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Culture and Change: a case based exploration of the role of culture in change implementation.

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Abstract

In the increasingly volatile and complex context in which organisations operate the need for continuous change is asserted to be necessary. However, within the literature (and practice) there is general agreement that a high proportion of changes fail to realise their goals. One major reason for this is stated to be the impact on change implementation of organisational culture. Whilst there is general agreement that there are relationships between change implementation and culture the mechanisms through which culture impacts on change are seen to be in need of empirical explanation.

In this paper we explore the possibility that culture impacts on organisational change through its effects on the sense making of actors within the change. We explore this by means of a case study design covering two significant change projects within a UK financial services organisation. The study entailed interviewing a number of participants in each project four times over a twelve month period (some 30 interviews in total).

Analyses of the data demonstrated that organisational culture did indeed frame decisions and actions taken by participants in the projects. However, we also noted that where external contractors were involved in the projects differing cultural experiences led to tensions in terms of the interpretation of issues within the change and decisions that were made and justified.

The paper concludes with a discussion of the contributions of the study to both the change management and organisational culture literatures, along with the study limitations and areas for further research.

Introduction

The context in which today's organizations are operating is one of volatility, uncertainty, complexity and ambiguity (VUCA) leading to unprecedented levels of change (Rodriguez, 2015; Gioia et al, 2012; Anderson & Akerman-Anderson, 2010; Burnes, 2009). In this setting not only has change become "…pervasive and persistent. It is normality." (Hammer & Champy, 1993, p23). Furthermore, the speed, magnitude, unpredictability and, consequently, the importance of change capability to organizations has increased considerably (Burnes, 2009). Whilst there is

widespread acknowledgement of the growing significance of change for organizations, there is also a large body of evidence that points to the difficulties faced in implementing change and consequent high levels of change failure (Kotter, 2005; Balogun & Hope Hailey, 2004, Higgs& Rowland. 2011).

However, a number of authors (e.g. Zondi, and Mutambara, 2016; Shrivastava, 1985) have pointed out that the effective implementation of change (particularly significant and strategic change) is greatly affected by an organisation's culture. Others, have suggested that you cannot implement significant change without changing organisational culture (e.g. Higgins & McAllaster, 2004; Zondi and Mutambara, 2016.).

These two views of the relationship between culture and change highlight a dichotomy in the literature. This is summarised by Trompenaars and Wooliams (2003) as a dilemma that may be seen as changing a culture to achieve business change or developing the business change in a way that is compatible with the existing corporate culture. Within the polarisation of views within the literature there is, however, agreement that organisational culture has a major impact on the ability to implement change effectively (e.g. Kotter, 1996; Goffee & Jones, 1998; Faull et al, 2004; Trompenaars & Wooliams, 2004). Indeed Smith (2003) showed that change failure is strongly correlated with clashes between the nature of the change and existing corporate cultures. Other authors have established similar findings and conclude that, for change to succeed, it is essential to understand the nature of the culture of the organisation and to incorporate that understanding into the change process. These findings resonate with the research into Mergers and Acquisitions, which shows consistently that a high proportion of failures are related to clashes of corporate cultures.

The view that culture must be changed in order to succeed in implementing business changes is challenged by many (e.g. Kotter & Heskett, 1992; Trompenaars & Wooliams, 2004). The planned approach to culture change is claimed by these authors to take too long to achieve. For example Kotter and Heskett (1992) assert that, from their studies, culture changes take between four and ten years, with the average time to achieve a change being six years. Even when explicit attempts are made to change an organisation's culture the success rate is seen to be lower than for change in general. Smith (2003), in a study of 166 organisations found success rates varied from 10 % to 19 % (far below the thirty percent quoted above). Similarly, in the context of organisational culture change, Harris and Debonna (2002) present empirical evidence demonstrating the failure of top-down change and the impact of unexpected or unintended outcomes resulting from interactions throughout the system.

Those supporting the culture change view draw on Schein's (1992) two level picture of organisational culture. They focus on changes to the explicit or observable aspects of culture and maintain that changing these to support the business change

is effective in embedding the change and subsequently leads to shifts in the deeper level of the culture (e.g. Dolan & Garcia, 2002; Higgins & McAllater, 2004; Dolan et al, 2000; Shrivastava, 1998).

Overall, although no clear picture emerges of the exact relationship between organisational culture and change there is wide agreement that culture does indeed have a relationship to the successful implementation of change.

Dhingra, R. and Punia, B.K. (2016) asserted that cultures don't change easily. Instead, cultural change is unpredictable by nature. They argue that it is very difficult for the ones managing the change to predict the reactions caused by the change. In exploring the role of culture in the implementation of significant change some have asserted that it plays either a moderating role in the relationship between implementation actions and change outcomes (e.g. Burke, 2008) or mediates such relationships (e.g. Arif, M., Zahid, S., Kashif, U. and Sindhu, M.I., 2017). The complexity of the role of organisation culture in change is further highlighted by Kavennah & Ashkenasy (2006) who point out that organizational cultures are neither uniform nor static. They evolve over time, and so it seems reasonable to posit that all cultural systems will exhibit continuous, incremental changes punctuated on occasion by more episodic, radical change. In furthering this view it is pertinent to consider that the implementation of a significant change may indeed have a recursive relationship with organisational culture. The change may indeed lead to a shift in the culture. This point is supported by Schneider, Brief, and Guzzo, (1996), who suggest that in the course of change the alteration of the everyday policies, practices, procedures, and routines, impact the beliefs and values that guide employee actions, and can, in the longer term, lead to a shift in the organisational culture.

The change management literature on the relationships between organisational culture and change is dominated by a combination of conceptual papers and case studies largely based on mergers and acquisitions. A number of authors comment that, whilst there is a clear relationship between organisational culture and change implementation, there is little exploration of the mechanisms that underpin and/or explain the relationship. They call for more empirical studies, rooted in a broader range of change contexts that explore these mechanisms (e.g. Kavennah & Askanasy, 2006; Dhingra & Punia, 2016).In considering the underlying mechanisms it is worth looking to other literatures that may provide frames that could elucidate our understanding of the relationship between organisational culture and change. Within the strategy literature there is a significant amount of work that explores the question of how organisations respond to discontinuous change (e.g. Teece --; Whittington, --). In this context there is much written about dynamic capabilities (Teece--) and their role in responding to discontinuous change and also the challenges of developing ambidexterity in responding to mutually conflicting demands in the midst of discontinuous change (Birkenshaw et al, 2016). In terms of ambidexterity and the resolution of conflicting demands there are three component

elements that are: structural separation, behavioural integration and sequential alteration. Whilst there are a lot of case based studies that explore structural separation and sequential alteration, the area of behavioural integration is less well explored (Teece ---). It is in the behavioural are that organisational culture may be seen to play a significant role. Birkenshaw et al (2016 p54) observe "… organisational heritage makes it more likely for a firm to choose one mode of adaptation over another…", thus suggesting that organisational culture plays a significant role in the implementation of change and that that, perhaps, behavioural integration may be impacted by organisational culture.

Within the corporate entrepreneurship literature the problem of culture is raised when firms develop a new area of business (an example of strategic change). This development of new business areas gives rise to what is referred to as a "two cultures problem" (Garvin and Levesque, 2006). In resolving this problem Garvin and Levesque highlight the need to balance the two cultures and in successfully integrating the new business into the organisation they identify a need to "change veterans' thinking" (p108). This indicates a need to achieve a shift in the mind sets of existing staff that is a part of a sense making process (Weick,1995).

Taken together these two areas of theorising suggest that an important aspect of the relationship between organisational culture and change implementation is behavioural change that requires a reframing of mind sets and attention to individual sense making in the change process.

Against this background this paper reports a study that explores the role of sense making in explaining the way in which organisational culture plays a significant role in the implementation of change. In developing our framing of the study we now turn to considering the nature of organisational culture and the potential role of sense making in the context or change.

Organisational Culture and Change

Organisational culture is widely seen to be a significant factor that impacts change implementation (Burnes, 2005; Balogan & Hope-Hailey, 2004). In order to explore the relationship between organisational culture and change it is necessary to be clear as to what is meant by organisational culture. This is an area of considerable debate and a voluminous literature. Whilst it is beyond the scope of this paper to explore this vast literature it is necessary to establish a frame for considering organisational culture.

There are numerous definitions of culture that have been produced over the years. In searching for an appropriate definition, it would appear that there are many facets, with emphasis shifting according to the individual author. In addition, culture is impalpable, making definitions hard to relate to. For many, simply describing what culture means let alone managing it can be difficult. Hofstede (1991) describes culture as *software of the mind - a collective programming of the mind that distinguishes the members of one group of people from another* (p.5). Schein (1985)

defines culture as *the deeper level of basic assumptions and beliefs that are shared by members of an organisation, that operate unconsciously, and that define in a basic taken-for-granted fashion an organisation's view of itself and its environment* (p.6). A more long-standing definition by Hall (1959) suggests *that culture is the pattern of taken-for-granted assumptions about how a given collection of people should think, act, and feel as they go about their daily affairs*. Even though over 50 years old, this definition does not appear out of date today.

There are many other definitions of culture, but most commonly, it is colloquially described as *the ways in which things are done around here* (Schein: 1985; Deal & Kennedy: 1988; Goffee & Jones: 1998), and, as a form of *social glue* that holds people together (Goffee & Jones: 1998). Although different in content, the parallel between these definitions is that culture is a collective way of perceiving things and behaving due to the sharing of a social environment. However, there is an increasing recognition that culture may be viewed at two levels (Schein,1992; Darcey-Lynn & Farbrother, 2003). Schein (1992) suggests that these are: a) what is thought and the way of thinking – implicit beliefs, values and basic assumptions; and b) explicit or observable phenomena – procedures, structures, rituals, logos etc.

The difficulty in pinning down the nature of culture has led to challenges in operationalising the construct for research purposes. Whilst many models are proposed (e.g. Hoefstede, 1991; Johnson & Scholes, 1998; Goffee & Jones, 1998) all are seen to have their limitations. More recently the Goffee & Jones framework has been widely used in research studies (Higgs & Rowland, 2010). This framework operationalises culture through examining both levels of culture as proposed by Schein (1992). They use two dimensions to describe the way human beings form groups and how they relate to each other: sociability; and solidarity. They define Sociability as: *a measure of friendliness among members of a community*. This measure considers how people relate to each other. High levels of sociability are likely amongst people who share similar ideas, values, personal histories, attitudes and interests. Solidarity is defined as: *based on common tasks, mutual interests, and clearly understood shared goals that benefit all the involved parties*. This measure considers a community's ability to pursue shared objectives quickly and effectively, regardless of personal ties. It is more about how people think and act than how they feel. Based on their research, Goffee & Jones' (1998) asserted that: a) most organisations are characterised by several cultures at once; b) some companies experience an archetypal life cycle of their culture(s); c) there is not one "right" or "best" culture for an organisation - only the appropriate culture for the business environment; and d) any form of culture can be functional or dysfunctional. It is the third of these that begins to establish a link between change and culture. The concept of multiple cultures identified by Goffee and Jones (1998) is also raised by

Schein (1992) who suggests that there are multiple cultural influences at work within an organisation that include executive, industry and professional cultures

In terms of responding to changes in the business environment this is frequently the area in which we encounter change in strategy. However, Shrivastava (1985) pointed out that the formulation of strategy is greatly affected by an organisation's culture. Others, writing from a strategic perspective, have suggested that you cannot change strategy without changing organisational culture (e.g. Higgins & McAllaster, 2004).

Sense Making

The relationship between change and organisational culture needs to be understood at multiple levels. Indeed, Mintzberg and Westley (1992) suggest that change occurs at multiple levels: mind-set and culture (reconceiving); structure (restructuring); systems and procedures (reprogramming); and roles and operations (redoing). This tends to align with the importance of behavioural integration in understanding the way in which organisations can respond to the need to develop ambidexterity and cope with change (Birkenshaw et al, 2016).

In exploring change through a focus on behavioural integration there is a need to consider a range of psychological factors (Evans et al, 2015). Within this focus there arises a need to consider the mind-sets of individual actors within the change (Denis et al., 2011;Ferlie et al., 2005; Perla et al., 2011; Senge, 1990).

The implementation of change entails implementation of new policies, structures,or technologies, and consequently relationships. This disrupts existing expectations and routines and often generates ambiguity and uncertainty among actors (Balogun and Johnson, 2005; Denis et al., 2009). As they attempt to make sense of imminent changes, these actors are also faced with the task of better understanding other actors, the nature of their current and future relationships, and the contexts within which they are embedded (Denis et al., 2009; Williams and Sullivan,2009). Significant change thus places great psychological and social demands on individuals, teams, and organisations. Failure to anticipate and effectively manage these demands contributes to resistance to change, poor individual and organizational readiness for change, and ultimately, implementation failure or a lack of sustainability (Bolman and Deal, 1991; Friedman and Goes, 2001; Oreg et al., 2011;Washington and Hacker, 2005).

In the context of a behavioural approach to understanding these mechanisms of change, Evans et al (2015) suggest that change occurs through and can be facilitated by learning, which involves conceiving the change, shifting the mindset, and reframing perceptions of the organization (Rajagopalan and Spreitzer, 1997; Senge, 1990; Walston and Chou, 2011). Such learning processes are often triggered through sense making in response to uncertain and ambiguous organizational situations (Weick, 1995).Furthermore, Evans et al (2015) assert that there is a relationship between the reframing of mental models of actors in a change and the culture of the organisation. From a cultural perspective, change is about shifting

identities, symbols, values, and traditions. From a mental models perspective, change is about domain-specific learning, reframing, and sense making (Kezar, 2001; Weick, 1995).

Sense making occurs through social, cognitive and discursive processes through which individuals simultaneously interpret and construct meaning in order to reduce equivocality Weick,1995). It is described as "a process, prompted by violated expectations, that involves attending to and bracketing cues in the environment, creating intersubjective meaning through cycles of interpretation and action, and thereby enacting a more ordered environment from which further cues can be drawn" (Maitlis & Christianson, 2014, p67). The process therefore combines drawing upon past assumptions of how things are in making sense of emergent cues from the environment in order to plan future organising. It is the past-present-future combination that characterises the complexity of the sense making process shifting between interpretation of events and enactment.

The notion of sense making was originally proposed by Weick (1979) and has since had a significant impact on the study of organisations and how people in them make sense of who they are and what they do. It emphasises the complex socio-psychological processes through which individuals in organisations or in projects interpret organizational phenomena and thus socially construct or enact their 'realities'.

Sandberg & Tsouksa (2015) draw attention to three key processes that comprise sense making. *Creation,* refers to the process by which particular information (or cues) is extracted from our experience of the ambiguous situation which prompts the next process of *interpretation* whereby a narrative is generated that attempts to make sense of the situation. An individual then acts on this interpretation motivated by the need to restore some sense of the situation or resolve the ambiguity. A process referred to as *enactment.* As a result of the sense making process, either actors reach a plausible explanation that will restore the disruption and reduce its ambiguity or instead the outcome is non-sense which may result in further sense making. Emotions are thought to play a significant role in motivating individuals to engage in sense making, as a means to restore the cognitive disorder or dissonance that is set in train by disruptive events (Weick,1995).

In exploring change at the behavioural level it is valuable to consider the processes that influence the decisions that are made by individual actors and the consequences of these decisions for the implementation of the change and the organisation (Kuipers et al, 2014). Sonenshein (2007) has incorporated these ideas into a sense-making model (see figure 1) relating to decision making.

INSERT FIGURE 1 HERE

This model recognises that how people respond to issues is likely to be influenced by the social stimuli surrounding them at the time. This model comprises 3 stages labelled as (1) issue construction, (2) intuitive judgement and explanation and (3)

justification. Through issue construction, individual, social and environmental factors are seen as important in understanding how people give meaning to a situation. Individual factors (including motivations and expectations) shape how people see a situation since they are likely to rationalise the meanings they give on the basis that other members of their social group will also perceive as legitimate (Asforth & Anand 2003). This then means they will test out the legitimacy of their meaning through interacting with key others. Sonenshein (2007) refers to these as social anchors. Other factors though can affect this process such as the pervading institutional logic regarding what is acceptable or expected behaviour. This does suggest though that the more aware an individual is of others' mental models or ways of seeing the world, the more they feel confident in how they construct meaning from situations. Whether a situation is recognised as having ethical implications or not thus becomes highly affected by the context.

The second stage in the model, intuitive judgement places far greater emphasis on an individual's feelings that occur instantaneously once they have constructed meaning from a situation. Affect is seen as the foundation for any moral judgement that is then made rather than any extensive cognitive processing (Krebs, Denton & Wark, 1997; Krebs & Denton, 2005). Finally, Sonenshein (2007) suggests that any rationalisation that does occur in the decision-making process, occurs afterwards. Here, individuals explain and justify their decision subsequent to meaning making and the use of intuition rather than at the beginning of the process as suggested in rational models. Sonenshein (2007) argues that a chief reason why these sensemaking processes have not been detected in previous research lies with the extensive use of scenarios in ethical decision making research. These often utilise examples of ethical dilemmas that fail to capture the uncertainty and equivocality more typically found in real life situations.

Summary

From the above review it is evident that there is a relationship between effective change implementation and organisational culture (Zondi, and Mutambara, 2016; Smith,2003; Burnes, 2005; Balogan & Hope-Hailey, 2004). Whilst the relationship is well established it is clearly a complex one and there is a need for more empirical work to understand the mechanisms through which the relationship operates (Kavennah & Ashkenasy, 2006). In developing an understanding of the mechanisms at work it is valuable to adopt a behavioural perspective (Birkenshaw et al, 2016; Garvin and Levesque, 2006; Evans et al, 2015).

Organisational culture can be seen to frame the mind sets of individual actors in the change (Walston and Chou, 2011; Higgs & Rowland, 2010) and can impact on their perceptions of the nature and implications of changes (Evans et al, 2015). Understanding the relationships at the level of the behaviours and actions of individual actors can aid in understanding the mechanisms at work (Kuipers et al, 2014; Higgs & Rowland, 2010). This understanding may be facilitated through the lens of sense making (Weick, 1992; 1995; Sandberg & Tsouksa, 2015). In particular,

it may be usefully explored through considering decision making from a sense making perspective (Sonenshein; 2007).

From the above the overall research question to be addressed in our study is:

To what extent is the relationship between organisational culture and change implementation explained by the sense making of individual actors within the change?

Research Design and Setting

In exploring the research question we employed a phenomenological approach to map the inter-relationships between organisational culture and change through exploring individual experiences of working with changes within two projects related to an organisational transformation programme within the finance industry in the UK. Drawing upon a processual, in-depth case study approach (Yin 2003) we analysed the series of interpersonal interactions, decisions and issues that arose as seen by between project managers, their team members and stakeholders over a12-month period. The organisation provides an extensive range of insurance products including homeowners and business insurance, life assurance, pensions and investments. As researchers we were unable to choose specific projects to study nor were they chosen randomly. We were however offered the opportunity by the company to examine two large scale projects that were focused on transformational change in the organisation.

Data Collection

We conducted interviews with the project manager, the project sponsor (senior manager in the organization) and at least one other member of the project team at 3 month intervals over a twelve month period. A total of 30 interviews were conducted during the period of study. This enabled us to capture the on-going and iterative relationships between issues, decision-making processes, actions and impact and how these changed in response to context and over time (Pettigrew 1987). Each of the interviews lasted between 1-2 hours and carried out in the interviewees' work place in accordance with the guidelines and codes of conduct recommended by both the British and American Psychological Societies (APA 2002; BPS 2009). Each member of the research team was allocated one project and undertook all the interviews with members of that project. We also took field notes during interviews and used these to supplement our transcribed interview data. Repeated interviews with the same individuals gave us insights into how the nature and content of change challenges and issues were changing and how previous actions and decisions gave rise to further issues and challenges.

Data Collection Methods

We used the Critical Incident Technique approach to the interviews (Chell,2002; Flanagan 1954) to minimise the risks of generic or socially desirable responses and

focused on identifying specific behavioural data before gaining deeper insights into the cognitive and affective circumstances surrounding the incident. We framed this through asking how the interviewee's values had influenced their recent decisions, actions and behaviours or examples where value conflicts occurred. All interviews were recorded and transcribed to form the core data for the analyses.

Trustworthiness of the Data

We sought to maximize the trustworthiness of our data through: (1) Taking written notes during interviews in order for researchers to check back their understanding of what has been said and to clarify any early inferences drawn in interviews, (2) Checking data gathered from interviews about decisions and actions taken with information contained in any relevant project documents requested and supplied in order to triangulate findings (Strauss & Corbin 1998) and (3) the research team met four times during the course of data collection to check out our inferences with each other and ensure there was agreement that the inferences being drawn were reasonable based on the data.

Data Analysis

We utilised an iterative approach to our data analysis that proceeded alongside our data collection. The regular meetings of the research team enabled us to share data, and cross-reference this against the literature. We made use of the constant comparative method (Glaser & Strauss 1967) where we drew upon previous theory in change management, decision making and sense making to identify the nature of particular constructs deemed relevant and how these then interacted within the broader organisational context and culture. We undertook an in depth data analysis where datasets were coded identifying major themes and categories. After each round of data collection we analysed data and met as a team to identify case categories. Data analysis thus consisted of three distinctive stages beginning with (1) coding individual interview transcripts, then undertaking (2) cross case comparisons within the same project and (3) coding across sources (Miles & Huberman 1994).

The Company in which the 4 projects are based

The organisation in which the four projects were based is a major insurance company based in the UK. The company is a mutual and owned by its members (customers).The insurance company has two parts. General insurance and life insurance. Farming accounts for 50% of the customer base. The company had a poor history of success in implementing projects and, particularly, large scale programmes. The executive were concerned that a similar programme for the life business had failed to deliver after 3 years and a cost of £20 million. In general the company recognised that a part of the causes of failure was a result of a general lack of capability in terms of change management. The company offers a wide range of products, including general insurance, life, pension's investments and risk management services. The delivery of the products and services happens through

direct sales and service centre, as well as the agency network. It has over 300 offices located in rural towns and villages in the UK.

Findings and Analysis

Context

In order to analyse our findings there were some important contextual elements to consider. Firstly, the organisation had a very poor history of implementation of change projects. Few projects had succeeded in achieving their goals and there had been two major projects (each costing over £20 million) that had needed to be abandoned. Secondly, as a result of past experience there was a strong perception that the organisation lacked change management skills. Thirdly, the projects that we were studying were both very significant and deemed by the executive to be "mission critical". Consequently there was considerable concern that these should not fail. Finally, as a result of the previous history of change failure external contractors with significant experience of change management in other organisations were employed on the projects. These contractors were in lead positions in both of the projects that we examined.

Organisational Culture

In analysing the data we initially explored the perceptions of organisational culture that emerged from the interviews. The main themes that emerged from this were:

i) Customer Focused

There was a strong view expressed by the internal staff that the organisation had a very strong focus on serving its customers and that this was a strong and valuable contributor to its success:

It's taken years and years to develop and that is the differentiator so when our customers deal with us as an organization they speak to people who are incredibly skilled and caring about their situations and they deal with it in without doubt the best way in the insurance industry that I've ever seen (Project Team member 1).

However, external contractors had a different view of this facet of the organisation and that the company was not really sufficiently market focused:

"…. is also known as a very customer orientated company to do business with and it very much is it's just I guess it hasn't quite worked like that in reality on things so I guess that's the bit that we're trying to change now" (Project Director - External Contractor 2)

ii) Risk Averse

Both internal staff and external contractors tended to see the organisation as being risk averse;

"[The Organization] is quite, it doesn't like taking risks so spending that time to document what we currently do today" (Project Manager - External)

"Everything gets scrutinised. So there's quite a lot of that little bit of inertia…" (Project Team member – internal)

iii) Consensus Based

Linked to a perception of risk aversion was the view that the organisation tended to place a high value on consensus. Again this view was shared by both internal staff and external contractors.

"…steering meetings are for making decisions and what then tends to happen is as a collective we don't make decisions and part of some of that kind of behaviour …".(Project Sponsor - internal)

"It's been annoying for me at times to hear my voice pop up and the executive team need to take time to explore the point until they can arrive at a consensus." *(Project Director – external)*

"What I don't want is to make a decision and then throughout the rollout have some of my key decision makers in that process constantly saying yes but it's not the one I would have chosen so I'll be very careful to get everybody in the room at that final point and look them all in the eye and get their assurance that they will back the decision" (Project manager - Internal).

iv) Slow Decision Making

There was alignment of the views of internal staff and external contractors that a combination of risk aversion and consensus seeking led to slow decision making that proved frustrating in terms of implementing the change projects.

"We just need to find ways to break through from the nitty gritty mass and bring alive the concepts that we are nurturing" (Project team member - internal)

"Eventually we got the answer, well we got a partial answer…" (Project Director – external)

The consequence of this was that the organisation was seen as being subject to inertia and somewhat "sleepy", lacking in drive and agility, which led to a poor ability to respond quickly to market changes. However, it was seen to have significant potential to implement a successful strategy if it could overcome this perceived limitation.

"I think that the organisation is "too nice"… it needs to wake up and sharpen up. If it does that it has a lot of potential" (Project Director -external)

v) Paternalistic

One of the organisation's key strategic elements is for it to be seen as being "A great place to work". This reflects a long history of the organisation caring for its employees. In the context of change projects this has led to a reluctance to make staff redundant as efficiencies come into play. Both of the projects that we studied had significant implications in terms of restructuring and staff losses. It was in relation to these decisions that we encountered a lot of evidence that paternalism was perceived as a core positive element of the culture by internal staff, but as a barrier to change to be overcome, by the external contractors.

"So we'll all be looked after, we'll all be found homes and this new thing it will just be a new structure that if we need to get some retraining and whatever it will just happen" (Project team member – internal)

"Now you could argue that some of that doesn't tie in with our great place to work philosophy because for some individuals we are saying the job no longer exists or you are going to have to move or we're going to do something different but for the greater good of the organisation" (Project Director - external).

vi) Hierarchical

Although having a strong element of paternalism in the perceived culture that organisation was seen as being fairly hierarchical, particularly by the internals members of the project teams. Thus, the consensus and involvement in decisions tended to be traditionally taking place at the more senior levels of the organisation. Input from more junior levels tended to be ignored or discouraged.

"…but it's not my job, I need to know my place." (Project team member – internal)

"… a merging of three potential areas of issue here which I'm finding a way of overcoming. The first is we can be a bit hierarchical, the second is we can be a bit obsessed with structure governance frameworks so timescales and reporting methods assume more importance than outcomes and modes of achieving them. The third is that we can be a bit siloed so I have seen other projects struggle more with every party feels they've done what was on their checklist and they all stand around looking puzzled as to why the car doesn't start or the rocket doesn't launch." (Project Sponsor - internal)

Culture and Change

Within the two projects studied the impact of culture on the change was most marked in relation to the structural changes associated with the development of new operating models. In both cases it was evident that the new operating models would lead to significant staff losses. However, due to the strong paternalistic culture the executive were unwilling to disclose this at an early stage in the project.

This was identified clearly by the internal subject matter expert working on the life project;

> *"Probably the one that's coming to light at the minute is as we start walking through the to be process it's quite evident of the roles that won't be there and…it's one of those dilemmas do you start telling them now about things that are going to happen or actually do you wait and it gets announced in one go.". (Customer Services Expert- Internal).*

A similar understanding of this was demonstrated by the Project Sponsor for the general insurance project:

"What we were talking about it's not just a technical change here there's a massive cultural change to the way we do things so actually being able to change in the business successfully it's going to mean some quite difficult choices we are going to need to make about current teams I suspect when we get to that point." (Project Sponsor - External)

However, a different view of the issue was very evident from the Project director of the general insurance project who was an external contractor:

"… but there is a new paradigm that is being worked up that will mean structural change and because of that structural change and the people that will impact it has to be handled in a very sensitive way and so that target operated work is operating model where it's been handled outside the main programme but.,having been involved in considerably bigger restructuring pieces, Company A and Company B, where we dealt really directly with the individuals involved and warned them ahead of them being formally at risk that that's where it was headed that's the way to go for me. But that's not the way that they've chosen to do it here" (Project Director- External)

The failure to address this issue at the outset of the project (or at an early stage) resulted in an adverse impact on the team members (and a view that this also impacted on other internal staff impacted by the change as well as the broader staffing in the organisation):

"In terms of actual handling of the message and the delivery of it and whether it's the right thing to do I think some of the communication is the department could have been better, I think if we'd have, I'm quite a passionate person about trying to get the most out of everyone, I think if we wanted to we could have reshaped some of the experience in the department, I think there's a huge amount of untapped potential that we're not willing to go and tap into and invest in getting the most out of people instead we just want to make those current skills redundant and go to the market and try get new skills in which you know what you have to live with but I think we could have done it in a nicer way.. (Project Team Member- Internal)

The team member felt that, whilst the project was progressing as planned, his commitment and engagement with the organisation had been negatively affected by this issue. He certainly was disappointed that it had seriously damaged the organisation's strategic pillar of being "a great place to work".

To an extent, this example illustrated differences between cultural expectations between internal and external team members. These differences were further highlighted (perhaps even more sharply) in terms of the cultural element of customer focus. Within the general insurance project the overall purpose of the work had been positioned as being to "achieve fair and accurate pricing of products". In the view of internal team members this aligned with a culture of a strong customer focus.

> *"I've been holding our executive programme team to think about about what is fair for our members, what price strategy should we set in play to deliver that fair price to our members. That's changed our vision on how we would tackle growth of policies over profitability and hold our values to the very core of the programme". (Project Sponsor - Internal)*

The purpose was seen as highly engaging by the project team member interviewed

> *"What is really engaging is the fact that the rationale behind everything we are doing on PIP and the ethics behind it all means that it's a really good sell even when prices are going up or down. So fair and accurate prices is a lovely thing to work with. …..what we are doing with price go to the very heart of who we are as a mutual" (Project team Member - Internal)*

However, the external Project director (who was an external contractor) did not share this cultural engagement and had a more market based view of the purpose

> *"Fair is a really interesting word, kind of Freudian debate but fair to me in commercial terms because I am a very commercial background would be that I don't go out of business actually so if I'm charging my customer too little it might seem that's incredibly fair but actually from a contractual point of view it's actually unfair because it's in the longer term it's not sustainable, so fair is very interesting but the accurate bit of it is undoubted,…". (Project Director - external)*

As the project evolved and more external contractors had been recruited into the project the more commercial focus dominated discussion of the project purpose and decisions around the implementation of the change. This had a negative impact on the commitment of internal members of staff.

> *"Just to add fuel to the fire we've brought other consultants in who, again who are challenging whether we go after fair and accurate prices in the same way as we thought we would at the start of last year. They are thinking that optimisation is that profit optimising… this is really disappointing and not what I signed up for when I joined…" (Project team member - Internal)*

Similar commitment to customer focus was also found amongst the internal staff on the life project

> *"At the heart of all of this I've always tried to do what is best for the customer in there and actually that's quite difficult because actually a lot of the people that could potentially be impacted are friends, are colleagues but I think you have to stick with what would the customer expect and it goes back to how do you make something profitable, how do you make the Life business actually succeed and work". (Customer Services Expert - Internal).*

However, once again the external contractor saw the project purpose somewhat differently as he came from a more commercially focused culture

"…so it's really clear this project is about profit, that's what it's for, it needs to make a hole in the £7m loss which means there is a revenue strategy and there is a cost strategy We have four key initiatives that we are going to do with the revenue, there are some sub ones but four key ones, and then with the cost reduction that's going to be people and the small amount of IT cost reduction" (Project Manager - external).

Sense making

From our analysis of the relationships between organisational culture and change it was evident that the interviewees were faced with a range of complex and ambiguous situations that entailed making decisions about actions and responses to events. Given this we explored the data further to understand the way in which the organisational culture impacted on the sense making process of the interviewees.

We found evidence that elements of the culture tended to frame some interviewees interpretation and construction of the issues that arose in the course of the project. In the process of sense making in some cases the element of *customer focus* played a significant role in the interviewees' sense making. This was particularly pronounced in the context of the potential job losses involved in the changes to the operating models. For example, within the life project the subject matter expert clearly articulated her construction of the issue influenced by her sense of the organisational culture

"…..but I think you have to stick with what would the customer expect and it goes back to how do you make something profitable, how do you make the Life business actually succeed and work". (Customer Services Expert- internal).

In relation to the same project another subject matter expert made sense of the decisions that needed to be made influenced by the dominance of the *customer focus,* whilst recognising that the decision would have an adverse impact on the organisation's culture of caring for employees *(paternalistic aspect of the culture).* However, he justified the direction of travel by giving precedence to the customer focus element of the culture and the ultimate good of the organisation and its ability to continue to serve customers

"There's the natural tensions in business between looking after staff and customers and the progress of the business, they are ethical challenges but I think if you keep firmly in the mind that in our company more than any other I mean we're owned by our customers therefore we have a duty to deliver the best service that we can so that is the strongest ethical beacon in my mind, nobody here has a right to be here unless we are delivering what the customer wants… whilst recognising that there will be pain for some of the staff along the way" (Director of Sales, -Internal).

However, the sense making of the external member of the life project was guided by a different cultural heritage in that they came from a professional background with a strong commercial value focus

> *"so it's really clear this project is about profit, that's what it's for, it needs to make a hole in the £7m loss which means there is a revenue strategy and there is a cost strategy We have four key initiatives that we are going to do with the revenue, there are some sub ones but four key ones, and then with the cost reduction that's going to be people and the small amount of IT cost reduction" (Project Manager - External).*

In dealing with decisions that were counter to the prevailing culture we found that while individual sense making was accompanied by rationalisation in order to move forward

> *"So for example on the Life programme one of the guys who is the consultant has a very abrasive approach to execution and stuff gets done and there is usually a small trail of destruction behind him which we go and point out that this guy doesn't work for us in the long term, it's a short term pain but spit and get on with it. That sense of temporary discomfort for a significant change is more palatable if that person then leaves later. So you are almost importing something the body would naturally reject within the culture to get something done and then letting it be rejected and depart (Subject Matter Expert - Internal).*

Once again we found that the external contractor justified actions from the perspective of a more commercially focused set of values

> *"So when somebody says we need to make a profit I can't even describe how seriously I take that. I mean like totally and utterly if that's what you want that's what you will have and we will leave no stone unturned…". (Project Manager – External)*

We found a very similar difference in the impact of culture on sense making between the internal staff members and contractors in terms of both issue construction, decision making and justification in the general insurance project.

Discussion

The impact of the organisation's culture on the project and related changes was a dominant theme throughout the interviews in our study. Organisational culture is widely seen to be a significant factor that impacts change implementation (Burnes, 2005; Balogan & Hope-Hailey, 2004) as well as decision making (Maak & Pless, 2006). However, the mechanisms through which culture imapcts change implementation is an area requiring further research (Higgs & Rowland, 2010).

Our findings suggest that in the context of organisational change decisions and actions are interpreted through the lens of the organization's culture and business

priorities. This suggests that the Sonenshein (2007) model of decision making, that incorporates a sense making perspective (Weick, 1995), offers a useful way of exploring decision making in contexts that are rich in complexity, uncertainty and ambiguity. Furthermore, we see here examples of how the process of issue construction is influenced through both individual factors and social factors (Ashforth & Anand, 2003). In particular, we see evidence that institutional logic and behavioural expectations and norms also impact issue construction (Sonenshein, 2007) and is present through the impact of a strong organizational culture. Indeed, in this case the organizational culture was found to play a significant role on this sense making process. The importance of organizational culture in the context of decision making has been highlighted by a number of researchers (e.g. Ho, 2010; Sweeney et al, 2010). The culture in the case organization was characterised as being paternalistic and caring, although risk averse. A core value of this organization was "serving our members (customers)". Such a core value could be seen as a component of an ethical culture that can have a positive impact on decision making (Elngo et al, 2010; Shafrer & Simons, 2011; Sweeney et al, 2010). The culture in this case resulted in decision making processes being driven by the need for consensus involving a number of stakeholders. Consensus building meant establishing shared mental models that influenced how project members interpreted moral issues in their projects. This finding provides support for the view that, in a sense making model of decision making, is impacted by institutional factors that can shape the meanings and sense that people make (Ashforth & Anand, 2003). Indeed the organizational culture can be seen to provide an important social anchor (Sonenshein, 2007) that underpins sense making when faced with dilemmas. The projects studied entailed significant organisational changes and whilst the impact of organisational culture on decisions in the course of change implementation is well established (Burnes, 2005; Rainey & Ferdanez, 2011) it appears from our findings that the mechanism through which this impact operates can be explained by the sense making process of the actors within the change. History in terms of the relative success and experience of previous projects in the organisation was a major lens through which project members made sense of, and interpreted issues and in giving meaning to situations that arose on projects. Within a sense making frame (Weick, 1995) applied within the context of decision making (Soneshein, 2007), the history of previous projects is clearly a factor that impacts the project members' issue construction process that shapes the meaning that they give to the situations that they face. Support for the Soneshein (2007) perspective is found within the change management literature. Higgs and Rowland (2005) demonstrate that an organization's history of previous changes impacts on decisions relating to approaches to change to be adopted, and related behaviours of actors within the change. We found that situations arose on projects where conflicts were experienced between project and organisational priorities and unclear boundaries of project members' roles and responsibilities. In these circumstances the project's governance structure was used to help resolve issues that arose. It could be argued, that the governance structures provide a means of communicating norms to guide behaviours (Sims & Gezez, 2004) and

provide a basis for identifying behaviour in the face of ambiguity and uncertainty (Jepsen & Eskerod, 2013). It could also be argued that the governance structure provides a frame for sense making in such situations (Weick, 1995). In resorting to governance structures to resolve ethical issues we found evidence of significant politicking, and the selected lobbying of particular stakeholders in order to secure particular decision outcomes. This again suggests decision making was far less of a cognitive, rational process but instead is subject to actors persuading and cajoling powerful others to secure outcomes that support their priorities. This provides further support for the view that individual feelings and affect are important elements in any considerations of decision making (Krebs, Denton & Wark, 1997; Krebs & Denton, 2005).

Throughout the interviews it was evident that there were differences in the interpretation of situations and issues between the employed staff and the external contractors. These differing perceptions appear to arise due to different cultural influences and illustrate the multi-dimensional nature of culture highlighted by Schein (1992) bringing in elements of executive, industry and professional cultures that can be seen to impact on the operation of Sonenshein's (2007) sense making model.

Interestingly these aspects of the culture were perceived by the project team member as masking a somewhat hierarchical aspect of the culture.

Overall, the mechanisms through which culture impacts on change implementation may be explained through an adaptation of Sonenshein's (2007) decision making model. This is shown in figure 2.

INSERT FIGURE 2 HERE

In this proposed model we suggest that change related issues and decisions are influenced by the sense making of actors within the change. This sense making is, in turn, influenced by the cultural norms that affect the actors. In situations where actors have differing cultural experiences the issue interpretation can give rise to conflicts that have an adverse impact on the change implementation or outcomes.

Conclusions

Our research question, based on the review of the literature on culture and change management was:

To what extent is the relationship between organisational culture and change implementation explained by the sense making of individual actors within the change?

The findings from our study do indicate that the sense making of actors involved in change implementation does impact on both the way in which decisions are made during the process. This sense making is, in turn influenced by the culture of the organisation. However, we also found that when some actors have differing cultural backgrounds the differences in interpretation of issues and proposed actions can lead to tensions and conflicts that can be damaging to the change implementation or

outcomes, unless during the sense making process actors can find justifications for apparent breaches of cultural norms or expectations.

Contribution to theory

This study makes a contribution to the literatures on both change management and organisational culture.

1. Our findings contribute to the change management literature by suggesting that the impact of organisational culture on change implementation may be explained through the sense making of actors which is. The organisational culture provides a means through which issues are understood and interpreted and actions or decisions are formulated. In doing this we have responded to calls in the literature for more research into the means by which culture influences the success of change implementation (Kavennah & Askanasy, 2006; Dhingra & Punia, 2016).

2. The data from our study provides evidence to support the assertion of Schein (1992) that organisational culture is multi - faceted and that decisions are influenced not only by the culture of the organisation, but also professional cultures. Furthermore, the data provides further evidence that supports the idea of multiple cultures existing within an organisation suggested by Goffee and Jones (1998).

Contributions to Practice

The significance of sense making in understanding the impact of organisational culture on the implementation of change provides a basis for developing managers' understanding of the sense making processes, thus enhancing their ability to lead and implement change. In addition the study provides insights that can be used in designing development programmes aimed at building change management capabilities within an organisation that take account of the cultural impact on the implementation of changes.

Finally the findings from the study can inform leaders who are engaged in planning changes in a way that will enable them to be able to identify potential issues and challenges that may be faced given the culture of the organisation.

Limitations and Future Research

As with any research, this study is subject to a number of limitations. Firstly, it is a phenomenological case study and, thus, the findings cannot be widely generalised to different settings or contexts (Yin, 2003). Given, the particularly strong culture of this organisation, with a core service to client (member) value, this could be an important limitation to bear in mind. It would be useful to replicate the study in different organisational contexts in order to establish the broader applicability of the findings. However, the limitation may be somewhat ameliorated by the fact that the results of the study were supported by arguments and findings from within the extant literature (Yin, 2003).

Secondly, the projects explored had not all reached conclusion and we were, therefore, unable to establish how the approaches to Responsible leadership and ethical decision making encountered impacted the project outcomes.

Finally, we did not obtain any input from stakeholders beyond those involved directly in the project. Future research that explores the issues including broader stakeholder perspectives would prove to be particularly valuable.

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Figure 1 : Decision Making Cycle: Adapted from Soneshein 2007
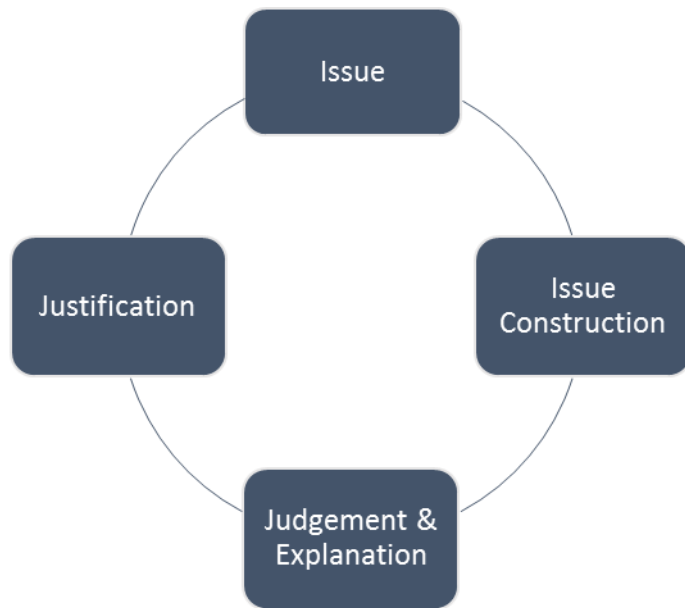
Figure 2: Decisions in Change and Cultural Impact (Adapted from Sonenschein 2007)