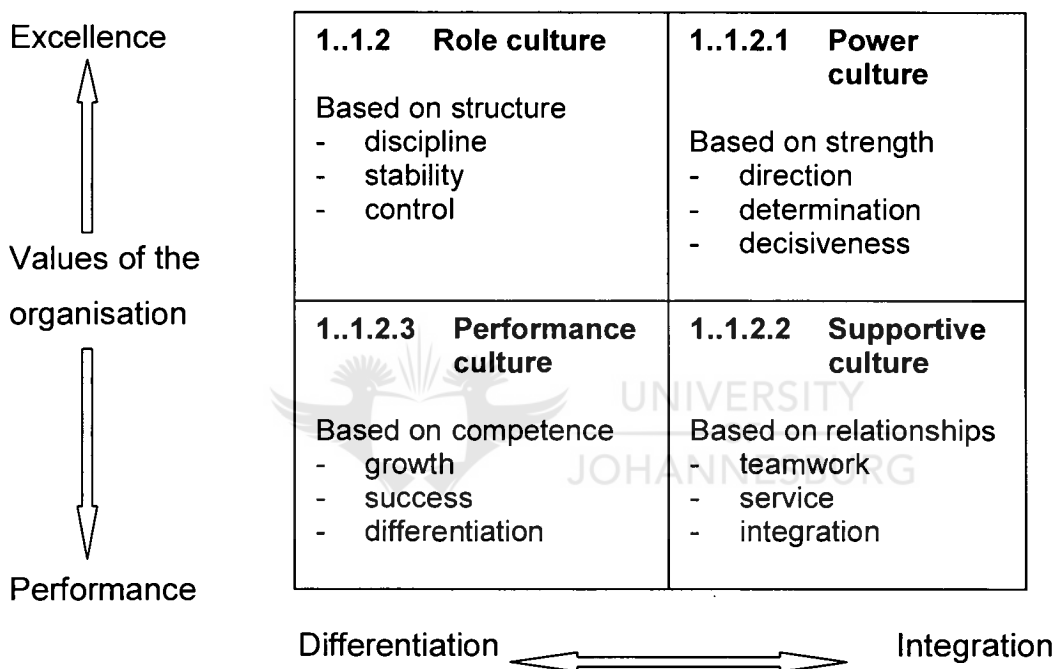
According to Young (2000:19) artifacts can be replaced and new values can be articulated – introducing or modifying a mission statement. But unless the basic assumptions are addressed, the organisation's culture will likely remain the same or change only slightly.

2.6 TYPES OF ORGANISATIONAL CULTURES

The success of an organisation can not be attributed to only one specific type of culture. Different types of culture are necessary for different tasks and one has to take the size of the organisation, industry, technology and history of the organisation into consideration.

Harrison (1993:20) has identified the following common types of cultures.

Figure 2.2: Organisational culture model



Source: Adapted from Harrison (1993).

Power culture:

✓ The power culture exists in an organisation that is determined to dominate its environment and who wants to overpower all competition. There is a very specific social order within the organisation that is based on authority. An organisation

like this is not prepared to abide by any external laws and will not practice any obedience (Harrison, 1993:21).

Lessem (1990:56) hold that authority stems from a central power core. The closer you are to this core the more power you have and the more control you have over subordinates.

Role culture:

A role culture is generally associated with a bureaucratic organisation. Rules, regulations and awareness of status are emphasised and power stems from the position a person holds (Lessem, 1990:56).

Every employee fulfills a specific role and is expected to behave and to act accordingly. An organisation with this type of culture usually functions in a stable environment like a monopoly and they therefore do not encourage creativity and innovation (Harrison: 1993:22).



Supportive culture:

A supportive culture is characterised by joint decision making, autonomy, determination and association between employees. Productivity is measured based on the cohesion, integration and loyalty amongst employees.

The employees of such an organisation have a sense of belonging, they feel that they can contribute to the success of the organisation and that their decisions are important and appreciated (Harrison: 1993:23)

Performance culture:

Performance culture emphasises the importance of individual growth and the work that is done instead of the conformity with rules and regulations.

Employees find their work stimulating and challenging and they have good qualifications and professional education. Promotion is done according to competence, ability and specialised knowledge and skills (Pheysey, 1993:17).

2.7 THE SIGNIFICANCE OF ORGANISATIONAL CULTURE

Brown (1995:57) hold that organsational culture has a significance on reducing conflict and uncertainty, improving co-ordination, control and motivation and creating a competitive advantage. Shared values, beliefs and assumptions steer people to act and think appropriately and according to the organisation's needs. With this in mind, Brown (1995:57) describes the most important functions of organisational culture as follows:

PC

- **Reducing conflict**

Culture is seen as the cement that bonds the organisation together. A uniform culture promotes problem definition, perception, systematisation, evaluation of option and a preference to specific actions. Culture can be a very useful power for integration and consensus.

- **Coordination and control**

Culture promotes systematic approaches and therefore supports processes of coordination and control. Shared norms of behaviour allow people to agree on general organisation and decision making.

- **Reducing uncertainty**

On individual level is the function of culture the transferring of "culture" to a new employee. The new employee will make assumptions about what is important, how things work and how he should behave. The acceptance of this cultural framework is a mechanism to reduce anxiety, easier decision making and promotion of rational actions.

- **Motivation**

Culture is a very important source of motivation and has an important impact on the effectiveness and efficiency of an organisation. Organisational culture provides employees with a focus on identification, honesty, association and a feeling of importance to the organisation.

- **Competitive advantage**

Because culture promotes coordination and control, reduces uncertainty and enrich motivation, the organisation can improve its effectiveness and efficiency and therefore increase its chances to be a successful player in the industry.

2.8 SUMMARY

This chapter examined the dynamics of organisational culture by using the available literature, with the objective of understanding the concept of organisational culture.

Culture is a very important element in the existence of an organisation and can not be seen as just a fad. Organisational culture, if successful, is the social energy that forces the organisation in a common direction. It was also highlighted that culture is not inherited but learned and that it is manifested in symbols, rituals and heroes.

Organisational culture emphasises the unconscious behaviour of employees in the organisation that stems from their values and norms. There is no consensus reached on the definition of organisational culture. It was however evident that basic assumptions, shared values, beliefs and norms directed behaviour.

Every organisation has a set of core values. These core values are the organisation's perception of what is good and evil and how business should be conducted. Core values should be shared by everyone in the organisation and must match the vision and mission of the organisation. When core values are shared it pulls everyone in the same direction.

The different levels and types of cultures were discussed. The significance of organisational culture was highlighted. Although we only focused on the positive aspects, some organisations are characterised by a culture that is dysfunctional and destructive (Brown, 1995:76).



CHAPTER 3

THE RELATIONSHIP BETWEEN ORGANISATIONAL CULTURE AND ORGANISATIONAL STRATEGY

3.1 INTRODUCTION

It becomes increasingly evident that organisations can not function optimally by only looking at the financial side of the business. Successful organisations are those who believe that shareholders, clients and employees are equally important (Fortuine, 1995:24).

Even successful organisations can no longer depend on old strategies to survive in this ever-changing environment. Organisations have to be creative and innovative to react successfully to changes. The assumed importance of strategy is even greater as it is said to be related to culture and the success of an organisation (Brown, 1995:167). The need to tie organisational culture with the strategy is described as follows (Wimalasiri, 1991:45):

C4 { *“Culture provides an explanation of the inseparable difficulties a firm encounters when it attempts to shift its strategic direction. Not only has the right culture become the essence and foundation of corporate excellence, it is also claimed that success or failure of reforms hinges on management’s shrewdness and ability to change the firm’s driving culture in time and tune with required changes in the strategies”*

C1 When an organisation no longer meets the needs of its clients, a change in its strategy is necessitated (Byars, 1991:4). New strategies may however be in conflict with the existing organisational culture. New strategies will only be implemented successfully when they are supported by the organisational culture. } ✓

ca A change in strategy may result in various resulting aspects. Top management formulates a new vision that the organisation needs to focus on, thus a whole new shift in focus is required. In order to realise the vision, a new strategy to change the organisational culture is developed (Aaker, 1992:190).

ly Organisations are cultures and no distinction must be made between a strategy to change organisational culture and a strategy for organisational change. Culture change is an organisational change. Any person who is involved with changing the organisation's direction is also involved with culture change. The opposite is also true. In strategic terms the organisation must be seen as a culture and not just as consisting of a culture. Organisational culture and strategy is closely linked with each other. The one is the other. Culture is a strategic phenomenon and strategy is a cultural phenomenon (Morgan, 1997:33).

The objective of this chapter is to understand the relationship between organisational culture and organisational strategy.



3.2 THE NATURE OF CHANGE IN ORGANISATIONS

Change in its broader sense, is a planned or unplanned response to pressures and forces. Business environmental forces have caused organisations to modify for decades. Simultaneous, unpredictable and turbulent pressures have become the norm.

ca Managers are often frustrated to find that as soon as they adjust to one change, they must readjust to accommodate another. Organisations find change hard to cope with because change itself has changed – in three fundamental ways: speed, magnitude and complexity (Coffey, 1996:74).


cf In the past, managers could predict how things will be done in the future and where change was likely to come from. Today, however, change can not be predicted. It comes with little warning, which leads management to make pressurised, high-risk decisions (Coffey, 1996:74).

Some organisational changes are planned well in advance; others take place as a reaction to unexpected events. Planned changes is change that is designed and implemented in an orderly and timely fashion in anticipation of future events. Reactive or unplanned change constitutes a response to circumstances as they develop. In most cases the organisation that senses the need for change before the change is actually needed and then plans for that change in a careful and systematic function, will be more effective than a organisation that waits to be forced to respond. Even an imperfect vision of what the future hold for a business is almost certain to be better than no vision at all (Stevens, 1996:4).

3.3 CULTURAL LOCK-IN

Managing for survival does not guarantee long term performance of an organisation. Foster & Kaplan (2001:41) explored the need to abandon assumptions of continuity and to tackle the cultural barriers that make it hard to change corporate cultures even in the face of clear market threats.

A lot of companies are unsuccessful today because they fail to act in a new way. "Cultural lock-in" – the inability to change the corporate culture even in the face of clear market threats – explains why corporations find it difficult to respond to the messages of the market. Its strong cultures, its rules of thumb for decision making, the information it uses to make decisions and its control processes block its progress and lock itself into an ineffective response to the market place (Foster & Kaplan, 2001:41).



Foster & Kaplan (2001:45) explain cultural lock-in as the last in a series of “emotional” phases in an organisation’s life. In the early years of an organisation, the dominant emotion is passion – the sheer energy to make things happen. As the organisation ages, the bureaucracy begins to settle in. Passions cool and are replaced by rational decision making, often simply the codification of what has worked in the past.

Finally, rational decision making reveals that the future potential of the business is limited. Management now sees the future filled with more trouble than promises and decisions are made to protect the business. Management now has a fear for discarding the old for the new and cultural lock-in is established.

3.4 WHY CHANGE?

“I was asked in an interview what my company might look like in 25 years’ time. I replied that if I knew I would be very worried because that would be an indication of stagnation, the fatal disease of large companies” (Clem Sunter, Anglo American, 1992).

The following reasons can be given to explain the advantages of change in organisations (Anon, 1998):

- **Pressures for change**

Organisations must change because their environments, both internally and externally change. Internally top management can decide to launch a new strategy with the goal of improving productivity and profitability. Externally, the organisation may face new competition or have to cope with new legislation. As a living “organism” the organisation also changes with the people who shape its culture and life. In order to successfully meet the needs of the

market and to keep a loyal, motivated team within, an organisation should adapt to pressures from and needs of both the community and its employees.

- **Performance gaps**

A performance gap is a difference between the organisation's actual performance and the performance it should have. A gap typically implies poor performance. Another very important gap can occur even when performance is good. It happens when someone realises that performance could be better. The gap between what is and what could be.

The implementation of planned change within an organisation is frequently problematical. The culture of the organisation will impact on the change process. To successfully manage the change process it is vital to be aware of the nature of the impact (Smith, 1998:60).

3.5 LINK BETWEEN ORGANISATIONAL CULTURE AND VISION

The vision is seen as the basis for the strategic management process and the link between organisational culture and strategy (Wilson, 1992:20). A vision gives direction to an organisation that has to adapt to the changing environment and it gives employees a future image of the organisation. Vision is the driving force behind the organisation when it needs to improve on its current situation.

Vision is the vehicle that integrates employees in the organisation, improves productivity and also harmonises employees' contributions. If the vision is however not shared amongst employees it will give rise to a lot of differences between them and employees are therefore not likely to give up short-term benefits in the interest of the organisation's long-term success (Parikh, 1994:21). Without a vision employees have no shared goal to work towards and may lead to a decrease in productivity and destructiveness between employees.

Vision encourages an organisation to take risks and to experiment. Employees are encouraged to make decisions and to be innovative. A good vision empowers people and creates opportunities. Vision can be a very powerful weapon and is favourable to any organisation (Parikh, 1994: 86).

Change in the organisation is also guided by the vision. Everything that has to be changed must be done twice. Once in the mind and a second time in reality. If change is not done in the mind it is unlikely to be done in reality. Vision brings about a change in the mind (Berg & Schmitz, 1994:54).

Top management who formulates the vision has consensus about the direction of the organisation. A vision alone is however not enough to guide employee behaviour in the direction as planned by management. In every organisation you have different types of people, all with their own identity, and you need "something" that will pull them in the same direction. This "something" is organisational culture (Stapley, 1996:74).

For the vision to realise, it has to be in line with the core values of the employees and the organisation as a whole. If the vision is in conflict with the core values, it will not be supported by all and there will be no agreement on the strategy and action plans that follow (Mohan, 1993:64).

3.6 THE STRATEGY-CULTURE FIT

Culture, through the medium of strategy, is both the means to organisational effectiveness or potential separator that will prevent strategy fit. The conclusion is then made that if the culture is not fully synchronised and supportive of the proposed strategy, cultural resistance will be experienced. To reduce this resistance, a strategy-culture fit must be achieved (Cloete, 1996:2).

Organisational culture and strategy fit is the process through which synergy within the organisation is attempted during the implementation of the new strategy. The management of the strategy-culture fit is essentially to align those critical factors that support both the culture and the strategy. The key organisational components that have to be adapted for the new strategy includes the structures, systems, management tasks, employees and also culture (Pierce & Robinson, 1997:359). Figure 3.3 indicates the four basic situations an organisation may face when managing culture-strategy fit.

Figure 3.3 Managing culture-strategy fit

Changes in key organisational factors that are necessary to implement new strategy	Many	Link changes to basic mission and functional organisational norms 1	Reformulate strategy or prepare carefully for long term, difficult change 4
	Few	2 Synergistic – focus on reinforcing culture	3 Manage around the culture
		High	Low

Potential compatibility of changes with existing culture

Adapted: Pearce & Robinson (1997:359).

An organisation in quadrant 1 that implements a new strategy, will have to make several changes in the organisational structure, -systems, management tasks, procedures and other fundamental aspects. Most of the changes though are supported by the organisational culture and minimal adjustments to the existing culture are necessary. The following must be taken into consideration in order to minimise the gap between the culture and the required culture:

- key changes must be clearly linked to the organisation's mission;
- emphasis must be placed on the use of existing staff to fill positions created for the implementation of the new strategy;
- changes to the remuneration structures must be managed with sensitivity; and
- priority must be given to changes most reconcilable to the culture (Pierce & Robinson, 1997:361)

An organisation in the second quadrant only requires minimal organisational changes when implementing a new strategy. These changes are also reconcilable to the existing organisational culture. The organisation must utilise this opportunity to strengthen the existing culture and also to eliminate organisational barriers to reach the desired culture (Pierce & Robinson, 1997:361).



An organisation in the third quadrant has to make fundamental changes. Further, the organisational changes are not consistent with the existing culture. A very important question the organisation will have to ask is whether these changes can be implemented with relative success. When the changes are not supported by the culture an alternative is to manage these changes around or outside the existing culture. The following possibilities may be considered: create a separate division or branch, task force, teams or outsiders and create the required culture within these groups. As the cultural resistance within the organisation decreases, the changes will be absorbed (Brown, 1995:131).

Organisations in the fourth quadrant most probably face the greatest challenge. The proposed changes can not be reconciled with the organisational culture, - structures or –systems. It is extremely difficult to manage the strategy-culture fit

as the changes are in conflict with the culture. Cultural changes that have to take place are complex, costly and will take a long time to be implemented (Brown, 1995:129).

3.7 ORGANISATIONAL CULTURE CHANGE AND STRATEGY

Organisational culture and strategy is interchangeable. It implies that any strategy formulation is a cultural activity. Culture change is a strategy change. Culture and strategy should not be seen as two separate identities, but rather as one concept. Strategy determines the success of an organisation and organisational culture can realise or wreck this strategy (Carrol, 1997: 67).

Culture continuously change on the first order level and periodically on the second order level. First order change takes place inside the given form but does not change so to speak. The second order change, change the form of the culture. Culture change is a natural product of human interaction. Planning change is not necessary, as it will take place inevitably (Gibson, 1997: 98).

Organisations' culture change but not always in a controlled way. Two reasons for this lack of control can be given. Firstly, uncertainty regarding the concept of the cultural process that has to be managed and secondly a model for this process (Brown, 1995:150).

Cultural strategy must be centered on both the problem and the opportunity, thus both the positive and negative aspects must be considered.

→ map 6.

3.8 ELEMENTS FOR A COMPREHENSIVE STRATEGY FOR CULTURE CHANGE

The following five elements must be considered when formulating a comprehensive strategy for culture change (Shaw 1997:76):

- The structural dimension of the culture that has to be changed
It is important to know what the nature of the culture is that needs to be changed. Before you touch on any aspect of culture, a proper culture diagnosis is necessary. This diagnosis will include looking at the strengths and weaknesses of the organisation.

According to Gordon (1996:165) there are five basic questions one needs to ask to determine to which degree the culture is receptive to change:

- What impact does the culture have on the organisation's ability to perform its plans and activities? The answer to this question depends on the direction and strength of the culture.
- How deep is the culture imbedded? Culture can be apparent on different levels e.g. behavioural norms, underlying assumptions and human nature. If the culture is apparent on all these levels, the culture is very well embedded and will be difficult to change.
- How many different cultures exist in the organisation? All the different cultures have to be accommodated to ensure a successful change.
- To which degree is the culture changeable? The answer on this question will depend on the answer from the questions above.

- Can the culture itself, change? The answer is generally no because culture consists of assumptions, beliefs, values and norms of the members of the organisation and the activities they perform. The conclusion the writer makes in this regard is that organisational structure, remuneration systems, work procedures, knowledge and skill, and attitude must be taken into consideration to ensure the successful implementation of the new strategy.

The questions above must be seen as diagnostic and conceptual. It not just a step to gather data but a step to think culturally. The challenge is to approach culture from a cultural viewpoint and to culturally reconstruct the organisation.

- The origin and stage through time

It is important to have perspective of what the culture was (historical component), what the culture is and what the culture should be (future component). The nature of the culture change from the historic to the present must be understood. This is an important step to learn from the mistakes made in the past.

The process of culture change (historic, present and future) must be seen as a whole and an organisational unit. The assumption can be make that if this process is understood with the necessary perspectives, it can be managed.

- Formulate a strategy that will fit the development stage of the culture

Culture changes on a continuous basis. The emphasis is thus not on the change, but how it changes. The concept of natural culture change is necessary for a strategic framework.

The cultural processes have important characteristics for strategic thought. These characteristics are as follows:

- Irregular and unpredictable

In the ever-changing world of organisational culture it is difficult to predict when new forms of culture will originate. It is therefore difficult to plan the change. The idea is not to plan for change but to be prepared for change should new forms of culture appear.

- Energy and momentum

Culture has momentum towards the organisation's direction and will be resistant to attempts to change this direction. The strategic perspective is to cultivate and manage the process to provide the necessary momentum that will bring about the desired change.

- Fluctuations

This element focuses on the political aspects of the culture:

Absorption: The competition between the old and the new culture causes a win for the old. That which has started as a radical, second order idea, only results in an impact on the first order with changes to the old culture rather than a new culture.

Replacement: A true cultural transformation takes place.

Parallelism: A new culture emanates and establishes itself without the old culture dying. The two cultures are then in parallel with each other, each with its own viewpoint, which results in competition. Not one of these cultures weighs enough to defeat the other.

Expire: Both the new and old cultures loose. The old culture degenerates while the new culture does not have enough support to establish itself. This results in a culture vacuum in which the organisation's vision, mission, identity and objectives are vague. This period is characterised by stress, as people know they cannot go back but also does not know how to move forward. In

this situation the organisation may deteriorate and fail. The opposite is however also possible, the organisation may get a new life out of desperation.

- Contextual context of culture

This refers to the culture gap between the organisation's real environment and its desired environment, existing strategies and desired strategies and existing culture and desired culture.

- Determine culture – ambitions for the determined result

Determining a strategy does not only entail fitting the culture with the environment but also an internal fit between the direction in which the culture process must develop and the ambitions and aspirations of the different groups involved. The culture change program must make it clear to the people what they want, if they will get it and what they can do to improve the chances of success.

3.9 FORMULATING THE CULTURE STRATEGY



The type of culture present in the organisation influences strategic behaviour. If the existing culture is conducive to the organisation's phase of development, structure, competitive position, products or services, the members of the organisation will be more inclined to behave in such a way that the organisation's goals are attained (Sutherland, 1997:122). An appropriate culture means a culture that supports the organisation's mission, goals and strategies by recognising the needs of the organisation, business and the employees.

On which strategy to focus is determined by the values and assumptions of the organisation and the relationship between the sub cultures (Brown, 1995:169). According to Brown (1995:169) the influence of strategy on the culture is manifested in at least six different ways:

- The way in which the organisation obtains information from the environment. Cultural assumptions that convince strategy formulators that the environment is uncertain, but manageable, will be prepared to make time and resources available to scan the environment. If the assumptions are known and stable less time and resources will be spent on scanning activities.
- It is possible that the existing assumptions act as perception filters during the scanning process. These selective perceptions about the internal possibilities and the external needs may cause the organisation to make certain strategic choices, namely those that will react to the most prominent facts.
- After the information has been obtained, it has to be interpreted. The interpretation method differs from organisation to organisation and will also differ in terms of the influence of the different cultures.
- After the interpretation and agreement on the cause-effect relationship, the organisation has to decide on its reaction. This reaction may also include an ethical component. Strategy is not only formulated through logic and reason but also aspects like morality.
- Agreement on how the information is interpreted does not always mean that consensus were reached on which strategy to follow and to develop. Management is inclined to base their decisions on the beliefs and assumptions they know no matter if they are valid.
- The different subcultures in the organisation may have different solutions that are based on their own interests. This conflict can even be greater if the subcultures define the problem differently and disagree on the nature of the problem all because of their different cultural assumptions.

3.10 SUMMARY

The relationship between organisational culture and strategic change is complex. There is no one best culture that will endure the success of an organisation. There are however various aspects of organisational culture that can be associated with the success of organisations (Brown, 1995:135).

A vision gives direction to an organisation that need to adapt to the changing business environment. This change in direction requires an adjustment in the organisational strategy and when organisations change their strategy they often experience problems because they do not take the organisational culture into consideration. Only when attention is given simultaneously to both strategy and culture will there be harmony between the two and will the organisation be able to achieve competitive advantage.

If the strategy is not supported by the culture, the objectives and goals of the organisation will not be achieved. A strategy on its own, even if it is a good strategy, will not be successful. Organisational culture must be seen as an integral component of the strategic management process.

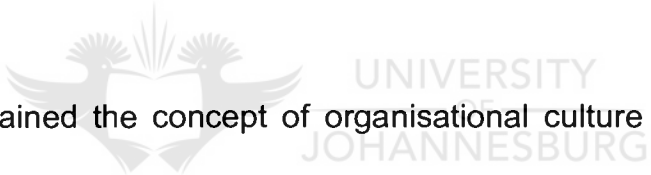
Organisational culture plays a comprehensive role throughout the lifetime of the organisation. Culture, thus the shared values and beliefs of the members of the organisation, can support or undermine the implementation of strategies. It is therefore crucial that management be educated about the meaning of culture, its functioning and the management thereof.

CHAPTER 4

THE ACTUALISATION AND MANAGEMENT OF ORGANISATIONAL CULTURE CHANGE

4.1 INTRODUCTION

“Businesses are in the midst of change – changing their structure, their size, their shape – to keep up with a changing world. What they often neglect in the change process, however, is their culture. What is it? And how do they go about changing this essential yet amorphous part of their organisations?” (Flanagan, 1995:58)



Chapter two explained the concept of organisational culture and chapter three the relationship between culture and strategy. When management is confronted with the formulation and implementation of a new strategy, a possible barrier may be organisational culture. *“For change to work, organisational culture must support the innovation”* (Brannen, 1991:59).

Most researchers agree that changing an organisation’s culture is possible, but that it is a very complex, lengthy process that will not take place overnight. For organisations to stay competitive, they will have to formulate new strategies as the environment changes. In order to make these changes, there must be synergy between the culture and the strategy, and this in turn sometimes require

that the existing culture be adapted. The objective of this chapter is to describe actualisation of cultural change and the management thereof, including amongst others the function of human resource management, remuneration structures, and communication.

4.2 NECESSITY FOR CHANGING ORGANISATIONAL CULTURE

Changing an organisation's culture is possible. Management must however, before changing employees' beliefs and values, determine if a change in the organisational culture will improve the organisation's position in the industry and if it will cause it to be more competitive (Nicoll, 1993:6).

What causes that the existing organisational culture no longer contributes to the success of the organisation? The following can be seen as some reasons that necessitate a change in the culture (Bate, 1994:83-89):

- The organisation assumes that if the status quo is maintained, integration and development will be sufficient to ensure success. It is then found those ordinary solutions no longer works and those established methods could no longer be trusted. Situations can no longer be taken for granted. Organisational culture was seen as obvious for the success of an organisation, but the more obvious it got the more it was neglected;

- Opportunities are not identified and utilised and as a result set objectives and goals are not met. Situations are interpreted incorrectly as the organisation does not stay on top of changes and subsequently, wrong decisions are made and;
- Compulsive behaviour is constantly evident, even if it is not appropriate to the situation the organisation faces.

If the organisation decides that a change in the culture is necessary, they should familiarise themselves with the following (Flanagan, 1995:58):

- Their current environment and how the organisation fits in with it;
- Does the organisation make slow anticipated changes in a rapidly changing unstable environment, or is the organisation small but growing fast?;
- How much change is necessary to achieve success – does the organisation have strong values that do not fit its environment?;
- Does the organisation have to adapt the whole culture or only certain aspects thereof?; and
- Does the organisation plan to be one of the big role players in its industry?

Based on the above, the organisation needs to determine the degree of organisational culture change that is necessary. The degree of change can only be established by determining what the existing culture looks like. Unfortunately the actual culture in some organisations are far removed from the culture desired by the organisation's members. The objective thus, is to close the gap between the existing culture and the desired culture (Bliss, 1999:8).

4.3 ORGANISATIONAL CULTURE CHANGE PROCESS

The process of culture change is very complex and must be thoroughly planned. It is a difficult task to close the gap between the existing culture and the desired culture. There are different models available to manage the cultural change process. The type of model that is used depends on the situation. These models are not absolute in its application, but can be adapted according to the situation (Bate, 1994:203).

Bate (1994:203) provides a logical explanation of the phases in changing a culture and also explains the required action that is expected of the employees to bring about change.

Phase 1: Realisation

During this phase the organisation is faced with some sort of a crisis, be it an acquisition or a decrease in market share. The crisis will force the organisation to change its direction.

Management as well as employees must realise that the current culture they share is no longer suitable for the changes they now face. They must realise that in order to survive a change in the culture is necessary.

The history and traditions of the organisation must be questioned and at the same time, creativity and innovation must be emphasised. Where employees initially thought about issues automatically and routinely, they now need to be deliberate in their thought processes. A person never thinks consciously about his beliefs when behaving in a certain way, his behaviour is automatic. When one changes these beliefs, one would have to think about your behaviour in a certain situation. Your actions are no longer automatic (Bate, 1994:220).

A clear vision about the necessary changes and the goals and objectives that must be achieved must be formulated in order to provide employees with an understanding of why change is necessary. The reason for change must be emphasised (Bate, 1994:220).

Phase 2: Mediation

The first phase brought everyone back to reality – the existing culture is no longer valid. In the second phase employees have to accommodate the fact that the organisational culture has to change.

The problem with change is that employees do not know what to expect. As a result of this uncertainty they resist change. Participation of employees is therefore crucial. Employees should be given the opportunity to voice their opinions with regards to the anticipated change and to reach consensus about the change. Any possible misunderstanding must be addressed and the culture change process must be in the interest of all (Reynierse, 1994:41). The trust that was lost in the first phase because of the shock of possible change has to be earned again in the second phase (Reynierse, 1994:42).

Phase 3: Acculturation

New core ideas have been formulated, discussed and amended. These shared ideas should now be diffused and learned and employees must make these new shared values their own. Transparency during this phase is crucial – it is no longer only top management's values but also that of every employee (Bate, 1994:225).

Phase 4: Establishment

Employees get attached to the elements of organisational culture like values, stories and rituals and feel a sense of loss when these elements are no longer valid (Bate, 1994:227).

Words must be converted to deeds – the values must be expressed in the daily behaviour. Adaptation of employees during this phase is critical, because all aspects of organisational culture do not change at the same pace.

Phase 5: Implementation

During this phase the new organisational culture is implemented. New structures to implement and maintain the new organisational culture have to be created. Consistency in the actions of management is very important to convince employees to accept the new culture and to live it. “You cannot buy a distinctive organisational culture and you cannot copy it from someone else. You must grow it.” (Bate, 1994:236.)

There is no one formulary that will be successful in all organisations as each organisation has its own culture and viewpoint with regards to the concept organisational culture. All organisations have to however take note of certain core aspects of cultural change.

4.4 CORE ASPECTS RELEVANT TO ORGANISATIONAL CULTURE CHANGE

It does not matter what method or model is used to change the organisation's culture. What is however important is that changed values and behaviour is the result.

The following aspects are seen as relevant when changing the organisational culture (Flanagan, 1996:61):

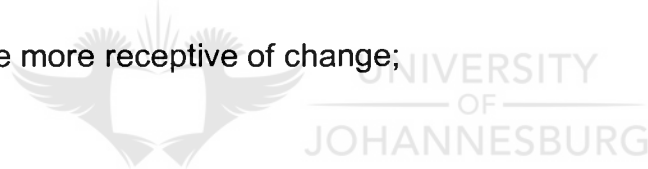
- understand the existing culture – change cannot be planned if you do not know what has to be changed;
- formulate a strategy – management has to establish a clear vision and strategy before culture change can be considered;
- formulate realistic objectives for culture change;
- communicate the vision, strategy and values to employees. Acceptance thereof is critical for the successful implementation of change;
- remove all barriers that could possibly remind employees of old culture;
- model the desired behaviour – this will motivate employees to adapt their behaviour accordingly;

- recognise and reward correct behaviour on an ongoing basis.

4.5 CHARACTERISTICS OF CULTURE CHANGE

Naylor (1996:183) mentions the following characteristics of organisational culture change one has to be aware of:

- most of the change begins at the upper levels of the organisation, from which it proceeds downward and outward;
- middle management is usually conservative, where as the lower level employees are more receptive of change;
- without the support of formal and informal leaders, the task will be harder;
- when new ideas and practices threaten the group security, people will always revert to former beliefs and practices;
- directed culture change will create conflict, stress and high emotions in most of the times;

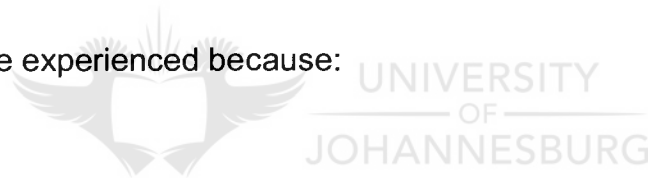


- massive changes that attempts to alter many values and beliefs all at once, or over a short period of time, will be resisted the most.

4.6 RESISTANCE TO CHANGE

In the previous two sections we discussed the core aspects and characteristics of culture change that has to be considered. There is however no guarantee that culture will be changed without any resistance. In some cases culture change is successful and in others not. It is important for management to understand the reasons employees will resist change.

Resistance will be experienced because:



- employees experience that management is not committed to the new vision, strategies and values;
- employees view management as disloyal and not serious about the change;
- employees who have been working a long time for the organisation, view the change process as the spur of the moment, something that will soon be forgotten;

- management does not want to adapt their previous methods and behaviour;
- management does not reward the desired behaviour, but keeps on rewarding previous behaviour (Gibson, 1997:103).

Pierce and Robinson (1997:324) give more reasons for resisting change:

- employees fear that they will lose their job, status or pleasant working environment;
- employees do not see the necessity for change;
- employees do not like the person who initiated the change;
- employees dislike the way in which the change was announced and communicated;
- employees feel that their viewpoints have not been considered;
- employees do not understand the reason for the change and fear that the change will bring more disadvantages than advantages.



There will however not only be resistance to change, some will support the change and some not. It is however evident from the above that issues like the role of management, communication and reward during the change process, important considerations are when changing organisational culture. These roles amongst others, will now be discussed.

4.7 MANAGEMENT'S ROLE IN ORGANISATIONAL CULTURE CHANGE

Organisational culture is not static, it is very much dynamic. It develops over time as a result of changes in the external environment, new technology and products. Small changes for example the implementation of new systems and procedures or the amendment thereof as a result of changing personalities, are evident on a daily basis. Culture change is a characteristic of the life of an organisation (Brown, 1995:153).

Employees have a high emotional share in the existing culture and it is therefore difficult to observe cultural change (Brown 1995:153). Hence this requires management to be conscious of these changes in order to manage it.

A vision for the future and knowledge about the existing culture and the expected new culture assist management to identify the cultural gaps. If management is aware of what needs to change and what the implications thereof will be, they will

have a sound basis on which the change process can be managed successfully (Smith, 1998:60).

“Management leadership – especially top management – is probably the most critical element in a major organisational change effort.” (Gibson 1997:69.)

The important role management play in the actualisation of culture change can not be emphasised enough. Key individuals for example the owner of the organisation plays an important role in the creation of organisational culture. Other top managers follow the lead of the owner and in turn pass the culture on to their subordinates. Management has to lead the way so that change can take place continuously. To change the company’s culture, top leaders must clearly communicate and strictly enforce exactly what will be considered acceptable behaviour and what will not (Stinnett, 2001:19).

A change in organisational culture constitutes a change in the hearts and minds of employees. This will not realise if management only talks about it instead of living it. Culture must be lived and management should become the new culture (Gibson, 1997:73). People follow actions more than words. As the manager, employees will be watching you (Robbins, 2001:3).

One of the definitions of culture mentioned in Chapter 2 was *“Culture is the behaviour people exhibit in response to their environment”* (Lewis, 2001: 50).

Management thus has to change the environment. Although they can not change the way anyone else responds, they can change their own behaviour. Doing so changes the environment everyone around them experiences, and with a new environment to respond to, they will exhibit different behaviour as well (Lewis, 2001:51).

As mentioned previously, the change process does not happen over night but is instead a lengthy process. It requires a co-ordinated effort from management to adapt their own values, behaviour and the messages they send out. They must assist in creating a specific new lifestyle for the organisation and its employees (Mittner, 1996:11).

A basic assumption in the literature is that top management should handle organisational culture and that there should be management role models that will drive all initiatives (Preston, 1996:16). It is therefore important that management be trained on organisational culture.

The following are assumptions made on management development structures (Preston 1996:18):

- management development structures have to communicate messages with regard to organisational culture to employees;
- culture symbols will send comprehensive messages to management;

- these symbols must be acknowledged by management;
- the result of this communication process will have an immediate effect on the behaviour of the recipients of these messages.

The culture change process may fail if employees do not trust management. Employees' perceptions with regard to the actions of management may stimulate or dampen the change process (Mittner, 1996:11).

Management who initiate and facilitate the process may be the target of employee frustration, anger and critique because their values and norms which provided them security are now being changed. Management can conquer this by means of the following (Clement, 1994:36):

- communicate openly with employees. Give them an opportunity to talk about their concerns and feelings and listen to what they have to say;
- involve employees in the decision making process;
- support the changes continuously and consistently in a noticeable manner;
- show them the impact of these changes on aspects like profitability, productivity and quality of life; and

- remove false and negative remarks about the change immediately and provide correct and positive information to employees.

According to Mittner (1996:20), management should create the climate for culture change and facilitate the process. The following characteristics will assist them in this regard:

- show perception and insight to culture based problems – understand the existing culture and its disfunctional elements;
- be motivated and have the necessary skill to not only show insight, but to get involved and institute change to their own values, assumptions and behaviours;
- have the ability to change assumptions because they have to formulate and sell the new vision and concept to employees;
- be the employees' role model - show empathy to their thoughts and feelings and act accordingly so that employees will follow the lead.



Management must be aware of their role as creators of shared values. Their role should be seen as a function and not a job in itself, not based on power and authority but rather on principles, people skill and the ability to get employees to

reach consensus with regard to critical decisions in the change process. Successful cultural change requires commitment, motivation and drive from management as well as proper communication between top management and all employees (Smith, 1998:61).

4.8 CULTURE CHANGE COMMUNICATION

Communication is a management tool and plays a very important role in organisational culture change. Communication can be seen as a cultural artifact that will assist employees in understanding the organisation and its culture (Naylor, 1996:72).

Communication process should not be seen in isolation. Two way communication is the key to successful culture change. The organisational culture will influence the communication patterns and these patterns will in turn determine the type of information that is shared (Brown & Starkey, 1996:808).

To manage the communication process effectively, management must determine the existing culture type because the reaction on information received differs from culture type to culture type (Thompson, 1996:332).

- **Role culture**

Any information that is not shared via the existing channels and that questions the status quo will be rejected. It is important in this situation to indicate that the new culture will supplement the old and not replace it.

- **Power culture**

This type of culture accepts that employees can not influence the world around them. Employees will ignore any information that is a threat to them because of their powerlessness to do anything about it. Communication must be structured in such a way that it is not seen as a threat.

- **Supportive culture**

Every person in the organisation is entitled to the information. Because there is not always enough time to share the information with everyone, networks exist that will ensure that information is conveyed to everyone by means of participation. It is therefore important that management is aware of these different networks.

- **Performance culture**

In this type of culture we find an us and them situation. It is important that management protect themselves from this by sharing all important information.

Not only is effective communication by management important, but also the communication between employees, suppliers and clients. Communication removes all misunderstandings, mistrusts and rumours.

Continuous communication will cultivate trust – nothing is hidden, everything is shared. Communication about the vision, strategy and values should never stop or be reduced; it must be communicated to new employees and emphasised to existing employees on a continuous basis (Naylor, 1996:81). One of the great weaknesses in virtually every organisational culture is that employees feel they don't know what's going on most of the time (Sanders, 2001:2).

Communication does not only include spoken word but also formal declarations with regards to the organisation's philosophy, notice boards, informal communication networks and even memorandums (Brown & Starkey, 1996:813).

Ineffective communication can slow down the change process. One can never communicate enough. *"In a major change you can never over communicate. When you think you've talked enough and everyone understands you, you've only just begun"* (Van der Merwe & Van der Merwe, 1993:12).

4.9 ROLE OF REWARDS IN THE CULTURE CHANGE PROCESS

Organisational culture change has to have benefits for the employees to motivate them to support and accept the change. Reward systems are used as a motivation factor to bring about culture change. Employees will create expectations that if they perform or behave according to the new goals that they will be rewarded accordingly. Employees that believe that their effort is appreciated by management will be even more positive and enthusiastic. The opposite is however also true, if their effort is not appreciated they will be negative and will not support the organisation (Reynierse, 1994:44).

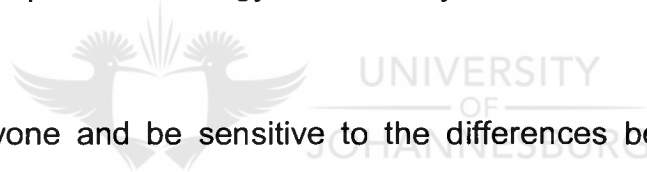
Gibson (1994:235) distinguishes between intrinsic and extrinsic reward systems. Extrinsic rewards are controlled by the organisation and comprise of financial compensation e.g. salary, wages, perks and promotions. Intrinsic rewards are directly related to the performance of the employee and are non-financial. It is a feeling of satisfaction and fulfillment when a task is completed successfully or a specific goal is reached. Intrinsic rewards comprise the ability and permission to take control of a task and finish it.

The successful implementation of the strategy depends mainly on the members of the organisation especially management. According to Pierce & Robinson (1997:361) motivating and rewarding good performance are key elements for the effective implementation of a strategy. The authors hold that the effectiveness of reward systems can be improved by following these guidelines:

- Rewards must be related to the strategic plan

Rewards must be linked to the achievement of set goals and tasks. Incentives should be part of the employee's remuneration. If a substantive portion of the employee's salary is linked to performance the more he/she will be inclined to perform;

- Rewards and incentives should be linked to the employee's work and the results he/she generates
- Reward performance and link value to success rather than the employee's position in the structure. The contribution of all members in the organisation is necessary to implement strategy successfully.
- Reward everyone and be sensitive to the differences between the various levels within the organisation.
- Be very fair-minded. If the reward system is not fair, employees will lose their trust in the system and will prevent the strategy from being implemented successfully.
- Reward reasonable when successful and minimal when not. It should be a reflection of the employee's attempt.



- Do not underestimate the value of rewards. Both extrinsic and intrinsic rewards should be used.
- Be flexible in changing the reward system. Situations change over time and so will employees' needs. Accommodate these changes by adapting the reward system.

Culture and reward can not be separated. *“By changing their culture without also developing a reward system, companies run the risk of sending their employees terribly mixed signals.”* (Hawk, 1995:34.)

Employees play a vital role in the culture change process. They may hamper or promote the change process. Reward systems are an important instrument that will assist management in changing the organisation's culture. By using reward systems employees' get the message of which values and beliefs are considered ideal for the organisation's culture and which not. Rewards have an influence on behaviour and will motivate employees to accept the new values and beliefs.

4.10 THE ROLE HUMAN RESOURCE MANAGEMENT PLAYS IN THE ORGANISATIONAL CULTURE CHANGE PROCESS

Human resource management plays an important role in managing culture elements e.g. symbols, rituals, behaviour, values and beliefs. The most effective way in which human resource management manages culture is by means of continuous cues. Every human resource management activity is aimed at achieving the expected culture (Shaw, 1997:101). This approach is especially relevant to recruitment and selection, induction and training procedures. These procedures are discussed next.

- **Recruitment and selection**

This procedure is seen by many researchers as an instrument to change the organisation's culture. Recruitment and selection of personnel are a good starting point for human resource management to influence the organisational culture.

The desired culture must be kept in mind during internal and external recruitment. Promotion of existing employees may contribute to the change process. If promotions are applied on a consequent basis, it will contribute to a change in behaviours and actions that are in line with the norms of the new culture (Shaw, 1997:107).

The recruitment of external people can also play a role in changing the organisation's culture, especially if the new recruit is for a top management position. According to Brown (1995:137) the choice of a new leader is a very important decision during the change process. This new leader who is appointed during a critical period, has a unique opportunity to change the organisational culture by means of the new artifacts, perspectives and values he/she brings along to the organisation.

The recruitment of new employees who fit the organisation's culture or desired culture and the transfer or dismissal of those employees who do not fit or who hamper the change process, is a starting point for management to establish new values (Shaw, 1997: 112). Stinnett (2001:19) says that it sometimes mean the removal of a productive employee, but that the value of protecting the right organisational culture far outweighs any individual contribution.

Culture oriented selection and recruitment processes are thus vital to the organisation. A manager should look beyond only qualification, skill and experience during the selection process and should focus more on the candidate's attitude, expectations and values to determine its fit with the organisation's culture. Organisations will not hire someone who doesn't have the particular technical or functional expertise. The same should apply should a candidate not fit the organisational culture (Bliss, 1999:8).

Specific questions should be asked during the selection process to obtain information with regards to the candidate's attitude, expectation and values. Answering questions about the approach of the candidate's previous organisation in terms of management styles, relationship with clients, emphasis on quality, innovation and productivity will point to specific values, expectations and attitude (Gibson, 1997:41).

Recruitment and selection are two activities in human resource management's function that should be aimed at changing or maintaining the organisational culture. Internal promotions, dismissals and transfers will make the values and norms of the new culture clear to all employees. Recruiting new employees who fit the culture requirements will only strengthen organisational culture.



- **Induction**

Induction is the process where new employees are introduced to the organisation, their job and colleagues. It is during this process that new employees obtain information about the work hours, rules, regulations, and facilities. They are also told about the history of the organisation, its performance and growth. The new employee may associate all this information with the culture of the organisation (Shaw, 1997:117). Induction can thus be seen as a process where the culture is transferred to new employees.

The induction process is not only aimed at new employees. Management must use this process to assist them in managing and maintaining the culture of the organisation.

- **Training**

Knowledge and skill that lead to a change in behaviour are acquired as a result of proper training. Management can therefore, by means of training, attempt to change behaviour in such a way that it will be in line with the desired culture (Reynierse, 1994:43).

Training programs must be evaluated to ensure that the correct amount of the organisation's resources is thrown at training employees on the core values of the organisation. If client services are seen as a core value of the organisation, enough emphasis should then be placed on training employees in providing a better service to clients (Reynierse, 1994:44).

The function of human resource management is vitally important to culture change and should not be left out. We have specifically looked at the importance of recruitment, selection, induction and training as supportive functions during the culture change process.

4.11 SUMMARY

For organisations to stay competitive, they have to formulate new strategies. For the new strategies to be implemented successfully, it has to be supported by the organisational culture. Sometimes it is necessary to change the organisation's culture. This process is very lengthy and will not be implemented without resistance from employees. Management has to be aware of the possible reasons for resistance and will have to manage it accordingly. Resistance that is not managed will hamper the culture change process.

Management plays a vital role in the actualisation and management of the culture change process. They are the initiators and facilitators of this process and have to ensure that their actions and behaviour will cause the rest of the organisation to follow the lead.

Communication during the change process will minimise resistance from employees and will speed up the process. Rewarding the desired actions of employees who support the change will motivate other employees to change their actions and behaviour accordingly. The human resource management function will support the culture change process by ensuring that only those candidates who fit the desired culture will be recruited and that those employees who hamper culture change be transferred or dismissed.

The management of organisation culture comprises every activity in the organisation. The management processes and approaches to all activities must be performed in such a way that it steers the existing culture in the desired direction.



CHAPTER 5

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 INTRODUCTION

Changes in the environment serve as catalyst for strategic changes. The successful formulation and implementation of new strategies go hand in hand with changes in the organisation's culture. If the strategy and the culture are in conflict with each other, the implementation of strategies will be difficult and will thus hinder the successful repositioning of the organisation in the industry.

Changing the organisation's culture is a very complex and lengthy process that requires constant planning and control by management. Management must have the ability to facilitate and manage changes to both strategies and organisational culture. Before management can attempt to make any decisions with regards to changing the culture, they must have a good understanding of the meaning of the concept "organisational culture", the characteristics of the existing and desired culture and the possible resistance to change they may experience from employees. Knowledge about these aspects will assist management in their approach to organisational culture change.

5.2 THE ORGANISATIONAL CULTURE CONCEPT

Every organisation has its own culture that exists as a result of the assumptions made by employees about themselves and the organisation when attempting to solve specific problem situations and reach specific goals. If these assumptions are seen to be effective to achieve the desired results, they are kept and shared with other employees. The core of organisational culture is that fundamental element e.g. values, symbols and assumptions that are shared by all.

Values are expressed in the behavioural patterns of employees. If employees are aware of the organisation's goals and standards that have to be maintained, they will find it much easier to make decisions that will support the goals and standards of the organisation.

Each organisation has its own organisational culture and the different types of cultures have been discussed, each with its own orientation in terms of the environment it operates in. The type of culture influences communication patterns, the flow of information and the way in which changes are reacted to. Management can, by being aware of the different types of cultures, effectively manage the organisation's culture.

5.3 RELATIONSHIP BETWEEN ORGANISATIONAL STRATEGY AND CULTURE

Adapting the strategy of an organisation is sometime necessary to accommodate changes in the business environment. The influence organisational culture has on the process of strategy changes are often left out of the equation and then questions are asked when the well formulated strategy is not practical.

The vision of the organisation serves as basis for the formulation of strategies. One aspect that is not always considered is the fact that employees of the organisation implement strategic plans. Employees are usually not involved in the formulation of strategies, but they are expected to implement the strategies. It is no wonder why employees lack enthusiasm when it comes to implementation.

Only when management pays attention to simultaneous management of both strategy and culture, will harmony between the two aspects be achieved.

5.4 MANAGING ORGANISATIONAL CULTURE CHANGE

Changing an organisation's culture is not an easy process but it is possible. Various reasons can be given why the organisation's culture is no longer suitable. It is management task to determine which aspects of the existing culture needs to be adapted or if they culture as a whole has to be changed. This can be achieved by comparing the existing culture with the desired culture and then determining the gaps between the two. Management has to take note of certain important aspects during this complex process.

It's human nature to resist change as it is associated with uncertainties. Management must be able to identify the reasons for the resistance in order to manage it effectively

Management plays a key role in the success or failure of the culture change process. The proposed change and expected behaviour must be communicated to all employees. This communication does not only include verbal and written communication but also the demonstration of correct behaviour.

Employees must be motivated to demonstrate the desired behavioural patterns. Management must link the organisation's reward system to strategy- and culture change and must purposefully attempt to influence the behaviour of employees directly.

Although the reward system is a critical factor in the change process, it is not enough to bring about change. Training, recruitment and replacement of existing employees are also necessary methods to bring about change.

5.5 CONCLUSIONS

The management of organisational culture is for many managers a new concept. Culture is not static, it is created by humans, maintained and changed by humans. Culture is dynamic and is a complex concept that needs to be managed.

Organisational culture can assist in enhancing good service or the development of better products, but management must lead the way by demonstrating the desired values to enhance services and products. To copy the culture of the competitor will not help, the values must be present and values is not learned but lived.

Organisational culture is not always acknowledged as a component in the strategic management process. Management does not succeed in fitting the organisational strategy and the organisational culture with each other and lack the skill to manage these two concepts simultaneously. The result is that these concepts are seen as two different entities and managed accordingly. It is however important that they are in synergy with each other if the organisation is seeking a competitive advantage.

It is important that an organisation focus on the improvement of products and services to stay competitive, however, this should be done in due consideration of the organisational culture. Without a conducive culture all efforts will be pointless.

The important role management plays in the management of organisational culture change can not be over emphasised. Trust between employees and management is crucial to implement the change successfully. The culture change process should be communicated to employees openly and they must be kept up to date with the progress. The value of reward systems should not be

overlooked. The only way in which appropriate behaviour can be motivated is to reward it.

5.6 RECOMMENDATIONS

It is seen in the literature study that organisational culture will play an increasingly important role in the competitive advantage of an organisation in future. In order to be successful in the implementation of a new business strategy, one nowadays has to integrate it with the organisational culture.

The concept of organisational culture is not defined easily. It is important though that all members of the organisation have an understanding of this concept. This will in turn make the management of culture easier.

Changing the organisation's culture is an emotional process for the employees of an organisation. The first reaction from employees will be resistance. Honest and open communication between all members during this process is crucial and will instill trust between employees and management.

Employees are seldomly involved with strategy formulation and attention should be given to this. To involve employees, management should know exactly where the organisation is heading, what they ^{want} ~~wh~~ to achieve and how they will achieve it. To start this process management must have a clear understanding of the interactive role between culture and strategy and how to manage it. They must know the meaning of the concept culture. Management must involve employees in the process, involve them in deciding on action plans and how goals will be achieved. In this way employees will own the action plan and feel part of it.

Implement a reward system that is linked to the culture change process. Reward behaviour that is in line with the desired culture and penalise behaviour that is

not. Management must lead by example and should not be set back by resistance from employees, but rather accept it as part of the change process and manage it accordingly.

Changing the culture of an organisation is a complex process and will not happen over night, but is necessary to ensure a thriving future for the organisation.



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