

ABSTRACT

SUB-THEME A: Prerequisites for, and domestic approaches to sustainable reform-regional, continental and international perspectives.

Topic: Role of culture and change management in sustainable public service reform.

By Johan Coetzee

Culture and change is complex, unpredictable and cannot be managed but do have prospects for steering. This paper concurs with Van Tonder that change management is cultural management; and also with Bate that culture and strategy are substitutes. For understanding the concept of institutional culture, the Three Layered Diagram of Schultz, *et al.* was found to be simplistic but useful. The 'new' and 'strong' culture provides design parameter for cultural change or reform.

This paper recommends design parameters for reform of public services in the Southern African Development Community (SADC); and complements the research of Bate in providing a more detailed roadmap for institutional cultural change consisting of the following integrated phases or dimensions: Structural (understanding); spatial and temporal (origins and trajectory); processual (life cycle); contextual (environmental context) and subjective (objectives and ambitions of role players).

Amongst other, the following institutional cultural change applications are discussed: For understanding a specific institutional culture, the Organisational Checklist of the United Kingdom Civil Service College is recommended; and an in-depth knowledge and thorough cultural assessment. For strategy formulation, the 7-S Strategy Framework of McKinsey, is useful but not without its limitations. This framework can be combined with the Balanced Scorecard of Kaplan and Norton to provide balanced and cohesive strategies for reform.

1. Introduction

This paper focuses on reform of public service institutions. Reform entails a cultural change in an institution by developing design parameters for change and applying corrective change management strategies. To reform an institution, a cultural assessment should be executed. Thereafter can preparation for steering started. This paper complemented the study of Bate (1995) in providing a more detailed roadmap for cultural change; and is a part of an ongoing PhD study that is developing corrective change management strategies for reforming systemic corrupt institutions, Coetzee (2007).

2. Background

Public service reforms are often not executed in SADC; operational budgets are externally and as such only temporarily financed; and implementation and delivery capacity is in many cases deteriorating, Hansohm, Peters-Berries, Breytenbach, Meyns, (2001: 116). The current status of reform of public services of the SADC seems very much unchanged, reinforcing the need for reform or cultural change.

For public service reform to be sustainable, the culture needs to be changed over a substantial period of time; and such change needs to be guided by the following design parameters:

- Political commitment
- Top management commitment
- Changes in systems
- Changes in structures
- Rewarding success
- Punishment of failures that do not enhance the 'new culture'
- An incremental implementation process
- Enforcement of the reform process
- Revision of the organisational and individual performance management and measurement system, Coetzee (2007).

The above design parameters provide universal direction for institutional reform, the focus of this paper.

3. Institutional Culture and Design Parameters for Cultural Reform

The words institutional, organisational and corporate culture is used interchangeably. Although a very dated but a timeless reference, culture, is according to Robbins (1989: 615) developed over many years and is rooted in deeply held values to which employees are strongly committed. Corporate culture is embodied by the organisation's shared values and operationalised in its processes, for example: Corporate planning; philosophy of control; and speed of core product/technological change, Applegate, McFarlan and McKensy (1999: 5).

Corporate culture is a system of shared values and beliefs that interact with an organisation's people, structure and systems to produce behavioural norms. Culture is derived from management and the organisation itself, Harvey and Brown (2001: 69). At its most basic, corporate culture is the personality of an organisation, or 'how things are done around here'. It guides how employees think, act, and feel. In practice, what management pays attention to and rewards is often the strongest indicator of the organisation's culture, Hagberg and Heifetz (2002).

The following four varieties of institutional culture exist: Power culture, found in small entrepreneurial organisations; role culture, found in large bureaucracies; task culture, in job- or project-orientated organisations; and person culture, where one individual is the central point, Weightman (1993: 96).

Most definitions about organisational culture refer to a system of shared assumptions held by members that distinguishes one organisation from another, Schultz, Bagraim, Potgieter, Viedge and Werner (2003: 22-23). Schultz, *et al.*, cited Lewis who said that culture includes the following: Basic assumptions that people in an organisation hold; these assumptions gave rise to shared feelings, beliefs and values; that is manifested in symbols, processes, forms, and some aspects of group behaviour, see Appendix A for a Three-Layered Diagram of Organisational Culture.

The definition of Lewis is the scientific rationalists' view of culture that can be regarded as simplistic, however, it is a starting point for understanding the complexity of organisational culture. The scientific rationalists' view is well represented with the McKinsey 7-S strategy framework, which positions culture (shared values) in the middle alongside structure, strategy, skills, style, systems and staff, see attached Appendix B. This view regards culture as a component of an institution that can be changed, as Bate (1995: 11) said "..., not dissimilar in conception from replacing a faulty component in a television set or trading in an old cooker for a new one". However, the 7-S Strategy Framework can be useful during strategy formulation of all phases of the 'Roadmap', (that will be discussed later) provided that the one is aware of its limitations.

The following dimensions of corporate culture can be distinguished:

- Depth, namely mission or reason for existence of an organisation and other high level statements such as the vision, objectives and core or operational values
- Breadth or scope of all the activities which include:
 - Operational
 - Business
 - Financial
 - Learning and Growth, (the four areas of the Balanced Score Card for enabling a 'balanced' institution by Kaplan and Norton, 1996: 75)
- Progression, namely the extent to which different plans and actions in different stages of development at a certain point do have continuity and permanence.

The following processes should be considered as design parameters for cultural reform of public service institutions:

- Commitment, implying that individuals need to identify with an organisation
- A perception about shared values and beliefs
- Cooperation, implying the willingness of people to cooperate in a spirit of goodwill and mutual trust
- Communication, as the lifeblood of an organisation and its culture
- Decision-making, implying the choice between what should be done and what should not be done
- Control, implying the ability to take steps and to evaluate and measure planned results
- Justification and behaviour, implying the opportunity allowed to individuals to make sense of corporate behaviour, Smit and De Cronje (1995: 383-400).

4. 'New' and 'Strong' Culture

Coherence of culture has been proven to be an essential quality of excellent companies. Excellent companies are marked by strong cultures, so strong in fact, that one either buys into their norms or gets out. The culture of excellent companies is not inwardly focused; it is open to customers, who in turn inject a sense of balance and proportion. Excellent companies have turned themselves into unique contributors to society, Peters and Waterman (1995: 75, 77 and 79-80). Enduring, great companies are usually built on both a solid foundation of timeless core/operating/corporate values, and also on the

adaptability of behavioral practices, secondary values, structures and other cultural artifacts, Hagberg and Heifetz (2002). The stronger the culture, and the more it is focused on the marketplace, the less need there is for policy manuals, organisation charts, procedures and rules. Much of bad corporate culture can be traced to limited communication. A survey of one company found that 65% of existing employees indicated that a lack of coaching or feedback was key in their decision to leave, Boswell (2002).

‘New culture’ focuses on values, for example: Service to the customer; innovation; consensus; and cooperation. A renewed emphasis is on corporate citizenship, which plays the most profound shaping and changing role. According to Harvey and Brown (2001: 431-434) culture provides a set of values for setting priorities as to what is important, and the way things are done in an organisation that corresponds with Hagberg and Heifetz (2002). Culture is of critical importance in implementing new strategy. Only very few organisations have been able to execute a complex change in strategy. Culture is the product of structure, systems, people and style that all influence the way managerial tasks are performed.

The importance of corporate culture is growing as a result of the following: With the diminishing of traditional communities, for example neighbourhoods, companies are filling the need of employees to belong to a community; and companies are encouraging teamwork and the formation of teams. Companies are encouraging employees to be more responsible and to act and think like owners. In exchange for more flexible work schedules, employees are expected to be always ‘on-call’ West (2002).

5. The Role of Systems Theory and Complexity in Culture

Culture is not a perfectly formed, monolithic entity but a loose package of diversities, Bate (1995: 225). Culture is a variety of the following elements: Strategic orientation (strategy), a process (and procedures), a set of practices (and beliefs), and a structure/form. If the culture of an institution needs to be changed, it requires that all the said mentioned institutional elements must be changed, Bate (1995: 232) The forms and phases of culture is irregular and unpredictable, has got its own energy and momentum and is turbulent. Culture change requires scenario planning, preparedness for all possible directions, Bate (1995: 144-151). Culture grows out of actions, it cannot be predicted, not managed, not

controlled by a step-by-step recipe/process that ensures a linear cause and effect success/failure. Culture change is interactive and cannot be managed by the normal channels of command; it is a different dimension of institutional/organisational life.

Every institution and its systems do have its unique culture of norms and values that are interlocked. If one part of a system is changed, it has according to systems theory, an impact on all other parts of the system and its subsystems (and everything that is part of the culture). Checkland, as cited by Wilson (1993: 25), summarised the following classification of systems: Natural systems, designed systems, human systems, social and cultural systems. Every system has not only a culture, it is a culture. Changing a system requires changing a culture and *vice versa*.

Strategies for cultural change provide only a framework for change and are not intended to be an action plan. Culture is so complex, so dynamic and so unpredictable that no predetermining set of strategies will be able to effectively change a culture. For example, changing the culture of a systemic corrupt institution, to a culture that apply international best practices of good governance, is sustainable, achieve the triple bottom line and comply with the law require ongoing strategy formulation.

Institutional change can only take place when institutions are in the complexity zone where systems learn and grow. In chaos, too many changes can 'undone' any learning. If there are too much change and freedom, an organisation can tip into chaos, for example when too many employees are being made redundant (*sic*). With too little innovation, systems become rigid, totally predictable (Lewis, 1994: 16) that is not sustainable.

6. Strategy is Culture

'Culture' is synonymous with 'organisation'; and 'strategy' is synonymous with 'culture', Bate (1995: 9). Culture is strategy and strategy is culture, Bate (1995: 17). Cultural forms provide a strategic function and strategies are cultural forms. Culture is a product of strategy, systems, people, structure and style. This paper corresponds with the view of Bate that culture and strategy are substitutes. Culture is a complex phenomenon that cannot be defined within a linear equation. Culture is so comprehensive and dynamic that it cannot be demarcated to represent a universal one-fits-all institutional application. Culture of every institution is unique. Only elements of

a culture can be articulated. Corporate culture includes corporate strategy, that makes provision for visionary leadership, inspiration, and ‘walking and talking’ the core values and culture management.

The implications of accepting culture and strategy as substitutes are as follow: Strategy formulation of any kind is a cultural activity; and cultural change is strategic change. Culture and strategy is one and the same process. The idea of creating a separate programme for changing culture is a myth. Cultural change is occurring within formal and informal strategic processes. Culture cannot be changed in the abstract; there cannot be a deliberate attempt to change ‘the culture’. Cultural change can therefore be perceived as change ‘of’ and ‘in’ the strategy in use. This change occurs through a process of transformations and mutations of the strategy in use, where the process is interrupted by a frame-switch from one type of strategy to another, Bate (1995: 23).

Chaos theory is important for strategy development. An institution needs to approach strategy development in a manner that allows self-organisation and exploration on its ‘edge of chaos’ or fringes, Bechtold (1997: 194). In order to implement a self-organising approach to strategy development, an organisation needs to operate with democratic principles. Organisations that operate with the said principles are characterised by a balanced distribution of power, a strong customer focus, an integration of management and doing, a strategy of continuous learning, and an orientation towards community service, Bechtold (1997: 199).

Four types of strategies can be developed based on the Balanced Scorecard of Kaplan and Norton, to create a ‘balanced’ institution that focuses on key areas such as: Business process (including operational), financial (income and expenditure), learning and growth (human resources) and customer (including quality, marketing and sales).

7. Change Management is Cultural Change

The best change management efforts will contribute to the emergence of new dilemmas, issues and challenges, Katz and Miller as cited by Van Tonder (2004: 224). “Change can’t be managed. Change can be ignored, resisted, responded to, capitalised upon, and created. But it can’t be managed and made to march to some orderly step-by-step process”, Van Tonder (2004: 224). The author agrees with Van Tonder who said that

change cannot be managed, but “...it can be engaged purposefully” which provides greater prospects for steering change.

The word change management can be misleading and it would probably have been more appropriate to write about ‘transformation’. However, transformation is more associated with systems larger than institutions, for example societies. For the purpose of public institutions, it was decided to use the words change management or reform.

Change is taking place continuously, is uncertain and unpredictable. The tempo/speed or form of change can be incremental and/or evolutionary and/or radical/quantum, to mention a few. The outcome of change can be first order (developmental) and/or second order (transformation), Bate (1995: 153).

Change is a process that manifests itself in a ‘difference’ and varying magnitude (quantitative) and nature (qualitative) in the context of a given entity over time, Van Tonder (2004: 6). Change as a ‘difference’ is bounded by its context or system (systems theory, *sic*). Change tends to be more active in what Van Tonder referred to as primary systems and subsystems compared to systems on the boundary/peripheral. In context of the general definition of change of Van Tonder, the word ‘change’ in this paper is used interchangeable with ‘organisational change’ and ‘institutional change’.

Culture management is the process of developing and reinforcing a desired culture; and is it is concerned with the following: Culture change, culture reinforcement, change management and commitment, Armstrong (1994: 95).

8. A Roadmap for Cultural Change

Given the complexity and unpredictability of culture and change, a broad/general ‘game plan’ or roadmap is needed for institutional change or reform.

Bate (1995: 138) proposed the following dimensions for changing an institutional culture:

- Understand the culture to be changed (structural dimension).
- Identify the origins and trajectory through time of the culture (spatial and temporal dimension).

- Identify the stage of the culture in its life cycle (processual dimension).
- Identify the environmental context within which the culture is situated and embedded (contextual dimension).
- Understand the objectives and ambitions of the parties involved in the culture (subjective dimension).

Each of the said phases or dimensions is discussed as follow:

8.1 Understanding/Appreciation and Structural Dimension

This first phase is a typical organisation and development (O and D) phase, "...a process of bringing to the surface, that is, to the conscious awareness of members of an institution, those implicit behavioural patterns that are helping and hindering development", Burke as cited by Bate (1995: 139).

This phase is characterised by a variety of names: Frames, cognitive maps, schema, tacit premises, cultural themes, forms, formats, doctrines, dogmas, ethos, creeds, slogans, conventions, orientations, semantic systems, orthodoxies, gestalts, mental domains, paradigms, protocols, *Weltanschauung*, and all the '-isms'. People choose the label(s) that apply most to their behaviour in institutions.

Understanding the Organisational Checklist can be very useful in gaining an understanding of the structural dimension of an organisation because it can trigger a wide range of questions about different areas of a culture (United Kingdom Civil Service College, 1996), see attached Appendix C.

Understanding a culture also includes a cultural assessment. Such an assessment can include elements such as: Work ethic, customer orientation, employee conduct, work practices, management style, communications, business orientation and training, depending on the most important elements/factors that impact on a culture. Moerdyk en Van Aardt (2003: 199-210) classified the said mentioned elements in input variables: Training, management style, communication and work routines; situational variables: employee conduct, work ethic, and working environment; and output variables: customer orientation and culture change.

8.2 Origins and Trajectory/Spatial and Temporal Dimension

The second phase is establishing the origins and trajectory of organisational culture also known as cultural archaeology and the architecture of culture. The whole idea of cultural archaeology is that present and future only become meaningful when it is set in the context of the past. Past and present are interconnected phases of the same continuous process. The architecture of culture is taking a long view or 'telescopic' diagnosis where thinking cultural over time enables understanding and insight into the underlying forces and conditions which give rise to the present state of affairs. Questions include: Where have we been? Where are we now? Where do we want to be?

The current state is known while the other/new or desired state is unknown. In terms of unsustainable public service cultures, the desired state is partly known in terms of international best practices of good governance, a culture of discipline, sustainability, the triple bottom line and practices of law abiding institutions.

8.3 Development Cycle/Processual Dimension

The third phase is designing a strategy to fit the development cycle of a culture that require amongst other an understanding that development (first order) is always followed by change (second order). Change forms such as evolution, revolution, continuous or discontinuous change are all intertwined and do not follow a linear pattern but a zigzag and unbroken line, Bate (1995: 142-144).

This phase requires an understanding of where an institution is in terms of its cultural life cycle of birth, development, maturity and death (equivalent to the phases of a product life cycle (*sic*)), Bate (1995: 138-142). This phase is an identification of how close each aspect of institutional culture is to the 'threshold' where a strategic shift from first to second order change takes place. During this phase, an anticipation or initiation of certain steps to prepare for change takes place; and preparedness for conflict and anticipation of steps to steer the change to the new or desired state.

8.4 Assessing the Cultural Lag/Contextual Dimension

The fourth phase is assessing the cultural lag, the difference between cultural change and changes in the wider environment. Cultural lag refers to the gap between a form of life (culture) and life itself (current circumstances). Cultural forms are resistant to

change and are naturally conservative in outlook and prefer to go round in circles. Assessing the cultural lag requires the contextualising of culture in terms of its worldview or *Weltanschauung*. Contextualising enables fitness of a culture in terms of its environment. Cultural lag refers to the influence of other systems outside an institution on the culture of an institution to ensure relevance. To address cultural lag, a strategy must be preventative and remedial to bridge the gap before it is becoming too wide. For example, this gap can be the difference between a systemic corrupt institution and an institution that demonstrates a zero tolerance for corruption.

8.5 Assessing Ambitions/Subjective Dimension

The fifth phase is assessing ambitions for cultural change against possible outcomes. Assessing ambitions deals directly with the ‘politics of acceptance’, ambitions of owners of the change must not be overestimated and the power of the forces of resistance must not be underestimated, Bate (1995: 164). This phase requires that ambitions and aspirations in the form of objectives, emotions and feelings must be steered in the desired direction as provided by the vision, mission, objectives and operating values of the institution.

9. Synthesis

Within the recommended design parameters for reform of public services in SADC, this paper complemented the research of Bate in providing a more detailed roadmap for cultural change. The roadmap consists of the following integrated phases or dimensions: Structural; spatial and temporal; processual; contextual and subjective. The ‘new’ and ‘strong’ culture provided direction for the roadmap.

For understanding the concept of institutional culture, the Three Layered Diagram of Schultz, *et al.* was found to be simplistic but useful. An in-dept knowledge and thorough cultural assessment of institutional culture is imperative for sustainable change or reform. The 7-S Strategy Framework of McKinsey is not without limitations; however it can be used to develop four types of strategies for a ‘balanced’ organisational culture as advocated by Kaplan and Norton. This paper concurred with Bate that culture is strategy; and also with Van Tonder that change management is cultural management. Culture and change is complex and unpredictable. Change cannot be managed but prepared for and steered in a desired direction, for example a zero tolerance for corruption.

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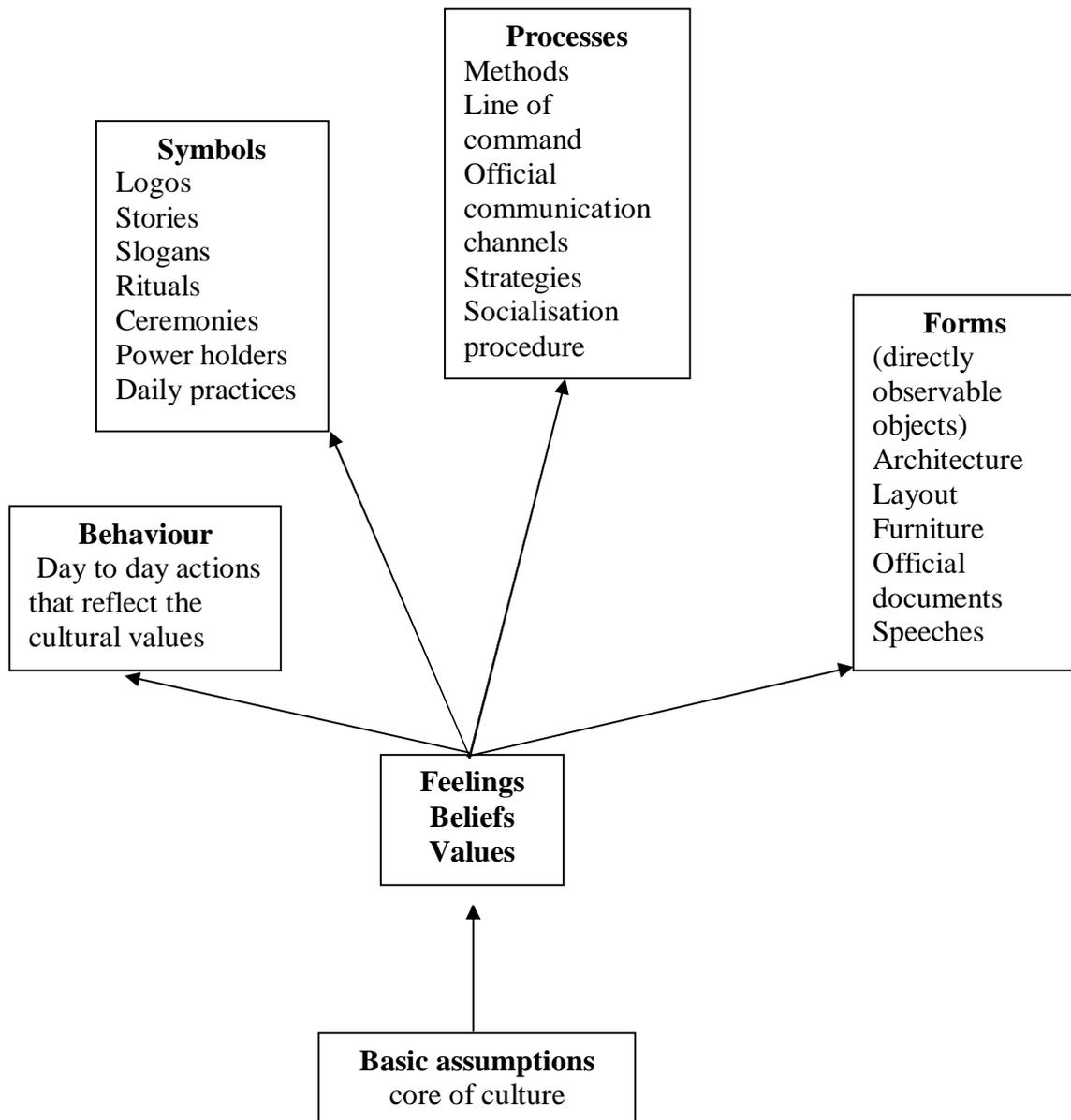
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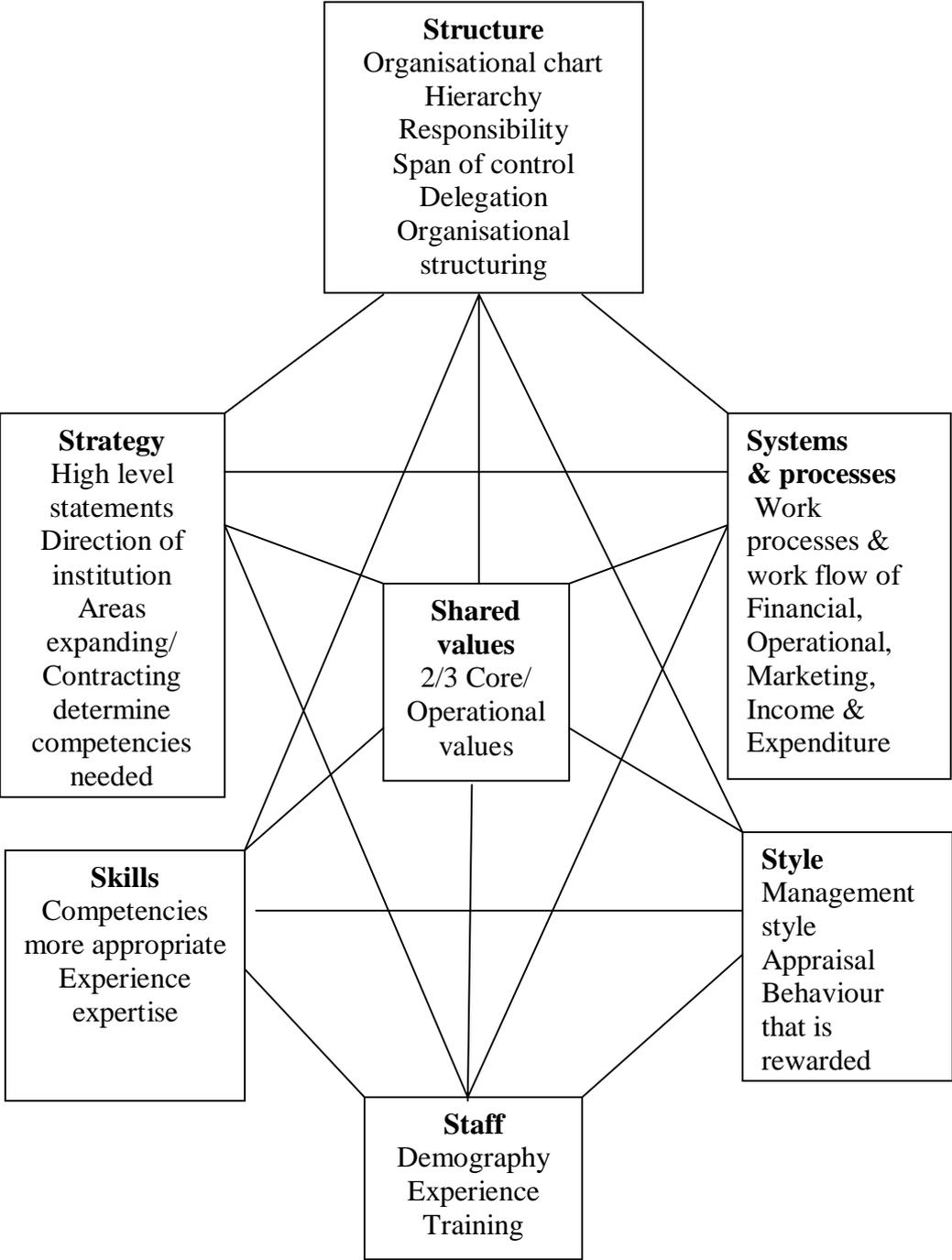
THREE-LAYERED DIAGRAM OF ORGANISATIONAL CULTURE

Source: Schultz, H. *et al.* 2003. *Organisational Behaviour. A Contemporary South African Perspective.* Van Schaik Publishers, Pretoria.



7-S STRATEGY FRAMEWORK OF MCKINSEY

Source: Bate, P. 1995. *Strategies for Cultural Change*. Butterworth-Heinemann, Oxford.
Subheadings in squares were added by the author of the paper



APPENDIX C

Source: United Kingdom Civil Service College. 1996. *Professional Training and Development*. Civil Service College Printers, Sunningdale Park.

UNDERSTANDING THE ORGANISATIONAL CHECKLIST

FOCUS	ISSUES TO COVER
History	Critical events
	Phases of development
Culture	Evidence
	Effect
Environment	Stable/fluid
	Predictable/unpredictable
	Competition
	Interfaces
Resources	Budget
	Equipment (type of technology)
	Staffing (numbers and skills)
Mission	Formal
	Informal
	How formulated?
	Who are the key players?
Strategy	How do they interact?
	Formal
	Informal
	How formulated?
	Who are the key players?
Goals/objectives	How do they interact?
	As perceived by key personnel
Tasks	What are the core tasks?
	Who performs them?

	Nature (standard/varied)?
	Level of expertise required
	Level of discretion
	Interrelationships
Structure	What is it - on paper? - really?
	Distribution of authority
	Distribution of responsibility
	Communication of responsibility
	Distribution of budgets
	Information systems
	Does it support the work?
People	Skill levels
	Managerial styles
	Motivations
	Satisfactions
Communications	Open/closed?
	Distortion
	Flows
Decision making	Formal
	Informal
Coalitions/cliques	Identify groups
	Identify issues
Customer	Who are they?
	Where are they?
	Are their needs changing?
	How responsive is the organisation?