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## **THE INFLUENCE OF ORGANIZATIONAL CULTURE ON ORGANIZATIONAL PREFERENCES TOWARDS THE CHOICE OF ORGANIZATIONAL CHANGE STRATEGY**

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**ABSTRACT:** *Organizational culture, through its assumptions, values, norms and symbols, determines the way in which the members of an organization perceive and interpret the reality within and around their organization, as well as the way they behave in that reality. For this reason we may assume that organizational culture has an impact on the way in which an organization changes, and that matching of organizational culture and change strategy will improve the efficiency of the change process. In this paper specific hypotheses about the causal relationship between certain types of organizational culture and certain change strategies are formulated. Types of organizational culture are differentiated according to Handy's and Trompenaars' classifications. Organizational change strategies have been*

*differentiated according to previous work of Chin & Benne but one more strategy has been added. Classifications of both the organizational cultures and of the organizational change strategies are based on the same criteria of differentiation: distribution of power in an organization and orientation toward relationships or tasks. For this reason it is possible to formulate hypotheses about the causal relationship between certain types of organizational cultures and certain types of organizational change strategies. Thus, eight hypotheses are formulated in this paper, relating particular change strategies with particular types of organizational culture.*

**KEY WORDS:** *organizational change, organizational culture, organization*

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## **1. INTRODUCTION**

Organizational culture has a strong impact on organization and management, which emerges from its nature and its content. Organizational culture is defined as a system of assumptions, values, norms, and attitudes, manifested through symbols which the members of an organization have developed and adopted through mutual experience and which help them determine the meaning of the world around them and how to behave in it (Janićijević, 2011). Assumptions, values, norms, and attitudes that the members of an organization share significantly shape their interpretative schemes. Through interpretative schemes the members of an organization assign meanings to occurrences within and outside the organization and understand the reality that surrounds them (Fiske, Taylor, 1991; Smircich, 1983). The behaviour, actions, and interactions of the members of an organization emerge from the meaning that the reality of that organization has for them. Organizational culture is a form of collective interpretative scheme shared by the members of an organization, due to which they assign meanings to occurrences, people, and events within and outside of the organization in a similar way and treat them similarly (Schein, 2004; Alvesson, 2002; Martin, 2002). For this reason the culture of an organization implies that all the members of the organization similarly understand the organization, as well as a suitable way of its functioning, managing, and changing. The character of different components of management and organization, such as strategy, structure, leadership style, organizational learning, system of rewards, and motivation, emerges precisely from the way in which employees and management understand organizational reality and behave in it (Wilderom, Glunk & Maslowski, 2000). Thus, organizational culture, through its influence on the interpretative schemes and behaviour of the members of an organization, participates in shaping other components of organization and management. Depending on the values and norms contained by the organizational culture, top management selects strategy and designs organizational structure, managers shape their leadership style, employees define their motives and needs, and the human resource manager designs the compensation system in a company. A concrete form of the impact of organizational culture on an organization and management is observed in the fact that components of an organization and management differ in different kinds or types of organizational culture. In other words, different types of culture in organizations imply different strategies, organizational structure models, compensation systems, leadership styles, etc.

One of the important components of management that is impacted by organizational culture is the management of organizational change.

Organizational culture impacts the selection of adequate organizational change management in the same way it impacts all other aspects of management. Cultural assumptions and values shared by the members of an organization determine the way in which employees and managers will understand the organization itself, and thereby the adequate way to change it. What will be determined as a suitable, efficient, or useful way of changing the organization will depend significantly on the shared assumptions and values of employees and managers built in their interpretative schemes. Whether the changes are incremental or radical, comprehensive or partial, directed from the top down or from the bottom up, focused on the change of the 'hard' or of the 'soft' component of organization, will all to a great extent depend on how the leader and the members of the organization see its functioning and a suitable, useful, or effective way of making changes. This is the reason why the process of organizational change management will be very different in different organizational cultures. For example, if organizational culture is dominated by the value of flexibility, this means that the members of the organization will consider changes as something good and useful for the organization and themselves. In this case changes are likely to be continual, and thereby also incremental in nature, because there will be no need for radical changes precisely due to the fact that they are continual. Also, changes will be conducted with less resistance and more participation by the employees. On the other hand, if organizational culture contains the values of stability and conservatism, then the members of the organization will consider changes as harmful, both for themselves and the organization. Changes will be rare, but when they do happen they will be radical and comprehensive. They will be conducted with a great degree of resistance from and a relatively small degree of participation by the members of the organization, who will be mostly passive executives of change.

The described impact of organizational culture on organizational change management strategy is, however, too general in character and calls for operationalization which would consist of generating and testing the hypothesis on the causal relationship between certain types of organizational culture and certain organizational change strategies. In other words, it is necessary to prove that specific organizational change management strategies are applied or are more efficient in specific types of organizational cultures. Such operationalization of relationship between organizational culture and organizational change strategy so far has not been dealt with in the literature. The researchers who have analyzed different organizational change strategies have only listed culture as one of the factors in adequate change strategy selection (Nickols, 2010). There have been no

concrete findings on the relationship between organizational culture types and organizational change strategies. The purpose of this paper is to fill this gap.

The paper is explorative in character, which means that it will generate hypotheses suitable for empiric testing. The structure of the paper is as follows: first, organizational change strategy will be defined, and classification through which various organizational change strategies are differentiated will be presented. Then the classification through which organizational culture types are differentiated will be presented. Finally, in the last segment of the paper, based on the similarity of the criteria in the described classifications of culture and strategy, hypotheses will be established in which it will be stated that implementation of a specific organizational change strategy is conditioned by a certain type of organizational culture.

## **2. ORGANIZATIONAL CHANGE STRATEGIES**

In the area of organizational change management the attention of academic researchers and practising managers has been mainly focused on three principal questions: what changes, why it changes, and when it changes (Pettigrew, 1987). Therefore the three key topics in organizational change research have been causes or factors of organizational change, organizational change content, and the character of the organizational change process. The conclusion reached has been that organizational changes are initiated due to either internal or external causes.. Hence, two types of organizational change have been differentiated according to the criterion of cause: organizational development and adaptation (Porras, Robertson, 1987).

With respect to change content, the review of literature shows that organizational changes are differentiated in two basic ways: changes of organizational statics (structure and system) and changes of organizational dynamics (process), as well as changes of work structure (tasks) and changes of social structure (relations) (Goshal, Bartlett, 1995). Finally, research has showed that, according to the character of the process, organizational changes can be continual or discontinuous (Nadler, Tushman, 1995; Gersick, 1991; Porras, Robertson, 1987; Golembiewski, Billingsley, Yeager, 1976). Continual changes are incremental (first order changes), partial, and evolutionary, while discontinuous changes are radical (second order changes), comprehensive, and revolutionary. The role of the leader in the process of change has also been an important issue in organizational change research (Conger, 2000; Dunphy, 2000).

Unlike the issues of cause, content, process, and organizational change management, organizational change strategies have been less present in research (Nickols, 2010). Organizational change strategy includes the approach, method, or manner in which changes are implemented in an organization. This definition implies that changes are always planned and that, whenever we speak of change implementation strategy, we actually speak of planned organizational changes. The fact that the very first classification of organizational change strategy deals with planned change strategy also contributes to this impression (Chin, Benne, 1969; Benne, 1978). But this does not always have to be the case. Changes can also be spontaneous or unplanned, and their consistent approach, method, or manner constitute a change strategy. They can be a strategy for realizing organizational change, even though the changes are unplanned.

This points to a well-known dichotomy in the field of business strategy. While most authors when speaking of business or corporate strategy actually mean rational, formalized, planned decisions, other authors point out that strategy can rather be understood as a real bond connecting individual business decisions and giving them consistency, which is emergent and only subsequently rationalized as a strategy, rather than a rational, planned decision designed in advance (Mintzberg, Waters, 1985). Likewise, in the field of organizational change, change strategy may be understood as a planned decision of the agent of change, but also as an emergent pattern of activity through which changes are realized and which gains its shape only after the changes have been realized. Hence, the understanding of organizational change strategy in this paper is somewhat broader than the one in the well known work by Chin and Benne, who were the first to classify organizational change strategies.

When classifying organizational change strategies almost all authors start with the seminal work by Chin and Benne (1969), which recognizes three basic ways to implement change in a social system: rational empirical, power coercive, and normative re-educative. This classification, which has been supplemented many times, will also be the basis for organizational change strategy differentiation in this paper. Therefore we will first introduce the basic elements of the three strategies.

*Rational empirical strategy* is founded on the assumption of the rationality of organizations and the people who constitute them. Organizations are observed as a rational means for achieving the mutual goals of their members through collective action. People are treated as rational beings lead by self-interest. Therefore changes are implemented by showing the members of an organization

that they are rational, i.e., justified and useful from the perspective of achieving organizational goals, as well as useful to the self-interest of the members of the organization. The assumption is that the members of the organization in which the changes are performed will, as rational beings, behave according to their objectively given interests. Hence, if they are presented with proof that a change is in their interest, they will accept it.

Changes are conducted through the rational process of information gathering and application of knowledge in solving the problems that the organization faces. The problem is solved and changes are conducted by applying a theory, regardless of how simple it is, to observations of the problem that must be solved. Practically, changes are conducted through the process of implementation and testing of specific theories, which seem adequate in a given context.

Organizational changes are conducted in five phases: problem identification, information gathering and analysis, generation of alternative courses of action, selection of the optimal course of action, and implementation of the solution. In rational strategy the basic driver of changes is precisely the information regarding the problem which must be solved and the possible problem-solving strategies. If the information is convincing and clear, and if it is correctly communicated, the members of an organization will, as rational beings, accept the implementation of changes. It is therefore important that information gathering is conducted systematically and in a methodologically valid manner, preferably by a professional (it is often the case that consultants are hired for this purpose). The process of communicating information regarding the problem and regarding the changes which will solve the problem is unilateral and from the top down. Communication consists of top management, or experts selected by top management, presenting the 'facts' of the real situation, the theoretical model which enables the given situation to be understood 'in a proper way', as well as the suggestions for change which naturally emerge from this understanding. No dialogue or discussion is included in which the members of the organization would be allowed to challenge, question, or redefine the 'facts' or theoretical models presented to them.

It is clear that the agent of change in this strategy is the top management, and that the direction of change is from the top down. The role of the members of the organization is passive and is limited to receiving the information and acting accordingly. The degree of participation of the organization members is low, and the reaction to this strategy of the participants in the changes is, at best, acceptance. As a rule, the resistance to change is high.

The basic tools for implementing change in rational empirical strategy are tasks, or work positions, and not the social structure of the organization and the relations within it. Since the organization is understood as a rational tool for achieving mutual goals, changes in it are realized primarily through changing the formal, planned, 'hard' components: tasks, structures, procedures, policies, strategies, and the relation with its environment. Only first order changes can be initialized and conducted through the rational empirical strategy, since the process does not allow redefining of the assumptions of reality; these would be a part of second order changes (Bartunek, 1987). As a rule, changes do not require very much time, except when the information gathering process is very complex.

A deterministic rather than voluntaristic assumption of human action underlines this strategy. The process of change does not include the free will and choice of the members of the organization. The course of action, or of change, is already determined by the objective nature of the problem, and it is the task of those who make decisions in the organization merely to apply it through adequate knowledge and theory.

*Power coercive strategy* implies that an organization is observed as a political system in which those who have the power also have the right to manage the organization and therefore change it. Man is not a rational but a political being, who submits to the will of the more powerful. Therefore in power coercive strategy power is the key driver and tool for change. Those who have the power, usually the leader or top management, plan the changes and, by exploiting the power they have, impose these changes on the other members of the organization. The members of the organization are expected to obey and implement the changes unquestioningly. This strategy is based on the assumption that the right to impose the course of collective action in one social community also emerges from power. Thus, the inferior members of a community also expect the superior members to set the course in which the changes will be implemented.

The communication is unilateral and directed from the top down. It consists of the leader or management reaching a decision regarding the solving of a problem, and then communicating to their followers and organization members how, when, where, and who will implement the changes which will solve the problem. The only agent of change is the leader or management of the organization who has the power to implement the changes. Participation of the members of the organization in change is very low, and their role is passive and comes down to mere obedience. In this strategy the information flow direction is from the top down, because the agent of change only informs the organization members of

what is expected of them and does not receive feedback. For the same reason the change activities are unilateral.

Power coercive strategy can produce only first order change, since it does not include changing the assumptions, values, or attitudes of the members of an organization. The leader who applies this change strategy is not interested in changing the beliefs and values of the members of the organization so they accept the changes; instead, the leader, by the use of power, simply forces them to compliance. This is why the changes will be possible only within the existing value framework, which leads to first order changes. Of all the strategies, power coercive strategy leads to the fastest results and this is its main advantage and the reason why it is used relatively often. However, its disadvantages are very numerous; for example, destruction of motivation and loyalty, very strong resistance to changes, and lack of understanding of changes leading to their inefficient implementation.

This change strategy is focused on relations and social structure, rather than on work structure and tasks. Since dependence relations are the foundation of this strategy, it naturally depends on the relations between the powerful agent of changes and the inferior members of the organization. Thus, power coercive strategy relies on relations and the social, informal, 'soft' component of organization as a tool for change. Power coercive strategy implies the perspective of human action as voluntaristic, imposing a view of the world in which people are free agents who can independently choose their actions. However, this free will refers only to the powerful leader or manager, and not to the rest of the organization.

*Normative re-educative strategy* is based on the assumption that an organization is a social system in which the behaviour of its members is determined by shared assumptions, values, norms, and attitudes. People are, above all, social beings who, in the process of social interaction, construct the image of reality and set the rules of behaviour in this reality. Social construction of reality is the basic mechanism for determining individual and collective action in each social system, such as an organization. This is why organizational changes are conducted through construction of a different image of reality, which then implies changes in the assumptions, beliefs, and values of the organization members, which in turn implies changes in their behaviour. Therefore people are not rational beings who always determine their behaviour based on objective information, but social beings who derive their behaviour from their own beliefs and values. Thus it is possible to achieve changes in individual and collective actions by changing their values and beliefs rather than by rational persuasion. Such changes are normative

because changing values standardize a new behaviour, and they are re-educative because this process of change is conducted through a form of learning. Values are therefore the basic driver of change in this strategy.

The changes are conducted by first changing the assumptions, values, norms, and attitudes shared by the organization members, and then also changing their actions and interactions, or relations. Therefore it is precisely these relations and social components of the organization that are the basic tools of change in normative re-educative strategy, and not its 'hard' components, i.e. tasks. In this strategy changes happen at the level of relations between the organization members. Normative re-educative strategy includes the process of reframing, or changing, the socially-constructed image of reality, from which changes of both collective assumptions and values emerge.

This process, however, implies multilateral action, since the change of socially constructed reality evolves through interaction of all or most of the members of the organization. Of course, the leader of the organization, who is able, by his/her competencies, to impose a certain image of reality on other members of the organization, often plays a leading role in this process. But this does not mean that the reframing process is unilateral, or that the activities of change are directed from the top down. It often happens that the shared assumptions and values of organization members change beyond the will and plan of the leader of the organization. Even when they do change due to actions of the organization leader it is necessary for the organization members to engage in numerous mutual interactions in order for these changes to lead to a new system of collective assumptions and values, and thereby to real changes in the organization.

Thus changes in this strategy are directed both from the top down and from the bottom up, and the information flow is multilateral. In normative re-educative strategy the agents of change in an organization are both the management and the employees. The organization members are active participants in change with a high level of participation: hence the resistance to change is relatively low. Changes conducted by normative re-educative strategy imply the commitment of the organization members to the new image of reality and new organization, and is of a higher quality than the previous two strategies which demand the organization members' acceptance and obedience. Normative re-educative strategy may initiate and lead to second order change, since it implies changing the way in which the members of an organization understand the world around them (Bartunek, 1987). However implementation of this strategy takes longer, as changing assumptions, values, norms, and attitudes is not a quick process.

Finally, this strategy implies a deterministic perspective because people are not free to choose the course of their own actions but are limited and determined by a collectively constructed image of reality. As with rational empirical strategy, there is a 'truth' which determines our behaviour, but this time it is not an 'objective truth' which must be respected for rational reasons, but a 'subjective truth' which must be respected for the reason of belonging to a social community.

Since the classification of strategies described here emerged, a great number of authors have used it in the analysis of specific organizational changes (Quinn, Sonenshein, 2008). However, a significant number of authors have evaluated the Chin and Benne classification as incomplete. Many authors needed a fourth strategy, which would supplement the previous classification. The very criteria for the differentiation of organizational strategy change lead us to think that there might be a place for a fourth strategy within it. Table 1 shows that two of the strategies share the same characteristics in several criteria, while the third has different characteristics. It would be natural to expect that there is also a fourth strategy, which would balance the image to make two pairs of strategies, with the two strategies in the same set having the same characteristics. For example, the fourth strategy would need to include a high level of participation by organization members, who would need to be the agents of change and have an active role in the process of change. It would have to imply multilateral action of change and bottom up information flow, to lead to second order change, and have tasks, i.e., work structure, as the basic tool of change. It would need to have a long-term perspective and to be based on a perspective of human action as voluntaristic. If this fourth strategy had all these characteristics it would balance and supplement the Chin and Benne classification of organizational change strategies.

Different authors have added different change management strategies to the Chin and Benne classification, specifically with characteristics to balance it. Thus, Nickols (2010) added environmental adaptive strategy based on the human ability to adapt to changes in the environment. This strategy consists of abandoning the existing organization, defining a completely new organization through vision and then through transfer of people from the existing organization to a new one. Miles, Thangaraj, Dawei, Huiqin (2002) have developed a fourth strategy through their research in China which they added to the Chin and Benne classification and which they named relational strategy. This change strategy is based on using people's personal relations in order to force them to implement changes. Therefore it is not information or power that forces people to accept a change of course of action but personal relations between people. Quinn and Sonenshein (2008) have also added a fourth strategy and called it transforming strategy. It

consists of transforming some people, who then, by setting a personal example, lead others into the process of change. This is the strategy used by Ghandi, Martin Luther King, and other leaders, who first underwent the process of personal transformation and then managed to change their followers by setting a personal example.

In his book, "Pats of Change", McWhinney (1997) differentiated six modes of change as "strategic choices for organizations and society". These are organizational change strategies in their own right, but are understood descriptively, not prescriptively. What is interesting and significant is that, out of four basic modes of change, three are very similar to the Chin and Benne strategies, while the fourth strategy is completely new. Based on the four types of realty in which participants of change act, McWhinney differentiated four basic modes of change: analytic, imperative, participant, and emergent. The analytic mode of change is very similar to the change strategy which Chin and Benne named rational empirical, the imperative mode of change is compliant with power coercive strategy, while the participative mode of change matches Chin and Benne's normative re-educative strategy. The emergent change strategy is new, and it implies that changes are "achieved through creating and accepting a new idea". This strategy is realized by having the members of an organization or society articulate their feelings and ideas, thus making it possible to perceive the problem in a new way and find a new solution to the problem. Therefore the "emergent" mode of change leads toward organizational transformation.

The fourth strategy with which we will supplement and balance the Chin and Benne classification is similar to McWhinney's emergent mode of change. Here we will call it creative strategy, since it is based on the individual creativity of organization members. Creative strategy is based on the assumption that people are creative beings, and that an organization is a form of improvisation in which all processes, including the process of change, are happening as a consequence of the free will, actions, and ideas of its members. Hence the changes are conducted through the process of articulation of new ideas by a member of the organization, and acceptance of these ideas by the rest of the members. Creative strategy is a typical example of what is called innovative process in a company. Changes occur through an act of individual creativity, through which the problem the organization faces is presented in an entirely new way and creative solutions are found. This is why the process of change is a process of creative improvisation, and the basic drivers of change are ideas and vision. The agents of change are the members of the organization themselves, as a source and generator of ideas.

However, the process of communicating these solutions to other members of the organization is equally important to individual articulation of the new solutions to the problem. Changes will not occur if the process of communication is inefficient and if other members of the organization reject the innovation. This is why this strategy implies multilateral action of the agents of change, and information flow is directed from the bottom up. The role of management in this strategy is merely to create an ambience in which the members of the organization will be free to improvise and articulate new ideas. When this happens ideas flow from the bottom up towards the management, which realizes these ideas. Creative strategy implies an active role and the highest possible level of participation of organization members in the change process, who, react to changes through creativity. This is why resistance to changes is the lowest in this strategy.

An assumption of the voluntaristic nature of human action underlies the creative strategy. Since the changes are realized through articulation of creative solutions to problems it is clear that this change strategy leads to second order changes, as well as that performing these changes will be relatively time-consuming. Creative strategy is realized through articulation of new ideas in order to solve some of the existing problems in company functioning and task performance. This is why the primary change tool in this strategy is tasks, or organizational work structure.

By summarizing the characteristics of all four strategies, we obtained the following table.

**Table 1:** Characteristics of organizational change strategies

	Rational Empirical	Power Coercive	Normative Re-educative	Creative
Assumption about people	People are rational	People are political beings	People are social beings	People are creative beings
Assumption about organization	Organization is a rational tool	Organization is a political arena	Organization is a social system	Organization is improvisation
Change process	Rational decision making and implementation	Power exploitation	Social construction of reality, reframing	Creative improvisation
Driver of change	Information	Power	Values	Ideas, visions
Direction of change action	Unilateral	Unilateral	Multilateral	Multilateral

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Direction of information flow	Top down	Top down	Top down / Bottom up	Bottom up
Change agent	Management	Management	Management and employees	Employees
Change tool	Tasks	Relations	Relations	Tasks
Change impact	First order	First order	Second order	Second order
Involvement of change participant	Low	Lowest	High	Highest
Role of organizational members	Passive	Passive	Active	Active
Participant reaction	Acceptance	Obedience	Commitment	Creativity
Resistance to change	High	Highest	Low	Lowest
Perspective of human action	Deterministic	Voluntaristic	Deterministic	Voluntaristic
Time	Short	Short	Long	Long

From the description of the four change strategies it is obvious that, apart from their basic assumptions and the drivers of change, they differ according to two basic criteria: the direction of changes and the basic means (tools) of change. There are two different strategies for the direction in which changes are made; directive and participative.

Directive strategies have unilateral change action and top down information flow. This means that changes are planned at the top of the organization and then other members of the organization implement them in the way that top management has planned. The leader or top management has a key role in directive changes, sometimes with help from external consultants. The members of the organization have a passive role as executives, with little or no participation in the process of change. Their reaction to changes is also passive: obedience or acceptance. Resistance to change by the organization members is relatively strong because they do not know the causes and the direction of changes; hence they face uncertainty regarding the impact of these changes on themselves. Directive changes are relatively fast and efficient, except when they are prolonged due to this resistance. Nevertheless, these strategies lead only to first order changes.

Directive strategies of organizational change include rational empirical and power coercive strategies.

Participative change strategies imply that the direction of change flows from the top down and includes multilateral information flows. Through application of participative strategies, changes are realized at multiple points in the organization and they flow in multiple directions. The agents of change are not just the managers but also the employees themselves. This is why the organization members' degree of participation in change is high, and their role active. Consequently, the resistance to change in applying these strategies is relatively low. But on the other hand the implementation of participative change strategies lasts much longer. These strategies lead to second order changes. Normative re-educative strategy and creative strategy belong to the set of participative change strategies.

The second criterion for organizational change strategy differentiation is the means (tools) of their implementation. Under this criterion we distinguish strategies in which changes are implemented through structure and tasks, and strategies in which changes are implemented through interpersonal relations. Each organization is comprised on the one hand of its work or formal 'hard' component, which consists of systems and processes, and on the other hand of its social or informal 'soft' component, which consists of people, their relations and influence on others. Organizational change strategies differ in which organizational component they use as the primary lever of change: work or the social component. Rational analytical and creative strategies differ in the direction of the changes they imply, but they have in common the fact that changes are conducted through changing the way in which tasks are performed in the structure of the organization. In these two strategies, changes in functioning and improvement of organizational performance are based on redefining the way in which individual tasks and work processes are performed within the organization. On the other hand, power coercive and normative re-educative strategies, which differ in the direction of changes, have in common that they both use people and their interpersonal relations in order to perform changes. In these two strategies changes are realized through influence on the organization members and not on their tasks or work processes. The only difference between these two strategies is who executes this influence. In power coercive strategy it is the leader of the organization who unilaterally influences all the members of the organization and thus realizes the changes. In normative re-educative strategy all members of the organization, both individuals and groups, multilaterally influence all other individuals and groups within the organization.

When the two described criteria for differentiation of organizational change management strategies intertwine, we may construct the following matrix.

**Table 2:** The differentiation of organizational change strategies

Change tool Change direction	Work structure, tasks	Social structure, relations
Directive changes	Rational analytical strategy	Power coercive strategy
Participative changes	Creative strateg	Normative re-educative strategy

**3. ORGANIZATIONAL CULTURE TYPES**

The next step in the analysis of the impact of organizational culture on change strategy selection is organizational culture type classification. Numerous and diverse organizational culture type classifications can be found in literature (Cameron, Quinn, 2011; Deal, Kennedy, 2011; Balthazard, Cooke, Potter, 2006; Denison, Mishra, 1995; O’Reilly, Chatman, Caldwell, 1991). However, for our analysis two organizational culture classifications by two authors, Charles Handy (Handy, 1979) and Fons Trompenaars (Trompenaars, 1994), are very helpful. Handy’s classification recognizes power culture, role culture, task culture, and people culture. Trompenaars’ classification recognizes family culture, “Eiffel Tower” culture, “guided missile” culture, and incubator culture. These two classifications use the same criteria for differentiation of organizational culture type; hence the recognized types are similar.

*Power or family culture* is authoritarian. In this type of organizational culture the metaphor for organization is the patriarchal family with a powerful father figure at the head. Just as all the power in the family is concentrated in the hands of the pater familias, likewise in an organization with this type of culture a high degree of centralization is expected and valued. Just as interpersonal relations are the most important aspect of the family, similarly in this type of culture social structure and interpersonal relations will be considered as more important than work structure and tasks. Therefore the degree of formalization of relations in an organization with this type of culture is low, and the culture is informal and without developed structures, systems, or procedures. Implementation of the leader’s decisions is conducted through his/her direct and personal influence on the organization members. Power or family culture implies high dependence

of organization members on their leader, who makes all the decisions and coordinates and controls all the processes in the organization. The source of the leader's power is control over resources or charisma, while the organization members draw their power from closeness to the leader. This type of culture implies a high degree of flexibility, because the members of the organization readily accept all the changes coming from the leader.

*Role or "Eiffel Tower" culture* is bureaucratic. In this type of culture rationality is highly valued, and it therefore has a high level of standardization, formalization, and specialization, as well as depersonalization. In this type of culture the organization is understood as a machine in which every part must perform its role in a prescribed manner. Formal rules, procedures, systems, and structures are highly respected, and therefore are highly developed and have a critical role in the functioning of the organization. This is why an organization with role or "Eiffel Tower" culture functions through dependence on work structure and division of labour and tasks, while relations between people are of secondary importance. Role or "Eiffel Tower" culture presumes unequal distribution of power in an organization, because the rules the members are obliged to obey are prescribed from the top. This type of culture implies rigidity and resistance to change, since change disturbs the harmonious functioning of the 'machine'.

*Task or "guided missile" culture* is a culture in which organization is a tool for problem solving and accomplishing tasks. Results, competency, creativity, achievement, and change are highly valued. Since tasks are often very complex entire teams are needed to solve them: therefore teamwork is highly valued. Complex problems solving is entrusted to professionals who have the necessary knowledge and skills. But in order to use all the potential of the professionals' knowledge and competency they must have autonomy in their work. Therefore in this type of culture it is presumed that the power in an organization must always be distributed relatively evenly among its members. Since an organization with task or "guided missile" culture is focused on tasks, relationships and social structure are of secondary importance.

*People or "incubator" culture* values individualism and individual growth the most. The organization is understood as an incubator of ideas and people. Individual goals are more important than organizational goals, and hence organization is regarded merely as a suitable ambience for personal development. It is then only natural that egalitarianism in distribution of power is preferred. The organization members, most often experts, must have a lot of authority in decision-making in order to develop. Due to the high level of individualization in

the organization, the key component on which its functioning depends is social structure, or relationships.

The four described types of organizational culture differ in many elements. However, key differences emerge between organizational culture types in both Handy's and Trompenaars' classifications, based on two criteria. The first criterion is the distribution of power that is implied by a specific type of organizational culture in an organization. Distribution of power among members of a social group, such as an organization, is one of the fundamental issues that every group must solve in order to be able to function. Resolution of this issue is then built into the culture of the group in the form of cultural assumptions (Hofstede, 2001). According to this criterion, organizational cultures which imply authoritarian or hierarchical distribution of power and organizational cultures which imply egalitarian or equal distribution of power can be distinguished. These differences in organizational culture occur due to differences in the assumptions which they contain and which Hofstede recognized, at the level of national culture, as "power distance" (Hofstede, 2001). In authoritarian or hierarchical cultures the basic assumption is that unequal distribution of power in social systems is inevitable, useful, and even necessary, and that it is the only way that the system can function. Such are Handy's power and role culture and Trompenaars' family and "Eiffel Tower" culture. In egalitarian cultures the assumption prevails that social systems, such as organizations, need as equal a distribution of power as possible, and that such a distribution of power will provide more efficient functioning of social systems and achieving of goals. Such are Handy's task and people cultures and Trompenaars' "guided missile" and incubator cultures.

The second criterion according to which these organizational culture types differ in both classifications is the form of collective action through which the organization achieves its goals. The form of collective action is also a fundamental issue that a social group, such as an organization, must solve in order to be able to function normally. Every organization is a social system created in order to achieve its stakeholders' goals through collective action. An organization, however, has its work component and its social component, and therefore the following issue must be solved: which of these components is the primary framework of collective action through which goals are achieved? Are the goals of an organization achieved through collective action within the framework of structures, systems, and procedures, or are they achieved within the framework of interpersonal relations? At the level of national culture Hofstede recognized this dichotomy through the division of "masculinity" and "femininity" cultures (Hofstede, 2001). According to the criterion of a suitable framework for collective

action in organizations, we distinguish organizational cultures which imply collective action through work structures and tasks, and cultures which imply collective action through social structure and relations. Power culture, family culture, and people and incubator culture all imply supremacy of social over work structure, as well as supremacy of relationships over tasks: the most important means of achieving the goals are people and their relationships. In role culture and “Eiffel Tower” culture, and in task culture and “guided missile” culture, the goals of the organization are achieved by depending primarily on work structure and tasks, while people and their relationships are of secondary importance.

Combining both criteria for differentiation of organizational cultures we are able to construct the following matrix:

**Table 3:** The differentiation of organizational culture types

Assumptions about form of collective action / Assumptions about power distribution	Work structure, tasks	Social structure, relations
Authoritarian, hierarchical	Role culture (H) “Eiffel Tower” culture (T)	Power culture (H) Family culture (T)
Egalitarian	Task culture (H) “Guided missile” culture (T)	People culture (H) Incubator culture (T)

#### **4. CAUSAL RELATIONSHIPS BETWEEN OF ORGANIZATIONAL CULTURE AND ORGANIZATIONAL CHANGE STRATEGIES**

The presented classification of organizational cultures and organizational change strategies shows a high degree of correspondence between the criteria used to differentiate them. The assumptions regarding suitable distribution of power in an organization, by which organizational cultures are differentiated, are obviously connected with the direction of changes which differentiate change strategies. Also, the assumptions regarding the suitable form of collective action in an organization, by which organizational cultures are differentiated, are obviously connected with the means of change which differentiate change strategies. This enables us to establish hypotheses about the causal relationships between certain organizational culture types and certain change strategies.

In authoritarian or hierarchical cultures, in which assumption of unequal distribution of power prevails, the possible, probable, and efficient directive strategies are strategies of change management directed from the top down. Since all the members of the organization consider unequal distribution of power as a natural order, their views on the suitable way of managing change will assume a different role for management and employees in the change process. In such cultures the leader and his associates will always be expected to articulate and plan changes, which others in the organization will merely implement. Therefore the only agent of change is the leader; change activities are unilateral from the top down; and members of the organization have a passive role in the change process. Thus we may establish the following hypothesis:

H<sub>1</sub>: Organizational cultures which assume authoritarian or hierarchical distribution of power imply implementation of directive change strategies.

In compliance with this hypothesis, in power and role organizational cultures, as well as in “Eiffel Tower” and family cultures, we may expect implementation of rational empirical and power coercive change strategies.

By contrast, in egalitarian cultures, which assume the need for more equal distribution of power, the possible, probable, and efficient strategies are participative change management strategies directed from the bottom up. In these cultures the organization members expect to play an active role in both everyday functioning and in changes. The leader and management are expected to provide resources for changes and to direct change, and to provide space for the participation and active role of all the organization members. In such cultures the agents of change are not just at the top but in the entire organization, and change activities are multilateral. Therefore we may establish the following hypothesis:

H<sub>2</sub>: Organizational cultures which assume egalitarian distribution of power imply implementation of participative change strategies.

In compliance with this hypothesis, in task and people organizational cultures, as well as in incubator and “guided missile” cultures, we may expect the implementation of normative re-educative and creative change strategies.

In cultures in which problem solving and achievement of goals is accomplished primarily through work or formal structure, the possible, probable, and efficient change management strategies will be based on work structure and tasks as the

fundamental change tools. Since these cultures assume that in the work structure tasks are the fundamental managerial tool for organizational functioning, it is only natural to expect that work tasks are the fundamental tool for leading change as well. Therefore we may establish the following hypothesis:

H<sub>3</sub>: Organizational cultures oriented towards work structure and tasks imply the implementation of change strategies in which work structure and tasks are the tools for change.

In compliance with this hypothesis, in role and task organizational cultures, as well as in “Eiffel Tower” and “guided missile” cultures, we may expect the application of rational empirical and creative change strategies.

In contrast, in cultures where problem solving and the achievement of organizational goals is accomplished primarily through social structure and relations, the possible, probable, and efficient change strategies are those in which the primary tool for change is precisely this social structure and relations. Since these cultures assume that social structures and interpersonal relations are the fundamental managerial tool of organization management, it is only natural to expect that social structure and relations are the primary tools for change management. Therefore we may establish the following hypothesis:

H<sub>4</sub>: Organizational cultures oriented towards social structure and tasks imply implementation of change strategies in which social structure and relations are the primary tools of change.

In compliance with this hypothesis, in power and people cultures, as well as in incubator and family cultures, we may expect the implementation of normative re-educative and power coercive change strategies.

Based on compliance of the basic criteria for differentiation of organizational cultures and change management strategies we can construct the following matrix, from which emerge hypotheses on the direct causal relations between certain organizational culture types, and suitable change management strategies in these cultures.

**Table 4:** The differentiation of organizational change strategies and organizational culture types

Assumptions about form of collective action /change tool Assumptions about power distribution /direction of change	Work structure, tasks	Social structure, relations
Authoritarian, hierarchical cultures  Directive changes	Role culture (H) “Eiffel Tower” culture (T)  Rational empirical change strategy	Power culture (H) Family culture (T)  Power coercive change strategy
Egalitarian cultures  Participative changes	Task culture (H) “Guided missile” culture (T)  Creative change strategy	People culture (H) Incubator culture (T)  Normative re-educative change strategy

The presence of role or “Eiffel Tower” culture in an organization implies the implementation of a rational empirical strategy for organizational change. There is a high degree of compliance between the assumptions of this type of organizational culture and the assumption underlying rational empirical change strategy. Both role culture and “Eiffel Tower” culture assume that an organization is a rational instrument for achieving goals, which underlies rational empirical change strategy. Since the rationality of all processes in an organization is assumed in this type of culture, it is only natural that changes are achieved through a rational process. Role and “Eiffel Tower” culture assumes the necessity of unequal distribution of power in an organization, which is also the condition for realization of rational empirical strategy, realized through unilateral activities directed from the top down and undertaken by top management as the agent of change. Authoritarian or hierarchical distribution of power in this type of culture is also in compliance with the organization members’ passive role, acceptance of changes, and low level of participation. The assumption of rationality in role culture and “Eiffel Tower” culture also implies their focus on

formal work structure and tasks. Since in rational empirical strategy the tasks and work component of the organization are the fundamental tools of change, it is clear that this change strategy fits the organizational culture type. This is why we may establish the following hypothesis:

H<sub>5</sub>: Role culture and “Eiffel Tower” culture imply the implementation of a rational empirical strategy for organizational change.

The basic assumption in power culture and family culture is that the leader achieves organizational goals in the way he/she finds suitable. There is also the assumption that the leader, or ‘the head of the family’, should concentrate all the power in the organization, while the rest of the members of organization, or ‘members of the family, should obey. Starting from such an assumption, the process of change can only be accomplished through implementation of power coercive strategy. Since the metaphor of this type of culture is a family with a strong father figure at the head, it is clear that in this culture everything will depend on the leader of the organization. Hence, its members expect that the organizational change process will also be initiated, directed, and controlled by the leader. Compatible with the family metaphor is the assumption of the need for authoritarian or hierarchical distribution of power in the organization. It is this assumption that implies the implementation of power coercive change strategy founded on unilateral information flow and top down direction of changes activities and on the leader as a key agent of changes. The family metaphor, in which the members of organization are “children”, implies the use of power coercive change strategy with a passive role for the members of the organization, which comes down to obedience and a low level of participation in the change process. The metaphor of the organization as a family in this type of culture also leads to orientation towards social structure and relations. Just as interpersonal relations, and not tasks, are primary in a family, likewise social structure and relations are the key component in organizations with power culture and family culture. Therefore, this type of culture is compatible with power coercive strategy, which implies that changes are achieved through social structure and interpersonal relations. This is why we may establish the following hypothesis:

H<sub>6</sub>: Power culture and family culture imply implementation of a power coercive strategy of organizational change.

Task culture and “guided missile” culture contain assumptions and beliefs which direct managers and employees to understand the organization as a means for problem solving and task accomplishment. In this type of culture the members of

the organization value highly individual accomplishment, results, and creativity. Therefore a creative strategy of organizational change is the most suitable in organizations with task and “guided missile” culture, because this strategy leads to changes through individual action, improvisation, and creativity. Task culture and “guided missile” culture assume the need for egalitarian distribution of power in which all the members of an organization impact on their functioning. This type of culture creates the conditions for a creative strategy of organizational change, as it implies that the key agents of change are the very members of the organization, that they have an active and creative role in change, and that change is accomplished through multilateral information flows and activities directed from the bottom up. Task culture and “guided missile” culture impose a focus on tasks and work structure on the members of an organization, which complies with the implementation of a creative strategy for organizational change, as changes are achieved through changing the ways in which tasks in work structure are performed. Therefore a change process through spreading individual creative improvisation and innovation throughout the organization seeks conditions which are enabled by task culture and “guided missile” culture: a high level of autonomy for the organization members and their focus on tasks. This is why we may establish the following hypothesis:

H<sub>7</sub>: Task culture and “guided missile” culture imply implementation of a creative strategy for organizational change.

People culture and incubator culture assume the egalitarian distribution of power in an organization, and also an orientation towards social structure and relationships, which implies the application of normative re-educative strategy. Normative re-educative strategy implies that changes in an organization are implemented through changes in people’s behaviour, which emerge from changing their values. This is why this change strategy can only be implemented in organizations in which social structure and interpersonal relations between organization members are highly valued; which is precisely the characteristic of people and incubator culture. Since changes in the values which underlie normative re-educative strategy cannot be implemented without the active involvement and a high degree of participation of the members of an organization, and without multilateral information flows and a combination of top down and bottom up directed activities, the application of normative re-educative strategy is possible only in cultures with egalitarian distribution of power, such as in people and incubator culture. Therefore we may establish the following hypothesis:

H<sub>8</sub>: People culture and incubator culture imply implementation of a normative re-educative strategy for organizational change.

## **5. CONCLUSIONS AND LIMITATIONS**

This paper has several significant theoretical and practical implications. The most important theoretical implication is the usefulness of further research into relations between organizational culture and organizational change strategies. The paper has shown that there is a theoretical basis for the assumption that organizational culture is one of the factors in selection of organizational change management strategies. Now it is necessary to empirically test this assumption by testing the hypotheses generated in this paper. This paper also implies the need to expand research into the impact of organizational culture to other aspects of organizational change. It is necessary to explore whether organizational culture impacts the character of the change process and to what extent; i.e., whether the changes will be continual or discontinuous, partial or comprehensive, evolutionary or revolutionary, developmental or adaptive. It is also necessary to explore if and how the culture impacts the efficiency of the change process and its success. From this paper an assumption also emerges that there may be a feedback effect of organizational change strategy on organizational culture. Can the application of a certain organizational change strategy imply changes of organizational culture, and if so, how? Finally, the paper has pointed out the need to explore the impact of organizational culture on other elements of organization and management, such as leadership style, organizational structure, organizational learning, motivation, and reward system. Practically, this paper can be recommended to company management which is planning organizational changes, to help with choosing the management strategy for change that is compatible with the culture of their organization. This will contribute to the efficiency and success of the change process. In order for this to be possible they must have a good knowledge of the culture of the organization they are changing, as well as of the available organizational change strategies.

This paper also has significant limitations. The first and foremost limitation is in the very nature of this paper, which is explorative and theoretical. The paper has resulted in hypotheses regarding the relations between organizational culture and strategy which are yet to be empirically proven. Without empirical testing the findings of this paper are not entirely valid. Also, the paper is limited to investigating organizational culture impact on just one aspect of organizational change management – change management strategy. It does not examine

the impact of culture on other aspects of organizational change that would complete the picture. Finally, the limitation of this paper is the exclusive reliance on just one classification of organizational change strategy and two similar organizational culture classifications. Given the abundance of classifications of both organizational change and organizational culture, it is possible that different results would have been obtained had those other classifications been used.

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