

## Culture and Change Management

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The preparation and implementation of change is highly culturally sensitive. This article explores the influence of cultural differences on the concept of change management.<sup>2</sup> It outlines the important aspects for change in international organizations and shows us where the potential cultural booby traps lie.

### **Rolling Out; the most naive concept in international management**

The most naive concept in (international) management is rolling out decisions. People at the top of companies necessarily think about the future of the company, about strategies, systems, structures, etc. After coming to decisions, they tend to say to people on the operational levels, *“This is our plan! Now your task is to roll this out in the company”*. This is an important example of underestimating the human factor. People are not machines that can be programmed in a new way and run.

A popular concept that relates to this is **cognitive dissonance**; a term that was invented by Robert Festinger.<sup>3</sup> Cognitive dissonance is a psychological phenomenon that all cultures that face a change process have in common. It refers to the discomfort felt when there is a discrepancy between what you already know or believe, and new information. It occurs when there is a need to accommodate new ideas. The vital thing is knowing how to drive a kind of intellectual wedge between current beliefs and 'reality'.

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<sup>2</sup> A basic understanding of Geert Hofstede's 5-D model is required to fully understand this article. Contact us via [info@itim.org](mailto:info@itim.org) should you wish to receive an introductory article

<sup>3</sup> Festinger, Leon, Henry W. Riecken, Stanley Schachter, “When Prophecy Fails: A Social and Psychological Study of a Modern Group that Predicted the Destruction of the World”, University of Minnesota Press (1956). Reissued in 2008 by Pinter & Martin.

There are many theories and models about change management. One of the clearest and simplest is Lewin's three-step model.<sup>4</sup> The first step in this model is to '**unfreeze**' people; i.e. people need to understand why things should be done in another way. This first step, the process of unfreezing, is cultural sensitive. This means that explaining why things should be done differently within the organization cannot be shown or "rolled out" identically in different countries.

The second step in the model is '**moving**'; i.e. after making people aware of the fact that they need to do things in a different way there is a need to develop new insights, attitudes, and skills. Finally, the third step is '**freezing**'; i.e. the newly acquired skills should be developed into a new routine.

Even though this is one of the most basic models, still in most organizations the tendency is to concentrate only on step two, moving, and to forget about step one and three. This is a big mistake, especially since the very essence of change management is to understand how humans behave. The secret to understanding effective change management is to realize that with respect to all individuals and groups two forces are at work constantly: the force of change and the force of resistance. These forces push and pull at each other and maintain a dynamic equilibrium.

We all like to do new things and to improve what we are doing. This is the nature of human beings. However, we also like to do things we are good at and which we have been trained in. When we apply our '*routine*', it gives us a positive feeling of mastering our environment. It also saves energy; it would be exhausting to invent the wheel every day. It is easy to see that if one starts pushing the force of change in this dynamic equilibrium, the force of resistance will push back. Moreover, the harder the push, the harder the resistance will be. In order to make change successful it is essential to start doing something about the resistance to change. The way to do this is culturally dependent. So when considering rolling out a change programme one not only needs to understand the dynamics of change and resistance, but also how one needs to vary motivation styles due to cultural differences.

### **Culture, Change and Resistance**

In order to analyze change management and the resistance to change in particular, Professor Geert Hofstede's 5-Dimensional Model for cultural differences offers a practical roadmap. The 5 dimensions in this model (power distance, individualism vs collectivism, masculinity vs femininity, uncertainty avoidance and long-term vs short-term orientation) represent common issues in the cultural systems of countries and are centered on five fundamental areas of human behavior to which every human society has to find its particular answers. The set of

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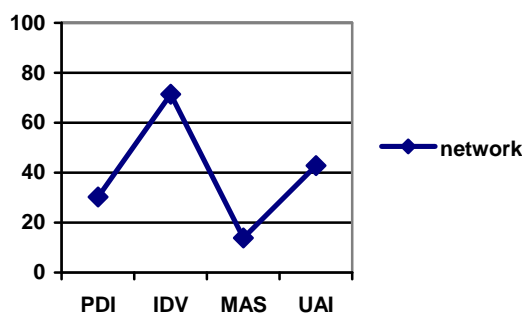
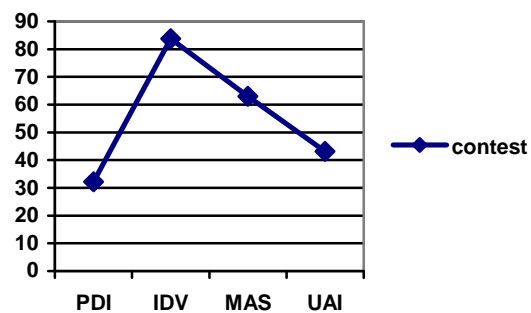
<sup>4</sup> Lewin, K., "Group dynamics and social change" (1958) in: A. Etzioni, "Social change", Basic Books Inc. Publishers, New York/London (1964)

each country's statistically-determined "scores" on the five dimensions forms a model for its culture.

Taken together, the 5 Hofstede dimensions have implications for organizational models and what we expect from organizations and their people. Based on our decades of experience and on research we have identified 6 clusters of countries, each cluster representing a certain combination of these 5 dimensions. Clustering countries along this line makes the influence of culture and of the five dimensions visible and tangible to managers and to those working in a different cultural setting from their own. The six clusters have an impact on issues such as negotiations, decision-making, consumer behaviour, entrepreneurship and teamwork, to name just a couple. In this article we will use the six clusters to describe culture's influence on change management.

The initial phase of change management, the process of unfreezing, is a key phase. A wrong start can ruin the whole project. For each culture cluster we can identify a key concept that is essential to understand if one wants to lower the resistance to change in this important phase.

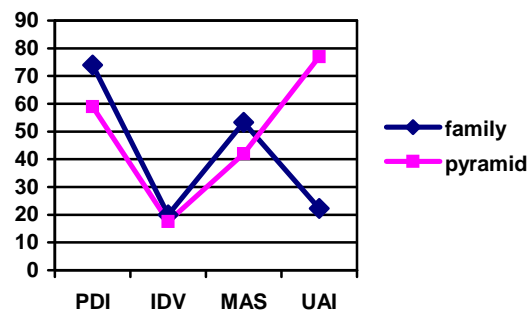
In the first cluster, the **Contest Cluster** (i.e. the Anglo-Saxon countries), the key is to be able to relate the proposed change to well-understood *self-interest*. Referring to the work motivation of people, in these cultures, people can be willing to overcome resistance to change if one is able to create the image of a 'burning platform', e.g. "if we do not jump now, we will burn". It can also be motivating to show that doing things in a different way is good for the next career step, or for gaining a material reward. A good leader is supposed to be able to do this. The reference point is the individual employee and his individual definition of self-interest.



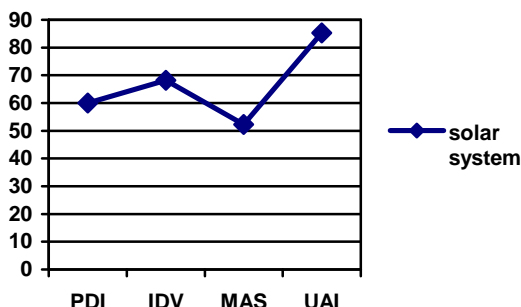
In the **Network Cluster** (i.e. the Netherlands and Scandinavia), the approach to change should be different. In these cultures, there is reluctance to believe that leaders or managers can define what is good for the organization from a 'higher' position. Peoples' work motivation is very much connected to a feeling of autonomy inside their own work

field. In general, people believe that they, more than others, know what is going on in their 'shop' and what important steps should be taken to improve the situation. People believe that the only good decisions are decisions where all the stakeholders are consulted from the beginning and participate in the decision-making process. The key in such cultures is defining *shared interest*.

In the **Pyramid** (e.g. Mexico, Portugal, Russia) and **Family Clusters** (e.g. China, India), the privilege to define new priorities and directions lies at the top of the organization. The person at the top is supposed to indicate what he or she sees as the *common interest* for all insiders in the company or even society. The implicit expectation in these cultures is that the person at the top has a complete overview of what is happening and from such a position can decide what the right decision is. Having made a decision, this person should be clear in cascading down the new mandates giving unambiguous directions. In Pyramid Cultures, it is also a necessity to do this in formal ways by means of written documents and instructions. In Family Cultures, the visibility of the commitment of the person at the top is essential. In both types of culture, employees expect the top of the organization to be concerned about the in-group interest and to be willing to protect the in-group in the change process.



In the **Solar Cluster** (e.g. France and Belgium), the leader's role is similar to the Pyramid and Family Cultures. In other words, the person at the top has the sole right to decide what the new direction and priorities should be. In these cultures, the implicit belief is that people at the top have an overview of everything that is taking place and they have the overview necessary to

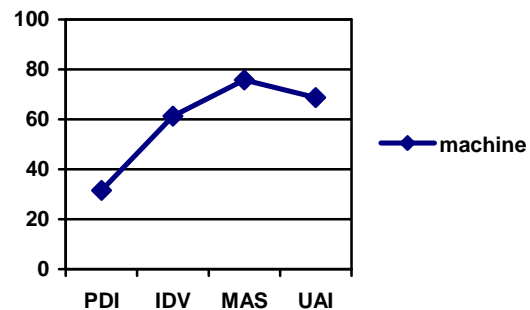


decide on new directions. The difference with the Pyramid and Family clusters is that group interest is not a first priority. Instead, the future of the company (or society) takes precedence irrespective of in-groups. The countries in the Solar cluster are individualistic and therefore coordination is much more difficult than in Pyramid countries. A leader is both respected and feared. A manager should certainly be

visible, for example by walking around and gathering information. But a manager who controls too obviously, and who involves him or herself in the details of the work, is utterly demotivating to people who take pride and honour in their work. In change management it is

important to be sure that the top person is committed. If not, or if not sure don't expect follow up. The key in these cultures is future public interest.

In the **Well-Oiled Machine Cluster** (e.g. Germany and Austria) the most important issue is that perceived and recognized experts are the ones who are believed to be in the position to define new directions. Therefore it is very important to build up credibility in order to be recognized as an expert before trying to define a new direction. The key in these cultures is agreed upon balanced interest by experts.



With help of the 5-D Model and the 6 culture clusters we pointed out some key differences that are essential to understand if one wants to lower the resistance to change. In the last part of this article we will discuss several dilemmas that can be associated with change management. Again, we will use the 5-D Model and the clusters to illustrate the cultural differences in these dilemmas.

## Culture and Change Management: Dilemmas to be Considered

### 1. Deductive versus Inductive thinking patterns

The difference in thinking patterns and reasoning between different cultures is a major source of misunderstandings in international change management. It sometimes even leads to the collapse of projects. In low Uncertainty Avoidance countries the approach to the thinking process is called pragmatism, an essential element of which is induction (i.e. moving from practice to theory). An example of this approach is found in the way educational books from these countries are structured. The first chapters will contain case studies, samples, and descriptions of what is found in practice. After that, the author will provide an induction to develop a 'best practice' or a theory. In these cultures, people are practice and action oriented in their thinking. They have slogans reflecting this attitude like *"just do it"* and *"whatever works"*. This way of thinking is exemplified by the way the American philosopher William James defines truth: *"The truth is what works"*.<sup>5</sup>

People in countries that score high on Uncertainty Avoidance, on the other hand, consider Dewey's definition of truth an example of superficiality. In such cultures people prefer a deductive way of thinking; people first need to understand the philosophies behind a new proposal before they are motivated to take actions. In these cultures, people have slogans like, *"think before you act"*. The official name behind this way of thinking is the 'Cartesian' approach, which goes back to the French philosopher Rene Descartes, who became famous by stating, *"Cogito ergo sum! I think so I exist"*.<sup>6</sup> Educational books from these countries do not begin with cases, but with chapters on the philosophy or principles (of e.g. marketing, economy, law). The aim is first to give a full understanding of the background of the subject, quoting contemporary experts and philosophers from the past and the present. Hereafter follows a deduction to a theory and the last chapters focus on the application.

A good start of a change project is the foundation for later success. To use the "unfreeze" step and to have preliminary discussions on the background of the process is not waste of time, especially when high Uncertainty Avoidance cultures are involved. In these cultures (from the Pyramid, Solar and Well-oiled machine clusters) the credibility of what happens is dependent on a proper analysis based on philosophy and/or principles. Allow time for this and the transition to step 2 "moving" will be smoother.

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<sup>5</sup> From: Harvey Cormier, "The Truth is What Works: William James, Pragmatism and the Seed of Death", Rowman & Littlefield Publishers (2000).

<sup>6</sup> René Descartes, Discours de la Méthode (1637).

## 2. Organizational Aspects

### A) Structure: Project Organization or Line Organization

One of the most important questions in change management is; *“how do we keep selling when the shop is under construction?”* It is impossible to involve everybody in the thinking and planning of the new set-up. How should the change process be organized? One way is to make it a project. By defining the process as a project you bring people together from different positions and with different expertise for a short time to make use of their specialized knowledge. One problem in such a situation is that the individuals, who are part of the project team, work outside the line organization. This is not a problem in the Content, Network, and Well-Oiled Machine Clusters where individuals, due to a low score on Power Distance, are used to reporting to different people on different levels. However, implementing matrix management in high Power Distance cultures creates a problem. It leads to confusion with respect to the chain of command; who is delegating to whom, and who is reporting to whom? A matrix organization is possible, however, if clear temporary mandates are made. It must be unambiguous who is mandated by whom and on what level, and that this will be valid for the duration of the project.

### B) Decision-Making: Generic or Detailed

Introducing change can be defined as going from A (the existing situation) via B (the change process) to C (the desired new situation). By seeing this as a sequential process, it becomes evident that the decision-making process should also be sequential. Such a sequence can look like this: policy preparation - policy decision - mandating - policy implementation – control – feedback - new policy decision - new mandating etc. Because the mandating system in this sequence is completely clear it can be used in Pyramid, Family and Solar clusters (all high Power Distance cultures). It would also work in the Well-Oiled Machine Cultures as these cultures prefer structure and systematic approaches which can be offered with a sequential approach.

The described detailed decision-making sequence would not work that easily in the Contest Cluster and is even questionable in the Network Cluster. In the Contest Cultures, the only issue that is decided in detail is which targets will be used and how these will be measured. After the decision on targets has been made, in general; *“the rest is up to the operational people”*. A slogan such as *“to think on your feet”* which indicates that people are expected to react quickly to a changing environment, reflects this. The decision-making process in the content cluster is more generic and with empowerment; giving people autonomy.

The decision-making process in the Network Cultures is an ongoing process between the involved stakeholders. Who is seen as a stakeholder and who should be involved can change from phase to phase. Decisions are in reality always open for reconsideration due to one of the main characteristics of these cultures: *‘emerging insight’*. The result is that in these cultures it is not even desirable to try to construct a detailed procedure when a decision is to be made.

### *C) Action Plan: Open or Blueprint*

What should be done and when? This question is sometimes seen as essential for success with respect to change projects. This is more or less the key to understanding the Well-Oiled Machine Cluster. It is also important for Contest Cluster cultures, but for a different reason; here the liability laws are so strict that it is essential to deliver on time. As the emphasis on individual accountability is very strong it is important to make clear who is accountable for delivering which product and when. In the Network Cultures action plans and results are defined by the stakeholders. There is openness to emerging insight which means a constant 'scanning' takes place by the different stakeholders regarding the consequences of the different actions. If the scan shows that decisions should be changed there is acceptance to change them.

## **3. Phasing of the project**

### *Step by Step- versus Integral Approach*

One of the choices to be made in a change management process is whether to have a change program for the whole organization or to start with one unit and to see what the results are before moving on to the other units. The choice is between a 'step by step' and an 'integral' approach.<sup>7</sup> In high Power Distance countries the integral approach is sometimes seen as preferable. The top of the organization has the privilege to set priorities. In principle it works because the people in other echelons of the organization will wait until a decision has been made and will implement according to clear mandates. On the other hand, the more autonomy is expected in the different parts of the organization (low Power Distance), the more it is advisable to start with one unit and to discuss the consequences before moving on to the next phase.

## **4. Involvement of Stakeholders**

### *A) Participation: Tell and Sell or Negotiate*

There is no place in the world where people like authoritarian management. Everywhere people prefer to be taken into account and to be treated with respect. What makes cultures different though is the way people expect to receive directions from the top of the organization. In low Power Distance countries, it is a requirement that employees/citizens are involved in a decision-making process and feel their autonomy is respected. This is especially strong in the Network and in the Well-oiled Machine Clusters. Participative decision-making (mitbestimmung in German) is a must! In these cultures, it is necessary to use negotiating as an instrument to reach decisions.

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<sup>7</sup> WJM Jacobs and H.Wursten, Invoering van integraal management. In: "Integraal management. Leidinggeven aan de publieke sector". Handbook with series of television programs.



In the Contest Cultures, it is more accepted that a superior is decisive. Telling and selling is a way of influencing. Employees will follow their superior as long as the argumentation is connected to bonus systems and career steps. Their individual interests should be attended to. In high Power Distance countries the “tell and sell approach” would work as well. However, it should be operationalized by clear mandating. In principle people see it as the privilege of the "boss" to formulate new strategies.

*B) Delegation: Limited Mandate or Much Autonomy*

In high Power Distance cultures people are expected to work with clear-cut mandates with respect to what to do, how to do it, and on which level. In low Power Distance cultures, on the other hand, people are supposed to work in an empowered way. In the Well-Oiled Machine cultures the autonomy is in such a way restricted in order to work in the agreed structure. In the Contest Cultures empowerment relates to achieving the agreed upon targets. In the Network Cultures empowerment relates to the agreed upon consensus with a lot of room to change the consensus (emerging insight).

*C) Solving Conflicts: Confrontation versus De-escalation*

In Masculine cultures (especially those that also have a low score on Uncertainty Avoidance) it is expected that some confrontation brings out the best in people. In short, this is seen as positive in Contest Cultures. In most other cultures the best way is to avoid or de-escalate conflicts as soon as possible. In Network cultures this is because people try to achieve consensus. In high Uncertainty Avoidance cultures people are afraid of the escalation of conflicts because this can lead to unpredictable situations.

*D) Powerbase: Solitary Approach or Making Coalitions*

Change management is also frequently a power-game. Change often implies that vested interests are at stake. In general, it is advisable to invest in charting the interests of the different stakeholders and to map a '*tension field*'. In doing so, it is also possible to see where coalitions can be formed with stakeholders with similar interest. This is especially important in the cultures where individuals are accepted in having a clear and defined opinion separate from the group. In other words: in the network cluster, the well oiled machine cluster and in the contest cluster.

In the Contest Cluster, it is sometimes acceptable that an individual will 'champion' the change proposal. Because of the combination of very high Individualism and Masculinity, the Contest Cluster leads to a culture where an individual can "go alone". Because of the strong emphasis on accountability it is acceptable that somebody gets "leadership" mandates. It is appreciated that individuals profile themselves as the ones in front of the troops, urging the others to follow. A trade off is that, in case they fail, they will be held accountable.

### *E Commitment: Push or Pull*

As a general rule there is a dynamic equilibrium in any given situation between a need to do things in a better/different way and resistance because change is making routine less valid. Therefore, the best way in all cultures to achieve results is not to start pushing, but to start showing all concerned why it is necessary to do things in another way. Again, this illustrates the importance of step 1 in the three-step model; to “unfreeze”.

### *F) Information/ Communication: Self-evidence or Communication Plan (two-way)*

A frequently made mistake is that the management team believes that organizing an information meeting will be enough. Especially in low Power Distance countries it is necessary to organize a two way process. It is important that people will get the opportunity to talk back. The best way to do this is after the scheduled information session. In that way people can reflect on what has been said and can prepare their response.

## **Conclusion**

In this article we have discussed the impact of cultural differences on the concept of change management. With help of Professor Geert Hofstede’s 5-D Model and itim’s six Culture Clusters we have indicated that the preparation and implementation of change is highly culturally sensitive.

A commonly used concept such as “rolling out a decision” has proven to be naive, as it underestimates the human factor that plays the leading part in any change process. Even the simplest theories and models for change are often used in an incorrect way, thus ignoring behavioral issues such as resistance. We pointed out some key differences that are essential to understand if one wants to lower the resistance to change. In the last part of the article we have discussed several dilemmas that can be associated with change management and have illustrated the cultural differences in these dilemmas.

For any change process we recommend to consider beforehand all the important aspects for change to see where the potential cultural booby traps lie. When introducing a change plan, make sure you allow for different approaches in different countries. Use cultural differences to your advantage by matching your options and approaches to the clusters. In a dynamic, complex world, this might sometimes be seen as delay. In reality, however, diligence can save costs, reduce frustration and increase the likelihood for success.