The changing nature of work, leadership, and organizational culture in future ready organizations

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AUTHOR NOTE

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ABSTRACT

The relationship between individual and organizational performance is a key challenge for leaders in modern organizations, especially with the current disruption in technology and innovation. This thesis is a literature review and compilation of the relevant empirical evidence on various processes of industrial groups and organizational characteristics such as the changing nature of work, leadership, and company culture in detail. I investigate the complex challenges that millennials and organizations are facing in the current VUCA work environment as well as their potential responses to these changes. I map out the evolution of the concept of work and compare changes in the workplace environment of the past, present, and future. Additionally, this thesis reviews the literature on organizational culture models, cultural fit and clash. I explore the intertwined differences and commonalities between management and leadership and also consider a gradual shift to a model of managerial-leadership in 21st century organizations. Furthermore, the research closely examines cultural change management through the lens of mergers and acquisitions. It also discusses next steps, like job redesign, team reorganization, and cultural reconciliation, to increase job satisfaction, employee motivation, and performance in future-ready organizations.

Keywords: Work, Corporate culture, Management, Leadership, Job redesign, Organizational Behavior, Innovation, Change Management, Human Resources, VUCA.
The changing nature of work, leadership and organizational culture in future ready organizations.

INTRODUCTION

As a psychology major with a leadership sequence, I am interested in understanding how individuals behave, especially in organizational settings. During my time at CMC, I have taken many organizational psychology related courses which have developed my interest in this area. My academics and summer internship experiences encouraged me to learn more about organizational behavior and different work cultures. Even when I was studying abroad at Oxford, I took management courses in organizational behavior, strategy, and marketing at The Said Business School. I thoroughly enjoyed taking these classes and believe that writing a thesis in this area closely relates to my interests and serves as a capstone to my undergraduate education in Psychology and Leadership at Claremont McKenna College.

Each chapter of this thesis highlights the key historical and modern research viewpoints on the gradual shift that is occurring in the nature of work, management, leadership, and culture. After setting the context of the challenges that organizations are facing in the VUCA (Volatile, Uncertain, Complex, and Ambiguous) world, the first chapter focuses on the importance and evolution of the concept of work from pre-industrial times to the information age. Through relevant empirical studies and real-world cases, the second chapter discusses the complex relationship between leadership and management. The third chapter analyses the various factors impacting organizational cultures, as proposed by Edgar Schein a notable scholar of organizational culture and development. Furthermore, this chapter focuses on the finding the right cultural fit for
high potential employees and cultural changes through the lens of mergers and acquisition case studies. Lastly, chapter four explores potential linkages between the concepts of work design, job performance, and job satisfaction. Possible solutions such as job redesign, organizational restructuring, and further recommendations for smooth change management are proposed through examples and relevant action steps to prepare future-ready organizations to lead through disruption in this VUCA world.

**Leading in a VUCA world**

It is essential to set the context for today’s VUCA workplace environment before attempting to understand the changing nature of work, culture, and leadership. ‘VUCA’ was an acronym coined in the late 1990s by the United States Army War College to describe the post-Cold War environment, however, it remains as relevant today in the context of modern day organizations. The term stands for, Volatility, Uncertainty, Complexity, and Ambiguity, words that effectively define and assess the work environments of future ready organizations today. ‘Volatility’ stands for the increasing size, pace, and nature of the changes being faced by organizations. ‘Uncertainty’ signifies the lack of information, or the inability to predict issues and events of the future. ‘Complexity’ highlights the interconnectedness of interacting forces affecting organizations and ‘Ambiguity’ is defined by unclear causal relationships and difficulty in teasing out issues. The core characteristics of VUCA are driving major strategic and leadership decisions in organizations.

With the unprecedented pace of technological improvements, entrepreneurial economies, globalization of markets, and changing customer needs one cannot solely rely on technologies and techniques to increase learning and development in organizations.
The need for clear vision, purpose, new business models, self-directed learning, and development of digital competencies has increased greatly for workforces in today’s VUCA world. It is also important to build a responsive high-trust culture with employee empowerment and strong communication, that can be transformed based on external changes. Creating learning organizations and investing in executive coaching and leadership development are also key solutions to managing today’s workplace challenges.

There is a constant need to develop young leaders who can innovate and understand the requirements of a rapidly changing work environment. The most common ways to develop leadership are through, “challenging assignments, deep relationships with mentors and bosses, and adversities or setbacks” (Van Velsor et al., 2010). Companies need to plan ahead for the future or they are risking their survival. The VUCA world will continue to accelerate. “To meet this velocity and the intensifying competition, for organizations the pressure to relentlessly innovate is greater than ever” (Vogt, 2016).

VUCA helps leaders manage human resources, make decisions, plan ahead, and adapt to change. On the verge of a technological revolution, companies need to make short-term plans that can be modified based on the constantly changing workplace and problem solve to maintain their operations.

Research articles suggest various ways to negotiate VUCA conditions and prepare for the future of work. One of these is for leaders to “develop a curious mindset to help them anticipate complicated and unforeseeable problems” (Bolman and Deal, 2008). This mindset includes addressing ambiguity with inquisitiveness, overcoming complexity with creativity, being open to new experiences, adjusting expectations, and tolerating disruptive changes. HBR’s 2014 article, “What VUCA really means for you”
recommends “using a Vision to navigate volatility, increasing Understanding to handle
uncertainty, getting Connected to make sense of complexity, and being Agile to respond
to ambiguity” (Bennett and Lemoine, 2014). Some tested approaches to succeed in the
VUCA world include, restructuring resources and organizations, preparing talent, and
investing in information to preempt unexpected changes. Experimenting to find clear
results and resolve ambiguity is also useful (“What VUCA really means for you”, HBR,
2014). The solutions mentioned above are discussed in greater detail in chapter four.

VUCA “is a network phenomenon and can’t be mastered through industrial age
structures and practice. It calls for many penetrating, challenging, open-ended, analytical
questions” (McNulty, 2015) to stimulate different perspectives and make accurate
predictions from patterns. Tangible goals, clear decision making, strong core values, and
fail-fast cultures help reassure teams about the stability and transparency of the changes
occurring. In this way startups, are well versed with handling VUCA. “VUCA landscapes
also present unusual opportunities to do things differently. It will take not only new
strategies, but a new way of thinking, communicating, and creating” (Nussbaum, 2013).
Content-focused jobs and traditional management styles are becoming obsolete, thereby
challenging entrepreneurial leaders to develop organizational capabilities, reskill their
talent, and realign their company structure and strategy to meet the demands of the
VUCA world. The three main capabilities required for organizations to survive would be
“the ability to sense the reality of a situation, the ability to respond effectively to the
sensed reality, even without resources to assess major implications carefully, the ability
to learn rapidly from experience and incorporate the lessons into future plans for
execution, and most importantly, the building of sense and response capabilities” (Mukherjee, IMD).

To lead through this disruption in the future, organizations must find a balance between the order and chaos and internally shift their traditional mindsets. Companies are uncovering alternatives for positions at risk of technological disruption. Some jobs are being eliminated, with the rise of machine-learning and artificial intelligence. “Analyzing drivers of career advancement, reskilling, learning agility and internal mobility” (“Accelerating for Impact: 2018 Gender Imperative”, 2018, pg. 6) are possible actions to overcome this challenge. The nature of some jobs is being transformed with improved imaging and virtual reality technology. To cope with these changes recruiting, training, and developing suitable talent is imperative. Organizations must also harness the power of “data and analytics to size the potential impact of emerging technologies on the workforce and then redeploy or reskill talent accordingly” (“Accelerating for Impact: 2018 Gender Imperative”, 2018, pg.10). Gaining a competitive advantage in the VUCA world is a two way process- individuals need to “seek out and take advantage of the upskilling opportunities offered and employers have to set up policies and programs to encourage this mindset and make it easy for employees to learn” (“Accelerating for Impact: 2018 Gender Imperative”, 2018, pg. 10). “Excellence in a VUCA environment takes time, requires strong leadership and agile, resilient team members dedicated to being learning leaders who persevere in the face of resistance and setbacks” (Forsythe et al., 2018).

In the following chapters, I delve deeper into the research behind many of these claims, ideas, and, challenges that are being caused by the current wave of digital
transformation and disruptive innovation. I will further discuss the implications of VUCA on changes in the nature of work, culture, leadership, and management. Additionally, ways to better cope with these changes in the workplace through organizational restructuring, job redesign, and change management are also suggested.
CHAPTER I

What is work and how is the nature of work evolving?

“A society without work, is a society without a center, a society lacking basic coordinates in matters, in everyday life as in politics, economics, the law and so on” (Beck, 2000, pg. 10). Though there are various distinct orientations and complex theoretical definitions of work, I accept the perspective that “work is a transformative activity and socially constructed phenomenon without fixed meaning across space and time. Its meanings are delimited by the cultural forms and social context in which it is practiced” (Grint, 1998, pg. 42). Marx’s beliefs on work focused largely on the political nature of the employment relationship. Marx believed that work has always been a central concept to society, but its meaning has constantly been “created, challenged, altered, and sustained though the contending discourses” (Grint, 1998, pg. 9). This holds true even today, as digital transformation has led to a transition “from a work society to a knowledge society” (Beck, 2000, pg. 1). Having multiple theoretical perspectives allows the delineation of the ever-changing definition of work in the context of the modern world and helps compare traditional theories to trends of the future.

The evolution of work as a concept

Historically, the meaning of work has been contested and changed multiple times since the ancient Homeric societies of Rome and Greece, wherein it was associated with drudgery. In the agrarian society, “the lower classes had no regular secure source of income. Day-laborers were without an income for half of their working life and up to a fifth of the able-bodied population roamed the land as beggars and vagabonds” (Beck, 2000, pg. 12). This changed after industrialization in the mid-1800s. Today, in the 21st
century, unemployment is not being attributed to cycles of economic recession and
depression, but rather to the boom in technological advancements. Due to the elimination
and transformation of many jobs “the prospects for massive job creation in the near future
seem bleak” (Littler, 1985, pg. 280), not only are people growing insecure of their job
prospects but their “skills and knowledge are growing obsolete and no one can say what
they must learn in order to be needed in the future” (Beck, 2000, pg. 3). A 2017 trend
report mentions that talent sourcing and recruitment are facing tremendous pressure.
“Talent and skill shortages are widespread. Employees are demanding new careers and
career models. Technologies and innovations—including cognitive, artificial intelligence,
social collaboration, crowds, and the sharing economy—are reshaping the workforce”

Today, work is not limited to employment and what may be work for one may be
leisure for another. For example, for an orchestra musician, practicing the violin is work,
while it may merely be a recreational activity for someone else. “We cannot always
distinguish between work and non-work” (Grint, 1998, pg. 11). This view was considered
too broad by industrial and sociological perspectives, which often segregated society
members into categories of “employed” and “unemployed”, based on their income, taxes,
and economic activity, in order to differentiate between workers and non-workers.
However, these views do not consider those with domestic responsibilities, who are also
working even if it is without remuneration. Besides its economic meaning, work also has
a social meaning by which it confers a social status.
Gender and work

It is important to note that “work is more than employment but less than all forms of social activity; employment is a form of work but not all work is employment” (Grint, 1998, pg. 29). “Women’s voices were rendered largely invisible in early sociology and their lives were ignored on the whole by its founders”. (Strangleman and Warren, 2008, pg. 26). These conventions are being modified gradually as socio-economic changes call for diversity in the workplace. In the past few years more, women are participating on corporate boards and senior management positions (24%) globally (Grant Thornton International Business Report 2016). Research shows that companies who have more female directors perform better (McKinsey, 2010). Durkheim suggested that increasing functional interdependence offers social cohesion and organic solidarity. Today, it is common for people of all classes and genders to work together, although there remains a difference in their pay, based on the nature of the work, their skills, and knowledge. It can be said that “work today has become the core value and mode of integration in modern societies, to such an extent that almost no alternative remains” (Beck, 2000, pg. 11).

Furthermore, Glucksmann supports the idea that work goes beyond employment and monetary income. He articulates the importance of ‘work-life’ and ‘work-family’ balance, given that “men and women have lives that include other spheres such as leisure and health” (Strangleman and Warren, 2008, pg. 36-37). The balance between work and family roles has been enriched for both genders, especially due to the implementation of family-friendly work policies in many countries. Contextual influences such as national culture, economic status, and family beliefs, determine the opportunities and barriers to women’s career advancement and transitions. In the past, “women’s work outside the
home was circumscribed by their activities within it and their employment opportunities have been restricted in the main to analogous domestic activities: cleaning, cooking, caring” (Grint, 1998, pg. 30). This patriarchal model is gradually diminishing as women are breaking the glass ceiling to take on more leadership roles at work. Holding multiple roles is not a disadvantage for women, rather their life roles positively affect their managerial roles. Most organizations are offering longer maternity leaves, comprehensive insurance plans, flexible working hours, work from home schemes, and reducing the wage gap to promote equal opportunity at the workplace. For example, “Google boosted its parental-leave policies, which resulted in a 50% reduction in attrition for working mothers” (Fortune). Furthermore, work-life practices positively affect the proportion of women holding managerial positions, “if the organization is not highly male dominated” (Kalyash et al., 2016). To further facilitate women’s career development organizations should remove biases, empower women leaders, and adopt governmental policies to help reduce the gender pay gap.

Motivation and work

Fredrick Taylor believed “that workers can be understood as rationally motivated. If you offer them more pay, they will work harder” (Strangleman and Warren, 2008, pg. 27). This is a theory that is losing significance in today’s world because it largely ignores other employee motivations and takes a narrow focus by explaining motivation as an external factor that is entirely driven by monetary reward. Later research by Amabile and Kramer (2007) in their paper “Inner Work Life” suggests that workers are impacted by workday events and changes in their emotions, perceptions, and motivations for work, which then reflects on their cognitive performance and creativity in their day to day work
lives. This was self-reported by subjects through their daily diary entries that were later analyzed to report positive results. In recent times too, people are motivated by more than just monetary benefits. For example, technology industry leaders that I interviewed as a research survey, reported that in addition to pay equity and perks, it is critical that their companies have career growth opportunities, job-mobility, progressive and comprehensive coverages when it comes to fertility, health, parental leave, transgender coverage, and 401K benefits for all employees in order to motivate and retain top talent. They also run unconscious bias workshops and ally trainings to promote inclusivity.

Based on these internal motivations of employees, improving diversity and inclusion initiatives has become a key human capital priority for companies in today’s digital age. Companies “thrive on empowerment, open dialogue and inclusive working styles. Leading organizations now see diversity and inclusion as a comprehensive strategy woven into every aspect of the talent life cycle to enhance employee engagement, improve brand, and drive performance” (Deloitte Human Capital Trends Report, 2017). It is important for managers and leaders to keep these insights in mind while interacting with their employees in order to best utilize their resources.

**Weber’s ideal bureaucracy**

Weber focused on the role of the protestant ethic in the rise of modern capitalism and bureaucracy. It is interesting to compare Weber’s rationalistic view of bureaucracy, based on his ideal typologies, to modern-day workplaces. Weber proposed that the modern workplace would need, “A clear cut division of labor: job specialization. Authority hierarchy: position of offices, clear lines of responsibility. Formal selection and establishment of rules and regulations. Continuity in spite of changes to personnel”
Weber’s predictions are true to the extent that there has been a shift from patriarchy to hierarchy in the modern workplace. However, with the current start-up culture, soon this hierarchical approach may also be completely replaced with a flat, close-knit structure, that incorporates a team-based approach with informal rules, fewer regulations, and greater inclusivity. Organizations also differ in their level of formality when defining work. Larger companies “emphasize having clear job descriptions with formal accountabilities, clear expectations, reporting structure and relationships with other stakeholders” (Conger and Church, 2018, pg. 203). While other organizations define work roles informally, “in these organic and entrepreneurial organizations, reporting lines can be blurry and navigating them can be challenging” (Conger and Church, 2018, pg. 203).

Contrary to Weber, an immense amount of creativity and individuality can be witnessed in modern day workplaces, with the growth of lateral thinking and innovation. Earlier, “work, conceptualized as a moral responsibility, was still only really appropriated by the middle class and despised or ignored by the aristocracy and working class alike” (Grint, 1998, pg. 18). Work is no longer treated as “something to be endured than enjoyed” (Grint, 1998, pg. 19), rather there is an innovation-centered, entrepreneurial spirit surrounding work, in this age of start-ups and digitization. “We are eyewitness to a historic turnaround in the work society. The first modernity was characterized by the standardization of work; the second modernity is marked by the opposite principle of the individualization of work.” (Beck, 2000, pg. 55). This is not to say that Weber’s model was wrong, rather his model acted “as a heuristic, to facilitate our understanding but not
to shackle it, to help us to see what work may have been and might be like, but not define it objectively” (Grint, 1998, pg. 323).

The future of work

Today we are faced with an interesting paradox, “on one hand, work is the center of society around which everything revolves, on the other hand, everything is done to eliminate as much work as possible. Productivity means the removal of more and more human labor” (Beck, 2000, pg. 14). Post-industrialization machines and automation have slowly replaced physical work and contracted job creation. “The work society is coming to an end as more and more people are ousted by smart technologies and labor market flexibility” (Beck, 2000, pg. 2). The end of work phenomenon is rising with the progressing developments in fields such as information technology and machine-learning. “We can look forward to a future where virtually all the work will be done without human intervention or oversight” (Grint, 1998, pg. 315), be it self-driving cars or robotized kitchens, these changes will definitely lead to downsizing and large-scale unemployment. “Tasks that require scarce skills but do not depend on in-person interaction are being outsourced or shifted to people in less costly locations” (Dewhurst, Hancock and Ellsworth, 2013, pg. 62).

Future ready organizations have shifted their HR priorities. They are now more focused on gaining a competitive edge in an externally determined labor market, transforming workforces through upskilling, reskilling, and providing internal mobility. Digital platforms are transforming many tasks and require more cross-functional talent in the areas of artificial intelligence, machine learning, and software development. Redesigning of knowledge work is being implemented, wherein organizations are
“redefining high value knowledge jobs to help address skill shortages and accommodate new ways of working” (Dewhurst, Hancock and Ellsworth, 2013, pg. 60). People analytics is booming and companies are redefining their cultures to curate holistic employee value propositions. Today, experimentation is encouraged for many organizations that used to invest in “R&D but rarely conducted organizational experiments. Today’s workforce wants something different from the strict hierarchies of the 1960s office worker” (Edmondson et al., 2015, pg. 11). For example, redesigning the team dynamic and workspace is an organizational experiment that Disney Animation tried and got some successes and other unexpected results from it, which are discussed in more detail in chapter four.

There are many factors that determine the concept of work, be it contexts, gender, theories or cultures. The future of work is becoming more about differentiation and change management for employees and organizations. Companies are conducting research and working on thought leadership in these areas. Given all these rapid shifts, we cannot generalize and simplify one objective definition of work based on the past, present or future, for “the meaning of work is not immanent to the activities; meanings are socially constructed and maintained, they are contingently present and permanently fragile. Work is an assembly of ideas, processes, and models” (Grint, 1998, pg. 43, 323). Given the volatile work environment, globalization, digitization, and exponential growth in technologies, the definition of work is continuously being refined. However, these changes don’t mean that the importance of work as a concept has diminished, given that “our survival as a species is based on the need to work, regardless of how work may be conceptualized” (Applebaum, 1992, pg. 589).
CHAPTER II

What is the relationship between management and leadership? How has this relationship evolved over the years?

The ongoing debate on whether leadership and management are opposites or lie on a continuum is very relevant in today’s times. Management and leadership have historically been portrayed as opposing concepts, with management defined by order, consistency, stability, monitoring, staffing, budgeting, and other short term motives. In contrast, leadership is characterized by change, novelty, movement, envisioning of long term strategy and direction. Managers focus on process and internal stakeholders, while leaders focus on managing change and bridging the gap between internal and external stakeholders. Leadership is closely associated with inspiration rather than coercion. In the VUCA world, the traditional definition of a manager is losing significance and the focus is shifting to the need for good leaders at every level of an organization. Based on research studies, the managerial role is undergoing a paradigm shift and moving closer to the leader’s role.

“Leadership is the art of getting someone else to do something you want done because he wants to do it” - Dwight D. Eisenhower. Leadership has been defined umpteen number of times by various academics, be it Stodgill, Hollander, Korman or Koons. Here we consider Yukl’s definition of leadership as “the process of influencing others to understand and agree about what needs to be done and how to do it, and the process of facilitating individual and collective efforts to accomplish shared objectives” (Yukl, 2006, pg. 8). The main aspects of leadership are authenticity, trust, and cognitive intelligence, measured by one’s intelligence quotient and emotional intelligence.
Management, on the other hand, puts more emphasis on cognitive intelligence. It is the “handling of more mundane and routine tasks of the manager’s job—assigning duties, measuring performance, monitoring work behavior” (Riggio, 2017, pg. 1). Managers were broadly defined “to include anyone above a certain level, above foreman, whether they were in control of staff or not” (Stewart, 1976, pg. 2). In contrast, leaders are usually in control of some members of the staff.

I argue that management and leadership are independent concepts, although they are closely intertwined and often co-occur with each other. In line with the “industrial paradigm of leadership that upgrades good management to excellent management” (Rost, 1993), core leadership skills are often a prerequisite for successful management. To further Yukl’s view, one can be a leader without being a manager (Yukl, 1989). Leaders need not be bound to the upper echelons of the organization, rather they can and should be present at all levels of the organization for the organization to do well in today’s rapidly changing world. The need for leadership development at every level of the organization is driven by the challenges faced by the VUCA workforce.

Given that leaders are not bound by positional power, it is possible for leadership to be present at various levels of the organization, rather than be limited to just the topmost positions. Selznick agrees that “leadership is not equivalent of office-holding, high-authority or decision making” (Rost, 1993), rather “the leader is usually followed because of his physical or charismatic power” (Mintzberg, 1973). This is illustrated in the Disney Animation case, wherein the broader group of employees were given the opportunity to lead the team created every time a new technology would emerge. “The person who had the most compelling vision and could effectively drive the team forward”
(Edmondson et al., 2015, pg. 6) would be chosen. “Titles played very little role in
deciding team leads. You didn’t have to be in management to move up, everyone was on
a level playing field based on what they brought to the table” (Edmondson et al., 2015,
pg. 6) as Disney Animation prioritized the best ideas. In today’s times, with increasing
Volatility, Uncertainty, Complexity, and Ambiguity, there is a growing need to
constantly develop new young leaders, while also retaining senior leaders. Just as in the
Disney case, many successful companies are promoting younger people into leadership
earlier in their careers by giving them “the opportunity to learn on the job and the
flexibility to lead teams and projects with support from senior leaders. They use them as
reverse mentors to help senior executives learn about technology, work practices, and the
culture of younger employees” (Deloitte Human Capital Trends Report, 2017). Google is
another fitting example of this culture, as in order to promote leadership at all levels,
Google “downplays hierarchy and emphasizes the power of the individual in its
recruitment efforts. Given the overall indifference to pecking order, anyone making a
case for change at the company needs to provide compelling logic and rich supporting
data. Seldom do employees accept top-down directives without question.” (Garvin,
2013). This further reinforces my belief that it is effective for leaders to exist at all levels
of the organization. This is especially relevant today as organizations become flatter and
hierarchy reduces.

Today, leaders are required to protect organizational culture and identity amidst the
turmoil of the digital revolution. Specialized training programs, coaching workshops,
executive feedback, job rotations, and leadership frameworks are used to train the new
generation of leaders to develop lateral relationships and leadership capabilities. These
are capabilities like “collaborating, conceptualizing new solutions and motivating diverse teams” (Deloitte, 2016, pg. 29). “Leaders are needed to handle change through setting a direction, aligning people, and motivating and inspiring people” (Northouse, 2019, pg. 4). In the Disney case, “team leads were responsible for creating a vision, running operations while managers were able to focus on technology investment strategies and setting team expectations” (Edmondson et al., 2015, pg. 7). Given this scenario, strong leadership becomes more important than day to day management, for employees are required to be “Visionary, Understanding, Courageous and Adaptable” based on the latest VUCA 2.0 model (HBS, 2017).

Even though leadership and management are often used synonymously, I contend that these are inherently different concepts because they differ in their competencies and roles. “Managers do things right, leaders do the right thing” (Bennis and Nanu, 1985, pg. 221). Fayol’s fourteen principles of management further illustrate key tenets like, “division of work, authority, discipline, unity of command, direction, remuneration, centralization, scalar chain, order, equity, initiative, Esprit de Corps, stability of tenure of personnel and subordination of individual interests” (Fayol, 1916). Managerial tasks were also clearly defined, as “highly interdependent, contextual and systemic. They combine the maintenance of administrative structures and their changes. They rarely generate visible outputs which can be directly connected to individual inputs” (Whitley, 1989, pgs. 209-224). Management is often treated as a profession requiring education and socialization, founded based on theoretical knowledge. The recruitment and standardized training for managerial roles is common in most organizations. Management teams play the role of taskmasters by “identifying and capturing new strategic opportunities,
orchestrating the organizational assets and inventing business models and controlling new organizational forms” (Augier and Teece, 2009). On the other hand, “leadership teams focus on the creation of a common vision, motivating people to contribute to this vision and aligning their self-interest with that of the organization” (Weathersby, 1999). In the case of Disney Animation, the team lead was “not administrative in nature. They’re working alongside everyone and leading by example. 80% of their job is doing the work and 20% is establishing a vision to key stakeholders. Their goal is to be transparent with their ideas and to be open to feedback from their peers and management” (Edmondson et al., 2015, pg. 5). Whereas, “managers maintained people’s career growth, handled reviews and made sure people had what they needed” (Edmondson et al., 2015, pg. 6).

Leaders also usually generate visible outputs that can be traced directly to their individual contribution. “True effective leaders provide guidance and support and are distinguished by a high degree of emotional intelligence, which includes self-awareness, self-regulation, motivation, empathy and social skill.” (Goleman, 2004). This view aligns with reinterpretations of Burn’s model of leadership which states that transactional leadership is closer to traditional management whereas transformational leadership is a form of pure leadership. The transactional perspective focuses on a rational exchange relationship based on contingent rewards, impersonal order, short-term goals, and tactical issues. Its similarity to traditional management is apparent here. Contrary to this, transformational leadership requires a stimulating, charismatic personality, a centralized purpose and long term vision inspiring higher levels of motivation.

The concepts of management and leadership are said to be independent as it is possible to have organizations that are well managed but poorly led and the converse may
be true as well (Hickman, 2016). There are companies that can manage routine tasks well but never question whether those tasks should be done, as every good leader should. Companies may have strong management, based on Henri Fayol’s prescriptive view of management which outlines six “managerial functions- forecasting, planning, organizing, coordinating, commanding and controlling” (Mintzberg, 1973). However, they may lack the leadership abilities of “influencing, guiding in direction, course, action, opinion” (Rost, 1993). The motivation of the leader and their initiatives greatly impact the organization. “The essence of organizational leadership is the influential increment over and above the mechanical compliance with routine directives of the organization, as in the case of management” (Hickman, 2016). Management skills are not as easily transferable to a variety of contexts as leadership skills. Kotter found that “managers that worked in very contextually specific settings were unlikely to be able to move successfully into a general manager role in another setting” (Kotter, 1982).

Another contrast to leadership lies in the fact that managers are figureheads with positional power. Schein describes a spectrum of career anchors, wherein he states that managers are “generalists that prefer managing people and build their career upon ascending the hierarchical ladder” (Schein, 1978). They are “vested with formal authority over an organizational unit. This status leads to various interpersonal relations, and access to information, which then enables the manager to make decisions, allocate resources and strategies for the unit” (Mintzberg, 1997). Though leaders have some positional power on matters of hiring, firing, and promoting employees, they usually interact with their employees situationally in either a directive manner or a supportive manner. Fiedler’s situational model concluded that “when the situation is favorable to the leader a
supportive democratic style is more effective” (Fiedler, 1967), so good leaders work along with their team and rarely misuse their positional powers.

Despite these differences between leadership and management, their relationship is complementary, as one is important for the success of the other and they often co-occur. “Effective leaders of the 21st century will need the ability to manage in the presence of ambiguity and rapid changes driven by technology” (Weathersby, 1999). Whereas it is also important for managers to take on leadership. Managers “must articulate goals, help evaluate opportunities, set culture, build trust, and make key strategic decisions. The manager senses new opportunities and leads the organization forward to seize them. The manager must lead.” (Augier and Teece, 2009). Thus, leadership is essential for good management because in addition to their managerial role, a manager is also required to be a direct or indirect leader given the situation. For example, they may be responsible for training their team, leading a project, giving feedback, motivating and rewarding them, and most importantly, catering to their needs, all of which require core leadership skills. The focus of the manager’s leadership role “is to effect an integration between individual needs and organizational goals” (Mintzberg, 1973). Similar to leaders, managers also play an “interpersonal, informational and decision making role” (Mintzberg, 1973, pg. 92-93). These commonalities show that leadership and management go hand in hand as “formal authority vests the manager with great potential power, but leadership determines a large part of how much of it they will realize” (Mintzberg, 1997). The role of managers has changed in the modern world and their values are more closely aligned to those of a leader, in order to accommodate the changes that are occurring at present. While earlier managers operated in a predictable and stable work environment, they are now able to
thrive on chaos. They are now regarded less as the boss imposing authority, and more as coaches that empower employees. Instead of hoarding information, they believe in sharing information. Twenty-first century managers are able to oversee both on-site and virtual employees and are more sensitive to diversity than ever before.

Managers play a vital role in the efficient running of organizations. Contrary to the aforementioned arguments, Bryman argues, “that leadership and management are the opposite sides of the same coin, that many visions can be achieved through the actions of many managers and not through the exhortations of individual leaders” (Grint, 1997). Just as in the case of Google, which highly values the contributions of its managers after running “Project Oxygen”, a data driven study measuring and cultivating management behaviors. Google’s founders realized that managers contribute in many important ways, “by communicating strategy, helping employees prioritize projects, facilitating collaboration, supporting career development, and ensuring that processes and systems aligned with company goals” (Garvin, 2013). This research reinforces the idea that both leadership and management can co-exist and are important for the success of an organization. “Researchers hypothesize that if workplace management is some combination of leadership and management, the approach used by effective managers to accomplish objectives may be much different from that of ineffective managers”. (Kotterman, 2006). This is exemplified through Google’s research study, which deduces the top eight characteristics of Google’s best managers. A good manager “is a good coach, empowers the team, expresses interest in and concern for the team members’ success and wellbeing, is productive and results oriented, is a good communicator, has a clear vision, strategy and the key technical skills to advise the team” (Garvin, 2013).
There are similarities between this definition of a good manager to our initial definition of a good leader. It is important to note that a majority of these best practices are soft leadership skills rooted in action. This study shows that to be a good manager one must embrace these core leadership skills and traits. This further emphasizes that both leadership and management go hand in hand with each other. Though “IQ and technical skills are important, but emotional intelligence is the sine qua non of leadership” (Goleman, 2004). This overlap provides further support for the argument that good leadership skills are essential for excellent management and workplace performance.

Another change in the evolution of leadership is that it is becoming more shared than individualistic. For example, earlier the focus would solely be on one leader, like Bill Gates or Steve Jobs, but today we often think of leaders in terms of organizations and brands such as Google, Apple, and Microsoft, often independent of their individual leaders. It is therefore important to focus on organizations as groups, rather than focusing on certain individuals to explain organizational outcomes.

One limitation of this debate is that due to a leader-centric bias, the importance of the context and followers in co-constructing leadership is often ignored (Carsten and Uhl-Bien, 2012). Whereas, “followers constitute both individuals, with a dyadic relationship with the leader and a member of a collective team” (Riggio, 2017, pg. 13) and are essential to the success of a leader. Other issues involve lack of objectivity and biological, moral, gender, and national differences in leadership. For management research, it is hard to determine conceptual frameworks and methodologies to study the multidimensional aspects of managerial behavior.
In conclusion, even though both management and leadership differ in their functions and share a complex relationship, there is a significant overlap and interdependence between the two can be maximized for the betterment of organizations. There is a new psychological contract being created for managers of modern organizations. Their role has changed drastically over time and is now very similar to a leadership role.

The article, ‘In praise of the incomplete leader’, asserts “it’s time to end the myth of the complete leader. The best ones hone their strengths and find others who can make up for their limitations” (Ancona, 2007). The combination of leadership and management, as “managerial leadership” (Yukl, 1989) or “leader-managers” (Kotterman, 2006) gives the best of both worlds to the organization, wherein leaders across all levels and managers work together to merge their skills, overcome their respective shortcomings, and utilize their strengths in order to benefit the workplace as a whole.
CHAPTER III

What are the major factors affecting the culture of organizations? How are organizational cultures created, developed and changed?

There are multiple factors that affect the culture of organizations, be it internal factors such as leadership styles, people, goals, and values or external factors such as technology, environment, size, or nationality. Firms within the same industry tend to resemble each other. Similarly, certain nationalities and occupations have strongly embedded cultural norms across organizations. I will focus more on the internal factors affecting organizational culture in this chapter. Strong organizational cultures are usually unambiguous, integrated, and created by leaders. Based on Schein’s model of culture, I will argue that the people of the organization and their values, beliefs, and attitudes are the most important determinants of organizational culture. I believe it is the managers, leadership teams, and employees that collectively create and develop the organizational culture, which is a key factor in determining the organization’s effectiveness. I will also discuss cultural change, through the lens of supporting merger and acquisition examples.

Edgar Schein’s model of organizational culture

Organizational culture has been defined by different theorists. Here, I would like to use Edgar Schein’s definition of culture. He defines culture as “a pattern of shared basic assumptions learned by a group as it solved its problem of external adaptation and internal integration, which has worked well enough to be considered valid and therefore, to be taught to new members as the correct way to perceive and feel in relation to those problems” (Schein, 2004, pg. 17). Schein’s three level model consisting of artifacts, values, and basic assumptions (Schein, 1985, pg. 14) is an accurate representation of
organizational culture. The first level, artifacts, represents observable structures and processes. They are often visible but not decipherable. Schein describes these as “easy to observe and hard to decipher” (Schein, 2004, pg. 24). Artifacts can either be physical manifestations such as the organization’s logo, décor, dress, building, and office layout or behavioral manifestations, like ceremonies, traditions, rituals, customs, and communication patterns. Lastly, artifacts also include verbal manifestations such as, company jargon, nicknames, metaphors, stories/myths and explanations. The second level includes espoused “values, attitudes, and beliefs” (Schein, 1985, pg. 14), which require a greater level of awareness of the company’s espoused philosophy. This level forms the core of the organization’s culture and its shared experiences. It supports my argument of culture stemming from a group of individuals’ beliefs and values. Research shows that negative managerial attitudes and beliefs directly impact employee behavior, which in turn reinforces the managers’ belief that employees cannot be trusted and so they install tight control systems to keep employees in check (McGregor, 1960). The third level, underlying assumptions, are often invisible or taken for granted. Schein includes a detailed list of these cultural assumptions namely, “the organization’s relationship environment, nature of human, nature of reality/truth, nature of time, human nature, nature of people’s relationships and level of diversity or homogeneity” (Schein, 1985, pg. 86). He believed that “basic assumptions underlie values and hold the key to understanding and changing cultures” (Schein, 1987, 1991).

**Culture and high-potential employees**

Linda Smircich believes that “company culture conveys a sense of identity, shapes and guides people’s behavior and motivates people to commit to something that is
larger than the self” (Smircich, 1983). “Beyond formal structures and rewards, culture is
the ultimate force that determines the ways in which you engage in tasks with your
colleagues” (Conger and Church, 2018, pg. 198). It is for this reason that during the
recruitment process often organizations use an idiographic approach and conduct
behavioral interviews and personality tests to check if the candidates would be a good

cultural fit for the company. In addition to the candidate having the necessary technical

skills for the job, it is essential to ensure that all employees can relate to the core values,
attitudes, and standards of the organizational culture. It is best to start searching for the
right cultural fit early as company culture often takes a while to adapt to, especially if one
has worked in a top-down organization for a long time. It is harder to challenge the status
quo and think critically at all levels. “The collective acceptance and submission to the
values, standards, attitudes, and behavior patterns will have a positive impact on the
organizational culture mutually perceived and shared by the employees, which will make
it stronger (Szczepanska, 2017, pg. 464)”.

“Culture has either an amplifying effect or a derailing effect on one’s potential”
(Conger and Church, 2018, pg. 194). The “five culture areas that have the greatest
influence on an individual’s high potential designations capacity are similar styles of;
maintaining relationships, communications, decision-making, individual or group
perspective, and orientations to change” (Conger and Church, 2018, pg. 198, 214).
Undoubtedly, employees are a key factor in the successful operation of the organization
and completion of goals and tasks. However, the personalities, attitudes, and cultural fit
of employees in the organization are of utmost importance to sustain the culture
throughout the company, rather than just within the upper management. For this
employees must clearly identify the company’s cultural demands, decision making style, and values, as identical behaviors are often perceived differently in companies with contrasting cultures. Task indicators and social dynamics are also key cultural elements that successful employs should understand and adapt to early in their career. Some other intangibles like “appearance, body language, style and mannerisms, phrases, and hygiene” (Conger and Church, 2018, pg. 209) also influence people’s level of cultural fit. Employees must join organizational cultures that complement their personality preferences and working style. They should onboard themselves into new cultures with the help of trustworthy coaches, mentors and well-informed individuals.

Schein’s research states that, “a culture only exists if the group owns it and the set of people have been together long enough to share, solve problems and socialize new members” (as cited in Legge, 1994, pg. 410). Studies show that if an employee is a bad cultural fit to a company, they are better off leaving the organization, otherwise they will self-select out anyway. Whereas, if there is a “strong and positive fit between the employee’s disposition, work preferences and the company’s cultural requirements” (Conger and Church, 2018, pg. 214), they are more likely to stay happier and longer in the organization and can drive cultural change as well.

**Leadership and organizational culture**

A strong corporate culture is seen as a source of competitive advantage for companies in competitive markets (Burt et al., 1994). Schein claimed that “a founder’s beliefs and values are taught to new members and if validated by success, undergo cognitive transformation into assumptions” (Schein, 1983, 1985). Founders and leaders commonly use the top-down approach to develop shared values and philosophies for a
strong organizational culture. This culture is further developed through the company’s vision and mission and disseminated through the employees to all levels of the organization. In this way, leaders guide the organization’s future and direct actions accordingly. Similarly, Schein argues that culture is created based on “the beliefs and values of the founders, the learning experiences of the group members and the new beliefs, values, and assumptions brought in by any new leaders” (Schein, 2004). He believes that culture creation is an ongoing process that is closely intertwined with organizational development. This process includes, ideation for a business, creation of a core group with shared beliefs and lastly creation of a team and company.

Leaders play a key role in implementing cultural change as they have the ability to influence the whole organization’s beliefs. “In many organizations, the senior most leaders are called culture carriers” (Conger and Church, 2018, pg. 191) Research shows that “executive participation has been the most important factor driving culture change. When leadership has shown enthusiasm and commitment that has trickled down through the organization” (Srinivasan & Kurey, 2014, pg. 25). As the organization continues to develop, the rapidly changing culture is influenced by other leaders and this shapes the beliefs of the founder. Leadership style is also an important factor affecting and reinforcing culture as it determines rules, innovation, and formality. For example, an autocratic leadership style may create fear in the employees, whereas a participative or transformational leadership style, enhances work culture and leads to greater business success. One needs to “assess the career paths of the senior team of the organization as a critical dimension of organizational culture is what functions are accorded the greatest influence” (Conger and Church, 2018, pg. 196). In many start-ups and modern
companies, the CEO sits in the middle of the other employees, rather than in a secluded cabin and has an open-door policy, to shun hierarchy and adopt a more welcoming, open culture. This is because if the managers are approachable people are more likely to trust them and share their work-life experiences. An example of this is the Disney animation case, wherein the directors gave up their offices and moved to workspaces in the middle of the Systems area. They used “office space layouts to optimize what’s best for each team, instead of using office space as a status symbol” linked to titles (Edmondson et al., 2015, pg. 13). This enabled quick decision-making, communication and frequent walkabout tours of the office to check in on teams (Edmondson et al., 2015, pg. 8). “In companies where leaders are more open, approachable, and flexible, other employees and staffing teams are also relationship based and inclusive” (Conger and Church, 2018, pg. 205). In turn, this positive, collaborative culture spreads to the rest of the organization’s employees and the leaders have a profound impact on the company culture.

**Changing organizational cultures**

The key debate surrounding culture questions the extent to which culture can be manipulated to reflect the interests and intentions of influential groups. Meek strongly believes that culture is something that an organization is, not something it has (Meek, 1988, pg. 469). It can be described, interpreted and altered or examined by researchers. “If culture is embedded in social interaction then it cannot be mechanically manipulated. People do not passively absorb meanings and symbols; they produce and reproduce culture and in this reproduction process they may transform it” (Meek, 1988, pg. 293). “Basic assumptions are the least likely to change while artifacts are the most prone to evolutionary processes” (Brown, 1995, pg. 33). It is also quite expensive and complex to
change the culture of a company, especially when the culture is drastically different and deeply ingrained in the organizations.

However, there are certain cases when change is required such as if the organization’s stakeholders, objectives, demographics or circumstances change. In these cases, the organizations choose to integrate the cultures, either partially or fully, and senior managers develop change management strategies and change two of the key factors influencing culture, namely “artifacts and espoused values” (Legge, 1994, pg. 416) to transition to the desired cultural end state.

Changes in organizational culture can be made by leaders, radicals, middle managers or social movements. They use a different recruitment processes and disruptive innovation models to make changes in the culture. Cultures are altered through organizational learning, which occurs as employees solve problems of external adaptation and internal integration. Schein’s external adaptation tasks and internal integration tasks are often used in order to reconcile cultures. He recommends that the organization externally adapts by developing consensus on its “core mission, functions and primary tasks, specific goals, basic means used to accomplish these goals, criteria used to measure results and remedial strategies if goals are not achieved” (Schein, 1985, pg. 52, 66). He also outlines internal integration tasks for the organization to agree on “a common language and conceptual system to be used; group boundaries and criteria for inclusion; criteria to allocate status, power and authority; criteria for intimacy; criteria to allocate rewards and punishments” (Schein, 1985, pg. 52, 66). Additionally, the following ten recommendations for organizational change should be kept in mind when implementing cultural changes, “address the human side systematically, start at the top, involve every
layer, make a formal case for change, create ownership, communicate the message, assess
the cultural landscape, address cultural explicitly, prepare for the unexpected, speak to
individuals” Jones et al., 2004).

Subcultures and cultural clash

Company culture incorporates everything from the organizational structures and
control systems to the leadership styles and employee attitudes. Additionally, “company
cultures are embedded in national and regional cultures” (Marks and Mirvis, 2011, pg.
654). This can either increase levels of post combination conflict and cultural distance or
“offer the buyer more market knowledge and distinctive competencies” (Marks and
Mirvis, 2011, pg. 654). The level of cultural integration and differentiation also varies
across sub units and departments within the organization. Goffee and Jones’s model
describes four types of culture, based on varying levels of sociability and solidarity,
namely “networked, communal, mercenary, and fragmented cultures” (Goffee and Jones,
1996). Having a networked culture, with high sociability and low solidarity, is often a
beneficial combination. Whereas, organizations with mercenary cultures often have
autonomous sub-cultures co-existing within the company, due to low sociability and high
solidarity. These subcultures are derived from people’s affiliations and tendencies to form
in-groups. They prefer those similar to them while distrusting those who are different
from them. This solidarity can be associated with gender, position, department,
education, tenure, nationality or functional role. Having a fragmented culture, with low
solidarity and low sociability, causes cultural clashes and dissonance between the goals
of leaders and lower level employees, which is often used as an excuse for poor
performance.
It is important to understand how cultural clash unfolds in organizations with distinct cultures (Marks and Mirvis, 2010). The four stages of cultural clash have been described as follows:

- Perceiving differences wherein, “people notice differences between the two companies, their products, leadership team, people and reputation” (Marks et al., 2014, pg. 47).

- Magnify differences observed so “distinctions become sharper and more polarized (we v/s they)” (Marks et al., 2014, pg. 47).

- Stereotyping and generalization of magnified differences - “People start to typecast others in a partner company as embodiments of the other culture” (Marks et al., 2014, pg. 47).

- The final ‘Put-Down’ stage is when cultural clash is at its peak. The “partner company is treated as inferior. ‘We’ becomes the superior culture and ‘they’ are denigrated” (Marks et al., 2014, pg. 47).

**Cultural fit and change in mergers and acquisitions**

Cases of mergers and acquisitions are interesting examples of the cultural fit and change dilemma that organizations often face. Though companies often try to acquire companies that have compatible cultures, in reality no two cultures are completely alike. One example is the acquisition of Zappos by Amazon. Both these companies had drastically different company cultures and after the acquisition they could choose to either maintain their independent cultures, integrate them or adopt one or the other. Zappos’s CEO, Tony Hsieh, in his letter states his philosophy that great things will happen if you make employees happy. He invested in his employees and believed that
this would automatically result in good customer service. He allowed them to have fun at
the workplace to keep employees engaged and drive a positive company culture.
Zappos’s culture was more of a lifestyle, defined by quirky people celebrating their
individuality and close-knit teams. The company offered a fun zone, free food, and
medical benefits and was ranked in the top ten companies to work for. This strong culture
improved job satisfaction and retention for Zappos (CEO letter). In comparison, Amazon,
one of the biggest online retailers, has a culture defined by its dystopian atmosphere and
purposeful Darwinism. Innovation occurred but at the cost of the workers that toil and
receive tough criticism. The employees are overworked overachievers, who love their
work but struggle with some aspects of the culture. Nevertheless, Amazon is able to hire
and retain top talent and this company culture is working well for them. They recruit
people who would be a good fit and choose to work in such a culture. This case study
shows, with the increasing number of mergers and acquisitions, no one culture leads to
success rather it is a combination of multiple factors such as leadership teams, style and
employee attitude that predict their success as a company.

While dealing with the financial and strategic aspects of the merger, executives
often deny cultural differences or shy away from managing the cultural clash. It is
important that all members of the organization closely identify with the same core
organizational values and vision in order for their culture to be sustained, as in a
communal culture. Upon acquiring Zappos, Amazon leveraged the culture synergy and
operations cost overlap and other pros of merging cultures, but the companies chose to
maintain their independent brands, cultures, and missions. In such cases, diversity is
valued, nevertheless some integration occurs in administrative HR practices. They act as
a channel to pass on information, develop a rapport and create a safe environment to vent about the combination (Marks and Mirvis, 2011, pg. 663). “When effectively managed, cultural distinctions can enrich the integration process and lead to a stronger combination of the two companies” (Marks et al., 2014, pg. 45). The Zappos CEO stated in his letter “a big part of the reason why Amazon is interested in us is because they recognize the value of our culture, our people, and our brand. Their desire is for us to continue to grow and develop our culture (and perhaps even a little bit of our culture may rub off on them)”. This was a good decision overall, given that studies show that over 80% of organizational change initiatives fail, due to threat-rigidity responses and major differences in people, processes, and technology. Furthermore, there are benefits to maintaining cultural differences, such that it increases the variety of people and ideas that help create synergies in organizations. It helps foster innovation and “can provide firms a competitive advantage by giving them access to potentially valuable capabilities that are embedded in a different culture” (Marks and Mirvis, 2011, pg. 653), as can be seen in this case study.

Legge suggests a counter argument that “developing a strong organizational culture is often expensive, not always successful and an ineffective use of resources” (Legge, 1994, pg. 427). However, investing in building a strong culture is not always a wasteful exercise as after the initial low returns, there is a lot more to gain for the organization in the form of higher retention rates, performance, and employee satisfaction. Schein’s argument (1985) supports this idea that “strong cultures are more likely to be associated with effectiveness than weak cultures” (as cited in Legge, 1994, pg. 406). Investing in developing a strong culture would conserve resources in the long
run because “without culture, a company lacks values, direction, and purpose” (Goffee, 1996, pg. 133). If a company has a strong culture that is “valuable, rare, has positive economic consequences and is imperfectly imitable” (Barney, 1986, pg. 658), it is ideal for sustained superior financial performance and competitive advantage; its culture should be nurtured and not hampered with.

Acculturation is “when contact between two autonomous cultures requires change in one group or both” (Marks and Mirvis, 2011, pg. 654). The four most common levels of acculturation are: ‘cultural pluralism’, or the coexisting of partners, ‘cultural integration’ or the blending of current cultures, ‘cultural assimilation’ or the absorption of the dominant culture and ‘cultural transformation’ or creating an independent culture with new values and assumptions (Marks and Mirvis, 2011, pg. 655). In this case, the preservative combination connotes that cultural pluralism was implemented for Amazon and Zappos. This is a combination “wherein the companies establish a relationship based on mutual coexistence and where the parent company grants a subsidiary certain independence” (Marks and Mirvis, 2011, pg. 662).

**Managing cultural clashes and change**

“Classic change management theory and frameworks are used to identify actions that unfreeze current cultural mindsets, move people toward the desired end state and refreeze the desired culture” (Marks and Mirvis, 2011, pg. 651). A cultural clash can be managed by assessing the cultural fit of a company, through a gap analysis instrument, during the due diligence process to identify the extent of cultural differences. “This helps the team identify major integration challenges that need to be incorporated into integration plans and develop expectations post combination” (Marks et al., 2014, pg.
47). Cultural mapping also “sets a context for leaders on both sides of the deal and creates guidelines for transition teams” (Marks and Mirvis, 2011, pg. 657). It is also important to clearly define the cultural end-state that the executives wish to achieve. The most predominant end-states are: “preservation of both cultures, absorption of the acquired company by the parent company, reverse takeover of the parent company’s culture by the acquired company, best of both synergy of cultures and transformation or fundamental changes post-combination” (Marks and Mirvis, 2011, pg. 659). These correspond to the similar levels of acculturation discussed earlier. Building a cultural assimilation framework helps “acquiring executives think through integration operations and intentions for the combined organization, by mapping the degree of cultural change in the two companies” (Marks et al., 2014, pg. 48). A high level vision of this end state helps organizations make decisions on how to combine functions. Educating employees on culture clash, through merger sensitization seminars, is essential to raising awareness about the symptoms and sources of cultural differences and easing the process of integrating the companies. Engaging in deeper cultural learning through cross-cultural dialogue is required to break stereotypes. “This helps executives clarify and decide which aspects of their existing cultures should be retained and which should not be carried forward” (Marks et al., 2014, pg. 50). The companies should “drive the combination toward the desired end and reinforce the emerging culture through substance and symbolism” (Marks and Mirvis, 2011, pg. 656). This can be done through “leadership actions to overcome silo mentality, manager’s day-to-day feedback and actions to reinforce desired culture, employee engagement, structures, processes, and systems” (Marks and Mirvis, 2011, pg. 666). Lastly, the company must end the old culture to
implement a new one and align its HR practices accordingly. “People need to mourn and work through the loss of an old culture to accelerate the pace through which they end the old and embrace the new culture” (Marks et al., 2014, pg. 50). HR practices like recruiting, leadership styles, performance management and compensation schemes should be modified and conveyed based on the desired cultural end state to provide reinforcement.

The culture lies at the core of a company and ties it together, influencing its effectiveness, performance, and success in many ways. Cultures are similar to personality in that much of an organization’s culture is inherited from its founders and the rest of it is influenced by environmental factors. Company cultures are deeply rooted and can often clash, especially during mergers and acquisitions. This can be managed through the strategies mentioned, especially for a “newly combined organization as culture can be one of the key factors in making deals work or not” (Marks et al., 2014, pg. 52).

“Managing a culture in transition requires an understanding of the factors influencing acculturation. This involves managing the threat to a culture pose by an acquisition, managing conflicts involved in cross-cultural contact and managing the cultures integrity” (Sales et al., 1984, pg. 131). Human resources teams can prevent and manage cultural clashes by putting cultural interventions and frameworks in play for mergers and acquisitions. Though there are different levels of acculturation, it is sometimes better if organizations take pride in their individual cultures and avoid changing them, as in the case of Amazon and Zappos. Not only is the process of cultural change expensive and risky, but it is also likely to harm the organization’s workings and take away from the essence of the company, simply to poorly imitate another.
CHAPTER IV

Are there linkages between work design, job performance and job satisfaction? Are job redesign and organizational restructuring the way forward for future-ready organizations?

Research shows that better job design can integrate workers better with technology, which is a prominent disrupter in today’s times. It can be argued that there is a positive link between work design, job performance, and job satisfaction, especially now when work redesign is a predominant technique used by future ready organizations. These concepts are logically related to each other in the following manner: one’s job design characteristics play a key role in determining one’s motivation to do the job, based on whether they enjoy the scope of work and tasks they are assigned. This in turn impacts their job performance, for one would perform better at something they are motivated to do and enjoy. These high levels of motivation and performance finally lead to high job satisfaction and higher retention rates. The converse is also true as Herzberg suggests that “a satisfied employee will be a productive employee” (as cited in Torrington, 1991, pg. 425). The high-performance cycle supports this interconnection between work motivation, performance and satisfaction. It starts with “high goals and self-efficacy producing high performance, which in turn leads to rewards, satisfaction and commitment to future goals” (Locke, 1990, pg. 244). “Satisfaction and self-efficacy increase as one succeeds in attaining proximal goals and this in turn increases commitment to the program” (Locke and Gary, 1990, pg. 245).

Job performance assesses how well the person does at certain work-related activities and is an important determinant of organizational success. Job performance is
often reviewed at regular intervals by managers using performance evaluations and 360-degree measures, “through which feedback from an employee's subordinates, colleagues, supervisors and fill a self-evaluation by the employee themselves is gathered” (Wikipedia). This can also include feedback from external sources, such as stakeholders, customers, and suppliers. Locke and Lathan (1976) give a comprehensive definition of job satisfaction “as a pleasurable or positive emotional state resulting from the appraisal of one’s job or job experience”. Job satisfaction is a result of employee's perception of whether their job provides them things that are important to them.

My views are in line with the job characteristics model, which claims that job dimensions like “task identity, significance, autonomy and feedback are collective determinants of work outcomes such as motivation, job performance, job satisfaction and labor turnover” (Kemp, 1980, pg. 6). Though job redesign is strongly linked to the other variables, I will account for other factors that can affect these dependent variables and back up my argument using evidence from previous empirical research and counter arguments.

**Job satisfaction and motivation**

In accordance with the job characteristics theory, developed by Hackman and Oldham (1980), “greater satisfaction is experienced from work when the task possesses five core attributes: personal significance; variety; feedback; responsibility and autonomy; and identity. Employees who feel successful in relation to goals at work are rewarded equitably by the organization for their high performance and will generally be satisfied with their job as a whole” (Locke and Gary, 1990, pg. 243). Job satisfaction is inversely linked to burnout, emotional exhaustion and stress which leads to dips in
performance, low job retention rates and job dissatisfaction, as can be seen in the study on hospital nurse staffing, wherein nurses at hospitals with a greater patient to nurse ratio suffered from greater job dissatisfaction and were more likely to quit (Aikin et al., 2002, pg. 1990). For example, coders would want to have autonomy and variety of work related to coding and use the relevant skills in their job. Since the work is enjoyable to them, they would likely be highly motivated to come to work and complete his/her tasks well, yielding good job performance. Given that they possess the required skill set and are motivated to do the work we can infer that they enjoy their profession which would lead to a high overall job satisfaction. Research substantiates my point about these interlinkages in that employees who hold jobs with “elevated levels of autonomy, task variety, task significance and feedback are more highly engaged and, in consequence, receive higher performance ratings from their supervisors, enact more organizational citizenship behaviors and engage in fewer deviant behaviors” (Shantz et al., 2013, pg. 2608).

Job motivation is a psychological process which influences people’s behavior based on what incentivizes them and drives them to voluntarily put effort into their work (Igalens and Roussel, 1999, pg. 1006). Work motivation can be extrinsic or intrinsic and is shown to have some important consequences on group performance as it builds a collective identity, salience of group goals/norms, and accountability, which reduces social loafing and optimizes performance (Ellemers, Gilder and Haslam, 2004, pg. 473).

Additionally, an experiment by Lawler and Hall (1970) found that “job satisfaction is related to job design characteristics such as the amount of control the job allowed the holder and its relevance to the holder's valued abilities. Intrinsic motivation
was strongly related to both effort and performance” (pg. 1). However, considering statistically significant relationships exist between “job satisfaction and four extrinsic motivation factors: remuneration, quality of work life, supervision and teamwork” (Mafini and Nobukhosi, 2014), these motivational factors are not limited to intrinsic ones but also extend to extrinsic motivators and the “social character of production relations and the economic conditions in which they prevail” (Knights et al., 1985, pg. 198) which are often ignored. The Disney Animation case found that “people tend to be motivated by having great people to work with, challenging problems to work on and being given the autonomy to do that and feel valued” (Edmondson, 2015, pg. 14), regardless of the title they are given. It is hard to provide a compensation and benefits package for this.

It is interesting to analyze a counter argument in a study by Graen et al., which states that a job design intervention does not necessarily improve job motivation and satisfaction. “Two factors may help explain this failure. First, the changes that were made may have been insignificant or even trivial for the employees to notice. If they viewed the structural changes as lacking in meaning for them and their jobs, then the changes will not be effective in improving their motivation. Additionally, if they don’t see adequate improvement in the potential rewards of their jobs they will not respond positively” (Graen et al., 1982, pg. 19). In order to avoid such scenarios, it is extremely important to inform employees of changes in advance and communicate the benefits and reasons behind the structural changes in the organization, for a positive impact in their motivation, performance, and satisfaction. In addition to a good reward system, it is also essential to account for individual differences (Torrington, 1991, pg. 438) and know what
the employees’ value to motivate them successfully. For example, someone may value higher pay while another employee may value more leave days.

**Job redesign and organizational restructuring**

Work design and redesign specifies the contents, methods, and requirements of jobs. It uses motivation theories and “includes work organization or restructuring practices such as job rotation, enlargement, enrichment and extension.” (Kemp, 1980, pg. 5). These changes are made to “increase the well-being, productivity and performance of employees and meet the needs of the organization” (Torrington and Hall, 1991, pg. 422). Even though the job redesign process involves a lot of time, resources, money, and planning, it is shown to “produce positive improvements in job satisfaction, internal motivation, productivity and quality of working life of employees in the long-term” (Kemp, 1980, pg. 11).

In order to achieve positive behaviors and motivate employees, it is important to carry out organizational redesigning and job tailoring to suit the needs of the organization and the individual. “Job redesign is a deliberate attempt to organize work in a manner that provides greater task complexity- through variety, autonomy and completeness- with joint optimization as the desired outcome” (Kemp, 1980, pg. 5). Job redesign adds task variety and significance as, “in the short-term, greater job complexity is predicted to increase job motivation” (Kemp, 1980, pg. 11). Even the goal setting theory propounds that specific, complex goals lead to better performance as compared to vague or easy goals. However, for these goals to have a positive impact, it is important that the individual is committed to the goals, values them and believes that they can attain them.
Studies shows that job redesign or “planned changes in working arrangements can improve job satisfaction, motivation and performance” (Kemp, 1980, pg. 12). The empirical evidence supports my argument that these concepts are positively linked to each other, such that the increase or improvement in one leads to a rise in the others. The job characteristics model is also a good representation of the linkages between these factors, not to undermine that there may be other confounding factors than can impact job satisfaction, performance, and motivation in a similar manner. For example, altering the reward and remuneration system (Kerr, 1995, pg. 13), be it promotional opportunities, or the pay that the employee receives, improvements in communication systems, a collaborative culture, manufacturing consent (Knights et al., 1985, pg. 204), fair performance management techniques and change managers (Nohria, Groysberg, Lee, 2008, pg. 78) can also increase worker motivation, performance, and satisfaction.

**Teaming at Disney Animation case study**

A great real-world example of these concepts is illustrated in Harvard Business School’s case study on “Teaming at Disney Animation”, which describes the company’s organizational restructuring and job redesign process. Initially, Disney animation had a traditional hierarchical model with structured job roles. Technical decisions were made by managers who would hoard resources for their group, this made it hard to innovate and collaborate across departments. Resources were rarely shared between silos and the “organizational structure was getting in the way of their ability to react to changes” (Edmondson et al., 2015, pg. 4). This promoted a competitive, negative self-serving culture and gave rise to internal conflicts.
When they realized this, the Directors of Systems re-envisioned the Systems group in order to “improve the flow, teamwork and efficiency of the organization’s increasingly technical and creative work” (Edmondson et al., 2015, pg. 1). Not only did they make changes to the work structure but also to the physical space and the people, to innovate a new culture. Inspired by the Matrix model, wherein individuals are managed with more than one reporting line, across functions and vertical business groups (Wikipedia), teams were restructured, hierarchy was flattened, silos were broken, and experimentation was supported. They wished to promote an agile work environment and a fail-fast, innovative culture, with high trust in leaders. Their new specialty teams consisted of a lead or technical subject-matter expert, several primary members and some secondary members. The “small and autonomous teams of two to six people, were responsible for specific tasks that arose in the studio” (Edmondson et al., 2015, pg. 5). They stopped using formal conference rooms and “relocated the workspaces so that they were proximate to one another” (Edmondson et al., 2015, pg. 7). This improved access, helped people converse, engage and brainstorm ideas together. “Status reports, meetings, emails and formal communication channels were no longer required to keep everyone up to date” (Edmondson et al., 2015, pg. 8). Resources were shared and reallocated on a need-basis to newer technologies or problem areas, this increased growth opportunities for employees who wished to move forward. Open communication was approached in a new manner, by texting clients, and creating yearly road maps with communal whiteboards and post-its. All of these modifications created a positive, high trust work environment, where nobody blamed each other, dismissed other’s ideas, or took feedback personally. These changes were made gradually and the ideation, decision-making, and
experimentation process included all employees rather than just upper-management. The team measured their success based on the strength of their relationships rather than data or metrics.

Although it takes time, effort, and patience to manage changes like job redesign and team restructuring, these continue to be ongoing processes in organizations of the future. The Disney Animation team found that it is an effective technique to “continue to make changes to the team until the root cause of failure to perform has been identified and the team is functioning at a high level” (Edmondson et al., 2015, pg. 12). They used team restructuring to break the traditional focus on titles and hierarchy, a common trend in successful companies today. Through their unique teaming model, they enhanced good ideas, open communication, equal opportunities and abundant flexibility, all of which are highly valued characteristics for effective organizations in the 21st century. These results suggest that there is a positive relationship between work design, job performance and satisfaction. Furthermore, case studies and research support the notion that job redesign and organizational restructuring are the way forward for companies coping with rapid changes, scaling problems, and technological improvements in today’s VUCA world.
CONCLUSION

Throughout this thesis the changing nature of work, leadership, management, and organizational culture is highlighted and established by empirical evidence. A lot of these changes can be accounted for by the VUCA environment, incremental innovation, and technological improvements. “Technology can have bearing on the shape and layers of hierarchy in companies, on the centralization of responsibilities and strategies and competitiveness of an enterprise” (Mirvis et al., 1991, pg. 114). This shows that technology is a primary factor impacting organizational behavior. Tushman and Anderson’s technology cycle, depicted below in Figure 1, shows the ongoing competition between technologies and companies pictorially.

![Tushman and Anderson’s dominant design technology cycle](image)

*Figure 1. Tushman and Anderson’s dominant design technology cycle*

After experiencing competence destroying technological discontinuity, which favors new entrants, we are in the incremental innovation phase awaiting the next dominant design for many products. The two variants of discontinuities are interesting to
analyze in that “competence-enhancing discontinuities significantly advance the state of the art yet build on, or permit the transfer of, existing know-how and knowledge. Competence-destroying discontinuities on the other hand, significantly advance the technological frontier, but with a knowledge, skill and competence base that is inconsistent with prior know-how” (Uusitalo, 2014, pg. 21).

By comparing and contrasting current trends to past trends, it can be noted how drastically the nature of work, culture, and leadership has changed in the past few decades and map the future of work. Although new technology has made the workplace highly efficient and productive, in order to overcome the prevailing competence-destroying discontinuities organization’s HR priorities have shifted. Organizations are required to develop leaders, redesign their workflows, and reskill their talent with the knowledge, skill, and competencies needed to succeed in the VUCA world.

Today we are in the golden age of innovation, wherein entrepreneurial ventures, collaborative cultures, and leaders are highly valued. The definition of work has expanded to include more than just economic work. The millennial workplace has become inclusive and diverse, with more gender pay parity, women in senior leadership positions, and affinity groups for transgender, LGBTQ, international, and disabled employees. Though technology is eliminating some jobs, it is also altering and creating new ones. Instead of focusing on the notion of the end of work, employees should focus on exploring these unique opportunities for diversification and learning.

Though leadership and management are independent concepts, we are witnessing a blurring of the lines in the current work environment. Today’s managers are required to have certain core leadership skills and have evolved to suit the changing workplace and
fail-fast culture. Leaders are now widespread at every level of the organization and leadership development continues to be a key HR priority at top companies like Google, Disney, and Amazon. Transformational and situational leadership are especially relevant and valuable for forming a vision, guiding organizations, and managing changes in the workplace.

Strong organizational cultures are known to give companies a competitive advantage. However, organizational culture theories are also being challenged with the rise in the number of start-ups and mergers and acquisitions. It is important for organizations to become familiar with the steps for good change management and implementing acculturation discussed earlier. Founders and leaders still have important roles to play in the top-down process of setting and disseminating an organizational culture. It is essential for high potential employees to relate to the founder’s philosophies and determine the right cultural fit for them before joining an organization, given that this factor can single handedly make or break their career.

Although we can make some predictions for the future based on this research, the main limitation of this topic is that due the speed at which disruptive changes are occurring it is very hard to track all the changes and forecast the future of work, culture, and leadership. Nevertheless, this research has found potential solutions and interesting linkages and correlations between the concepts of work design, job performance, and job satisfaction. Through the job characteristics model, we know that employees value “personal significance, variety, feedback, responsibility, autonomy and identity” (Locke and Gary, 1990, pg. 243) and can redesign future jobs based on such models to increase job satisfaction and performance.
One can conclude that job redesign and organizational restructuring are valuable techniques for future ready organizations to use and overcome the challenges posed by silos, large teams, and hierarchical organizational structures. Though restructuring and job redesign may require resources like time, money and expertise, once completed the new model will reap many long-term benefits.

Research shows that “Emotional intelligence and trust offer a path forward. Building a vital team create the framework for change. Core values of belonging, purpose, and teamwork guide initiative. Open dialogue is critical to creating meaning and developing EQ skills fosters empowerment” (Six seconds). These solutions are reassuring in that despite the Volatility, Uncertainty, Complexity, and Ambiguity in the world of work today both, millennials and future ready organizations have the mechanisms needed to manage change, adapt, and, prepare to lead through the disruption that awaits.
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