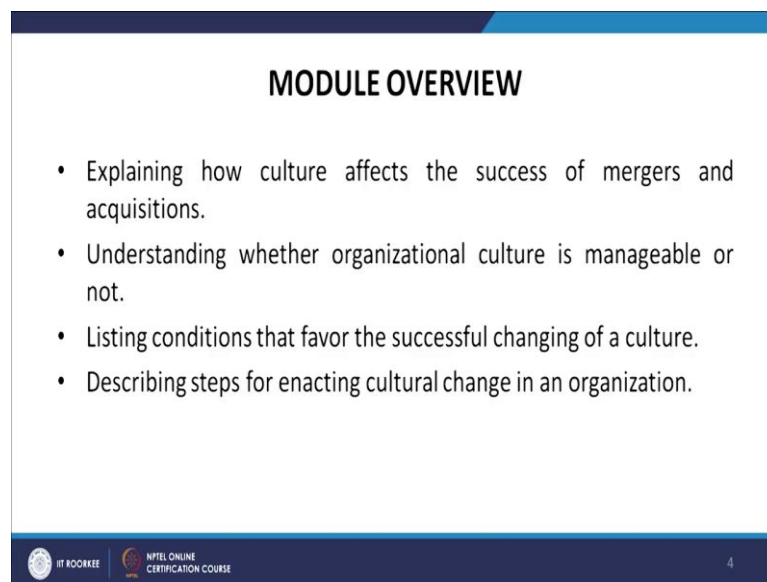


**Organization Theory/Structure and Design**  
**Prof. Zillur Rahman**  
**Department of Management Studies**  
**Indian Institute of Technology, Roorkee**

**Lecture - 38**  
**Managing Organizational Culture – II**

Welcome to this course on Organizational Theory, ~~its~~ Structure and Design. Now, we will talk about module 38. So, as you can see from this slide, we are discussing Managing Organizational Culture. So, we started with that in module 37 and we will continue with that in this module that is module 38 and these are the things that we will talk about in this module.

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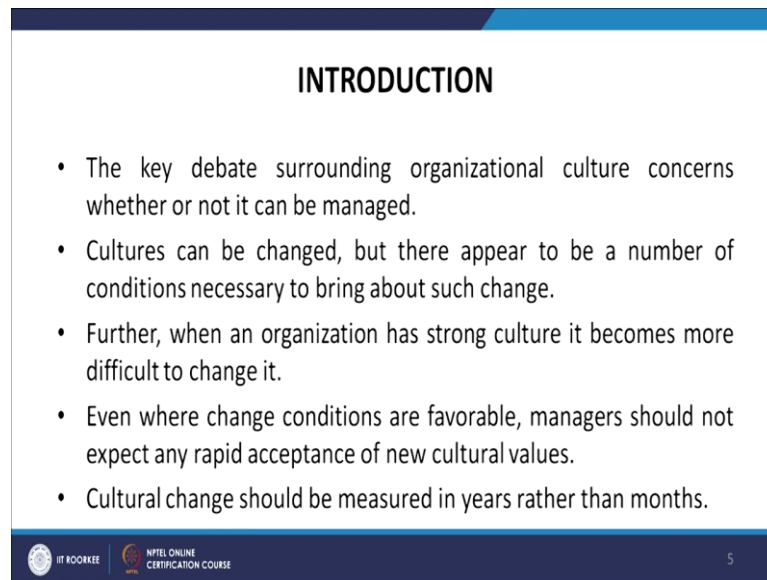
**MODULE OVERVIEW**

- Explaining how culture affects the success of mergers and acquisitions.
- Understanding whether organizational culture is manageable or not.
- Listing conditions that favor the successful changing of a culture.
- Describing steps for enacting cultural change in an organization.

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We will start with explaining how culture affects the success of mergers and acquisitions. Understand whether organizational culture is manageable or not. Listing conditions that favour the successful changing of a culture and then, describe steps for enacting cultural change in an organization.

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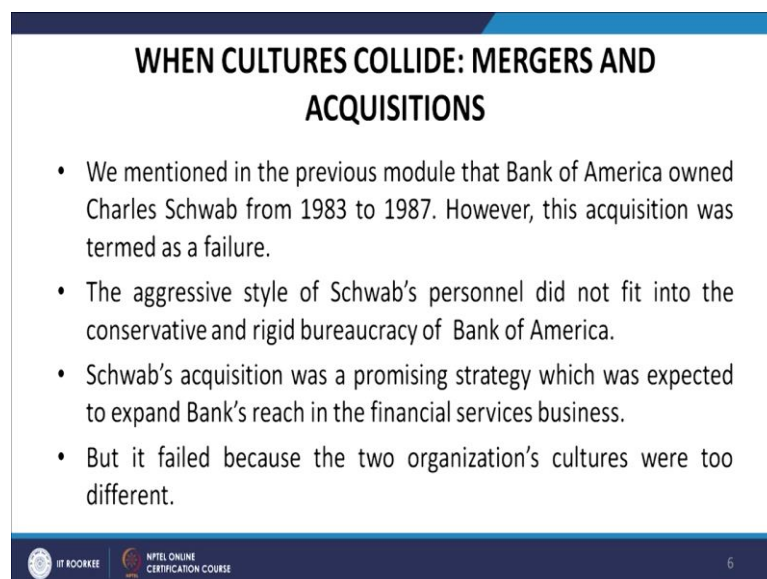
**INTRODUCTION**

- The key debate surrounding organizational culture concerns whether or not it can be managed.
- Cultures can be changed, but there appear to be a number of conditions necessary to bring about such change.
- Further, when an organization has strong culture it becomes more difficult to change it.
- Even where change conditions are favorable, managers should not expect any rapid acceptance of new cultural values.
- Cultural change should be measured in years rather than months.

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So, to introduce the key debates surrounding organizational culture concerns whether or not it can be managed. Cultures can be changed, but there appear to be a number of conditions necessary to bring about such change. Further, ~~when we~~ when an organization has a strong culture, it becomes more difficult to change it. Even when change conditions are ~~favorable~~favourable, managers should not expect any rapid acceptance of new cultural values. Cultural change should be measured in years rather than in months.

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**WHEN CULTURES COLLIDE: MERGERS AND ACQUISITIONS**


- We mentioned in the previous module that Bank of America owned Charles Schwab from 1983 to 1987. However, this acquisition was termed as a failure.
- The aggressive style of Schwab's personnel did not fit into the conservative and rigid bureaucracy of Bank of America.
- Schwab's acquisition was a promising strategy which was expected to expand Bank's reach in the financial services business.
- But it failed because the two organization's cultures were too different.

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Now, we are looking at the condition when cultures collide. So, mergers and acquisitions can be one such situation. So, we mentioned in the previous module that Bank of America owned Charles Schwab from 1983 to 1987. However, this acquisition was termed as a failure.

The aggressive style of Schwab's personnel did not fit into the conservative and rigid bureaucracy of Bank of America. Schwab's acquisition was a promising strategy which was expected to expand bank's reach in the financial services business. But it failed because the two organization's cultures were too different.

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**WHEN CULTURES COLLIDE: MERGERS AND ACQUISITIONS**

- The acquisition of Electronic Data Systems for \$2.5 billion in 1984 by General Motors has been a mixed blessing for GM.
- On the positive side, it has helped to diversify the large automaker and given it a strong source of automation expertise that GM felt it needs to modernize its production plants.
- However, GM has had problems integrating EDS into its operations.
- The basic problem seemed to be that while GM's culture sought to minimize conflict, risk, and personal independence, the EDS culture thrived on competitiveness and aggressiveness.

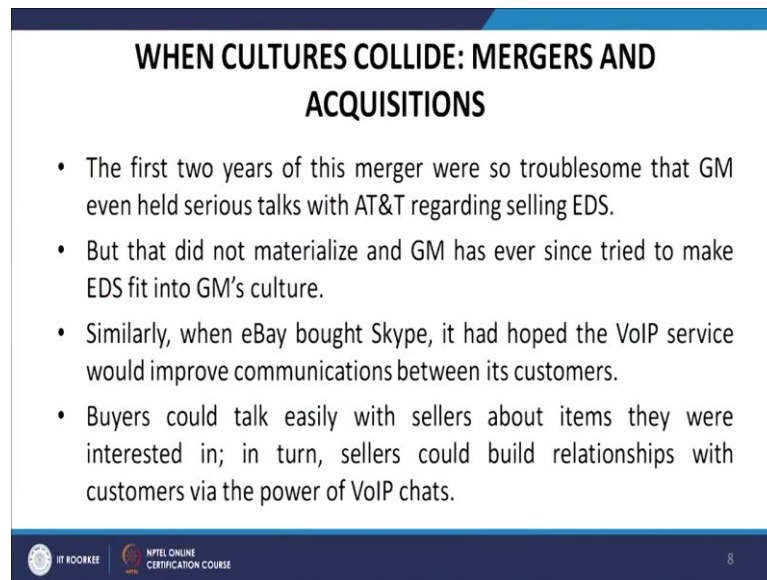
IT ROOKIE NPTEL ONLINE CERTIFICATION COURSE 7

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However, GM has had problems integrating EDS into its operations. The basic problem seemed to be that while GM's culture sought to minimize conflict, risk, and personal interdependence, ~~The~~ the EDS culture thrived on competitiveness and aggressiveness.

The first two years of this measure were too troublesome that ~~G~~general ~~M~~motors even held serious talks with AT and Ts regarding selling EDS. But that did not materialize and ~~G~~general ~~M~~motors has ever ~~since~~ales tried to make EDS fit into GM's culture.

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**WHEN CULTURES COLLIDE: MERGERS AND ACQUISITIONS**

- The first two years of this merger were so troublesome that GM even held serious talks with AT&T regarding selling EDS.
- But that did not materialize and GM has ever since tried to make EDS fit into GM's culture.
- Similarly, when eBay bought Skype, it had hoped the VoIP service would improve communications between its customers.
- Buyers could talk easily with sellers about items they were interested in; in turn, sellers could build relationships with customers via the power of VoIP chats.

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Similarly, when eBay brought Skype, it had hoped that VoIP service would improve communication between its customers. Buyers could talk easily with sellers about items they were interested in; in turn, sellers could build relationships with customers via the power of VoIP chats.

But the Skype-eBay integration never panned out. For most eBay users, email was good enough form of communication as it ensured ambiguity. The eBay-Skype merger, suffered majorly ~~ex-~~as the culture clash between the two companies was too great to overcome.

eBay had an extremely conservative bank-like culture, while Skype was more flexible and ~~favoured~~favoured the democratization of voice. After the merger, Skype lacked consistency as it went through several management teams during its 4-year eBay period. The preceding examples illustrate that there is more to a successful merger or acquisition than a favourable financial statement or product synergy. If the merging organizations both have strong cultures, the potential for “cultural clash” becomes very real.

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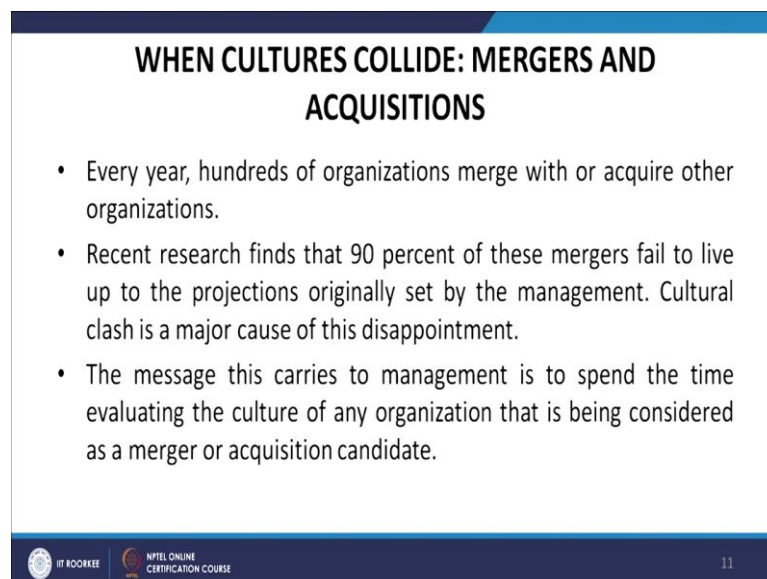
**WHEN CULTURES COLLIDE: MERGERS AND ACQUISITIONS**

- The preceding examples illustrate that there is more to a successful merger or acquisition than a favorable financial statement or product synergy.
- If the merging organizations both have strong cultures, the potential for “culture clash” becomes very real.
- In fact, many senior executives are learning the hard way that a cultural mismatch is more likely to result in a disaster than a financial, technical, geographic, product, or market mismatch.

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In fact, many senior executives are learning the hard way that a cultural mismatch is more likely to result in a disaster than a financial, technical, geographic, product, or market mismatch.

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**WHEN CULTURES COLLIDE: MERGERS AND ACQUISITIONS**

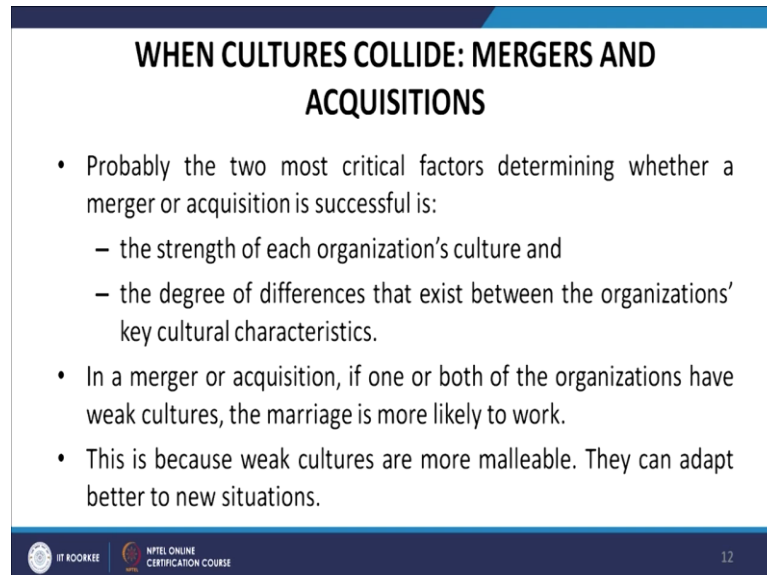
- Every year, hundreds of organizations merge with or acquire other organizations.
- Recent research finds that 90 percent of these mergers fail to live up to the projections originally set by the management. Cultural clash is a major cause of this disappointment.
- The message this carries to management is to spend the time evaluating the culture of any organization that is being considered as a merger or acquisition candidate.

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The message this carries to management is to spend the time evaluating the culture of any organization that is being considered as a merger or acquisition candidate.

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**WHEN CULTURES COLLIDE: MERGERS AND ACQUISITIONS**

- Probably the two most critical factors determining whether a merger or acquisition is successful is:
  - the strength of each organization's culture and
  - the degree of differences that exist between the organizations' key cultural characteristics.
- In a merger or acquisition, if one or both of the organizations have weak cultures, the marriage is more likely to work.
- This is because weak cultures are more malleable. They can adapt better to new situations.

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Probably, the two most critical factors determining whether a merger or acquisition is successful are- one, the strength of each organization's culture and two, the degree of differences that exist between the organization's key cultural characteristics. In a merger or acquisition, if one or both of the organizations have weak cultures, the marriage is more likely to work. This is because weak cultures are more malleable. They can adapt better to new situations.

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**WHEN CULTURES COLLIDE: MERGERS AND ACQUISITIONS**

- Two strong cultures, on the other hand, can create real problems.
- This impact of cultural strength on merger success is illustrated by Mellon Corporation's acquisition of Central Counties Bank (CCB) and Girard Bank of Philadelphia.
- The Mellon-CCB merger met its pre-merger financial expectations without significant difficulties in personnel or productivity. But CCB had a relatively young, weak, and flexible culture.
- On the other hand, the Mellon-Girard merger was fraught with communication and hostility problems.

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Two strong cultures, on the other hand, can create real problems. This impact of cultural strength on merger success is illustrated by Mellon Corporation's acquisition of Central Counties Bank and Girard Bank of Philadelphia. The Mellon-CCB merger met its pre-merger financial expectations without significant difficulties in personnel or productivity.

But CCB had a relatively young, weak, and flexible culture. On the other hand, the Mellon-Girard merger was fraught with communication and hostility problems. The Girard bank's culture was much more established, rigid and older than CCB's. It was more difficult for Girard to blend with Mellons than it was for CCB, not so much because Girard was incompatible with Mellon, but because its culture was so well defined.

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### WHEN CULTURES COLLIDE: MERGERS AND ACQUISITIONS

- The Girard Bank's culture was much more established, rigid, and older than CCB's.
- It was more difficult for Girard to blend with Mellon than it was for CCB, not so much because Girard was incompatible with Mellon but because its culture was so well defined.
- And thus, the Mellon-Girard merger was characterized by loss of clientele, morale, and productivity.
- The merging of two strong cultures needn't present problems if the cultures are highly similar.

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And thus, the Mellon-Girard merger was ~~categorized~~characterized by loss of clientele, morale, and productivity. The merging of two strong cultures need not present problems if the cultures are highly similar.

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### WHEN CULTURES COLLIDE: MERGERS AND ACQUISITIONS

- For instance, R.J. Reynolds merged with Nabisco with a minimal amount of trauma. Both firms had strong cultures, but their compatibility was high.
- So strong cultures are likely to hinder effectiveness in the newly merged organization only when the cultures are at odds.
- It has been suggested that cultural fit can best be assessed by comparing the two merger candidates on their key cultural characteristics; such as, the ten cultural characteristics presented in the previous module.

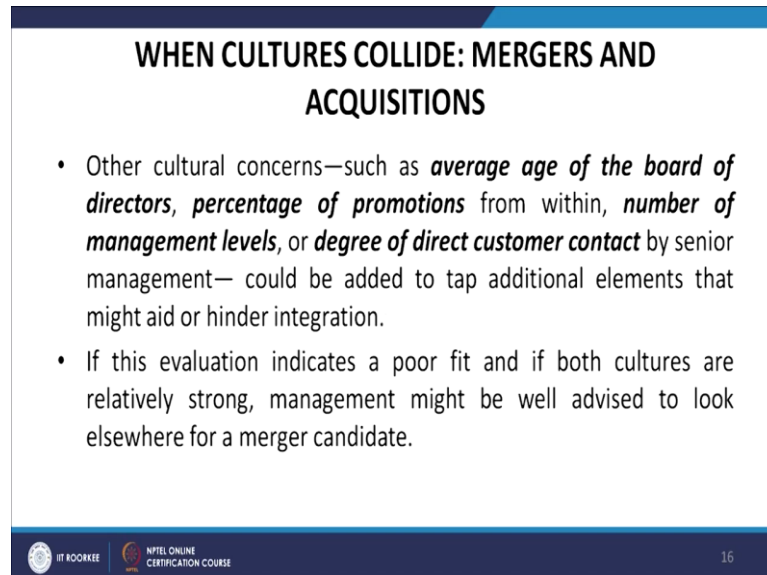
IIT ROORKEE NPTEL ONLINE CERTIFICATION COURSE 15

For instance, R.J. Reynolds merged with Nabisco was a minimal amount of trauma. Both firms had strong cultures, but their compatibility was high. So, strong cultures are likely to hinder effectiveness in a newly merged organization only when the cultures are at odds. It has been suggested that cultural fit can best be assessed by comparing the two



major candidates on their key cultural characteristics; such as, the ten cultural characteristics presented in the previous module.

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**WHEN CULTURES COLLIDE: MERGERS AND ACQUISITIONS**


- Other cultural concerns—such as *average age of the board of directors*, *percentage of promotions* from within, *number of management levels*, or *degree of direct customer contact* by senior management— could be added to tap additional elements that might aid or hinder integration.
- If this evaluation indicates a poor fit and if both cultures are relatively strong, management might be well advised to look elsewhere for a merger candidate.

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Other cultural concerns such as average age of the board directors, percentage of promotions from within, number of management levels, or degree of direct customer contact by senior management could be added to tap additional elements that might aid or hinder integration. If this evaluation indicates a poor fit and if both cultures are relatively strong, management might be well advised to look elsewhere for a merger candidate.

Now, the key debate is: Are cultures manageable? Clearly, an organization's culture has a marked influence on its employees; but should culture be treated as a given. If this is the case managers would be advised to understand their organization's culture; but there is nothing they can do to change it or should culture be taken as a controllable variable that can be adjusted by management as needed to align it better with the organization's strategy and environment.

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### THE KEY DEBATE: ARE CULTURES MANAGEABLE?

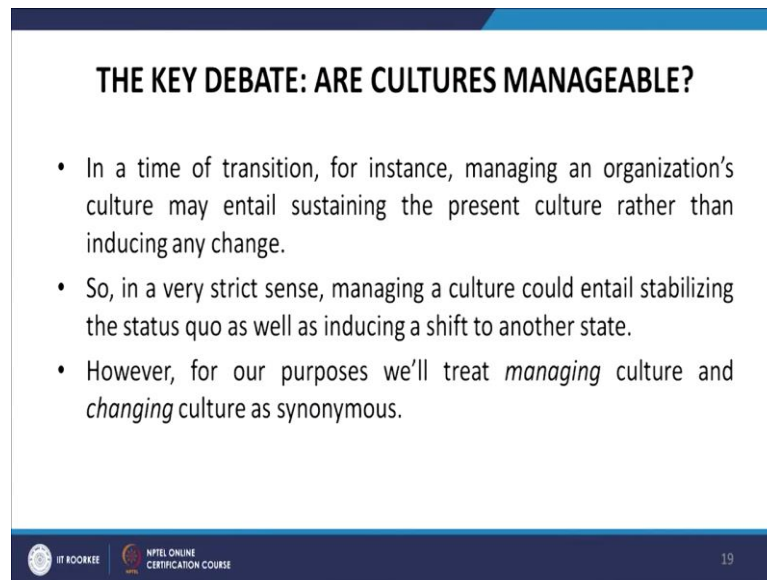
- As we'll demonstrate, this is the critical issue today underlying organizational culture, and there are great consequence of this debate on the final outcome.
- Before we look at this debate in detail, a point of clarification seems appropriate. When we discuss managing culture, we mean **changing the culture**.
- This is considered as the prevailing definition of managing organization culture. However, managing culture need not be the same as changing culture.

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As we will demonstrate, this is the critical issue today underlying organizational culture, and there are great consequences of this debate on the final outcome. Before we look at this debate in detail, a point of clarification seems appropriate. When we discuss managing culture, we mean changing the culture. This is considered as the prevailing definition of managing organization culture.

However, managing culture need not be the same as changing culture. In a time of transition, for instance, managing an organization's culture may entails sustaining the present's cultures rather than inducing any change. So, in a very strict sense, managerial culture could entail stabilizing the status quo as well as inducing a shift to another state.

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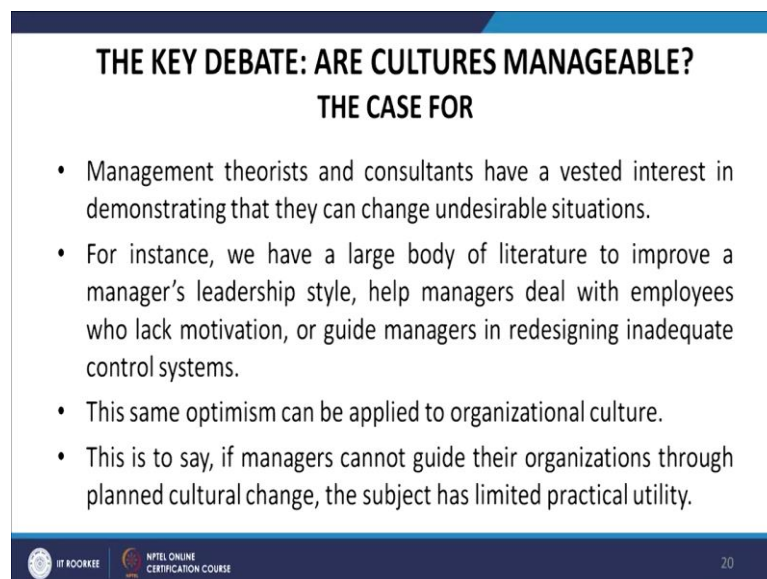
**THE KEY DEBATE: ARE CULTURES MANAGEABLE?**

- In a time of transition, for instance, managing an organization's culture may entail sustaining the present culture rather than inducing any change.
- So, in a very strict sense, managing a culture could entail stabilizing the status quo as well as inducing a shift to another state.
- However, for our purposes we'll treat *managing* culture and *changing* culture as synonymous.

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However, for our purposes we will treat managing culture and changing culture as synonymous. Management theorists and consultants have a vested interest in demonstrating that they can change undesirable situations.

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**THE KEY DEBATE: ARE CULTURES MANAGEABLE?**  
**THE CASE FOR**

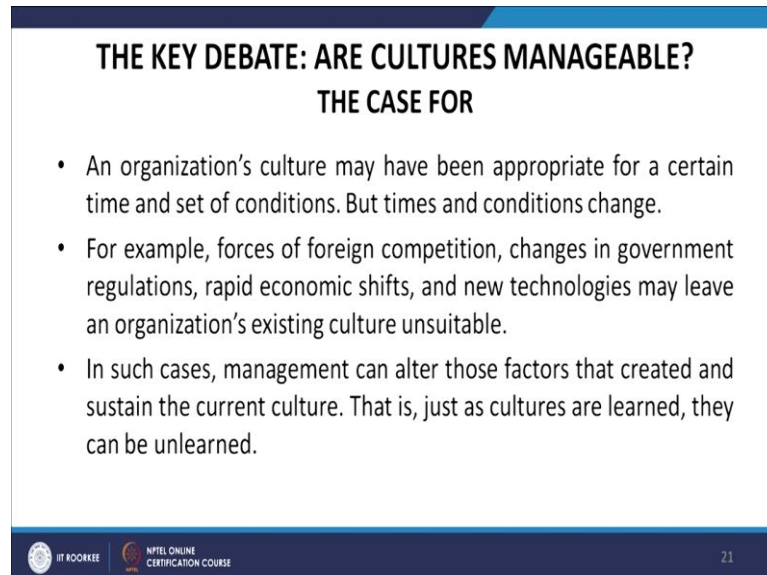
- Management theorists and consultants have a vested interest in demonstrating that they can change undesirable situations.
- For instance, we have a large body of literature to improve a manager's leadership style, help managers deal with employees who lack motivation, or guide managers in redesigning inadequate control systems.
- This same optimism can be applied to organizational culture.
- This is to say, if managers cannot guide their organizations through planned cultural change, the subject has limited practical utility.

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For instance, we have a large body of literature to improve a manager's leadership style, help managers deal with employees who lack motivation, or guide managers in redesigning inadequate control systems. The same optimism can be applied to

organizational culture. This is to say, if managers cannot guide their organizations through planned cultural change, the subject has limited practical utility.

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**THE KEY DEBATE: ARE CULTURES MANAGEABLE?**  
**THE CASE FOR**

- An organization's culture may have been appropriate for a certain time and set of conditions. But times and conditions change.
- For example, forces of foreign competition, changes in government regulations, rapid economic shifts, and new technologies may leave an organization's existing culture unsuitable.
- In such cases, management can alter those factors that created and sustain the current culture. That is, just as cultures are learned, they can be unlearned.

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**THE KEY DEBATE: ARE CULTURES MANAGEABLE?**  
**THE CASE FOR**

- We know that the selection process, top management's actions, and the methods chosen for socializing employees sustain a culture.
- Similarly, stories, rituals, material symbols, and language are means by which employees learn who and what is important.
- By changing these factors, we should be able to change the culture.
- Top management might, for example, fire or demote employees who are rigidly locked into the current culture and replace them with individuals who accept and promote the values that are sought.

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Top management might, for example, fire or demote employees who are rigidly locked into the current culture and replace them with individuals who accept and promote the values that are sought.

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**THE KEY DEBATE: ARE CULTURES MANAGEABLE?**  
**THE CASE AGAINST**

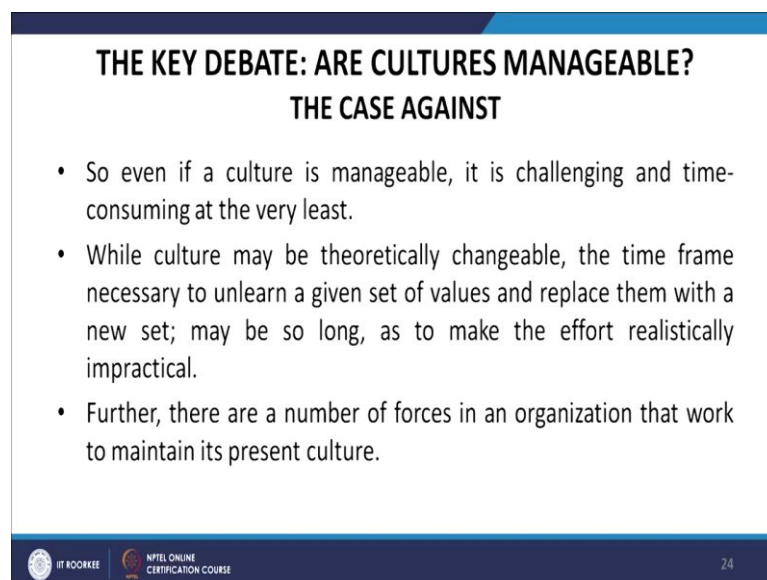
- The fact that organization cultures are made up of relatively stable characteristics would imply that they are very difficult for management to change.
- Cultures take a long time to form. Once established, they tend to become entrenched and resistant to change efforts.
- Strong cultures are particularly resistant to change because employees become so committed to them.
- For employees to unlearn years of experiences and memories is a difficult task.

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So, till now ~~we were~~ we were looking at the case for; now, we are looking at a case which is against cultural cultures being manageable. ~~The-In~~ fact, that organization cultures are made up of relatively stable characteristics would imply that they are very difficult for management to change. Cultures take a long time to form.

Once established, they tend to become entrenched and resistant to change efforts. Strong cultures are particularly resistant to change because employees become so committed to them. For employees to unlearn years of experiences and memories is a difficult task. So, even if a culture is manageable, it is challenging and time consuming at the very least.

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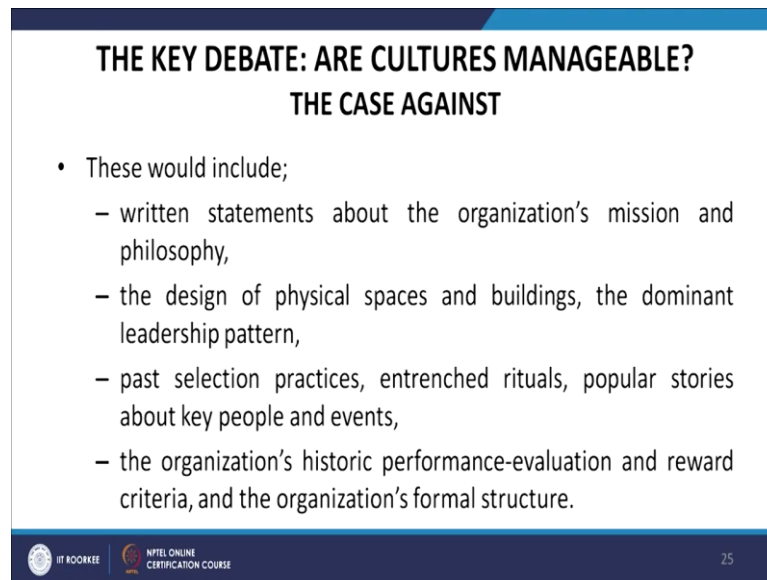
**THE KEY DEBATE: ARE CULTURES MANAGEABLE?**  
**THE CASE AGAINST**

- So even if a culture is manageable, it is challenging and time-consuming at the very least.
- While culture may be theoretically changeable, the time frame necessary to unlearn a given set of values and replace them with a new set; may be so long, as to make the effort realistically impractical.
- Further, there are a number of forces in an organization that work to maintain its present culture.

IT ROOKIE NPTEL ONLINE CERTIFICATION COURSE 24

While culture maybe theoretically changeable, the timeframe necessary to unlearn a given set of values and replace them with a new set; may be so long, as to make the effort realistically impractical. Further, there are number of forces in an organization that work to maintain its present culture.

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**THE KEY DEBATE: ARE CULTURES MANAGEABLE?**  
**THE CASE AGAINST**

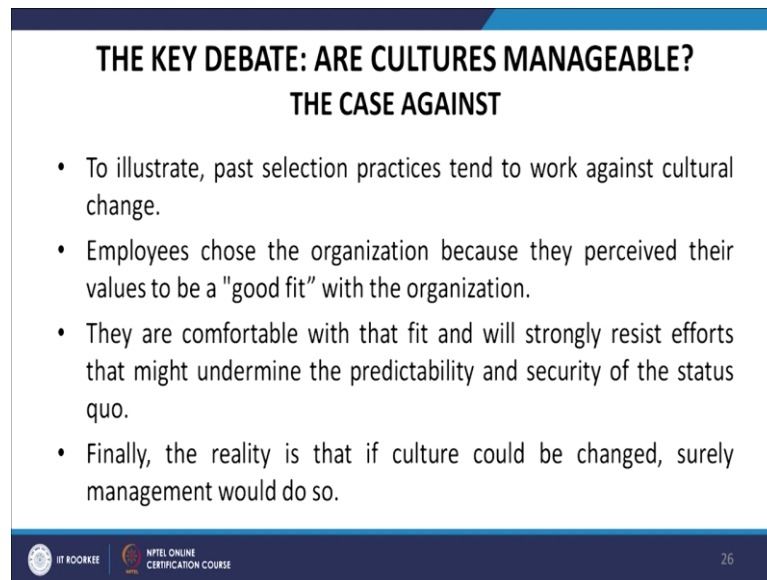
- These would include;
  - written statements about the organization’s mission and philosophy,
  - the design of physical spaces and buildings, the dominant leadership pattern,
  - past selection practices, entrenched rituals, popular stories about key people and events,
  - the organization’s historic performance-evaluation and reward criteria, and the organization’s formal structure.

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This would include- written statements about the organization’s mission and philosophy; the design of physical spaces and buildings, the dominant leadership pattern; past selection practices, entrenched rituals, popular stories about key people and events; the organization’s holistic performance-evaluation and reward critic criteria, and the organization’s formal structure.

To illustrate, past selection practices tend to work against cultural change. Employees choose the organization because they perceived their values to be “good fit” with the organization.

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**THE KEY DEBATE: ARE CULTURES MANAGEABLE?**  
**THE CASE AGAINST**

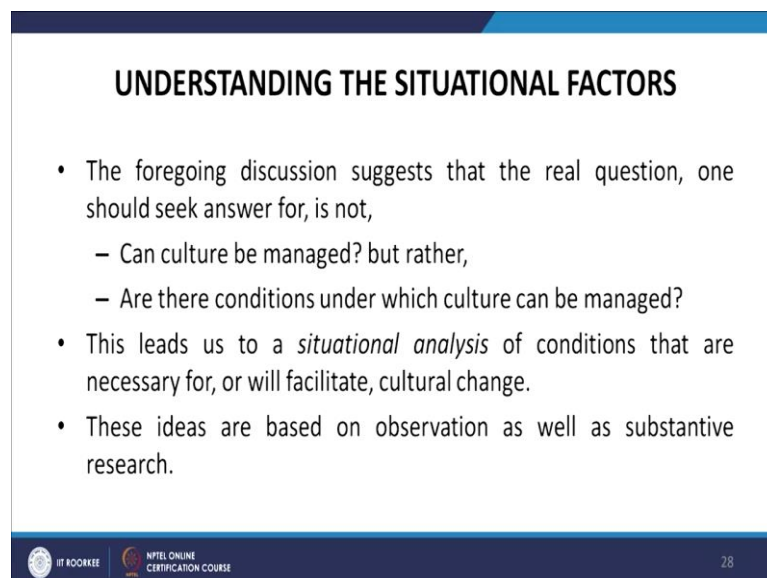
- To illustrate, past selection practices tend to work against cultural change.
- Employees chose the organization because they perceived their values to be a "good fit" with the organization.
- They are comfortable with that fit and will strongly resist efforts that might undermine the predictability and security of the status quo.
- Finally, the reality is that if culture could be changed, surely management would do so.

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They are comfortable with that fit and will strongly resist efforts that might undermine the predictability and security of the status quo. Finally, the reality is that if culture could be changed, surely management would do so.

If an organization could install a culture such as that exists at IBM, MacDonald or other highly successful organizations, it surely would have incorporated it. But just because you can describe the type of culture, you would like to have, does not imply that you can implement such a culture.

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**UNDERSTANDING THE SITUATIONAL FACTORS**

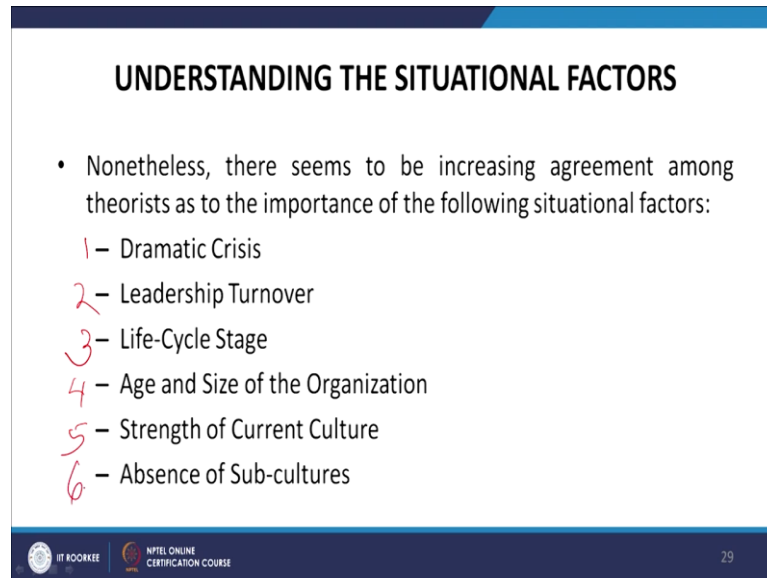
- The foregoing discussion suggests that the real question, one should seek answer for, is not,
  - Can culture be managed? but rather,
  - Are there conditions under which culture can be managed?
- This leads us to a *situational analysis* of conditions that are necessary for, or will facilitate, cultural change.
- These ideas are based on observation as well as substantive research.

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Now, let us start understanding the situational factors. The foregoing discussion suggests that the real question one should seek answer for, is not, can culture be managed? but rather, are there conditions under which culture can be managed? This leads us to a situational analysis of conditions that are necessary for, or will facilitate, cultural change. These ideas are based on observation as well as substantive research.

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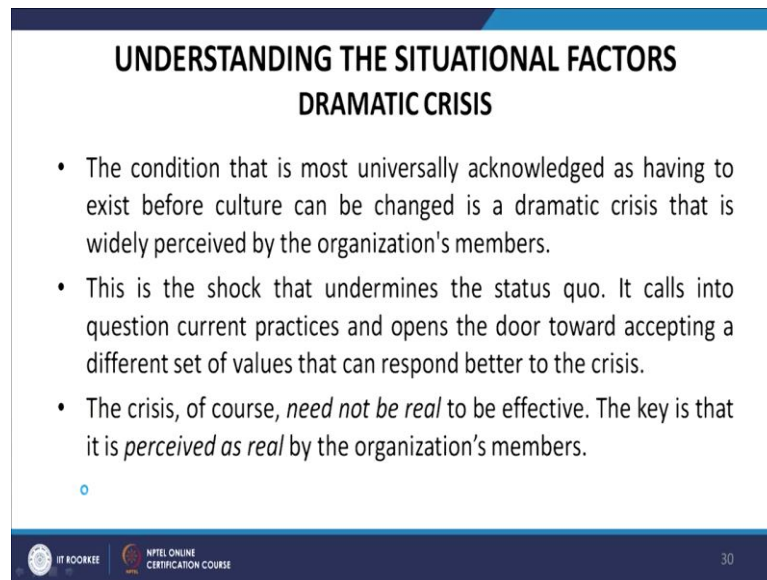
**UNDERSTANDING THE SITUATIONAL FACTORS**

- Nonetheless, there seems to be increasing agreement among theorists as to the importance of the following situational factors:
  - 1 – Dramatic Crisis
  - 2 – Leadership Turnover
  - 3 – Life-Cycle Stage
  - 4 – Age and Size of the Organization
  - 5 – Strength of Current Culture
  - 6 – Absence of Sub-cultures

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Nevertheless, there seems to be an increasing agreement among theorists as to the importance of the following situational factors- the first is dramatic crisis; the second is leadership turnover; the third is life-cycle stage; the fourth is age and size of the organization; the fifth is strength of current culture; the sixth is absence of sub-cultures.

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**UNDERSTANDING THE SITUATIONAL FACTORS**  
**DRAMATIC CRISIS**

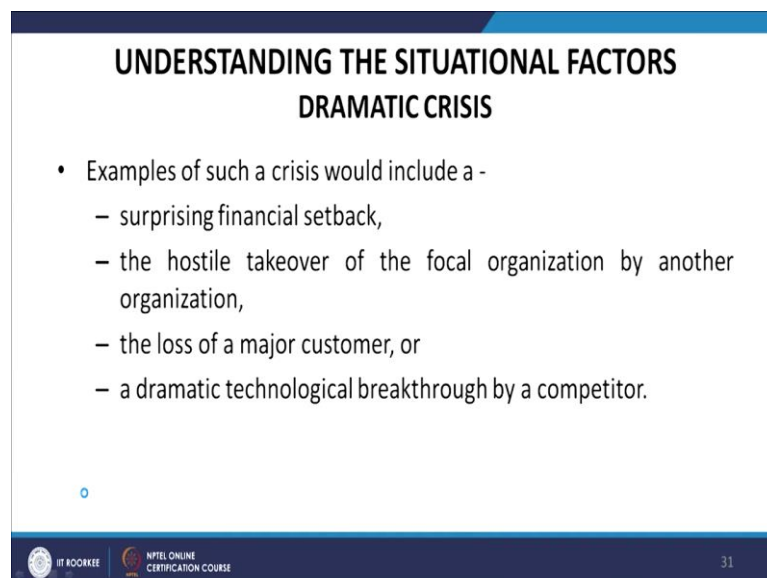
- The condition that is most universally acknowledged as having to exist before culture can be changed is a dramatic crisis that is widely perceived by the organization's members.
- This is the shock that undermines the status quo. It calls into question current practices and opens the door toward accepting a different set of values that can respond better to the crisis.
- The crisis, of course, *need not be real* to be effective. The key is that it is *perceived as real* by the organization's members.

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Now, let us look at each of these factors. So, we will start with dramatic crisis. The condition that is most universally acknowledged as having to exist before culture can be changed is a dramatic crisis that is widely perceived by the organization's members. This is the shock that undermines the status quo.

It calls into question current practices and opens the door towards accepting a different set of values that can respond better to the crisis. The crisis, of course, need not be real to be effective. The key is that it is perceived as real by the organization's members.

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**UNDERSTANDING THE SITUATIONAL FACTORS**  
**DRAMATIC CRISIS**

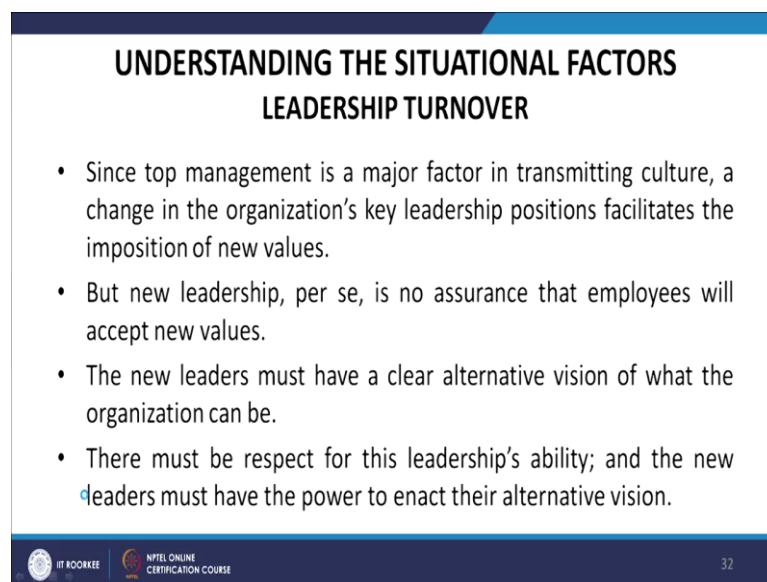
- Examples of such a crisis would include a -
  - surprising financial setback,
  - the hostile takeover of the focal organization by another organization,
  - the loss of a major customer, or
  - a dramatic technological breakthrough by a competitor.

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Examples of such a crisis would include a surprising financial setback, the hostile takeover of a focal organization by another organization, the loss of major customer, or a dramatic technology breakthrough by a competitor.

The second of those sectors is the leadership turnover. Since top management is a major factor in transmitting culture, a change in the organization's key leadership positions facilitates the imposition of new values. But new leadership, per se, is no assurance that employees will accept new values. The new leader must have a clear alternative vision of what the organization can be.

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**UNDERSTANDING THE SITUATIONAL FACTORS**  
**LEADERSHIP TURNOVER**

- Since top management is a major factor in transmitting culture, a change in the organization's key leadership positions facilitates the imposition of new values.
- But new leadership, per se, is no assurance that employees will accept new values.
- The new leaders must have a clear alternative vision of what the organization can be.
- There must be respect for this leadership's ability; and the new leaders must have the power to enact their alternative vision.

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There must be respect for this leadership's ability; and the new leaders must have the power to enact their alternative vision.

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**UNDERSTANDING THE SITUATIONAL FACTORS**  
**LEADERSHIP TURNOVER**

- Without an alternative set of values new leadership is unlikely to differ from what had proved successful in the past.
- Leadership turnover must encompass the organization's chief executive. But it is not limited to this position.
- The likelihood of successful cultural change typically increases with a purge of all major management positions.
- Rather than having previous executives accept the new leader's values, it is usually more effective to replace people with individuals who have no vested interest in the old culture.

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Without an alternative set of values new leadership is unlikely to differ from what had proved successful in the past. Leadership turnover must encompass the organization's chief executive. But it is not limited to this position.

The likelihood of successful cultural change typically increases with a purge of all major management positions. Rather than having previous executive accept the new leader's values, it is usually more effective to replace people with individual who have no vested interest in the old culture.

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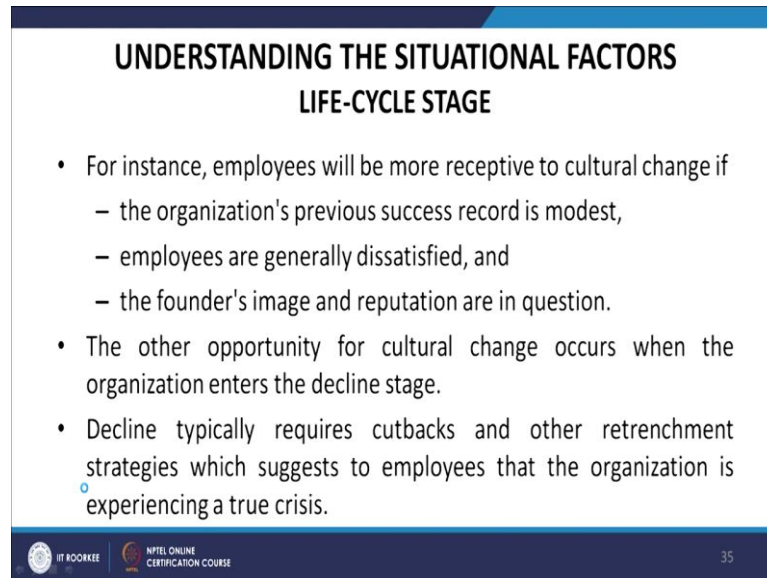
**UNDERSTANDING THE SITUATIONAL FACTORS**  
**LIFE-CYCLE STAGE**

- Cultural change is easier when the organization is in transition from the formation stage to the growth stage, and from maturity into decline.
- As the organization moves into growth, major changes will be necessary.
- These changes are more likely to be accepted because the culture is less entrenched.
- However, other factors will facilitate acceptance of the change.

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Another factor is lifecycle stage. Cultural change is easier when the organization is in transition from the formation stage to the growth stage, and from maturity into decline. As the organization moves into growth, major changes will be necessary. These changes are more likely to be accepted because the culture is less entrenched. However, other factors will facilitate acceptance of the change.

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**UNDERSTANDING THE SITUATIONAL FACTORS**  
**LIFE-CYCLE STAGE**

- For instance, employees will be more receptive to cultural change if
  - the organization's previous success record is modest,
  - employees are generally dissatisfied, and
  - the founder's image and reputation are in question.
- The other opportunity for cultural change occurs when the organization enters the decline stage.
- Decline typically requires cutbacks and other retrenchment strategies which suggests to employees that the organization is experiencing a true crisis.

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For instance, employees will be more receptive to cultural change if - the organization's previous success record is modest, employees are generally dissatisfied, and the founder's image and reputation are in question. The other opportunity for cultural change occurs when the organization enters the decline stage. Decline typically requires cutbacks and other retrenchment strategies which suggests to employees that the organization is experiencing a true crisis.

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**UNDERSTANDING THE SITUATIONAL FACTORS**  
**AGE & SIZE OF THE ORGANIZATION**

- **Age of the Organization:** Regardless of its life-cycle stage, the younger an organization is, the less entrenched its values will be.
- Cultural change is more likely to be accepted in an organization that is only five years old than in one that is fifty years old.
- **Size of the Organization:** It is proposed that cultural change is easier to implement in a small organization. Because in such organizations, it's easier for management to reach employees.
- Communication is clearer, and role models are more visible, thus enhancing the opportunity to disseminate new values.

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Another factor is age and size of the organization. So, we will start with looking at the age. ~~So, age of the organization -~~ Regardless of its life-cycle stage, the younger an organization is, the less entrenched its values will be.

Cultural change is more likely to be accepted in an organization that is only five years old than in the one that is fifty years old. Size of the organization: it is proposed that cultural change is easier to implement in a small organization. Because in such organizations, it is easier for management to reach employees. Communication is clearer, the role models are more visible, thus enhancing the opportunity to disseminate new values.

Now, comes the strength of the current culture. The more widely held a culture is and the higher the agreement among members ~~-of~~ on its values, the more difficult it will be to change. Conversely, weak cultures should be more amiable to change than ~~a~~ strong ones. As discussed in examples presented earlier in this module, the strong cultures are more stable and rigid and difficult to adapt to change.

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**UNDERSTANDING THE SITUATIONAL FACTORS**

**ABSENCE OF SUBCULTURES**

- Heterogeneity increases members' concern with protecting their self-interest and resisting change.
- Therefore, we would expect that the more subcultures there are, the more resistance there will be to changes in the dominant culture.
- This thesis can also be related to size. Larger organizations will be more resistant to cultural change because they typically tend to have more subcultures.

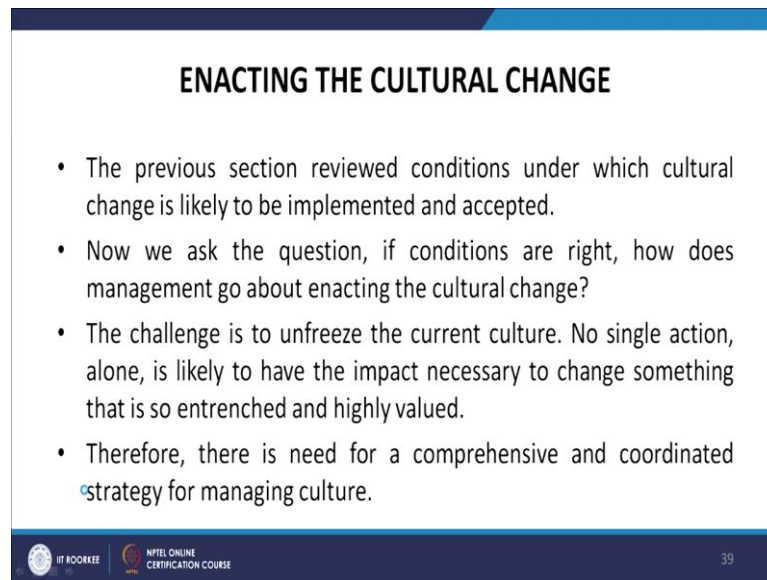
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Then, comes ~~to~~ the absence of subcultures. Heterogeneity increases member<sup>s</sup>' concern with protecting their self-interest and resisting change. Therefore, we would expect that the more subcultures there are, the more resistance there will be to changes in the dominant culture.

This thesis can also be related to size. Larger organizations can be more resistant~~tee~~ to cultural change because they typically tend ~~to be to~~ have more subcultures. Now, look at how to go about enacting the cultural change. The previous section reviewed conditions under which cultural change is likely to be implemented and accepted.

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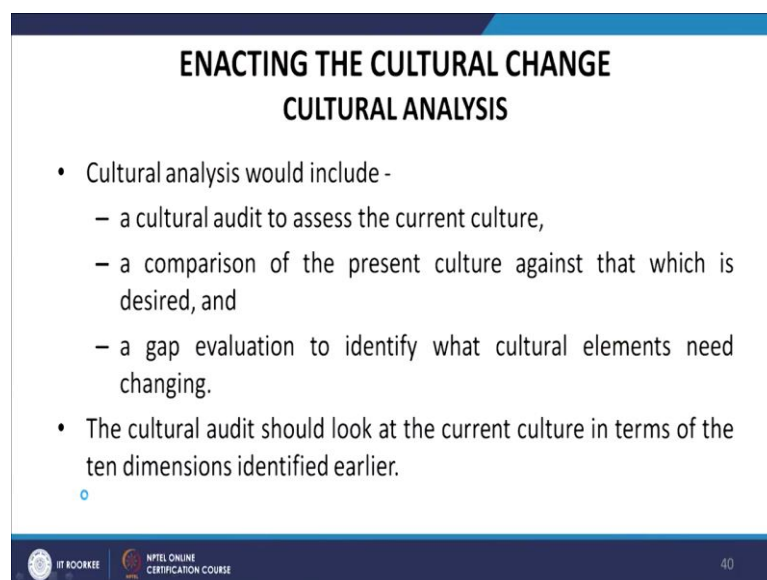
**ENACTING THE CULTURAL CHANGE**

- The previous section reviewed conditions under which cultural change is likely to be implemented and accepted.
- Now we ask the question, if conditions are right, how does management go about enacting the cultural change?
- The challenge is to unfreeze the current culture. No single action, alone, is likely to have the impact necessary to change something that is so entrenched and highly valued.
- Therefore, there is need for a comprehensive and coordinated strategy for managing culture.

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Now, we asked the question, if conditions are right, how does management go about enacting the cultural change? The challenge is to unfreeze the current culture. No single action, alone, is likely to have the impact necessary to change something that is so entrenched and highly valued. Therefore, there is a need for a comprehensive and coordinated strategy for managing culture. Now, let us look at the cultural analysis.

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**ENACTING THE CULTURAL CHANGE**  
**CULTURAL ANALYSIS**

- Cultural analysis would include -
  - a cultural audit to assess the current culture,
  - a comparison of the present culture against that which is desired, and
  - a gap evaluation to identify what cultural elements need changing.
- The cultural audit should look at the current culture in terms of the ten dimensions identified earlier.

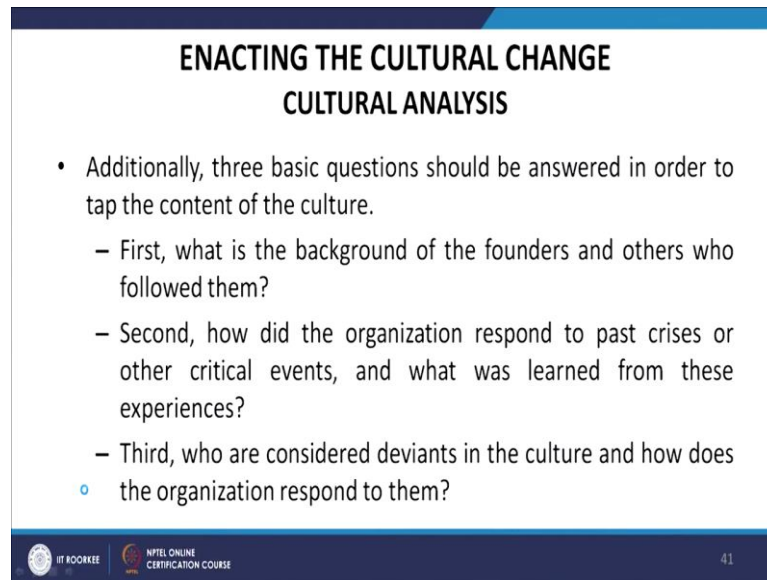
IT ROORKEE | NPTEL ONLINE CERTIFICATION COURSE 40

So, cultural analysis would include - a cultural audit to assess the current culture, a comparison of the present culture against that which is desired, and the gap evaluation to



identify what cultural elements need changing. The cultural audit should look at the current culture in terms of ten dimensions identified earlier. Additionally, three basic questions should be answered in order to tap the content of the culture.

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**ENACTING THE CULTURAL CHANGE**  
**CULTURAL ANALYSIS**

- Additionally, three basic questions should be answered in order to tap the content of the culture.
  - First, what is the background of the founders and others who followed them?
  - Second, how did the organization respond to past crises or other critical events, and what was learned from these experiences?
  - Third, who are considered deviants in the culture and how does the organization respond to them?

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First, what is the background of the founders and others who followed them? Second, how did the organization respond to past crisis or other critical events, and what was learned from these experiences? The third is, who are considered deviants in the culture and how does the organization respond to them?

Answers to these questions will reveal how particular values came to be formed, the ordering of these values, and where the culture's boundaries are. The next step in cultural analysis requires the articulation of values sought in the new culture. The desired culture can then be compared against the organization's current values.

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**ENACTING THE CULTURAL CHANGE**  
**CULTURAL ANALYSIS**

- Answers to these questions will reveal how particular values came to be formed, the ordering of these values, and where the culture's boundaries are.
- The next step in cultural analysis requires the articulation of values sought in the new culture.
- This desired culture can then be compared against the organization's current values.
- The final step in cultural analysis is to identify what cultural dimensions and values are out of alignment and need changing.

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The final step in cultural analysis is to identify what cultural dimensions and values are out of alignment and need changing.

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**ENACTING THE CULTURAL CHANGE**  
**CULTURAL ANALYSIS**

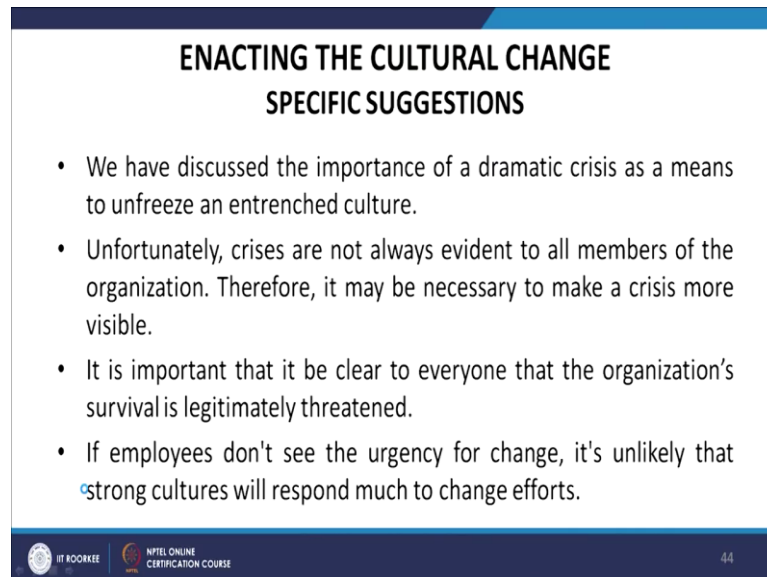
- It's unlikely that all the core values will be found unacceptable and require any modification.
- So this step will focus attention only on those specific current values that need modification.
- Once the gaps have been identified, consideration can be given to the specific actions that will directly correct the discrepancies.

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It is unlikely that all the core values will be found unacceptable and require any modification. So, this step will focus attention only on those specific current values that need modification. Once the gaps have been identified, consideration can be given to the specific actions that will directly correct the discrepancies. Now, we have some specific suggestions. So, we have discussed the importance of a dramatic crisis as a means to

unfreeze an entrenched culture. Unfortunately, crises are not always evident to all members of the organization. Therefore, it may be necessary to make a crisis more visible. It is important that it is clear to everyone that the organization's survival is legitimately threatened.

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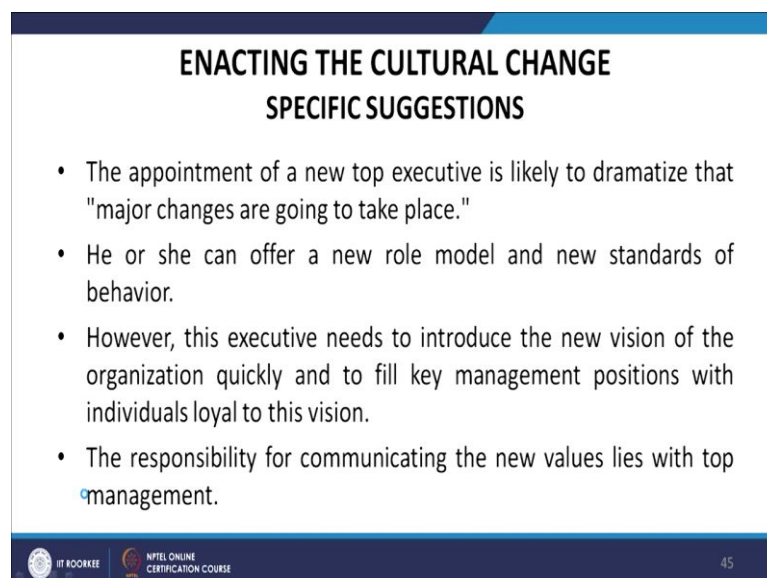
**ENACTING THE CULTURAL CHANGE**  
**SPECIFIC SUGGESTIONS**

- We have discussed the importance of a dramatic crisis as a means to unfreeze an entrenched culture.
- Unfortunately, crises are not always evident to all members of the organization. Therefore, it may be necessary to make a crisis more visible.
- It is important that it be clear to everyone that the organization's survival is legitimately threatened.
- If employees don't see the urgency for change, it's unlikely that strong cultures will respond much to change efforts.

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If employees do not see the urgency for change, it is unlikely that strong cultures will respond much to change efforts.

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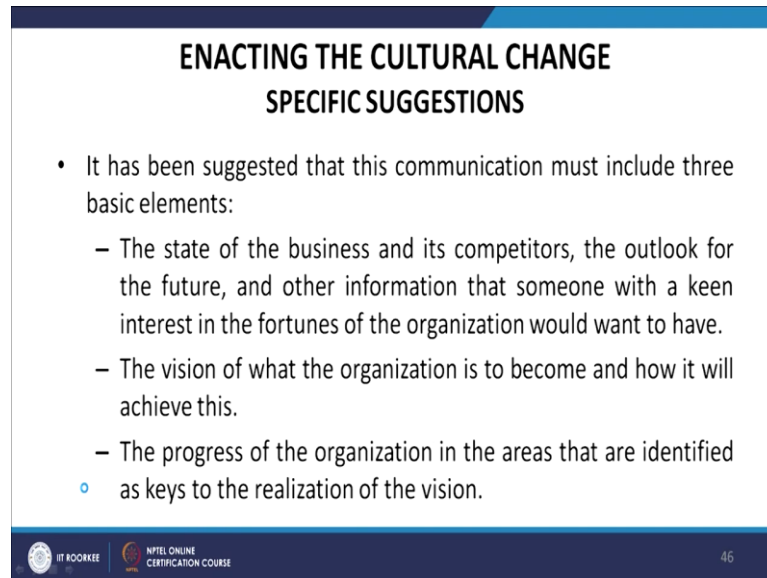
**ENACTING THE CULTURAL CHANGE**  
**SPECIFIC SUGGESTIONS**

- The appointment of a new top executive is likely to dramatize that "major changes are going to take place."
- He or she can offer a new role model and new standards of behavior.
- However, this executive needs to introduce the new vision of the organization quickly and to fill key management positions with individuals loyal to this vision.
- The responsibility for communicating the new values lies with top management.

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The appointment of new top executive is likely to dramatize that “major changes are going to take place.” He or she can offer a new role model and new standards of behaviour. However, this executive needs to introduce the new vision of the organization quickly and to fill key management positions with individuals loyal to his vision. The responsibility for communicating the new values lies with top management.

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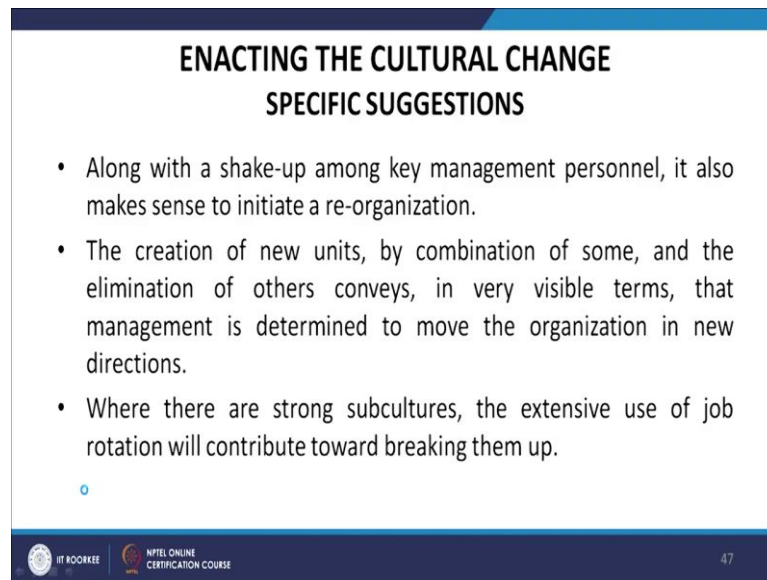
**ENACTING THE CULTURAL CHANGE**  
**SPECIFIC SUGGESTIONS**

- It has been suggested that this communication must include three basic elements:
  - The state of the business and its competitors, the outlook for the future, and other information that someone with a keen interest in the fortunes of the organization would want to have.
  - The vision of what the organization is to become and how it will achieve this.
  - The progress of the organization in the areas that are identified as keys to the realization of the vision.

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It has been suggested that this communication must include three basic elements. The first element is the state of the business and its competitors, the outlook for the future, the other information that someone with a keen interest in the fortunes of the organization would want to have. The second is the vision of what the organization is to become and how it will achieve this. The progress of the organization in the areas that are identified as key to the realization of the vision.

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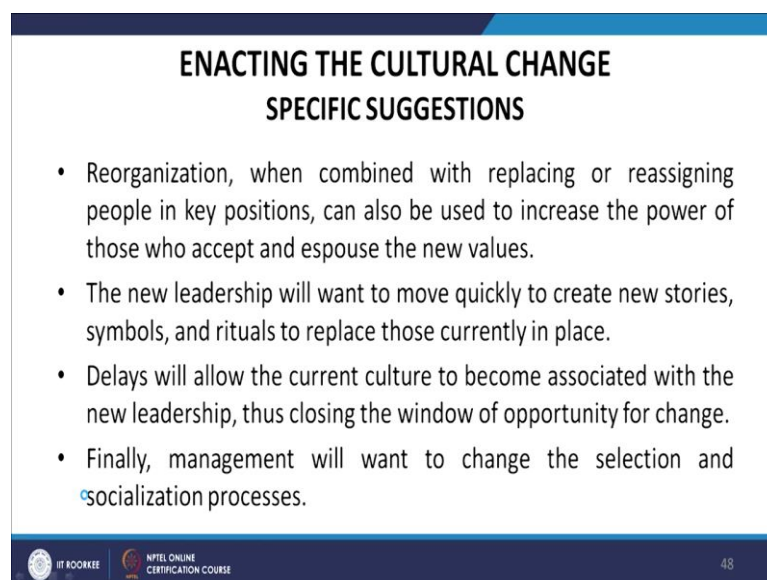
**ENACTING THE CULTURAL CHANGE**  
**SPECIFIC SUGGESTIONS**

- Along with a shake-up among key management personnel, it also makes sense to initiate a re-organization.
- The creation of new units, by combination of some, and the elimination of others conveys, in very visible terms, that management is determined to move the organization in new directions.
- Where there are strong subcultures, the extensive use of job rotation will contribute toward breaking them up.

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Along with a shake-up among key management personnel, it also makes sense to initiate a re-organization. The creation of new units, by combination of some, and the elimination of others conveys, in a very visible term, that management is determined to move the organization in new directions. Where there are strong subcultures, the extensive use of job rotation will contribute towards breaking them up.

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**ENACTING THE CULTURAL CHANGE**  
**SPECIFIC SUGGESTIONS**

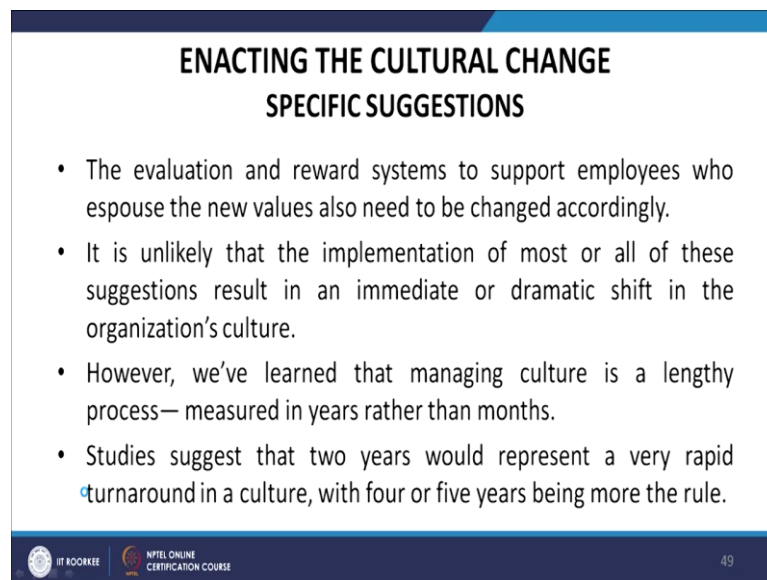
- Reorganization, when combined with replacing or reassigning people in key positions, can also be used to increase the power of those who accept and espouse the new values.
- The new leadership will want to move quickly to create new stories, symbols, and rituals to replace those currently in place.
- Delays will allow the current culture to become associated with the new leadership, thus closing the window of opportunity for change.
- Finally, management will want to change the selection and socialization processes.

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Reorganization, when combined with replacing or reassigning people in key positions, can also be used to increase the power of those who accept and espouse the new values.

The new leadership will want to move quickly to create new stories, symbols, and rituals to replace those currently in place. Delays will allow the current culture to become associated with the new leadership, thus closing the window of opportunity for change. Finally, management will want to change the selection and socialization processes.

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The slide is titled "ENACTING THE CULTURAL CHANGE" in bold, black, uppercase letters. Below the title is the subtitle "SPECIFIC SUGGESTIONS" in bold, black, uppercase letters. The slide contains four bullet points, each preceded by a blue circular icon. The first bullet point discusses the need to change evaluation and reward systems. The second bullet point states that implementation of suggestions does not result in an immediate or dramatic shift in culture. The third bullet point notes that managing culture is a lengthy process measured in years. The fourth bullet point mentions that studies suggest a two-year turnaround is very rapid, while four or five years is more typical. At the bottom of the slide, there is a dark blue footer bar containing the logos for "IIT ROORKEE" and "NPTEL ONLINE CERTIFICATION COURSE", along with the page number "49".

**ENACTING THE CULTURAL CHANGE**  
**SPECIFIC SUGGESTIONS**

- The evaluation and reward systems to support employees who espouse the new values also need to be changed accordingly.
- It is unlikely that the implementation of most or all of these suggestions result in an immediate or dramatic shift in the organization's culture.
- However, we've learned that managing culture is a lengthy process—measured in years rather than months.
- Studies suggest that two years would represent a very rapid turnaround in a culture, with four or five years being more the rule.

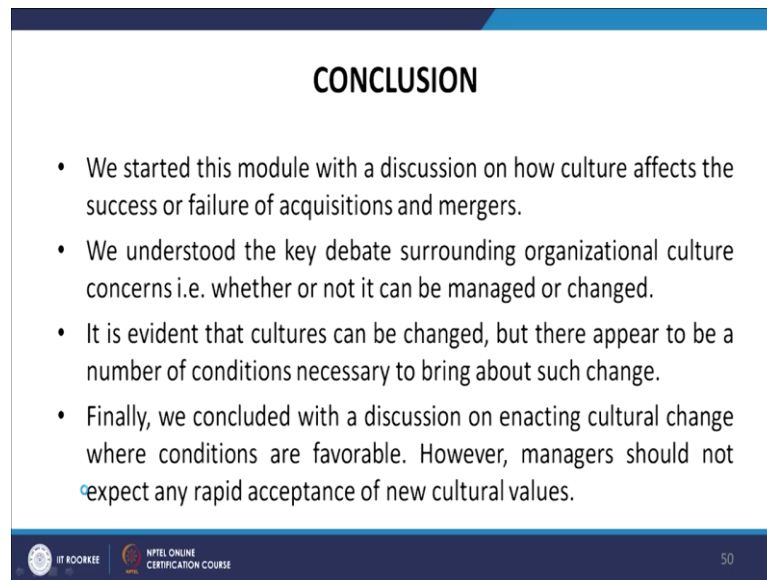
IIT ROORKEE NPTEL ONLINE CERTIFICATION COURSE 49

The evaluation and reward systems to support employees who espouse the new values also need to be changed accordingly. It is unlikely that the implementation of most or all of these suggestions result in an immediate or dramatic shift in the organization's culture. However, we have learned that managing culture is a lengthy process - measured in years rather than months.

Studies suggests that two years would represent a good rapid turnaround in a culture, with four or five years being more the rule.

So, in order to conclude this module, we had started this module with a discussion on how culture affects the success or failure of acquisitions and mergers.

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### CONCLUSION

- We started this module with a discussion on how culture affects the success or failure of acquisitions and mergers.
- We understood the key debate surrounding organizational culture concerns i.e. whether or not it can be managed or changed.
- It is evident that cultures can be changed, but there appear to be a number of conditions necessary to bring about such change.
- Finally, we concluded with a discussion on enacting cultural change where conditions are favorable. However, managers should not expect any rapid acceptance of new cultural values.

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Then, we understood the key debate surrounding organizational culture concerns that is whether or not it can be managed or changed. It is evident that cultures can be changed, but there appears to be number of conditions necessary to bring about such change. Finally, we concluded with a discussion on enacting ~~so~~ cultural change where conditions are favorable. However, managers should not expect any rapid acceptance of new cultural values.

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And these are the four books from which the material for this module was used.

Thank you.