

Chapter 4

Conclusion

Section 1

Interpreting, Internalizing, Effecting Change, Adapting, Leading an intellectual corporation

This chapter summarizes extensively on theoretical notes as well as conclusions drawn from this research. An organization's culture doesn't pop out of thin air. Once established, it rarely fades away. What forces influence the creation of a culture? What reinforces and sustains them once they are in place? How do new employees learn their organization's culture? The following summarizes what we've learned about how cultures are created, sustained, and transmitted. And of the crisis of leadership being the mediocrity, callousness and irresponsibility, and the disdain and contempt that an average citizen have for the men and women in positions of authority and power. Yet in all of this morass lies a small group of men and women who by sheer personal values, beliefs, courage and the desire to make change happen have strode into the lives of people who they are responsible for. To them dreaming in color and living in black and white is a reality. And they still seek and ask for more as they give and provide more.

Change reflects intellectualization of the corporation. HDFC Bank has coped with this changed. Making the organization energized with people, process where the intellect turns into the dominant force in the management process. In all change management efforts current business scenario, strategic positioning of the organization, structure, managerial values, corporate

philosophy, the managerial styles and practices, impacted players become relevant for consideration of the facilitator. Similarly in this program too change agents (Ashok Balwani, CEO of DNV is an example of becoming a change agent when he visualizes moving all of his European and US back office to India). Should make visible the value of intellectual depth and its application. Adequate communication should constantly take place to make members understand the value of application synthesis in all of their new ideas. Each communicating group turns into a network and eventually a network of networks. The premium on learning and its use as the only competitive survival strategy should be made known vociferously. No Company has generated significant momentum in profound change efforts without evolving spirited, active, internal networks of practitioners, people sharing progress and helping one another. Critically change does not follow a pattern and has strong discontinuous sequences. It can almost be guaranteed that what worked well in the past would probably fail the second time over. We need

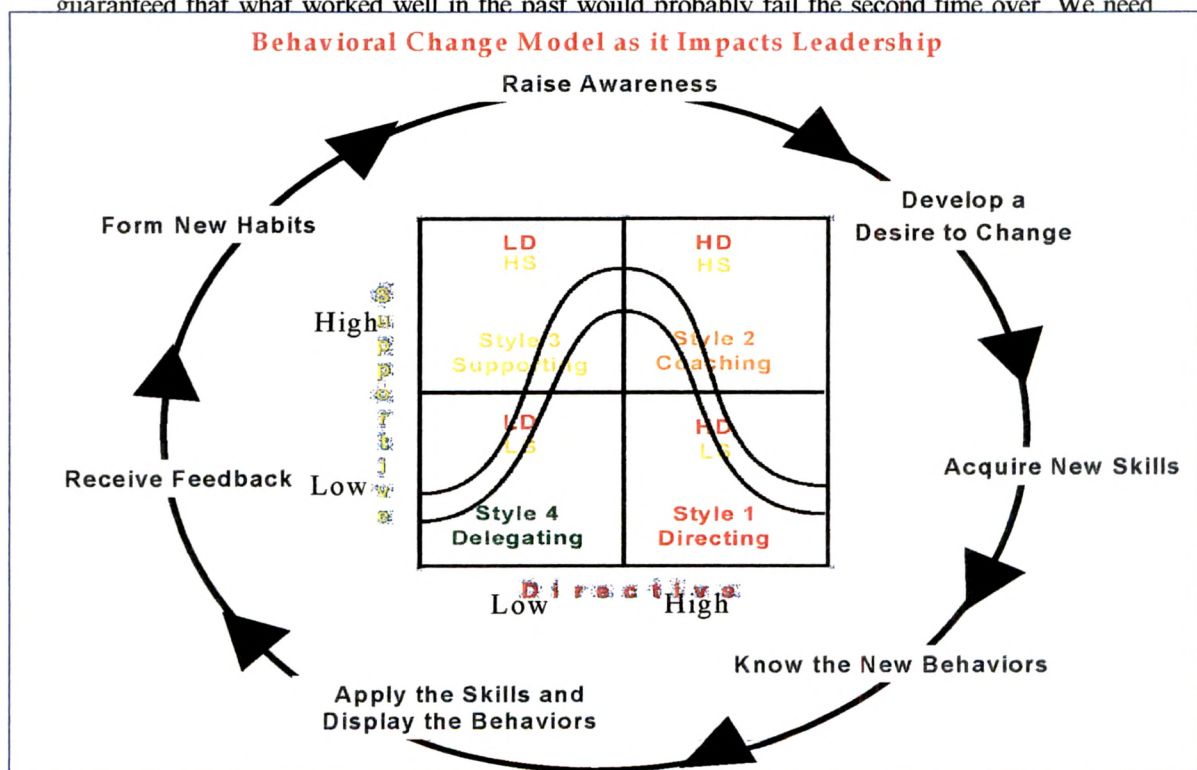


Figure: 50 Behavioral Change Model as it Impacts Leadership

spreads more widely, giving rise to more interest, and potentially to more initiatives. Managers do not jump into the change initiative just because it sounds interesting or those key players are all in it. They initially wait for the first cut results to pour in and then choose their personal position.

Behavioral Change is a starting point in making cultures work and transmit.

Typically informal group houses are created to help each other transit into the knowledge company with limited entry barriers, thereafter meet periodically, share their learning and make each of them enjoy the experience. This would happen as long as it is not position as yet another change management program of the company causing more cynicism. Direct effect of communication and trust has a good example from Hindustan Lever. Historical events from Chemicals Division had created the collective assumption that management would always reduce capital funding requests. To offset these reductions, project managers automatically added a "cushion" to their budgets. As the division leaders began to trust their project managers, things changed. Management stopped making these reductions, and project managers stopped adding a cushion. Now people just talk honestly about investments that were needed and the real constraints in funding. This saved a great deal of wasted time and allowing the company to prioritize the investments on a need basis. Trust brings in responsibility. Learning efforts should focus initially on the thought generation process and thereafter on the practical results that it has commenced to deliver. Results provide a context, a meaning, a method and a reason for experimentation, adaptation, and feedback. Seeing the consequences of team efforts and learning from the experience is critical for the network groups to succeed. Learning fundamentally assumes a time lag between the new thought process creation, establishing the internalizing of

learning, bringing connected networks of learning together, application to business processes and attaining concrete business performance and bottom line.

Intellectual corporations (Quintiles business proposition is to follow the sun model when west is sleeping India enables conversions of medical information and transcribes back to the west by the time they wake up) prosper in making change happen realistically. It, to our mind, only demonstrates a further application of mind to make the change permanent and effective. Typically the corporation operates through identification of relevant people to the change process, bringing their values and identity together, network with relevant cross-team players, assess their intellectual compatibility, bring in commitment, define business goals and results and charges the team to move forward. There is a transparent and open communication involving review and feedback including action-oriented goals. Essentially this stage acts as a facilitation step in the intellectualization process. Critically the differentiating factor is that change is neither directed, conceptualized nor delivered by the top management. The change happens by a team of people who feel the need to change without encountering an entry-exit experience. Whirlpool attempted serious management changes while they completed their acquisition processes of other manufacturing plants. While the change by itself could mean an impact on the average employee the process required to help make the transition is definitely not ignored, neglected or derided.

Several intermittent steps are necessary to make this adaptation process real and on line. Pharma Company and its Product development thrust symbolize the need to protect its identity as an innovative company.

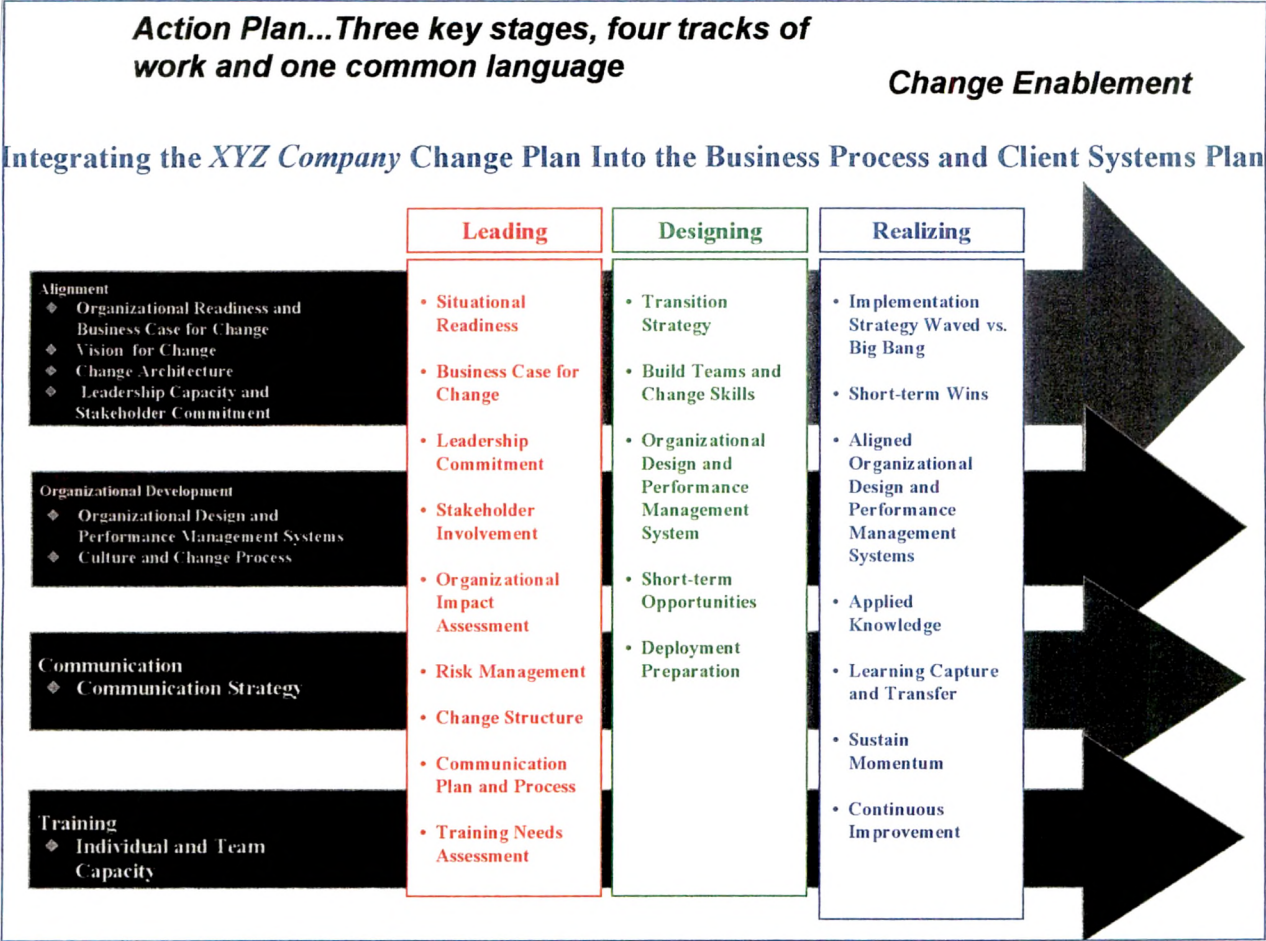


Figure: 51 Organizational Management Blue Print to design, Lead and Realize Business Processes with Organizational Change.

- Intellectual stereotypes should be managed across the corporate population. An added element of predictability and behavioral

understanding should be brought in while dealing on any people issue.

(Drucker)

- A detailed start up workshop on Transformation and the creation of the Intellectual Corporation should be a curtain raiser. The entire effort should be fancy free and should mean business with people as the drivers. That the program is eminently capable of being dropped half way through if the concerned people do not want it. No jobs will be lost. The question does not arise either.
- Thinkers-doer's distinction should be eliminated in policy, spirit and in action. (Davenport 2000)
- The change effort should commence in a small, measurable way and should escalate in intensity logically. (Pfeiffer)
- Individuals cannot be subjugated to staid forms and methods outdated in content and spirit while intellectualization efforts are on in an organization. (Andersen – The Renaissance)
- Barriers of an intellectual nature describing organization in pockets, creating functional silos, taking positions on right and wrong are all avoidable completely. (Andersen, E & Y, PwC, Big 5 Accounting firms that suffer from ill defined scope of practice as an institutionalized problem on a global basis).
- The change envisaged is not a quick fix problem solving initiative. There is an assumed level of intellectual rigor expected of the organizational members and the organizing actors to make the change real to all people. (Quinn)

- People encountering change should understand that this is not a yet another corporate HQ driven program with a fix all perspective and that this initiative has come bottom up. That the expectation of the change is only as good as the expectation that they have from it themselves. (Kanter)
- First serving a follower, a leader subsequently can best understand his followers. (Hegel 1830/1971)
- Top management should know by knowledge and experience when to get off the back of the individual. (Peters and waterman 1982)
- Change is not an accident. It is planned and done in a pre meditated manner if desired results are expected (Shermon 2000 on Lalbhai Group)
- Effect of Culture on Organizational Climate (Daftuar C N)

Section 2. Interpreting Culture

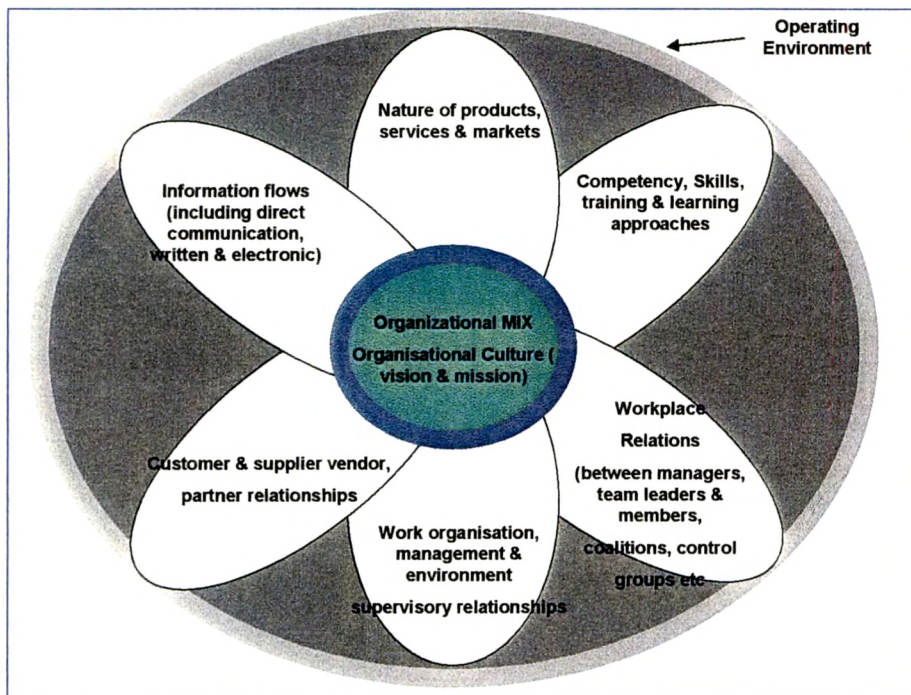
a. Interpreting Culture: Inherited Cultures

The heroes in Homer's Iliad exemplified Greek concepts of leadership. Ajax symbolized inspirational leadership and law and order. Other qualities that the Greeks admired and thought were needed (and sometimes wanting) in heroic leaders were:

1. Justice and Judgement (Agamemnon)
2. Wisdom and Counsel (Nestor)
3. Shrewdness and Cunning (Odysseus)
4. Valor and Activism (Achilles)

A scholarly highlight of the Renaissance was Machiavelli's (1513) *The prince*. Machiavelli's thesis that "there is nothing more difficult to take in hand, more perilous to conduct, or more uncertain in its success, than to take the lead in the introduction of a new order of things". This is still a relevant description of the risks of leadership and the resistance to it when effecting change, particularly cultural change.

Figure: 52 Effective culture combining Organizational Mix (Business Processes) and Culture



Understanding organizational processes is a starting point in interpreting organizational culture and following through to its history and founders. An organization's current customs, traditions, and general way of doing things are largely due to what it has done before and the degree of

success it had with those endeavors in its context of a culture. This leads us to the ultimate source of an organization's culture: its founders! The founding fathers or mothers of an organization traditionally have a major impact in establishing the early culture. They have a vision or mission of what the organization should be. They are unconstrained by previous customs of doing things or by ideologies. The small size that typically characterizes any new organization further facilitates the founders' imposing their vision on all organizational members. Because the founders have the original idea, they also typically have biases on how to get the idea fulfilled. The organization's culture results from the interaction between the founders' biases and assumptions and what the original members whom the founder initially employs learn subsequently from their own experiences. Once a culture is in place, there are forces within the organization that act to maintain it by giving employees a set of similar experiences. The three forces that play the most important part in sustaining a culture are the organization's selection practices the actions of top management, and the organization's socialization methods. Leaders operate in a context as they determine what culture are they coping with and as they interpret and understand the culture that is encountering. Machiavellian believed that leaders needed steadiness, firmness, and concern for the maintenance of authority, power and order in governance. Leaders deploy styles adaptive to the situation and behave in acceptable forms as the culture asks of them in the initial stages of their roles. Leaders interpret cultures as they perform organizational roles like managing, directing, mentoring or deciding. They realize the organizational culture in each of the circumstance that they experience while performing their roles. And in each of their interventions lies a cultural impact to the organization. As they make their point of view and positions clear the organizations begin to learn and understand the CEO speak. In politics, Aristotle was disturbed by the lack of virtue among those wanted to be leaders.

b. Interpreting Culture: Connecting to Strategic Aims

The companies have clearly defined corporate culture through which their strategic aims are convincingly promulgated. The new models of corporate organizations retain an entrepreneurial instinct and work hard to stay highly decentralized thereby attaining remarkable properties for coping with change. The organizations are permeated by a restless drive for improvement, an obsessive conviction that a job is never done. To them, no product, service, or function is ever good enough, the search for more, new and better must go on. The long hours of intense work done by organizational team members carry them close their limits. Long hours of close association help them understand and appreciate the difficulties and challenges facing one another. The process of constructive confrontation is encouraged - When employees put their heads together, they cannot only eliminate differences in ideas but strengthen and foster good one. Organizational models make leadership settling down process easier and effective as organizational models are by themselves an amalgamation of actions, decisions, stories and sagas.

Arvind Singhal, Chairman of multinational consulting enterprise, KSA Technopak, says, Structure and Hierarchy Influence, Management Style, the Role of the CEO in building organization visions. CEO must have a flexibility in developing / evolving Organizational structures and Management style. The needs of organizations will change over time, and so would the challenges and priorities. CEO should not compromise on corporate values but path taken to achieve the results can change over time. The Role of the CEO/leader in regard to strategy processes technology and people actions and leader's influence in the existence of specific types of cultures. Leader must be able to communicate the Corporate Vision and Objectives unequivocally across the organization. However, thereafter he / she must focus on result metrics rather than the process /

operating styles of the functional leadership. Leadership Style as practiced by the management groups influences the culture. And this culture can change as the composition of management groups itself changes. As long as Core Values are held sacrosanct, these cultural changes can actually reflect the vibrancy of the Organization. CEO/leader focus on performance, climate, communication, and HRM practices, on monetary reward programs and influence over high performers, and management attention on retaining high performers. In a fast changing and more competitive world, some of the roles mentioned above have to be shared by the CEO with a few other senior colleagues (e.g. Compensation, Communication, and Motivation leading to retention of high performers). Vision, values, beliefs and his dream drive the Leader as a person. The Leader's emphasizes on the Individual and the Intellect, and a role in building individual and organizational knowledge. Leader definitely emphasizes the corporate recognition of the value of intellectual capital and the individuals having the repository of this capital. However, building the individual and managing storage and retrieval of the knowledge is a key "line" function and should be facilitated by a line manager identified for this purpose (Chief Information Officer – not in the IT sense of the title but on the larger "Information" issue itself). The CEO/leader's has a role in emphasizing on culture aspects pertaining to empowerment, delegation, individual contribution, accountability and responsibility. CEO/leader's has a role in actively participating in attracting, retaining and rewarding star talent and performers. However, this has to be done down the "line", and therefore the CEO also has to encourage such star talent and performers to further develop and reward talent reporting to them. The Leader's has a role in helping the organization retain an open mind to an unknown environment.

c. Interpreting Culture: Striking Mutuality in Values

The successful organizations strive hard to communicate and interpret a common set of company values that identifies their commitment to serving customers, to attain perfection in quality and to the development of human resources. The culturally permissive organizations allow the organizational members to do their own things to a remarkable degree. Culture as shared meanings and organizations as ordered behavior, together leading to cooperative result, are not merely planned and commanded, - initiated, created or designed. They are always partially spontaneous, responsive, both self-realized and socially sanctioned and inspired. These values are in turn influenced or imbibed by the leader. There is still not conclusive evidence to prove what factor influence values as much as its articulation to start with. Defined organizational values tend to be a starting point for leaders to speak their perspective of managerial and organizational issues.

And as we go along, organizational culture in the context of leadership serves important functions in organization to:

- (1) Generate commitment,
- (2) Cognitive sense making,
- (3) Boundary creation and
- (4) Action planning.

The organizations provide an impetus to exhibit a prolific commitment to long term relationships and ethical understandings.

An analysis of Lalbhai Group would tell us: The organizations work towards a climate for openness, mutuality of purpose, trust and fairness. The environment is conducive for self-understanding and development of process skills. The CEO is aware of the environment in which the organization is operating and realistically evaluates the potential for growth. The growth related areas for diversification are also limited to known areas. The organizations achieve internal cohesion by nature of its ability to consolidate and integrate. An area of demarcation that divests people from attaining organizational goals to individual aggrandizement, are the pretentious organizational lifestyles of the upper echelon of the management. Deceiving job designation, separate 'executive' dining halls, larger and luxurious offices separated from the rest of the organization and exclusive parking spaces an individual treatment. All this establishes a 'distance' between the executives and the doers and delays the achievement of the goals of the organization. Dynamic organizations emphasize the need to eliminate such frozen conventions and observance of codes by creating a climate for equality in organizational social status and create a momentum for enhanced pressure of performance. The absence of trust in working relationships is often a symptom of a failure in personal or corporate integrity. There is a definite strong tension between the inability of an organization and its significance and its meaningfulness to its members. Any organization is the product of a mixture of manipulation and participation. The technocratic approach should be complemented by efforts to involve the relevant members of the organization making process in order to find workable solutions. Participation is a feeling on the part of people, not just the mechanical act of being called in to take part in discussions.

Section 3. Internalizing Culture

In addition to explicit orientation and training programs, culture is transmitted to employees in a number of other forms – the most potent being through stories, rituals, material symbols, and language.

a. Internalizing Culture: Role of Stories. As they hear, told and listened and conveyed over time.

All organizations have their fund of stories, myths and legends. The nature and content of these represents and reflects the current state of organizational culture and well being. In our research we saw this in Unilever, Andersen, Citibank, Lalbhai Group that they all have stories to tell of what have they done, believed in and died for. Stories doing rounds is reasonably simple to interpret and thereafter internalize. Organizational members are keen to share what they know of the company and this articulation is pretty much done through examples. These examples in time become stories.

b. Internalizing Culture – Role of Grapevine

All organizations also have their own grapevine; this is the means by which stories, myths and legends become circulated and gain currency. In simple terms, the grapevine is the difference between what people want to know and what they do know. In particular, where communications are bad, a lot of personal time and energy is wasted on informal clusters, talking through particular scenarios and wondering what the future is to hold for them. In the worst cases, this is very destructive of motivation and morale. Grapevine when not managed or understood causes

political and insecurity issues within the organization. For example in Citibank this has been managed well:

“There is a Role of the leader in building work processes, in managing people strategy issues, and organizational emphasis on competing and performing in a complex environment. Leader’s emphasizes on building future leaders through mentoring, coaching and teaching, emphasis on teamwork. There is a Role of the CEO/leader in enabling organization to restructure and right size. There is a Role of the CEO/leader in preparing the organization to change as required. Leader’s has a role in sponsoring innovation, new ideas, take risks and implementing experiments. CEO/leader’s has a role in enabling inters dependencies between functions, businesses, technologies and the organization as a whole not in all circumstances. ”

c. Internalizing Culture: Role of Power and influence bases

The analysis at the power and influence base and its interface is primarily focused on documenting and ameliorating the effects of cultural impact on conflict prone decisions on those who remain within the organization. A stream of research, both laboratory and field, has provided documentation of the significant effects of cultural impact on conflict and behavioral modification can have on "survivors". These effects have been described in terms of altered, improved or lower morale (*e.g., Armstrong-Stassen, 1993*), high stress (*e.g., Leana and Feldman, 1992*), and a "syndrome" marked by anger, envy, and guilt (*e.g., Noer, 1993*). The perceived fairness of the downsizing is considered a key mediating variable (*e.g., Brockner, 1992*), as is the effectiveness of the communication of information (*e.g., Bridges, 1987*).

Key underlying assumptions include:

- 1) The pre-eminence of the organization over the individual, accompanied by a strong argument that the organization cannot reach its full potential without maximizing the effective use of human resources; although it is led by the CEO/LEADER.
- 2) Reliance upon the Lewin's three step approach of unfreezing, moving to a new level, and freezing at a new level; as illustrated by the Xerox and GE cases described above, Lewin argued that to "break open the shell of complacency, it is sometimes necessary to bring about a deliberate emotional stir-up" (*Lewin, 1951:229*);
- 3) Reliance upon psychological transition models, especially as put forward by Bridges (*1991*); Bridges theorizes three overlapping phases of transition - the ending of what was, a messy "neutral zone", or limbo, and a new beginning;
- 4) The end of the old implicit "psychological contract" assuring lifetime job security as long as the employee "keeps his or her nose clean" and does an adequate job and formulation of a new contract in which employees are more autonomous and self-reliant (*e.g., Bridges, 1994*).

Brockner (1994) and colleagues have studied the "fairness" of layoffs as a change management issue from a procedural justice perspective and have shown a link between perceived fairness of the layoffs and survivor commitment to the organization (*e.g., Brockner et al, 1994*). Among the fairness factors, which Brockner examines, is the connection with existing corporate culture. Organizations such as IBM and Digital Equipment which have traditionally had a policy of averting layoffs are likely to be perceived by employees as violating the psychological contract and therefore as more unfair when they do resort to layoffs.

Noer (1993) sees letting go of the old employment contract as tough but necessary. His view is that implicit lifetime employment guarantees are unhealthy both for individuals and organizations. They result in a sort of "organizational codependency" in which individuals invest enormous energy in trying to control the system and at the same time has much of their self-worth tied up in trying to live up to the organization's, not their own, values. In a similar vein, Hecksher (1995) concludes that management loyalty to the organization is no longer needed; what is needed is more professionalism, evidenced by creative contributions to the organization. Bridges (1994) goes even further; he sees a secular trend away from the traditional job, with security, job description, etc. Like Noer, he sees greater possibility for individuals to achieve autonomy and satisfaction by taking responsibility for their own futures.

Work relationships can become much testier during periods of organizational power challenges. That can take the form of "back stabbing, placing of blame, and overt failure to cooperate" (Mohrman and Mohrman, 1983:459). Hickok (1995) analyzed interview responses at two downsizing military bases and found that mentions of increased conflict in the workplace were significantly greater than the more positive mentions of pulling together. Again a leadership challenge to the commandant on keeping together a team that overtly is charged but covertly is demotivated.

In cultural terms, this refers to the reasons, actions and methods on what and why measures of influence are found in particular places. It also refers to matters of organization politics: the means by which people interact in order to facilitate their own position. Organizational power and its uses have a direct implication to culture as we have seen in the influence of a CEO role and decision making impact. "Power is the intentional influences over the beliefs, emotions, and behaviors of people. Potential power is the capacity to do so, but kinetic power is the act of doing

so.... One person exerts power over another to the degree that he is able to exact compliance as desired." "A has power over B to the extent that he can get B to do something that B would otherwise not do."⁷ Power is "the ability of those who possess power to bring about the outcomes they desire." *"Power is defined in this book simply as the capacity to effect (or affect organizational outcomes. The French word 'pouvoir' stands for both the noun 'power' and the verb 'to be able. To have power is to be able to get desired things done, to effect outcomes-actions and the decisions that precede them."* Analysis of these definitions shows some common elements: Effectance -getting one's way; the necessity of social interaction between two or more parties; the act or ability of influencing others; and outcomes favoring one party over the other. We therefore define interpersonal power *as the ability to get one's way in a social situation.* The phenomenon of power is ubiquitous. Without influence (power) there would be no cooperation and no society. Without leadership (power) in medical, political, technological, financial, spiritual, and organizational activities, humankind would not have the standard of living it does today. Without leadership (power) directed toward warfare, confiscation, and repression, humankind would not have much of the misery it does today. Power-in-action may take many forms, both positive and negative. Leading, influencing, selling, persuading-these are examples of positive uses of power. Crushing, forcing, hurting, coercing-these are examples of negative uses of power. Power per se is probably neither good nor bad although Lord Acton observed that "power tends to corrupt; absolute power corrupt absolutely." A moment's reflection, however, suggests that many problems with power stem from some of the goals of persons with power and some of the means they use, not the possession of power as such.

Harold Lasswell defined politics simply as, the study of who gets what, when, and how. Organizational politics involve those activities taken within organizations to acquire, develop and use power and other resources to obtain one's preferred outcomes in a situation in which there is uncertainty or dissension

about choices. Organizational politics involve intentional acts of influence to enhance or protect the self-interest of individuals or groups. Organizational politics is the management of influence to obtain ends not sanctioned by the organization or to obtain ends through non-sanctioned influence means. We view *politics* as a subset of power, treating it... as *informal power*, illegitimate in nature. Likewise we also treat authority as a subset of power, but in this sense, *formal power*, the power vested in office, the capacity to get things done by virtue of the position held.

d. Internalizing Culture: Creating the Ideal culture

The ideal culture is one that serves the organization effectively. It may be summarized as the shared patterns of attitudes, values, beliefs and behavior, covering strategy, operations, decision-making, information flow and systems, managerial and supervisory behavior, the nature of leadership and the general behavior of the staff. It involves setting absolute standards of ensuring that these are achieved. It also requires reference to each of the elements and factors indicated above. The relationship between the ideal and the actual culture should be a matter of constant concern because both develop. Specific attention is paid to those gaps in culture that cause problems where, for example, people follow the leads, values and norms of their work or professional group rather than those of the organization. Technological advances and changes may mean that suddenly the ideal hitherto striven for has to be changed in order to accommodate new divisionalization, patterns of work, retraining, regrouping, and so on. Sub-cultures, parallel cultures and covert cultures are all bound to exist in organizations; the problem is to ensure that they do not damage or detract from total organizational performance. They must be capable of harmonization within the overall standards, and any sub-cultures that do not conform to this should be broken up. The purpose is to arrive at something which is dynamic and which adds

value to operations and energizes the people positively. It affects attitudes and values and the ways in which people regard themselves, each other and the organization as a whole. It affects customer relations and relations with the wider community. It contributes to perceptions and images and wider feelings of general confidence. Stories circulate through many organizations. They contain a narrative of events about the organization's founders, key decisions that affect the organization's future course, and the present top management. They anchor the present in the past and provide explanations and legitimacy for current practices.

We saw the representation of an ideal culture in Hero Honda: "The leader influences the history and tradition of the organization the leader by his/her actions and enables writing the history of the organization. The actions are determined, thought through, communicated & they also make the traditions of the organization. Having implemented they become a way of life for people as all practice it. The leader not only influences, but is also influenced by the history & traditions of the organization. Thus the leader sees value in respecting what he has inherited from his forefathers. At the same time a strong leader has the capability of changing the culture of the organization provided, he/she is able to take the process of change across levels and functions. Structure and hierarchy influence the management style. The role of the CEO in building organization vision and consequently the organization structure that determines the processes that impact the culture in the organization is an inevitable reality at Hero Honda. Where the individual objectives are aligned towards the organizational goals, the appropriate structures & styles support them. The CEO plays a very important role as the flow from the top determines the flow down the line in most of the organizations. The role of the CEO/leader in regard to strategy processes technology and people actions and leader's influence in the existence of specific

types of cultures. That the processes, technology is woven all around the people and as any systems is as good as people implementing it is but a simple reality of this organization. Various sub-cultures also exist in the organization, which may be in tune or different from the over-riding culture in the organization. The people focus of the organization determines the cultural orientation of the organization. Leadership style as practiced by the management groups influences the culture. Culture is all-pervasive in an organization, and is determined by the actions of the top management. If the top boss is authoritative & takes all decisions by himself/herself, the culture in the organization cannot be Participative. CEO/leader focus on performance, climate, communication, and HRM practices, on monetary reward programs and influence over high performers, and management attention on retaining high performers. Focus on creating a high-performing organization is one of the ways of retaining talent in the organization. The systems are thus designed to reward, motivate & recognize high performers. The hr strategy is clearly aligned with the business strategy”.

e. Internalizing Culture: Role of Traditions and Rituals.

Just as rituals are used as a formalization technique, they also are a means for transmitting culture. Activities such as recognition and award ceremonies, weekly Friday afternoon beer bashes, and annual company picnics are rituals that express and reinforce the key values of the organization, what goals are important, which people are important and which are expendable.

In the words of Dr P Balasubramainam of IIM Bangalore, The leader influences the History and Tradition of the Organization. Azim Premji is a case in point: his hands-on leadership transformed a vanaspati manufacturer of no great

significance into a an IT and Software powerhouse, and an organization of embedded values and integrity. Jack Welch could afford a laid-back life at the already well performing General Electric, but chose his action course that led his company to great heights of excellence in terms of market capitalization and admiration. Structure and Hierarchy Influence, Management Style, the Role of the CEO in building organization visions. Structure comes in different forms: in ownership, in organizational design, in trust and confidence levels, in competencies, and so on. If the company Board has the welfare of its shareholders and stakeholders on a sustainable basis, it would and should empower the executive leadership team to develop an organizational vision, and provide route maps to achieve set goals. In governance of corporations, the Board of course is responsible to ensure that an appropriate process is in place for strategy formulation and implementation, but it is the role of the CEO and his team to formulate such policies consistent with organizational mandates and values, for endorsement by the Board. The Role of the CEO/leader in regard to strategy processes technology and people actions and leader's influence in the existence of specific types of cultures. Can't say I understand this question/statement. If it means, the CEO's role and influence in these matters would be determined by the cultural ambience in the organization (including the corporate board and the controlling owners), I would say only partly true. A charismatic leader should have it in him or her the ability to influence favorable changes in organizational culture itself. Most successful leaders, unable to operate within the framework of an inhospitable culture, often reject such organizations (very much like the body rejecting an incompatible transplant) and move on to more amenable pastures. Leadership Style as practiced by the management groups influences the culture. Whether an organization provides

enough headroom for its managers to add value depends largely upon managerial styles in place. Authoritarian, arrogant, intolerant, abrasive, credit-snatching, disrespectful leaders are a sure prescription to a self-sustaining mediocrity in organizational performance, managerial succession and societal acceptance. CEO/leader focus on performance, climate, communication, and HRM practices, on monetary reward programs and influence over high performers, and management attention on retaining high performers. In a globally competitive economy, organizations have to compete not only for product/service markets but also for scarce resources like capital and human talent. Recruitment of human resources is only the beginning; how the best is retained and how the system can purge itself of unwanted or outdated constituents will depend upon the motivational calibration of human resources leadership, which should be driven by the courage and conviction of the CEO.

f. Internalizing Culture: Role of Material Symbols.

Bank of America is a conservative firm. Aggressive risk taking is not central to its culture. Its executives drive four-door, American-made sedans, provided by the bank. Between 1983 and 1987, Bank of America owned the discount brokerage firm of Charles Schwab & Co. In contrast to B of A, Schwab built its reputation on aggressiveness. It sought out and hired only outgoing and what some have called “flashy” brokers. Top executives at Schwab also drove company cars. Only theirs were Ferraris, Porsches, and BMWs. The cars’ images fit both the people who drove them and the cultural values Schwab sought to maintain. Four-door sedans and Ferraris are material symbols that help to reinforce their organization’s culture. The design and physical layout of spaces and buildings, furniture, executive perks, and dress attire are material symbols that convey to employees who is important, the degree of egalitarianism desired by top

management, and the kinds of behaviors (i.e., risk taking, conservative, authoritarian, participate, individualistic, social) that are appropriate.

g. Internalizing Culture: Role of Language.

Many organizations and units within organizations use language as a way to identify members of a culture or subculture. By learning this language, members attest to their acceptance of the culture and, in so doing, help to preserve it. Many organizations, over time, develop unique terms to describe equipment, offices, key personnel, suppliers, customers, or products that relate to its business. New employees are frequently overwhelmed with acronyms and jargon that after six months on the job becomes a natural part of their language. The Gujarat ways, customs, rituals and practices were very much a part of the Lalbhai Group culture. Hindu rites were built into the language spoken and understood as a desired way of handling problems and its timing for action. But once assimilated, this terminology acts as a common denominator that unites members of a given culture or subculture.

Desired Attitude/Ability	Core Values	Critical Competence/Skill
Global Vision and broad picture of the business scenario	Knowledge	Managing Competition and unpredictable forces
Uncertainty and unpredictable future, several contradictions, data lacks consistency. Forecast future needs and activities	Conceptualization	Managing Complexity and unknown forces. Past data not available to validate decision

Comfort with method, Process activities, following details, procedures	Flexibility	Managing adaptability, cultural acceptability, easy socialization
Diverse teamwork, cross-border work relationship, organization of teams, strong interdependence and need to work together for goal achievement	Sensitivity	Managing teams, facilitating group behavior, getting things done.
Change as opportunity. Willing to make change happen for self and others	Judgement	Managing uncertainty and ambiguity
Openness to surprises	Reflection	Managing learning
Developing People	Listening & communicating	Managing teaching and training
Evaluation People	Judgement and analysis	Managing planning ambiguity ability to design goals.

Section 4: Leading and Managing Culture

a. Leading and Managing Cultures: Are Cultures Manageable?

Are cultures manageable? Can Leadership be concretely connected to organizations and their cultures?

We would perhaps summarize in the words of Ferzaan Engineer, Managing Director of Quintiles, a global clinical research company, an Intellectual Enterprise, ““I believe that Leadership is perhaps the single most important factor for an organisation and its culture to achieve sustained excellence in today's environment. Leadership should be by example and through mentoring and motivation and certainly not by dictate. The days of the hierarchical organisation and patriarchal leader are over. Today's knowledge-based industries need a different kind of leadership that creates an environment of trust, motivation, teamwork and energy in an organisation. I also believe that a strong organisation will have a strong identifiable culture. It may be pluralistic and does not need to be cult-like. However a strong organisation's culture will stress shared values, shared goals and synergy between Functions and Divisions, thereby creating a seamless, competitive organisation which challenges its people, rewards and motivates them and allows them to grow-both individually and collectively. High quality leadership will create, nurture and propagate the organisation's culture and ensure that core values are collectively held. However, today's organisation needs to allow scope for individual growth, innovation and diversity of views. Managing this paradox is the key to success””.

To Ferzaan Engineer Leadership influences cultures in an organizational model:

1. Talks to us about his/her most important values and beliefs
2. Emphasizes the importance of being committed to our beliefs
3. Specifies the importance of having a strong sense of purpose
4. Displays conviction in his/her ideals, beliefs, and values

5. Clarifies the central purpose underlying our actions

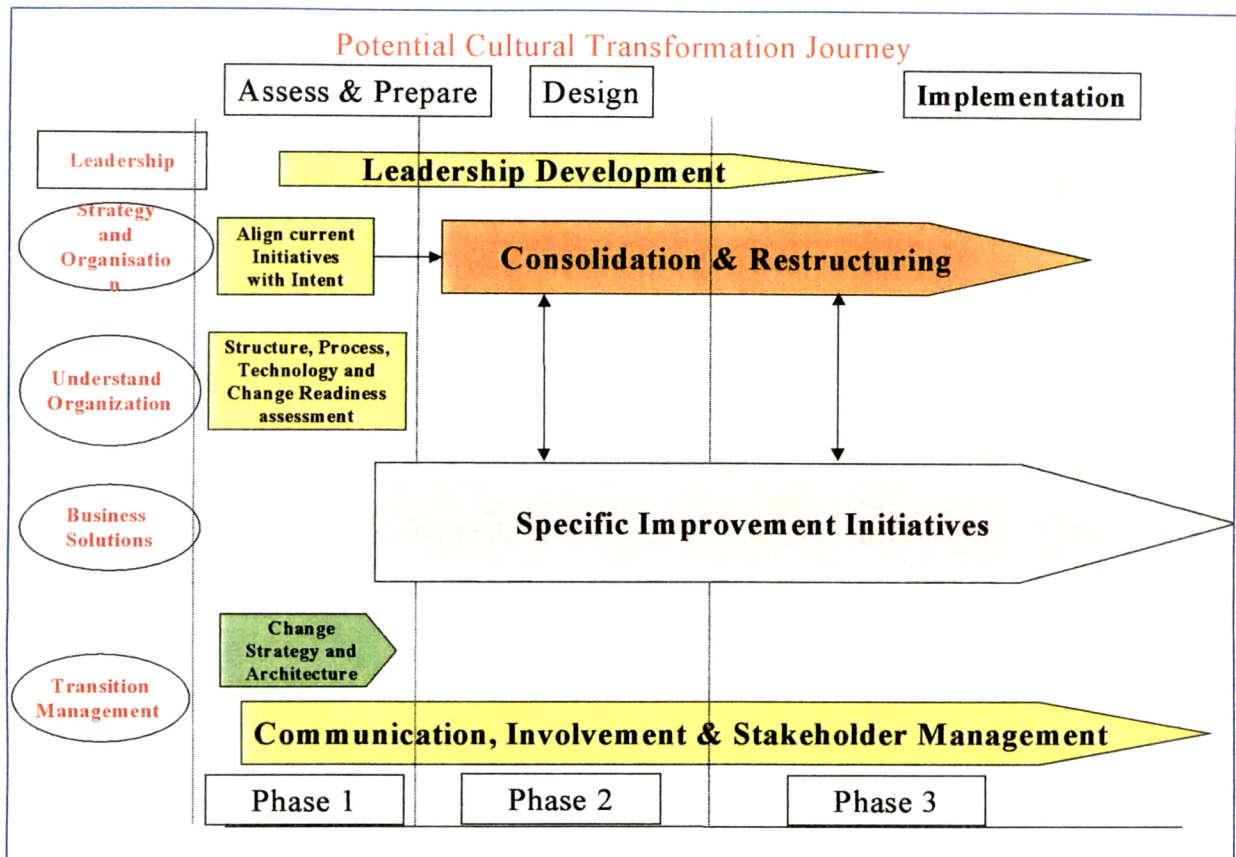


Figure: 53 Potential Cultural Transformation Journey

Clearly an organization's culture and its leadership has a marked influence on its employees. Dr Ashok Ganguly, S M Datta, Keki Dadiseth and today's M S Banga are known for their individualistic leadership styles. Yet all found and experienced in a Hindustan Lever Organizational Culture and Management Model. Dalip Sehgal, V Balaraman, Arun Adhikari are now following the footsteps of such leaders as they have been colleagues with. But should culture be treated as a given, in which case managers would be advised to understand their organization's culture but reminded that there is nothing they can do to change it? As one author put it, "If we take the

concept of culture seriously, we may have to face the possibility that cultural assumptions are virtually impossible to change. " 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? As we'll demonstrate, this is the critical issue today underlying organizational culture, and there is a great deal riding on the outcome of the debate. Before we look at this debate in detail, a point of clarification seems appropriate.

b. Leading and Managing Culture: Managing Cultures mean Changing Cultures

When we discuss **managing culture**, we mean changing the culture. This has grown to become the prevailing definition. Yet as it has been noted, managing culture need not be the same as changing culture. 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. Status quo is easier said than done as we saw in the case of Bank of America that had to struggle back into substantive banking market share after it decided to demerge its retail Banking operations. For our purposes, however, we'll treat managing culture and changing culture as synonymous. We know that the selection process, top management's actions, and the methods chosen for socializing employees sustain a culture. CEO, Gunit Chadha of I D B I bank together with HRM Chief, Ulhas Deshpande just did this. Got together people and socialized them into a new bank, one that did not exist before. 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; or they might institute a new set of rituals that will reinforce a different culture milieu. Anagram Finance M D Satish Nadkar was notorious for bringing in people who agreed and eliminating those who dissented. It was as political as one could get and before long one of the finest financial Services Company was up for sale.

At the internal pressure level the interaction between the desired culture and the organization's structures and systems causes stresses. Serious misfit between these leads to stress and frustration and also to customer dissatisfaction and staff demotivation. The expectations and aspirations of staff, and the extent to which these are realistic and can be satisfied within the organization needs to be evaluated and decisions may have to be taken. Lipton India used its employee survey to study the changes it had to bring about in a Unilever acquired organization (R R Nair – Head of Personnel). This becomes a serious issue when the nature of the organization changes and prevailing expectations can no longer be accommodated. Problems also arise when the organization makes promises that it cannot keep. Arvind Mills promised its shareholders a return on its Global Depository receipts. It could not retain its promise for even one year. Concurrently management and supervisory style, and the extent to which this is supportive, suitable to the purpose and generally acceptable to the staff also needs to be considered. The qualities and expertise of the staff, and the extent to which this divides their loyalties has often been an area of concern for organizations attempting to bring people of varying sub cultures together. Many staff groups have professional or trade union memberships, continuous

professional development requirements and career expectations, as well as a requirement to hold down positions and carry out tasks within organizations. In many cases- and especially when general dissatisfaction is present- people tend to take refuge in their profession or occupation, or their trade union. Citibank had the potential unionization of its rank and file officers in the Northern Region when their jobs were under threat of elimination. It took substantive resources, communication, value building and management time to bring the volatile situation back to normal. And still the same lot had to accept VRS voluntarily or otherwise and move out at a later date. Technology and the extent to which it affects on the ways in which work is designed, structured and carried out. Working customs, traditions and practices including restrictive practices work divisions, specialization and allocation, unionization and other means of representation; and the attitudes and approaches adopted by both organization and staff towards each other (flexible and cooperative, adversarial, degrees of openness). The extent to which continuity of employment (IL & FS Schoolnet Culture) is feasible; or, conversely, to which uncertainties surround future prospects for work and employment. This includes degrees of flexibility, the extent and prevalence of employee and skill development, learning and sub-cultures and the wider attitude of both staff and organization to this. It also affects reward packages. Entry of Coke into India, relatively later than Pepsi meant relook at the Reward and Remuneration strategy squarely to attract talent at the start up stage. Internal approaches and attitudes to the legal and ethical issues indicated, the extent of genuine commitment to equality or opportunity and access for all staff; whether or not different grades have different values placed on them, standards of dealings with staff, customers, communities, suppliers and distributors. The presence of pride and commitment in the organization, its work and its reputation; standards of general well being; the extent of mutual respect. I C I C I has perhaps some of the best of

examples of commitment, attractiveness, image and reputation and the perception of well being and mutual respect. Walk into a business school and ICICI is always a preferred employer. At any point in time ICICI has over 100 job positions for which search for people is on. (Kavita Shermon – Akaygees HRM India Private Limited) Renuka Ramnath, Managing Director ICICI Ventures would say **“people who join do not leave. We believe that is our strength”**. This includes effective communication methods and systems, the nature of language used the presence/absence of hidden agenda. And apart from the possible presence or absence of physical and psychological distance between function, departments, divisions and positions in the organization and its hierarchies. And all because of its size

c. Leading and Managing Culture: The Influence of the Cultural Web

The cultural web is an alternative way of looking at the internal pressures upon organization culture. People draw heavily on points of reference which are built up over periods of time and which are especially important at internal organizational level. Nestle and its penchant for focused growth, steady state management and streamlined work processes. The beliefs and assumptions that comprise this fall within boundaries. The routine ways those members of the organization behave towards each other and that link different parts of the organization, which together comprise ‘the way that things are done’. Idika Education services, a start up organization where ways of doing things simply got articulated and followed. All it needed was a dedicated set of top management professionals. These, at their best, lubricate the working of the organization and may provide distinctive and beneficial organizational competency. However, they can also represent a ‘take for granted’ attitude about how things should happen which can be extremely difficult to change.

The rituals of organizational life, such as training programs, promotion and assessment, point out what is important in the organization, reinforce 'the way we do things around here' and signal what is actually valued. Choice of M S Banga as a Chairman over several seniors who were in the pipeline was a clear vindication of taking stances and positions meaning to act as signals to the organization that merit surpasses all other consideration – Unilever. The stories told by members or the organization to each other, to outsiders and to new recruits, embed the present organization in its history and flag up important events and personalities. The more symbolic aspects of organization, such as logos, offices, cars and titles, or the type of language and terminology commonly used. Citibank and its classical car policy of the 1990's exemplified the different cars that varying levels of VP's should use or Hindustan Lever's office space allocation policy or Andersen and its Coffee Pot crockery differentiation all said the same thing. The control systems, measures and reward systems emphasize what is actually important and focus attention and activity. Power structures are also likely to be associated in so far as the most powerful groupings (Brooke Bond Versus Lipton versus Ponds India and Hindustan Lever Personal Products Division issues of merger integration) are likely to be the ones most associated with what is actually valued. The formal organization structure and the informal ways in which the organization works are likely to reflect these power structures and again, to delineate important relationships and emphasize required levels of performance (Johnson and Scholes, 1992)

d. Leading and Managing Culture: Influence of Leadership

As stated above, both the actual culture and the perceived ideal are subject to constant development. With this in mind, the best organizations therefore pay this constant attention. There are some basic assumptions here.

- 1) **Culture can be changed and developed if Leadership can influence the change.**

Nissan UK transformed a population of ex-miners shipbuilders and steelworkers into the most productive and effective car company in the UK. Toyota and Derby is following suit with former railway staff. British Airways transformed a bureaucratic nationalized monopoly into a customer-orientated multinational corporation. British Steel transformed itself from a loss making National Corporation, riddled with demarcation and restrictive practices, to a profitable, effective and flexible operator. The constant development of operations, technology, markets, customer bases and the capabilities of the human resource also make this inevitable. Current ways of working and equipment, and current skills, knowledge and qualities serve current needs only. The future is based around the developments and innovations that are to take place in each of these areas. Therefore, the culture must itself develop in order that these can be accommodated.

CEO Ashok Balwani, who manages his organization for India and Area consisting of 18 countries in the world of Det Norske Veritas says, CEOs, Leaders and Role Models tend to considerably influence behavior and culture. In some cases the leader is even elevated to the

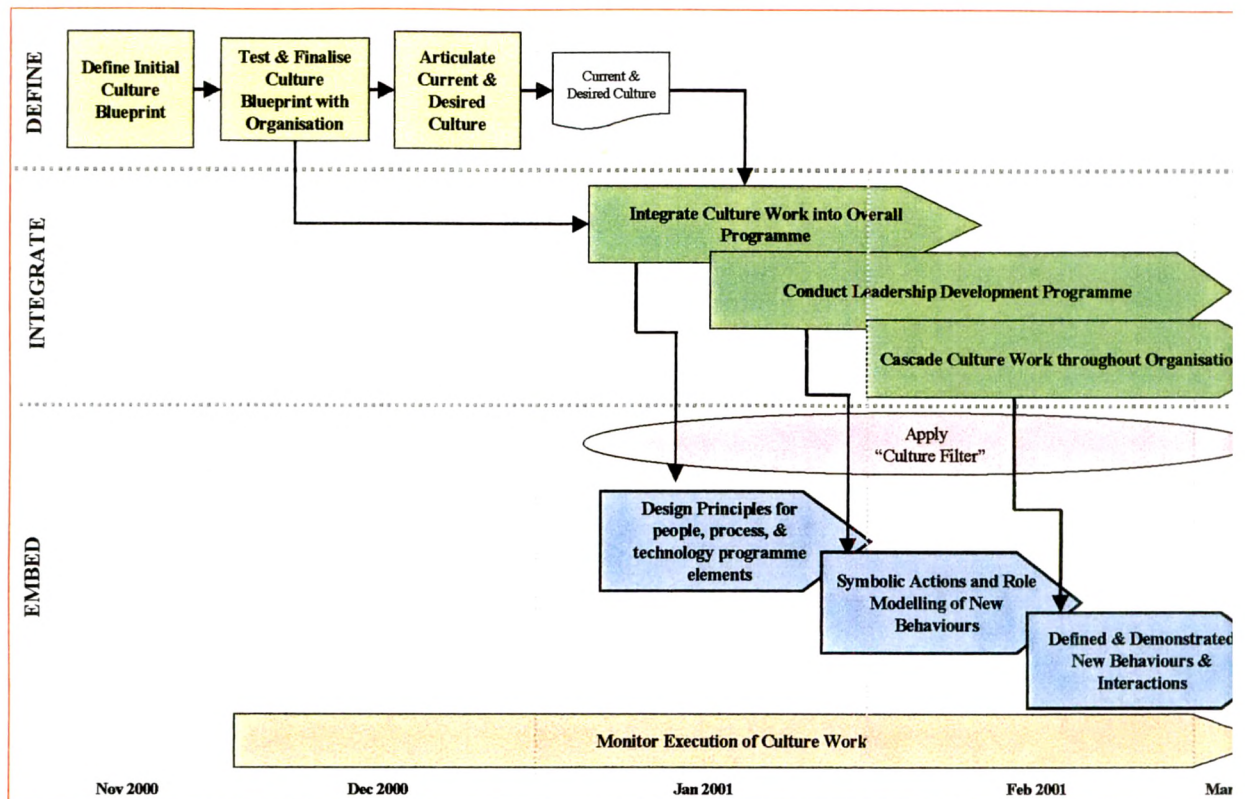
level of an icon and the organisation blindly follows his style or culture. The CEO / Leader is constantly watched. His every action (or lack of it) and even idiosyncrasy is observed and influences the organisation. He also influences the culture by his expectations even if they are not explicitly stated. While there may be sub-cultures based on geography, functional area etc most organisations like any other social group tend to have an all-pervasive identifiable culture. The CEO / Leader influences the culture both formally and informally. Often enough different functions have different cultures or different variations of the organizational culture. Some attitudes, roles, behaviors are inherent to some functions and tend to influence the sub-culture. No one style may have greater chance of influence. It needs to be consistent and over a period of time to be able to take root. Often enough there is one style or culture over the organisation. There may be some variations for geography or functions but a basic style may still be discernable. All aspects of organizational behavior and even social behavior of the leaders directly and indirectly influence the culture of the organisation. While money is necessary it is not the only tool and often enough money does not yield the desired results or the results are short lived. About 50% of top management time would be spent on managing employee retention activities. Largely agree. I would say that the management should perhaps divide time equally between employee satisfaction (including retention), customer satisfaction and planning for the future”.

2) Culture change is long and costly unless it has a Leadership Impact.

It is certainly true that, where stability has existed for a long while, it is traumatic at first and therefore costly in terms of people's feelings and possibly also in terms of current morale. It is made easier for the future if new qualities and attitudes of flexibility, dynamism and responsiveness are included in the new form and if this is reinforced through ensuring that people understand that the old ways are now neither effective nor viable. Indeed people who are told that there are to be lengthy periods of turbulence lose interest and motivation. Hindustan Lever New Millennium project is a 10-year emphasis to make fundamental changes to the organization. Pfizer – Parke Davis merger integration has been a 18 month long change management process to bring both organizations together into one way of doing things. The reality of change and development can be quickly conveyed through critical incidents: for example, the gain or loss of a major order; the collapse of a large firm in the sector; the entry of a new player into the sector; radical technological advances; and so on. HDFC bank hired professionals from the banking industry to shorten the leadership constraints in establishing a new organization. The existence of multiple cultures with professionals from Bank of America, Citibank and Time Bank is a reality that CEO Aditya Puri has to reckon with for now. Once this is understood, the attitudes, behavior and orientation of the staff are given emphases in particular direction and the general positioning of their aspirations, hopes and fears is changed.

e. Leading and Managing Change: Impact on Leadership

Figure 54: Leading and Managing Change – Impact on Leadership



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. That too takes a very long time. So while culture may be theoretically amenable to change, 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. Remember, too, there are a number of forces in an organization that work to maintain its present culture. 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. 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. A final point in the argument against management's ability to change culture is the reality that if culture could be changed, surely management would do so. The foregoing discussion suggests that the real question we should be seeking an answer to 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. The ideas we offer are based on observation as well as substantive research. However, there seems to be increasing agreement among theorists as to the importance of the leaders call on cultural changes with relevance to a particular organization and management model, be it Competitive Organization or a Performing Organization or a Voluntary Organization.

The Leader, s call, impacts cultural changes and reproduced below is a note from Bobby Parikh, Country Managing Partner and CEO of Andersen:

A question that may be running through many minds may be, so all this is fine but What's In It For Me? A large part of the success of any strategy hinges on whether all the people, who must deliver the strategy, connect to the strategy. So let me try and explain how we see all of this coming together. At the broadest level, a strategy is intended to provide a framework

to guide our actions and our decisions. We have now clearly defined the market segments that we will seek to address, set out the logic for why we will address these segments, how we will address these segments, who will be responsible, what his / her roles and responsibilities are, and the performance expectations that we have from each person so identified. We have all along been a fairly client focussed organisation - however, our client targeting processes have not been well defined resulting in potentially unfocussed targeting. When you worked on a client, or pursued an opportunity, you may not have been able to relate this to the Firm's strategy. Now, with the work that has been done, there is a structure to guide our efforts and imbue them with relevance and coherence - you may be working for Key Accounts for A250 accounts on industry programs on our State

Impact of Cultural Change on Leadership Assessment Process

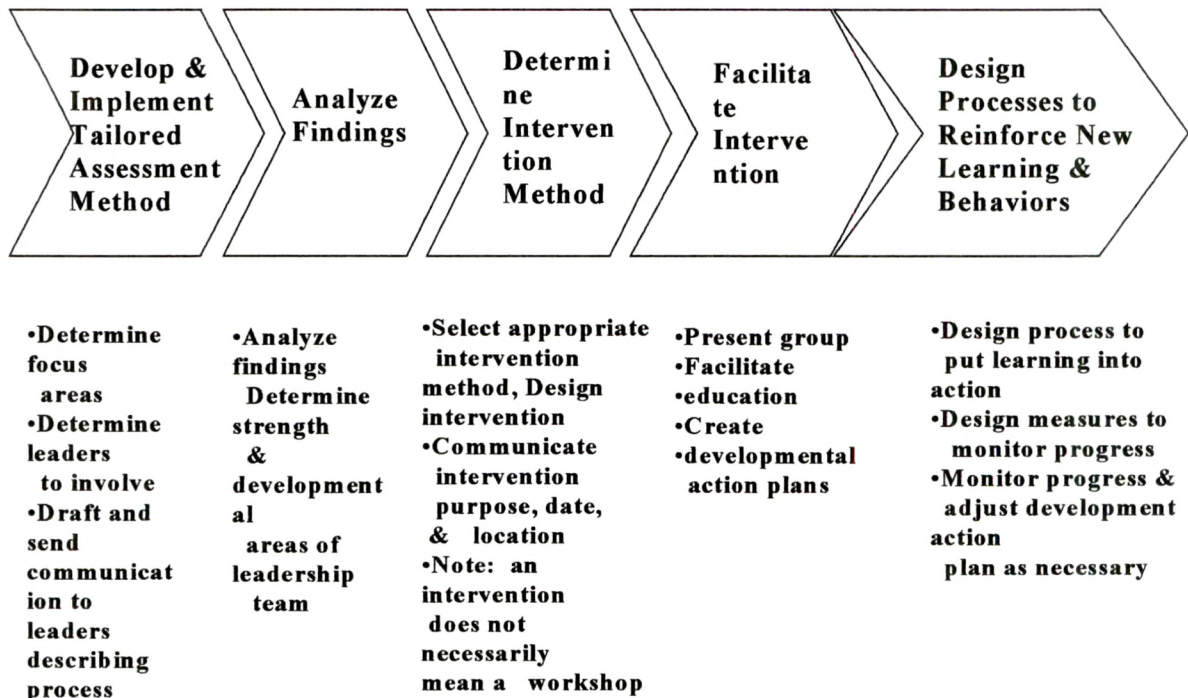


Figure: 55 Impact of Cultural Change on Leadership – Assessment Process

A related issue arises from the dictum that we only respect what we measure. Again, historically, our focus has tended to be more on achieving a certain level of growth, across solution segments, across service lines. We have measured a large part of our success on achieving the targeted levels of growth. What we are now seeking to do is to relate our success not only to growth in numbers, but also to the quality of our earnings. By this, what I mean is that we definitely want the growth, but we want it to come from clients that we want to serve, and from solutions that we want to deliver. This is the only way in which we can build a sustainable growth and development platform for the future. We have put in place mechanisms that will help us to track our efforts - these are transparent and are available to the entire Executive Team to view online. Over the coming weeks and months, you should see this translating into a more focussed approach to the market across solution segments, across service lines, and across groups within solution segments where these exist.

Another key aspect on which our strategy is premised is the integrated management of client relationships. We need to have a vastly better coordinated approach to clients in general. Our future success is going to depend critically on how well we are able to work this model. What it will mean is a need for greater coordination across solution segments and service lines, a considerably greater focus on effective teaming. Over the coming

weeks and months, many of you will get drawn into Key Account teams, A250 teams, industry teams and so on, and you will directly participate in the execution of our strategy. This too will require all of us to work in teams, more so than in the past. Overall, our strategy is intended to provide a significantly sharper focus on bringing the client into the centre of our efforts rather than solution segment or service line driven considerations which somehow do not always end up achieving the client centric approach that we should be adopting.

I could go on, but I will end with a final point. We have spent over 6 months deliberating our strategy. We have reviewed and re-reviewed every aspect of it. We have challenged ourselves throughout the process, and questioned every aspect, every nuance and every premise. We have discussed it with all the partners, we have shared it with all of you and then discussed it informally with many of you. We are all convinced that this is the right strategy to pursue if we are to continue to grow exponentially. You have the opportunity to participate in this exciting journey on which we have already embarked, and to be the architects as we set about building a Firm of the Future.

So what do we need from you? A few things. I have discussed this with all of our partners. I have also discussed it with all of you during our strategy communication meetings. We need commitment to the strategy. You need to understand what we are doing and why we are doing it in the way in which we are. This is the starting point for effective strategy implementation - if all of us are clear on the framework that we are adopting, that's already half the

battle won. We need passion and hunger - to work for clients that we have identified as being of strategic significance, to continually find solutions that deliver value to the clients, to continuously deepen our competencies, to consistently strive to delight our clients. We need a deep sense of urgency - we have a challenge on our hands and we have absolutely no time to lose. We need more discipline across the board - whether it is in things like getting time reports in on time, coding jobs correctly or at a more strategic level, in ensuring that we do not allow ourselves to stray from the strategic path that we have set for ourselves. We need much more of One Firm thinking - this is our Firm, the clients we work for are clients of the Firm, the relationships we develop are developed for the benefit of the Firm. We all work first for the Firm; solution segments, service lines, solutions are arrangements to provide a logical pooling of our capabilities, but overall it is the Firm that counts. We will need greater flexibility and changed mindsets - this is what we will need if we are to team more effectively across solution segments, if we are to drive our personal growth based on deepening our competencies, if we are to work in a much more integrated manner. Finally, we need a sense of fun and enjoyment - no challenge is too great if we enjoy what we are doing, enjoy the company of the people with whom we work. Life is too short - we need to live and enjoy every moment of it.

To Bobby Parikh Leadership influence on cultures in a organizational context means:

1. Talks about how trusting each other can help us to overcome our difficulties

2. Emphasizes the importance of having a collective sense of mission
3. Considers the moral and ethical consequences of his/her actions
4. Takes a stand on difficult issues
5. Behaves in ways that are consistent with his/her expressed values

We are embarking on an exciting phase in our development and growth. We have great aspirations for ourselves and our people, we have significant financial targets to achieve. We face an uncertain economic environment ahead of us, but one that is still full of opportunities. We have a rich pool of highly talented partners and professionals, and if we set our minds and hearts to the tasks ahead, I am confident of our success. So let us commit individually and collectively to this strategy, and to a rigour and discipline in our approach as we continue our efforts in building an outstanding professional services organisation. I know that I can count on each one of you to deliver.

I look forward to receiving your feedback and inputs.

Bobby Parikh

The conclusion of this is an **organization culture that has the following elements:**

- A positive aura, one to which people can subscribe and identify with confidence, pride and feelings of well-being, which in turn encourages positive views of the organization and its work, and positive and harmonious working relationships.

Shared values and standards, capable of being adopted and followed by all concerned (this includes attention to high standards of integrity and morality; mutual concern and interest; and equity and equality). High levels of individuality, identity, motivation and commitment; high levels of group identity and mutual respect and regard;

- An organization and management style that is supportive of everyone involved (whatever the style, whether autocratic or Participate), and which concentrates on results and output, effectiveness and quality of performance and also on the development and improvement of the people. Regular flows of high-quality information that reflect high levels of respect and esteem for the people on the part of the organization.

Again, these can provide a useful point of reference for those concerned with the general well being of the organization, and when it becomes apparent that things are going wrong. Much of this is clearly concerned with setting high standards and creating a positive general environment and background. This is to be seen in the context that where these elements are either not present or not attended to, or where the converse is present- a negative aura, one to which people do not subscribe, lack of shared values, or an unsupported management style, for example- there is no identity or common purpose. People seek refuge in-groups or in their profession or technical expertise. Absenteeism and turnover increases, while performance declines. There becomes an ever-greater concentration on self and on individual performance, often at the expense of that of the organization. Interpersonal and inter group relations also suffer. Both the positive and negative feed off each other. Striving for a positive and ideal culture tends to reinforce the high levels of value placed on the staff and the

more general matters of honesty and integrity. Similarly, allowing the negative to persist tends to mean that relationships will get worse, while aims and objectives become ever more frightened or clouded, and the organization purpose ever more obscured.

Section 5: Adaptability to Culture

a. Adaptability to Cultural Change: Business Case For Change

Arthur Andersen is a global, multidisciplinary professional services organization that provides clients of every size all across the world what they need to succeed through our “one firm” approach. Our clients can grow and profit through the knowledge Arthur Andersen shares on improving performance in management, business process, operations, information technology, finance, and change navigation. Our team of more than 70,000 people in 81 countries works together—across boundaries of competencies, functions, and geographies to deliver each client a complete and global solution.

The Evaluation of Arthur Andersen Business Consulting

From the conception of Arthur Andersen Business Consulting (AABC) in 1980, our focus has been primarily on middle market clients with an emphasis on building our clients learning capability and building to sustain those client relationships. Thus far, our approach has provided us with a competitive advantage in the marketplace.

However, the corporate world is dramatically changing. We are witnessing the advent of electronic commerce, the emergence of new markets, the shifts in world trade, the building of global communication infrastructures, the focus on core competencies, and the creation of strategic alliances. Companies are challenged with change in customer satisfaction and loyalty, revenue growth and cost-cutting, rapid and innovative new product development, leveraging of organizational knowledge, and effective applications of information technology. Our clients are changing. Business Consulting must change with it. Before it was enough to perform an analysis and solve a short term problem with short term plans. This simply is not true anymore. Our clients now expect integrated solutions that will help grow their business while changing their people and culture.

As we work in the rapidly expanding global economy, our clients are challenging AABC to provide a deep consistent skill set within and across borders. The client wants creative and innovative solutions based on global experience.

Knowing this, The Global Leadership Team responded to the challenge. Recognizing the need to re-think our strategy and further define BC's role within AA, the Team created Project Dragon - our strategy development process. Dragon addresses Market Opportunities, Market Position, Technology Trends, BC's Strategic Role in Arthur Andersen, Skills, Growth and Profitability, Differentiation and Vision, Mission and Values. We also investigated our major competitors, including the Consultancy arms of the other "Big Four" accounting firms; major strategy houses and major IT implementation houses.

Our competitor analysis confirms the rapid globalization of the market. The strategies of the other "Big Four" accounting firms and the major IT vendors are strikingly similar. All are building global capabilities to provide broad-based implementation-focused solutions, heavily leveraging technology capability. It is clear our BC practices will be required to work more closely together with a consistency in operation and project approach while retaining the flexibility we need to respond to regional market opportunities.

Andersen: The Client's Perspective Determines A Need For Change

Following the inception of Project Dragon, a few new discoveries supporting the need for consistency were brought to our attention. In October of 1998, Bonnie Digrius, an outside analyst, was hired by Arthur Andersen Business Consulting (AABC) to conduct a review of AA BC's strategy and interview a number of AABC clients. The study's goal was to determine AA BC's areas for development to be viewed as a leading full-services professional services firm.

During October and November 1998, Digrius interviewed fifty-five Arthur Andersen Business Consulting clients. These clients were selected from a list of more than one hundred potential interviewees who were provided by each AA region worldwide. Clients were asked four open-ended questions:

1. On your project with Arthur Andersen, what were some of the Firm's key strengths?
2. What could Arthur Andersen have done better to make you an even happier client?

3. Grade Arthur Andersen on the project (on a scale of A-F or 5-1, with 5 being the highest).
4. In the future, what type of projects would you exclude Arthur Andersen from simply because it wasn't a focus area of the Firm and it therefore lacked the necessary skills?

Eleven leading vendors were rated against six different criteria/market drivers including:

- Strategy for the future
- Culture
- Breadth and depth of coverage
- Thought leadership
- Client satisfaction
- Historic market commitment

Andersen Change Enablement

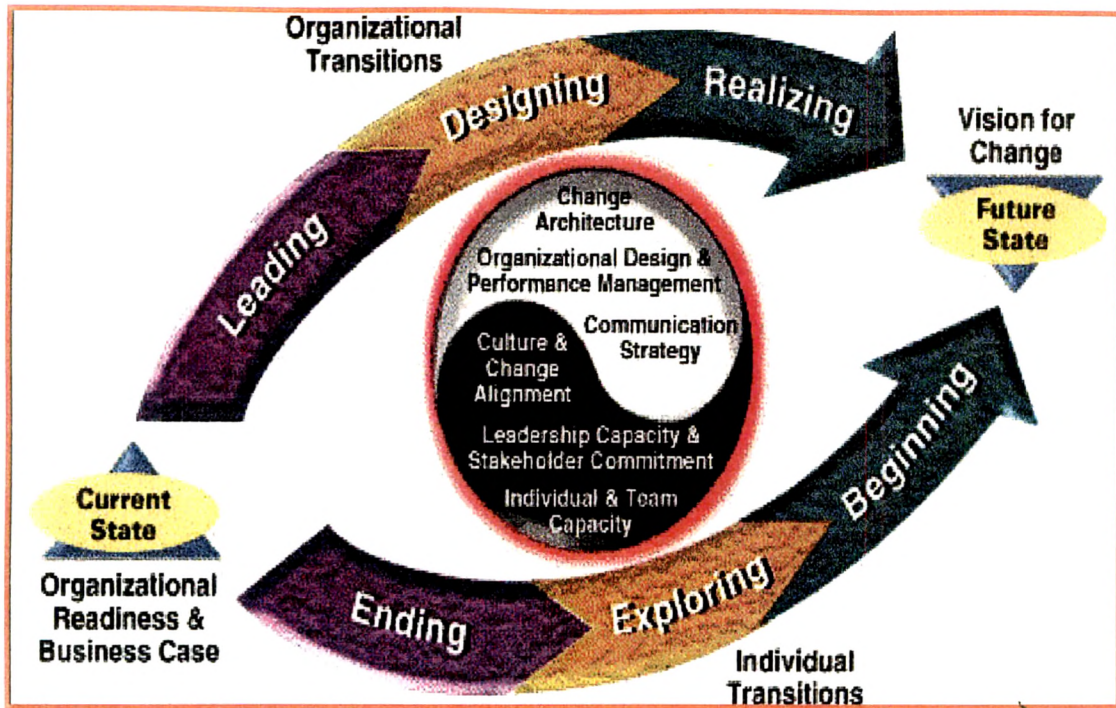


Figure 56: Change Enablement Reference Andersen

Arthur Andersen's ranking?

Andersen ranked 9 out of 11 leading firms.

Digrius Determined we ranked high in culture, average in thought leadership and client satisfaction, and low in breadth and depth of coverage, historic commitment, and project management skills necessary for the changing marketplace. Digrius' report brought many key issues to the forefront of AABC's thinking. Business Strategy and Information Technology are the top management issues among business executives. The market study reveals a lack of client

satisfaction regarding BC's ability to manage engagements. Armed with this strategic reason to change, the practice has focused on finding a *solution*.

Andersen: The Marvel of Solutions...Architected Solutions

The goals are:

- To enable global teams to form and work seamlessly together by integrating Knowledge Team capabilities and encouraging systemic business-oriented approach with clients across the world.
- To improve quality and client satisfaction.
- To mitigate AABC risk while improving effectiveness.
- To incorporate multiple unique vendor and functionally specific methodologies.
- To enable innovation in the areas of maximum value.
- To shift BC project scales from smaller to larger engagements.

Achieving Solutions through Architected Methodology

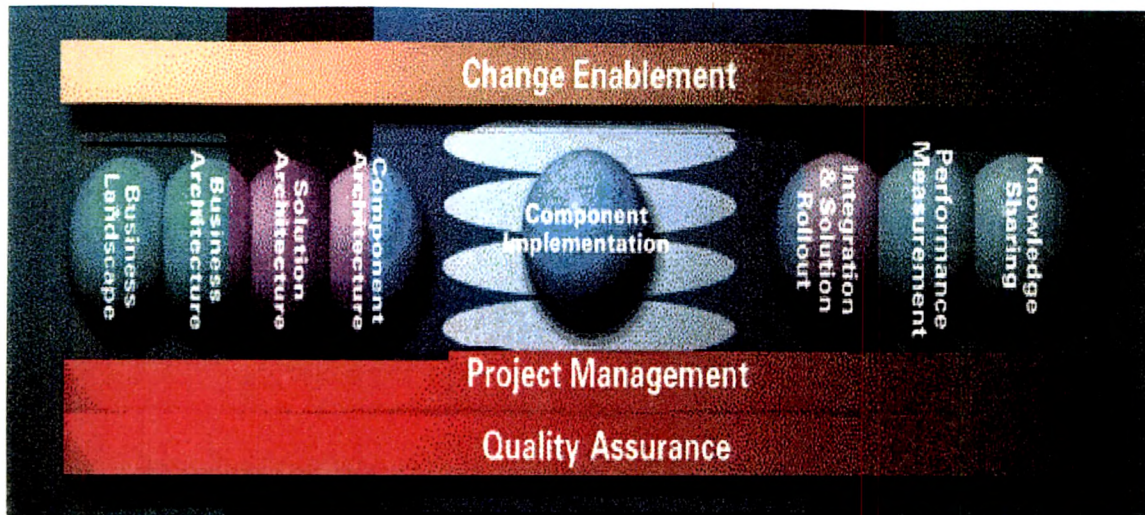


Figure: 57: Architected Solution to Enabling Change and Transformation

According to Digrius' report, AABC is expected to rank 6 or 7 out of the 11 leading firms if we concentrate on the preceding goals by improving in 4 of the 6 rating criteria. These criteria include strategy, breadth and depth of coverage, client satisfaction, and historic market commitment in the year 2000. Architected Solutions is different than offering isolated individual service offerings or "one-stop shopping." It is delivered by a team bringing different skills together to customize solutions by creating, using and reusing globally shared resources and knowledge.

b. Adaptability to Cultural Change: Employee Resistance

Whenever changes are introduced into an organisation, employees will often either resist or resent such changes. This is true when a new system is implemented for the first time and when there is a high percentage of senior staff in the organisation who are deeply entrenched and comfortable

with the “old” way of working (Low and Goh, 1994). Resistance to change is inevitable. There are a number of reasons why human beings are resistant to changes (Robbins et al., 1994; Certo, 1994):

Habit – as human beings, life is already complex enough. This becomes a source of resistance. At the Lalbhai Group Diwali meant distribution of sweets.

Security – some employees like the comfort and security of doing things the same old way. Thus, people who believe that their security will be threatened by a change are likely to resist the change.

Economic factors – another source of individual resistance is the concern that changes will lower one’s income, especially when pay is closely tied to productivity.

Fear of the unknown – changes substitute ambiguity and uncertainty for the known. Any disruption of familiar patterns may create fear because it can cause delays and the belief that nothing has been accomplished.

Social factors – people may resist change for fear of what others may think. For example, others who openly disobey the rules may ridicule an employee who agrees to conform to work rules established by management.

Selective information processing – individuals shape their world through their perceptions. They hear what they want to hear and ignore information that challenges the world that they have created.

Having recognized the reasons why human beings are resistant to change, the manager should identify ways by which employees' resistance towards a new system can be broken. There are a number of ways to break this resistance (Peel, 1993):

Secure top management support – the support of top management is essential to the success of any change effort and its support is necessary for addressing control and power problems.

Encourage participation – giving employees a say in designing for changes may give them a sense of power and control over their own destinies which may subsequently help win their support during implementation.

Foster open communication – open communication is an important factor in managing resistance to change and overcoming information and control problems during transition.

Reward contributors – employees, who quickly grasp new work assignments, work hard in the transition or help others adjust to changes deserve special credit.

c. Adaptability to Cultural Change: Kurt Lewin and Managing Cultural Change

One of the methods advocated is the use of 'Field Theory' (sometimes called 'Field Force Theory'). This emanates from the ideas of Kurt Lewin who brings an analogy of vector mechanics to the psychosocial arena. In the simple form usually adopted by change practitioners this can involve looking at the factors for and against a particular change, listing them and setting out some sort of weighting. Such an approach can have value in, for example, deciding which of two competing technologies to use eg, staying with WordPerfect, for use as a word-processing package, or moving to AmiPro. Lewin postulated a three-step model of change:

- Unfreezing;
- Moving;
- Re-freezing.

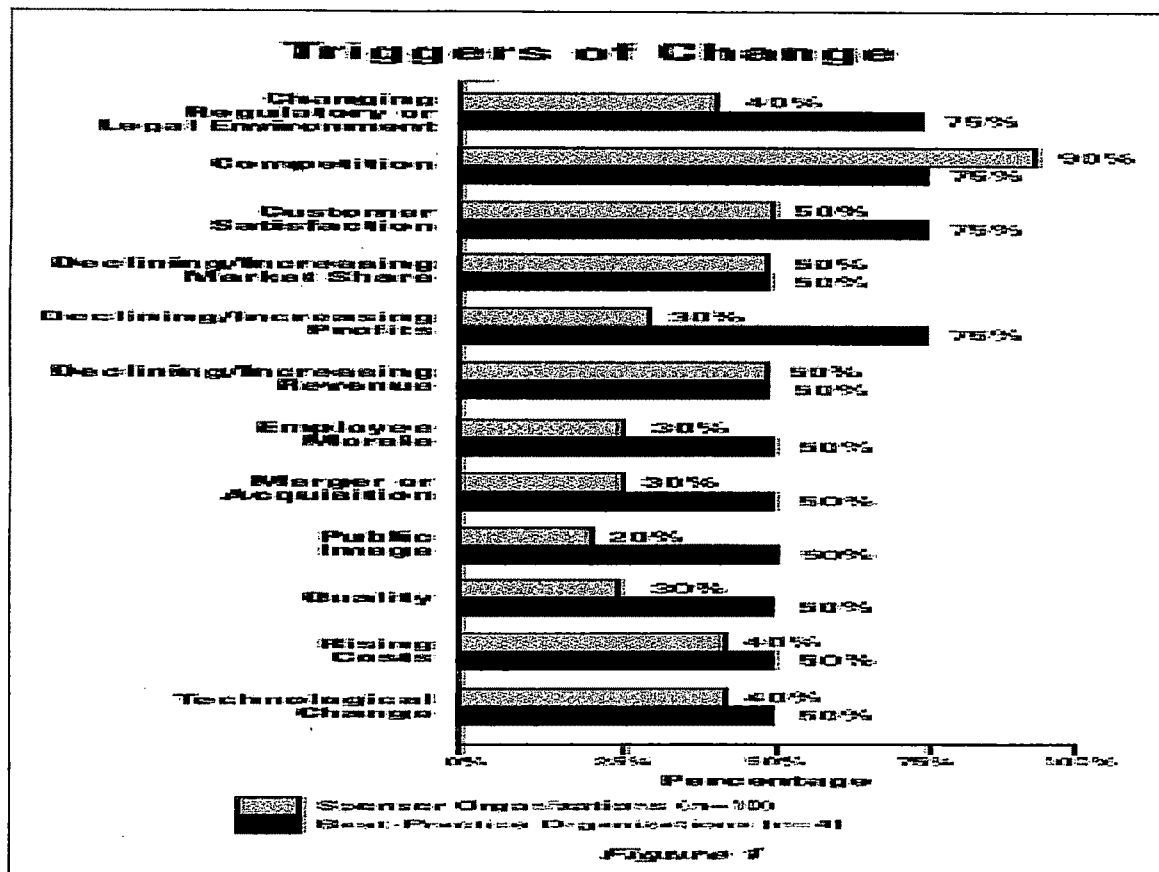


Figure: 58 Organizational Triggers of Change (Web Research)

This is dependent on the concepts that the old behavior has to be discarded (unfrozen) before moving to the new, and that the new behavior has to be accepted as the norm otherwise there will be regression to old patterns. Compare this with the fifth of the Price Waterhouse paradoxes.

Note, however, that in organizational terms regression would often be difficult to accomplish. Unfreezing requires analysis and confrontation of the reasons for change and a developmental process to disseminate the need for change. Moving requires the identification of alternative courses of action, evaluation of these and choice of an appropriate route. Re-freezing seeks to rebuild an equilibrium state and may be supported by institutional rewards and benefits or by an educational process, or both. However, change is usually much more complex than this - as is vector mechanics.

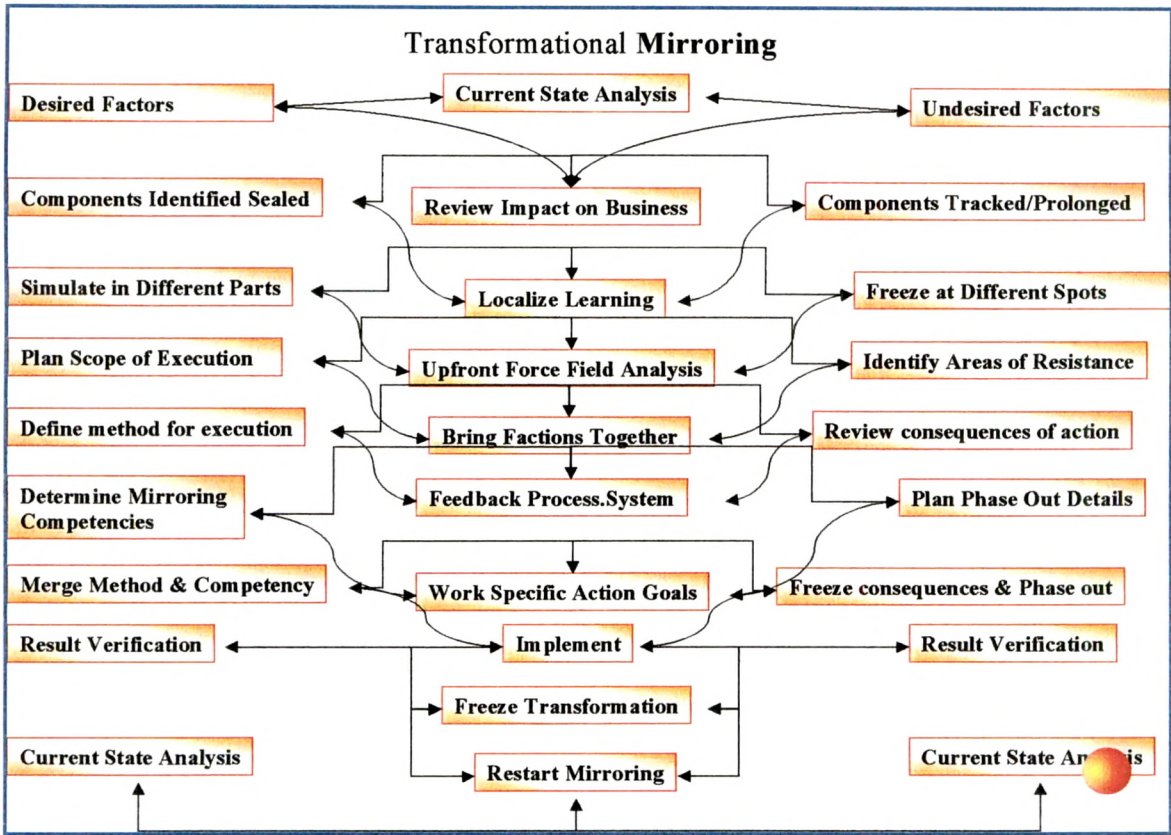


Figure: 59 Transformational Mirroring. Shermon (1999)

d. Adaptability to Cultural Change: Tom Lupton and Organizational Alternatives for Cultural Change

A less simplistic view put forward by Tom Lupton (1971) comes as a series of injunctions to managers::

- Set up systematically and in detail the organization alternatives open.
- Map out the present organization as a social system, not forgetting its external links.
- List the groups affected by each organization alternative.
- Examine the issues likely to be raised in each group from the adoption of each alternative.
- Assess likely reactions on each issue and score for acceptability.
- Test economic feasibility against social acceptability and adopt the course that offers the most adaptive and least costly balance.
- Examine the problems this course raises and ask whether existing means of redress of grievance are adequate to cope. If not, take appropriate steps to create such machinery as seems to be required.

This approach broadens the way in which the change is looked at but is still predicated upon the general idea of listing and choosing. Again, this approach has its value in some straightforward cases but a more general model is required if we are to cope with the variety of change that we have so far discussed.

e. Adaptability to Cultural Change: Charles Handy and Organizational Change

Charles Handy's (1993) schema for organizational change is:

- Create an awareness of the need for change.
- Select an appropriate initiating person or group.
- Be prepared to allow the recipients to adapt the final strategy.
- Accept the fact that the successful doctor gets no credit but must let the patient boast of his or her sound condition.
- Be prepared to accept a less than optimum strategy in the interests of achieving something rather than nothing.

Handy sees this from the manager's perspective, but sometimes change has to be initiated from the grassroots and the above schema can still hold good in such cases.

f. Adaptability to Cultural Change: Bernard Burnes (1992) on Why changes at all?

A more developed version of this schema is the nine-element model developed by Bernard Burnes (1992):

1. *Create a vision.* Why change? The answer must lie in the need to attain some farther goal or realize a distant vision. The first stage/ argues Burnes, is to construct this vision. In looking at this process/ he suggests four aspects:

- *Mission* - a statement of the organization's strategic purpose;

- *Valued outcomes* - specific performance and human outcomes that the organization would like to achieve;
- *Valued conditions* - what the organization should look like to achieve the valued outcomes;
- *Mid-point goals* - intermediate objectives between the current state and the desired future state, usually capable of being more clearly stated than the long-term ambitions.

2. *Develop strategies.* Having shaped a future vision, the organization' needs to look at the ways of realizing that vision and this is done through a series of strategies. The strategies will relate particularly to those mid-point goals and may be shaped by reference to particular domains - for example finance, human resources or information systems - or particular geographical regions. Such strategies are destined to change with time and experience even when the vision remains constant.

3. *Create the conditions for successful change.* In order to create the right conditions for change it is first necessary to create a readiness for change. Burnes suggests three steps to be taken to create this state of readiness:

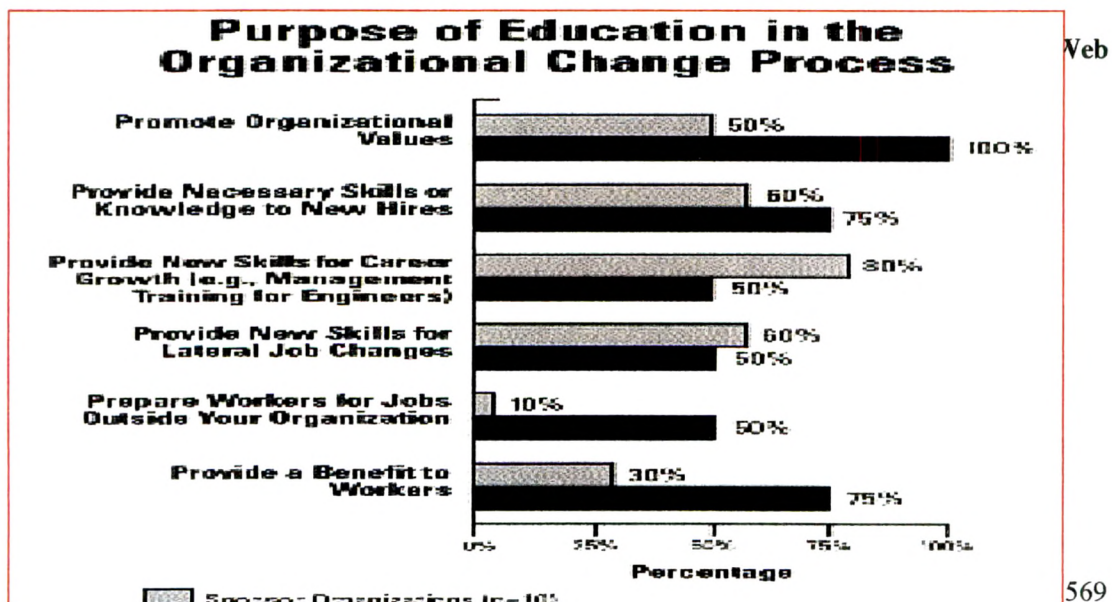
- *Make people aware of the pressures for change* - the organization not only needs to describe its vision but also to share the vision with its employees. By this means members of the organization come to share common goals and to understand the place of change in safeguarding their future;
- *Give regular feedback* - feedback is essential not only on the performance of the individual within the organization but also of the organization itself. This means that

employees become aware of deviations from the strategy and hence are prepared for change;

- *Publicize successful change* - making people aware of successful programmes of change, either within the organization or outside, helps employees see the benefits of the change process. This can also be an important learning tool.

Burnes (1992) further suggests that other steps need to be taken to deal with causes of resistance:

- *Understand people's fears and concerns* - employees' fears may well be groundless but to the individuals concerned they are real and important. Change creates uncertainty and failure to get to grips with perceived threats is a major problem in introducing change;
- *Encourage communication* - regular open and effective communication is a basic way in which to promote change and to address uncertainty. Transmission of detail helps to overcome the potential for rumor taking hold;
- *Involve those affected* - not only does involvement create understanding but it can also alert the change-makers to unforeseen difficulties when those concerned with implementing the change are involved in the detail.



4. *Create the right culture.* Change that is inconsistent with the culture of the organization is doomed to fail, but changing the culture is even more problematic. (Compare this with the third Price Waterhouse paradox.) Desirably, the culture of the organization should foster flexibility and encourage reflection. Encouragement of what Chris Argyris terms 'double-loop learning' - where underlying paradigms are challenged and changed as well as strategies and assumptions - should provide a fertile seed bed for change. He suggests that 'Model II' theory-in-use is the underlying model for fostering this: his 'theory-in-use' is the implicit values exposed by what people actually do as opposed to their 'espoused' theories which describe what they think they do. Senge suggests that the gap between espoused theory and theory-in-use can present a challenge to the shared vision.
5. *Assess the need for, and type of, change.* Appropriateness of response is also seen as key to the change process - appropriateness not only in the particular change to be undertaken but also in whether to undergo a process of change at all. Burnes suggests a four-phase approach to the assessment:
 - a. *The trigger* - organizations should only investigate change for one of the following reasons:
 - One of the organization's strategies highlights the need for change;
 - Performance in attainment of the organization's goals appears seriously impaired;
 - Opportunities are offered which appear to achieve significant improvement.
 - b. *The remit* - a clear remit must be provided for assessing the process of change. This should include the reasons for carrying out the assessment and should cover all relevant domains.

c. *The assessment team* - the team should be led by a senior manager, preferably one who will go on to champion whatever change is necessary, and should include all relevant disciplines. The first task of the team is to clarify its objectives, reviewing the trigger, the remit and the composition of the team itself.

d. *The assessment* - again, Burnes advocates a four-step approach:

- first, the problem or opportunity should be clarified or redefined;
- second, alternative proposals should be drawn up and tested against criteria founded on the redefined problem specification;
- third, the proposals meeting the criteria, together with the problem or opportunity statement, should be shared with a wider constituency;
- fourth, recommendations for action should be drawn up, including type of change advocated, timetable for implementation and resource implications, and presented to senior management for decision.

1. *Plan and implement change.* Having gone through the assessment process, management needs to commit to the change and to prepare a detailed plan. This should be based on the work of the assessment team but may be implemented by a different, though equally multidisciplinary, team. This team, or sub-groups for a major project, will need to undertake a number of activities:

- *Activity planning* - constructing a detailed list of all the tasks to be undertaken, their sequence and the critical path through them;

- *Commitment planning*- identifying key people and groups whose commitment to the project is essential to success;
 - *Management structures* - the team or teams managing the process of change may need new reporting structures with rapid access to top management and to the champions of change;
 - *Training* - the obvious aspect of training is the acquisition of new technical skills, but a wider view needs to be taken to ensure that training underpins all aspects of change and targets the appropriate individuals and groups, including middle and senior management;
 - *Review* - Burnes calls this 'post audit'. After the changes have taken place the effects should be audited to see how successful the changes have been in meeting their objectives and to learn how the change process can be improved.
2. *Involve everyone*. Maintaining the commitment, particularly over a long timescale (remember that even the simplest information technology projects can take years to design, build and implement) requires continuing involvement of all parties.

(Compare this to the second Price Waterhouse paradox.) Burnes suggests three facets to this:

- a. *Information* - letting everyone involved know what is happening right from the beginning and reporting honestly on progress or lack of it/ is the key.
- b. *Communication* - providing information is only the start. Communication has to be two-way with employees' responses gathered and listened to.

- c. *Actual involvement* - responsibility for detailed aspects of change need to be given to those directly affected; this requires the correct identification of those responsible.

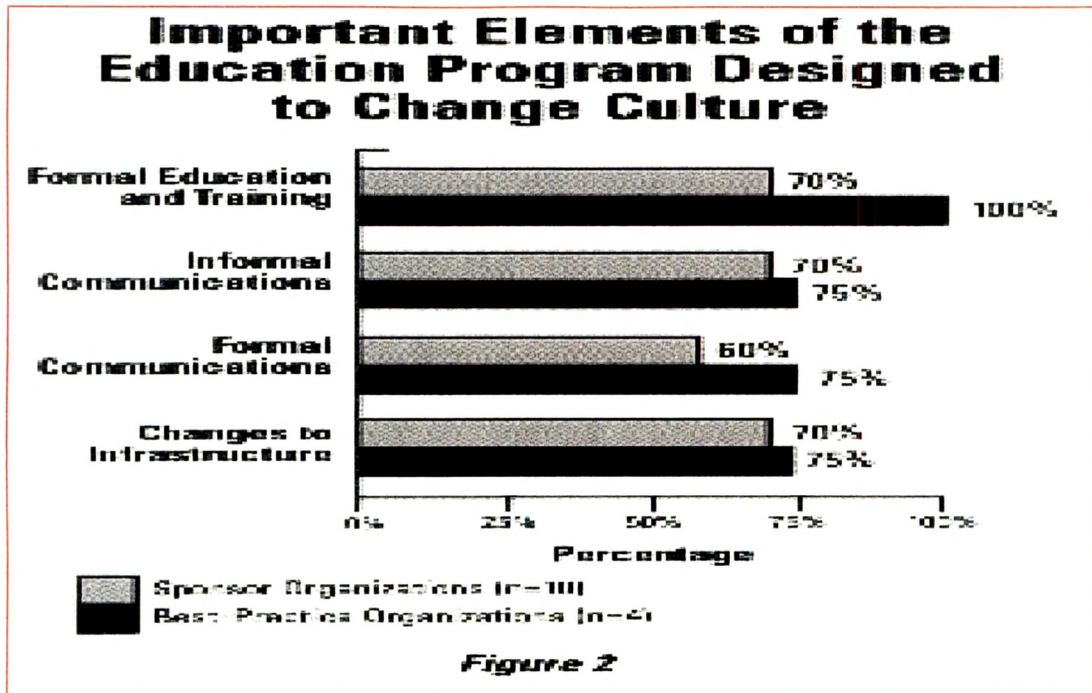


Figure: 61: Elements of Education for Change Management Program

3. *Sustain the momentum.* Particularly in long-term projects, a failure to maintain the momentum of change can lead to regression on the part of that participating and potentially fatal delay. To bolster the momentum, organizations can:
 - *Provide resources for change* - even where a project is looking for down-sizing, the actual pursuit of change is likely to consume resources (note how finance departments expand during periods of retrenchment) and appropriate resources should be allocated from the beginning of the project;

- *Give support to the change agents* - often the change management team has to boost morale and motivate others. They, in their turn, need support and encouragement lest they become demoralized and pass on their demotivation to others;
 - *Develop new competencies and skills* - training has already been mentioned but the momentum has to be borne on a tide of new styles and approaches. This can involve leadership and team working training as well as individual counseling and encouragement;
 - *Reinforce desired behavior* - behaviors that are consistent with the change can be reinforced not only in financial ways (for example using suggestion schemes or bonuses) but also symbolically (using praise, changing a job title, or awarding prizes).
4. *Commit to continuous improvement.* Real success should see change as an ongoing process, not a once-and-for-all activity. The prospect of continuing improvement should be built into the project from the outset and a culture of quality enhancement engendered.

Burnes' method arises from his study of what went well (and badly; two-thirds of the changes he surveyed were unsuccessful) in major reorganizations in substantial firms. However, much of what he has to offer is applicable on a smaller scale. His is one of the more comprehensive approaches to the management of change.

g. Adaptability to Cultural Change: B N P Paribas Banking Corporation managed change using the William Bridges model of making transitions as found appropriate. The two stages of the transformation is outlined below:

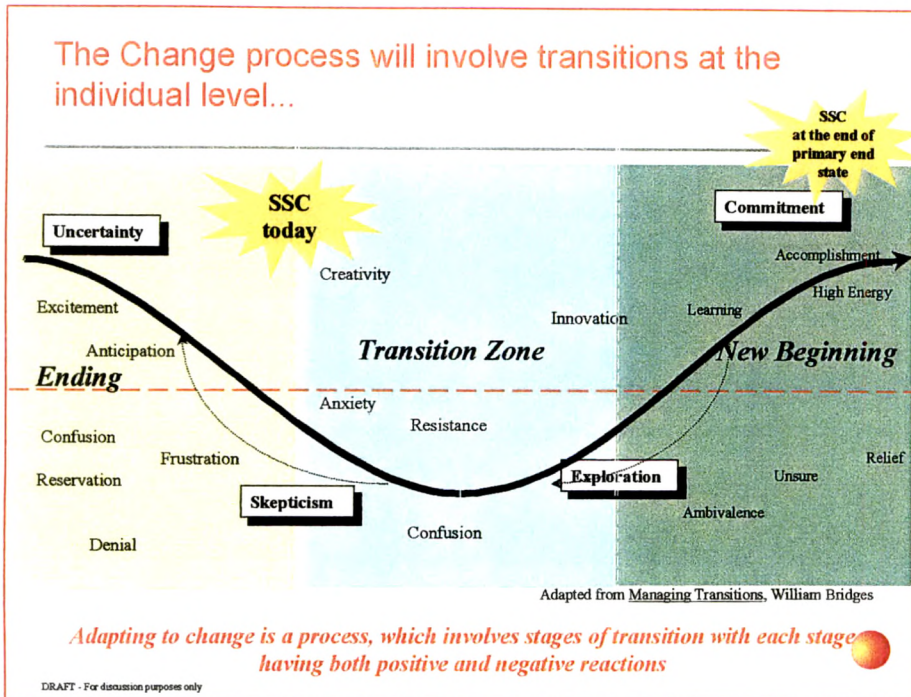
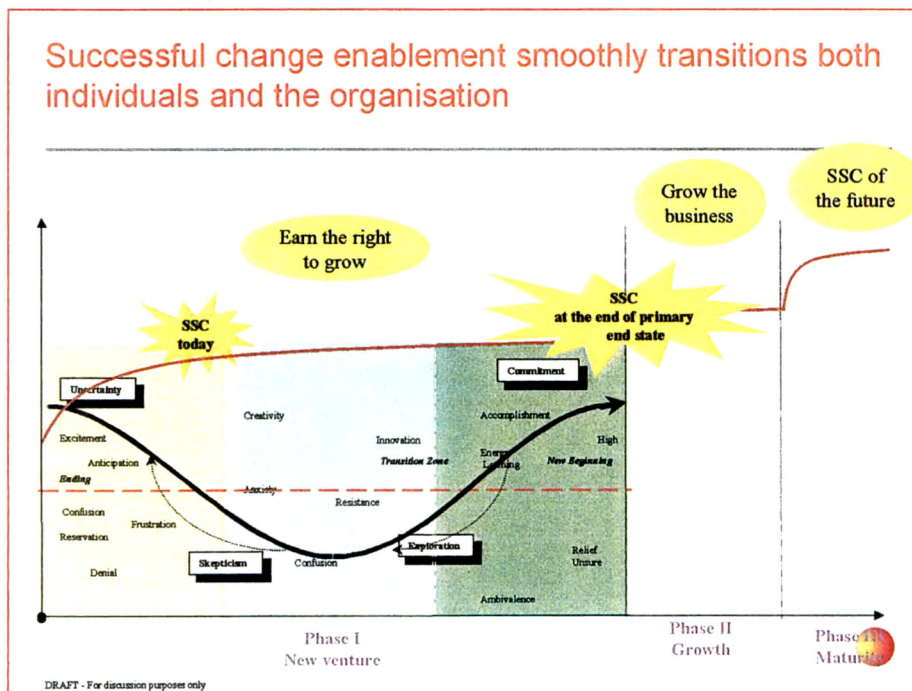
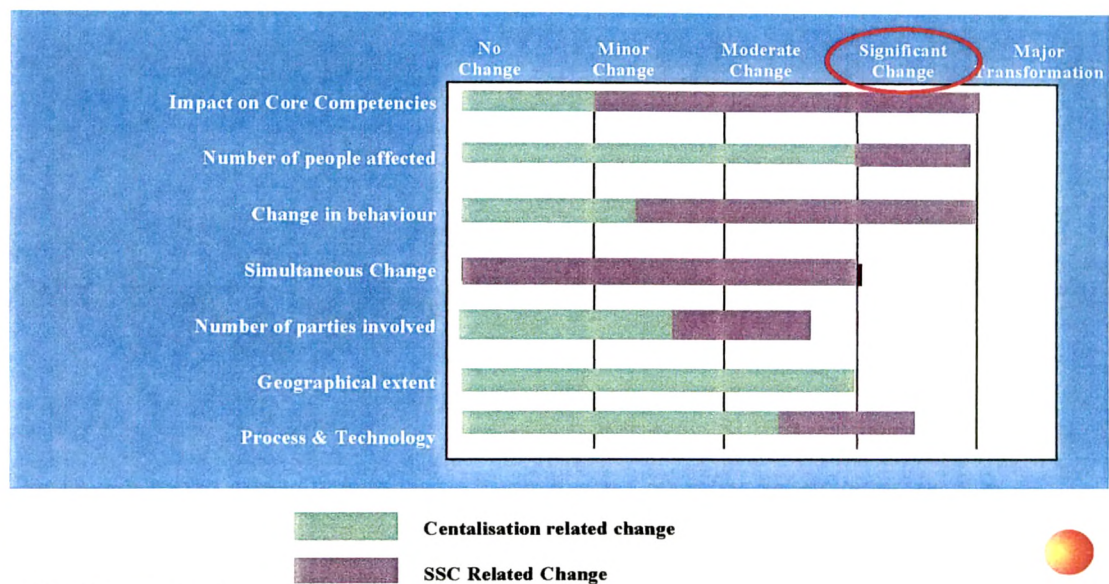


Figure 62 and 63: Managing Transitions while enabling Change – Current and Desired



The Magnitude of Change at BNP Paribas Banking Corporation was measured as follows:

Thus, the magnitude of change involved in the transition will be high



DRAFT - For discussion purposes only

Figure 64: Measuring the Magnitude of Change involved in theTransition

Cultural influences at BNP Paribas

Geert Hofstede (1980) carried out studies that identified cultural similarities and difference among the 116000 staff of IBM located in 40 countries. He identified basic dimensions of national culture and the differences in their emphases and importance in the various countries. The dimensions were, as set out below.

And The Readiness to Cultural Change at BNP Paribas Banking Corporation as seen as follows:

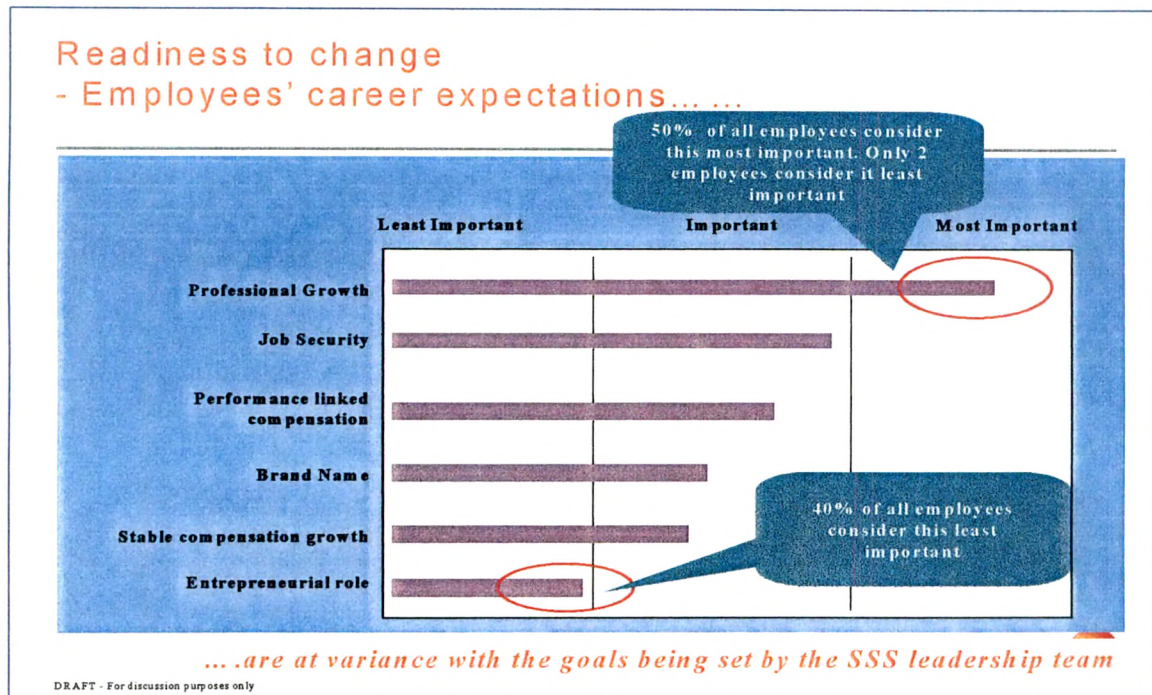


Figure: 65 Readiness to Change – Employee Aspirations

- At BNP Paribas the concept looked at the extent to which managers and supervisors were encouraged or expected to exercise power in the new structure with its authority and responsibility limits and to take it upon themselves to provide order and discipline.. Relationships between superior and subordinate

were based on low levels of mutual trust and low levels of participation and involvement as the change meant moving from the Bank into shared services center. Employees would accept orders and direction on the understanding that the superior carries full responsibility, authority and accountability. People are expected to be consulted and to participate in decision-making. They expected to be kept regularly and fully informed of progress, and had much greater need for general equality and honesty of approach. They would feel free to question superiors about why particular courses of action were necessary rather than simply accepting that they were. The extent to which power and influence is distributed across the society; The extent to which this is acceptable to the members of the society; access to source of power and influence; and the physical and psychological distance that exists between people and the sources of power and influence. Power distance is the extent to which the less powerful members of organizations within a country expect and accept that power is distributed unequally. This issue was perhaps prominent at BNP given traditional employee fear of being singled out in the society that they were no longer employees of the parent company, the BANK.

Critical Characteristics of this experiment

In BNP Paribas as issues driven by Inequalities among people minimized, decentralization of activities, subordinates expect to be consulted by superiors, privileges and status symbols are less evident. Inequalities are desirable, with greater reliance by the less powerful, Centralization normal, subordinates separated from bosses, Wide differentials in salary, privileges and status symbols etc all being issues for resolution.

The extent to which people prefer order and certainty, (Centralized operations preferred to a subsidiary company – BNP) or uncertainty and ambiguity; and the extent to which they feel comfortable or threatened by the presence or absence of each. Uncertainty avoidance is defined as the extent to which the members of a culture feel threatened by uncertain or unknown situations. People with a high propensity for uncertainty avoidance (that is, those that wished for high degrees of certainty) tended to require much greater volumes of rules, regulations and guidance for all aspects of work. They sought stability and conformity, and were intolerant of dissenters. Uncertainty caused stress, strain, conflicts and disputes. Stress could be avoided by working hard, following the company line, and adherence to and compliance with required ways of behavior. Where uncertainty avoidance (Senior management, for example where policy and transfer rules were clear and upfront communicated in some cases – BNP Paribas) was lower, these forms of stress were less apparent; there was less attention paid to rules and less emphasis placed on conformity and adherence.

Characteristics of the Problem at BNP as it was managed

Greater tolerance of ambiguous situations, high risk-taking, hard- working only when they need to be. Precision and punctuality missing, comfortable with deviant and innovative ideas and behavior, motivated by achievement, esteem or belongings, fear of ambiguous situations and unfamiliar tasks, punctual and an emotional need to be, busy, novelty is resisted and motivated by security are some examples of such characteristics. The extent to which individuals are expected or expect to take care of themselves; the extent to which a common

good is perceived and the tendency and willingness to work towards this. Individualism/Collectivism pertains to the extent to which individual independence or social cohesion is dominant. The concern here was to establish the relative position of individual achievement in terms of that of the organization, and also the wider contribution to society and the community. For example, in the UK and USA overwhelming emphasis was placed on individual performance and achievement. In the BNP context the older seasoned bankers were concerned of their social security benefits, apart from image and respect in the society if the transition were to take place. This has implications for membership of teams and groups and the creation of effective teams and groups in such locations. It also indicates the extent of likelihood of divergence of purpose between the organization and individuals. Where collectivism was higher, there was also a much greater emphasis on harmony, loyalty, support and productive interaction. There was also a much greater attention to organizational performance, as well as the position of the organization and its wider environment, and its contribution to society, in addition to the achievement of its own desired results. Some of the ties between individuals are loose, Individuals look after themselves and their family. Contracts with employers are based on mutual advantage, Hiring and promotion decisions are based on skills and rules, Strong cohesion among people, Contracts with employers on moral terms, Hiring and promotion decisions take employee's working in a group into account are some examples.

Readiness to Change - Findings

Individual & Team Capacity



Best Practice:

Actions have been taken to increase individuals' and teams' ability to enact the business vision and operate effectively in the new environment.

Enablers and Barriers

Enablers

- Employees accept that there is a definite need for change in skill sets for success in the SSC.

Barriers

- Over half the employees feel that the organisation does not place enough emphasis on training and skill development.
- Most employees feel that they have not received adequate training in the past even to get their jobs done.
- Most employees feel that, during transitions in the past, they were not consulted as to the training they felt they required.
- Over half the employees feel that there is a lack of cross-functionality and knowledge sharing in the organisation.
- Most employees indicate that they would like to receive more training in the SSC.
- Over one third of employees feel that building skills is one of the most critical success factors for the SSC and that they would like more training.

Risks

- Ineffective skill development process hampers SSC effectiveness
- Lack of team-work delays the change initiative..
- Employee frustration with lack of ability may jeopardize change initiative

Figure: 66 and 67: Readiness to Change Findings and Evaluating Change

The degree to which long-term or short-term is the dominant orientation in life, and is linked to the Confucian concept of 'virtue' which Hofstede contrasts with

Evaluating Change.



The distinction between values (the acquisition of money, wealth, fortune, success, ambition, possessions) and the needs (sensitivity, care, concern, attention to the needs of others, quality of life); and the value, importance, mix and prevalence of each. Masculinity/Femininity refers to the degree to which social gender roles are clearly distinct. This considered the value placed on different achievements. Cultures with high degrees of masculinity (Bankers like Citibank and Bank of America) set great store by the achievement of material possessions and rewards. Those with high degrees of femininity saw success in terms of quality of life, general state of the community, individual and collective well being, the provision of essential services, and the ability to support the whole society and to provide means of social security. The work emphasizes the importance of cultural factors and differences in all areas and aspects of organizational behavior. It indicates both the strength and interaction of cultural pressures. It indicates the source and nature of particular values, particular drives and barriers and blockages, and behavioral issues and problem areas that all organizations need to consider. Above all, it illustrates the relative strength of some of the main cultural and social pressures that are brought to bear on all organizations in all situations. These pressures indicate the context in which organization culture is founded. Culture is present in all organizations. It is either positive (which tends to attract people), or negative (tending to repel people), which people tend to reject; it may also be one of the following as stated in the discussion on Uniform Cultures.

- Men supposed to be assertive, tough and focused on material success
- Women supposed to be more modest, tender and concerned with quality of life

- Social gender roles overlap
- Both men and women supposed to be modest, tender and concerned with the quality of life

In effect, for cultures,

- There is no “right” or wrong about an organization’s culture
- “It” exists and is observed, commented upon, criticized, or praised
- Culture is what the leader and his people choose to adopt
- What one sees, hears and feels when encountering a new group
- The visible products such as the architecture of its physical environment, language, technology and products, easy to observe - difficult to decipher.

5. Conditions that make Change Happen

- **Conditions: A Dramatic Crisis or the Near Death Experience.**

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. 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 (though such a customer would have to represent a significant proportion of the

organization's revenues — typically 25 percent or more), or a dramatic technological breakthrough by a competitor. 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.

- **Conditions: 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. The result of new leadership without an alternative set of values is likely to be a response that differs in no way 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 usually is more effective to replace people with individuals who have no vested interest in the old culture.

- Chief Executive of Madura Garments left with his entire top management team to form Indus League and a innovative set of brands. Madura garments lost shareholder value consequently. The CEO was responsible for the brand, people and the culture that he had helped influence, create and sustain. Sriram Srinivasn in a

conversation mentioned of his leadership style in the context of a culture within the Coats Viyella organizational model:

1. Sets high standards
2. Envisions exciting new possibilities
3. Provides continuous encouragement
4. Focuses my attention on “what it takes” to be successful
5. Establish Values
6. Look beyond your nose despite a sun set industry

- **Conditions: Life Cycle Stage Cultural Change Management Process.**

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. One writer, for instance, has proposed that employees will be more receptive to cultural change if,

- (1) The organization's previous success record is modest,
- (2) Employees are generally dissatisfied, and
- (3) 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.

Such actions are likely to dramatize to employees that the organization is experiencing a true crisis.

Of impacting cultural change in an organizational context, Ashok Balwani, CEO and Regional Head (Asian and European Geography) of Des Norske Veritas says:

1. Drive by energizing the intellect as we are in the Knowledge Business
2. Makes me aware of essential work-related issues
3. Shows determination to accomplish what he/she sets out to do
4. Expresses his/her confidence that we will achieve our goals
5. Talks optimistically about the future
6. Talks enthusiastically about what needs to be accomplished
7. Articulates a compelling vision of the future

- **Conditions: Age of the Organization.**

Regardless of its life-cycle stage, the younger an organization is, the less entrenched its values will be. We should expect, therefore, that 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.

Here is a perspective from Vasu Krishnamurty, CEO of Vismaya Technologies:

The leader influences in the History and Tradition of the Organization are a debatable issue. Not always have founder leaders have a much longer lasting impact than professional leaders who in the context of a lifetime of an organization are pretty restricted by their tenures and operating systems to effect long term change. History and tradition are best -written on a clean slate. (Contra – HLL today, e.g. SM Dutta's leadership (successful or perpetuating) (Celstream – borrowed cultures)(Infosys – can have Nandan speak to you on this). Structure and Hierarchy Influence, Management Style, the Role of the CEO in building organization visions. People are best driven by business success. The lead players in the business success story make use of the initial success to carry people along and drive them towards building business leadership. Structures and hierarchy compliment success or are deterrents to it. For example, a start up founded within a successful organization, such as in a new business, will have all the trappings of the parent organization forgetting that the formula for the parents success in the first instance was based on start up fundamentals of founder team passion, small team management, limited resources and sheer survival instincts.(Titan and Tanishq). The Role of the CEO/leader in regard to strategy processes technology and people actions and leader's influence in the existence of specific types of cultures. I find the 'CEOs' concept far more effective than the CEO concept. The CEOs concept is where everyone in a leadership position is comfortable with one another and bound by a common vision and value set. What each one brings to the group and all strategy gain respect and cultures emanate from the core

team. People work the way that is seen as successful and that may be far removed from a CEO's personal style of functioning. Condoning or 'not noticing' practices is as much an influence as practicing them specifically. I find this strongly in the company I've promoted – Vismaya. At Titan all recruitment decisions at all levels irrespective of need, location or urgency was taken by the mgmt team only to bring about consistency of work culture. Leadership Style as practiced by the management groups influences the culture. Yes, my earlier point elucidates this quite sufficiently. CEO/leader focus on performance, climate, communication, and HRM practices, on monetary reward programs and influence over high performers, and management attention on retaining high performers. Agree completely. Take advertising. Very creative and yet used to be completely driven by the rate card. Today the industry across the world is facing stick from clients seeking CREATIVITY THAT WORKS. Fees are being structured around success factors such as brand recall etc and this then is fed down the line. The Creative Directors job, the most coveted and paid job, is now a veritable hot seat with 60 % of pay being variable. The company's reward and retention plan is built around its tasks in the market it operates in and all else being equal it is a company that has process and people supporting these plans that makes it. The CEO drives this competitiveness. (Vase Krishnamurthy)

For Vasu Krishnamurthy effectively leadership

1. Encourages us to rethink ideas which had never been questioned

2. Seeks differing perspectives when solving problems
3. Suggests new ways of looking at how we do our job
4. Gets me to look at problems from different angles
5. Encourages non-traditional thinking to deal with traditional problems

- **Conditions: Size of the Organization.**

We realize that cultural change is easier to implement in a small organization. Why? In such organization, it's easier for management to reach employees. Communication is clearer, and role models are more visible in a small organization, thus enhancing the opportunity to disseminate new values. Take examples like implementing cultural change at Amtrex Hitachi or Arvind Garments or Arvind Fashions as against the gigantic textile mill with 12000 employees. Each of the smaller companies implemented programs like BPR, TQM, Customer Satisfaction Programs or JIT effectively and in a shorter time frame given relative small size and geographic spread of these companies. Employees could be connected, processes could be streamlined efficiently and impact maximized. In contrast Arvind Mills took longer time with ab greater lag and loss of momentum and demonstrating conviction across the board.

The Lalbhai Group Case Study

For Arvind the winning combination was as follows:

1. Restrategizing on the business portfolio and creating a new product mix that met with the changing customer needs.
2. Bringing back a focus on manufacturing excellence with a cost conscious process made the bottom line look better.
3. Communicating across the board on what needs to be done, by whom and by when provided a strategic and tactical clarity on both short term and long run goals.
4. Hiring experts who could fix pending problems and hastening the learning curve delays was yet another masterstroke of a strategy.
5. Direct and hands on dealing with problems as they arise and as they are fixed made management decision process and involvement of relevant management staff easy and user friendly.
6. Ensuring high performers are rewarded and special incentives designed for people who can work effectively under adverse conditions helped other aspirants to emulate high performers and bring up the overall performance standard.
7. Spreading the risks in such a way that the company manages its cash flows effectively, helping business managers take ownership for collections, making critical raw material buying decisions strategically, bringing innovations in product and process areas and learning to make the organization think differently were the ground level actions.
8. Making staff functions perform line driven profit oriented goals created a sense of all being in it together and everybody sharing the role of revitalization the corporation.
9. Teams came into focus, sharing of resources, breaking traditional boundaries of knowledge and expertise were additional features of the turnaround.

10. And finally the fact that we continue to be a preferred employer with high attraction for employees and low turnover helped bring up the morale significantly.

- **Conditions: Strength of the Current Culture.**

The more widely held a culture is and the higher the agreement among members on its values, the more difficult it will be to change. Conversely, weak cultures should be more amenable to change than strong ones.

The organization's culture or subcultures determine the nature of learning and the way in which it occurs. For example, the entrepreneurial style of Citibank's Global Finance Group results in a learning approach in which information is made available to fund managers and analysts, but its use is at the managers' discretion. In addition, there is a good deal of leeway in how fund managers make their investments; some are intuitive, some rely heavily on past performance, and a few use sophisticated computer programs. Thus the fund managers' use or application of learning is largely informal, not dictated by formal, firmwide programs. Meanwhile, the culture of Citibank's marketing groups is more collaborative; learning is derived more from interaction within and between cross-functional work groups and from improved communication.

In contrast, there is no question that a great deal of organizational learning about quality has occurred at Amtrex Hitachi, but its emphasis on business process reengineering and technical concerns resulted in an earlier, complete embrace of total quality by product manufacturing groups. In a culture that heavily rewards

product group performance, total quality in products and processes that require integrated, inter group action lags behind, particularly in the marketing of systems that cut across divisions.

- **Conditions: Presence or 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.

- **Conditions: Climate of Openness.**

Are the sub cultures around information flow permeable so people can make there own observations? Much of cultural learning and dissemination is a function of daily, often unplanned interactions among people. In addition, the opportunity to meet with other groups and see higher levels of management in operation promotes learning. People need freedom to express their views through legitimate disagreement and debate. Another critical aspect is the extent to which errors are shared and not hidden. Tata Group with its multiple organizations and the units necessitate bringing in openness in its communication and culture. and presence of sub cultures is but an inevitable reality.

Perhaps the most dramatic example of openness in our findings is Amtrex Hitachi, where abnormalities or deviations are publicly reported throughout the

entire system of sales branches, manufacturing plants and service stations. The company treats such incidents as researchable events to see if the problem exists anywhere else and follows up with learning driven investigation to eliminate it. It then disseminates this knowledge throughout the company. While this openness may be explained by the critical nature of problems in a manufacturing plant, we can only speculate as to what would be gained if any organization functioned as though a mistake is potentially disastrous and also an opportunity to learn.

Section 6: Effecting Cultural Change:

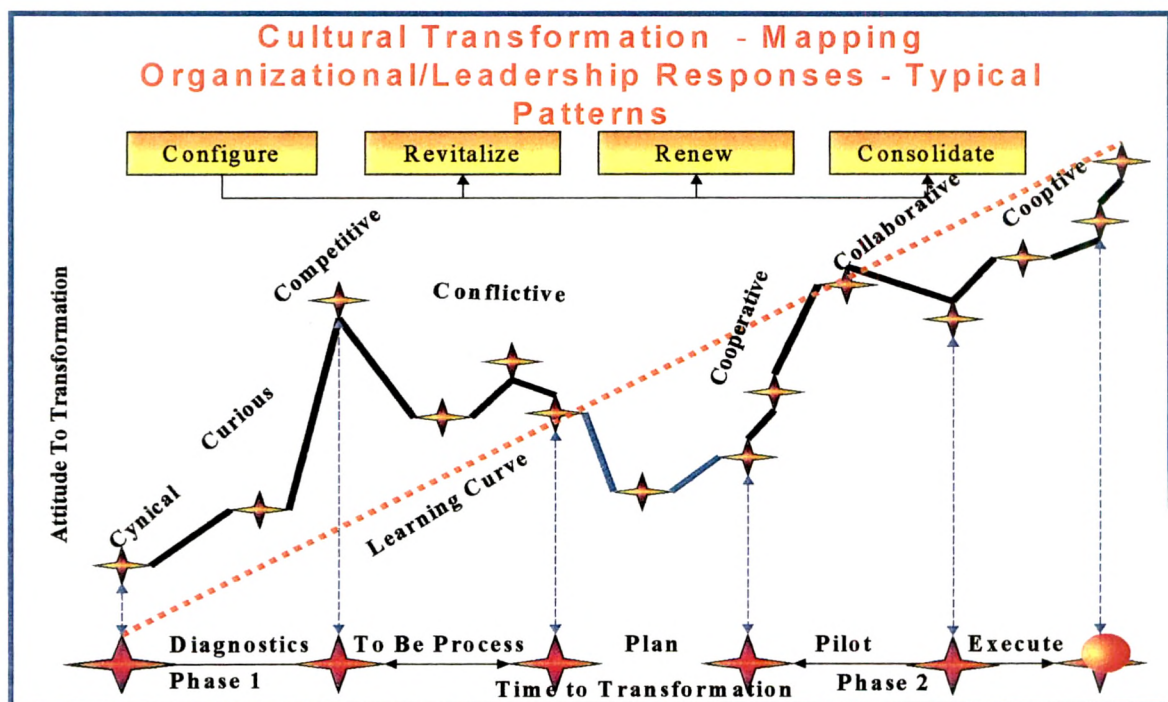


Figure: 68 Cultural Transformation – Mapping Organizational and Leadership Responses – Typical Patterns

a. Effecting Cultural Change at Lalbhai Group – An Experience Sharing

The Lalbhai's had a quick and formalized method to impact cultural change in a large amorphous organization. Tell Me is a upfront development approach, verbal or non-verbal as may be deemed necessary, through which an individual or a group would communicate perceptions, feelings, expectations about actions, behavior and competencies. When soliciting Tell Me, an individual is asking for a view of others' about his behavior. The asking is voluntary and constructive and could break unknown human barriers between people.(Bridges 1996) It is based on a theory of self development and growth that involves natural stages of identity, orientation to an environment of people, organization of data and information that forms a part of our life experiences and into a path of self renewal. Leadership Impacts at the cultural level at the Individual disposition.

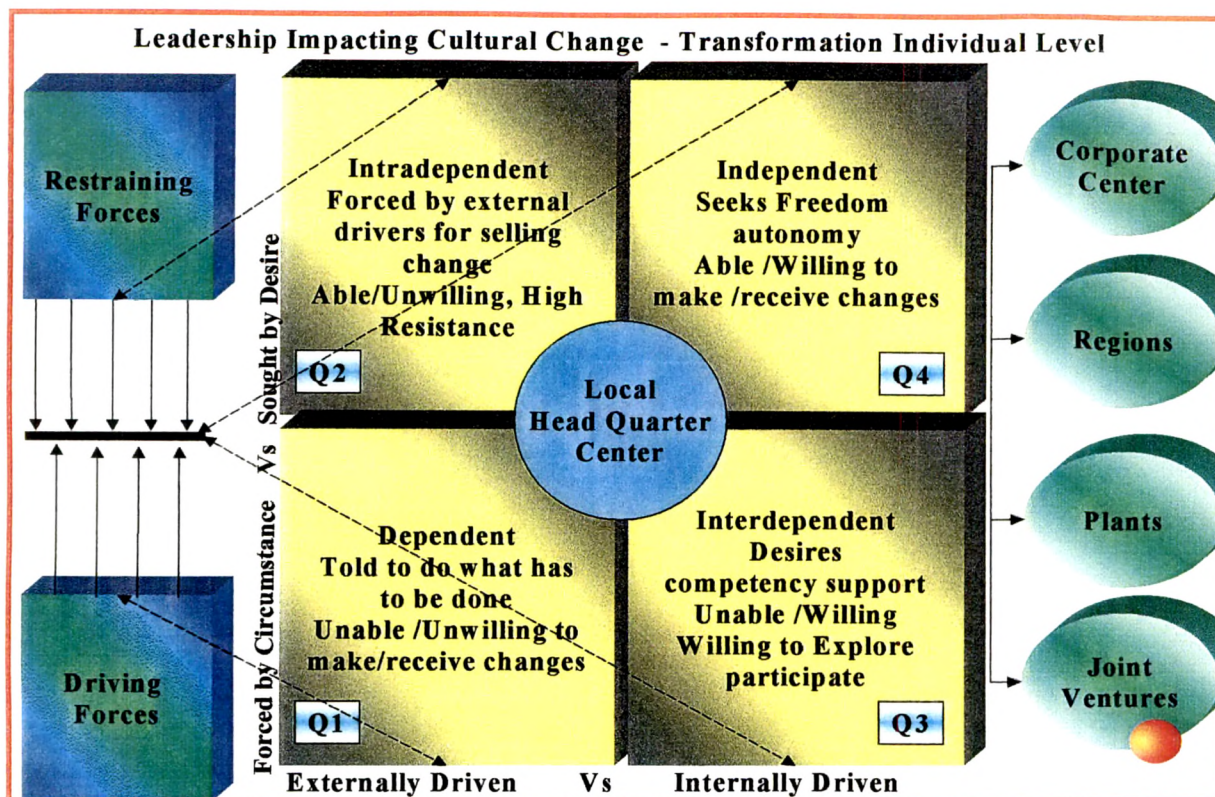


Figure: 69 Leadership Impacting Cultural Change at the Individual Level

This concept paper is based on a series of workshops (3 days each) conducted at The Arvind Mills Ltd. Ahmedabad, India in 1998, with over 200 participants in groups of 25 on a workshop titled, "Culture Beyond 2000". The participants consisted of line managers and officers including supervisory staff and the methodology of the workshop was based on the principles of Tell Me Effect.

Tell Me must be articulated so that the person receiving it can absorb it objectively. It must be stated with limited distortion, understood with an open

and honest frame of mind and body, understand it for its use and value, and exercise the choice to use it or not use it. Make known the impact of every episode as they conclude for members to understand the complete implication of what has transpired and bringing all members up the curve. The groups are not exclusively self directed. The facilitator plays a key role in making the group understand at varying intervals their obligation and responsibility to each other.

- Tell Me needs to meet with the demands made by the receiver to say it with your feelings. There is a basic need to be emotionally involved and resilient with the problem to deal with it. Values have a lot to do for the process to be effective. It would be impossible and incorrect to deal with an issue where there is a potential value conflict between the group and the member, or the client and the counselor. I cannot believe in abortion and support a religious dilemma of a member., irrespective how dispassionate I could be personally. The issue to bring out in both the sender and the listener a strong reaction of concurrence that we should act upon it, rather than not handle it upfront. Both should exhibit commitment, courage and willingness to the risk of sharing with feelings, as they emanate while the experience is in transaction. For example, withdrawing half way through the episode is not on, we need to go through with and not leave the member half way through the encounter. This implies responsibility.

- If I cannot I should not participate in "Tell Me".

- Human communication process involves both the contents of the mind and its usage to communicate to others. The situation created for this communication should be as real as it can get as far as the data and facts beings processed is concerned. The climate is created to carry out a specific task of communication and the tension is released soon after the encounter. Telling happens meaningfully when there is mutual care and concern for each other's well being. For a start up state of dominance or submission the gradual process of growth ends with friendly disposition and independence (Polley 1986). Adequate interpersonal space, a form of affiliation spans the climate. Motive to an act is relevant only if data and facts are under investigation. That behavior happens naturally and is manifested externally owing to values, beliefs and experiences. Behavior happens irrespective of the motive or the desired intent. In any event motives or intents are not as important as the behavior itself. In building relationships what you see and feel is what is available for action. Effectively act only on what has been heard or observed and that can be supported by data generated or acquired legitimately. That there is no one behavior for any situation. There is no right or wrong, in fact only interpretation of causes and sources of a problem. That the behavior was rather interpreted as experimentation and exploring new ways of doing. That in my/our behavior I could discover myself for what I am. And interpretation is not a measurement, but a tool for seeking clarification. Logical variations are inevitable and necessary to cause effect in the tell me session although creative contribution by itself is not desirable other than for suggesting hypothetical alternatives. Intensity of the climate determines relevance of creativity. Members could assume triviality of

the help being suggested if the alternative is found to be creative and lacking in empathy. Concurrently the communication process should either precede or follow process path flow seen as imperative for the tell me effect. A directional, linear path of the helping transaction. Process path flow is a logical mix of deliverables seen as fundamental to make communication happen. Keeping on to the course, and concluding only when exhausted of alternatives. Congruency in the flow or a linear direction is not necessarily a governing condition. Flow is determined in our judgement by the experience. It could take different turns and make its logical course in and out of the experience. Variations without logic would make members assume bias and an unhelpful attitude. Although sticking to the issue stubbornly until resolution would bring a conclusion. Go for the experience without an expectation. Seek the joy of experience and in it see the learning. Leave the ownership for change with the individual. Bring in spontaneity and energy. Make it a mutual process of learning not excluding any of the players to the episode. Eliminate conditions that appear to determine our way of doing things. Let not rules turn into conditions and in turn into a deep ridge of dissonance.

- Tell Me sessions are planned and a group process is organized. The participants understand the implications of their participation and the responsibility that they would take on for each other. That listening to another person's feedback is voluntary. That the freedom to continually receive information from the environment, to adjust and take corrective action. That the experience brings about growth and a change in perspective, a desire for a new beginning, the creation of a new culture.

Impulsive telling could be harmful from process effectiveness as well as the potential scars that it could leave with the participants. Culture Beyond 2000 workshops dealt with this issue upfront and frowned upon any impulsive reaction not substantiated or researched. We are not contradicting with the process of feelings or emotion based sharing that could appear impulsive, but more to do with feedback, that is said without a thought process. At times this could term as devious fun or attitudes to attract attention or impress upon other participants how open a person is. Teams make "Tell Me Effect" simpler to handle. The process is free, un encumbered and not littered with a laundry list of "all that I have to tell you". When TELL ME is given immediately after the event, it is usually group shared, understood and internalized, so that other members can look at the interaction as it occurs, experienced, argued and consolidated. The process of consolidating "Tell Me" adds to the effectiveness of the experience. Consolidation happens when the groups have decided to record the sharing process and work out an action plan. The groups now believe that the transaction has turned beneficial, not competitive and deem it appropriate for risking modified behavior. Events that occur outside the group ("there-and-then") may be known to only one or two group members, and consequently, cannot be reacted to or discussed meaningfully by other participants. If the group members are consistent and clear in their perception of the receiver, and this disagrees with the receiver's view of himself, then he/she needs to look more closely at the validity of his/her self-perceptions. Frequently the fact that people perceive an individual's behavior differently is useful information in itself. Part of each group member's responsibility is to

ask for Tell Me from members who refrain from reacting and are not responding to the process in a fair equitable manner so that the receiver will know how everyone sees his behavior. Needless to mention that if one of them simply have nothing to say there is no need to force a response. Participating for the sake of group cohesiveness does not add value to the process. In any event not all members of the group need to play a continuous role of facilitation. Let it be.

In the Workshop on Culture Beyond 2000, the participants agreed upon a set of ground rules:

1. Compassionate and Caring telling
 2. Aspiration and Ambitious asking
 3. Challenging and Stretching
 4. Empowering and freedom from inhibitions
 5. Fair, Objective and factual
 6. Concern for the task
 7. Sensitivity to the team and group needs and wants
 8. Mutually Learning and Rewarding
 9. Creative and untested assumptions to be experimented with
 10. A climate of trust and openness.
- Asking for Tell Me may indicate that the receiver is prepared to listen and wants to know how others perceive his behavior. In asking for tell me, however, it is important to follow some of the same guidelines as for

giving a message. A person should be specific, objective, and factual about the subject on which he/she wants behavioral material. Tell Me is a reciprocal process. Both senders and receivers can help each other in soliciting and in giving it. In Tell Me encounter this “give it” and “take it” is fundamental and imposing, as a floor level understanding is critical to ensure success of the experience. Participants should feel the experience as being real, joyful and learning. Several situations may occur when mutual sharing on how do we share “Tell Me” may become important as a basic group norm structuring.

- Many people want to know how others perceive their behavior, their actions, but they fear the consequences of asking for such information. In all such fears the underlying assumption is the suspicion over motives. How easily a person will ask for Tell Me is related to the amount of trust, faith, and mutuality and a gross absence of a motive in the interpersonal relationship. There is nothing in it for me other than your well being is fundamental to the “Tell Me” episode. In-groups it is group cohesiveness. However, people fear that the receiver will use “Tell Me” received (particularly negative) to reinforce negative feelings. In all of “Tell Me” experiences there are clear and potential possibilities of the encounter turning negative, unhappy and sometimes sad. Again, it is sometimes difficult for a person to separate behavior from feelings of self worth. Helping groups and individuals to cope with this behavioral possibility is critical to implement at the stage setting process. Let not a “Tell Me” session be kicked off without the interacting participants not knowing potential consequences to their current state.

➤ TELL ME should be aimed at behavior that is relatively easy to manage, deal with, process and understand and consequently change. Many individual behaviors of habitual and routine nature and could be described as a personal style developed through years of behaving and responding in certain ways may not be the best of situations to start with for the "Tell Me Effect" experience. TELL ME on this kind of behavior is often frustrating because the behavior can be very difficult to change. More importantly it is critical to clarify how relevant is there a need for change on the identified behavior. TELL ME on behaviors that are difficult to change may often make a person self conscious, moody, encounter fear and anxious about the displayed behavior. Consequences must focus on the effort. Occasionally, in tell me, one must determine whether the behavior represents an individual lifestyle or results from unknown personality factors or issues considerably irrelevant to the transaction in progress. That I hate Banana Milk shake is not relevant to this transaction irrespective of how open minded I am being asked to be through the "Tell Me" session. Sometimes it may be helpful first to ask the receiver whether he/she perceives his/her behavior as modifiable. Whether, secondly, the person wishes a change. Thirdly does the person feel that another behavior pattern is more desirable and acceptable to self and others. Many behaviors can be easily changed through "Tell Me" and the person's conscious desire to change his/her behavior in order to produce a more effective interpersonal style. Obviously the purpose of the episode is not to make people forget how to think, see and feel. Nor is the purpose to make people wonder how would he/she walk out of this

experience. In all endeavors involving people and their relationships each group will evolve structures and patterns as the members work together and reach individual or collective assumptions. It is imperative for the primary motivation of membership in growth groups is to help one self and others to believe, learn, grow and evolve as a fully rounded person. Conscious attention to structure, roles, relationship linkages are essential to resolve classical individual and team problems as they arise in every day life. Meaning, belief and faith are fundamental to make the TELL ME process happen. Dilemmas and paradoxes continue to haunt when tell me effect is in progress. There are occasions of feelings of emptiness on the exercise. There are questions on whether all this worth it? Would people really change? Why should I offer space and time for tell me session? What do I receive in turn? WHY? WHY?

The benefits for corporate organizations for questions as above are:

- Facilitates employee goals setting and commitment to change towards a desired state of behavior or action. Makes the goal setting standard and mutual expectation ambitious and shared across family/known groups. Synergize individual and group problem and expectation priorities within the overall framework of the organization, Identify behavioral competencies that are relevant to make individuals effective. It is possible to create a dream, a shared dream, a vision for the group as it interacts with the organization. That behavioral change would be rewarding in performance enhancement and consequent rewards. And finally, that the change in self make us a happier person.

What are the real encounters that the members feel and experience? Focusing on personal feelings may frequently encourage other group members to help the individual. Anger and conflict are not themselves 'bad'. Angry feelings are as legitimate as any other feelings. Conflict can be growth-producing phenomenon. It is the matter in which conflict or angry feelings are handled that can have negative consequences. Only through surfacing and resolving conflicts can people develop competence and confidence in dealing with feelings and situations. Effectively "Tell Me Effect" happens when there is a bondage to the cause and that we are participating in an act together. The human feeling to help, care, share and love for each other is fundamental to the cause of "Tell Me". The belief in the human spirit, the will and the capability to change is basic for the process. To belong as an individual and as a group individually and collectively should be a reciprocated feeling. That the process makes me feel and do things good should be a cause. That the encounter can happen without fear, anxiety, insecurity, dependence is key to the climate of sharing.

We need to get people to take back an experience after the "Tell Me Effect". Experiences do not happen unless we agree on the psychological contract that binds people of varying behaviors together. Each of the "encountered" member should train on recall and goal based follow up. Reinforcement workshops are necessary for periodic up gradation of the behavioral inputs to make the change permanent. Alteration in the post workshop scenario is possible and the facilitator should take upon himself/herself to offer corrections. Active involvement of the same set of participants over time periods would help in the behavioral evolution. In any event if

the “Tell Me Effect” has produced adequate fun and laughter the session can be deemed to be a success and mutually rewarding.

To Vikram Rao, President, Lalbhai Group of Companies influence of Leadership on culture in the context of an organization:

1. A culture that performs
2. A Vision that works for every one
3. Stakes that are shared
4. Encourages expression of ideas and opinions
5. Encourages addressing problems by using reasoning and evidence, rather than unsupported opinion
6. Questions the traditional ways of doing things
7. Emphasizes the value of questioning assumptions
8. Re-examines critical assumptions to question whether they are appropriate

b. Effecting Change: If So, How does transformation take place?

We 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?

To start with let us look at a brief case study illustrated here as an example:

ARVIND MILLS: AN EXPERIENCE IN TRANSFORMATION

History

- ◆ Start up in 1931
- ◆ World suffered a traumatic depression, India Swadeshi movement
- ◆ Into traditional Indian textile businesses, cottons and blends,
- ◆ Strong basic values, high integrity, limited ambition and loyal countrymen.
- ◆ Hanging on to ethics and values despite changing political scenario and consequently losing strategic ground.
- ◆ Family managed Enterprise until the 80's.

Textile Company in HRM Evolution

CATEGORY	PHASE 1	PHASE 2	PHASE 3	PHASE 4	PHASE 5
Management Focus	Make and Sell/ Denim Commodity	Efficiency of Operations/95 % Top Quality	Expansion of market: Global/India 85% MS	Consolidation of orgnzn: Bright / Young	Leadership
Organizational Structure	Informal : Owner Managed	Centralized and functional	Decentralized and geographical/ SBU Structure	Line staff and product groups: MBU Structure	Matrix of teams: Team Structure
Top-Management Style	Individualistic and entrepreneurial	Direct : Clarity/tasks and Goals	Delegate: Growth Mode	Watchdog/ Corporate Supervision	Participative: Limited Corporate Role
Control Systems	Market results	Standards & cost centers, MIS Based	Reports and profit centers	SAP centers	Mutual goal setting
Management Reward Emphasis	Ownership: Egalitarian	Salary and merit increases	Individual bonus: Life Style Perks	Profit sharing and stock options	Team bonus, One on One



Figure: 70: Textile Company in Evolution – A Case of Transformation

Watershed: 1 – 1980 – 1985:

- ◆ Indian Textiles face a major crisis on account of resource crunch, poor industrial relations, composite mills losing ground, unfavorable government policies on machinery, import, quota on export etc.
- ◆ In contrast market undergoing change through Far East emergence, availability of cheap blended fabric and India appearing to be a potential garmenting source.
- ◆ Arvind losing ground as it emerges more and more like other closed mills on financial parameters.
- ◆ First and second generation promoters giving up active roles and attempts are made to find at least one family member.
- ◆ Management lacking clarity on transition to professional management despite sincere intent to make the changeover.
- ◆ Management indulging in mediocre consultants to provide solutions to facilitate creation of a dynamic culture, but failing with the consultants employing themselves full time.
- ◆ Management fires the first round of consultants and brings in a few select highflying leaders.

- ◆ Family identifies one potential member to lead a change program for revitalization given his demonstrated and proven success performance outside of the Flagship Company. The leader is reluctant to continue his family status presence in the corporation and is made to work the trenches over an 8-year period.
- ◆ Strategic Management Cell created with an outstanding IIM Ahmedabad faculty and consultant who work closely with the MD on the emerging strategy.
- ◆ Strategy Cell identifies Macro and Micro level interventions including opportunity for household sector wanting better quality fabrics, rapidly growing garments markets, deep penetration in international trade in yarn, fabrics and clothing.
- ◆ Strategy to compete by altering the composition of the product mix so that an increasing proportion of the revenue is generated from standard and high value sophisticated products and markets. Creation of high entry barriers makes relative standard fashion content and use the opportunity created by traditional textile mills withdrawing from the market.
- ◆ Sure signs of changing government policies towards the textile sector given large-scale closures of textile mills and causing unprecedented number of unemployment.
- ◆ International markets becoming more discerning with a need for easier and free market access, demanding quality conscious customers.

- ◆ Company strategically identifying a niche product segment, Denim, to dominate.
- ◆ First Vision statement articulated a need to dominate in select product segment, global theme in all actions, redefine markets, and bringing in managerial talent across the board. Keep it simple, drive it hard.
- ◆ Need for change becomes inevitable given inevitable global competition, impending liberalization, exploiting the low cost India scenario and the company's core competence in cotton textile/garments manufacturing and marketing.
- ◆ Company grows from a 3 million meters of Denim to 45 million meters of Denim in this period and emerges to be the world's third largest.
- ◆ Significant cash flows and net worth generated making the company a blue chip investor favorite.

Watershed: 3 – 1993 – 1997

- ◆ The company turns truly global with manufacturing, marketing, commercial, purchasing and HR operations in several parts of the world.
- ◆ Professionalization takes a complete fast forward with a large scale hiring on high value, competent, globally proven top management for worldwide operations.
- ◆ While corporate performance had skyrocketed, people practices were still traditional and textile in nature.
- ◆ Company's ability to attract and retain top young talent was yet to be proven and had to be focused immediately.

- ◆ Concrete need felt to restrategize given excessive dominance in a single product category.
- ◆ McKinsey and Company brought in to support the strategy work and a concrete plan drawn to grow in multiple cotton product segments, make appropriate people changes, energize the corporation, make focus an important structural decision and globalization an inevitable part of the future.
- ◆ Top management commitment workshop and communication program conducted over several months to bring alignment across the business and functional managers.
- ◆ Second vision and value statement articulated to provide for innovation, cost management, people focus and core competence dependence.
- ◆ Creation of a large-scale HR function empowered to participate in the company strategy, draw the change management program and initiate a series of revitalization initiatives.
- ◆ HR Function initiates change strategies on:
 - Creating the HR Vision and Strategy as appropriate to the company in the midst of an upheaval.
 - Drawing and Identifying through a manpower planning process the right numbers.
 - Performing a gap analysis to bring in versatile talent into otherwise a textile bastion of expertise and dominance.
 - Making a sandwich strategy to bring in top management and junior management and make the middle perform or perish.

- Create appropriate IR/OD interventions to make traditional textile workmen and supervisors understand the need to change and support global and world-class standards.
 - Bring in HR Process and Content interventions to make the company a preferred employer and a business/technical school favorite.
 - Facilitate the implementation of the SBU structure for the new products that are being launched with world scale manufacturing and marketing capabilities.
 - Establish benchmarking and best practices system on the management processes of the corporation.
 - Make HR interventions on hiring, position evaluation, compensation, reward management, career planning, and leadership building acceptable across the business groups and make way for effective implementation.
 - Make training and management developments including competency building integrated with the performance management system and ensure its execution.
-
- ◆ Signs of single product weaknesses appear on the horizon with a definite trend in a recession in the Denim market.
 - ◆ New Projects implementation undergoes unprecedented delays owing to the creation of an integrated world scale plant and factory premise.
 - ◆ Gross oversupply in the Denim market worldwide and Far East financially collapses.

Watershed: 4 – 1998 and Beyond

- ◆ Managing Director takes a lead role in organizational revitalization and transformation.
- ◆ Business Executive teams converted into Transformation and operations driven.
- ◆ Aggressive posture in bringing in alliances, experts and international relationships to make new projects work early and provide early success.
- ◆ Work through a planned change management program involving the following activities:
 1. Focus on the supply and value chain and eliminate wasteful processes.
 2. Globalize more aggressively and move into untested markets to push volumes.
 3. Introduce on line management information system (SAP) and communicate hard on the turnaround strategies. (Intranet/One on one meetings/Open house/Business Presentation etc).
 4. Consciously manage internal and external word of mouth talk on the corporation and help stakeholders understand the truth.
 5. Revitalize HR strategies to provide for long term people security, golden handcuff, performance pay, aggressive goals and bonuses, ESOP etc.
 6. Bring in greater ownership of HR processes to line management and bring down corporate dominance towards all processes.
 7. Make development of people a priority through a series of job rotations, special assignments, working with the leader directly on corporate priority projects etc.

8. Concurrently make the company intelligentsia look for more and more new and 21st century businesses for the group to invest in.

- ◆ Create cultural revolutions and examples of unprecedented actions in the company demonstrating that we will turn around and we mean business.
- ◆ Role of HR as an advocator of strategic change was quite imminent. This meant a strategic realignment of all organizational resources, building skill pool of human competencies, sustaining a competitive advantage by redefining strategy for HRM, right sizing and enhancing individual competencies integrated with organizational competencies were some of the initiatives.
- ◆ HR was made responsible for creating and sustaining through a process of facilitating an enabling environment, leadership through knowledge and technology and changing the basic way of working.
- ◆ Strong bottom line orientation brought into the performance and compensation system.
- ◆ Individualized compensation system created for over 150 management staff, linked to job value and performance goals.
- ◆ Use of the knowledge management team to consolidate and create knowledge banks across functional groups.

To Arvind all of this learning meant:

- Success is not a function of a particular organizational choice or a particular form of boundary-spinning mechanism.

- The most successful companies are those who are never satisfied with any single answer.
- They continually do not expend organizational energy to ensure that neither the disciplinary nor the therapeutic perspective took the upper hand.
- This experience underlines the need to revisit and rebalance the organization's flow of knowledge continuously.

c. Effecting Cultural Change: Unfreeze Current Culture

The challenge is to unfreeze the current culture. No single action, alone, is likely to have the impact necessary to unfreeze something that is so entrenched and highly valued. Therefore, there needs to be a comprehensive and coordinated strategy for managing culture. Values are the bedrock of any corporate culture and as the essence of a Company's philosophy for achieving success. Work ethos develops as we keep implementing one policy after another and reinforce the work style, method and manner we would basic work to take place. The articulation of a vision and value clarification process attempted through the Global endeavors Arvind 2000 is an example of one such process involving the top management of the enterprise to commit to change.

A Corporate philosophy states the goals and practices that communities of employees are trying to enact. That philosophy leads over time to the development of a host of smaller practices and modes of conduct that become a corporate culture. Over years of corporate functioning as problems are encountered and solved, as directions are taken or not taken and as crisis are overcome these philosophies take forms through decisions. In this sense, an organizational philosophy underlies the moral philosophy of one or a group of senior management who have shaped the Company through these actions. There is a danger in managing this process that is

equally susceptible to human frailties. Strong and consistent fundamentals in the analysis of each of the actions and assumptions facilitates overcoming the human weaknesses built into the system.

Their sense of right from wrong articulated in a particular social and economic setting visibly emerged over the years as a culture and a philosophy. The researcher would like to present before you four values, we consider as a prerequisite in a **philosophy statements**: -

- 1) **Openness and Trust in relationships**
- 2) **Collaboration and communicated transactions**
- 3) **Active involvement of people in all aspects which effect them.**
- 4) **Communication and knowledge sharing**
- 5) **Clarity in goals and expectations in performance**
- 6) **Aligned in ways that determine ones way of life**
- 7) **Humility, spirit of service and sacrifice**

There was a preconceived attempt at the unit to convey our philosophy on human resources management. Tradition, history, values, beliefs, norms, managerial styles, leadership, vision, goals and climate make up a Company's culture. Culture implies a Company's values- values that set a pattern for activities, opinions and actions. These patterns are either maintained or in situations dispensed with. Managers instill that pattern in employees by their example and pass it down to succeeding generations of employees. A collaborative work culture assures that any employees life is a whole and suggests that humanized working environment not only increases productivity but also the self-esteem for employees. An increased sense of ease makes everyone function better as people.

d. Effecting Cultural Change: Make Leadership Visible in Action

Across the line we have seen the inevitable necessity of the role of a leader in the Organizational building process – a leader with an ability to create and pose a strategic sense of direction with a vision and effort to prod the Organization towards growth. The leader demonstrates traits and habits that demand emulation and becomes a standard. The leader walks the talk.

Reproduced is a leader's exhortation through his vision and plan:

Aspirationally, we want to be a leader in the professional services arena - we want to wield significant influence over significant business decisions. We clearly have a global vision statement, and we did not consider it appropriate to articulate an Indian version of it. However, the articulation of our aspirations should help us to provide context to our vision statement.

We have tried to dimension the economic environment, possible client needs, the challenges that we will face and our strategic imperatives through discussions with our clients, industry leaders, academics and Government officials. There is a set of common themes that have emerged:

- We need deep understanding of the industries in which clients operate and of their particular businesses
- We need to build relationships across client organisations

- We need to provide clients with a single interface point, and integrate our relationship management and service delivery through this interface
- Clients increasingly want their consultants to tell them how the consultants can help them; they want the consultants to bring ideas to them on how they can run their businesses more effectively

What this means for us is that:

- We need to be very focussed
- We need to improve our client targeting processes
- We need to make our client relationship management process more robust
- We need to continue to deepen our skills

We reviewed our industry program and also considered developments that are likely to occur across different industry segments. We propose to expand our industry program to include a few more industries, with the following possibilities being considered:

- Healthcare
- Retailing
- Government services
- Infrastructure
- Real estate and hospitality

More work is required before we conclude on the specific industries.

We reviewed our existing portfolio of solutions and capabilities, and then debated areas where we needed to build capabilities, areas that we should not operate in, and existing solutions that we should consider dispensing with. Some more work is required in this area.

From a client targeting perspective, we are proposing a framework where we will categorize our existing and target clients into:

- India key accounts
- India 250
- The rest

Key accounts will represent existing or target clients where we see significant sustained potential over a number of years. This potential should translate into opportunities for two or more solution segments. We will set out financial and other targets in relation to these key accounts and build mechanisms to monitor our performance on these and other accounts on an ongoing basis. We are tentatively looking at around 20 - 25 key account relationships. (Andersen - Bobby Parikh)

e. Effecting Cultural Change: The Unilever Story of their Madras Branch

These leaders in the form of Branch Managers, Factory Managers, area sales managers or the head office commercial Manager provide a style of 'hands-on' Management and are seen as 'one of us' in a typical work set-up. Their management style is to do, rather than say. Talking in this

context is low, but performance orientation is high. A unit Manager, in this case the branch manager, displays an obsessive degree of perseverance, a builder's mentality for building long term strengths for their units. At the core of this practice is the need for clarity in vision, purpose and method of working. I believe that strong communication is the glue that holds these structures together. People in different functions/departments are simply not allowed to remain in isolation. The unit develops ways of keeping in touch with on-going actions and people of the organizations. The branch found several ways to be available and resourceful towards people. The travel time of sales, commercial and the branch manager increased three fold, the communication channels consisted of newsletters, monthly meetings, market visits, dealer conferences, mega market activities, corporate communication, management changes, financial performance and several other ways to stay in touch with people spread through the geography. Amit Bose, Branch Head, Unilever, Madras Branch

f. Effecting Cultural Change: The story of a Young Professional experiencing Change

In our research we found an young professional, Amit Mookim, speak of leadership as he had experienced at Andersen, a global accounting and consulting firm: "There is a symbiotic and responsible relationship, apart from a driven identify between the leadership style of the CEO/leader and the culture of the organization. A CEO's personal style often plays a defining role in shaping the culture of the organisation. The CEO/Leader has a powerful role to play in the culture of the company. The impact of

the CEO's personal style depends on two critical factors, - the life cycle of the organisation and the extent of involvement of the CEO. For instance, a new organisation or a regenerating organisation will be more influenced by the CEO's style than a stable, mature organisation. Similarly a high-touch CEO will shape the culture more than a low-touch CEO. Cultures exist on a mutually exclusive basis in all the companies. I.e. No Company will have one identifiable culture. Culture can at best be described as a heterogeneous and layered iceberg. The layers refer to the artifacts, behaviors, norms & beliefs and values of the organisation (from top to bottom). The heterogeneity is defined by individual components comprising each of these layers. Although, no company can have a completely unique culture, as the similarity of culture will be driven by similarity among cultural attributes, the sum total of the parts will almost always be different from other companies. The CEO/leader does not directly influence the existence of any one/all of the three cultures in the company. There is a definite relationship between culture and different functions (Marketing/Production/ Finance/ Personnel/ Research/ IT etc) of the company. Culture, as defined above, is the composite whole of the artifacts, behaviors, norms & beliefs and values of the organisation. The norms, beliefs and values are often shaped as much by individual personal styles as it is by the intrinsic nature of the job. Thus while assertiveness may be a typical characteristic of a sales & marketing department, humility is often a typifying characteristic for an HR function and research orientation may be the defining style of the R&D person. Hence the relationship between different functions and their culture is indeed tangible and linked to the nature of work of and

competencies demonstrated by people within that function. There are no definite management style(s) of the top that influences the culture of the organization. Leaders, by virtue of their position within the organizational hierarchy and ability to influence decision-making, can often play a decisive role in shaping the culture of the team/ function/ department / company that they lead. There is no one all pervasive leadership style that is prevalent across the company. Culture is, as defined before, at best heterogeneous. There may be differences of culture across functions, teams, departments, and even levels. The overall cultural style is defined by the pervasiveness of influence of a particular culture on the whole. Leadership does not influence and direct the culture of an organization through HRM practices/ processes like hiring, training, performance appraisal, compensation, rewards and communication. The process per se may not influence the culture so much as the people that are filtered by each of these processes. Thus the aggressive, almost domineering culture of investment bankers is often due to the aggressive incentive/ bonus packages that are linked to their performance, which promotes this culture. The CEO/leader would actually significantly focus on monetary reward program for retention of high performers. In today's day and age, a monetary package is as much retention tool as the roles defined for individuals. Thus a CEO would be foolish if he/ she thinks that without monetarily incentivising employees, he/ she would be able to secure a robust employee contract. About 50% of top management time is not really spent on managing employee retention activities. Unless the organisation is embarking on a particularly challenging phase of its existence (e.g. mergers, new

businesses, divestment, consolidation, exit from existing business etc.).

This often throws employees into a cauldron of insecurity, which top management needs to actively monitor and resolve. However, during normal organizational functioning, employee retention occupies a much lower percentage of the top management time””.

g. Effecting Cultural Change: Sanjay Lalbhai, the Managing Director, of Lalbhai Group practiced some of these fundamentals as a leader who influences the culture:

1. Lead from the front, show commitment and action for change
2. Practice Values, they in turn help you determine your strategic path and growth objectives
3. Implicitly provide a climate in which people trust and collaborate
4. Make visible organizational and performance stakes in making change happen
5. Create a corporate environment that puts constant pressure on everyone to beat your specific competitors at innovation.
6. Structure the organization so that you promote innovation instead of thwarting it.
7. Ask for the intellect that would make the organization work.
8. Develop a realistic strategic focus to channel innovative efforts.
9. Convert every business experience into a knowledge archive. That is the bank of the future.
10. Know where to look for good ideas and how to use your business system to leverage them once found.
11. Throw the book at good ideas once you've developed them fully. And ask for more.
12. Get culture working to make people have fun.

h. Effecting Cultural Change: Cultural Analysis and Learning in the context of Organizations:

This 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 needs changing. How much individual initiative is there? Is innovation encouraged? To what degree are rewards contingent on performance rather than seniority or politics? 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? Answers to these questions will reveal how particular values came to be formed, the ordering of these values, and where the culture" boundaries are. The next step in cultural analysis requires that the values sought in the new culture be articulated. What is the preferred culture that is being sought? This desired culture can then be compared against the organization current values.

1. Effecting Cultural Change: Building Trust – A Lalbhai Group Experience – Here is an outstanding story of Lalbhai Group in one of their desired internal cultural change management interventions.

Developing trust among organizational members is at once difficult and essential to becoming High Performance Cultures. Members need to be taught from the start that building trust within the team is critically important to the team's ultimate success. As the culture forms, it is normal that the level of trust is low. Several members or all team

members may have worked together before. Or they may know each other by casual acquaintance of interaction. But trust has something to do with loyalties, and at the outset the team will not have developed team loyalty. Rather, each team member's loyalties will be to his or her own organization or manager. As the days and weeks of team building proceed, loyalties will naturally build toward fellow members. This is often a two step process: one forward, and one step back. During the first few days, it is common for one or more members to respond negatively about the need for the team, its composition, the coaches, the task before them, or whether this is the most important thing they could be spending their time working on. As a result, several complaints before the organization for consideration is an issue. It is best not to name names. This will send a message to the complainers that they are on the verge of being discovered. Invariably the complainers will change their tune, rather than risk a negative reaction from their fellow team members. Members need to be coached to learn that it is important to trust one another. It is not possible, or desirable, for one member to do all the work for the team. Although, someone will almost always try. New members need to learn that to get the job done they have to rely on others to do their part. The analogy to this principle is that each team member needs to be trustworthy. Members need to learn that others are counting on them to do what they said they would do. But personal or business problems outside the team come up that affect individual members' ability to accomplish their agreed tasks. As soon as it becomes clear to members that his or her task cannot be completed in time, the member needs to let the other team members know about the cause of the problem and ask for help. This practice goes a long way to convincing fellow members that one is trustworthy. When a call for help comes from a fellow team member, the others should carefully examine their own responsibilities and available skills or time to see if they can help. It's in the best interest of members to support each other, especially when the organizational performance is judged and rewarded as a whole. The time might come

when the team member who has been asked for help, needs help himself. If help cannot be offered, the team should pull together and determine how to be revise the plan or bring in additional resources to get the plan back on track.

2. Effecting Cultural Change: The Learning Experience (Lalbhai Group)

Significant performance challenges energize members regardless of where they are in an organization. No team arises without a performance challenge that is meaningful to those involved. A common set of demanding performance goals that a group considers important to achieve will lead, most of the time, to both performance and team. Performance, however, is the primary objective while a process remains the means, not the end. Organizational leaders can foster culturally sensitive performance best by building a strong performance ethic rather than by establishing a culture promoting environment alone.. Biases toward individualism exist but need not get in the way of team performance. Real cultures always find ways for each individual to contribute and thereby gain distinction. Indeed, when harnessed to a common team purpose and goals, our need to distinguish ourselves as individuals becomes a powerful engine for team performance. . Discipline-both within the team and across the organisation-creates the conditions for team performance. For organizational leaders, this entails making clear and consistent demands that reflect the needs of customers, shareholders, and employees, and then holding themselves and the organization relentlessly accountable. Connect Goals to Plans: Keep the purpose, goals, and approach relevant and meaningful. All members must shape their own common purpose, performance goals and approach. While a leader must be a full working member of the team who can and should contribute to these, he or she also stands apart from the team by virtue of his or her selection as leader. Cultures expect their leader to use that perspective and distance to help the teams clarify and

commit to their mission, goals, and approach. Strengthen institutional framework: Build commitment and confidence. Leaders should work to build the commitment and confidence of each individual as well as the team as a whole. Map Competency to Core Capabilities of the organization: Strengthen the mix and level of skills. Effective leaders are vigilant about skills. Their goal is clear: ultimately, the flexible and top-performing cultures consist of people with all the technical, functional, problem-solving, decision-making, interpersonal, and teamwork skills the team needs to perform. To get there, team leaders encourage people to take the risks needed for growth and development. They also continually challenge team members by shifting assignments and role patterns. Build Networks: Manage relationships with outsiders, including removing obstacles. Leaders are expected, by people outside as well as inside the team to manage much of the team's contacts and relationships with the rest of the organization. This calls on team leaders to communicate effectively the team's purpose, goals, and approach to anyone who might help or hinder it. They also must have the courage to intercede on the team's behalf when obstacles that might cripple or demoralize the team get placed in their way. Make people Grow. Create opportunities for others. High Performance Culture is not possible if the leader grabs all the best opportunities, assignments, and credit. Indeed, the crux of the leader's challenge is to provide performance opportunities to the team and the people on it. Do real work. Everyone on a real organization, including the leader, does real work in roughly equivalent amounts. Leaders do have a certain distance from the team by virtue of their position, but they do not use that distance "just to sit back and make decision." Leaders must contribute in whatever way the team needs, just like any other member. Moreover, team leaders do not delegate the nasty jobs to others. Where personal risks are high or "dirty work" is required, the team leader should step forward. Small enough in number. Can convene and communicate easily and frequently. Discussions are open and interactive for all members. Each member understands the other's roles and

skills. All three categories of skills are either actually or potentially represented across the membership (functional/technical, problem-solving/decision-making, and interpersonal). Each member has the potential in all three categories to advance his or her skills to the level required by the team's purpose and goals. The member's purpose constitutes a broader, deeper aspiration than just near term goals. All members understand and articulate the purpose the same way. Members define the purpose vigorously in discussion with outsiders. Members frequently refer to the purpose and explore its implications. The purpose contains themes that are particularly meaningful and memorable. Members feel the purpose is important, if not exciting. . There are goals versus broader organizational goals versus just one individual's goals. Goals are clear, simple, and measurable. If they are not measurable, can their achievement be determined? Goals are realistic as well as ambitious.. The approach is concrete, clear, and really understood and agreed to by everybody. It requires all members to contribute equivalent amounts of real work. It provides for open interaction, fact-based problem solving, and result-based evaluation. The approach provides for modification and improvement over time. Fresh input and perspective is systematically sought and added, for example, through information and analysis, new members, and sponsors.. There is sense of mutual accountability.

Basics experience and learning in making members work in cultures - Making Individual Transitions

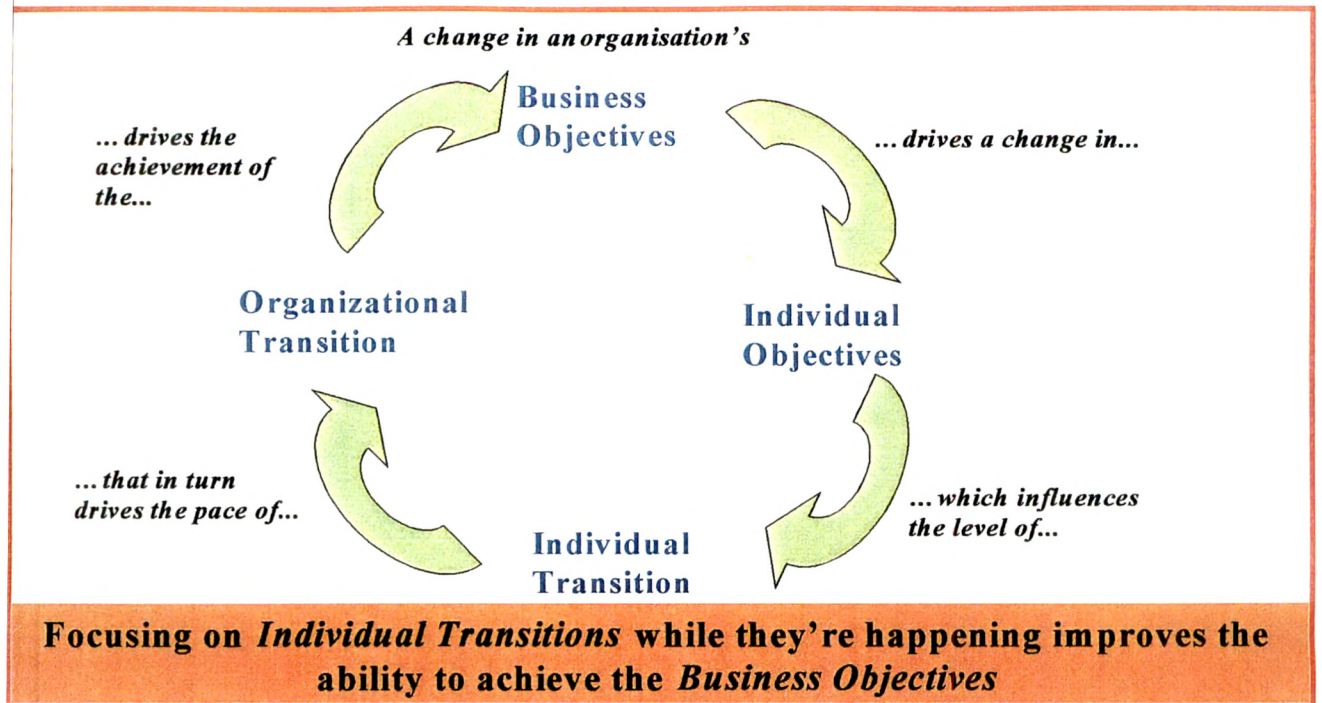


Figure 71 Focusing on Individual Transitions

i. Effecting Cultural Change: Common Approaches to Building Culturally Driven Performance and Architecture

The basic approach is not to allow culture to emerge and to form itself at the whim of the staff, but rather to create that which is desired by means of predetermined and targeted interventions.

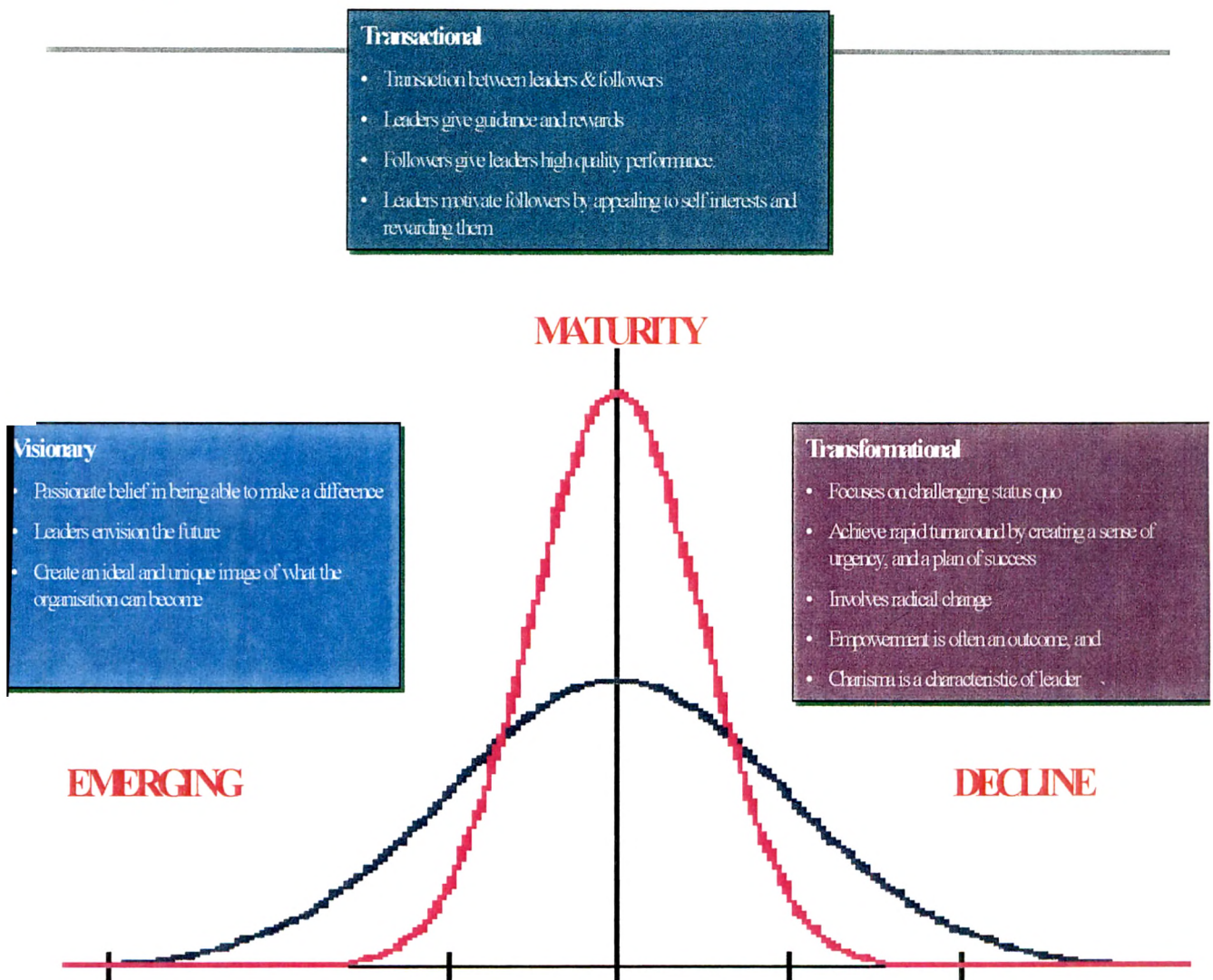
- 1) Strategy and direction, to ensure that everyone understands that their place is in the pursuit of the organizations purpose whatever job they are carrying out. For example, a

cleaner at a factory , when asked what his job was, replied 'I am helping to place the first car on the floor'. Reorganization, to ensure that old ways, procedures and practices are confined to history. Induction, to ensure that the required attitudes, values, beliefs and standards are understood by all at the outset. Reinduction, reorientation is required where the prevailing standards are not longer satisfactory. Anything may act as a lever for this: new technology, new premises, work and job redesign, skills up gradation, training and development. For each new store that it opens at out-of-town sites, for example, the Tesco super Market Company provides extensive job training for all the staff who are to work there, whether or not they have worked for the company in the past. Use of dramas and crises to get people to think. Where necessary this may involve overstating the case. For example, the entry of the Virgin Group into the cola market had business analysts and pundits wondering publicly if this was to be the beginning of the end for Pepsi and Coca Cola. This plainly was a vast exaggeration. However, the volume of attention given was quite sufficient to ensure that everyone at both Pepsi and Coca Cola continued to pay positive attention to their own activities.

- 2) This is to ensure that they know the new and absolute standards to which they are required to conform. Other human resource activities targeted to give impetus to the new. This includes everything: rewriting job descriptions (and the retraining that is then required for new job holders); changing recruitment advertising; attention to qualities and capabilities of new and existing staff; repositioning and reorientation of performance

Figure: 72 Leadership Styles and Organizational Life Cycle Connection

Leadership styles - Organisational life cycle



3)

appraisal, industrial relations and staff management activities. Use of fashions and fads such as total quality management, customer service training and business process re engineering as the means of doing that which is required. The main service of these to all organizations is to challenge existing thinking and to act as the means by which desired developments can be introduced. Use of new language, which is ideally both more direct and also sufficiently different from the old. This drives and reinforces development. It also reinforces understanding and Acceptance as long as the language is more direct. It is also a general underlining of the fact that there is a general new way in existence. Use of project work and cross-functional teams to break down existing barriers and fiefdoms, as well as generating expertise and potential among employees, and also raising their sights and expectations. Furthermore, this enables positive relationships to be built between departments and individuals with different expertise and profession including transition from approved ways and means of doing things turning into unanticipated influences over people, systems and process would happen unknowingly. Employees are directly influencing through direct involvement in decisions affecting their work and their departments. Business school graduates prefer to exercise a choice of their roles and responsibilities. Practical mechanisms like open door policy, open communication sessions, grievance management system, and representative groups for unionized staff, task forces on special issues, problem solving work forces have time and again served their utility. Increased collaboration between union and management through employee relations executive forums and participate work groups like Quality Circles, quality of work life programs, safety, health and welfare committees have been used for brining in a sense of involvement. Obviously all this is just not enough. A natural process of asking individuals before we act upon them is inevitable if we desire their wholesome commitment to their roles and the company.

- 4) Establish urgency and direction. All members need to believe the team has urgent and worthwhile purpose, and they want to know what the expectations are. Indeed, the more urgent and meaningful the rationale, the more likely it is that a real team will emerge. The best cultural charters are clear enough to indicate performance expectations, but flexible enough to allow teams to shape their own purpose, goals, and approach. Select members based on skill and skill potential, not personalities. Cultures must have the complementary skills needed to do their job. Three categories of skills are relevant: 1) technical and functional, 2) problem solving, and 3) interpersonal. The key issue for potential teams is striking the right balance between members who already possess the needed skill levels versus developing the skill levels after the team gets started. Pay particular attention to first meetings and actions. Initial impressions always mean a great deal. When potential teams first gather, everyone alertly monitors the signals given by other to confirm, suspend, or dispel going-in assumptions and concerns. They particularly pay attention to those in authority: The team leader and any executives who set up, oversee, or otherwise influence the team. And, as always, what such leaders do is more important than what they say.
- 5) Set some clear rules of behavior. All real cultures in performance orientation develop rules of conduct to help them achieve their purpose and performance goals. The most critical early rules pertain to attendance (for example: "no interruptions to take phone calls"), discussion-"no sacred cows", confidentiality, analytic approach-facts are friendly, end-product orientations-everyone gets assignments and does them, constructive confrontation-no finger pointing, and often the most important-everyone does real work. Set and seize upon a few immediate performance-oriented tasks and goals. Most cultures trace their advancement to key performance-oriented events that forge them together.

Potential cultures can set such events in motion by immediately establishing a few challenging yet achievable goals that can be reached early on.

- 6) Challenge the group regularly with fresh facts and information. New information causes a potential team to redefine and enrich its understanding of the performance challenge, thereby helping the organization shape a common purpose, set clearer goals, and improve on its common approach. Spending a lots of time together. Common sense tells us that members must spend a lot of time together, especially as the beginning. Yet potential teams often fail to do so. The time spent together must be both scheduled and unscheduled. Indeed, creative insights as well as personal bonding require customers, competitor, or fellow employees, and constantly debating issues. Exploit the power of positive feedback, recognition, and reward. Positive reinforcement works as well in team context as elsewhere. "Giving out gold stars" helps to shape new behaviors critical to high performance cultures. If people in the group, for example, are alert to a shy person's initial efforts to speak up and contribute, they can give him or her the positive reinforcement that encourages continued contributions

Culture to perform to culture to learn, contribute, add value and enhance shareholder value is an organizational expectation for the individuals of the future. Individuals in doing their learning and contribution would seek fundamental and basic experiences. Not rocket science demands. A place to work, a working infrastructure, learn as they go along and spend time, an opportunity to create, feel a sense of identity on what they have created and eventually believe that all that they have done has impacted the shareholder. People centric ways in treating people for their potential and human nature to help them feel a sense of belonging, a feeling of achievement and an opportunity to bring out the best in them is essential to this process of attempted transition. The culture

provides for failure as much as enjoying its share of success. "Outsiders think Silicon Valley as a success story," writes Silicon Valley commentator Mike Malone, "but in truth, it is a graveyard. Failure is Silicon Valley's greatest strength. Every initial product or enterprise is a lesson stored in the collective memory of the country". Venture capitalist Don Valentine says, "The world of technology is complex, fast changing and unstructured and it thrives best when individuals are left alone to be different, creative and disobedient".

Organizations see the need for institutionalizing learning and teaching systems for people to learn, develop and intellectually grow as a responsibility, "self imposed", on them. While people are doing their jobs and getting things done there is a group of facilitators, coaches and trainers who perform the role of institutionalizing learning. They are the leaders of tomorrow. They make education happen naturally without elaborate systemic processes or planned classroom training. Electronic learning methods, long distance teaching modules, state of art knowledge programs, behavioral modification and cultural adaptation modules, unlearning in preparedness for the next set of concepts to absorb all become a laundry list of required facilitator's role. Individuals in turn are demanding corporate commitment and willingness to make employees employable over time. The process of reciprocity is essential in making knowledge managers work for others. For the individuals knowledge is their core competency and they would like to share, display and contribute depending on their constant state of upgradation. While it is not being presupposed that this becomes a corporate responsibility a learning culture perhaps is an inescapable responsibility of the corporate management. Organizational learning forums would multiply several folds with members demanding time and opportunity to participate physically or electronically. As the learning centers proliferate cultural influences just occurs. Corporations view culture management as a competitive weapon to fight unprecedented economic wars. In a scenario where easy finance, adequate raw material, cheap labor and growing market is a real life scenario, knowledge becomes the true competitive source. In the individual intellect lie the competitive

edge and the push factor against competition. When individuals are prodded to perform against intellectual odds they are likely to be at their best. Good work comes out of the human minds' defiance to doing it the proven way. Firms need to capitalize on this potential of the human mind to take on challenges that a product or a service cannot offer consistently over time.

Decision-making, an important aspect of the changing cultural dimension, has moved to the point of impact. Seniority of people and their experiences are no longer the governing principles for vesting of authority and power. As organizations employ managers with the power to think and do, there would arise a need for empowerment. There would also be the scope demanded of the individuals to do their job holistically being responsible for what they are accountable for. The operating front line manager is equipped with the capability to decide and act upon his/her problems. An empowered sales manger in the field talking and dealing with the customer best services customers. Getting back to the head office to seek an answer is not a workable proposition to customers demanding on time all the time service. Decisions, as a consequence, have moved to the point of impact. The shop floor supervisor answers the employee on his/her questions. First line managers ask for the freedom to do their job independently. Organizations cannot work through a long and an expanded hierarchy of seasoned managers who apparently know the one best answer. In any event we do not visualize adequate time in the hands of managers to manage a "ladder of references" before they could get their job done.

Change has become a way of life for corporate managers whose ability to reckon with and manage change as a day to day issue has become a necessary competency for effectiveness. If we presuppose an organization that is expected to operate on a flexible basis at a strategic level, with structures happening on a impromptu basis, with people processes depending on the current situation meeting with change head on is but a minimum. CEO's of corporations see change management, building people preparedness to face change, bringing in change adept internal

practices in managerial actions, making change facilitators create and nurture the risk taking factor amongst employees as their single largest priority in the management of the enterprise.

Intellectual Corporation rarely is change shy, as their coping mechanism happens to be their mind that understands rationally the purpose and goals aimed through the planned change.

The users rather than the supervisory managers initiate Many times change. Individuals of well-managed intellectual organizations do not like to be told to change. They would rather identify the change, plan for its execution, and cover the impacted people by themselves instead of waiting for the systemic influences to announce and manage the change. Motorola would be one corporation where the ownership for change rests with the impacted people. Motorola University focuses their training attention to managing the turbulent environment with managers taking charge of their change needs and actions.

Work role professionals see organizational life no longer as an extension of their real world full time life. Many would like it to be independent of each other, family and work, with adequate quality space available for leading a life of fulfillment. Seeking joy is but one phenomenon that is very real for high performing individuals. It is in this context that flexible working, own time scheduler, self-goal prioritization, including variable bonuses and pay linked to targets achieved and virtual offices become real and inevitable. Apart from significant advantages in terms of office space, support staff, nearness to the customer, delivery based pay systems and virtual speed of response. Individuals would also demand more time for their learning and knowledge updating efforts. Working spouse, care for parents, off line work and hobbies, mid career education and planning, and choice of school for children, geographic location preference and more importantly the employee would like to work at a location where his/her contribution is maximized. It is possible to receive a higher number of applications for part time employment just to help the applicant have more time to do other things. ***While this is perhaps a loss to the corporation for the increasing amount of limited time availability of their effective performers the upside would***

be the opportunity for organizations to have half as many more people and their creative minds.

Corporations see the real need to integrate diversity issues as a basic management challenge and are creating culture facilitation strategies to make diverse people live and work well with each other. Cross culture studies have revealed that over 50% of the work force of the 21st century would consist of people of diverse background, demographics, varying personal preferences and cultural milieu. Diversity preparation becomes an important organizational action point to have people not just tolerate each other but actually enjoy working and sharing with their colleagues. The emergence of the third world in the global business scenario makes diversity management extremely crucial immediately in the short run. Workplace management demands would need to be reckoned with to allow for minds of several types and dispositions would work together. They could be physically together or could be working miles apart but attitudinal congruence and tolerance towards diverse people sets is essential and inevitable.

Teams performances could be influenced by the role played by the intellectual manager depending upon the method used by the group to make participating members learn, share and co exist. It is ironical to argue for team performance in an individualized intellectual organization. Yet we do not see a contradiction. Teams will always be there with individuals participating in it working towards a common objective. The issues on team working could substantially be different with team norms including aspects of individual contribution based on areas of expertise, seasoning of managers to the task in hand, working out of physically dispersed locations and an element of competitive spirit bordering on individual excellence. Team leadership could vary based on expertise, client requirement and the attitudinal vagaries of the team members. *Teams would exercise considerable influence over their choice of team members.* Effectively teams would turn into clusters and coalition groups with similar and dissimilar

purposes and goals. Formal creations may turn into a challenge for the management as the clusters would have a unique internal management style for leading, participating, sharing, working norms, for example, long hour working, helping a colleague through a personal problem and substituting him/her on the job etc. Many organizational norms of discipline and rules of work ethic traditionally understood and practiced in the organization may undergo a change given the cluster desire to achieve their goals in their own way. In our opinion managers, in managing their independent work force whose demands for autonomy may border on laissez faire, would face considerable degree of difficulty.

Intellectual culture could sometimes, in fact many times be conflict prone given occasional polarized and strong views on individual positions and perspectives. Participating members typically have a point of view on issues confronting him or herself or the organization and feel their role to be critical enough to substantiate their argument. Large-scale differences are eminently possible. When two minds that think are put together there would a point of difference. Organizations and individuals should be aware of this possibility and seek out acceptable and pre determined means of conflict resolution and due process. The corporate would become responsible to create confrontation forums and stress release mechanisms to make people of intellectual intensity work together. The dispersion possibility of people flying off the handle owing to combination of work role pressures and an inability to sell their idea across is high. Research and development departments interfacing closely with manufacturing or marketing departments would need careful monitoring and coaching, counseling to manage themselves in their new context. A software development pocket with people rushing to advance their knowledge is another area of concern. Similarly HR professionals who have become responsible for HR services and people counseling roles would need considerable adaptation and focus maintenance training. Making people emotionally resilient to what affects them while on the job is a critical role to be performed. Defining the changed context and their meaning or adaptation to

the context is relevant to eliminate identity loss and frustration amongst people in "high think" jobs.

Clearly the participating managers impact the culture in several ways both in the short and long run. The organization tends to be perceived as being excessively skewed in favor of meritocracy albeit at the cost of loyal long-term employees. Some overtly aggressive individuals who would make normal circumstance appear conflict and confrontation prone could vitiate the culture. Some amount of survival of the fittest tendency may creep in. Placement and hiring decisions would lean in favor of college degrees, professional education, organizational skills and competencies and knowledge that is application and growth based. A natural process of attrition of those who do not "fit in" would emerge for a natural process of elimination. Employees would consider the organizational career plan to consist of a successive set of hurdles to be crossed at every stage of their career with no letting go at any time. People will simply have to be at the top of their performance graphs to move up hierarchically. Who knows more, how much more do people know, know more and more of less and less, (know what, know why), gross focus on issues, a quality of mind that is inquiring, investigating, challenging, considerable skills of creativity, deep and powerful analytical insights, sharpened process skills, critical understanding of organizational knowledge linkages and many such factors would become relevant. The employees would simply have to think more before they act. Employees would be expected to be at their best at literally all times. Speed would mean a combination of responsiveness and superior quality of input. Effective service at acceptable quality would not be good enough.

Creation of a performing culture where people would sense the common goal of customer service, satisfaction, adding to shareholders wealth and bottom line orientation is key to the Intellectual Corporation. A culture where "people – systems" would replace "systems – people" with the original contribution of the people as the critical input. The human school linked with the

systems approach to make the human mind superior to the machine with the caveat that they are now inter dependent. There would be a premium on doing it different every time. Task orientation would create a new sort of peer group competitiveness with competent minds chasing self-imposed goals and deadlines. The organizational performance would emerge into one of spontaneous discovery process where people would cherish the task of achieving yet another milestone.

Managerial actions by itself would no longer determine company priorities on an exclusive basis in this dynamic culture. The managerial act would be either preceded or succeeded by individual or collective intellect providing information based knowledge, sensitivity analysis with “go – no go” options, scenario planning and scoping etc. The responsibility of managing the company would cut across lines of control and power and would depend on groups of people vested with the correct knowledge of the issue in question. Every function and activity of the company would turn knowledge and intellect driven. Manufacturing teams would be driven by their knowledge of technology, process, standards and methods. Marketing would make brands, research, and customer data knowledge intensive. Research and development would focus on new products, inventions and innovations. Finance and HR functions would attempt making every policy and system intellect friendly and knowledge sensitive. Everybody knows everything. Knowledge sharing would be the power that people would exercise. Routine would considerably give way to creative new.

Darius Ghandhi the HRM Head of Andersen, a career HRM professional of long standing says, ““Vision, values, beliefs and his dream drive the Leader as a person. Yes, it is the power and intensity of the vision, and the strength of values & beliefs that is the hallmark of a leader. Effective leaders have the ability to translate their vision, beliefs, and values into actionable goals for their people and

the organization. They often reach out beyond the boundaries of their own organizations and seek out ways to positively impact the society and other stakeholders, at large. The leader becomes the fountainhead of inspiration and guides his people towards desired outcomes. The Leader's emphasizes on the Individual and the Intellect, and a role in building individual and organizational knowledge. A leader displays the ability to motivate and encourage others to strive for greater professional achievement. He sets a climate of high performance and positive reinforcement. He builds in his people an insatiable appetite for accomplishment and results. This is the Personal Leadership style whereby he takes complete and personal responsibility for the team's results. The CEO/leader's has a role in emphasizing on culture aspects pertaining to empowerment, delegation, individual contribution, accountability and responsibility. This is an example of Operational Leadership. He serves as a positive role model and articulates and practices the cultural values of the organization. He creates a sense of openness and inclusion that values differing perspectives and fosters innovation. Speaks up for what he/she believes while also voicing and respecting minority opinions. CEO/leader's has a role in actively participating in attracting, retaining and rewarding star talent and performers. The leader taps into the capabilities of his people and provides everyone with appropriate development opportunities. And this responsibility extends beyond those who are recognized as Star performers. He has to build in his people a 'passion for excellence' and help them find new ways of improving their individual and team performance. All this then goes into creating an environment that promotes meritocracy and a culture based on results. These are the characteristics of a being a true People Leader. The Leader's has a role in helping the organization retain an open mind to an unknown environment. A

leader has the ability to anticipate and deals proactively with resistance to change. It is his responsibility to challenge status quo and champion new initiatives; to act as a catalyst of change and stimulate others to change. And to manage the implementation of change effectively by creating the necessary environment for a more purposeful buy-in to change and involving those who are affected by it to embrace and internalize the change.”

j. Effecting Cultural Change: Making cultural change happen is fraught with consequences and some critical learning in this area would be:

- *Unintended consequences.* Unintended consequences are of two types. First there is that under- or over-estimation of the effects of change; typical here is the construction of a new motorway producing more traffic than predicted by the highway engineers. Bombay metro plan has consistently enabled greater congestion than release of space. Business failure of Enron Corporation led to the break up of Andersen, the Big 5 firm. The second type is where there are unexpected consequences, usually in a domain situation not been considered. An example of this is where one section of a department moved out of a building to a more remote site and social and communicator problems arise within the department because people are no longer in informal contact. Technical collaboration with a product development group leads to the resignation of the current R and D head who visualizes his lowering importance in the new scenario.
- *Self-fulfilling fear of failure.* This reflects on the fourth Price Waterhouse paradox - the true empowerment needs a forceful leader. Sometimes change requires a bold leap forward and a half-hearted attempt will lead to a fall into the chasm of failure. Sanjay Lalbhai, the Denim King took upon himself to do what no third world country promoter would do. Take on the world textile players and placed investments of over \$ 500.

Million. Markets dipped, he took his challenge on, forcefully retained his faith in the vision that he had carefully constructed. This company is now strongly on its way to a remarkable recovery.

- *Lack of preparation.* The process of change needs to be supported by appropriate human resource development efforts at all stages. Often training and development needs are recognized as an afterthought so that new technology may be introduced. At times without operators being given any grounding. More subtly, the less tangible areas like support may be neglected, for example training in leadership or teamwork. Pepsi's in its initial years in the market acquired organizations and were growing, but did not focus on bringing their new people into their organizational culture, systems and processes.
- *Ill-conceived change process.* Considerable forethought is one of the keys to successive; change. Causes of failure can include inadequate attention to any of the stages in the change management process but particularly with regard to inappropriate time scales going for the quick fix - or to a lack of clear dissemination of ideas and processes. Recall the devastating Power Sector Privatization or the Telecom Regulatory Commission work. All of their interventions had to be re done.
- *Inadequate consultation.* Nothing can sink a project faster than poorly motivated staff: (except, perhaps, a catastrophic computer failure!). An imposed change will only attain grudging acceptance and adherence to the letter rather than the spirit of the transforming nation. Equally a pragmatic shop floor change of practice can induce alarm and antagonism in management if they have not been consulted. Perhaps a special case like VRS for PSU employees is a classic example. Unions were not consulted and the employees were unwilling to accept the program. Again PSU Banks VRS program accomplished officer level resignations but miserably failed on subordinate staff who were not convinced of the need to accept the program and leave their employment.

- *'Not invented here' syndrome.* Sometimes the strongest resistance to change is shown as response to what is seen as importing the ideas of an alien culture. In university circle we often find this voiced as 'It might work in industry but it's different in a university or 'The American (Australian, India, Dutch, Scandinavian, etc) system is not the same as ours, it would never work here', Or even 'Well, that's Mechanical Engineering; in Sri Lanka, we have to do everything on the blackboard!' Arvind Mills encountered this problem when attempting to introduce their Knowledge Management and Benchmarking for Best Practices initiative. The traditional managers were quite reluctant to learn from any practices or people brought in from non-textile businesses.

k. Effecting Cultural Change: The Critical Leadership Question?

Is leadership at every organizational level engaged in hands-on implementation of the vision? This includes eliminating management layers, being visible in the bowels of the organization, and being an active, early participant in any learning effort. Only through direct involvement that reflects coordination, vision, and integration can leaders obtain important data and provide powerful role models.

At Motorola, CEO Bob Galvin not only drove the quality vision, he was a student in the first seminars on quality and made it the first item on the agenda at monthly meetings with his division executives. Much-admired Wal-Mart CEO David Glass spends two or three days each week at stores and warehouse; employees can call him at home and are often transferred to his hotel when he is in the field. Jack Welch and his time training managers at the Pitt at Crotonville, or Sanjiv Gupta of Coke casually attired, open door to all approach or K V Chandrasekhar of Whirlpool who would pick up his calls and speak without a secretary hangover are all examples of outstanding leaders. New Jersey Mike Walsh of Tenneco (formerly of Union Pacific Railroad)

meets with groups of employees at all levels in what Tom Peters calls "conversation". Sanjay Lalbhai has a good word to tell the press when asked did his trust in people let him down? "I believe I need to do more of it, for that is when people will understand the true meaning of trust".

M C Banga Chairman of Hindustan Lever focuses on the Prayer Meeting on Monday Mornings as a form of regular communication and spends quality time visiting retailers, customers and quality points. Aditya Puri of HDFC Bank and ex Citibank walked around nearly all of the day from one floor to another or from one office to another simply connecting with people and their day's work. Jerry Rao, CEO Citibank and now the Chairman of Mphasis Corporation would pick up the phone and say, "Can this be done, Please?". The recipient of that message was his office boy. Mukesh Ambani got into details when he chose to. Say's Dr S Chandrasekhar, President HRM of Reliance Infoway, "Give Mukesh a document the previous evening at 9 p.m. and he would have read and come prepared for a 7 am breakfast meeting the next day." A leader indeed.

Or that of Vindi Banga of HLL, "Write a mail to Vindi" would say an HLL employee "no matter how low may the person be in the organizational hierarchy, Vindi would reply. There is always an answer from this outstanding leader".

Thank You, For your kind reading,

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Ganesh Shermon