

# The Role of Culture in Managing Change in a Global Automotive Company

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This project uses the theoretical framework of cultural ecology to understand the role culture plays in managing change in an organization. The theory predicts that responses to change will vary because of the differing environments of distinctive work group subcultures, even when organizationally or demographically similar (Baba 1995). Often, approaches to managing change in organizations do not include differences in organizational cultures and subcultures when trying to implement change because cultural differences may not be apparent, especially at the work group level. Using ethnographic methods, the research conducted for this study took place in the Michigan, United States office of a global automotive organization that was undergoing extreme changes at both global and local levels. The findings illustrate the ways in which people and processes are interdependent, how these interdependencies influence values, and how organizational values either enable or inhibit change. Recommendations for a change program that recognizes natural communities of work groups and organizational subcultures in order to increase the likelihood of successfully implementing changes are presented.

Keywords: cultural ecology, change management, organizational culture.

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## 1.0 Introduction

The purpose of this study was to understand the role culture plays in the management of change in a global automotive company. The research conducted for this study took place in the Michigan, United States office of a global automotive organization that was undergoing extreme changes at global and local levels. These changes included altering work structures and functions in all North and South America office locations, creating a new level of management which would have both physical and virtual locations, undergoing the formal separation of a subsidiary, and work group member flux. The research was centered on the change management team responsible for assessing the impact of, readiness for, and development of implementation plans for these changes, and how they handled the demands of organizational change.

This study used the theoretical framework of cultural ecology to identify how cultural issues may enable or inhibit the implementation of change in the organization. The theory predicts that work group responses to change will vary across groups because of the differing environments of distinctive work group subcultures, even when organizationally or demographically similar (Baba 1995). Cultural ecology theory views work groups as natural communities or subcultures nested inside and interdependent on other subcultures in the organization. Recognizing natural communities of work groups and organizational subcultures

helps identify the instances where people, groups, or processes encounter areas of interdependence and difference that “play a crucial role in shaping organizational members’ acceptance or rejection of transformational change” (Baba 1995: 205). Interdependency is defined by “mutual relations between population[s] and their environment[s]”, and when seen in this way, the organization becomes a system of interrelated, interdependent parts (Baba 1995: 211). Often, approaches to managing change in organizations consist of imperatives directed from the top down. This type of approach does not acknowledge the systemic nature of the interdependencies of groups and informal ways of accomplishing goals; culture and its effects are not well understood or acknowledged in change management efforts (Baba et al. 1996: 44). Therefore, there is an urgent need to view an organization as a system of groups and subgroups in order to address the role of culture in managing and implementing change across an organization.

## **1.1 Project Goal**

The goal of this project was to understand the role of culture in the management of change in a global automotive company.

## **1.2 Specific Aims**

The specific aims of this project were to:

1. Identify and describe formal and informal work groups in the organization;
2. Identify and describe the interdependencies of individuals, work groups, and work processes;
3. Identify and describe cultural beliefs and values at corporate, regional, local, and work group levels of the organization;
4. Identify and describe how culture enables or inhibits change.

## **2.0 Background and Significance**

This section (1) describes why the role of culture in managing change is important; (2) briefly summarizes the vast literature of anthropological research on organizational culture; (3) describes the theory of cultural ecology and the concept of ecosystems; and (4) demonstrates why the cultural ecology model is useful in the study of organizational change.

### **2.1 The Role of Culture in Managing Change**

Culture, the central tenet of anthropology, is difficult to define simply. A concept whose definition has been revised and refined extensively both within and outside the discipline of anthropology, culture, for the purposes of this paper, is the deeply ingrained, learned and shared values and norms of a group. Allen Batteau (2004) defines culture as “a system of shared understandings . . . the accumulated learning of a people (or a group), rooted in their history, their identity, and their relationship with other groups” (23).

The culture concept has been appropriated by organizational and management sciences since the 1980s (see, for example, Deal & Kennedy 1982 and Schein 1992, among many others) to explain behavior at a corporate level. In many cases, approaches to managing change in organizations consist of imperatives directed from the top down. This type of approach may

view culture as a singular entity, as in, the organization has a culture, or may ignore the idea of culture altogether. Often viewed as a “variable” that can be added or taken away, culture ultimately is “messy human stuff that managers and organizational theorists cannot quite figure out what to do with” (Jordan 1994: 4).

The culture concept, as has been used in organizations, is limited in its ability to capture the complexity of culture, where sub-group, local, regional, national, and organizational cultures may exist simultaneously, often with competing traditions and messages. The concept of culture needs to incorporate the multiplicity and interdependency of cultures with each other in context, and further, there is a need for more empirical studies to help develop more analytical models and move towards a solid theoretical stance (Hamada and Sibley 1994: 4).

The successful management of change in organizations is often defined by how quickly a change can be implemented, and therefore, methods of managing change may consist of tools and approaches that “produce concrete output in short order” (Jordan and Dalal 2005: 2). This model of managing change reflects linear, rational, and positivistic beliefs about how change can be implemented, and does not acknowledge the systemic nature of the interdependencies of groups and informal ways of accomplishing goals. An alternative to this model is the holistic view of managing change in an organization. Hamada and Sibley differentiate the anthropological perception of organizations from other perspectives, a few of which are summarized into the following points:

1. Organization is a socio-cultural system embedded in larger socio-cultural environments;
2. The management culture of an organization is not necessarily the organization’s only culture;
3. Organizational life is more fluid than linear;
4. Values formally and informally influence behavior;
5. What events mean to people is as important as what happens (1994: 26-27).

The anthropological perspective on organizations realizes the power of culture on behavior and interpretation of meaning for members of the organization. Culture, therefore, is a factor that cannot be ignored, discounted, or put off to deal with later when managing change.

Further, it is important to note that anthropologists “advocate the organizational culture study as a way to understand organization not as an economic or political entity but as a socio-cultural entity placed in a particular society within a particular historical context” (Hamada and Sibley 1994: 21). Organizational culture, from this perspective, cannot be used as a tool to gain a competitive advantage, as it is sometimes applied by disciplines other than anthropology (*ibid.*). History and context have implications for the nature of culture in global organizations, as organizational culture becomes embedded in other histories and contexts.

The role of culture could be better understood or acknowledged in managing change efforts (Baba et al. 1996: 44). Therefore, there is an urgent need for management to view the organization as an interdependent, interrelated system of groups and subgroups in order to address the role of culture in managing and implementing change across the organization.

## **2.2 Organizational Culture Studies in Anthropology**

A vast body of literature exists in the discipline of anthropology on the study of organizational culture. Dating back to the late 1920s, these studies pioneered the ethnographic approach in

modern, complex organizations in the United States. The history of the study of organizational culture by anthropologists has been written about extensively elsewhere (see Baba 1986, Trice and Beyer 1993, Hamada and Sibley 1994, Ervin 2000, Jordan 2002, and Gwynne 2003, for example). Thus, anthropologists have been and are continually working in organizations, attempting to understand the role culture has in business.

In anthropological studies of organizational culture, the problem defines the research goals and methodology (Jordan 1994: 5). As a result, a wide variety of approaches, tools, and findings exist. Since the 1990s, however, it is widely accepted among anthropologists that organizational culture contains interrelated, interdependent cultural groups nested within larger industrial, local, regional, national, and international cultures (Gregory 1983, Hamada 1991, Jordan 1994, Baba et al. 1996, Gluesing 1995, Sackmann et al. 1997).

In order to manage change in organizations, a holistic view of culture is required. The anthropological approach to managing change in the organization starts with the premise that culture is “the whole that includes all the other variables” (Jordan 1994: 4).

## **2.3 Cultural Ecology and Ecosystems**

This section describes (1) the theory of cultural ecology and (2) the concept of ecosystems.

### **2.3.1 Cultural Ecology**

Cultural ecology “conceptualizes the culture of a human social group as a response to that group’s environment including influences emanating from other cultures in that environment” (Baba 1995: 204). Borrowing liberally from ecological theories of organisms adapting to their biological environments, cultural ecology applies the same idea to humans in their social environments. Because “individual organisms, including human beings, respond to their environment,” cultural ecology is a useful theoretical framework to understand social phenomena in modern complex organizations (Barfield 1997).

Julian Steward developed “the concept of ecology in relation to human beings as an heuristic device for understanding the effect of environment upon culture” (1988 [1955]:322). Steward understands the biological definition of ecology as “adaptation to environment,” meaning, organisms interact with each other and the physical features of their environment (Steward 1955 in B&G: 322). Though humans are recognized as an organic part of ecological systems, Steward introduces culture and cultural patterns as separate from biological ecology. Steward differentiates the concept of cultural adaptation from biological adaptation: biology can be reduced to genetic strategies for survival, whereas culture “explains the nature of human societies” (Steward 1988 [1955]: 324). As in biological ecology, the unit of study in cultural ecology is a community of all living things assembled and interacting together in a defined environment (Steward 1988 [1955]: 323). Cultural ecology was used to explain adaptations of diverse band-level societies to their physical environments, demonstrating a definite relationship between culture and the environment (Moore 1997: 183-186). The cultural ecology approach recognizes that a relationship exists between people and their environment, and further, that the environment is not passive, but shapes and is shaped by the population in that environment.

### **2.3.2 Ecosystem**

The ecosystem concept is central to the theory of cultural ecology. Cultural ecology further developed in the 1960s and 70s along with modernization theory, dependency theory, world systems theory, and political economy. These theories attempted to articulate the complex relationships between human social groups and their political and social environments by envisioning the relationship as a system of closely interrelated parts. An ecosystem is an interdependent network of populations and environments (Baba 1995: 211). The theory of cultural ecology uses the ecosystem concept to see human systems of organization, for example, modern corporations, as cultural systems (Rappaport 1971). When viewed in this way, an organization becomes an environment or a culture that consists of sub-units or sub-cultures, each of which has a complex, shifting relationship with others and the whole. Therefore, the organization and groups within the organization are always changing as they adapt to new internal and external influences.

### **2.4 Utility of the Cultural Ecology Model**

The cultural ecology model is used in organizational research because findings have shown that “work group subcultures are created and maintained through complex interactions among communities of work groups and their environments that subcultural differences, once formed, play a crucial role in shaping organizational members’ acceptance or rejection of transformational change” (Baba 1995: 205). Cultural ecology “has the potential to accommodate the simultaneous coexistence of hierarchical, egalitarian, shifting networks and other kinds of relationships among subgroups,” and therefore, this framework shows how culture is a complex system of interrelated parts (ibid.). Viewing culture in this way gives rise to questions about the nature of culture in organizations: How do parts affect the whole? What is it that allows or inhibits change?

This section described how culture exists at multiple levels, from work groups to international cultures, and culture is a critical factor when managing change across an organization. Anthropological studies of organizational culture provide a holistic and systemic view of culture; cultural ecology in particular is a theory that describes how groups relate to and rely on each other within an organizational environment. The next section uses the theory of cultural ecology to design a research project to study the role of culture in managing change.

## **3.0 Research Design and Methods**

This section describes (1) the overview of the design, (2) the research project design, (3) the sample, (4) the data collection procedures, (5) the data management procedures, and (5) the data analysis procedures.

### **3.1 Overview of design**

In order to understand the role of culture in managing change, this project was conducted over a 3-month period at a global automotive company undergoing several concurrent significant organizational changes. This sample group allows for analysis of the interdependencies of different groups across a global organization. Participant observation and informal interviews

were the methods used to collect data. Data were managed by applying deductive codes, and analysis was conducted by using the questions posed by the specific aims to look for patterns.

### **3.2 Research project design**

The design reflects the nature of studying the role of culture in managing change; that is, change can only be observed over a period of time, and to get the insider perspective and a complete understanding of the interrelated aspects of organizational culture, it is important for the researcher to be embedded inside the research context.

### **3.3 Sample**

The sample for this study, a change management team (n=8), was chosen because of its position as a work group within an organization with many levels of interaction across geographic space and managerial hierarchy, with a role of managing the implementation of organizational change within the company. The change management team is a work group interdependent on other work groups at various levels in the company, so this sample allows for analysis of the interdependencies of different groups across a global organization. All members of the change management team were recruited for participation in order to understand the team as a work group unto itself and in relation to the rest of the company. The members of the team were asked to participate by the PI, following standard Human Investigation Committee policies and procedures. All eight participants agreed to participate and signed informed consent forms. The members of the team included two women and five men, ranging in age from mid twenties to mid forties.

### **3.4 Data collection procedures**

Qualitative methods are generally recognized for their ability to capture of the complexity of human behavior in descriptive terms, and have been used extensively in organizational settings. Ethnography, in particular, helps illustrate the ways individuals and groups interact and create meaning, because qualitative research allows for the exploration of the context of the phenomena (Pequegnat et al. 1995: 100). Social interactions invisibly structure organizations, and are often discounted or neglected by management. Ethnography renders the invisible visible. Vicki Smith (2001) describes how ethnographic methods of inquiry tell us about worlds of work. Specifically conducted in work spaces to understand the construct of work, it is “observation, participation, and/or immersion” that allows researchers to “engag[e] in the same social processes, [confront] the same organizational, technological, and administrative structures, and [be] implicated in the same relations of power, control” to “acquir[e] a type of data that is simply unattainable using other modes of inquiry” (Smith 2001: 220, 229). The ethnographic approach, originated and honed in the discipline of anthropology, is essential for understanding behavior and action in context.

This study employed the hallmark anthropological qualitative methods, (1) participant observation and (2) interviews, to examine the role of culture in the experiences of people undergoing significant changes at work.

### **3.4.1 Participant observation**

By establishing a role within the change management team, the principal investigator (PI) was immersed in the “practices and communications among people” in order to provide “important social and behavioral perspectives on the problems” at hand (Pequegnat et al. 1995: 100). Actions and interactions are embedded in contexts that participants may not be able to articulate, and these need to be observed to be identified and understood. Further, being embedded in the research context provides the opportunity to understand the phenomena before asking structured interview questions about it. It is important to note what people do and how they do it to compare with their answers to interview questions. There may be differences between what is said and what is observed which may have implications for analysis.

Seven observations were conducted both in person and using communication technologies over a period of four weeks as the change management team assembled, discussed their tasks and their approach, and negotiated their change management methodology and strategy up and down the levels of hierarchy in the organization. At the start of the project, the PI attempted to look for instances of change affecting work processes, because at the time, a new layer of management was going to be created, affecting reporting relationships and work processes throughout the organization. However, as the project was being conducted, a new change was introduced to the change management team: the parent company divested its wholly-owned subsidiary (which owned the change management team) to an outside company, and according to the parent company, this change needed to be managed before the new regional arrangement could be managed. Simultaneously, the change management team was bringing in new members and preparing for more experienced members to leave. Because the changing demands on the change management team, the short duration of the study, and limited access to the team did not allow for a direct examination of work process change as a result of organizational restructuring, the PI decided to focus on how the concurrent organizational changes were affecting the organization across its corporate, regional, local, and work group levels. To assess this, the PI looked for:

1. Instances of individuals, groups, or processes indicating formal and informal boundaries;
2. Instances where individuals or processes rely on each other;
3. Instances of individuals, groups, or processes providing evidence of organizational cultural beliefs or values;
4. Instances of individuals, groups, or processes having or anticipating difficulty working across boundaries;
5. Instances of individuals, groups, or processes collaborating or anticipating being able to collaborate across boundaries.

These observational strategies allowed for natural communities, their interdependencies, cultural beliefs, and responses to change to be described.

### **3.4.2 Interviews**

Open-ended, unstructured interviews uncover deeply held assumptions about work and individuals’ interpretations. Interviews are “a systematic way of gathering data that allows the exploration of observed behavior patterns and can augment what was learned during direct observation” (Pequegnat et al. 1995: 100). Informal questions allow for probing into feelings and behaviors, and structured interviews provide the opportunity to compare answers across participants.

The PI asked open-ended questions of the change management team on three occasions during the course of the seven observations on the following topics:

1. Roles and responsibilities
2. Feelings about the change in scope
3. Feelings about the proposed organizational changes
4. Instances of cultural differences to change
5. Barriers to change
6. Appropriateness of change management methodologies

Open-ended, informal questions of this type helped uncover the formal and informal beliefs and practices in the organization.

### 3.5 Data management procedures

Handwritten interviews and observations were typed up and stored in electronic form, and imported into Atlas.ti version 5.0, a qualitative data analysis software program to enable computerized sorting and retrieval of information. Codes, developed from the cultural ecology literature, were applied to the seven observations and the three interviews. The codes are listed and defined in Table 1.

Table 1. Codes

Change	“A significant shift that challenges the existing structure and functioning of work group communities and ecosystems” (Baba 1995: 212)
Work group	A group of people that work together on a specific task
Work process	The steps it takes to get to the desired end result
Interdependencies	Instances where groups or processes rely on each other; an interdependent system is defined by mutual “relations between populations and [their] environment[s]” (Baba 1995: 211)
Resistance	Instances where there is evidence of individuals, groups, or processes having or anticipating difficulty working across boundaries
Active participation	Instances where there is evidence of individuals, groups, or processes collaborating or anticipating being able to collaborate across boundaries
Values	Instances where there is evidence of organizational cultural beliefs or values

After applying the codes, the seven observations were sorted by each code in order to look for the relationship of each code to the other codes, and to look for evidence of delineations, boundaries, and relationships between work groups and environments. The same procedure was

used on the three interviews. Observations and interviews were considered separate data sets. The three interviews were not compared to each other because the interview questions were not the same in each case and the questions were not asked in the same order.

### **3.6 Data analysis procedures**

The data analysis consisted of assessing the observations and interviews using the questions posed in the specific aims:

1. What are the formal and informal work groups in the organization?;
2. How are individuals, work groups, and work processes interdependent?;
3. What are cultural beliefs and values at corporate, regional, local, and work group levels of the organization?
4. How does culture enable or inhibit change in the organization?

The findings from these questions provide data on the role culture plays in managing change in the organization. The findings support the predictions of the literature.

## **4.0 Analysis**

This section describes (1) the organization in which the research was conducted and the sample group, and (2) the findings.

### **4.1 Global Automotive Company**

Global Automotive (GA) is a global automotive company who is consolidating their information technology (IT) operations in North and South America. Headquartered in Germany with offices around the globe, GA is restructuring internal functions to have an IT governance umbrella organization to commonize and standardize functions in order to reduce costs in four local country organizations, the United States, Mexico, Brazil, and Argentina. To accomplish these goals, a new organizational structure and new layer of management will change the existing reporting structure and work processes, and require the development of new work teams. A regional office will be created as a new stratum between global and local levels of management. Included in this regional organization is a Regional Chief Information Officer (CIO) who is responsible to ensure that the global corporate strategy is implemented across the local organizations in North and South America, and that the requirements of the local countries are integrated into the global strategy, and that operating synergies are maximized. This change impacts the organization's business architecture, functions, goals, and work processes, and requires four formerly independent units in four different countries to work together, even though they are not co-located, to achieve local and corporate goals. The organizational design will require significant human change management strategies to facilitate implementation.

Second, GA recently divested its wholly-owned information technology service provider subsidiary to an outside company. This subsidiary company, called Information Technology Services (ITS), provides services ranging from hardware implementation to software assistance to change management methodologies. What was once an informal relationship between ITS and GA will now become a formal arrangement of services as ITS is appropriated by its new parent company.

ITS also provides change management services to GA. A change management (CM) team is responsible for simultaneously managing the separation of ITS from GA and the reorganization of GA. At the same time, the CM team is changing as several people on the team are planning to leave for various reasons, some of which are known and some unknown to other members of the team.

The research centered on the CM team, a work group within an organization with many levels of interaction across geographic space and managerial hierarchy. The members of the team included two women and six men, ranging in age from mid twenties to mid forties. Located in Michigan, this CM team often worked with management located in Germany, with others in the same offices in the US, and with others located in the other countries in the Americas cluster (Mexico, Brazil, and Argentina).

The PI was given access to the location via a badge and the organization's intranet via network access codes in order to be able to schedule and attend meetings and communicate with members of the CM team. In the beginning of the study, the PI discussed the research project and plan with the most senior members of the CM team to make sure that the change management process and projects aligned with the goal of the research, and that the findings would benefit the organization. The PI's participation with the team began at the same time the CM team formed to manage the organizational changes.

The CM team members consisted of:

1. Mr. B, a senior manager
2. Mrs. C, a newly trained CM team member
3. Mrs. D, an experienced CM team member
4. Mr. N, an intern working part-time
5. Mr. E, an experienced CM team member who joined the project late
6. Mr. J, a CM team member responsible for process changes in GA
7. Mr. G, a senior manager with multiple roles in ITS and GA
8. Mr. W, a senior manager with multiple roles in ITS and GA

All the members of the team, except for G. and W., reported to B. B. and G. reported to W. G and W were less involved in the working sessions of the CM team, but were asked for input on and agreement with the plans developed by the CM team. The other members of the team were not all present during all observation and interview sessions. Though members play different roles and are not consistent in each interview or observation session, the members of the CM team are treated as the unit of study.

The interviews were three discrete events conducted during the research period. The three interviews were not compared to each other because the interview questions were not the same in each case and the questions were not asked in the same order, but the interviews are considered as a set of data.

Interview #1 was a test run of the formal readiness assessment interview developed by the CM team. B. conducted the interview with J, because he was familiar with the plan for the Cluster change but would not be in the interview population. D., C., and N., were present for this interview to assess whether the interview protocol structure and format captured the information they were seeking. B., used a formal protocol developed by the CM team, designed to assess the structural, functional, and process-related aspects of how change affects work at

GA, and the PI was allotted time at the end of the interview to question J. for the purposes of the research project.

Interview #2 was an informal interview with C., and Interview #3 was an informal interview with B., where the PI probed about the role of culture in managing the changes at GA and asking whether the PI's observations about the role of culture were valid.

The observations took place during seven discrete events during the research period, which were considered as a set of data. These seven events were meetings between CM team members to discuss the steps and tasks required to manage the reorganization and separation changes in the company. Several of the meetings were conducted face-to-face in a conference room in the organization when all team members could be present, and some were conducted via teleconference, when W. and G. were in Mexico on assignment. Also, the PI called in to two meetings via teleconference and when she could not be present at the organization due to other commitments.

The seven CM team meetings were approximately one hour to one and a half hours in length. The structure of the meetings was similar across the seven events: there was a call to order and an agenda set and agreed to by the other team members. B., as senior manager of the CM team, led the meetings. The meetings concluded with tasks taken on by team members.

The next section describes the findings from the data sets.

## **4.2 Findings**

The findings consist of the answers to the questions posed by the specific aims.

### **4.2.1 What are the formal and informal work groups in the organization?**

The formal work groups are defined by the organization. Boundaries are made clear by group names (e.g., ITS, GA) and by the formalization of roles and functions by a specific department within the organization. These boundaries can be found on an organizational chart, and will not be described here in detail.

However, formal boundaries are permeable, and people work together formally and informally across organizational boundaries. One example of an informal way of working across formal boundaries is from the PI's experience trying to get help from the tech support system (located in Brazil) with a company-issued computer problem. There is a formal process for requesting and receiving assistance. Because the PI was considered a contractor, without an assigned location in an office, the PI could not follow the formal assistance process, and tech support could not log and solve the problem. Someone from ITS took the PI to the tech support office on-site in the Michigan office to fix the problem. The formal route for solving technical problems, that is, calling the support line and locating the problem at a work site, needed to be circumvented in order to solve the problem.

### **4.2.2 How are individuals, work groups, and work processes interdependent?**

Many aspects of the organization are interrelated and interdependent. As one respondent said, "It's not all structure, it's processes and functions." The following are ways in which individuals, groups, and processes work with each other and rely on each other across formal boundaries.

1. Group membership. The team's members changed during the course of the study. Original team members included B., C., D., and N. Occasionally, N. would not be present during team meetings. When asked, C., said it was because N. was an intern who was only in the office on certain days. E. joined the team later once his schedule changed, although he had given B. his resignation and was planning to leave the company. B., also, was considering a job offer. At the end of data collection, the rest of the team was not aware of E. and B.'s planned departures. In addition, D. was preparing to go on maternity leave. W. and G., part of the same ITS formal work group, were only peripherally involved with the planning activities of the CM team but were relied upon by other CM team members for input.

2. Teamwork. Being able to work closely with people in the same functional group and across groups is critical to achieving goals. One CM team member said during an interview, "I love working on a team. I can see the teamwork here. We pick things up and learn from each other; there's open communication. I can see the teamwork and that's the important thing."

3. Coordination. There is a need to coordinate the flow of information across groups. First, there is the expectation that information will flow down from the top levels of management. For example, in order for change to take place, the information must be delivered from an upper level of management: "It has to come from the governance leader, not the project team." Second, there is an expectation that information will flow freely between groups: in order to "build a common understanding," information needs to be shared through "dissemination of data." The CM team was told to work with people in Germany, to make them "aware of what we plan to distribute," to streamline efforts and to make communication coming from different offices "consistent." Third, as the new regionalization is implemented, existing work processes will change, which will interrupt commonly practiced ways of working. For example, where local counties used to control their own budgets, "spending [will be] coordinated through the regional office. No country decides this for themselves."

#### **4.2.3 What are cultural beliefs and values at corporate, regional, local, and work group levels of the organization?**

During the observations and interviews, certain themes repeatedly emerged, reflecting key beliefs about work and the organization.

1. Time. In several instances, time was mentioned as a critical factor to successfully managing change. For example, both the PI's and CM team's interview protocols were estimated to take an hour each. We were encouraged to combine the two so that one person would be interviewed on one occasion only, for no longer than one hour. As the new CM team protocol was being developed, being sensitive to demands on CIO time and how much time a CIO could realistically give to an interview was mentioned repeatedly. In addition, it was discussed how likely it was that people would take the time to respond to an interview and a follow-up survey.

2. History. Past experience affects the way people manage organizational change. Several times during the seven meetings, the history of failure was mentioned as potential barrier to implementing change. A CM team member related that "my experience has been, every time a project comes up, [there is] a lack of organizational structure to support what they're doing . . . it impedes the countries from working together." In addition, another CM team member said based on prior experience with changing work practices to suit new managers, the local countries will say "we've seen 'em come and go. . . .The way it's been, [a manager] flies in, shakes hands, has dinner, says we're changing, then goes away for 18 months." These previous experiences

affect how people respond to the imperative to make structural, functional, or process-related changes.

3. Information flow. It is assumed by the members of the CM team that information flows from the top levels of management down through the organization. As one CM team member said, “The people in the local countries are not the drivers of change.”

However, the uppermost levels of management are primarily located in and originally from Germany, and information needs to travel to many different countries. In the observations and interviews, national differences in disseminating information became evident. One CM team member recalled a prior situation where one of the most senior German managers had “reluctance to give out any information, didn’t want anything communicated until everything was finalized. There was no information on roles and responsibilities. There was a major heartburn around that.” Members of the CM team discussed how ITS distributes information freely, but at GA, “everything comes with confidential on it” and “the odds aren’t good that the CIOs have distributed [notification of the regional change] to their staff.” One of the CM team members responded that “it’s up to [the CIOs] to keep it close to the vest or to communicate it beyond.” Further, not only is information disseminated in one direction, but someone has to be associated with driving the change. One CM team member said, “once the governance role is appointed, communication about the cluster can occur.” Reflecting on the lack of management direction during this time of change in the organization, one CM team member commented, “no one’s driving but the car is moving.”

#### **4.2.4 How does culture enable or inhibit change in the organization?**

Change, a “significant environmental shift that challenge[s] the existing structure and functioning of work group communities and their ecosystems,” forces work groups to respond and adapt (Baba 1995: 212). Adaptive responses to change can either resist change or actively participate in the shift from existing functions to the new way of functioning. Below are areas of resistance and active participation in the observations and interviews.

1. Resistance. Concern was expressed over the changes to the reporting relationships in the organization. Formal reporting relationships are represented by solid lines in the company’s organizational chart, and informal relationships are represented by dotted lines. Moving to the regional reporting structure means that local countries that used to report to their local CIO will have to report to the regional CIO, but will still have the informal, dotted line relationship to the local CIO. One CM team member asked, “where is loyalty going to lie?” There may be conflicts of interest in the formal and informal reporting relationships.

It was acknowledged that people are comfortable with existing processes and relationships; one CM team member said “they’re used to the way they used to do it.” Changing ingrained patterns of behavior is difficult without a rationale for why change is necessary. For example, people in the local countries were asked to fill out templates to estimate how much they forecast spending on ITS services in the coming year, and a member of the CM team noted “to them, this seems to be another in an endless stream of paperwork.” People are asked to do things without knowing why or for what purpose. Another CM team member said that it’s important for people to know why they are being asked to change ways of working, and the request to fill out the template had “no context” it was “just a task.” Context provides the rationale, but it is also acknowledged that there need to be resources to assist the process of change: “they need to know how and why the relationship is changing.” Another example is from the change to a regional organization: “The regional goals will be part of the country goals for a high degree of

commonality across the four countries. Right now, it's different in all four countries." It is anticipated that people will resist such a significant restructuring change without understanding why the change is important and how it will benefit them. As indicated above, past experiences color how receptive people are to change. Other areas of resistance include the need for information regarding the benefits of the change, and structures and processes to support change.

Uncertainty means resistance to change. For example, the new regional CIO had not been designated at the time when the regional reorganization was being announced. Without a person assigned to this role, there was no accountability or identity associated with the job. As one CM team member noted, "no one is representing the role."

Dealing with multiple concurrent changes can be overwhelming; one CM team member said in an interview, "it's one of those times when everything shifts so much, I get a little lost in it all."

2. Active participation. In the CM interview test run with the PI's probes at the end, it became clear that when the purpose of change is understood, the benefits of change can be realized, and it is possible for people who will be affected by change to take an active role in the change process. One CM team member suggested asking, "what's your opinion, what can we do to make this better for you?"

Attempting to bring a sense of ownership to the many people who will be affected by the organizational changes, methods of communication were discussed by the CM team members. It was decided that kick-off meetings would be conducted in person, because "face-to-face is more personal" than communication technologies such as web- or tele-conferences.

Another example of actively overcoming resistance to change is in setting up an "exchange program throughout the region." People will rotate jobs in various countries in order to exchange skills and knowledge and experience what it is like to work in the other countries in the organization.

The next section discusses the significance of the findings and how the findings relate to the literature.

## **5.0 Discussion**

The purpose of this project was to understand the role culture plays in the management of change in a global automotive company.

The existing literature on organizational culture extensively discusses the many levels of culture that exist in a global organization. In summary, the work group, defined as "the membership of a formal corporate subunit that shares a common goal and a common set of work tasks and interacts regularly over long periods of time," is a level of culture contained within regional, national, and industry levels, among others (Baba 1995: 207). Cultural ecology theory predicts that work groups will "display radically different patterns of behavior and belief" which have implications for managing change in organizations (Baba 1995: 230).

The findings from this study align with the predictions from the literature. The CM team, a work group, was unique from other work groups within ITS and GA. In addition, GA, as a German-owned company headquartered in Germany, exerts a great degree of cultural influence over the other subunits and subcultures in the organization. The literature supports this fact: "National culture has the most profound and pervasive influence on behaviors and beliefs" (Baba et al 1996: 45). As shown in the findings, the control of information and the direction of

communication in GA reflect some of the cultural values and the amount of influence in the organization; information flows from the top down, from management in Germany.

The CM team is aware that cultural differences exist in the organization, but perhaps are unaware of how interrelated and interdependent cultural aspects are, and therefore are unsure how to manage change successfully in light of these cultural issues.

Figure 1 below is a representation of how the codes are related to each other in the data sets.

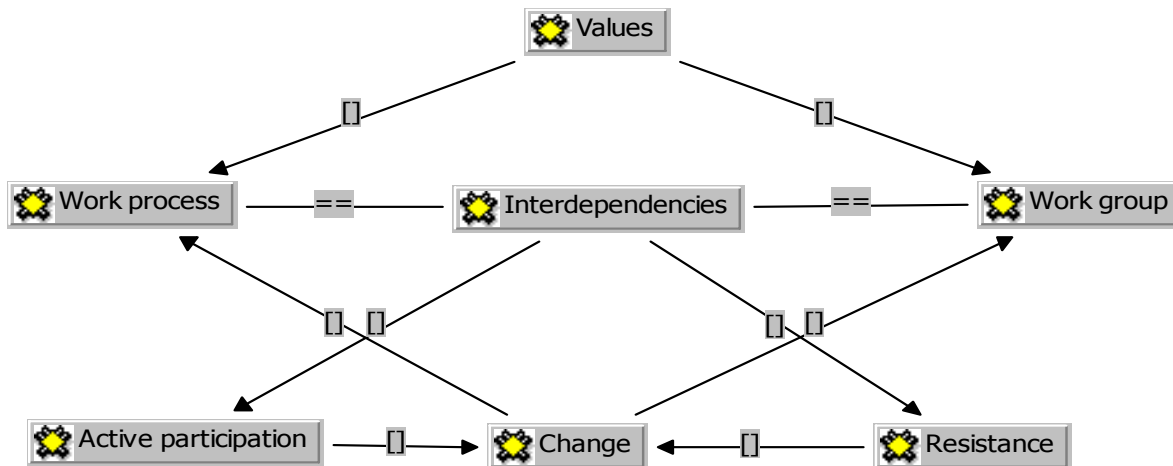


Figure 1. Relationship of codes.

Culture consists of values and beliefs that are shared and learned by people. Values influence both work processes and work groups, which are interdependent on each other. When change is implemented, it affects existing work processes and work groups. Adapting to, or responding to change can either take the form of resistance or of active participation. Therefore, processes and groups will either work to collaborate across boundaries or have difficulty working across boundaries, which in turn influences the effects of change on the groups and processes: “Spontaneous responses of social groups to critical historical incidents, whether shaped by design or by chance, test ‘native’ paradigms, either reinforcing or modifying them” (Baba et al 1996: 47).

The findings showed the ways in which people and processes are interdependent, how these interdependencies influence values, and how organizational values either enable or inhibit change. In an interview with a CM team member, it was mentioned that one of the purposes of the CM team was to “help [the company] sort out the fuzziness” of the change process. This CM team member acknowledges that there are issues that cannot be dealt with so “pragmatically.” Values and other cultural aspects are often invisible and informal to those that manage change, which makes the management of change more difficult. The existing CM tools measure more formal aspects of work, such as perceived impact of change and assessment of readiness, which may not capture the “fuzzier” issues that cannot be measured so directly but which also impact the implementation of change.

This project merely scratched the surface of the research question. Limitations of the study include:

1. The study population was a small sample size, and therefore, the results cannot be broadly or generally applied.

2. The project was part of a course on anthropological methods with an emphasis on learning the process of designing and conducting research projects, so this project was constrained by the pace and content of the course requirements.

3. The PI worked within the structure of the change management team's goals, methodology, time, and budget constraints to align the purposes of the research project closely with the goals of the CM team.

4. The PI was unable to fully explore the multiple cultures that exist in this global organization. This project was limited to one group, one organization within a larger organization, one site, and one country. This project did not capture enough data to fully describe the multiple levels of culture at this organization.

5. As a lone anthropologist, the PI had to choose specifically on what to focus during the interviews and observations; though working with members of a change management team, PI comes from a specific social science tradition which does not mesh completely with the goals of the CM team.

The final section describes the implications of the research project and directions for future research.

## 6.0 Implications and Further Research

### 6.1 Implications

The organization is facing two corporate imperatives. First, ITS is changing its relationship with its former parent company, GA. Second, the organization needs to restructure to meet the corporation's financial goals. Both of these changes impact all levels of the organization. However, the impact of restructuring will be felt differently at the different levels and locations of the organization. GA is in a difficult position: how can the organization be flexible enough to incorporate diverse cultural, technological, and personal requirements and yet be rigid enough to achieve corporate goals?

It is recommended that change management programs at ITS and GA recognize natural communities of work groups and organizational subcultures in the following ways:

1. Invest the time to uncover all the issues, both formal and informal, related to managing change. As a CM team member explained, "we do what we can do with the change management tools, not what we *could* do."

2. Understand key events in the organization's history and peoples' prior experiences in order to make sure historical objections can be overcome.

3. Coordinate and disseminate information across boundaries. Recognize that some groups may withhold information, and that some groups strongly feel the need for information before they can attempt to change.

4. Justify the change, and explain the benefits so that there is buy-in and active participation in the change.

5. Define roles and relationships so that it is clear who is accountable for providing information.

6. Recognize that there are both formal and informal ways of achieving goals, and these need to be integrated to link groups across the organization (Baba 1995: 231).

7. Envision the overlapping, nested, integrated nature of work groups and processes, so that change is not forced but incorporated into existing formal and informal structures.

## 6.2 Further research

The findings and the limitations of the study suggest ways in which further research could be conducted.

Several data collection and analysis methods could be incorporated for future research. First, taking company history into account has proven useful in tracking changes in and responses to changes in organizations. Second, relying on texts and secondary sources is needed to more accurately capture organizational processes, beliefs, and values. Third, it is important for the researcher to be completely embedded in the research context. Important information and interactions are missed when the researcher is only present at meetings. Fourth, a further project should be conducted in phases to better capture change as it happens in context, including a discovery phase to allow the PI to refine the research question and learn more about the organization, a phase to probe about feelings and responses to change, and a phase that can capture changes in processes over time. Finally, including multiple types of analyses, such as content and ethnomethodological analyses, would provide more insight into what is being said and what is meaningful to participants.

A wide body of literature exists on organizational ecology (see, for example, Ritchie's 2002 dissertation for a summary of this discussion). This research provides a perspective from a different paradigm which would be complementary to the interpretive framework of the discipline of anthropology.

Another literature area to complement the ecological approach to studying organizations is in non-linear systems. Some research suggests that ecological approaches are infused with a static or equilibrium view of systems (Scoones 1999). Assumptions of stability, regulation, and the balance of nature have permeated physical and social science frameworks. For example, natural selection is assumed to be "the sole source of order in the biological world" (Lansing 2003: 183). The positivistic view of adaptation has historically been the premise in scientific study. When used to frame research, this approach tends to exclude the dynamic, variable, and emergent properties of systems undergoing constant changes. Therefore, theories which capture the emergent nature of complex systems are useful in the study of change.

Emergence is the idea that order can be spontaneous, complex patterns with new properties. Drawing from theories of chaos and complexity, emergence is an alternative to the static model of adaptation as rational behavior. Chaos and complexity are useful lenses for viewing emergent properties that are ignored or discounted by other views because they recognize new forms that result from rapid change. Complexity theory says that a "great many independent agents are interacting with each other in a great many ways" (Waldrop 1992: 11.) At the same time, complexity theory acknowledges that "variability and uncertainty [are] absolutely fundamental" when looking at systems with interconnected parts (Scoones 1999: 494). These systems with interconnected parts are dynamic, and local interactions produce patterns seen at the global level. The descriptive term, complex adaptive system, describes how the spontaneous appearance of order in dynamic systems is an adaptive strategy (Lansing 2003). A complex adaptive system is advantageous because its adaptability is a positive feature of its complexity.

Questions posed by these theories are: What is responsible for patterns of order? What are emergent properties of social systems? How do group properties emerge, and what are they?

Do clear patterns of behavior emerge? Do some dominate? Which are more effective? How can a complex system be optimally adaptable and stable at the same time?

These questions can be applied to the study of work in modern, complex organizations. As work increasingly becomes more complex and more distributed as corporations extend across the globe, adapting to constant change is an ever-present challenge to people in work groups and organizations.

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