

The cultural web structure in firms



There are many approaches to culture and even more definitions. Kroeber & Kluckhohn in their classic review of culture (1952) report 156 different definitions, which they arrange under six different generic headings. In the years since they wrote many other definitions have been attempted and still there is no consensus.

A model of culture, developed by Jerry Johnson (Figure 1), may help to explain the use of Cultural Change. Cultural Web is used firstly to look at the organizational culture as it is now, secondly to look at how we want the culture to be, and thirdly to identify the differences between the two. These differences are the changes we need to make to achieve the high-performance culture that we want.

Johnson calls his model the 'cultural web'. The paradigm in the centre is the set of core beliefs which result from the multiplicity of conversations and which maintains the unity of the culture. The 'petals' are the manifestations of culture which result from the influence of the paradigm.

Most change programmes concentrate on the petals; they try to effect change by looking at structures, systems and processes. Experience shows us that these initiatives usually have a limited success. A lot of energy (and money) is put into the change programme, with all the usual communication exercises, consultations, workshops, and so on. In the first few months things seem to be changing but gradually the novelty and impetus wears off and the organisation settles back into something like its previous configuration. The reason for this is simple, though often overlooked-unless the paradigm at the heart of the culture is changed there will be no lasting change.

Paradigms

A paradigm is a self-consistent set of ideas and beliefs which acts as a filter, influencing how we perceive and how we make sense. The term was brought into common currency by Thomas Kuhn in his famous *Structure of Scientific Revolutions*, first published in 1962. Fritjof Capra adapted Kuhn's original definition to present it in a form more suitable to the study of organisations:

A paradigm is a constellation of concepts, values, perceptions and practices shared by a community, which forms a particular vision of reality that is the basis of the way a community organises itself. (Capra 1997: 6)

As an example of the way a paradigm-especially the paradigm at the heart of a culture-can influence perception and meaning I am reminded of an inquiry I was conducting with members of a major public service organisation into its culture. There was much talk of 'blame culture' and a feeling in the room that it would be difficult or impossible to move forward because of this.

I took the pen and wrote "blame culture" on the flip chart. Then I wrote "forgiveness culture" next to it, getting a few nervous laughs in response (they'd never come across the notion of a forgiveness culture before-certainly not in a work context). On the next line I put, "You didn't do that very well". Underneath blame I wrote "accusation" and under forgiveness, "opinion". On the next line, "I hope you do better next time". This time under blame I put "threat" and under forgiveness "encouragement" (table 1).

Blame Culture

Forgiveness Culture

"You didn't do that very well"

Accusation

Opinion

“ I hope you do better next time”

Threat

Encouragement

Table 1 Paradigm examples

There are a number of lessons to draw from this example. Firstly, it is the paradigm which has the major effect on our perception: if we believe that there is a blame culture we will hear the words from that frame. They might have been meant as opinion or encouragement but that is probably not the way they will be heard. Secondly, the prevailing paradigm encourages certain types of behaviour. If everyone believes there is a blame culture it is much more likely that people will behave in blaming ways; in a similar situation in a forgiveness culture (how nice it would be if they were as common) people would be more likely to act in a constructive and encouraging way. Thirdly, the paradigm tends to be self-sustaining. Because I hear the words, “ I hope you do better next time” as a threat I accept them as proof there that is indeed a blame culture: “ Did you hear that? She just threatened me-that’s so typical of the way things are around here.” A paradigm is like a self-fulfilling prophecy; there is a kind of circular logic attached to it which makes it hard to break.

I don't want to give the impression that paradigms are a bad thing. On the contrary, without paradigms to help us order and make sense of the world we would be faced with an overwhelming mass of incoming data. It would be impossible to do even the most simple of day-to-day tasks without having to work everything out from first principles each time. It is the very fact that a paradigm acts as a filter which helps make life manageable and gives us a sense of stability in a changeable world.

It is not the existence of paradigms which can cause difficulties but their stability. Even when a paradigm is no longer useful it will tend to cling on, still filtering perceptions in ways which are no longer helpful. Many privatised industries have found this to their cost; their public service bureaucratic paradigms, which served them well in the past, have been hard to shake off.

So where do paradigms come from? They are not imposed by chief executives nor invented by consultants, rather they emerge from a multiplicity of interactions between the individuals within the community. Since this is the second time emergence has come up in this article it is time to take a closer look at it.

Conclusions

I have covered a lot of ground in this article and there is much more to say on many of the topics. My aim is to open some avenues for thought and exploration rather than to present finished work. Nevertheless I believe that by adopting a complexity perspective we can look at organisational culture and change in completely different ways. We start to realise that organisations cannot be changed according to plan or desire; instead the

best we can do is to try to build new connections and relationships so that a process of self-organisation can take place. Then it is just a question of waiting and trying to make sure that the forces for stability do not move it away from the critical state (actually, I believe that it is possible to influence the outcome even though one cannot determine it, but that is another article). We also come to see that the best place for the change agents to be is within the system; working from outside is likely to be far less effective.

This is such a different way of working that it is hard for both clients and consultants. Consultants have been used to offering apparently rational approaches to change which satisfy clients' needs for certainty and assurance. The complexity consultant cannot do this and it takes a brave client to be prepared to accept that a complexity approach actually offers a better chance of a favourable outcome than a conventional mechanical proposal. It's also scary for the consultant. The old check lists and prescriptions have gone, to be replaced by intuition and creativity. You can end up feeling very exposed and inadequate but when it works it feels great! I urge you to give it a try.

Bhai pls don't use it completely and do paraphrase it.. pls

The ' Organization 2005â€™ Program

In January 1999, Jager, a P&G veteran became the new CEO taking charge at a time when P&G was in the midst of a corporate restructuring exercise that started in September 1998.

Jager faced the challenging task of revamping P&G's operations and marketing practices. Soon after taking over as the CEO, Jager told analysts

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that he would overhaul product development, testing and launch processes. The biggest obstacle for Jager was P&G's culture. Jager realized the need to change the mindset of the P&G employees who had been used to lifetime employment and a conservative management style. On July 1, 1999, P&G officially launched the Organization 2005 program. It was a program of six-year duration, during which, P&G planned to retrench 15, 000 employees globally. The cost of this program was estimated to be \$1. 9 billion and it was expected to generate an annual savings (after tax deductions) of approximately \$900 million per annum by 2004...

Change in Organization Structure

Till 1998, P&G had been organized along geographic lines with more than 100 profit centers. Under Organization 2005 program, P&G sought to reorganize its organizational structure (Refer Exhibit III and IV) from four geographically-based business units to five product-based global business units – Baby, Feminine & Family Care, Beauty Care, Fabric & Home Care, Food & Beverages, and Health Care.

The restructuring exercise aimed at boosting P&G's growth (in terms of sales and profits), speed and innovation and expedition of management decision-making for the company's global-marketing initiatives.

It also aimed to fix the strategy-formulation and profit-creation responsibilities on products rather than on regions. The global business units (GBUs) had to devise global strategies for all P&G's brands and the heads of GBU were held accountable for their unit's profit. The sourcing, R&D and manufacturing operations were also undertaken by the GBU.

Standardization of Work Processes

One of the major objectives of Organization 2005 program was to significantly improve all inefficient work processes of P&G including its product development, supply chain management and marketing functions. In order to achieve this objective, P&G undertook several IT initiatives including collaborative technologies, B2C e-commerce, web-enabled supply chain and a data warehouse project for supplying timely data to company's various operations located globally.

Revamping the Corporate Culture

The Organization 2005 program made efforts to change P&G from a conservative, lethargic and bureaucratic to modern, quick-moving and internet-savvy organization. The new structure was directed towards revamping the work culture of P&G so as to focus on its new Stretch, Innovation and Speed (SIS) philosophy. Emphasizing on innovation, Jager said, " Organization 2005 is focused on one thing: leveraging P&G's innovative capability.

The Mistakes Committed

The Organization 2005 program faced several problems soon after its launch. Analysts were quick to comment that Jager committed a few mistakes which proved costly for P&G. For instance, Jager had made efforts in January 2000 to acquire Warner-Lambert and American Home Products. Contrary to P&G's cautious approach towards acquisitions in the 1990s, this dual acquisition would have been the largest ever in P&G's history, worth \$140 billion.

However, the stock market greeted the news of the merger negotiations by selling P&G's shares, which prompted Jager to exit the deal.

Implementing Strategies to Revive P&G

In June 2000, Alan George Lafley (Lafley), a 23-year P&G veteran popularly known as 'AG,' took over as the new President and CEO of P&G. The major difference between Lafley and Jager was their 'style of functioning.' Soon after becoming CEO, Lafley rebuilt the management team and made efforts to improve P&G's operations and profitability. Lafley transferred more than half of P&G's 30 senior most officers, an unprecedented move in P&G's history. He assigned senior positions and higher roles to women.

P&G – Current Status

In 2003, Lafley continued his efforts to make P&G more adaptable to the dynamic changes in business environment. He challenged P&G's traditional perspective that all its products should be produced in-house. In April 2003, Lafley started outsourcing the manufacturing of bar soaps (including P&G's longest existing brand, Ivory) to a Canadian manufacturer. In May 2003, IT operations were outsourced from HP. Since Lafley became CEO, P&G's outsourcing contract went up from 10% to 20%. Lafley continued to review P&G's businesses and new investments with the aim of achieving sharper focus on its core businesses, cost competitiveness and improved productivity.

Exerting the internal leadership needed to drive implementation forward and keep improving on how the strategy is being executed

In the Organization 2005 initiative, leadership has changed in P&G in the middle of its implementation. At some point, the company may have considerably gained immensely from this change in the leadership.

Apparently, the leadership style of tends to conflict with the strategy in general. As (2000) characterised it, the style he used was highly confrontational and bordering to authoritative. This left a bad aftertaste on the operations of the company.

The change of leadership is rooted from the demand of the major stakeholders of the company; from the shareholders, management, and even the retained rank and file employees. When Lafley took on the point, he recognised the flaws of the style and took on a different route. However, it must be pointed out that still cleave on the strategy started by Jager. Based on the case study of (2000), apparently empowered his managers and other top officials in the company by giving them freedom to exercise their decision-making practices. Nonetheless, in the Lafley version of the Organization 2005 initiative, the mission was still the same but the objectives were much clearer. This clear set of objectives and policies helped the managers handle their jobs and executive functions as they are now currently aware of what courses of action to take when they encounter come bumps in their operations. And apparently, all they have to do is emulate what Lafley did and continue to cleave on to the principles of the strategy.

SWOT ANALYSIS of ORGANIZATION 2005 & HR policies

All organizations have their strengths and weaknesses in the functional area of business. Thus, Organization 2005 is “ a corporate restructuring program”

focused on a comprehensive changes in organizational structure, work processes, and employee culture towards increased innovation. The developing drifts in the global marketplace during the beginning of Organization 2005 are among the main mechanisms that prompted the P&G's management towards this strategic turn. As early as 1990s, marketing trends seem to create long terms effects on the future of international business sector. Competition and its quick development among various industries is the most popular if not the main business apprehension. Acknowledged that the condition of the global market is in restless competition mode and its rate is increasing as technological advancement and industry concentration loads on. Organization 2005 aimed to control the presence of the Company in global environment. Providing a SWOT analysis for Organization 2005 & the company's HR & Strategy policies allows the forecasting that serves as an important tool and process of finding the future concerns of the entire program.

Organizational Strengths

Proctor & Gamble's Organization 2005, according to case study 2004 was intended to increase sales and profits through the introduction of new brand products, closing needless production plants and eliminating unproductive jobs & introducing the new IT programme in the company.

In details, Organization 2005 offers a corporate ability to create new strategy that is perceived to be complete, with top to bottom effects on individualized area of concentration (i. e. production, finance, human resources, etc). ,

P&G's CEO Jagger in 1999 and the forerunner of this new program strategy believed that Organization 2005 is designed for the purpose of growth at a

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consistently higher level. If the program is to be applied, positive feedbacks are expected in the general managerial and working environments. For, Organization 2005 will “ create an environment that produced bolder goals and plans, bigger innovations and greater speed” (Jager, 1999). He also believed that on specific areas of the Company for example, the new program will be financially helpful as one of its prime objectives is the increasing of sales and profits while in work processes, the aspect of automation is vital as new technologies will be used to replace outdated processes of production. Human resources in regards to Jager’s redesigning of the rewards system is considered in support of the Company’s workforce. However, there is a need to create and maintain a balance of costs and the employment issue on human resources is expected to exist and complicate after. Organization 2005 is said to be broad as it satisfies the future needs of the whole Company.

It also served as tool in the recognizing of low performing areas of management. The mere fact that Jager brought this programme with such initiatives meant that there were some areas of management that should be reassessed. This new program served the needed purpose by clarifying weaker areas that constantly need further development. Organization 2005 was able to predict unproductive jobs, departments, and other applications related to the overall operation of P&G, if not on instant but long-term basis and degree of implementation.

The new program strategy prompts organizational workforce to work on innovations and competitive advantage. Involving the overall aim of Organization 2005, that is to improve P&G’s economical position and

operating productivities through more determined goals , the management functions will be refilled with further entrepreneurial force as there is a requirement to meet set goals and satisfactorily achieve if not exceed expectations. Everybody is expected to work and do their particular share in the program and its implementation. Innovations are key factors for development in particular management and production areas.

Sustaining the P&G's strong global brand reputation is a tough job. Through the integration of the deliberate ambitions of Organization 2005, this will serve as reinforcement to the already effective strategy that the whole Company employs. Regardless of unprecedented drawbacks of the program, Organization 2005 as new business & HR strategy which was perfectly designed for long-term entrepreneurial benefits and competitive purposes.

Organizational Weaknesses

On the contrary, Organization 2005 seems to be single-mindedly crafted and hastily implemented that led to various difficulties in management. Among the immediate drawbacks of the new business strategy is the inability of Jager to anticipate sudden outburst of management implications. Other issues in management sized up and Jager decided to resign from his post. The initial stages of the new strategy resulted to downgrading of P&G's from \$117 in January 2000 to \$90 the next month according to its annual report. The expected good results turned out to be the reverse effect. Organization 2005 affected human resources and overall employment as there is massive transfer of employees to various countries that resulted to the difficulty of adapting to changes. The confrontational management style of Jager was also seen as a weakness during that time. Human resources management is

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among the most remarkable weakness of Organization 2005 as it created unnecessary rift between upper level management and common manpower staff. Lastly, Jager's failure to conduct more intensive research and development (R&D) efforts sprouted difficulties on the seemingly perfect Organization 2005 program strategy.

Market Opportunities

Considering Proctor & Gamble's position in the global marketplace, it is not difficult to specify Organization 2005 market opportunities. Opportunities lay upon the effectiveness of the Company to implement its policies on the new program strategy. The new program strategy paves way for a reinforcing effect particularly on the conditions of growing markets, extended service networks, emergent economies or capitalizing on the basis of competitor's imperfections. Companies like P&G employ detailed business plans and strategies in order to gain several benefits from its competitors such as increased profits and enhanced customer relations as company objectives. The opportunity for Organization 2005 to create a newly innovative management roles with the integration of information technology (IT) is promising

Using Organization 2005 as new program strategy, it addresses the opportunity to expand its operations and even potential business cooperation. The opportunity to stand as number one in the line of industry is also posed through the initiatives of managers and implementers of policies of Organization 2005.

Market Threats

The inability to handle change management particularly on the implementation of strategy poses great threat to the overall functions of the Company. On the party of human resources whom serving the main fuel of production, their inability to deal with sudden changes is risky. This occurrence will potentially affect the entire production and corporate management activities.

Furthermore, the unprecedented business trends and rapid competition is never taken out of the list of most popular threat in any business regardless of geographical coverage. It is acknowledged that development among worldwide industries is deliberate and seems to be a top priority. For industries like P&G, the threat of unprecedented trends in business like international trade policies and economic factors, changing consumer culture and smart buying behavior may lead to uncertainty. Technological difficulty may also affect business operations even if Organization 2005 looks forward for comprehensive and state-of-the-art technological innovations since the constant improvement in IT will make new facilities not longer to be obsolete. On the aspect of competition, more and more companies will try to challenge the market status of P&G. With international cooperation of businesses and strategic alliances, competition will be the ultimate survival of the fittest in form.