

A case study on value change and behavioral patterns in companies with multiple organisational cultures

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Abstract

The following article presents a research process to address the question how characteristics of organisational culture effect the change orientation within transformation processes in companies with multiple organisational cultures. A case study will be used to validate the central proposition that interactive communication fosters satisfaction and orientation towards change.

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The **purpose** of the proposed dissertation is to shed light on the value changes and related behavioral patterns in the formation and restructuring of a large Austrian company. The history of the company is a merger of diverse organisational units and scopes of duties in the health sector, therefore creating a company with multiple organisational cultures. The diverse units of the organisation nevertheless should be reorganized to form a new coherent whole. Significant challenges arising from this context are reflected in communication and cooperation processes. Some of the negative effects are time-consuming, laborious, inefficient and/or missing communications on horizontal and vertical level, as well as complications in the cooperation of the different departments. Moreover coordination and implementation of central measures cannot be entity-sensitive.

Since the merger was over a decade ago, one could assume that the challenges where met by time. Nevertheless recently a new business concept has been introduced to foster orientation towards effectiveness. Triggered by political developments in the wider region, the transformation process set the stage for the company to address what was not specifically addressed in the past. Due to the lack of knowledge regarding the significance and the specifics of the cultural characteristics of the diverse units, they could not be addressed in the formulation of the new business concept. Consequently interactions between entities with incoherent characteristics evoke dysfunctions in the system, as the thesis formulates.

A promising substance, creating nourishing ground for potentials of diversity, is missing. The research will address this substance – knowledge on interactions of multiple organisational cultures.

The following **solution** is proposed to handle the complexity of cooperation processes. A differentiation in the existing formal structure of the organisation will be used to divide the company into two categories – organisational departments (OD) and organisational units (OU). The ODs and OUs will then be analyzed regarding their formal and informal

communication processes. Organisational Units constitute the smallest entities, embedded in three functional areas. The paper will be structured in three main parts.

The first part will concentrate on the identification of diverse *cultural fields*. Q1: *What do different organisational cultures mean for the functionality of the viable system?*

Homogeneity and heterogeneity of the ODs and OUs will be addressed. Cultural Fields (CF) are therefore defined by equal characteristics of organisational culture. Organisational culture itself will be defined by addressing and combining several dimensions. Dimensions will include the level of formality in internal communication, the legitimization management, the level of formalization, flexibility, hierarchy of authority, the level of action orientation and loyalty (Fink/Dauber/Yolles 2013), hierarchy and egalitarianism, autonomy and embeddedness (Sagiv/Schwartz 2007), motivation and cooperation (Hill 2012), leadership (Rebel/Szabo 2007) and change orientation (House et al 2004) as well as company-specific characteristics evolving during the research process.

Existing and potential dysfunctions of the system should be discerned by identification of different characteristics of the entities. The identified equal characteristics will be analysed with respect to the origin and scope of duty of the relevant entities. Areas of overlap, cultural fields, are used to validate assumptions about dysfunctions. Accordingly equal distinctness of the characteristics should foster excellent functionality.

T1.a: Coherent characteristics are positively related to the functionality of the system and the scope of duty.

T1.b: Incoherent characteristics are positively related to dysfunctions within the cooperation processes.

The second part is dedicated to the identification of *ongoing change processes* in the diverse cultural fields. Q2: *Which effects are triggered by the transformation process within the different cultural fields on operative, structural, strategic and cultural level?*

Transformative and preservative tendencies in regard to the new business concept within the ODs and OUs, as well as reciprocal trends on the strategy and paradigm of the company will be addressed. The ongoing change are thereafter clustered in Styles of Change (SC). Equal styles should name transformation processes on the same levels and with the same patterns.

Changes on operative and structural level will be identified with regard to documentations of formal and informal processes, as well as interviews with representatives of each department. Strategic developments will be revealed by a comparison of previous and actual business approaches. Changes in the organisational paradigm will be situated by relevant artefacts and incidences. The adjustments and learning processes will be explained by analyzing the external environments and the related management of legitimacy (Magala 2009, Sagiv/Schwartz 2007, Hatch 1993, Hatch/Cunliffe 2006).

Since the merger fostered significant restructuring processes and the restructuring process toward effectiveness is an ongoing one, the research will not be able to make clear content cuts. Nevertheless the time of addressing and implementing changes will be used to make an assignment of the contents to the initial Merger Change (MC) and the ongoing Effectiveness Change (EC).

With respect to the above mentioned styles of change and the sequential assignment of adjustments a localization of the organisations stage of development will be made by evaluating the learning process in regard of the approach Nonaka and Takeuchi (1995) present. The cultural fields will be used to validate assumptions about the positive correlation of same characteristics and same styles.

T2.a: Coherent characteristics are positively related to same styles of change.

T2.b: Incoherent characteristics are positively related to different styles of change.

The aim of part three is to identify *agents of transformation*. Q3: *Who addresses the transformation process in a targeted manner?*

Characteristics of organisational culture favorable for successful changes will be addressed. Successful changes will be measured by the level they address the aims of the new concept (effects) and they achieve satisfaction of the employees (efficiency). Agents of transformation should therefore name entities whose characteristics show a high orientation towards change. A significant assumption is that the satisfaction of the employees with the communication processes fosters their motivation to change and secures the sustainability of the changes.

The results of the first two parts will be combined. The cultural fields and the different styles will be related to the communication processes of the identified changes. Perceptions of the transformation processes will be addressed by the level of interactive communication, defined by transparent, honest, interactive, clear ways (Pfaffenberg 2009:18ff.). Dynamic characteristics are defined by the distinctiveness of the relations of different characteristics and an index on change orientation established (vgl. Chhokar, J. S., Brodbeck, F. C., House, R. J. 2007).

T3.a: interactive communication is positively correlated to satisfaction and orientation towards change.

T3.b: one way communication is positively correlated to a lack of satisfaction and orientation towards change.

To address the potential chances and risks of the interaction of multiple organisational cultures in light of restructuring policies, an empirical study will be undertaken. The research is **designed** through a combination of qualitative and quantitative methods. The findings will be explained with a multidisciplinary approach.

Existing documents on formal processes, company performance of previous years as well as findings of employee surveys are quantitatively analysed and clustered. Followed by narrative interviews with representatives of each unit of the organisation are taped, transcribed and analyzed and compared with previous findings. The evolving categories of company specific characteristics of organisational culture are matched with constructs of the normative personality instrument (Fink/Dauber/Yolles 2011, 2013), of national cultures (Sagiv/Schwartz 2007), of motivation and cooperation (Hill ?), of leadership (Rebel/Szabo 2007), of change orientation (House et al 2004) and with aspects of Austrian safety culture in health services (Steyrer et al 2009). Thereafter a review by cultural experts will ensure the validity of the results. Based on these findings a questionnaire will be developed and distributed to all employees. In addition visualizations of the results will be made by using available instruments of SSPS, respectively the Co-Plot technique (Raveh 2000) and the software of David Talby (<http://www.davidtalby.com/vcoplot/>).

Since the research will be undertaken in the context of the project 'Organisational Coherence, Sustainability and Trajectory' founded by Maurice Yolles, Liverpool, Gerhard Fink, Vienna, and Daniel Dauber, Warwick, on 31st October 2011, the underlying configuration model on organisational culture reflects the addresses dimensions (see cultural fields), levels (see styles of change) and the approach to the described context.

Taking up Earleys (2006:923) view, the approach can be understood as a hybrid form to link culture and behavior. First, the research question is developed by examining the system as a whole. Second, the hypothesized relationships derive across systems. Third, the constructs and relationships are assumed to be separable from the system, and fourth, specific relationships are interpreted using reduced parts of the system, but with reference to the general system. Constructs are measured on different analytics levels like satisfaction on individuals micro-level, performance on organisational meso-level and environmental interactions on societal macro-level, as well as behavioral patterns by cross-level unit analysis.

The **findings** will concentrate on three main areas, which are (1st) similarities and differences between each organisational unit and related incidences of dysfunction, (2nd) actual transformations of processes in the units due to the restructuring, (3rd) 'agents of transformation' fostering the motivation for change. The first part will be able to make statements on the correlation of specific characteristics with specific styles and on how diverse characteristics may influence the functionality of the system. Part two shows the correlation of specific characteristics with the action level on which changes occur. Part three sheds light on the relation of cultural characteristics and styles of change on the performance of and satisfaction with changes.

Research **implications** arise of the contribution to the understanding of the functioning of collective cognition processes and behavioral patterns in complex situations such as restructuring measures. Based on the configuration model of organisation culture (Dauber/Fink/Yolles 2012) the paper provides for a deeper understanding of conceptual relations of organisational theory, organizational culture theory, organizational intelligence and psychology. Moreover the time/change aspect will be cross-section analysed, a methodology quite different of understanding time as isolated dimension like for example Kluckhohn/Strodtbeck 1961, Hall/Hall 1990, Hofstede 1980, Trompenaars 1993 and Schwartz 1992.

The paper will have practical implications by establishing instruments for the harmonization of existing dysfunctions, for the integration of specific cultural characteristics of subsystems in restructuring measures of the whole system and for team-building measure to advance communication and cooperation processes. The findings will therefore be of relevance for managers as well as employees of the organisation.

The **value** of the paper is constituted through the insights into the origin of already existing as well as future dysfunctions and chances derived from potentials of incoherencies and coherencies of organizational cultures. In light of the ongoing internationalization/globalization, the continuously growing cross cultural contacts of organizations, inter alia mergers & acquisition (Dauber 2011, Schick/Steingäß/Winzen 2009), takeovers by private-equity-investors (Marell/Bogards 2009), spin-offs (Langer 2009), business model redesigns (Müller 2009) customer orientation programs (Humpf 2009) or restructurings (Diel/Tesch 2009), understanding the dynamics of organizational culture and organizational development is of importance. The paper should therefore not only shed light on specific characteristics of the studied type of organizations and national context, but also give some indication on patterns of interaction between subsystems with diverse characteristics.

An often anticipated inherent paradox of organizational bipolarities will be eliminated by addressing the continuity between various opposite fields of cultural orientation, such as harmony and mastery, hierarchy and egalitarianism and so on. (Sagiv 2007:181). A change in managerial paradigm is thereby fostered.

Keywords: organizational culture / safety culture / culture / organization / value change / change management / Austria / organizational intelligence / managerial paradigm / organizational cultural mapping / cybernetic approach

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