

Organization Development: System Change or Culture Change?

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The latest fashion in organization development (OD) is to view the organization as a cultural entity or a subculture of a larger culture. As a result, many analysts define organization change as an alteration of the organization's culture. However, some key questions are left unanswered: What is the organization's culture? When something is changed, does that alter the culture or has something other than culture undergone modification? We believe that most OD changes change an organization's system, not its culture. Culture change is much deeper and more pervasive than system change and more difficult to achieve through planning.

What is System Analysis?

An organization is a complete functioning unit made up of integrated systems that allow it to operate to accomplish its purposes or goals. The separate subsystems of an organization include the social system, the technical or operational system, and the administrative system. Additionally, all organizations are open—that is, they continually interact with the external environment. Certain inputs (people, materials, controls, demands) must be processed by the subsystems, and ultimately certain outputs (products or services) must be produced.

The social system

Every organization has its social component, made up of people in different positions interacting with each other—talking, arguing, helping, deciding, solving problems—to achieve some of the goals of the organization and to satisfy some of their personal needs. Every social system has some basic features:

1. *Climate*: This is the prevailing emotional state shared by members in the system. The climate may be formal, relaxed, defensive, cautious, accepting, trusting, and so on.

Most often, OD is system change that does not impact the underlying culture of an organization. To change the culture is to initiate revolution.

2. *Communication network*: These are the formal and informal patterns of who talks with whom, when, how often, and about what.

3. *Status/role structure*: This involves the division of labor. Some people, because of their function or position, have higher status than others and, hence, more power and more influence.

4. *Pattern of management*: Some people in the organization work in superordinate positions with the assignment of helping subordinates to do their work. The way superordination is handled (e.g., in an authoritarian or a participative way) is decided at the top in an organization. This style becomes the prevailing condition throughout.

5. *Decision-making method*: This refers to the basic method for handling problem solving and decision making. It is closely linked to the pattern of management; but it also includes the number of people who make each decision, the degree to which all relevant resources are used, the degree of creativity of decisions, and the degree of commitment to implement the decisions.

6. *Individuals*: A social system is shaped by the kinds of people who make up the system. It might be expected, for example, that a group of older workers would behave differently than a group of younger people.

The technical or operational system

Every organization develops its method for getting work done—its unique arrangement of equipment, material, people, and processes. A common industrial operational system is the assembly line: Workers are arranged along a conveyor belt with the product moving along the belt, and each worker performs a specific task. The operational system can be altered by changing equipment, using different basic or raw materials, arranging people differently, or changing work assignments.

The operational system is integrally connected

of the restaurant industry, waitresses were frequently observed leaving their work to go into the restroom to get feelings of distress under control. Whyte observed that the cause of the problem was a work-flow system that required lower-status waitresses to hand orders directly to the higher-status chef. This led to interface problems and created conflicts within the social system. Whyte's solution was to alter the work flow by putting in a spindle to which waitresses attached orders. This eliminated a sensitive interface. The system was altered; the problem solved; but the culture of the restaurant had not changed.

What Is Culture Analysis?

Early anthropologists quickly distinguished between material and nonmaterial culture—the physical artifacts and the basic beliefs that directed the thinking, feelings, perceptions, and behaviors of the people of a culture. To know why some people got into trouble—were rejected or punished—you had to look at the belief system and the attendant mores and norms that guided behavior. These early distinctions led to the identification of the following elements of an organization's culture: (1) artifacts, (2) perspectives, (3) values, and (4) assumptions.

Artifacts are the more tangible aspects of an organization's culture. There are physical artifacts (office layout, company logo, employee dress), behavioral artifacts (rituals, ceremonies), and verbal artifacts (language, stories, and myths shared by members of an organization). These artifacts are the surface manifestations of the shared perspectives, values, and assumptions that form the belief system.

Perspectives are those shared ideas and actions that help people act appropriately in a given situation. For example, perspectives often develop around rules for correctly handling performance reviews or promotions. In one organization, the

"Those interested in managing culture change typically set out to uncover the set of core assumptions of the culture and then to discover the problems such assumptions pose for the organization."

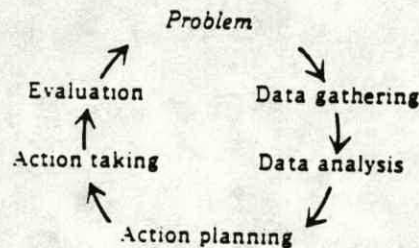
common perspective was that people had to be innovative and aggressive and take on as much responsibility as possible in order to get ahead. In another organization, however, innovation was not as important as conformity to group norms. Such differences in perspectives represent two very different cultures.

Values are broader, transsituational principles that apply to a range of situations. They include the general ideals, standards, and sins of the organization. Values such as career employment, promote from within, protect the environment, and be honest with customers, are often articulated in a formal statement of the organization's management philosophy.

Basic assumptions are at the core of culture. They are the taken-for-granted beliefs group members hold about themselves, others, and the world. Since assumptions are considered a given, they are rarely, if ever, questioned; and the set of tacit assumptions forms a unique culture.

In a study of a large high-tech firm, the GEM Corporation, three core assumptions were discovered: (1) Truth and knowledge are discovered through conflict; (2) people are basically good and capable of governing themselves; and (3) relationships in an organization are collateral in nature—like those in a family.

Exhibit 1
OD Cycle: System Change



there is a low concern about quality, people manipulate each other to gain personal or departmental advantage, lies or semitruths are released through the media to help maintain a positive public image—and if the CEO wants to turn these beliefs and values around, the tough issue of culture change has to be addressed.

That is a very different situation from a CEO faced with an expanding market who needs to find ways to identify new leaders quickly and to train an expanding sales force overnight. The basic problem for this CEO is to determine what personnel needs will arise in the next three years and how the organization will meet those needs. The solution involves human resources planning, personnel selection, and training. This can be done without changing anything in the basic culture.

Culture and system overlap

Do the concepts of culture and system overlap? Of course they do: the two conceptual models are not so well defined as to make neat distinctions all the time. Many aspects of an organization's social, technical, and administrative systems reflect

the deeper assumptions of the culture. For example, one could claim that putting in a spindle in the Whyte restaurant case is adding an artifact to the organization's culture. While that is true, adding the artifact only makes sense if the nature of the problem in the system is understood. Moreover, this introduction of one artifact did not change the basic cultural assumptions of the restaurant.

As another example, if a manager makes mostly authoritarian decisions or one-to-one decisions with subordinates but through a gain in insight learns how to conduct effective meetings and involve subordinates in planning and decision making, has the social system or the culture been changed? Perhaps both. It may be that the manager held a belief about the value of people and the need for their involvement but did not know how to translate the belief into action. Training in meeting management or team building in this case would then allow the manager to change the social system. It is also possible that the manager changed a core belief about people and then changed his meeting practices. In this case, culture change would have led to a social system change.

Changing Cultures and Systems

Most current OD is system—not culture—change because most OD interventions stem out of problems that arise from some malfunctioning in the system. Exhibit 1 represents the OD system-change model. Data gathering and analysis allow the manager to identify what subsystems are malfunctioning and what actions need to be taken.

Culture change is far different than system change: It means engaging in some action that gets at basic beliefs, values, and perspectives. In a recent study of culture change, the six stages of culture change were identified. (See Exhibit 2.) This model suggests the culture of an organization changes in concert with the undermining of

Exhibit 2
OD Cycle: Culture Change

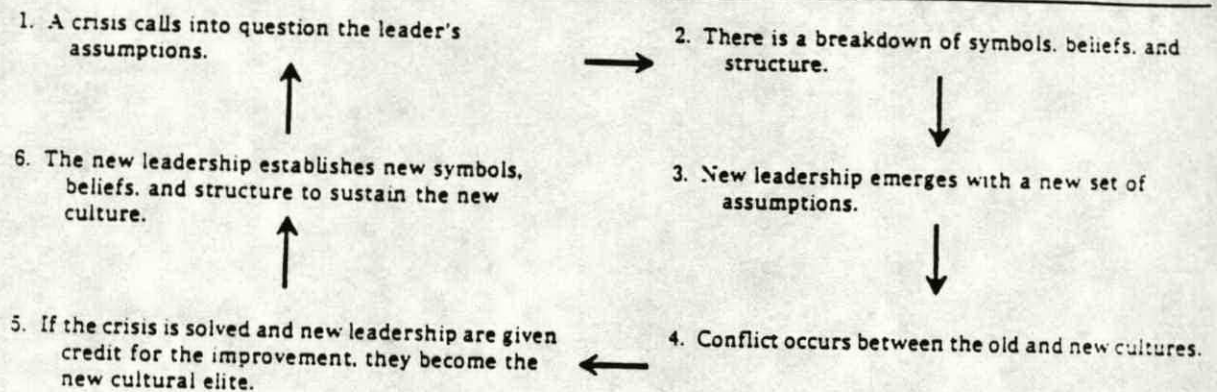


Exhibit 3
Differences Between System Change and Culture Change

<i>System change</i>	<i>Culture change</i>
1. Problem-oriented	1. Value-oriented
2. More easily controlled	2. Largely uncontrollable
3. Involves making incremental changes in systems	3. Involves transforming basic assumptions
4. Focuses on improving organization output/measurable outcomes	4. Focuses on the quality of life in an organization
5. Diagnosis involves discovering nonalignments between subsystems	5. Diagnosis involves examining dysfunctional effects of core assumptions
6. Leadership change is not essential	6. Leadership change is crucial

the organization's leadership. New leadership arises to resolve the crisis; and after a period of conflict, these leaders become the new cultural elite. The old guard is frequently purged in the process. Finally, the new leaders must reinforce their new culture with symbols, beliefs, and structures.

While the system-change cycle outlines a series of steps that can be followed to initiate change, the steps in the culture-change cycle are not easily controlled, for the process is often one of revolution and conflict—not of incremental change. It is

not clear if culture change can be effected, by starting with some artifact change and slowly moving toward the core. There is clear evidence, however, that if the core beliefs are changed, the other outward aspects will also change.

Exhibit 3 outlines some of the differences between culture change and system change.

Two Case Studies

It may be instructive to look in some detail at two famous studies—one representing system change and the other culture change.

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these conditions were present at all levels of the plant, in all units. It was the cultural condition of the plant; and the basic assumptions of the organization included these: obey division management at all costs; production is gained through pressure; people are expendable; and people should obey—not question.

At Plant Y a crisis occurred that called into question the old leaders' assumptions, and a new leader emerged with a new set of assumptions. The new plant manager was introduced to people in the plant, and he explained his new approach. As one worker said, "He was inviting us personally to see him any time about ways to make the plant better. He said he welcomed any suggestions. This was a completely new approach to [us]; and although some of the boys were skeptical, most of us felt that this man meant what he said."

Importantly, the new manager followed up his declaration of beliefs about people with a set of prescriptions and actions (perspectives and artifacts) consistent with his new assumptions. Meetings were held to get data and make decisions, and people were involved in planning. The people who did not adapt to the new values were shifted to other places; people committed to the new values were moved into supervisory positions. Later changes were made in the technical system, but these came after the new culture had

been introduced. The technical changes were all consistent with the new assumptions and values.

Guest says this about the reformed plant: "The reaction of supervisors to the improved situation was entirely favorable: it may even be described as 'euphoric.' Members not only felt different about their 'new life' at Plant Y; they behaved in a different manner." The Guest case is clearly one of culture change.

Conclusion

The processes of system change and culture change represent two different lenses through which to view an organization and take steps for improvement. The approach that one uses should be contingent on the type of problem being considered since the system and culture approaches employ different change strategies and technologies. Those interested in managing change in organizations often need both lenses to diagnose problems in organizations and select appropriate change strategies most effectively.

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