TO WEATHER

Longitudinal research on cultural change during an organizatonal transformaton.

THE STORM

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Summary

Stormy times in Amsterdam: The case of district organization 'Nieuw-West'

"We find ourselves in a stormy phase." "We are heading for a storm." The storm is a metaphor that several managers who were interviewed in this case study chose to describe the situation they found themselves in. The managers were part of the district organization Nieuw-West, one of the seven districts that form the municipality of Amsterdam at the start of the study. During the research period, which started in September 2011 and lasted until March 2014, radical changes took place within the organizational environment. First, the municipality of Amsterdam executed a system reform that resulted in the merger of three district organizations into one district organization identified as Nieuw-West. During the implementation phase of the merger a new reform was announced: A new amendment of the law led to an administrative reform and the restructuring of the Amsterdam municipality organization. The consequence for Nieuw-West was a radical organizational transformation that was accompanied by a limitation in terms of mandate and authority. Furthermore, the organization was drastically reduced in size.

Insight in cultural change during organizational transformation
Within the organizational theory it is stated that radical changes in the environment of the organization can raise the urgency for organizational transformation. Organizational transformation implies drastic changes that are implemented in a short period of time to ensure the organization remains capable of achieving its main objectives. An organizational transformation can only be successful if it is accompanied by a change in organizational culture. In the literature it is widely acknowledged that an organization can only transform if it involves a change in the mindset of the employees. In other words, organizational transformation is not only a structural, but also a cultural matter.

The central objective of this case study is to gain more insight in the progression of cultural change during a period of organizational transformation. Insight will be gained by conducting an extensive case study on district-organization Nieuw-West. This leads to the following research question:

> How did the cultural change progress during the organizational transformation of Nieuw-West?

On the one hand, the progression of cultural change covers the 'nature' of the change. This concerns the changes of cultural characteristics, e.g. the employees' mindset and shared meanings. For instance, employees' cognitions and work ethic can change from 'quality-oriented' to more 'speed-oriented'. On the other hand, the progression covers how the change process develops. Questions that are associated with this process are, for instance, which cultural components change, at what pace does the culture change and how does the cultural change relate to the organizational transformation.

Culture and cultural change

Perspectives on and forms of cultural change
Organizational culture can be described as an extremely complex concept. In the broadest sense an organization is regarded as the product of its organizational culture. In other words, the culture forms one 'whole'. In the narrowest sense the culture is considered a resource that provides strategical benefits and success. In that regard the culture is simply an aspect of the organization.
The various viewpoints concerning the organizational culture bring forth theoretical discussions on how the organizational culture should be characterized and operationalized (Martin, 2002). Given the large number of definitions that have been assigned to the concept of the organizational culture over the course of time, an overview is presented that consist of four different scientific perspectives. This overview is based on the most recent review of Boonstra (2013). The perspectives are based on different scientific assumptions and are, therefore, heterogeneous. In this study one perspective is chosen as the central perspective: the management-perspective. The objective nature of this perspective makes the measurement of cultural change within time intervals possible.

To take into account the complexity surrounding culture, aspects from two other scientific perspectives have been added to the research design. Thick description, derived from the anthropological perspective, enables the understanding of the culture by relating it to an extensive description of the organizational context. Identifying the shared meanings within the group, an aspect derived from the social constructionist perspective, enables describing culture based on the viewpoints and experiences of employees.

For the purpose of this dissertation, a conceptual framework was designed. In this framework, in accordance to the management-perspective, the progression of cultural change is regarded as a sequential process. An existing cultural equilibrium changes into a new equilibrium through a period of transition. First, a phase of deconstruction takes place which deconstructs the equilibrium in the core of the culture: the mindset. This phase enables a change of the core values within the mindset. The change of the mindset is interpreted as a 'fundamental' cultural change. Subsequently, a phase of reconstruction takes place in which the new core values are consolidated into a new equilibrium. The consolidation of a new equilibrium is labeled as a 'sustainable change'. The cultural change process is displayed in figure A.
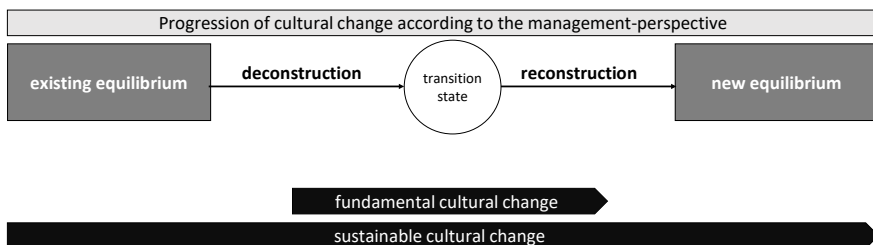

Figure A Fundamental and sustainable cultural change according to the management-perspective.

Cultural change within public organizations

The focus on creating public value instead of pursuing growth and profit leads to different change dynamics in public organizations. With organizations in the public domain, there lies a strong emphasis on creating and preserving public value. Moreover, there is a large diversity of stakeholders compared to private organizations. Employees are confronted with and influenced by political intentions, administrative management and various stakeholders outside of the organization who all want their interests to be taken into account. A third feature that specifically applies to public administrative organizations such as the Nieuw-West, is the double management: The administrative leader must carry out the task of the political leader while managing the organization. This implies that, in terms of authority and professional autonomy, public (administrative) leadership is generally more limited than that of a private organization.

Outline of the research method

During the research period, which lasted from September 2011 until December 2014, an extensive cultural study was carried out within the organization. A distinction was made between three 'lines of research'.

- Research line 1 involved analyzing relevant documents such as policy files and

news reports. These documents were used to create a reconstruction of the most important events, decisions and actions that took place or were carried out within the context of the organization.

- Research line 2 involved the cultural analysis. By using the culture-arena model as the main instrument, the organizational culture was measured and analyzed annually. The measurement displays the core values ('mindset') and the informal power relations ('group arena') that characterize the culture in that specific time period. Per measurement, an average of 87 employees were interviewed, corresponding to 10% of the organization's total workforce. The result of line 2 is a table that contains the most important shifts that could be established within the cultural components mindset and arena.

- Research line 3 involved the interpretation of the cultural change the administrative management was part of. It contains the objectification of the so called 'shared meanings'. The shared meanings were derived from the purported 'logbook interviews' that were held in the interval between the culture measurements. In the logbooks of the interviews, the managers were asked about how they interpreted the organizational changes that they were confronted with at that moment in time. A total of 36 interviews were conducted. The result of line 3 is a representation of how the administrative management experienced the cultural change, based on seven coded cultural themes.

The results of the three lines of research were collectively assembled by means of a theoretical framework based on the work of Kuipers et. al (2013). In the framework, organizational change is subdivided into five categories, namely the organizational context, the process of transformation, the change experience, the administrative leadership and the nature of the cultural change. By means of a description of the most important results according to the framework, an answer was given to the main question of how the cultural change progressed during the organizational transformation.

Key findings: the progression of the cultural change

The research period can be described as a period when a fundamental, but not (yet) sustainable, cultural change took place. The fundamental change is the result of a critical event that occurred during the research period: the announcement of a new and far-reaching transformation of an administrative reform combined with a restructuring that was announced by the city council of Amsterdam in May 2012. A fundamental cultural change can be identified because of a modification of the core values in the mindset. The results imply that the organizational focus on achieving a collective result was replaced by a focus on the (individual) performance of the

tasks. In other words, no longer the result of the work, but the work itself became the main orientation.

The transition in the mindset was accompanied by a transition of the arena. The employees were faced with conflicts in loyalty because the interests of the administrative management of the district-level conflicted with the interests of the political and administrative management of the municipal-level ('het college van B&W'). At the end of the research-period, weeks away from the start of the restructuring, barely any influence from the administrative management was experienced.

The impact of the critical event is also discernible in the shared meanings of the administrative management: the perspective of an organization 'that had to be assembled' transformed into the perspective of an organization 'that had to be dismantled'. In addition, the district management realized that the organization could not control its own future. Instead, its future would be determined on the municipal level.

In the context of the cultural change process, the critical event converted the phase of cultural reconstruction into a phase of deconstruction because the employees realized that the existing organization lacked any purpose. The ambiguity in management, lack of a new perspective and the uncertainty about one's role in the organization led to a phase of cultural deconstruction during which hardly any cultural collectivity could be identified. At the end of the research period, no sustainable change towards a new cultural equilibrium could be identified.

Conclusions about cultural change during an organizational transformation

Following the results of how the cultural change process has progressed during a period of organizational transformation, a main conclusion was drawn based on a number of subsidiary conclusions. The conclusion confirms the theoretical principle that an organizational transformation is accompanied by a process of cultural change. However, both changes do not coincide. The fundamental cultural change emerges as a result of the critical event (official announcement of the transformation) and takes place *before* the transformation is actually carried out. In this case study a sustainable cultural change could not be identified. A sustainable cultural change is expected *after* the transformation is implemented. Thereby, it is stated that cultural change not only involves the start, but also the conclusion of the organizational transformation.

Furthermore, it was confirmed that public characteristics influence the transformation and the progress of the cultural change. In this case study, the

informal hierarchy in power relations (arena) in anticipation of the reform/restructuring became even more complex, with an ambiguity in management and slow decision-making as a result. In addition to the administrative management, political decision-making has a profound influence on the progress of cultural change. This political influence is complicated because it involves both the district, municipal and national levels of government.

The ambiguity in management creates a high level of uncertainty amongst the employees. As a result, they give priority to their own work over the collective public task.

Future research

An important finding is that the results of this case study partly differ from the (theoretical) conceptual framework. In this case study, the organizational transformation and the cultural change do not coincide. The cultural change is 'proactive' in that it already occurs before the organizational transformation is carried out.

Follow-up research can determine what causes the deviation between the theoretical framework and the empirical results. A key position seems to be reserved for the critical event. It is important to determine which criteria mark an event as 'critical' and thus cause a fundamental cultural change. It is plausible that a less drastic and unexpected event does not have a direct impact on the core values in the mindset. In that case, the hypothesis of a phase of deconstruction that leads to a fundamental cultural change will prevail.

In the case study, the 'reactive' cultural change or a sustainable change towards a new and robust cultural equilibrium is expected after the transformation has been implemented. This hypothesis is based on the period after the merger of Nieuw-West, which was characterized by a phase of cultural reconstruction. Reconstruction was possible because the employees were provided clarity in terms of change of direction, management and the collective (social) task.

Follow-up research could determine whether, during the implementation of the reform/restructuring, a phase of reconstruction would emerge around a set of new core values.

This research has contributed to the theoretical development concerning the progress of cultural change that takes place during an organizational transformation. The conceptual framework can serve as a basis for new cultural research. Organizations that find themselves in a stormy phase must be measured and analyzed for several years. This is a difficult and lengthy task, but in accordance with this study, offers more insight into how the complex phenomenon of cultural change can be understood.

"Twenty-four years I've been working for the city. This is the fifteenth reorganization I'm involved in and the most radical one."
Head of department Nieuw West