Understanding Corporate Paradigm Change April 2010 Maurice Yolles, Ousanee Sawagvudcharee, Gerhard Fink Paper for IACCM, University of Lancashire, Preston, 2010

ABSTRACT

This paper deals with corporate paradigms and their failure or survival. Kuhn discussed the way in which paradigms change, through *normal* processes of change into revolution, though more recently revolution is seen to be part of a *post normal* processes of change. While Kuhn was interested in the scientific paradigm, other frames of reference are also possible. A corporate paradigm is a map of organisational culture, patterns of thinking, and behavioural norms, and they therefore change with the organisation. Seeing the corporation as a self-organising body, cybernetic principles are applied that are able to track paradigm changes as they move in and out of conditions of stability. The model that is presented is illustrated using a case situation that maps paradigm change during the privatisation of Thai Airways.

Keywords: Corporate paradigms, paradigm change, modes of change, tracking paradigms, stability.

Introduction

Corporate bodies are frequently confronted by influences of change. In sever conditions, for instance in the hospitality industry, one might find impetus for change caused by financial turmoil, economic downturn, political turbulence, technological and individual differentiation, and natural disasters (Bowen, 1996; Watson & D'Annunzio-Green, 1996; Olsen, West & Tse, 1998; Smith, 2009; Woodworth, 2009). This can affect the industries ability to develop and maintain competitive advantage and sustainability (Watson & D'Annunzio-Green, 1996; Smith, 2009; Woodworth, 2009). Consequences of this may include significant or transformational change due for instance to takeovers or joint alliances that indeed are rarely successful (Blum, 1996; Watson & D'Annunzio-Green, 1996).

The idea that corporate bodies pass through processes of change is not new. It goes back to 1912 with Ludwig von Mises 's work on the theory of money. A more modern development of this envisages that every organisation goes through predictable and repetitive patterns of behaviour as it grows and develops through stages of transition that it may or may not end well (Adizes, 1999). Such a change normal processes needs to be understood and tracked, and with this can lead to improved strategic control and corporate viability. This can be enhanced if it is possible to assign a pattern to the change process, and one way of doing this is to conceptualise a corporate life-cycle (Rink & Swan, 179; Miller and Friesen, 1984; Lester et al, 2003).

Yan (2006) notes the popularity of corporate life cycles and their importance in both academic research and real-world investment. However, they face at least two serious consensual problems. One is that given that a corporate life cycle is seen to exist, then there is there is no consensus on the methodologies to be used to identify whether the corporate body has achieved a given life-cycle stage. To respond to this Yan offers an approach that is claimed to be able to address this need. The second problem is that the various life-cycles define different phases, if they are broadly similar (Yan, 2006). The second problem is that neither is there a consensus on the definition of what stages a life cycle should be composed of, and when one life cycle may be more appropriate than another. There are five-stage models, four-stage models and three-stage models. Each model by itself has support in the life cycle literature (see Quinn and Cameron, 1983). Thus for instance, Miller and Friesen (1984) identify an empirically supported 5 phase life-cycle, while Adizes (1999) produces an 11 phase cycle, though the two may be broadly related. These tend to refer to economic or business life cycles (Quinn & Cameron, 1983), but there are other related life cycles as for instance proposed by Tuckmen (1965) in his five stages life cycle of team development (Rickards & Moger, 2000). Indeed, it would seem to be the case that all such life cycles involving people coming together and developing cultural groups and normative operative behaviour would appear to take related patterns of change. Broadly speaking,

such life cycles all pursue a cyclic pattern of birth, maturity and demise. These cycles are in stable equilibrium, as noted by Bales (1965) in relation to the Tuckman cycle.

However, it is recognised that today we need to pay attention to non-equilibrium situations in which organisations survive in conditions of bounded instability (Stacey, 1993; Espejo, 1993). If we are interested in the corporate life cycle, then we really need to understand what is happening in not only equilibrium but also non-equilibrium states of being. To explore this, however, we need to go beyond the normal sphere of consideration of the corporate life cycle. Taking a cultural perspective allows us to consider corporate life cycle phases as a reflection of cultural development. This frame of reference was adopted by Kuhn (1975), who's interest lay in paradigmatic change and the change in normative practice that accompanies it.

In this paper our interest will be to create a "paradigm cycle" that extends beyond the equilibrium corporate life cycle, and it explorers the relationship between equilibrium and non-equilibrium corporate change and survival. The frame of reference that will be used to examine paradigmatic change is that of the meta-theory of Knowledge Cybernetics (KC), where the human activity systems that are responsible for the development of paradigms are seen to themselves be "living systems".

An illustration of the paradigm change process can be demonstrated through organisations in the hospitality industry. Today many organizations within this industry pass through a transitional period. This is because the hospitality organization operates in an unstable and highly unpredictable business environment. Many of them constantly change in order to survive, which has an impact on their operational capacities. An illustration of the paradigm life-cycle can be provided by a brief examination of Thai Airways International's privatization. This case study shows what can happen during paradigm change, provide understanding of how the paradigm can formally reflect experiences, and direct paradigm holders with a means of dealing with change factors.

The Corporate Paradigm

Kuhn (1970) was probably the first to make an impact on paradigm research with particular reference to applied science. Here, a human activity group becomes an agent of action by forming a group culture, and developing normative analytical thought processes from which result theories and collective modes of operative practice, and these become extensions to a group's particular perspective on applied science. However paradigms are not only a part of science. They are a group phenomenon, and develop as groups form and establish durable cultures from which come "collective psyche" (Jung, 1936: 87-110). In this construction collective agents can have a collective unitary inherited unconsciousness that one infers derives from a collective normative mind (Yolles, 2006). A natural human extension to this is the development of normative rational and analytical thought streams, and related modes of operative practice. Corporations too have paradigms, where their modes of practice are their operations that enable them to exercise their commercial or public activities. As the modes of operation, streams of thought or culture changes, so does the paradigm, and there are many illustration of interest in commercial paradigmatic change (e.g., Gladstone &, Reynolds, 1999; Factor, A., 2001; Govan, 2005).

The ideas of paradigmatic change proposed by Kuhn (1970) have led to not only some criticism, connected for instance with the way paradigmatic incommensurability is dealt with (Budd & Hill, 2007), but also to the elaboration of notions about paradigm change through the cognitive properties and functioning of the human groups who socially carry them (e.g., Fischer, 1992). According to Kuhn the paradigm involves four dimensions of common thought: common symbolic generalizations; shared commitment to belief in particular models or views; shared values; shared commitments of exemplars (concrete problem interventions), and is constituted as "the set of views that the members of a...community share" (Kuhn, 1970: 176).

Developing on Yolles (1999), a paradigm can be defined as being composed of three ontologically

distinct components within the portfolio of beliefs and knowledge that defines it: (1) a group based *cognitive base* that constitutes the "truths" that form its *epistemic base* (patterns of analytic knowledge) and its *cultural base* (normative standards of conduct), and both are connected with assumptions, beliefs and trusted propositions that arise within cultural development; (2) a *figurative base* that is composed of relationships that can be construed as information rich conceptual models, constructed from its cognitive base; and (3) a *pragmatic base* that is constituted by its normative modes of practice that respond to standards of validity that constitute evidence. A paradigm, far from being a disembodied entity, is carried by dynamic autonomous human activity groups who are responsible for its cognitive, figurative, and pragmatic bases and their developments.

The paradigm is a cognitive map for autonomous durable human activity groups that are purposeful, adaptive and have a culture and normative operative processes that can be applied in complex situations (Yolles, 2000). Such a group can be represented as a living system with three ontologically distinct domains, as indicated in Figure 1. In this we adopt notions supported by Kets de Vries (1991), in which organizations may be seen to have an unconscious as part of its controlling metasystem, subconscious as part of its figurative system, and conscious as part of its operative system. These components are also interconnected through operative and figurative intelligences, terms that are an adaptation from the work of Piaget (1950). Figurative intelligence provides a copy of states of reality or precise information about them, and involves any means of representation used to keep in mind the states that intervene between transformations, i.e., it involves perception, drawing, mental imagery, language and imitation. Hence, figurative intelligence will be a reflection of patterns of knowledge, and will exist through visual imagery and information. In terms of the paradigm there is a figurative base that is composed of models, which entail structured relationships and epistemological and information properties. The capacity of the figurative base to adequately reflect the cognitive base of the paradigm and maintain pragmatic interpretations constitutes its figurative intelligence (Piaget, 1950; Piaget & Inhelder, 1969; Montangero & Maurice-Naville, 1997). In contrast, operative intelligence is dynamic and intimately connected to understanding. It is responsible for the representation and manipulation of the transformational aspects of reality. It involves all actions that are undertaken so as to anticipate, follow or recover the transformations of the objects or persons of interest. Within the context of the paradigm, operative intelligence provides an indication of the ability of its holders to map its figurative base pragmatically. So, figurative intelligence involves experiential reflections from operative intelligence. Since states cannot exist independently from the transformations that interconnect them, figurative intelligence derives its meaning from operative intelligence. Strategies 'for sensemaking' in detection of 'patterns in processes or their driving mechanisms', as well as with respect to 'prediction' or 'detection of meaning of processes for people involved' (Langley 1999: 695) are related to figurative and operative intelligence.

That we can include these Piagian concepts in a model of the organisation has implications for the paradigm. It implies that embedded within the paradigm is a transformative potential that can be manifested as these two forms of intelligences. Figurative intelligence provides core relational explanations of reality, and operative intelligence provides for a capacity to evidence its figurative base. Paradigms with a potential to manifest poor figurative intelligence do not enable the maintenance of goods representation in their figurative base of elements of their cognitive base. Those with a potential for poor operative intelligence cannot adequately manifest elements of their figurative base pragmatically, so that it has limited capacity to evidence models. Hence figurative and operative intelligence are closely connected. Understanding the developmental process of paradigms is central to understanding development, especially when normative epistemologies constitute a central cause for paradigmatic failure.

A more detailed representation of Figure 1 can be provided through Figure 2. This illustrates the nature of the corporate paradigms develop as they develop culturally, and it upholds the notion that paradigms operate as vehicles from which corporate figurative and operative attributes develop. Though the paradigm resides in the metasystem, it has figurative and operative system drivers that are manifested in each of those system components. Hence it is from the paradigm that figurative system

ideology and ethics and operative system modes of practice arise.







So, just as corporate ideology and ethics derives from the knowledge embedded within the paradigm, operative behavioural norms are additionally subjected to figurative regulations. While the regulation is implicit in the couple that links the operational and figurative systems, this couple itself is a function that is also controlled at a higher level by the cultural attributes of the paradigm.

We can elaborate further on Figure 2 in relation to the connection between the paradigm and the transitive type (i.e., meta, figurative and operative) systems. In the metasystem interaction occurs between the paradigm and cultural knowledge. Here the corporate paradigm identifies desired characteristics (elements) from culture and available knowledge. Hence, instead of their being numerous values that arise as a part of culture, only a few may count in relation to the corporate paradigm. Similarly, instead of reflecting on all available knowledge, only a selection from available knowledge is defined as being appropriate for the corporation. In the figurative system, the system of thoughts is defined by the corporate paradigm as a manifested selection from the cultural domain of the metasystem. The polity induced order is also defined by the corporate paradigm as a selection from the knowledge domain of the metasystem. Finally, in the operative system, the actor system follows more or less from the system of thought. It contains two sub domains: rules of interaction within the corporation, and rules of interaction with the external environment of the corporation. The actor system interacts with operative behaviour, which becomes manifested as paradigmatic knowledge and observable action within the corporation and with the external environment. The "impact of phenomena" arises as a relativistic internal manifestation that derives from feedback (or more correctly a "structural coupling": Maturana, 1975) with the external environment, not represented in the diagram.

Paradigm under Change

The paradigmatic development process that crosses both equilibrium to non-equilibrium processes of paradigm change was first explored by Kuhn (1970), who argues that science passes from a *normal* mode through one of *crisis* and then to one of *revolution*. Indeed, it is as part of the normal mode that a "normal" corporate life cycle develops, while revolutions are beyond this life cycle occurring at its tail. The normal mode is realist in nature (Rauterberg, 2000), and has its history in the ideas of Descartes who believed that foundational concepts are known intuitively through reason, and that truths can be deduced with absolute certainty from our innate ideas. In essence the development of normal science embraces processes of continuous change in theory when the implications of its logical base pass through a morphogenesis. It operates in a thematic application domain that supports a dominant epistemology that allows for only a unitary perspective for the construction of knowledge. It also assumes certainty, and the possibility of making predications. The term *normal* mode refers to the routine work of those who operate within a paradigm, slowly accumulating knowledge in accord with established theoretical assumptions. For Kuhn it involves puzzle-solving, through which it becomes enlarged as its frontiers of knowledge and techniques are pushed forward.

The revolutionary mode is transformative, and refers to a prerequisite condition of paradigmatic crisis. The transformative mode arises when paradigms, with a normative epistemology, have poor operative intelligence, with inadequacy in their ability to support their figurative base through the normal inquiry process. The revolutionary period results in confusion within a framework of presuppositions about what constitutes a problem or its resolution, a method, and where the rationality of issues are replaced by emotionality, and are settled not by logic, syllogism, and appeals to reason, but by irrational factors like group affiliation and majority or 'mob rule' (Casti, 1989: 40).

Beyond Kuhn, Ravetz (1999) and Funtowicz and Ravetz (1993) introduced the notion of the *post-normal* mode, indicating a condition where situational facts are uncertain, values in dispute, stakes high and decisions urgent. This definition arises because of the realization that post-normal science: "lies at the contested interfaces of science and policy" (Ravetz, 1999: 3). The idea that decisions are urgent comes from the specific context that Ravetz adopts, in the field of ecology and the political urgency for decisions that might address the possibility of environmental disaster. Hessels and van Lente

(2008) in their discussion of the post-normal mode recognise that it refers to the limitations of rational decision-making, and engages with value plurality and public participation in attempts to facilitate outcomes to complex public policy decision. In a broader sense than that posited by Ravetz, the post-normal mode engages with uncertainty for complex situations in which there exist plural relativist political processes. So, more generally the post-normal mode arises at the dissipative¹ edge of cultural crisis, involving competing values, uncertainty and relativism. In such situations defenders of challenged paradigms usually refer to 'paradox', i.e. a false dichotomy that can be supported by the dominant paradigm, and thus, should serve to silence the critics who apparently are incapable of logical thinking.

Since paradigms are subject to change in their knowledge structures, and are thus dynamic, it should be possible to track them and their ability to survive reflects on the organisation's durability itself.

The idea that paradigms may survive different modes of existence, from normal to post-normal and through crisis to transformation, raises the question whether paradigms can, and if so how they may be able to survive shifts in their phases of existence. To begin to respond to this, one really needs to appreciate the distinction between the processes of change that a paradigm goes through when it is in normal and post-normal mode. For Kluver et al. (2003), their distinction can be highlighted by the realization that in normal mode there is the tendency for paradigms to change incrementally, beginning with rather simple system of thought and developing complexity. In contrast, a post-normal mode is often transformative, embracing the early capture of as much of the complexity that a conceptual framework is capable of.

Paradigms that survive the trials and tribulations that its holders experience over time and thus are durable are said to be *viable*. Viable paradigms are able to survive both normal and post-normal situations. To understand how this may occur, paradigms should be seen as autonomous systems which define, create and manage their own futures. Through their holders, they are also able to self-organize and hence alter their own logical base. They produce the laws that rule them (Schwarz, 1997), and they do this because they are logically closed, a condition that occurs, according to Parsons (1937) when: all its propositions are interdependent in that each has implications for the others, and each of these implications finds its statement in another proposition of the same system.

While paradigms may be logically closed, they are also open systems in that they take in data from their environment that comes both from measurement, knowledge and narratives from experiences and other paradigms. Their outputs are knowledge and narrative. If the paradigm is to be able to provide a narrative through its advocates who adequately explain all of the inputs that relate to their interests and purposes, then its propositions must be able to conceptually respond to the inputs. Where it cannot do this, the paradigm fails.

In normal mode paradigms operate as equilibrium systems that are deterministic and hence certain in their patterns of knowledge. Over time paradigms change deterministically and reversibly (Prigogine & Stengers, 1984). Processes of change involving randomness or irreversibility are exceptional. However, when uncertainty occurs within the paradigm in relation to its paradigmatic inputs, the paradigm shifts to a far from equilibrium state. Here, the paradigm's logical structure defined by its propositions and principles becomes dissipative and subject to fluctuation, and it is unable to provide a stable narrative that adequately explains its environment. Demand for phenomena driven research is emerging (Cheng, 2007). New types of structures may originate spontaneously as the paradigm moves from organizational chaos to greater order. A viable paradigm that is able to survive this experience can become classed as part of post-normal mode.

Paradigms only exist through the holders who define and maintain them. As such, durable paradigms may be seen as viable human activity systems that are both complex, adaptive, and are able to maintain a self-organising separate existence within the confines of their existential or other constraints. Their existential nature consists of the belief system and patterns of knowledge that arises

through the coherent group of people who maintain them. They have an at least potential independence in their "self-processes" for regulation, organization, production, and cognition. According to Schwarz (1999), viable systems can pass through processes of emergence and evolution towards complexity and autonomy, though autonomy does not mean that there is no interactive influence from its environment. The passage occurs through the development of patterns of self-organization that accommodate phenomenal change in the paradigmatic practices and behaviours that paradigm holders pursue. This occurs through morphogenesis and new forms of complexity; patterns for long term evolution towards autonomy; and patterns that lead to systems functioning viably through their capacity to create variety and indeed respond to environmental situations with the matching *requisite variety* (Ashby, 1956), which is required to maintain balance and enable a paradigm (through its carriers) to respond adequately to its environment.

The dynamic process that viable paradigms that are associated with autonomous self-organising systems can pass through as they change is illustrated in Figure 3 and Table 1 (adapted from Schwarz, 1997). It explains the cycle of change for viable paradigms that are able to survive by transforming their natures, initially by developing through normal mode, experiencing uncertainty, and moving into post-normal mode and hence to metamorphosis. During this process, non-viable paradigms decease, while a viable paradigm will become complexified as it develops more attributes and explanatory power in its theory.



Figure 3: Cycle of Paradigmatic Change, and the Relationship between Four Modes

Paradigmatic Transformation

In our cycle of change we have said that paradigms pass through a transformational mode. The question may be asked, how does the shift from one mode to another develop?

The rise of paradigms is intimately connected with the rise of paradigmatic cultures, which are influenced by the micro-actions of individuals, and which become symbolized and hence normatively anchored into the paradigm (Staw, 1991). As a result, it develops a cognitive base. This base is both culture and knowledge centred, and is hence sensitive both to knowledge and cultural challenges, the two necessarily being related.

Mode	Step	Movement towards evolution
Normal	1. Stability	The paradigm exists with a stable belief system and logical base, though during normal development the base may change its form (morphogenesis).
Post-normal (uncertainty drift)	 Paradigmatic drift Tension development Tension increase and structural criticality 	Dissipative processes are introduced as the paradigm and its logical base are seen to be incapable of delivering its logical promises. In a complex application domain, drift enables unexpressed potentials to be actualized. The drift takes the paradigm away from its stable position and gives rise to tensions between its ability to explain and predict, and questions about its methods in relation to observations.
Crisis	5. Fluctuations	The tensions, following the tropic drift that moved the paradigm away from its stable <i>normal mode</i> position, are leading it to structural criticality. If the paradigm loses robustness, fluctuations are amplified. Fluctuations occur internally, or in the environment as noise. Through amplification of fluctuations due to tensions following uncertainty drift, a discontinuity occurs in the causal sequence of events/behavior. This likely will be accompanied by debates about utility of the epistemological basis for the paradigm.
	6. Bifurcations7.0 Paradigmatic death7.1 Type 1 change	When bifurcations occur the paradigm is able to take a variety of possible paths in its pragmatic behaviors. At this point three options are possible. In type 7.0, decay represents a process of disorganization, regression, or extinction of the paradigm, ultimately leading to the possible loss of group member carriers. This can be seen as the start of a catastrophe bifurcation. In type 7.1 the process of change begins with "more of the same" small changes that maintain its current state but do not resolve issues. Complexification of the logical base and modes of practice can occur during a process of iteration.
Transformation	7.2 Type 2 change	In type 2 change, metamorphosis occurs through emergence that begins in the logical base of paradigm, and is amplified within its critical structure leading to a new logical base of propositions that induce new forms of practice. This is referred to as morphogenic change, occurring through amplification and differentiation. It is a relational process that develops in the paradigm through positive and negative feedback, and integration, when and the new cognitive base is manifested figuratively and pragmatically.

Table 1: Explanation of the options for paradigmatic change

The normal mode of a paradigm exists through its adoption of a normative epistemology, which lies at the basis of its formalized patterns of knowledge. This may be challenged with the development of doubt about its veracity (e.g., Meehl, 1997). Such challenges can result in structural changes that lead to pragmatic adjustment when modes and mechanisms of practice alter. When a paradigm exists in normal mode and is challenged in this way, the result can be a shift into a post-normal mode. We can adapt an argument from Rummel (1979) to explain how this can happen in one of two ways.

Firstly, change can occur more rapidly than the ability of a culture has to adjust. This creates a *cultural lag* that leads to instability and conflict. It occurs when the realization of values fails, and values disparity develops. Now cultural lag is constituted as the difference between what is and what some segments of a culture consider *ought to be*². Interestingly this engages with ideology and ethics, since both involve a coalescence of values. In the case of ideology the values are orientations towards action, but this is constrained by ethics which identifies what ought to happen and involves processes of judgment. New modes and means of practice create the means to satisfy certain values, even while existing norms, attitudes, or institutions inhibit or block such satisfaction.

Secondly, the effect of new modes and means of practice can also be considered through the idea that within periods of normal mode, paradigms fall into an equilibrium of values that relates to the complex of desires and attitudes. Values in a culture may be seen here to ultimately balance out, and a general equilibrium emerges between wants and costs, investments and rewards, capabilities and power. Among possible states of a system, it is the balance of power that Rummel (1979) sees as such equilibriums.

This explanation can be elaborated on through the notion of *culture shock*³ (Dahl, 2000). Culture shock is normally taken to mean the anxiety and related feelings that arise when people are faced by a sudden change in their socio-cultural environment, and it grows out of an inability to assimilate new elements within it. Thinking beyond the initial shock Adler (1987: 29) considered that culture shock is the opportunity of a "profound learning experience that leads to a high degree of self-awareness and personal growth" as adaptation to new situations arise.

So, when a paradigm resides in normal mode its gradual development occurs through equilibrium processes that many consider to represent its "advancement". The rise of challenge to the use of a particular normative epistemology results in cultural uncertainty, when predominant values become challenged. This leads to the onset of culture shock and cultural instability, and the eventual development of new modes and means of practice. During this process conflicts and relativisms are likely to arise, and the paradigm shifts into post-normal mode. This process may not be inevitable, particularly when the holders of a paradigm are imbued with *cultural intelligence*: defined as the ability for an individual to successfully adapt to a change in cultural settings attributable to cultural context (Earley & Ang, 2003: 3).

There is another quite distinct issue of interest to do with paradigmatic change. It occurs when one realizes that paradigms do not develop in isolation, but rather are responsive to their ambient host culture. Through the human activity groups that carry their paradigm, an individual culture is created that determine its orientation and possibilities. This culture, however, is influenced by the ambient cultural environment in which the paradigms sit. This happens in the case of corporate cultures which exist within a cultural framework (e.g., Sørnes et al., 2004, Sagiv & Schwartz 2007).

This notion of ambient culture having an influence of paradigmatic culture can also be extended using the notions of socio-cultural dynamics proposed by Sorokin (1939-42). In his theory cultures shift through their own internal dynamics (referred to as immanent change) between two states of being, Sensate and Ideational. *Ideational cultures* are ideas led, with symbols and value fidelity that likely link to principles, while *sensate cultures* are led by the senses and the material products of a culture and its tools used to construct the artifacts that it creates with a tendency to pragmatism (Zetterberg (1997; Symons, 2002). Cultural values can be explored in this light. They are manifested as a coherent set of ideological values that drive modes or practice, and a set of ethical values that drive judgments. According to Zetterberg (1997), in an ideational culture ethics is concerned with unconditional moral principles. In a sensate culture ethics is concerned with the pursuit of happiness. In a sensate culture human activity is extroverted; in an ideational culture it is introverted.

Following Rummel (1979), when a culture shifts from one stable state to another, it becomes unstable since opposing interests arise. In terms of Sorokin's theory, this leads to a loss of ideological and ethical stability, affecting the paradigms and their development.

So ideational culture drives a normal mode, epitomized for instance by Bacon who (in the late 16th Century at the boundary shift towards sensate culture and in the Industrial Revolution) popularized inductive methodology for scientific inquiry. It is through his notion of inductive reasoning that scientists are led from fact to axiom. Before beginning this induction, the inquirer is required to free his or her mind from certain false notions or tendencies which distort the truth. Later, with the development of stable sensate culture, normal mode shifted towards an empirically orientated mode.

Where the ambient host culture of a paradigm is *sensate*, it results in the encouragement of paradigms that conform to the ambient normative (and dominant) epistemology that maintains realist perspectives. Where the ambient host culture is *ideational*, paradigms that conform to the ambient normative (and dominant) epistemology are driven towards relativist epistemologies. Where the ambient host culture is unstable (as a discontinuous change between cultural states occurs) then the dominant epistemology starts to lose its dominance (as is likely happening now for organization theory). It is in such periods that paradigms shift into post-normal mode, crisis, and transformation, whole sale. This does not of course mean that paradigms do not pass through the cycle when the ambient normative culture is stable. It just means that the nature of post-normal, crisis and transformation modes are likely to be different.

Case Illustration in the Privatisation of Thai Airways International

Thai Airways International is part of the hospitality industry, since it services the needs of travellers. Many organizations in this industry have critical problems in efficient sustainable knowledge, planning, development, finance, performance, recruitment, operation, and management psychology. It is also difficult for people in many hospitality organizations to recognise whether or not they are actually in balanced equilibrium or merely influenced by global business factors. This can initiate change, as the paradigm interconnects a number of interlined and interdependent subsystems of the organizations. Tracking an organisation's paradigm can therefore provide a way of understanding what is happening in the organisation.

Thai Airways International, as a part of the hospitality industry, operates in a competitive environment (Tepeci, 1999; Gray, Matear & Matheson, 2000; Andrews, Roberts & Selwyn, 2007). This can lead to a lack of competitive uncertainty, which can contribute to paradigmatic change (Hing, 1997; Tepeci, 1999; Gray, Matear & Matheson, 2000; Burnes, Cooper & West, 2003; Andrews, Roberts & Selwyn, 2007). Tracking a corporation's paradigm life-cycle can help understand why it reacts to certain situations as it does, and this might even contribute to the possibility of predicting outcomes.

According to Thai Airways International Public Company Limited Annual Report (2009), Thai Airways International Public Company Limited is a commercial aviation transport company that operates in both international and domestic markets. It is been represented as Thailand's national carrier for about 40 years (Thai Air, 2010). In the 1960s, the organization was named Thai Airways International (Thai Air, 2010). It was a joint venture between Thailand's domestic carrier, the Thai Airways Company (TAC), and the Scandinavian Airlines Systems (SAS) (Thai Air, 2010). On April 1st, 1977, the Thai government purchased the joint venture to make it totally Thai-owned (Thai Air, 2010). Thai Airways International expanded greatly as a result of the merger agreement with Thai Airways International was governed by the Thai Government and was run as a state-owned enterprise (SOE) with a bureaucratic structure and a hierarchy with many levels of authority, and where power and influence were important attributes.

After the continued improvement of Thai Airways International, the Thai Government, under Prime Minister General Prem Tinsulanonda, decided to let the organization become a commercial aviation transporter in both international and domestic markets (Thai Air, 2010). In the 1990s, according to Privatisation International (1998), the organization decided to implement a privatisation process in terms of corporate privatisation to meet the Thai government's demand to improve Thai SOEs. Since then, the organization entered a situation of organisational change and the paradigm began to change. The change agents of Thai Airways International's privatisation planned to maintain stability and predicted that this would be the case. The change agents proceeded with the privatisation plan (the "master plan") to find a strategic scenario (Thai Air, 2010). At that time it operated within a normal mode of its paradigm cycle.

Since then, the organisation moved towards instability. It had to maintain stability while responding to environmental conflicts in particular with some resistance and conflict from the internal and external participants of the organisation. It challenged the change agents of the privatisation as the Thai government faced the unexpected, experiencing new attitudes, beliefs, and cultural values belonging to new stakeholders. This challenge shifted the paradigm into a post-normal mode where the organisation had to deal with turbulent situations. This meant that the organisation had to deal with uncertainty, particularly regarding the government decision processes and employee resistance and conflict. For instance, there were many instances when the Thai Airways International Labour Union protested against the privatisation plan for fear of job security and culture shock. During periods of such change, it is typical that stakeholders will be directly affected, particularly the employees of the organisation. The name Thai Airways International was changed to Thai Airways International Public Company Limited before acting as a completely commercial aviation transporter in both international and domestic markets.

On June 25th, 1991, the organisation registered in the Thai Stock Market and started selling shares in the market as the Thai government decided to cut the state's holding in the national carrier from 93 percent to 70 percent (Thai Air, 2010). Then, the organisation reformed the organisational structure. However, it was difficult to implement as the organisation employs such a large staff and there is such diversity in levels of authority. Although the structure of the organisation has changed regularly since the privatisation program was implemented in Thai Airways International Public Company Limited, it is still complex, with a wide diversity in levels or authorities. There is still a long chain of command and the organisation has continued to maintain a bureaucratic structure. In 2008, the organisation was facing paradigmatic was death (Thai Air, 2010). It was dysfunctional and its profits were in steady decline. This caused the organisation to operate slowly while facing crisis. Later, when the organisation operated under a highly competitive, unpredictable, and under bounded stability, it was pushed to change in order to survive. For example, in 2009, the organisation employed the new President under strict conditions and the new management and policies, as well as decreasing executive salaries and other business costs (Thai Air, 2010). This is because the organisation was confronted with a variety of factors, such as financial turmoil, economic downturn, Thai political turbulence, and natural disasters. The paradigm of the organisation has shifted from a 'death' option to 'a more of the same' option. This can only help the organisation to maintain the organisational environment and culture but cannot resolve them. This will be difficult for the organisation to deal with as they are still influenced by politicians and other groups with power.

Although the privatisation process is complete, Thai Airways is still in flux, a complex situation involving a crisis, resulting in developmental regression and an organisational dysfunction. The organisation has still tried to maintain its performance to avoid failure and be seen as a successful transformed and changed organisation in terms of a totally new commercial airline with better profits. Some major problems that the organisation has to confront are attitude, culture, organisational structure reform, and political and power influences as the organisation was governed by the Thai government and ran as a SOE with a bureaucratic structure. In addition, the organisation also has confronted difficulties coping with and understanding its internal and external environment. If the change agents of the organisation can understand potential problems and can clarify issues such as cultural lag and cope with environment problems, this could be an interesting hospitality organisational change case study in terms of managing airline change.

Summary, Discussion and Conclusion

Paradigms exist under a number of frames of reference. Kuhn was interested in the scientific frame, while our interest lies in the corporate frame. Predominant paradigms may go through a cycle from *normal* mode to *post normal* mode, fall into *crisis* and finally to one of *revolution*. As a paradigm enters its post-normal mode, the normal prevailing confirmatory mode approaches to theory must be considered to have lost their capability to make useful predications, something that is not always recognized by researchers. This leads to crisis that may result in a scientific revolution that would be needed to transform or replace extant theories. New sets and systems of classifications, emphasis on

relations between events and occurrences rather than on substances, and new motivation oriented theories might emerge that emphasize motivational aspects and address the concerns of individuals with newly emphasized shared needs and desires. A meta-view of phenomena and the ability to identify redundancies and variety in a system create views of patterns of change and capabilities to adapt to new challenges by self-organization.

Paradigms may die, when normal mode continuously tends to fail with its applications to radically changing societal domains, or at least needs substantial transformation. The emerging frames of thought are then considered to be post-normal and value laden. In this sense post-normal mode is concerned with complexity and has interests in aspects which relate to uncertainty, assigned values, and a plurality of legitimately argued perspectives.

Examining a paradigm change can offer a useful way of looking at what is happening to organisations. One way of doing this is through the meta-theory of Knowledge Cybernetics (KC). KC is able to generate models that enable us to explore paradigm change through a life-cycle. KC can also potentially be used to help substantial organizational learning and development as a means of survival. The example of the paradigm life-cycle can provide a variety of viewpoints towards an organisation within the hospitality industry.

The illustration of the issue involved is provided by brief examination of Thai Airways International's privatisation. This has an effect on stakeholders, shareholders, and the business environment. The change agents of Thai Airways International's privatisation have faced with difficulties of handling attitudes, beliefs, cultural values, and the knowledge of stakeholders. This caused the paradigm of the organisation moved to the death. This also caused a lack of clarity, a lack of appropriate changes in organisational structure, a lack of approaches to transformational change, and the employee resistance and conflict. These factors led to a regression of organization remaining in a crisis situation. Since the privatisation started, there has been much resistance and crisis to the privatisation and it has faced many adversities stemming from resistance and crisis. Hence, failures cannot be noticed in the short-term, however, they can be seen in the long-term and are reflected throughout the systems and in each function of the organisation. Therefore, when managing change, there is no single correct choice. The change agents should start getting into the bottom line carefully by gathering data.

Notes

¹ While we shall engage with this notion again in due course, in effect we are suggesting that normal modes of science operate through equilibrium processes of inquiry. Systems that are in equilibrium are not able to deal with fundamental change. In stable situations, the creation of new approaches is difficult. Structures, rules, procedures and plans need to be changed when shocks are encountered; but this is problematic because of the norms and cultural attributes of a given system. In contrast post-normal modes involve a competitive plurality that operates in an essentially dissipative environment in the sense of Prigogine and Stengers (1984). They thus manifest interactive processes that are non-equilibrium, inherently dynamically unstable, use energy to maintain order beyond any thresholds of instability, and their behaviour is subject to fluctuation.

² An interesting empirical result has been found by the GLOBE project. 'As is' practices and 'should be' values are negatively correlated. This is visualized by Brodbeck et al (2002).

³ Kalervo Oberg first referred to the notion of culture shock in a talk to the Women's Club of Rio de Janeiro on August 3, 1954, while explaining the feelings common to those facing their first cross-cultural experience.

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