

Changing Corporate Culture
in the Local Competitive Environment

by James E. Katz

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Changing Corporate Culture in the Local Competitive Environment

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While which telecom companies will be tomorrow's marketplace winners depends on strategic and technological factors, it also depends on the internal organization and operations of the competitors themselves. Consequently, the "corporate culture" dimension to competitiveness and marketplace success has been receiving increased attention from telecommunications executives as they search for a new organizational identity and posture. The cultural dimension may also prove a significant factor at the international business level as corporations try to absorb and blend workers and strategies drawn from various nations and sectors into cohesive business units.

The American experience is valuable because just as the US has been on the forefront of liberalizing its telecommunications regulations, US companies have also been on the forefront of experimenting with new ways of organizing themselves and marshaling their human resources to address the changing environment. This paper aims to describe the forces that have led to a stress on internal reorganization as a means of dealing with external environments and particularly on a specific means of retooling employee attitudes, behaviors, and goals. I begin with a brief definition of corporate culture, then turn to an analysis of the forces making it an object that managers would seek to address. I discuss next actions by various telecom companies and conclude by trying to discern what from these experiences might be relevant in the European and cross-national context.

I. What is corporate culture?

- * All views expressed are the responsibility of the author alone and are not reflective of the views or official positions of any other organization or group. I thank Nancy DiTomaso, Nipa Shah, and Charles Steinfield for their help. This paper is based on a talk at the International Telecommunications Society European Regional Conference, Stenungsbaden, Sweden, June 21, 1993.

Gordon and DiTomaso [1] defined corporate culture as "the pattern of shared and stable beliefs and values that are developed within a company across time." This definition is eminently suitable to my purposes. But to put some flesh on the concept, I will introduce the results of Gordon & Cummins [2] research; they factor analyzed the construct to arrive at eight dimensions of corporate culture, thereby giving us a sense of the operational aspects of corporate life and culture. I have adopted these and added two topics to yield the following (asterisk indicates my addition):

- myths & legends* • social meaning of work*
- shared goals • accountability
- decision making • development
- innovation/
risk-taking • communication
- action orientation • equity, reward

It is also worthwhile to distinguish corporate culture change from two other strategies/levels of change that corporations have tackled. These are the organizational levels (the formal structure, lines of authority, and missions of business units) and the process levels (the methods and procedures by which business is conducted), which are different from the performer level (how people are led, managed, and evaluated). It is this latter area that is the focus of corporate culture. Although for a true retooling to occur all three levels must be addressed and they cannot operate independently, for our purposes we will concentrate primarily on the "performer" level, the central feature of a corporate culture concept.

II. Why have some companies sought to change their corporate culture?

From afar, it is easy to see that major changes are sweeping the US telecom industry. Corporations are operating differently so they can survive and even thrive as markets liberalize, margins decline, customers become choosier, and ferocious competitors close in. [3] But it is harder to see what is happening within these corporations as they change their structures and operations, in part because this is a sensitive public relations and commercially vulnerable proprietary area. It is still more difficult to understand the mechanisms by which some corporations are deciding to explicitly change not just their procedures and structures, but also their cultures. Despite this lack of clarity about

mechanisms, a growing number of employees are being asked to change their view of their lives and purposes, their understanding of what their jobs are really all about, and even their language and social relationships. In short, recent programs of cultural change aim to affect the content and meaning of people's lives in a direction which has been determined and evaluated in advance.

These programs are important of course because they alter the way of life of tens of thousands of people. They are also important because they could affect the prosperity and survival of some of America's largest corporations, as well as the nature of the country's telecom industry. And finally they are important because they serve as bellwethers for other companies about actions that might be taken, risks that must be addressed, and mistakes that should be avoided. Let us review the particular motives for undertaking these programs.

A. Pressure to change fast

A primary reason for these programs has been that the rate of change in the telecom industry has been accelerating. This commonplace assertion takes on special meaning, though, when we appreciate two factors. The first is that there already was in place a prior culture, the Bell culture. This culture was exceedingly strong, having evolved over nearly a century of minor adjustments in a highly stable regulatory environment. This culture was also a successful one for its time, a point to which I will return. The second is that since both the technology and the manpower base were relatively stable, there could be gradual adjustments in procedures, and employees could exchange loyalty and dedication in return for job security. There was a deeply embedded culture, and it was finely attuned to the realities of the time.

Another point is worth making about change in the telecom industry: it takes only a few people acting in concert to drastically alter the industry's structure and composition (witness the break-up of AT&T). [4] Yet the daily activities of tens of thousands of people who make up the workforce of the telecom industry cannot change as fast. Their activities and beliefs will change only as fast as revised methods of operation percolate down through the organizational ranks and are absorbed into daily routines. So while the corporate shell is structured by the few, the corporate culture is structured by the many.

B. Cultural change concept grew out of an evolving management theory tradition

The movement known by its focus on "corporate culture" has a history which brings together several strands of management theory. It represents a blending of the structural school (typified by Chester Bernard), the contingency theory (e.g., Lawrence & Lorsch), and the human potential movement (e.g., Theory Y). [5] While the details of these schools of thought need not detain us, it is helpful to appreciate that the attempt to change culture rests on a foundation of philosophy, research and analysis. It is also important to note that because so little experimentation or data-gathering has been performed on different theories of culture change, per se, not much is actually known about the relative efficacy of various approaches.

But the key insights of the corporate culture movement are that the way people live their lives within a corporation is a socially constructed world, a world in which the customs, legends, norms, vocabulary, attitudes, and beliefs are created. The nature of this world directly affects the quality and speed of the work output. What can be created by people is arbitrary, and therefore directly changeable, malleable, and manipulateable.

In the past, this world was seen as either not important, and therefore could safely be ignored, or malleable to a limited but necessary degree. The Taylor "scientific management" school did not care what workers believed or what their culture was so long as they carried out instructions. The human relations school was also uninterested in directly manipulating culture as a symbolic object, believing instead that with good, caring leadership people would perform well; culture was not a concern as it would in effect take care of itself.

As the telecom environment began rapidly changing after 1983, some high-level corporate managers made an unsettling observation. A short-time after they gave commands, these managers noticed they were not being carried out. This was rather a surprise since under the old system, orders were to a large extent executed. Gradually consensus emerged among top leaders, catalyzed by consultants, as to the reason for this decoupling of instruction and meaningful response, namely that the ambient corporate culture was inappropriate for the situation. The culture precluded the means of carrying out the orders.

Yet beyond the particular attraction of corporate culture change itself, and the efficiencies it promises, is its attractiveness at the individual psychological level of corporate leaders. These leaders want to put their personal stamp on an organization, to have made a

difference. (This is consonant with the attitude that at a high level an organization is an extension of one person's idea, a lengthened shadow of one or a few people. This belief is often reflected in the myths and legends of companies, especially in the holding of its founder in a reverential place.) Thus corporate culture transformation allows the arriving crop of leaders to imagine an objective, and have that objective achieved without their direct intervention. While in a sense this is true for most organizations, it is particularly relevant to telcos because the new leadership of these corporations viewed themselves as part of a fresh generation, a group with a new outlook which would transform the industry. They wanted to set their personal stamp on the organization, make it "look and feel" different than it had before their arrival. And of course they anticipated that a cultural change would add to their company's viability and profitability.

C. Concept is functional in light of decreased cultural homogeneity of entrants to management cadres

This lack of control alluded to above was further complicated by a series of civil rights laws and court decisions which led major companies, including telcos, to recruit in large numbers members of groups that had previously been under-represented or non-existent among the management ranks. [6]

Before these decisions, one could make some reasonably accurate assumptions about the nature and types of upper level employees of telcos. The leaders and managers generally were white males fully involved in a lifestyle that included not only certain manners of self-presentations at work, but also outside of work. Certain base values and norms were not only agreed upon but went unquestioned. Outside of work, as well as during work, there was a shared, fully subscribed culture which dictated specific attitudes, norms, behavior, jargon, and values.

With the influx of new employees (especially of the managerial level) not socialized to this culture, leaders had to find alternative ways of dealing with these new entrants. They needed to explicitly induct these culturally diverse people into a dominant corporate culture. (At the same time, great respect has been evinced for the relevant sub-cultures that were newly recruited. Cynics might assert that this respect for cultural diversity was really a twin pronged strategy aimed at coopting new entrants into the corporation's culture while minimizing the risk of lawsuits based on discrimination or bias.) In a sense, in the past the larger national culture of the American middle class worked as a selection tool for the new members of the corporate culture, which was itself a reproduction of the

middle class. Having the manners and outlooks of the middle class, as well as its work ethos, meant that the corporations had much of their "social work" done for them. Little attention was therefore paid to the explicit culture of higher-level employees and managers. [7] (It is perhaps worth noting that in the early days of telephony the switchboard operators were boys. [8] Members of this rather unruly sub-culture were replaced by women, representatives of a sub-culture more docile, polite and flexible, especially when faced with balky equipment and customers, or overbearing supervisors.).

By appreciating the utility of being able to give an explicit "cultural orientation" to new (and current) employees, it was but a short step to the desire to change the culture itself in ways favorable to the corporation. This would be done not just to speed the integration and absorption of new workers and managers, but to regain cultural homeostasis and a comfortable working environment.

D. Desire for exercising central authority a predictable response to turbulent change in organization's environment

Contingency theory (Lawrence and Lorsch, Katz, Galbraith) [9-11] has long maintained that one reaction of organizational leaders to an operating environment that is becoming unpredictable, turbulent, and competitive, is to tighten internal control over workers. If this hypothesis is correct then telco leaders would look for tools and methods to assert this control. Retooling corporate culture thus appears a natural response and method (for reasons delineated below) in the attempt to deal with this changing environment.

E. Corporate belief structures often based on extra-rational criteria

Bolstering the drive for control are several supporting beliefs that, although coming from independent sources, merge and shape the corporate culture construct as it currently is implemented in the United States.

These beliefs include the notion that time, rather than something that just passes or happens, is a resource to be managed and exploited. There is something of a cottage industry in the US of holding time-management workshops, creating time management technologies and techniques, and detailed time accounting. It is perhaps no accident that "time-motion" studies originated in the US, and even though the phrase "time is money" may not have been coined in America, its practice seems to have reached its apogee. [12]

Another point in this regard is the role of fashion. In the 1960s, the conglomerate style of business activity was the mode and such corporations as Litton, Allied-Signal, and Grace arose. It would not be uncommon for these corporations to have, say, food sauce bottling, missile guidance system research, and car tire manufacturing all under one management umbrella. This approach, though, is now out of style, and instead corporations are entranced with "returning to basic strengths," which means reducing lines of business to a few central themes and lines. Is there something inherently different about the business world in the 1990s than in the 1960s? Were strategic planners then not able to see things that current ones are able to see today? Without necessarily answering these questions, even the fact we can raise them would indicate that fashion and *Zeitgeist* are factors that must not be minimized when seeking to understand corporate decision-making and behavior.

Beyond these extrinsic reasons for the attractiveness of changing corporate culture, there is also what might be called the intrinsic reason. It is fundamentally true that the nature of business has become more global, quicker paced, and more efficient. And, by the same token, the pace of innovation in product and technique, as well as management science, has accelerated. So new techniques are being created to respond to business needs, and "corporate culture" is one of them.

This brief history of an idea helps us see that ideas and actions do not take place in a vacuum. Rather they have a context the understanding of which yields insight into how management ideas take root and become applied. The context also dictates their reception as well as the impact. The choices made in America in turn will affect how international ventures work out. And for those who would wish to import or reformulate precepts of corporate culture change, the social setting of the ideas and implementation become crucial.

III. What does corporate culture retooling try to accomplish?

Retooling, at an abstract, metaphysical level, seeks to replace the (defined as) ailing life-blood of a corporation with a new vital blood. But this metaphor requires defining and making manifest three issues: (a) what is bad or unacceptable about the current situation, (b) what should be aimed for, and (c) how the organization proposes to get from its current point to its desired point. Let us look at the last point first.

The corporate culture programs, as I have seen them implemented, are striking because of their holistic approach. I use the word "holistic" partly because the term appears in the

material written and used by corporate culture consultants. I also use it because of the concept's derivation from Eastern philosophy-inspired holistic approaches to popular psychology. The organization is viewed comprehensively as a system with interlocking components including:

- individuals seeking self-esteem, relief from psychic burdens and material gratification
- individuals integrated into a supervisory system
- organizations that have an internal work process
- units of an organization that need to cooperate
- a total organization that needs to satisfy customers, both internal and external.

Note that these items could be placed into a multi-dimensional matrix that show their interrelationship, in fact consultants often use matrixes and flow charts to illustrate these components for their clients. All of this communicates the inter-connected nature of the issue.

A. Build teamwork, accountability, and empowerment

Given this holistic approach, how do corporate culture consultants assess their client's problems and define their own objectives? The corporate culture consultants' diagnosis of the problem seems consistent across companies: there has been a failure to put the customer at the center of the organizational mission. Even if well-motivated at the individual and corporate level, there are structural impediments which if addressed in isolation cannot solve the problem. What is required is a total system—a holistic—approach. More specifically, they see that work life in corporations is often structured in a way that actually prevents individuals from contributing optimally, even if they wish to. When good performers have to struggle against a frustrating system, they are nearly always worn down and defeated. When sub-unit goals become more important than the total success of a corporation, the entire enterprise is hurt. When form rather than substance becomes preeminent, achievement suffers. FN: B&V book

B. Integrating all parts of worker to bring focus to corporate problem

Despite this desire to create a holistic operation, consultants face an essentially fragmented world. In a sense, the corporation is trying to draw on other aspects of society's values, beyond the corporation itself, while at the same time advancing some

values that are antithetical to these other aspects. This leads to problems concerning loyalty and personal goals.

Looking at this issue from an abstract level, there is a well-known tie between the political and economic structure of society. Analysts of culture have adopted, almost as an article of faith, that cultural resources and beliefs are intimately connected to the material basis of society and its political organizations. It would follow then that the market economy creates a culture of individualism. And without a strong political, religious or other emotional center to demand loyalty and value commitments from society's members, the power of the market economy intensifies in the minds and calculus of a culture's members. That is, without a counterbalance, economic aspects may overwhelm other motives for behavior.

As Karl Polanyi [13] and others [14] have noted, Western society is built on an economic system in which production occurs for profit, not for social responsibility. Work is brutally competitive because the mechanism of a market is a central force. Work is organized by extrinsic and not intrinsic rewards because in a market system price determines value, and people are forced to judge their worth by their income. This culture of instrumental and expressive individualism, some like Bellah [15] argue, has become self-destructive. Yet it reflects the material reality in which we live, the logical working out of the market mentality. Despite this contradiction, corporate culture consultants still aim to integrate the antithetical elements of materialism and transcendentalism. The irony is that by demanding ever-higher levels of commitment from workers, mainly by drawing on these transcendental resources, the resources themselves are diminished and less available in the future.

An interesting contradiction arises in many corporate culture programs as a result of this. The programs try to get people to take individual business and moral responsibility for their actions. However they sometimes attempt this within a context which militates against this very objective. So for example, they want employees to embrace the idea of group participation and democratic decision-making, but this goal and its desirability was secretly arrived at by a small cadre of leaders with absolutely no inputs from the people who putatively would be able to choose what they want.

IV. How are these programs implemented?

The grandiose ideas of the consultants must be translated into specific programs for them to have meaning. And this is what has been done in numerous American companies, including many of those in the telecom business.

The corporate culture change generally has three elements: re-engineering process, synthetically creating teams, and re-socializing individuals to have new goals, values and behaviors. The method of implementation invariably entails some mix of sponsoring-corporation design and reliance on consultants. Consultants for reasons both professional and otherwise want the corporate culture change program to be as explicit, extensive and thorough as possible.

One US telecom company seemingly adopted the most thorough-going recommendations of its consultants. It gave them a rather free hand to involve themselves in the company as the consultants saw fit, all in the name of corporate culture re-engineering. This has not always set well with employees who found their lives dissected by outsiders, especially when these outsiders saw it as their mission to change the direction and content of those lives. The final step was a series of intense indoctrination sessions in which employees had to mouth certain beliefs and would be chastised if they did not sound sincere enough.

A more common approach is to work hand in glove with the consultants and then formulate a series of workshops for employees. While the consultants stage-manage nearly everything, including training and overseeing workshop leaders, the company top management remains central to the action and prominent in company-wide pronouncements. [16] Ideas about cultural change are formulated by the consultants, who use arcane phraseology and shibboleths in consultation with a committee of corporate representatives. After the requisite high-level committees have passed on the recommendations, the corporate culture change machinery begins rolling forward. A collaboratively decided upon vision, style and process, are enunciated by the company president, and a flurry of meetings and workshops follows.

A third style is to do the re-engineering process via corporate resources with limited assistance from the consultants. This course has been chosen by at least two US telecom companies. The way it has worked out, at least initially, is that numerous committees were organized under an umbrella re-engineering group. At this point, several different corporate culture consultants were called in to provide pointers and review internally

generated plans. All major systems and corporate process methods were analyzed with an eye to seeing if they were really necessary at all, and if so, what extent they could be provided from outside sources at reduced cost. (This practice of out-sourcing, which can save costs, is becoming increasingly popular.) In one company's case, a surprising range of activities were found to be unnecessary and were eliminated.

Sometimes the same impulse to raise efficiency can lead to radically divergent results. One telecom company began a "charge-back" system where each staff unit would provide its services only if it would be "paid" by the recipient from the latter's budget. These were "paper" transactions, but the purpose was to make everyone cost-sensitive and profit-motivated.

Interestingly, another company took the opposite path. It dropped a charge-back system as too costly and services that had formerly been levied against internal clients on a usage-sensitive basis were now provided at no cost. Any inefficiencies created by making the resources freely available were considered less than the efficiencies to be gained by cumbersome tracking and accounting procedures. In addition, since a major component of the adopted reforms was "empowerment," the workers would now be held accountable for their individual performance and expected to use corporate resources wisely, so central services would not be abused. Another result of "empowerment" was to move purchasing and signature authority approval down one level of the hierarchy (i.e., each rank now had the purchasing authority that the rank above it had).

Re-engineering has also empowered customers. Thus, in one case, a company's division decided to eliminate any charge on a customer's bill that the customer claimed was incorrect. Previously the customer had to prove, or there had to be an independent confirmation, that the charge was invalid before it would be eliminated. But the company found that it not only usually cost more to adjudicate the bill than the amount in question, but that customers were upset by the process. The "re-engineering" proved to increase customer satisfaction and decrease costs (even though more cheating could now occur undetected). And it created more customer loyalty. By traditional accountability standards, this policy change would be a mistake, but from the view of customer-focused culture, it was the right choice.

While certainly it would be theoretically possible that a telecom company could undertake a corporate culture program without consultants, it is difficult to imagine one actually doing so. One reason is that in all likelihood corporate leadership would not

believe that it had people within the organization who could give the necessary guidance about corporate culture, since by definition the hierarchical nature (and command and control tradition) of large telecom companies would preclude such a belief. But beyond this, there are valuable tactical reasons for utilizing consultants. As an example, their imprimatur might carry more weight, or they can be the bearer of certain information which had best not be seen as coming from certain people or units within the corporation i.e., consultants could bear responsibility for unpopular ideas.

A. Fragile barrier between individual/corporation, psychological/operational and private/public

Change can be quite traumatic for those involved. Hence an important part of the corporate culture program is to help employees deal with stress. These methods may include such things as breathing and positive visualization exercises, stress management techniques, and methods (such as assertiveness training) for dealing with others, including co-workers and family members. Moreover, a key component is often helping employees set goals for themselves, and getting them to adopt certain beliefs about self-realization and self-direction.

It was precisely these initiatives that led to one telecom company being criticized by fundamentalist Christian employees who felt their religious rights were being trampled. Specifically, corporation-engendered beliefs that "you can make it happen," or "you control your own destiny" flew in the face of these employees' beliefs that only God decides what happens in one's life, and that He controls one's destiny. These criticisms of the corporate culture program were taken so seriously that an extremely extensive (and expensive) initiative was terminated because of them.

In fact the corporate culture change programs pierce and intermingle spheres which are traditionally kept separate in the US: between the public self shown at work and the private one shown in the family, the community, and in voluntary organizations (civic, religious, political, associational).

B. What techniques are used?

Companies can purchase various degrees of corporate culture transformation from consultants. Often there is an emphasis on packaged modules. Naturally, the greatest effects are promised only in those cases where all modules are purchased. But as indicated, this can be a substantial organizational commitment, often to an untested

method. As is characteristic of most corporate education and training operations, the emphasis is on containerization, portability, pretty packaging, and "workshop" methods.

Typical of the American approach, the training proceeds in workshops, organized along team lines, with exercises, flip charts, cheerful name tags, and quotations from great men and women, and take-away booklets. The central themes that emerge revolve around personal empowerment and accountability, teamwork, priority-setting, responding to customer (broadly defined) needs, and quality. Part of the re-socialization process is accomplished with new phrases, code-words, and jargon. For example, instead of saying "we agree," the phrasing may now be "we have come into alignment on the path forward." The reasoning for this phrasing is that "agreement" is static, "path forward" and "alignment" are dynamic. Further, by needing to use new terminology, workers are forced to become consciously aware of the new values and culture.

Behind these workshops, there are usually many re-engineering initiatives to reduce manpower costs, streamline and speed-up processes, and focus on corporate goals. All of these are a source of stress, which is itself taken into account by corporate consultants in their employee workshops.

In a paradoxical way, corporate culture is having a strong impact on the way business occurs in many telecom companies that successfully undertake it. This is because, on the one hand it does, when working properly, empower employees. They have greater authority to make decisions and try innovations within their sphere. But it also decreases their freedom in another way: detailed bench-marking and minutely specified performance goals are set-down and the measures of success or failure are unambiguous and inescapable. Moreover, most employees become monitored much more frequently than previously. Here I am not talking about operators and installers, who traditionally have been held to detailed, exacting, and real-time performance standards. Instead I am referring to sales, marketing, software operations personnel, and other white collar and middle management, who traditionally are evaluated at the end of a month, or even at the end of a year, and then sometimes by rather arbitrary, qualitative indicators. After the corporate culture change, these people are often measured and "bench-marked" weekly or in a few cases even hourly. So in this sense their freedom and autonomy has been reduced, and the feedback loop has been considerably tightened.

I referred above to the belief in time as something that can be controlled as a corporate resource. It is an old chestnut that time is the one thing that cannot be created, and that everyone has the same twenty-four hours in a day. However, many of the corporate culture techniques are designed to create *more* time. This is done of course not physically but mentally. Techniques are taught to save time and to work with more efficiency and concentration. Priority-setting is taught, with an emphasis on dropping low-value projects and activities so that more time will be available for high pay-off ones. Techniques are also presented about how to conduct meetings so that the maximum amount of input and decision can be achieved quickly. (For many in corporate life, meetings are notorious time-wasters.) The result of these efforts is nothing less than more time "created" and which can be productively applied to corporate ends.

Part of this time "creation" and savings stems from setting priorities. By having set priorities, employees can pursue the highly ranked ones, and ignore or limit the low ones. Within the priority framework, workers are enjoined that killing time is not murder, but suicide. Time is to be conserved and dedicated to purposeful action every bit as much as corporate purchases, or use of electrical energy or petrol.

C. Responses of employees and the indigenous culture

One of the jargon phrases incorporated in a training session was "time-thieves." To illustrate the concept of numerous small activities and inadvertent occurrences that waste time, the consultants had cartoons depicting small gremlins carrying-off bags labeled "time," sneaking away from employees and the corporate offices. In a noteworthy counter, an anonymous group within the company began circulating their own literature encouraging employees to work against the corporate culture program, and the company, by becoming "time thieves"—waste the company's time, be as unproductive as possible, they were urged. So in a small way, we can see that resistance to change can take many forms, resisters can turn the symbols of those in power against them. But presumably these guerrilla actions only delay the program's onslaught (in contrast to the legalistic methods, mentioned above, which can derail corporate culture transformations.)

Employee reactions often fall into one of four categories. The first reaction is that here is an important new way of doing business and increasing personal effectiveness. These employees might think they will need these new skills if they are to perform and excel in their jobs (and indeed may be correct). They immediately embrace the words and concepts, using them in their daily experience. While these employees may have their own thoughts about the program, there is nothing in their presentation-of-self that would

reflect that they had any doubts. They play the game perfectly, and evince no actions, gestures, or even so much as a lip curl, to suggest they are in anything less than in full agreement with the program.

A second group also tries to understand and use the system. But rather than becoming "converts" or enthusiastic proselytizers, these people openly (and perhaps ingenuously) express their doubts, hesitations, and difficulties in understanding and adopting corporate culture schemes. At the same time, they are willing to put forth the effort necessary to comply with and carry-out the new cultural norms. They might be considered good, but uninspired employees, and are also probably the largest segment.

A third group is skeptical or perhaps even cynical. They approach the corporate culture operation as just one of an endless series of attempts to improve organizational performance. They will do the absolute minimum necessary to stay out of trouble and give exceedingly modest endorsement when called upon. Mostly, though, they sit quietly and politely during the program, but express their dissatisfaction *sub rosa* during the breaks.

A final group will actively challenge the program. They will ask difficult, diverting, and problematical questions of the corporate culture module moderators. They will try to find logical or operational flaws in the program. Understandably, the implementers of the corporate change program will react. The moderator's first response may well be to use various co-optation techniques, such as soothing the question-poser, agreeing that something might be true about the assertion, expressing gratitude for the contribution and then trying to move on. However, if the "trouble-maker" is persistent, heavier sanctions will be imposed. Insofar as the company can get rid of these people, they may well do so.

What actually transpires at these meetings can be summarized as a combination of training session, revival meeting, and old-fashioned American boosterism. There is a moral overtone that shows the new culture is wearing a white hat, wants to help individual become self-realized and feel better about one's self. It teaches how to control stress, can impair any employee. And stress also accompanies major change in one's life, especially job-related changes.

Moreover, a point that is often missed in discussions of corporate culture is that by praising the new way, one must be damning the old. In the telecom case, the old often-vilified culture, is in fact the "Bell culture," exactly the culture that had been celebrated for the preceding century and "what was once the company's most treasured asset: the

BELL CULTURE [17] This culture now is accused of being insensitive to customer needs. However, in my estimation the Bell culture was in fact highly responsive to customer needs, but in the old days the customer was a different one than today.

Yesterday's customers, though, were regulators who believed in strict accountability and good service with a high degree of reliability and consistency. In addition, the system was run as a form of social policy. By this I mean that certain sets of subscribers were "taxed" by higher rates (namely businesses) while others were subsidized (namely local residential customers). This has of course largely changed, but statutory commitments to these former obligations are still in place in many parts of the organization. So corporate culture transformation can be especially intricate in semi-regulated entities.

In sum, corporate culture change is not only an idea, but a commercial package and a social process. As such, the timing and procedure, and prior culture, will affect its assimilation and effectiveness.

V. Does corporate culture make a difference?

There are at least three reasons why corporate culture might make a difference, and hence why companies might expend so much effort and money to manipulate it. These differences include (a) better quality of life for employees, (b) greater company profitability, and (c) enhanced organizational survival. In my opinion, during times of labor shortages, quality of life will be a paramount concern, during times national challenge, such as the Cold War or during or after a depression, organizational survival will rate most highly. But during times of unfettered competition, free-market ethos, and intense individualism, profit maximization of a firm will be the uppermost concern. (Currently, this latter situation seems to obtain.) Thus, what corporate culture transformation seeks to achieve would be influenced by the exigencies of the day.

Since these programs, as they have been applied to telecom companies, are so recent, it is not possible to answer the question about whether they make a difference in terms of survival. Simply put, not enough time has passed for these programs to have had a reasonable effect on profitability or survival that would be amenable to analysis with the crude measures available to researchers. And it is likely that other factors, such as dramatic reductions in personnel ("down-sizing"), swamp any immediate effects that these programs might have on employee quality of life.

On the other hand, there is a noteworthy body of evidence from other industries that have relevance to the impact of corporate culture on *organizational* performance, though I have been unable to locate anything of a quantitative nature on how corporate culture programs affect *employee* performance. So while we can speculate about the extent different approaches to corporate culture change, and indeed that corporate cultures themselves directly contribute to these three outcomes, good comparative data are hard to obtain. At the same time, as noted by Gordon and DiTomaso [1] most empirical studies seek to link cultural patterns with particular organizational strategies or practices, and indeed there are some valuable results in this area. For instance, Dunn, Norburn, and Birley [18] discovered a correlation between customer orientation, as described by Peters and Waterman [19] and effectiveness in marketing.

Still, studies that examine corporate culture characteristics relative to financial outcomes are rare. Among the exceptions are Hansen & Wernerfelt [20], who in a large survey, found that emphasis on human resources and on goal accomplishment were important in predicting five-year returns on assets. Denison [21] found cultural strength (conceptualized as consistency) added significantly to an organization's performance. Another example is a study of the insurance industry, which underwent dramatic deregulation and increased competition in the 1980s. Gordon and DiTomaso [1] studied this industry and their results are noteworthy not only because of their focus on financial performance, but also because the deregulation and subsequent organizational turmoil that affected the insurance industry parallels that which occurred in the telecom industry. They found that both the strength of the culture (measured as consistency) and a stress placed on adaptability were associated with better financial performance two to three years after the culture was measured.

Interestingly, in a comprehensive study Kotter & Heskett [22] correlated the strength of 200 firms' organizational culture with their economic performance. They found over an 11-year period that strong cultures were associated with economic success. They attribute success to cultures which prevent the short-term interests of shareholders from overriding other concerns, but rather treat all "stakeholders" equally. They conclude, though, that the shareholder's interests are ultimately best-served by such a strategy. "Only when managers care about the legitimate interests of shareholders do they strive to perform well economically over time, and in a competitive industry that is only possible when they take care of their customers, and in a competitive labor market that is only possible when they take care of those who serve customers—employees."

In my personal judgment, I see that several factors increase the likelihood of the success of corporate culture programs. The first is that there needs to be a clear and sustained dedication to the program on the part of top and middle management. The sustained aspect is important, and the "vital organizational objective *du jour*" syndrome had best be avoided. There is also a big difference between verbal commitment and behavioral commitment. There is also a big difference between initial commitment, and commitment over the long-run. Second, there needs to be incentives for the employees to "buy into" the new system. They need to see that it will work well and work to their benefit, and this needs to be demonstrated quickly. Also valuable is making a concerted effort not to degrade the prior culture (since this in effect degrades the employees who were part of that culture as well). Third, employees should be informed and in a straightforward, honest and adult-like way what is going to be happening, that the company's approach is a reasonable, reasoned way to proceed, and that the entire enterprise has been thought through carefully. Finally, the culture change program should emphasize the essential humaneness of the approach, and social concern of the company. While a few might not care what kind of company they work for, most seem to want to take pride in their organization, and know that they are leaving the world a better place for their efforts.

VI. Meaning for European telcos

These American attempts are obviously reflections of the larger national and management culture in the United States as well as particular decisions in light of specific markets. The US is at the forefront of countries that are liberalizing their telecom markets, but even so there are significant and heavy regulations still in place in many areas of telecom operations, particularly in local service. American telecom companies, as would any rational actor, are trying to maximize their position. It is noteworthy that those in the forefront of advocating liberalization are also attempting to undertake the most thorough and explicit cultural change programs. This is not surprising given that a different culture would be better matched to a newly competitive environment than would the old "Bell culture," but also both strong pressure for deregulation and a willingness to mechanistically retool culture represent a certain aggressive and innovative, strategic management stance.

With hesitation, let me suggest some links that may be worth pondering as the American cultural change programs percolate through the corporate world. Understanding the implications for European companies are particularly germane as these companies

increasingly link-up with American companies, as was the case between U S West and France Telecom.

As I see it, these corporate culture programs have several implications for European telecoms, especially the more aggressive among them that might want to work with the companies that were formerly part of the Bell system. The first is of course whether a cultural transformation "American-style" is even appropriate for European telecom companies. Perhaps the answer is less important than the reality that the desire to undertake such programs will be strong, given the power of the American model in so many European areas of life. And, should the American telecom companies that undertake such cultural revisionism begin pulling ahead of their more decorous counterparts, and especially if the Americans meet with relatively great success in Europe, such an attraction may well prove practically irresistible. So in this sense, any judgments as to corporate culture programs' appropriateness, or even their actual appropriateness, could be irrelevant since they may be undertaken anyway.

Having said this, there are also some factors which would moderate if not arrest such a program, particularly in the thorough-going American form. The first of these is the strong tradition of protecting the individual in the workplace which exists to an extent in many European countries that is virtually unimaginable in the States. These national (and in some cases provincial) laws might well hobble aggressive methods of instilling a new culture among the workforce which have characterized some American programs.

Moreover, European telcos often have emerged from a civil service tradition, which at once creates a specific strong culture that will need to be "retooled" for competition and an identity which would resist such efforts. (Recall that research shows the strongest culture is also the most resistant to change.) For many European countries, there is also an important labor union tradition which could impede such attempts. These factors, combined with the larger European cultural concern for its workforce, will likely preclude the Draconian measures, such as harsh expulsions from corporate offices, which has accompanied a few American corporate culture retooling programs.

At the same time, the European companies will have to make a transition from the norms and behaviors that they held under the monopolistic setting into ones where they can give comparable service as their competitors. The method that is likely to be chosen is probably going to be more akin to the incremental approach rather than the extreme steps characteristic of some American companies.

Certainly there will be no lack of consulting companies, both US and European, that will come forward to aggressively vend their wares. It will difficult to know which of these companies are selling performance, and which are selling hype. Also there would be a question as to whether past successes with other companies, to the extent they even could be documented, were even due to their contribution instead of some other party or even some unique circumstances. And finally there would be some question as to whether these skills are truly transferable to the environment of the European telco considering their services. By the same token, as mentioned above, the advantage of having a fresh look by outsiders, and having an independent source of recommendations, cannot be underestimated.

Further, the major European telcos seem to attend very carefully to what their colleagues in other EC nations are doing. Therefore they will imitate each other to a degree, thus gradually move along more or less in tandem. Or, put differently, some major European telcos view it as a big advantage to do things the same way their counterparts in other countries do them, and so an imitation effect is likely to be quite strong.

On the other hand, with liberalization there will be many new entrants to the European market. New companies have the advantage of being able to create their corporate culture when they begin operations. The built-in resistance will be less, and rewards and behaviors can be structured to address immediate market exigencies rather than having to seek transitional ones, which will be the burden of the former PTTs.

Plus, the notion of separate European and American telcos seems increasingly archaic. Instead the telecom players of the future are likely to be truly global entities, with adjustments to local employment practices made where necessary. Within this context, corporate culture may become more fixated on seeking ways to integrate diverse practices and perspectives rather than on re-tooling a static, procedure-dominated culture into a dynamic customer-focused one. The complexities of fast-moving, specialized markets will demand flexibility, and far-flung operations will require integration. These exigencies suggest a convergence on a style that incorporates many frames of reference and rapidly shifting skills.

If the American situation is a precursor of the European one, we can also expect a rapidly shifting potpourri of corporate partnerships, strategic alliances, spun-off subsidiary operations, and acquired smaller companies in niche markets. This cacophonous admixture may make the corporation harder to manage; certainly it will make it less

amenable to centralized control from the top. Perhaps having some core values, a shared vocabulary, and a shared set of basic inter-operable tools will allow the corporations to maximize the advantages of scale while minimizing the costs of ponderousness. Having a unified core culture, yet one that still respects local autonomy and initiative, may be a vital advantage. Such a culture would presumably respect diversity, individual autonomy and responsibility, and reward some risk-taking. It would be a culture where frames of reference shift rapidly, where conflicting ideas and interpretations can co-exist, and individual meaning and cultural identity will have a synthetic, artfully constructed quality. Rather than gradual transitions, the situation that has characterized the past telecommunications environment, the environment of the future will be characterized by sharp discontinuities in meaning and method. A post-modern corporate culture, then, for a post-modern corporation.

VII. Meaning for international operations

However, beyond the areas we have been discussing, namely the internal and local dimensions of corporate culture, and the implications of American activities for European telecom companies, lie questions of the relative regional and national differences in corporate culture. As a telecom business expands its global organizational connections, its corporate culture becomes ever more critical especially as it begins interacting with distinctive regional cultures.

In the first place, business strategy often requires exploitation of foreign markets and working with members of the host culture. Representatives of the global telecom company clearly must be able to provide an interface between local cultural practices and the culture which operates within the telecom company. Second, we are entering an era of cross-national alliances, which in effect also means bringing nationals of diverse cultures together in operations. Certainly under these conditions the normal difficulties of communication are amplified. And without sensitivity to local cultural practices and incentives, one can easily run afoul. As Noemy Wachtel [23] pointed out, literal translation is not sufficient to understand what is going on in a host culture. She cited her experience where she and her AT&T colleagues were constantly having to explain and understand each side's way of doing business, independent of the substance of negotiations. Foreign entanglements are pregnant with possible conflicts and rewards, from a cultural viewpoint.

As different cultures having a distinct regional or a national identity are brought into integrated working relationships, the "cultural baggage" or the larger cultures will inevitably conflict within the more limited corporate culture boundary. We have already had a foretaste: Not surprisingly in such a vast, diverse country like the United States, served at one time by primarily by the AT&T monopoly, there were vast differences in regional culture. How could, for instance, the important but widely varying local norms about racial minority hiring be respected by a national company like AT&T. In the 1950s and early 1960s, these sometimes strict norms were often nearly the opposite in various state jurisdictions, and the practice in one state would be unacceptable to another, yet all these companies were under the same corporate umbrella. (AT&T handled this situation, I have been told, by instructing its local-level managers to respect the indigenous cultural practice.)

On a different plane, but similar theme, I have been informed by Swedish employees of British Telecom (BT) that they discern a conflict between the hierarchical arrangements which are typical of BT and the more muted (or even explicitly down-played) status distinctions typical of Swedish companies. Likewise, there may be some difficulties encountered in partnerships such as that between U S West and France Telecom. It will probably be the case that there will be points of interaction among the those who are steeped in the free spirit of cowboys and the unbridled freshness of the frontier with those who are steeped the tradition of Napoleon and *beaux arts*. Doubtless many of these interactions will produce valuable synergies and enriching experiences. It will also probably be the case that without adequate preparation, different cultural norms and practices will impede communication and smooth coordination.

A strand running through many of my remarks is that while opinions abound, hard data that would let us to create meaningful categories about approaches to changing cultures, or cultures themselves, are not available. Perhaps, then, a prudent next step would be to begin a social mapping project. This project would attempt to delineate what points are important about the major corporate and indigenous cultures, what aspects of these cultures might lead inherently to conflict, and how these cultural values and processes relate to corporate and strategic alliance effectiveness. Another aspect would be to attempt to understand determinants of effective cultural change programs.

VIII. Conclusion

Culture is demonstrably important in achieving corporate performance and achieving objectives with strategic partners. And the old cultures of many telecom companies no longer appear appropriate to the changed circumstances of the emerging business environment. To many corporate leaders, frustrated by slow-reacting bureaucracies, the far-reaching transformation promised by corporate culture reconstruction is compelling. But the key question in this is whether the explicit "cultural re-tooling" that is being practiced by some companies is appropriate and necessary. These programs are undeniably expensive, both in terms of their direct costs and in terms of time and emotional costs to employees. Are the gradual, calm approaches that are used by other companies preferable? Unfortunately we do not have the direct evidence necessary to give a clear answer. But my personal observations do suggest that the manner in which these programs are implemented, regardless of the speed, makes a difference in their effectiveness.

There are those who argue that is best to take a quick action, including the instant dispatching of surplus employees. They say that if the procedure is handled more deliberately, those who are going to be eliminated will poison the other employees and become daily reminders of the past problems and portents of a gloomy future. Supporters of this viewpoint hold that by getting rid of surplus workers immediately, and shocking the others into the "lessons of the new environment" they are acting humanely. It allows all parties to make personal and professional adjustments in light of the new reality, and that to drag things out is a disservice to both those who now must pursue other career options and those who must reorient their daily routines within the corporation.

On the other hand, there are others who say this approach rather than being more humane, is the opposite. Advocates of the "gradualist" approach say that by giving employees time to make adjustments, they are allowing them to maintain their dignity even while losing their jobs. And the lesson that is given to the remaining employees is that this is a caring company which will take of its people insofar as is possible. The unstated reciprocal is that the corporation is deriving of the employees' respect and dedication in return.

Which alternative is preferable at this point remains firmly lodged in the sphere of values, since so far as I have been able to determine, there has been no systematic evaluation that would allow us to definitively answer this question. Still, beyond the question of internal

company management, these personnel retention and acculturation decisions have ramifications for the larger business environment within which these companies work. Thus treatment of workers in a semi-regulated industry can be an object of interest for both governmental bodies and labor unions. It also has implications for the recruitment and retention of the most talented workers. And in some very rare cases, these decisions have become the concerns of very high levels of government.

In conclusion, these corporate culture change programs have significance not only for the companies and employees directly involved: the programs chosen by companies can spill-over into the political and public arenas, rebounding in ways that lead to governmental expressions of concern that directly intervene into internal corporate matters. As a consequence, these corporate culture change programs need to be conceived with judiciousness and prudence so that they have hope of achieving results that will help the corporation achieve success while improving the lot of its employees.

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