17

A CONCEPTUAL MODEL FOR MANAGED CULTURE CHANGE

In Chapter Sixteen, I reviewed all the ways in which culture can and does change, noting how leaders can influence these processes. However, many of the mechanisms described are either too slow or cannot be conveniently implemented. Subcultural diversity may not be sufficient, outsiders with the right new assumptions may not be available, and creating scandals or introducing new technology may not be practical. How then does a leader systematically set out to change how an organization operates, recognizing that such change may involve varying degrees of culture change?

In this chapter, I will describe a model of planned, managed change and discuss the various principles that have to be taken into account if the changes involve culture. It is my experience that culture change is rarely the primary change goal even though it is announced as such. Instead, change occurs when leaders perceive some problems that need fixing or identify some new goals that need to be achieved. Whether these changes will involve culture change remains to be seen. In the context of such *organizational* changes, culture change may become involved, but the leader must first understand the *general* processes of organizational change before managed *culture* change as such becomes relevant.

The Psycho-Social Dynamics of Organizational Change

The fundamental assumptions underlying *any* change in a human system are derived originally from Kurt Lewin (1947). I have elaborated and refined his basic model in my studies of coercive persuasion, professional education, group dynamics training, and management development (Schein, 1961a,

Exhibit 17.1. The Stages of Learning/Change.

Stage 1 Unfreezing: Creating the Motivation to Change

- Disconfirmation
- Creation of survival anxiety or guilt
- Creation of psychological safety to overcome learning anxiety

Stage 2 Learning New Concepts, New Meanings for Old Concepts, and New Standards for Judgment

- Imitation of and identification with role models
- Scanning for solutions and trial-and-error learning

Stage 3 Internalizing New Concepts, Meanings, and Standards

- Incorporation into self-concept and identity
- Incorporation into ongoing relationships

1961b, 1964, 1972; Schein and Bennis, 1965). This elaborated model is shown in Exhibit 17.1

All human systems attempt to maintain equilibrium and to maximize their autonomy vis-à-vis their environment. Coping, growth, and survival all involve maintaining the integrity of the system in the face of a changing environment that is constantly causing varying degrees of disequilibrium. The function of cognitive structures such as concepts, beliefs, attitudes, values, and assumptions is to organize the mass of environmental stimuli, to make sense of them, and to provide, thereby, a sense of predictability and meaning to the individual members (Weick, 1995; Weick and Sutcliffe, 2001). The set of shared assumptions that develop over time in groups and organizations serves this stabilizing and meaning-providing function. The evolution of culture is therefore one of the ways in which a group or organization preserves its integrity and autonomy, differentiates itself from the environment and other groups, and provides itself an identity.

Unfreezing/Disconfirmation

If any part of the core cognitive structure is to change in more than minor incremental ways, the system must first experience enough disequilibrium to force a coping process that goes beyond just reinforcing the assumptions

that are already in place. Lewin called the creation of such disequilibrium *unfreezing*, or creating a motivation to change. Unfreezing, as I have subsequently analyzed it, is composed of three very different processes, each of which must be present to a certain degree for the system to develop any motivation to change: (1) enough disconfirming data to cause serious discomfort and disequilibrium; (2) the connection of the disconfirming data to important goals and ideals, causing anxiety and/or guilt; and (3) enough psychological safety, in the sense of being able to see a possibility of solving the problem and learning something new without loss of identity or integrity (Schein, 1980, 2009b).

Transformative change implies that the person or group that is the target of change must *unlearn* something as well as learning something new. Most of the difficulties of such change have to do with the unlearning because what we have learned has become embedded in various routines and may have become part of our personal and group identity. The key to understanding "resistance to change" is to recognize that some behavior that has become dysfunctional for us may, nevertheless, be difficult to give up and replace because it serves other positive functions. Psychotherapists call this "secondary gain" as an explanation of why we sometimes continue to live with our neurotic behavior.

Disconfirmation is any information that shows the organization that some of its goals are not being met or that some of its processes are not accomplishing what they are supposed to: sales are off, customer complaints are up, products with quality problems are returned more frequently, managers and employees are quitting in greater numbers than usual, employees are sick or absent more and more, and so on. Disconfirming information can be economic, political, social, or personal—as when a charismatic leader chides a group for not living up to its own ideals and thereby induces guilt. Scandals or embarrassing leaks of information are often the most powerful kind of disconfirmation. However, the information is usually only symptomatic. It does not automatically tell the organization what the underlying problem might be, but it creates disequilibrium in pointing out that something is wrong somewhere. It makes members of the organization uncomfortable and anxious—a state that we can think of as *survival anxiety* in that it implies that unless we change, something bad will happen to the individual, the group, and/or the organization.

Survival anxiety does not, by itself, automatically produce a motivation to change because members of the organization can deny the validity of the information or rationalize that it is irrelevant. For example, if employee turnover suddenly increases, leaders or organization members can say, "It is only the bad people who are leaving, the ones we don't want anyway." Or if sales are down, it is possible to say, "This is only a reflection of a minor recession."

What makes this level of denial and repression likely is the fact that the prospect of learning new ways of perceiving, thinking, feeling, and behaving also creates anxiety—what we can think of as *learning anxiety*, a feeling that "I cannot learn new behaviors or adopt new attitudes without losing a feeling of self-esteem or group membership." *The reduction of this learning anxiety is the third and most important component of unfreezing—the creation of psychological safety*. The learner must come to feel that the new way of being is possible and achievable, and that the learning process itself will not be too anxiety provoking or demeaning.

For example, in the case of Amoco, the new reward and control system required engineers to change their self-image from being members of an organization to being self-employed consultants who now had to sell their services. The Amoco engineers simply could not imagine how they could function as freelance consultants; they had no skills along those lines. In the case of the Alpha Power Company, the electrical workers had to change their self-image from being employees who heroically kept power and heat on to being responsible stewards of the environment, preventing and cleaning up spills produced by their trucks or transformers. The new rules required them to report incidents that might be embarrassing to their group, and even to report on each other if they observed environmentally irresponsible behavior in fellow workers. But they were in a panic because they did not know how to diagnose environmentally dangerous conditions—how to determine, for example, whether a spill required a simple mop-up or was full of dangerous chemicals such as PCBs, or whether a basement was merely dusty or was filled with asbestos dust.

Sometimes disconfirming data have existed for a long time but because of a lack of psychological safety, the organization has avoided anxiety or guilt by denying the data's relevance, validity, or even its existence. It is our capacity both as individuals and as organizations to deny or even repress disconfirming data that makes whistle blowing or scandals such powerful change motivators. The failure to pay attention to disconfirming data

occurs at two levels—leaders who are in a position to act deny or repress the data for personal psychological reasons, and/or the information is available in various parts of the organization but is suppressed in various ways. In the analysis of accidents, it is routinely found that some employees had observed various hazards and did not report them, were not listened to, or were actually encouraged to suppress their observations (Gerstein, 2008; Perin, 2005). The organizational dynamic is to deny information because to accept it would compromise the ability to achieve other values or goals, or would damage the self-esteem or face of the organization itself.

Survival Anxiety Versus Learning Anxiety

If the disconfirming data "get through" the learners' denial and defensiveness, they will recognize the need to change, the need to give up some old habits and ways of thinking, and the need to learn some new habits and ways of thinking. However, this produces learning anxiety. The interaction of these two anxieties creates the complex dynamics of change.

The easiest way to illustrate this dynamic is in terms of learning a new stroke in tennis or golf. The process starts with disconfirmation—you are not beating some of the people you are used to beating, or your aspirations for a better score or a better-looking game are not met, so you feel the need to improve your game. But, as you contemplate the actual process of unlearning your old stroke and developing a new stroke, you realize that you may not be able to do it, or you may be temporarily incompetent during the learning process. These feelings are "learning anxiety." Similar feelings arise in the cultural area when the new learning involves becoming computer competent; changing your supervisory style; transforming competitive relationships into teamwork and collaboration; changing from a high-quality, high-cost strategy into becoming the low-cost producer; moving from engineering domination and product orientation to a marketing and customer orientation; learning to work in nonhierarchical diffuse networks; and so on.

It is important to understand that learning anxiety can be based on one or more *valid* reasons:

- **Fear of loss of power or position:** The fear that with new learning, we will have less power or status than we had before.

- **Fear of temporary incompetence:** During the learning process, we will be unable to feel competent because we have given up the old way and have not yet mastered the new way. The best examples come from the efforts to learn to use computers.
- **Fear of punishment for incompetence:** If it takes a long time to learn the new way of thinking and doing things, we fear that we will be punished for lack of productivity. In the computer arena, there are some striking cases in which employees never learned the new system sufficiently to take advantage of its potential because they felt they had to remain productive and thus spent insufficient time on the new learning.
- **Fear of loss of personal identity:** We may not want to be the kind of people that the new way of working would require us to be. For example, in the early days of the break-up of the Bell System, many old-time employees left because they could not accept the identity of being a member of a hard-driving, cost-conscious organization that "would take phones away from consumers who could not afford them." Some electrical workers in Alpha Power resigned or retired because they could not stand the self-image of being environmental stewards.
- **Fear of loss of group membership:** The shared assumptions that make up a culture also identify who is in and who is out of the group. If by developing new ways of thinking or new behavior, we will become a deviant in our group, we may be rejected or even ostracized. This fear is perhaps the most difficult to overcome because it requires the whole group to change its ways of thinking and its norms of inclusion and exclusion.

One or more of these forces lead to what we end up calling *resistance to change*. It is usually glibly attributed to "human nature," but as I have tried to indicate, it is actually a rational response to many situations that require people to change. As long as learning anxiety remains high, an individual will be motivated to resist the validity of the disconfirming data or will invent various excuses why he or she cannot really engage in a transformative learning process right now. These responses come in the following stages (Coghlan, 1996):

1. **Denial:** Convincing ourselves that the disconfirming data are not valid, are temporary, don't really count, reflect someone just crying "wolf," and so on.