

**CULTURE CHANGE MANAGEMENT:
CASE STUDY OF AN INFORMATION TECHNOLOGY
DEPARTMENT**

by

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ABSTRACT

Culture change has significant impact on the successful integration and completion of mergers and acquisitions. It is very difficult, however, for leaders to manage change and penetrate the culture as people consciously or unconsciously cling to traditional behaviours and values. This project analyzes the culture change issues at SoftTek's Information Technology Department in the implementation of new values and an ideal culture initiative after the reorganization. Opportunities and gaps in two areas of normative change, Empowerment and Involvement, are assessed and recommendations made for best practices and the most appropriate leadership skills for implementing these new cultural norms. The resistances to the change effort and techniques to overcome these barriers are discussed.

DEDICATION

非常感谢我的家人包括我的父母，姐姐和弟弟一直对我的支持和鼓励！我今天的成就完全源自于他们伟大无私的爱护和关怀。特别把此文章献给他们以表达我对他们无尽的感激和爱。

在我需要帮助的时候，我的朋友们都一直给予我真挚的援手和扶持。非常谢谢你们对我一路的陪伴和关爱！

I would like to dedicate this project with love and devotion to my parents, who gave me this precious life experience and their endless love, and to my sister, who has always encouraged me to do my best!

I would also like to express my sincere appreciation to all my friends who share my life experiences and have supported me all along! Without your love and care, I could not accomplish my work.

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GLOSSARY

IT	Information Technology
OCI ©	Organizational Culture Inventory TM
OEI ©	Organizational Effectiveness Inventory TM
CEO	Chief Executive Officer
CIO	Chief Information Officer
CFO	Chief Financing Officer
L1	Senior Leadership Level
MBO	Management by Objectives
SOX	Sarbanes Oxley

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1 PROJECT PROPOSAL

1.1 Introduction

In the 21st century, mergers, acquisitions and other corporate reorganizations have become a dominant business behaviour in a battlefield of intensive competition. These activities are usually considered from financial and strategic perspectives only. The issue of a culture clash causing failure is sometimes overlooked. We propose analyzing and discussing the cultural change initiative occurring in SoftTek, to explore how to successfully manage the transition smoothly and produce desirable outcomes. Specifically, this paper will focus on the issue of change, the status quo, and, the causal factors in the Information Technology (IT) department to help the leaders plan and execute the change initiative.

Culture is defined as the basic pattern of shared assumptions, values and beliefs considered to be the acceptable way of thinking about and acting on problems and opportunities facing an organization (Schein, 1991). It operates as the psychological contract and social glue that bonds diverse peoples into a solid team and directs employee attitudes and behaviors toward organizational activities to achieve synergy and better performance. At a time when IT departments thrive on massive change efforts such as setting up new structures, systems, and processes, the cultural change can be the essential tool to clarify visions and goals, and inspire behaviours appropriate for new identities. Successful cultural change is vital in addressing the culture clash issue for organizations during mergers and the transition phases of business.

This project will review the current situation and the major change mechanisms in an IT department and integrate the literature research to deliver constructive recommendations and implications for organizational culture change management. Furthermore, the resistance relative

to the culture change and how the change sponsors overcome the resistance are explored. Anticipating resistance in light of a change situation will help the business leaders avoid the chances of catastrophic failures in relation to culture change.

1.2 Background

Organizational culture was identified as a significant priority for SoftTek executives and their CEO, in 2004 after the acquisition and merger of the company originally managing this IT department. SoftTek defines culture as:

The basic assumptions, shared values and beliefs that guide the way organizational members behave toward each other and approach their work.

An assessment of organizational culture was performed using tools provided by a third party consulting firm, Human Synergistics™, to measure the cultures of the two merged organizations and to create the ideal culture for SofTek to strive towards. Culture was defined using three general clusters of “styles” of interaction (i.e., Constructive©, Passive/Defensive©, and Aggressive/Defensive©), and significant differences between desired styles and ideal styles were identified.

Approximately one year after the merger, several cultural initiatives have been undertaken, including the development and launch of SoftTek Core Values, and the culture of the combined organization was again assessed using the Organizational Culture Inventory™ (OCI©) and the Organizational Effectiveness Inventory™ (OEI©) surveys. Results have shown varying degrees of progress towards the ideal “constructive culture” © across business units. Collectively, there has been little movement toward the ideal state.

One department in particular has been identified as being notably out of alignment with the desired organizational culture. The Information Technology (IT) department results were

significantly below the IT historical average, the corporate average, and the Constructive culture benchmark data. The IT group has been through several reorganizations within the past 18 months. They have recently (as of the end of May, 2005) undergone another reorganization. They have also begun an initiative to bring in a new CIO (Chief Information Officer). The interim leader is the CFO (Chief Financial Officer).

Reports across geographic areas have been generated from the survey results and are shared with each group via the HR Business Partner. Managers and the HR Business Partner will jointly begin the process of developing action plans for the coming year. These action plans will propose how each sub-unit will direct change toward the desired organizational culture.

1.3 Issues

In April of 2005, the IT department was presented with the results of their OCI© and OEI© surveys. The report identified some striking results. While each of the departments at SoftTek was slightly out of alignment with the ideal cultural style, the IT department had the greatest degree of misalignment between the identified ideal culture and the current operating culture.

The ideal cultural style for SoftTek was identified as Primary, Humanistic/Encouraging© (a Constructive style©). This culture characterizes organizations that are managed participatively and with a human-centred focus. Members are expected to be supportive, constructive, and open to influence in their dealings with one another. A Secondary, Self-Actualizing© (a Constructive style©) culture characterizes organizations that value creativity, quality over quantity, and both task accomplishment and individual growth. Members are encouraged to gain enjoyment from their work, develop themselves and take on new and interesting activities.

Their actual current operating cultural styles were shown to be:

1. Primary: Avoidance© (a Passive/Defensive style©): this culture characterizes organizations that fail to reward success, but, nevertheless punish mistakes;
2. Secondary: Competitive © (an Aggressive/Defensive style©): this is one in which winning is valued and members are rewarded for out-performing one another.

The current operating cultures are believed to drive outcomes that are now undesirable, and lead to role clarity issues for IT members and departmental-level quality of outputs (per the OCI/OEI©). In addition, qualitative feedback from HR and management has indicated that IT is perceived as not delivering to the needs of the organization.

Given the identified culture and performance issues in IT, HR and IT leadership would like to develop the capacity to drive a shift toward a constructive culture, which is shown to be characteristic of high-performing organizations. There should also be an assessment of the employee perception of recent organizational changes and the impact on their expected responses to a culture change effort.

Exploring and implementing the changes, which affect the identified levers of the operating culture, will address the issues.

1.4 Approach

1.4.1 Identified Levers for Change – Empowerment and Employee Involvement

According to the Human Synergistics™ framework, the operating culture of an organization emerges as a result of the organization’s structures, systems, technologies, skills and qualities. For purposes of this evaluation, we will focus on the “structures” ©, most importantly Empowerment and Employee Involvement, as the targeted levers for change. We have chosen these causal factors as the focus of our evaluation and recommendations for two reasons:

1. Empowerment and Employee Involvement have been identified as the causal factors with the least favourable scores, so present potentially powerful levers for change if properly managed and the potential to continue to reinforce an undesirable culture if not managed.

2. In light of the recent IT restructuring, there is an opportunity to identify complimentary enhancements to the new organizational structure, which will facilitate greater empowerment and employee involvement.

The first step in addressing the causal factors of Empowerment and Involvement within IT will be to assess employee and manager perceptions of types of empowerment and involvement as well as their willingness to participate in change efforts.

1.4.2 Employee and Manager Assessment

1.4.2.1 Empowerment and Employee Involvement

In order to explore the current experiences, perceptions, and opinions regarding Empowerment and Employee Involvement within IT, we will perform individual interviews with a cross-section of managers and employees, representing each department, geography and managerial level. These interviews will explore the underlying themes and perceptions regarding the facets of Empowerment and forms of Employee Involvement that have the most meaning and potential to influence employee attitudes.

We will use two models of Empowerment and Employee Involvement against which to interpret responses. These will include the Facet Model of Empowerment in Work Organizations (Bushe, 1996) and Forms of Involvement (Lam, 1986). The results of the interviews will help us to determine:

1. Which facets of empowerment and forms of involvement have the potential to be most meaningful and influential for employees;
2. How likely managers are to embrace the facets of empowerment and forms of employee involvement;
3. Where managers feel they have the ability/capacity to affect empowerment and employee involvement and where they may require further development and tools;
4. Whether or how employee and management perspectives on empowerment and employee involvement are aligned or misaligned;

5. Where opportunities and gaps exist in the organization to strengthen empowerment and employee involvement.

1.4.2.2 Willingness to Engage in Change Efforts

The IT group has been through a series of reorganizations over the past year and a half and is facing additional changes as the department is introduced to a new incoming CIO. The client would like to understand what the climate is amongst the employees since the most recent reorganization, including how they feel about the new structure, whether it has changed their perspective since the OCI/OEI© results, and what their degree of acceptance or resistance to change will be in the future.

Employees may have varying responses to cultural change. One study has shown that formalized attempts to manage cultural change can have a range of unintended outcomes based upon dimensions of employees' willingness to change and subculture strength (Ogbonna & Harris, 1998). Given the potential for employee resistance to change, it is valuable to diagnose the likely resistance, which can result from common drivers including the degree of understanding of the changes, misunderstanding and lack of trust, fear of loss, assessment of the change and the tolerance for change (Kotter and Schlesinger, 1979).

We will attempt to gauge whether there has been a shift in attitudes toward empowerment and employee involvement as a result of the reorganization through employee interviews. We will use surveys to gauge the level and type of resistance to change that may be encountered going forward in order to facilitate change planning and selection of appropriate change strategies.

1.4.3 Utilization of Change Levers

Based on common themes, perceptions, and identified gaps between employee and manager experiences of, and capacity for, empowerment and involvement, we will suggest how the change levers may be best utilized. This will include the incorporation of secondary data to

suggest best practice methods for empowering and involving employees, identification of potential risks and challenges of using these methods within the context IT at SoftTek, and the most appropriate leadership skills to implement the best practices.

1.5 Deliverables

There will be several key deliverables resulting from this study:

1. Field report to HR business Partner for IT outlining:
 - a. Summary of employee and manager perspectives on Empowerment and the facets of Empowerment that may be utilized to affect cultural change;
 - b. Summary of forms of Employee involvement which may be leveraged to affective a shift toward constructive culture and coinciding strategies;
2. Leadership development recommendations which can contribute to a constructive culture via empowerment and employee involvement;
3. Assessment of employee willingness and expected responses to IT cultural change efforts.

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2 FIELD PROJECT

2.1 Introduction

The following report is provided in its entirety to SoftTek. In addition to the report, we will provide a PowerPoint presentation of the key findings and recommendations. Below is a summary of the key concepts of empowerment and employee involvement. The data was collected through interviews (see Appendix I and II) and surveys (see Appendix III) and has been analyzed using these key concepts and models. A summary of key recommendations has been provided.

2.1.1 Background

The CEO and the Executive Committee have identified organizational culture as a priority for development at SoftTek. Several factors have combined to make this an ideal opportunity for our MBA team to provide SoftTek IT with a formal assessment and recommendations to drive a shift in the culture of SoftTek IT towards the identified ideal “Constructive Culture”©.

The IT organization has undergone numerous structural and leadership changes over the course of the past year and a half. The most recent reorganization saw fundamental changes to the structure and another significant change to IT Leadership is pending; the introduction of a new CIO. Times of transformational change are an opportune time to affect cultural change in organizations. According to Schein:

“Crises are especially significant in culture creation and transmission because the heightened emotional involvement during such periods increases the intensity of learning. Crises heighten anxiety, and anxiety reduction is a powerful motivator of new learning. If people share intense emotional experiences and collectively learn

how to reduce anxiety, they are more likely to remember what they have learned” (Schein, 1990, p 109).

As well, the organization has recently been provided with a valid baseline evaluation of the current culture using the Organizational Culture Inventory™ and Organizational Effectiveness Inventory™ (OCI™ and OEI™), which was administered and interpreted by Human Synergistics™. The results provided measures of the styles used, the outcomes, and the causal factors for these styles.

The causal factors, or levers for cultural change, are the focus for this study, since they provide the opportunity for practical application of change programs. We are focusing on the structural causal factors of Empowerment and Employee Involvement. These were identified as the least favourable scores and so present potentially powerful levers for change if properly managed and the potential to continue to reinforce an undesirable culture if not. The timing also provides an opportunity to complement the structural changes being implemented with enhancements to drive greater employee empowerment and involvement.

2.1.2 Approach

The OCI™/OEI™ results have provided a good point-in-time illustration of some of the cultural gaps existing in IT. To fully analyze the underlying cause of these gaps and to identify potential solutions for implementation requires a depth of information not available in the survey results. We have structured our approach to look into the underlying themes and perceptions in IT and combining our key findings with current literature and best practices to provide useful and practical recommendations. The approach is as follows:

1. Review of the OCI/OEI™ results to understand the current discrepancies as identified in the Human Synergistics™ framework;
2. Interview SoftTek HR representatives to understand the background, objectives, and challenges through the eyes of a close stakeholder;

3. Interview IT Leadership and a sample of IT members (a representative cross-section of regions, functions, and managerial levels) in order to further explore the perceptions of causal factors of culture misalignment, including, but not limited to, lack of empowerment and employee involvement;
4. Survey of the IT population to identify and measure the degree to which issues of empowerment and employee involvement are pervasive in the department;
5. Summarize key findings and major issues using existing models of empowerment and employee involvement;
6. Provide recommendations for the organization, leadership, and HR utilizing the key findings, literature, and best practices.

This report will end with a sample implementation that can be modified and customized.

2.2 Empowerment

2.2.1 The Definition of Empowerment

Empowerment has been shown to improve performance and employee satisfaction. Empowering employees can give them a sense of ownership over their tasks and a sense that they can guide and control their destiny at work. Empowerment can also create efficiency in the workplace, freeing up higher-level managers to focus on more strategic planning, while leaving empowered employees to effectively address the day to day operations and needs of the customer groups with confidence.

Human Synergistics™ defines Empowerment as the “the extent to which people are given the authority, resources, experience, and opportunity to perform their tasks autonomously” ©. We have applied a model of empowerment to evaluate several facets of empowerment within SoftTek IT and determine which facets should be developed to enhance employee empowerment. The Facet Model of Empowerment developed by Bushe, Havolvic & Coetzer (1996) consists of six facets. Each facet and related IT issues are analyzed below.

There are several facets to empowerment according to the Bushe model, including choice, effort, impact, self-system control, meaningfulness, and universal justice. The OCI©

survey, which highlighted empowerment as a causal factor out of alignment, explored the facets of choice and effort, as the questions dealt with authority and influence (choice) and resources, training, time and practice (self-efficacy). While these facets are considered in our study, we also delve into the employee experiences of the other factors in order to uncover issues that may limit their sense of empowerment. Below, each type of empowerment is described, along with the related issues and recommended approaches to begin addressing these issues.

2.2.2 The Six Facets of Empowerment

2.2.2.1 Choicefulness

Choicefulness is an important type of empowerment in that “the more one feels that one can choose what to put one's effort into, and what not, the more empowered one feels” (Bushe et al, 1996). This is similar to the concept of “self-determination” (Thomas and Velthouse, 1990), which reflects “autonomy in the initiation and continuation of work behaviours and processes”.

With regard to choicefulness in day to day work, about half of the employees surveyed said they do have choices. Through our interviews, choices were identified as existing in several forms in the organization including employees and managers taking responsibility for budgets, managing their own tasks in the context of defined work objectives, and identifying preferred project work. One comment that emerged repeatedly was the uniqueness of each person's role and skills. This seemed to encourage the perception that these individuals were in a position to have choices as a result of their unique role and abilities. For the most part, employees did appreciate the ability to exercise some degree of choice in their day-to-day work role.

There were some cases of task list management and micromanagement of employees where the employees felt their skill and management level warranted greater freedom to manage their work, but, overall employees were able to identify aspects of choicefulness that existed.

Overall, our survey results indicated that:

1. 49% of employees agreed or strongly agreed that they have choices in the their role about what they work on;
2. 28% were neutral;
3. 23% disagreed or strongly disagreed with the above statement.

At the same time, 38% of respondents indicated that the majority of their tasks were identified by their manager and team lead. The apparent inconsistency with the previous statistics may be explained by the rationale that employees are being given direction by their managers, while at the same time being granted choices in other areas. It may depend on the role and the individual as to whether choices are appropriate and/or appreciated.

One drawback highlighted in interviews regarding choicefulness related to the lack of identified priorities and guidelines to accompany employees' choices. The competing pressures from managers and internal customer groups combined with resource limitations, creates uncertainty and stress about making decisions regarding trade-offs. This highlights the boundary issues mentioned earlier, in which a lack of boundaries (including authority, task, and political) can create confusion and anxiety, as there is a perceived risk in exercising choice. This concern was raised by a front-line employee as well as at the senior leadership level (L1). At the senior leadership level it was identified that there is a sentiment in the business units that "IT chooses to do or not to do my projects and whether or not to respond to my requests". This creates a perceived animosity in the business towards IT for making "choices" about their business. This is precipitated by a lack of process and strategic guidance with regard to approving work within the organization.

With regard to parameters or boundaries in making choices, 39% of employees agreed or strongly agreed that they required more parameters to guide their choices. 38% were neutral, which may be an indication that the question was unclear or that they felt current boundaries were

adequate. This feedback indicates that there are a significant number of employees that would benefit from more developed parameters or guidelines around their decision-making.

In order to address the issues surrounding choicefulness, there are four recommended approaches which can be applied at several levels in the organization:

1. Provide the context of clear, shared, articulated guidelines at the Executive level as to which business units' initiatives are of strategic importance and that most align with the organization's goals. Ensure IT representation and the opportunity for dialogue at EC meetings;
2. Ensure there is an articulated vision for the IT organization that is shared internally to employees in IT, to guide their choices, as well as to the business units outside of IT, to provide justification for those choices;
3. Maintain and enhance choices, but address boundaries through role clarity (e.g. job descriptions) and improved processes;
4. Managers should identify roles and individuals that may create value through greater autonomy and decision-making authority and provide them with opportunities to develop decision-making and communications skills (e.g. critical thinking, clear communication).

2.2.2.2 Effort

The concept of effort as it relates to empowerment is the perception of how much effort is required by an individual to attain a desired outcome. This relates to self-efficacy and a sense of empowerment when one believes that the more effort one puts into the work, the more successful they will be in achieving outcomes (Bushe et al, 1996). We explored this concept in interviews by enquiring whether interviewees felt they were able to achieve the goals they set or are set for them, and if not, what obstacles were in the way of achieving these goals. Several common responses emerged.

The first common experience was related to a lack of focus resulting from “fire-fighting” and “randomization”. The term “fire-fighting” was used to refer to dealing with the emergencies that come up and must be addressed, distracting the employee from their planned work and interrupting their ability to achieve their goals in the timeframe they planned. The term

“randomization” was used to refer to a lack of coordinated objectives, which leaves employees to deal with competing priorities without the perceived authority to refuse or de-prioritize work. The result is employees working on multiple tasks and objectives, without clear priorities or focus, reducing their effectiveness.

Survey results confirmed the initial observation made through interviews as 82% of respondents disagreed or strongly disagreed that they were able to do their work without interruptions or emergencies. While some of this may be attributable to the nature of the work that is done in IT, there are certain roles that are designed to address emergencies more so than others. The consistency of the response is high enough to indicate that employees perceive they are “firefighting” more than is reasonable for their roles, distracting them from feeling able to “get their work done”.

The second issue relating to the factor of effort is that the processes are not in place to facilitate the desired productivity within IT. Through interviews, it was identified at the senior leadership level that improved process within the organization should be addressed. The description of the organization as going through a “growing up” process was used to illustrate that the ad hoc approach utilized in the past reflected the start-up roots of the organization. The processes are now inadequate to support the enterprise-level organization that the company has become. Survey results supported this perception, indicating that 54% of respondents disagreed or strongly disagreed that the processes are in place to help them be more productive in their jobs.

The third issue relating to the facet of effort that was raised in interviews is the prevalence of duplication of effort. One employee, when asked what aspects lead them to feel unproductive expressed frustration at being assigned to a task only to find that someone in another office or region is doing the same thing, a not uncommon occurrence. This employee highlighted that this issue could be addressed through better coordination and one resource could,

more efficiently, address the needs of multiple customer groups. This issue was raised primarily in the context of resources in disparate “geographical region” or between the “corporate” and “geo” groups. The survey indicated that this is not a serious issue across the organization, as 53% of respondents disagreed or strongly disagreed that they felt the work they are doing was being duplicated in other regions. However, this should not be ignored as 26% of employees did recognize it as an issue and this may be occurring in pockets of the organization.

In order to reduce these defeating effects that make employees feel their efforts are wasted or they are ill prepared to achieve their objectives, we recommend several potential approaches:

1. Improved process within each group to improve the way employees accomplish work within and across groups;
2. Improved processes to proactively identify and address “fires”, so fewer are occurring, they are taking less time to resolve when they do, and it is clear who is responsible for addressing them;
3. Detailed job descriptions, identifying depth and breadth of responsibilities and cross-referencing these between roles, departments, and geographies to identify potential for overlap and duplication;

2.2.2.3 Impact

Empowerment can also result from an employee having an impact in the organization. The facet of impact exists for employees when “...they can have impact on the organization, that is, when they are able to accomplish the tasks they (or others) have set out for them, and disempowered when they cannot” (Bushe et al, 1996, p. 81). With regard to the ability to achieve outcomes set out for the employees, there were varying responses. Some employees had positive responses about the impact they were able to have on the organization, while others had some negative responses. These responses fell generally into two categories.

The first category had to do with the impact of the work that individuals were doing. Many individuals, through the course of interviews, indicated that they were able to recognize the

benefit to the organization of the work that they were doing. Many also indicated that they received feedback from their managers and internal customers indicating their appreciation for the employees' contributions. The survey indicated that 88% of respondents agreed or strongly agreed that the work they do has recognizable benefit for the organization with no disagreement with this statement. 77% agreed or strongly agreed that they felt appreciated by their internal customers for the work that they do for them. This was observed in interviews through comments like, "...my involvement in integration helped the organization to feel like one big company" and "Yes, I have an impact and measure this by the relationships I have with the users I support". This is a very positive response and can contribute to a significant sense of empowerment.

The second category has to do with the impact of the IT department as a whole on the organization at SoftTek. Again, on the positive side, 79% of respondents agreed or strongly agreed that IT plays a critical role in helping SoftTek achieve its objectives. However, in multiple interviews, managers and employees alluded to the issue of IT not being able to deliver for the business. We heard comments in interviews such as "...IT slows the business down", "morale is impacted by the perception of IT in the business", and "IT is not appreciated, as there is the 'got do more' mentality". Survey results indicated that only 25% of respondents agreed that IT is recognized as contributing valuable outputs for the organization.

There is a peculiar contradiction with regard to the impact of the IT department on the organization. While at a macro-level, managers and employees are citing the inability for IT to meet business expectations, the majority of respondents, both through interviews and surveys, indicate that they and their teams had an important impact on the organization and feel appreciated by their internal customers for their contributions. This can be considered a major issue for empowerment. If employees feel they are delivering beneficial outputs and achieving reinforcement at an individual level, but are unable to drive value and improve the perception of IT as a whole within the organization, this may lead to serious morale issues. People may feel

they are doing all they personally can, yet are still part of a “losing team” in which it seems impossible to meet the expectations and gain the respect within the company.

In order to overcome the lack of a sense of achievement of goals in the IT organization overall, there are several things that the management team can reasonably do:

1. Develop a clear vision with clear priorities that are agreed to at the Executive level regarding what the mission and priorities of the IT department are and ensure this is communicated to internal customer groups;
2. Communication of Success Stories – There should be more sharing, publicly, of accomplishments in the organization. There are regular wins in the IT department and these should be highlighted in order to break the perception that IT is failing to meet business needs. While they may not be performing to ideal target levels, there are wins that can provide opportunities and modelling for other achievements.

2.2.2.4 Self-system control

Self-system control, in simple terms, refers to the ability for an individual to influence the rewards they receive by way of their performance. If a person performs well, but receives no positive reinforcement or rewards, they do not feel empowered. Alternatively, if they feel that strong performance will translate into benefits or rewards, they will feel empowered. (Bushe et al, 1996) It is important to note that self-system control can exist due to rewards outside of monetary rewards.

The findings from interviews showed that several individuals expressed a sense of appreciation for the fact that their unique skill set or role allowed them the opportunity to have a great deal of say over the work they do and the initiatives they take on. This could be considered an important reward for proven performance or valued skills. They also identified instances when they were pleasantly surprised by unexpected rewards such as gift certificates from their managers.

One negative remark regarding the application of rewards had to do with rewards in the form of compensation being applied through the Management by Objectives (MBO) process.

This process was raised as ineffectual for several reasons. For one, some people felt the objectives set were unrealistic, some felt they were not actually used in assigning bonus (e.g. 100% across the board), and others felt concern that the frequent and recent reorganizations meant that the manager assigning the scores, and ultimately the resulting bonus, would have little or no insight into the work effort and outcomes of the employee for that period. Therefore, the validity of the evaluation process was considered to be low. For these reasons, the implementation of MBO's has a negative effect on empowerment for some.

Survey results regarding the application of rewards and the effective use of the MBO process were extremely inconsistent with no majority agreement on whether respondents felt they will be rewarded for achieving goals, that MBO's are used to set objectives, or that employees believe that managers actually use the MBO's to judge and reward performance (See Appendix III). This should be a major concern as MBO's are one of the few formal and tangible systems in place that provide an opportunity to have a dialogue and formal feedback, linking performance to outcomes. Without this type of linkage, employees may feel helpless to control the outcomes and may not fully perform if they believe performance is not rewarded. This raises concerns about employees feeling it is worthwhile to provide discretionary output or "go the extra mile", providing the kind of initiative and effort that enhances the competitiveness of the organization.

Interviews also indicated a small number of people who felt there were obstacles they could not identify or control preventing them from meeting their career objectives in the organization. These may have been in the form of politics or feeling "pigeon-holed". This can be considered an impediment to self-system control, particularly if career progression is a valued reward for employees. Survey results with regard to this form of reward were inconsistent. When all managerial levels were included 43% agreed that it is clear what is needed to achieve career objectives. However, when isolated to individual contributors, that number went down considerably with approximately one-third of respondents each disagreeing, agreeing, and feeling

neutral whether there was clarity with regard to what they need to do to achieve their career objectives in IT.

Based on these findings:

1. Provide consistency in the application of MBO process. In theory, if MBO's were implemented as designed, they could have a positive impact on empowerment;
2. Allow stability of organizational structure for a period of time. While eliminating changes may not be realistic given the dynamic nature of the industry, the resulting improvements in empowerment, morale and trust may outweigh the imperfections in the structure in the short term;
3. Allocate budget and authority for managers to provide spot-bonuses for extraordinary effort, initiative taking and achievement of organizational objectives;
4. Develop detailed job descriptions so it is clear to all employees what knowledge, skills, and abilities are required to take on new roles;
5. Make career counselling and development plans part of each employee's performance management program.

2.2.2.5 Meaningfulness

Not only does the tying of outcomes to rewards lead to a sense of empowerment, as with self-system control. A related facet of empowerment is the meaningfulness of the reward. Monetary rewards are not the only type of reward that holds meaning for people and often are much lower on the list relative to profile in the organization, opportunities for challenge and growth, and other rewards. People feel more empowered the more meaningful the rewards they receive for their efforts (Bushe et al, 1996).

In interviews, several people expressed that compensation was not an important factor for them, citing alternate rewards such as new challenges and opportunities. This perspective should be viewed very carefully. Some respondents may say this, but do appreciate raises and bonuses for their material benefit and as a sign of recognition. In addition, while some people do not necessarily find money the greatest motivator, if compensation is not managed carefully, it can act as a de-motivator (Herzberg, 1959). If compensation is not addressed in such a way that it is

aligned with the view the person has of themselves and their contribution, they can feel cheated or treated unfairly, which can result in a loss of commitment. Therefore, it is important that compensation is addressed with care regardless of whether people suggest it not a priority.

The survey results indicated that 57% of people agreed or strongly agreed that formal compensation is the most important form of reward that they can receive. This underlines the earlier recommendations about ensuring that performance appraisals are appropriately managed.

Other rewards were also identified as holding meaning for people. It was agreed by 82% of respondents that public acknowledgement of a job well done was an important form of recognition. 86% of respondents also agreed that morale and team-building events were a good use of resources, and 56% of respondents would like to see more non-monetary rewards given for accomplishing tasks.

Almost everyone we spoke to indicated that expressed appreciation from one's manager or their internal clients was a meaningful form of recognition. However, several people did mention that certain rewards had little meaning for them. In fact, one reward induced a response of cynicism from the recipients. The example given was the "Teamwork" plaque and letter that was distributed to people working on Sarbanes Oxley (SOX). It was impersonal and delivered by Executive Assistant, rather than the Director. Comments were that it was considered "a bit of a joke" amongst many recipients.

The concept of "meaning" in providing rewards is a difficult dimension to make recommendations about, as one person's opinion of what makes a meaningful reward will differ from another's. Based on the feedback we have three recommendations:

1. Discretionary rewards and spot-bonuses - The first is a broad recommendation that more authority/flexibility is given to managers in assigning rewards. We suggest two forms of flexibility; in timing and in budget. Recognizing there are corporate guidelines and compensation review schedules to adhere to, one suggestion raised in our interviews was

recognizing individuals with individualized rewards. By allocating a certain amount of each manager's budget to be available for discretionary rewards, this allows reinforcement to be assigned in a timely manner. It also puts the decision of "what" reward to give in the hands of the manager, who, with a clear understanding of the purpose of the rewards and the preferences of team members, will have the authority and knowledge to provide meaningful rewards;

2. Morale and team building – Given the strong agreement amongst respondents that morale and team-building events are a good use of resources, we feel it important to ensure these are incorporated more consistently. It is probably valuable to ensure a high degree of employee input into what these events will look like;
3. Communications and coaching skills - In order for managers to better understand the wants and needs of employees, training in communications and coaching skills can prove valuable. This may also be a useful area of skill development for employees.

2.2.2.6 Universal Justice

Universal justice can also be considered a form of empowerment. When people are rewarded for their effort, regardless of the outcomes, a form of empowerment Bushe et al (1996) call 'universal justice' is present. This can be an important type of empowerment in an environment where an employee feels little control over external factors or other departments on whom they depend, or when high rates of organizational change creates interruptions to their roles and work tasks, such as has been the case in the IT organization in recent months. It gives employees an opportunity to have some personal control over what they receive when factors outside their control disrupt goal achievement, despite the employee's best efforts.

The survey indicated that only 19% of employees believe they are rewarded for extra effort, regardless of outcomes, and only 23% feel that they are penalized when goals are not achieved due to circumstances outside of their control. From this we can conclude that universal justice is an inconsistent form of empowerment in IT, but may be an area in which improvements can be made. The recommendations for addressing universal justice are similar to earlier recommendations for self-system control and meaning and include providing opportunities for discretionary rewards by managers when extraordinary effort is put forward.

It is relevant to note that while rewards have been identified for putting forward extra effort, in the case of Sarbanes Oxley for example, it was also highlighted that certain rewards were not considered meaningful. Therefore, it is extremely important to consider both of these factors when deciding upon rewards for employees to increase empowerment.

2.3 Involvement

2.3.1 The definition of Involvement

Human Synergetics™ defines Involvement as “the extent to which people at all levels actively participate in shaping the organization and in helping it to achieve its mission.” © Employee involvement occurs when employees take an active role in the process of making decisions that were not previously within their mandate (Mcshane, 1992). Employee involvement seeks to increase members’ input into decisions that affect organizational performance and employee well being (Cummings and Worley, 2001). It emphasizes the employees’ contribution and influence on decision-making, which should improve organizational problem-solving skills and organizational productivity by increased commitment and motivation of employees who are most close to the problematic issues and customers.

Up until now, much research has indicated the direct correlation between how employees are involved in the decision-making process and the benefits for both employees and the company. From the perspectives of McShane (1992) and Cummings and Worley (2001), first, employee involvement can improve communication and decision quality. The nature of the work and technology require a high level of interdependence and complexity, so seeking and integrating diverse advice of employees who have professional skills and know the job and environment best would create more effective solutions than if the manager makes the decisions alone. Second, involvement is more likely to increase employee satisfaction and responsibility for the decision implementation than if the new task is imposed to the employee by manager’s

decision. The participation creates psychological ownership of the decision so they would be more likely to exert greater effort to implement it and focus on how to solve the future problems rather than blame the management and shed accountability. From the survey with the employees in SoftTek IT, 75% respondents expressed their willingness to have more decision-making responsibilities on their work in the future. The employees whose voices were respected and heard by the manager felt more satisfied with the job and would be more likely to stay. They would like to have more control in effecting their jobs. For example, one employee highlighted his creativity and motivation when he was asked to show initiatives on new projects. Third, the practices can improve employee capabilities and decision-making skills enabling them to work better. The sum of these effects can be translated to the overall increased productivity and organizational performance.

There could be some negative responses from employees as well when they are suddenly given more authority to make decisions. Some employees dislike involvement because their intrinsic values are incompatible with participative work activities or they have low growth need (McShane, 1992). For example, one employee in the interview mentioned that he would like to receive direct instruction from his supervisor without ambiguity rather than have more autonomy. The managers need to identify and discourage this value and try to develop the participative culture. Lack of trust between the employees and management may be another reason why employees are cynical about involvement. One employee mentioned a mixed message issue where employees were asked to give feedback, however, in reality, feedback was not positively received. Some employees said their involvement was restricted at the team-level and they doubted their ideas could be delivered to the HR department and seniors where the strategic decisions could be integrated with their low-level opinions due to hierarchy and politics. The OCI© survey, which highlighted involvement as a causal factor which is out of alignment, explored these issues, as the questions related to the management interest, involvement level and

actualization of the ideas. Employee involvement as a causal factor for culture change has major implications for managerial strategy and effective communication. Below, we further explored the current involvement forms and identify the key features in Mcshane model (1998), including power sharing, information sharing, knowledge Development and Training, and Rewards and Recognition Systems within SoftTek IT. We analyze the employee experiences of these factors to discover issues that may limit the sense of involvement.

2.3.2 Involvement Forms

In Lam (1986) article, he introduces the existing forms of Employee involvement based on formality, legal mandate and directness. The three dimensions are described as below.

2.3.2.1 Formality

1. Formal Involvement

Formal participation activities are founded on codified policy or institutionalized practice. In the IT department, formal opportunities such as weekly meetings with managers to monthly department meetings exist, but are often difficult to execute as in some cases, the senior leadership (L1) don't reside in the same locations as employees. There is little and inconsistent formal follow-up to culture initiative for the employees.

2. Informal Involvement

This refers to casual or undocumented activities at management's discretion. Informal involvement is influenced by different management styles and the organizational values, such as the extent of employee's access to a supervisor to make suggestions privately. Survey shows that 86% of the employees feel comfortable approaching their managers with individual ideas and suggestions. Alternatively, some mentioned in the interviews that negative suggestions were not welcomed and management asked employees for feedback, but, in reality, there have been

instances where individuals could not voice their opinions due to time pressure, different locations and relationship with management.

2.3.2.2 Legal Mandate

1. Statutory

Statutory involvement means Government-legislated activities.

2. Voluntary

Employee-involvement activities can also be voluntary, meaning that these participation activities are not mandated. One comment was highlighted in the interview that employees become careful giving feedback to organizations because when employees gave practical opinions, they had been taken as personal attacks and seen as trouble makers under the old defensive culture norms.

2.3.2.3 Directness

1. Direct

Direct participation occurs when employees personally influence the decision-making process. One issue mentioned in the interview related to direct involvement is that employees have little opportunity to meet with senior leaders except when there are announcements of large scale changes. At these opportunities, they do not feel the situation is conducive to their sharing of ideas.

2. Representative

Representative involvement occurs when employee participation activities are undertaken by elected peers. However, in SoftTek the CIO was assigned only a week ago.

2.3.3 Involvement Features

Employee involvement refers to the degree that employees share information, knowledge, rewards, and power throughout the organization (McShane, 1998). The levels of involvement differ in the degree to which these four facets are positioned in the organization (Lawler, 1998). These four interdependent elements determine the success of employee involvement while the further these elements are approached from bottom, the better practices the employees perform. If the power, information, knowledge and rewards are positioned in the top hierarchy, the management style is most likely control-oriented. Alternatively, when the lower employees receive more authority, sufficient information and required skills to make good decisions, and their consequent performances are rewarded, the values of human assets may be largely actualized with participative management. Below, we will discuss these four features in Lawler's model along with the issues in the IT department.

2.3.3.1 Power Sharing

Power refers to the extent and amount of authority entitled to the employees to make decisions on various issues to affect the organizational direction and performance. The degree of power afforded to employees can reflect various decision processes in particular situations introduced by the Vroom-Yetton-Jago model (1973). The power ranges from autocratic where managers make the decision and announce the subordinates will follow; to where employees are requested to provide specific information or individual suggestions about decisions which managers subsequently make, to joint team consensus, to employees making decisions themselves (McShane, 1998).

With regard to the level of involvement, the majority of employees interviewed in the IT department agreed that they could make decisions on their own work, but they were limited in

team-level discussions on IT issues. They didn't engage in strategic issues decision-making and had influence on the department and business level.

The survey results indicated that 54% respondents agreed they participated in making decisions affecting their jobs, but only 30% respondents acknowledged they had the decision making power to effect how IT operates. This may be explained by the fact that the employee has control on his job implementation due to the technology knowledge requirement from the work, while at the same time the employee work was held by the checklist which was micro-managed by the L1 direction and approval.

Another detriment to the involvement, reflected through the interview, is that the employees don't have clear job descriptions and responsibilities to define the power boundary. The employee authority influence depends on the different managers' values and preference. There is no standard guideline developed to define the employee decision-making realm.

2.3.3.2 Information Sharing

The information includes the data flow about the performance of the organization such as operational assessments, financial reports, strategy plans, espoused values, new technologies and new improvement ideas. Without proper and immediate information, it is impossible to make appropriate decisions. It also refers to how to communicate the relevant information in a two-way manner to make effective decisions.

The first common experience is the perspective "us and them" prevails among geographic teams. There are large gaps among teams regarding to the value norms and working style, which makes collaboration difficult. The common comment was that employees felt unproductive due to the lack of necessary information sharing and help from other teams and there was always duplicate work done by different people. This is a waste of effort and couldn't get the right people working together to solve the problem. Considering the information system, there is no effective

forum structured for employees to share ideas and communicate effectively as well. Sometimes one employee got different answers from different teams, so he felt unable to make the right decision on the same problem.

The second issue relating to the information is the compelling vision is not exposed properly and completely to the employees. The new vision and culture initiative are vague to the employees. Employees are confused by the ambiguity about what they should do and the quality of their work. They have lots of questions about important organizational issues, however, lack of specific information and explicit answers from the leaders' leads to rumours and demoralizing behaviours. Through the interview, the employees expressed the feeling that managers sometimes postpone information delivery. Survey results confirmed this observation in the interview, 36% of employees believed they were not obtaining enough information from their management team regarding the future direction of the department. 90% employees interviewed claimed more transparent and clear communication from the top was needed.

Furthermore, as we mentioned in the involvement introduction, leaders are not responsible for the promise and give mixed information to employees. For example, on the surface leadership advocated they would welcome feedback from employees. In reality, there was no opportunity and real concern from employees regarding reception. In some cases, due to political reasons, the criticism from employees was suppressed by the leadership.

2.3.3.3 Knowledge Development and Training

Employees need to be equipped with requisite knowledge and skills to understand problems and contribute good ideas to the organizational performance. The higher quality of expert knowledge owned by the employees, the more opportunities they have to develop the better alternatives for the problems. Moreover, social skills and problem solving skills are vital to the team involvement process while dealing with conflicts and maximize the team effort.

Education can help to enlarge the knowledge base. Training also can provide employees with guidance as to how to generate the best decision under team collaboration. Quality of decisions reached is determined by the involved employees' capabilities, which will directly affect the organizational productivity and services. The values of involvement will be negligible if the decision-making process does not involve qualified people.

80% of the employees surveyed agreed with that statement they have the necessary knowledge and skills required to perform their jobs effectively. However, only 30% of respondents agreed or strongly agreed there were opportunities available in IT for the development of skills in new roles. In the interview, the issue regarding lack of enough training and career development was also talked about by the employees. As the employees have been moved to the new teams and assigned new roles after the reorganization, they feel uncomfortable about the new setting. Some require new social skills working with different team members and new managers.

2.3.3.4 Rewards and Recognition Systems

Rewards are based on performance consequences of change in an organization when employees contribute to involvement in the organization. The value expectancy model explains that employees will exert their efforts to achieve performance goals that they believe will lead to outcomes that they value (Cummings & Worley, 2001). If the rewards are linked to the participative performance and the employees feel valued and recognized by their involvement, they are motivated to do things and meet the desired performance goals. Rewards are powerful incentives to reinforce employee and work team performance. On the other side, meaningfulness of involvement can also nurture employee pride and accomplishment as internal rewards. Monetary rewards, such as pay and promotion, and non-monetary appreciation, are both useful approaches to improve involvement.

In the IT department, rewards are related to the outcomes rather than employees effort. The reward system is management by objective (MBO). However, the objectives were set by the L1 and sometimes seemed unrealistic to the employees. One employee also mentioned that though people got promoted there was no adjustment on monetary to motivate people.

The most outstanding issued that a majority of employees in the interview felt depressed regarding was they felt they received rare visibility and recognition from the L1. They doubted whether the L1 knew how well they performed and contributed to the job. As is the nature of the work, employees work long hours to complete the job, such as working on the complicated case logs and dedicated extra effort to the company. But this overload effort didn't get fair compensation and recognition compared to other departments.

In the survey, 56% of respondents stated they would like seeing more non-monetary rewards and 77% of employees agree or strongly agree they feel appreciated by internal customers for the work they perform. Positive appreciation and feedback from the top, maybe as little as some "Thank you" e-mail, are important to employee momentum. They would feel more satisfied and committed to the organization.

2.3.4 Recommendations to Involvement

Based on the issues on involvement in IT department, we recommend some strategies that can be applied to improve the degree of the participation available to employees and their efficiency:

2.3.4.1 Transparent Communication and Clear Information Sharing

Without enough information and resources, the employees are restricted from making proper judgments on business issues, desirable decisions and meaningful contribution. Information is the powerful tool for them to influence decisions. So, the managers should

continue the regular team meetings with the employees to facilitate short-term and long-term visions communication. Creating an internal IT website which contains the list of IT members' clear roles, responsibilities and locations and developing an effective forum will provide the opportunity for employees to share ideas among the entire department. The communication across different teams would be addressed by organizing some social interactions and cross-functional project. The leaders need to deliver the promised communication on time.

2.3.4.2 Power Sharing

Participative management requires leaders who motivate employees to take initiatives and more responsibilities and solutions without imposing superiority to get employee compliance. The open managerial style can help to improve the quality of decision and performance. The IT department can organize a management retreat to create an involvement-oriented vision which values employee participation. During the retreat, the managers can be trained in leadership skills regarding how to communicate effectively with employees, how to respond to criticisms, how to solve the conflicts, how to use brainstorming and nominal group techniques, and how to share power with employees. 360 appraisal programs would be helpful for management development.

2.3.4.3 Managerial Style

Without enough information and resources, the employees are restricted from making proper judgments on business issues, desirable decisions and meaningful contribution. Information is the powerful tool for them to influence decisions. So, the managers should continue the regular team meetings with the employees to facilitate short-term and long-term visions communication. Creating an internal IT website which contains the list of IT members' clear roles, responsibilities and locations and developing an effective forum will provide the opportunity for employees to share ideas among the entire department. The communication

across different teams would be addressed by organizing some social interactions and cross-functional project. The leaders need to deliver the promised communication on time.

2.3.4.4 Reward and Recognition System

An appropriate reward system related to participative performance can induce employee incentive to obtain information, improve skills, take more decision making responsibilities, and facilitate team performance. The compensation needs to be more flexible of budget, measuring different aspects of employee performance. MBO reviews performed in a timely fashion to ensure validity and consistency of award application. Managers need to provide constructive feedback and appraisal to improve employee performance. Non-monetary recognition and public celebration of employee success can model and encourage participative behaviors. The managers could arrange some morale and team building events such as short-distance trips, a Christmas party and watching of movies, etc.

2.3.4.5 Knowledge Development and Training

This can provide skills for employees capable of understanding the business and contributing to the decision-making. Management must provide consistent in house training and development for employee personal growth based on technical knowledge and teamwork skills. Regular shadowing and mentoring programs would be necessary and helpful to improve employee performance.

2.3.4.6 HR Partner

A HR partner plays a critical role in the involvement implementation. They should develop learning and participative orientation with the management. They can facilitate and support desirable behaviours by using different HR policies such as selecting appropriate employees and laying out new culture initiatives.

1.1 Summary of Recommendations

Below is a list of recommendations based on our evaluations and each facet of Empowerment and features of Employee Involvement they are intended to address.

Table 1 Recommendation Summary

Recommendation	Facets of Empowerment					Features of Employee Involvement			
	Choice	Effort	Impact	Self Sys Control	Meaning Universal Justice	Info Sharing	Knowledge Development	Rewards Recognition	Power Sharing
Vision for the IT Organization	✓		✓			✓			
Strategic Alignment at EC Level	✓		✓			✓			
Increase choices in day-to-day	✓								✓
Training & Skill Development	✓				✓		✓		
Improved Processes (day-to-day & "fires")		✓							
Detailed Job Descriptions		✓		✓					✓

Recommendation	Facets of Empowerment						Features of Employee Involvement			
	Choice	Effort	Impact	Self Sys Control	Meaning	Universal Justice	Info Sharing	Knowledge Development	Rewards Recognition	Power Sharing
Communication of Success Stories			✓						✓	
MBO Consistency				✓					✓	
Short-term stability in Org				✓						
Discretionary Rewards & Spot bonuses				✓	✓	✓			✓	
Career counselling, Dev plans, Mentoring program				✓				✓		
Morale & Team Building					✓				✓	
Leadership Coaching					✓					✓
Initiate Site Meetings								✓		
Initiate Employee Driven Teams										✓
Participative Goal-Setting										✓

2.5 Implementation Plan

As with any change program, the chances for success will be improved if there is an articulated and accepted vision for those impacted by the change, as well as a concrete plan for implementing the change. We have provided a recommended approach to implementation for developing Empowerment and Employee Involvement, which incorporates findings from a variety of sources. This implementation plan, adapted from guidelines articulated by Foxman and Polsky (1991), provides a series of steps that the organization and leadership may follow and descriptions of the roles of HR and the IT Leadership through the process.

2.5.1 Clarify Vision

First, the L1 need to provide a vision, identify the movie, and provide a working definition for Empowerment and Involvement.

Most change efforts are doomed to failure without a clear and articulated vision or common purpose for the change. This step requires the development of a vision for an empowered and involved workforce and requires that supporting decisions be made up front. These supporting decisions include determining what the organizational goals are and how empowerment and employee involvement will help to meet them. In the case of SoftTek IT, the OCI and OEI™ results provide a potentially compelling case for why empowerment and involvement are important initiatives. What will SoftTek IT look like after employee empowerment and involvement are enhanced? The vision can be clarified by understanding the motive for empowerment and employee involvement. In some cases, employee empowerment is implemented in order to gain efficiencies by limiting the need for middle management roles. In other cases, it is to improve customer service by empowering employees to be responsive. In other cases, it is important to improve employee commitment and enhance performance. Be clear

regarding the motive for IT is going to be. Develop and communicate clear working definitions of each, as there are many ways of defining the concepts and it is critical for all employees to understand what the company prefers.

The HR professional plays an integral role during this first step as they are the champions of the cause, ensuring that empowerment and involvement are truly representative of what employees and management need. The need for empowerment and involvement will usually stem from the HR business partner's need to link HR programs with the strategic direction of the organization. HR professionals will work with senior management to determine the nature and direction of empowerment and involvement programs. Once the working definition has been created, the HR professional must champion the further development of such programs to senior management, as there must be substantial benefits to pursuing the initiative further. It will be HR's role to ensure that the initiative aligns with the vision and goals of the organization.

2.5.2 Perform a Reality Check and Identify Risks

This step requires asking some very basic, but, important, questions. These include: Does empowerment or greater employee involvement make sense for the work we do? Will managers agree to sharing power? Will employees be willing to take on responsibility? Is the organization designed to do this? And, most importantly, will empowerment and employee involvement allow us to better meet stated goals? Part of this step may be performing an assessment of what aspects of employee empowerment and involvement require the most attention, as was done in the survey. It is important to understand whether there are responsibilities that are too risky to share among newly empowered employees and what some of the risks might be to empowering other roles, such as possible downsides of a bad decision. If enhancing employee involvement is going to be implemented, management must be prepared to hear negative, as well as positive, feedback. One of the risks that goes with this is people can become cynical if they take the time to become

involved, share their feedback, and find that nothing is being done with that feedback. How prepared is everyone to follow through?

Once HR has received the approval to initiate employee empowerment and involvement programs it will be necessary to refine the working definitions to clarify what exactly management and employees will be responsible for supporting. While IT leadership will provide the initial definitions for employee empowerment and involvement, the HR professional will continue to facilitate discussions with both management and employees to collect feedback to determine if the initiative will be supported by both parties and if the working definition aligns with the current vision and goals of the organization.

2.5.3 Develop a Task Force and Test Case

This step involves bringing together managers and employees who are interested, understand the concepts most clearly, and are motivated to implement initiatives to improve empowerment and employee involvement. It was identified in the interviews that an IT Culture task force has been raised at the L1 level. This is a very logical starting point. The task force will bring various perspectives from different parts of the organization on how empowerment and involvement can be improved throughout the organization and where it makes sense to implement. They can also ensure a common understanding of the concepts through the organization and collect feedback from various groups about the reception of these concepts. They can identify one specific goal or initiative as a test case and implement and evaluate it. They can use what is learned through this process to guide subsequent initiatives.

HR must initiate a test case scenario in order to determine if the initiative(s) will be supported by the IT employee population. This situation provides the opportunity to obtain the necessary feedback to adjust the initiative prior to implementation, and reduces the impact and risk if the initiative is not well founded. It also allows HR professionals to work closely with

employees to develop advocates within the IT organization to champion the initiative further. The test case also provides IT leadership with an opportunity to determine if the initiatives can be reasonably supported. The HR professional will be responsible for implementing the test case and measuring the outcomes.

2.5.4 Identify Specific Initiatives

It is likely very ineffective, if not impossible, to attempt to simultaneously implement all the recommendations provided to develop an empowered and involved workforce. Therefore, it is important to determine which initiatives will provide the greatest benefit with the least risk and select one or a sub-set of initiatives to start with.

The HR professional should facilitate discussions amongst the senior leadership team to determine which initiatives will be pursued further. This is an important step for the HR professional because he or she must receive the support of the IT leadership team in order to choose which initiatives best meet the organizations needs. HR should provide IT leadership with the necessary resources required to help determine and support the initiatives.

2.5.5 Perform a Cost/Benefit Analysis

Be certain to estimate the cost of implementing the empowerment or employee involvement changes. The costs of some initiatives may be minimal or negligible, but others may require the implementation of new technology, consulting costs, training costs, or a potentially new headcount. A clear understanding of the costs and benefits will help to understand whether the initiative makes sense as well as to identify barriers and approach senior leadership for approval and funding if required.

The HR professional will play more of a generalist role in this situation as they will be responsible for analyzing and determining the cost and benefits of going forward with the

employee empowerment and involvement initiatives. Once this information has been compiled, it is the HR professional's role and responsibility to continue to champion the cause presenting the information to senior management for final approval.

2.5.6 Establish Metrics

The metrics for success should be established in order to measure the success of empowerment and employee involvement initiatives. If an initiative is highly successful it may provide incentive and direction for additional initiatives. If it does not meet the goals set out for it, there are valuable lessons in that as well.

As a strategic business partner, the HR professional will have the necessary information to determine what metrics will be used to determine if the initiatives were successful or not. They will be responsible for determining how and when information will be collected and filtered to determine the usefulness of the initiative. It will also be their responsibility to ensure that IT Leadership understands what is being measured and what their role will be in achieving the desired results.

2.5.7 Provide Ongoing Communication and Ensure Employee Understanding of Initiatives

Ongoing communication will ensure alignment of goals across departments and amongst employees. It will also act to remind managers and employees of the importance of their involvement in the initiative. Empowerment and Employee Involvement initiatives are fundamentally about sharing information and power throughout different organizational levels, so for employees to be successful in meeting the goals, everyone must agree about the objectives and how to use information and decision-making to further the accomplishment of shared goals.

Possibly the most crucial role HR will play is as the implementer of the empowerment and involvement initiatives. It will be the sole responsibility of the HR department to ensure that

the proper communication is first sent to IT leadership to ensure that the management team understands what is expected from them and, most importantly, how to deal with employees' questions. To ensure uniform communication for all employees the HR professional should provide opportunities for open forums where employees can interact with HR professionals to understand the initiatives and what their role will be in helping the organization achieve the initiative. Direct communication with employees will also clarify any misconceptions that develop as result of hearsay or delays in communication from the IT leadership team.

2.5.8 Monitor, Evaluate, and Revise

Use the metrics established in Step 6 to continually evaluate the impact of the initiatives. Throughout, the HR department may want to periodically repeat the employee survey that was previously implemented to determine if the initiative has driven a change in the employees' perception of the facets of empowerment and factors of involvement.

As the original champions of employee empowerment and involvement initiative, the HR professional will be responsible for evaluating the continued effectiveness of the program as such programs cost considerable time and money to maintain. In addition, the HR professional will have the responsibility of communicating information to IT leadership. In cases where results are not favourable, it will be the HR professional's job to identify why results were not achieved and work with IT leadership to understand the causes. The HR professional may also choose to coach IT leadership to highlight areas where the newfound employee empowerment and involvement can be better utilized.

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3 MANAGING RESISTANCE TO CULTURE CHANGE

3.1 Introduction

After the business merger, the Information Technology (IT) department at SoftTek underwent reorganizations and changes in leadership. The IT department once existed under a divisional structure, but is now one global unit with new accountability and authority assignments. People were moved to new teams, were given new roles, had to report to new leaders. Leaders faced a tumultuous, unstable environment. People experienced anxiety following the reorganization relating to fear of layoffs, unclear role descriptions, and unease with the integration. There are huge variances in people's attitudes and an intense tension in areas where there is misalignment between the ideal culture and the actual culture of the IT department. People felt their behaviours were inconsistent with the new business expectations, and they were demoralized because their traditionally held cultural norms did seem not compatible to the external and internal changing environments.

The IT department has the time and opportunity to adopt new norms that are more appropriate for the challenges being faced in the new environment. However, the cultural change will take a long time and be potentially risky because employees usually have strong feelings about the old culture. It was composed of conventional norms and standard behaviours to which they have been immersed in for years. They are unwilling to let go of the known and embrace the future. Resistance generates from the urge to preserve the existing culture, and presents a big challenge to implementing new initiatives. The following sections assess the symptoms and the sources of resistance to the merger and culture change, which will help the change agents to

better understand the responses from employees and become proactive and ready to overcome the resistance.

Leaders, such as the senior leadership level (L1) in an IT department, play a major role in communicating culture change initiatives to employees and in executing these initiatives. Culture change initiatives can only be managed from top down due to the sheer resistance and interdependence in organizations. Great power is needed to overcome and adjust the system, and that power only resides in top leadership (Kotter, 1992). Success hinges on whether leaders provide appropriate support to the culture change promotions and on whether they manage employee resistance. Ensuring that leaders recognize the need for changes in a culture and gain employee commitment to the initiative would be the first steps in effecting the desired change. A key intervention management strategy for cultural change is motivating commitment with a participative approach.

This study will briefly illustrate the need for culture change in the strategic reorganization, which encourages individuals to let go of their familiar ways of behaving. Barriers to culture change under the reorganization will be identified. An assessment of employee resistance and how managers, as important culture sponsors, can leverage strategies and techniques to mitigate the resistance will be discussed.

3.2 Strategic Meaning of Culture Change to the Reorganization

Kilmann (1984) states that organizational strategy refers to the way in which an organization positions itself in its setting in relation to its stakeholders, given the organization's resources, capabilities and mission. Schneider and Barsoux (2003) also mention that strategic decisions are intended to achieve external adaptation and maximize internal resources. An organization's underlying assumptions and values dictate its interpretations of and responses to the environment and other organizations. As such, distinctive cultures determine different types

of strategic behaviours. For example, in cultures that emphasize control over the environment, achievement and the importance of task performance rather than relationships are encouraged. An individual's initiative is more important than belonging to the group.

One employee in the IT department explained during the interviews that employee behaviours were restricted by complicated processes and policies and were rewarded by Management by Objectives (MBO). Employees seldom shared skills and information and had a lot of pressure at work. Because the culture is seen to limit and determine strategy, a culture mismatch can be as great a problem as a financial or market mismatch. Nelson (2005) states that strong, congruent cultures, when combined with a sound strategy, create enabling conditions (a kind of repetitive likelihood) capable of producing positive results for the organization. So, when leaders initiate a new integration strategy to achieve development goals, they should commit to integrating the culture change to the strategic planning and implementation process at the same time. When the dominant culture promotes behaviours that hamper new business needs and relationships, the culture needs to be changed and embedded in the overall strategic organizational change perspectives to facilitate organizational coordination and decision-making.

In the OCI™ and OEI™ results of the SoftTek IT department, its primary operating culture is “Avoidance” © of “Passive/Defensive” © style and the secondary culture is “Competitive” © of “Aggressive/Defensive” © style, which are not aligned with the ideal culture of SoftTek. The primary and secondary ideal culture has been identified as “Human-Encouraging” © and “Self-Actualizing” © of the “Constructive” © style. Klein's (1995) research shows that organizational operating cultures are the best predictor and determinant of organizational effectiveness, and have a significant effect on employee performance and organizational service quality. Human Synergistics™ argues that constructive norms would enhance the organization's flexibility and adaptability to unanticipated changes in the environment in the long term. Conversely, the defensive style hinders individual productivity and

the quality of department-level services, which leads to the overall quality of organizational products and services and the ability to adapt to external changes. In the OCITTM and OEITM survey, individual, group and organizational performance in the IT department received low scores. “Role clarity” © and “development-level quality” © issues were identified as being the least effective. These undesirable outcomes, which are caused by the defensive operating culture, indicate the need for new constructive culture initiatives in the IT department.

While business and IT leaders would like to implement culture change initiatives with espoused values, culture change has been overlooked and not given enough attention, time or investment. Most employees, including some managers, suggested that it was the right time to introduce a new culture that would create a more positive work environment. However, the initiative was not their priority; as other more pressing concerns resulted in an overburdening of the restructuring.

While looking at the relationship between structure and culture, Bedeian and Zammuto (1991) define organizational structure as the division of labour as well as the patterns of coordination, communication, work flow, and formal power that direct organizational activities. An organizational structure reflects its culture and power relationships (Ranson, Hinings and Greenwood, 1998). Beer and Nohria (2000) illustrate that changing structure means reconfiguring patterns of authority and influence whereas changing culture means reconfiguring networks of moral commitments and obligations. So, changing structure only results in emotional distraction and harm to organizational development. To sustain moral legitimacy while effecting change, leaders must find a way to provide a new moral basis for the new structure. Simultaneously, a meaningful organizational structure supports and directs policies, behaviours and performance with structural factors such as employee empowerment and involvement. The detailed construction of roles and responsibilities leads to more satisfied employees and a constructive culture, creating an efficient organization. The total integration of corporate structure, workplace

culture and employee motivation drives the corporation's success (Harris, 1983). Senior executives and level one change sponsors must balance the relationship between culture change and organizational structure and make the change initiative part of their routine work to make it happen.

3.3 Barriers to Culture Change

3.3.1 Employee Resistance due to Culture Change

Culture change means introducing new culture contexts that are substantially different from what prevails in the existing culture. Resistance is inevitable and necessary through the transition because of the nature of culture change. When the culture innovation occurs, a clash usually happens between the new value norms and the conventional subcultures. People feel anxious about the break from conformity and doubtful about the new culture, asking whether it can be achieved and whether it will benefit them. People are reluctant to change ingrained habits and beliefs and adopt new behaviour patterns (Treasury Board of Canada Secretariat, 2003). The Treasury Board of Canada Secretariat (2003) stresses that dealing with resistance and supporting staff through the culture transition is the first priority, because people inherently hang on to the old ways until they feel safe to change. Culture change asks employees to try different ways of doing things in an organization, identify with new role models, spend their time differently on a daily basis, ask different questions and carry out different work rituals (Deal and Kennedy, 1982). It is time consuming and difficult to convince people to drop their allegiance to deeply rooted, old thought patterns and assumptions, and to understand that the gains of culture change outweigh the losses (Treasury Board of Canada Secretariat, 2003). There is no way to avoid and ignore resistance to the transition process. If resistance is ignored or avoided opposition grows and the new values are not accepted. William Schiemann's (1992) study of Fortune 500 executives showed that resistance was the primary reason for which change efforts fall short.

The reason employees resist culture change stems from their natural psychological reaction to an uncertain future after change (Maurer, 2001). People feel a sense of helplessness, loss of control over the situation and a lower self-image when their psychological contact with the original working environment is forcibly broken (Levinson, 1976). Some sources of resistance are derived from negative attitudes, which were also observed in our study of SoftTek. When we interviewed employees regarding their perception of the new culture initiatives, they responded with different levels of resistance. Trice and Beyer (1993) identify several sources of individual-level resistance:

3.3.1.1 Self-Interest

As culture is the identity of an organization, when people are asked to reject old values, their pride and confidence are diminished. They feel the pleasure of change can not compensate the enormous satisfaction and success that familiar behaviours and values have brought to them (Atkinson, 2005). At SoftTek, the employees who come from different geographic groups express satisfaction with their traditional subculture and are resistant to change. They are still rewarded for delivering results as in the past, and they describe the overall department culture as conflict- and risk-adverse. Some employees mentioned that they anticipated a lot of attrition to something that they feel stable with. When IT departments go global, employees feel more distant from and harder working than those who hold diverse values. “Us and them” attitudes prevail in IT departments. Employees may assume that new culture initiatives will disappear if they ignore the change initiatives because they don’t have the motivation and force to change. This destructive attitude is destined to make culture change initiatives fail (Atkinson, 2005).

3.3.1.2 Selective Attention/Interest

Selective attention / interest reflects how employees currently see their world. People express some level of acceptance regarding the newly espoused culture mainly on behaviour

compliance, but camouflage old culture values under a veneer of new culture attributes (Harris and Ogbonna, 1998). Employees' behaviours may be concomitant with the desired change to some extent, but their underlying beliefs are informed by and consistent with the existing old culture. Although the change initiative has been introduced at SoftTek, there is no real follow up and support in behaviours and requirements in the IT department. Chances are that some people with political wisdom will learn how to use the new vocabulary, but that the old behaviours will continue to prevail and be rewarded. Consequently, this covert and passive resistance can result in the re-labelling of existing artifacts and modification of the espoused culture. Worse, the change process presents the opportunity for some subgroups to hijack the value made possible by the change initiative and repackage it for their own reasons and benefits (Harris and Ogbonna, 2002). The subgroup culture clash is intensive in IT departments, so this is a major issue in integrating new values.

3.3.1.3 Habits

People have invested much time and effort in adopting accepted and shared meanings. People adapt to the ways of behaving and thinking over many years, and have strong ownership of these norms through repeated use. They assume that if they keep doing what they usually do with better efforts and tenacity, they will eventually succeed.

However, change requires new skills and knowledge and a break in routine. In SoftTek's IT department, under the new values and reorganization, some employees lacked new skills training, felt disenfranchised and cynical about the unrealistic goals of the new culture change and complained that their subcultures should lead the change. So, one employee suggested that managers needed to involve people in the new process and desired behaviours in order to infuse the entire organization with the new values.

3.3.1.4 Dependence

People commonly encourage others to “go first,” and will then follow the leader. People are reluctant to support change until they see others change. Culture reflects how people work with others and behave in a group. The operating culture in the IT departments is now defensive, so employees are afraid of failure and punishment. They are most likely residing in the old values and observing other members’ responses. This response stems from the belief that if someone is strong enough to oppose the required action, total inactivity in the whole organization could result (Atkinson, 2005). Furthermore, some employees at SoftTek assumed that the new CIO would advocate another change, so they preferred waiting to changing their behaviour twice. This openly negative opposition and rejection to change needs to be identified and addressed.

3.3.1.5 Security

New cultures lead to the possibility that individuals will be embarrassed and feel awkward in learning and handling situations in the new culture (Deetz, Tracy, Simpson, 2000). Employees are comfortable with their current roles; however, they must make a transition into new roles. Employees are stuck in chaos and dilemma, fearing possible rejection and isolation by those still advancing the old culture or by those working in the new one. These fears are exacerbated by a sense of losing control of power, status, friends and income. People who have been transferred to new configurations and who face a new organizational climate are disconcerted and anxious (Mirvis and Marks, 1985). For example, after the reorganization of the IT department, employees were concerned that they didn’t have a job description or clear role; they didn’t know how long they had to change roles, or what the new mandate was. It was difficult to develop processes, and when most of them were reassigned to new locations, teams and leaders, they were kept at a distance from new members. They were uncertain how they would respond in the new situation or even what their role would be. Moreover, some employees were laid off and some quit. Some said that if the destructive atmosphere lasted, they did not want

to stay with SoftTek. People experienced feelings of loss or felt that the situation brought about a personal crisis and feelings of panic (Sherer, 1994). This panic may manifest itself as lack of commitment to the new culture and active resistance to the new system (Mirvis and Marks, 1992). People use this resistance to protect themselves from harm when they feel threatened. Fears can be mitigated by providing enough resources, time, protection, information and personal control (Deetz, Tracy, Simpson, 2000). Role and job clarity and transparent communication are most vital to the IT department's culture change (Trice and Beyer, 1993).

3.3.2 Management Barriers to Culture Change

3.3.2.1 Employer's Response to Resistance

Employee resistance is the major barrier to culture change; however, many researchers believe that resistance is only part of the story. In fact, if the change sponsor responds negatively to resistance, change can be hindered further (Maurer, 2001). Management and employees hold different perspectives on the need for and expectations of change. People may not understand the reason for change or the connection between the espoused culture innovations and their perception of the problems. In contrast, the sponsor has had more information and time to more fully understand the reasons for change (Deetz, Tracy, Simpson, 2000). When people are concerned that they will be worse off under the new situation than the status quo, continual resistance is a natural response to the threat. However, the sponsor has less to lose from the change (Deetz, Tracy, Simpson, 2000). While the sponsor rarely anticipates this discrepancy, threats are likely used to gain overt compliance; resistance is thus reinforced and hardened.

Resistance is not always detrimental to change, but rather an opportunity for leaders to understand employee attitudes and behaviours, to receive constructive feedback and to find common ground. Essentially the sponsor can provide intrinsic motivation for employees through

financial rewards and active participation, and promote an effective communication network, which can reduce employee resistance and increase employee commitment (Sankar, 2004).

The role of management SoftTek's IT department is so important that L1 managers are responsible for communicating and implementing the culture initiative. As culture change must be managed from the top (Cummings and Worley, 2001), these leaders' attitudes and efforts in affecting the culture change have significant impact on the change of faith. Schein describes the relationship between leadership and culture change as "dynamic processes of culture creation and management are the essence of leadership and make one realize that leadership and culture are two sides of the same coin" (1992, p.1). As far back as 1947, Herbert Simon recognized the importance of the middle manager's role in his classic work of administrative behaviour, Simon states, "even though as far as physical cause and effect are concerned, it is the machine gunner and not the major [manager] who fights the battles, the major is likely to have a greater influence upon the outcome of a battle than any single machine gunner" (1947, p.2). Many researchers have shown that people in leadership positions have the power to initiate and legitimize change and have the responsibility to overcome the resistance to change. People in leadership positions as committed sponsors recognize the demand that a culture change places on organizational resources, including knowledge, time and money. They are willing to pay the price for the change and they can demonstrate consistent support and resolve to maintain the change even when faced with a lot of problems (Conner, 1992).

Resistance is not always detrimental to change, but rather an opportunity for leaders to understand employee attitudes and behaviours, to receive constructive feedback and to find common ground. Essentially the sponsor can provide intrinsic motivation for employees through financial rewards and active participation, and promote an effective communication network, which can reduce employee resistance and increase employee commitment (Sankar, 2004).

3.3.2.2 The Roles of Change Sponsors

The different roles and responses of change sponsors significantly influence employee resistance and determine the success of culture change. Two major sponsors have been identified by Judson (1996) and Conner's (1992) models. Their recommendations are explored to solve the employer barriers.

3.3.2.2.1 Initiating Sponsors

Initiating sponsors operate in the higher levels of an organization's hierarchy and have the power to sanction new culture initiatives, which reveal their underlying values and interests on the organizational development. They expect that the espoused culture will yield beneficial results and feel optimistic about achieving maximum benefits from the change. Alternatively, they may underestimate the difficulties and problems, such as facing employees' resistance, which must be solved before those benefits can be realized. Sometimes, they are unwilling to receive criticism and negative feedback, which they take as a personal attack toward their ideas rather than reception / rejection of business initiatives.

To solve these issues, sponsors at this level need to separate their continual guidance from direct control and empower the sustaining sponsors to implement the change. To enable the ideal culture, leaders need to both embody different levels of employees' voices and successfully find ways of combining top-down direction and bottom-up approaches to build coalitions throughout the organization. They need to recognize that resistance from employees is natural and that it can be managed. They must be open to accept constructive feedback and demonstrate consistent support for change. Their commitment can inspire and provide a model for the employees and assure the lasting consistency of change initiatives, despite the unexpected challenges that are likely to come about. They should develop reward structures to encourage the desired behaviours and diminish the undermined activities.

3.3.2.2 Sustaining Sponsors

Sustaining sponsors are close to employees in order to maintain their focus and motivate them to change their goals. They directly influence employees' attitudes and behaviors through their close interaction. Culture is not created by signs, slogans, memos or motivational speeches. Employees understand the context pragmatically by observing what their leader does, more than what he or she says (Harris, 1987).

Two levels act as sustaining sponsors:

1. Managers

They are responsible for instituting and implementing change and for its ultimate success or failure. Line managers are in direct control of organizing and accomplishing the work and can make the necessary decisions to successfully implement change. However, they may have certain doubts or reservations themselves about the culture initiative and may resist the change. For example, one L1 commented that he lacked time to implement the change initiative. In addition, managers frequently withhold or distort information so that it doesn't get to the rest of the organization, which can severely compromise employees' faith in management's honesty (Richardson and Denton, 1996). Some of this resistance to managers arises from their political concerns about how their status could be affected by change or concerns about the consequences of failures to achieve the benefits.

2. Supervisors

They are responsible for implementing change like managers, but their responsibility is more circumscribed. Supervisors may shed accountability by blaming failure on employees' resistance, and they are more involved in the conflict because they are on the front line with their employees. Supervisors may feel more insecure about their relatively low position, which may influence their level of support of the change initiative. In our case, one team-leader raised the

issue that “people felt upset when they were subordinated. People who used to be managers were demoted.”

The sustaining sponsors have to meet the strategic needs of the business and deal with lower-level details. Faced with conflicting demands, they are unwilling to take ownership and commit to change (Atkinson, 2005). In the IT department, some L1’s pointed out that new culture is a desired state, but that it does not exist today due to lack of resources. They are understaffed and some of them are new to their teams. The organization must satisfy shareholders by implementing change within a certain budget and timeline. Moreover, managers have many pressures and don’t consider the big picture for IT. Due to the lack of communication and information sharing from the L1, and improper management, some employee resistance stems from the following emotions:

1. Fear of the unknown:

When a new culture initiative is introduced, people always ask: “what does it mean for me?” and “why change?” Employees don’t understand the reasons for change and worry it will interfere with what they have been accustomed to for years. Culture initiatives are rarely explained to employees except for the introduction of core values by HR partners. Though the new initiative has been implemented, employees still maintain different beliefs and values, doing things in their old way. Most of them are unfamiliar with the new culture initiatives. However, during the integration, they face new roles and a culture clash, and encounter some problems that need to be addressed by sponsors. Some employees complain that they feel that the reorganization has caused uncertainty and inconsistency. Simultaneously, rumours about further changes being introduced by the new CIO, for instance, demoralize employees and reinforce their worst fears. Managers need to constantly clarify goals and roles and, as much as possible, communicate the need for and benefits of the new culture to employees with specific and clear

information. The open dissemination of information about future changes in the reorganization and culture has the effect of reducing employee stress levels (Syme and Grant, 1989).

2. Lack of trust

Sometimes employees do not support the change initiative because they distrust their leaders. They have different perspectives and understandings of the new culture than the leaders. Worse, there are too many negative stereotypes based upon past events and employees have painful memories about prior change efforts. The IT department underwent reorganization several times and experienced failure in the past. Employees become considerably more cynical and assume that most initiatives are talked about but never carried out. Sometimes leaders give employees mixed information and make false promises about the clarification of job responsibilities. In reality, these initiatives just vanish for no reason. Consequently, employees feel disappointed with leaders, illusions and rhetoric are dashed, and the organization suffers damage caused by unrealistic and insubstantial communication (Appelbaum, 2000). It is much better to be honest with employees and help them realize that this change initiative is genuine.

The sustaining sponsors' perceptions toward the culture change influence their behaviors to actualize the initiative. Consequently, their responses to employee resistance change the outcome of the initiative. Senior executives must understand the feelings and needs of managers and supervisors, communicate the strategic meaning and importance of the culture change to them, tightly unify them, and create cascading sponsorship to ensure the right people stay (Conner, 1992). The organization needs to allocate the resources to the managers and provide them with the skills to manage change, perhaps using a consultant's program. The HR partner of IT department can organize a 3- day retreat to get L1 managers together. The goal of the retreat would be to reach consensus on values and a mission statement and agree to systematically encourage employee participation in the work. The learning modules can be developed to teach

managers and supervisors how to manage conflict, collaboratively solve problems, respond to criticism, and communicate effectively. Appelbaum also points out that the organization needs to provide clear guidance and management philosophy statements so that managers do not make detrimental mistakes (2000).

All sponsors need to consider the feelings and needs of the employees involved in the transition. The main reasons for which change efforts fail are not only employees resistance, but also the employers' reaction to the resistance. Without a strong commitment from top management, the culture effort would become ritualized (Harris and Ogbonna, 2002). Cummings and Worley (2001) state that symbolic leadership is critical, that the leaders must "walk the talk" and demonstrate a missionary enthusiasm for the new values and behaviors (DiGeorgio, 1998). The commitment from sponsors to the change is the key to implementation.

3.4 Strategies to Manage the Resistance to Culture Change

Having discussed the issues involved in culture change, we now recommend some techniques and key features for the sponsors, which can be implemented in IT departments and other organizations to encourage commitment to the desirable culture and overcome resistance.

3.4.1 Formulate New Values

Effective cultural change should start from articulate the "from" state and "to" state visions of the new cultures to the overall department (Katz and Miller, 1995). The strategic vision provides a clear purpose and direction for culture change (Cummings & Worley, 2001). With frequent communication of the new picture and its benefits, employees may understand the need to change and their uncertainty would be mitigated. Managers need to organize culture seminars and develop straightforward statements of new values. Correct information must flow to employees on time.

3.4.2 Display Top-Management Commitment

(Cummings & Worley, 2001).

The culture change must be initiated and managed from the top of the organization. Sponsors need to recognize that the change must be sanctioned by them and be willing to invest the time and effort to pursue the transition (Conner, 1992). Leaders should implement the culture change during the reorganization and allocate the requisite resources to the implementation. The corresponding structure, human resource systems and management style need to be modified to support the new culture (Cummings & Worley, 2001). The leader's commitment symbolizes the model and provides an example of how employees should behave according to the new values. If the momentum and the positioning for real change are provided, the new culture begins to take root (Katz and Miller, 1995).

3.4.3 Select Fit People to the New Values

The most effective method to achieve success of change is to select the appropriate change membership based on their fit with the new culture and hire more new employees who are in accordance with the new requirements. The sponsors would begin pilot projects with the employees who accept the new culture and adapt the new behaviours (Burgess and Turner, 1999). The success stories, generated under new model could demonstrate how well people work together under the new norms and how the climate could be affected. Team members would share their experiences with other employees around the department. The leaders should reward the employees who support the implementation and terminate those who undermine it (Cummings & Worley, 2001). Shared success can serve to reinforce the message that old rules and processes are no longer workable and that the new behaviours will be rewarded. By altering employees' behaviours in small ways, their operating attitudes are weakened and they become more receptive

to the new mindsets. When employees see the benefits of the new culture and feel more secure, they will promote the new values and behaviours rather than resist change.

3.4.4 Actively Involve Employee in Change Project

The new level of accountability and performance should be embedded in the espoused culture. When people are informed clearly of the expectations on their jobs and how they would be treated, the employees tension would be released and they would be directed towards the right way (Cummings & Worley, 2001). Employees should be empowered and trained with new skills so they can execute their new roles. Sponsors should give employees more options in the work place and make employees generate ideas that would never work in the current environment without coercion. Employees should be encouraged to take risks and provide creative thinking outside of the old norms. Employees should be involved in the transition and new culture from the start (Burgess and Turner, 1999). Ask employees to generate alternatives and ideas to influence the project outcome. Engage employees in the decision-making process and the execution of new behaviours. When they participate in and control the new environment, their fear is minimized and their intrinsic motivation to change flourishes (Deetz, Tracy and Simpson, 2000). Managers should help employees solve problems and encourage them to take ownership of the new initiatives.

3.4.5 Communicate New Cultural Artifacts

Effective two-way communication would provide a place for employees to bring up and discuss their concerns and to contribute to solutions. The sponsors would also have an opportunity to acknowledge people's underlying competing commitments. Weekly and monthly meetings about team and department performance need to be organized. The employees may feel that their contributions have been recognized and have a sense of belonging under the new culture (Katz and Miller, 1995). The minutes from these meetings should be posted. Regularly update the

newsletter, use to inform employees about management's progress; regularly discuss the initiatives at management and staff meetings (Treasury Board of Canada Secretariat, 2003). Employees can be continuously fed with new values and have a role model to learn from, through the careful use of images, symbols, stories and actions imbued with the new culture (Trice and Beyer, 1993).

3.4.6 Integrate the Subculture

The subculture issues need to be acknowledged and addressed. Organize some social events and share ideas across groups to integrate the employees into the new culture. The sponsors may use the ceremonies to signify a new beginning and promote a psychological contract and trust within the department. Requiring that employees commit publicly to the culture change may result in a more consistent change to the new culture.

3.5 Conclusion

Ghoshal and Bartlett (2001) state:

“Indeed, the companies that were most successful were those that recognized that behavioral change was not just an outcome of the transformation but its driving engine. These are the companies that focused their attention beyond the conventional concern about restructuring the hierarchy and reengineering its processes, and devoted most of their attention to the more subtle and demanding task of changing individual attitudes, assumptions, and behaviors.”

Many organizations direct all management attention to “hard” structure development, but do not pay attention to the organizational capacity derived from the culture. To successfully transform the organization, culture change needs to be valued as part of the overall strategic plan. Otherwise the incompatible culture would cause a lack of projected performance, departure of key executives and time consuming conflicts in the consolidation of businesses (Ernst & Young, 1994).

Although culture change is a big challenge for managers facing extreme resistance from people who tend to cling to the old values, it can be successfully managed by creating and sustaining the proper commitment. The energy, loyalty, resilience and competitive advantage exerted from the affective commitment can encourage the internalization of company values, norms and goals (Burgess and Tuner, 2000).

During the adoption, implementation and institutionalization of new culture, leaders need to dedicate significant effort to managing the change and building commitment. They need to promote understanding, clarify the big picture, ensure two-way communication, align people to the change, reveal and ease anxiety and problems, involve and motivate employees, devote resources to the initiative, and respect employee contributions. Employees would feel valued and cherished, rather than fearful of the integration. Ultimately, the organization will flourish and achieve goals for transition. This, in turn will result in satisfied employees and increased productivity and profitability.

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4 IMPLICATION FOR FUTURE

In this project, we have assessed the two casual factors related to the ideal culture, which are empowerment and involvement in our client's IT department. We have analyzed the underlying themes and perceptions of the facets of empowerment from the Bushe Model and the different forms of involvement. Based on the issues that we identified, we recommend that the appropriate leadership skills be used to actualize these two levers for overcoming the gap between the ideal cultures and the operating culture.

Furthermore, this paper emphasizes the significant impact of culture change on the turbulent organizational transition process and how leaders play a critical role in managing culture change and overcoming resistance. While developing mutual responsibility, loyalty and commitment to the ideal culture, the organization can promote competitive competence and adaptive resilience to unpredictable challenges.

From this project, it is shown in relation to project management and I gain the valuable experiences to do a better work:

4.1 Gain Sponsors Support to the Project

(Mackay, 2004)

To make the project happen, the right sponsors need to be in place. At the start of this project, we contacted the level 1 sponsor, but although he was willing to support our proposal, he was too busy to offer substantial help. We waited for two weeks for his comments. We were quite anxious and worried about the time frame of our project. Finally, he transferred this project to his subordinate who was responsible for the culture change initiative and who highly valued our

project. She was enthusiastic that we could meet her needs. She met with us, giving us useful information, arranging appropriate interviewees and facilitating the communication between us and the IT department. That smoothed our project.

4.2 Understand your Clients Needs and Get their Feedback

One measurement for project success is client satisfaction. Effective communication with the clients helped us understand their requirements. Otherwise, effort and time are wasted no matter how well the job is done. We met with the clients many times and changed our project's scope and methods based on the clients' feedback. We kept clients up to date on our progress to ensure that we were heading in the right direction to solve the clients' issues. Employees were reassured that all the information was anonymous, and we asked questions related to their interests and concerns. They found we really helped them and were quite open to share their experiences with us. This field research not only helped our study but was also intended to help the company develop the new culture. We focused on the major issues and provided the company with viable recommendations to improve the leadership skills in culture change. The clients are satisfied with these practical suggestions.

4.3 Time Management Is Important for the Project

We set up the time frame and milestones for the project, but we didn't expect any delays from the sponsors. We needed to get clients' approval for the interviews and surveys. We needed to get the work done depending on their work schedules. Because we had no control over these aspects, we had to anticipate the barriers and allow more time for setbacks. When the deadline was approaching, we still had a lot to accomplish. We were under a lot of pressure due to time constraints. We needed to make appropriate adjustments to our workload based on whether we could finish on time given the scope of the project.

4.4 Cooperative Team Work

To be more effective and maximize everyone's strengths, we had different roles in our team. The broker was responsible for communication with external contacts. Another team member was more focused on the project process and structure. The third person was responsible for conducting surveys, and issues analysis. We regularly met and discussed the project, and monitored performance. Mostly, we used brainstorming techniques and critical thinking in our work. Sometimes we had different ideas, which made us more creative and helped us consider all aspects of the issues at hand. We directed arguments to focus on the issues, rather than on personal attack, which made the team more healthy and productive.

APPENDICES

Appendix A

IT managerial Levels Interview Questions

Introduction

Describe purpose – to explore issues surrounding culture in an effort to provide feedback and recommendations to help develop the culture in IT going forward.

Emphasize the focus on the confidentiality:

- Managers are not aware of those that are being interviewed
- All interviews (written and recorded) will be destroyed after paper is complete
- Individuals will not be identified – looking for general themes, perspectives, insights. Where individual opinions or statements are highlighted, they will not be attributed to individuals

Do you have any questions of us before we begin?

Opening/Warmer Question

1. Can you tell us a bit about your history with Business Objects and IT? How long have you been here, the roles you've held? BO- or CD-Classic, neither?
2. How do you spend your day? (Might identify issues that they would not normally articulate through normal questioning. For example, spend day responding to email because if I don't respond within two hours individuals will escalate to my manager etc.)

General Culture

1. When you consider the organizational culture in IT, from your perspective has it changed for the better or the worse over the past year to year and a half? In what ways?
2. What is your perspective on the most recent reorganization and how satisfied are you with the results? Will they help to improve the culture, in your opinion?
3. How would you describe the culture in IT? Can you provide an example or story that illustrates the culture?

4. What elements/activities/interactions/changes do you consider indicative of the organizations culture?
5. How important do you feel a constructive culture is to the performance of the IT organization?
6. What have management and employees done to influence/improve the culture?

Causal Factors ©

Empowerment

1. What decision-making responsibility is assigned have you had in your most recent roles? What decisions are you able to make that affect how you carry out your job?
2. What aspects of the job prevent you from making decisions and process improvements?
3. How limited by the tools or lack of tools available to perform your job? In what ways?
4. Describe situation at work where you wanted to do more but could not.
5. Describe a time when you felt empowered.

Employee Involvement

How have you made your workplace (desk space, team area, work environment etc) a better place within the last year? Or how do you think the workplace has become worse place and is there anything that you could have done to prevent that?

1. Is there anything that you would like to do to make it a better place?
2. Are there ways in which you feel you could be more involved and informed about what's going on in the company? In IT?
3. What type of morale events does the company/IT provide and do you actively participate?
4. Do you try to increase involvement in group activities (social events, company sponsored)?

Operating Culture

Avoidance (Passive/Defensive)

1. Are there decisions or risks that you would have liked to take, but did not out of fear or the repercussions?
2. Have you ever felt treated unfairly for taking a decision or going out on a limb (either not rewarded fairly or unjustly punished)?

Self-Actualizing (Constructive)

1. Where do you see yourself in five years? How does your job/this organization contribute to getting there?
2. What do you consider to be the most important development activities for your career and your creativity? Are these occurring in your current role? If not, what is stopping them?

Outcomes**Role Clarity**

1. How clear are the messages/communications to you about what is expected of you in your job?
2. Is there information/communication that you believe could help you to gain increased clarity about the expectations of your role?

Departmental-Level Quality

1. How would you describe the level of quality of the outputs of your team/sub-unit?
2. What actions do you believe should be taken to improve the quality of the outputs of your team?

Leadership (Goal to Develop)

1. How do you see your role as a leader in developing culture?
2. How so you feel you have been supported and/or hindered in developing a constructive culture in your teams?
3. If you could
 - a. Start
 - b. Stop
 - c. Continue

... one thing to make a better organization, what would it be?

Appendix B

IT Employee Interview Questions

Introduction

Describe purpose – to explore issues surrounding culture in an effort to provide feedback and recommendations to help develop the culture in IT going forward.

Emphasize the focus on the confidentiality:

- Managers are not aware of those that are being interviewed
- All interviews (written and recorded) will be destroyed after paper is complete
- Individuals will not be identified – looking for general themes, perspectives, insights. Where individual opinions or statements are highlighted, they will not be attributed to individuals

Do you have any questions of us before we begin?

Opening/Warmer Question

1. Can you tell us a bit about your history with Business Objects and IT? How long have you been here, the roles you've held? BO- or CD-Classic, neither?

General Culture

1. What is your perspective on the most recent reorganization and how satisfied are you with the results? Will they help to improve the culture, in your opinion?
2. How would you describe the culture in IT? Can you provide an example or story that illustrates the culture?
3. What has management done to influence/improve the culture?

Employee Involvement

Formal

1. Describe your most recent encounter with your manager
 - a. Was it out of necessity? (Performance reviews, conference calls, operational issues etc)
 - b. How often do you meet with your manager about informal issues?

2. How often do you formally communicate with your manager?
 - a. What modes of communication do you use (email, in person, voicemail etc) and why?
3. When you have ideas about process or system improvements, how do you usually approach your manager? (Either informal/formal)
 - a. Do you wait for the right time? Or do you present right way?

Informal

1. Do you make regular suggestions to your manager on an informal basis?
2. Describe your interactions with your manager
 - a. Can you approach him/her about any issues/concerns you have?
3. When was the last time you talked to you manager about an idea you had?
 - a. How did that conversation go?
4. Do you feel there is an open door policy to bring up any work related topics with your manager?

Statutory

1. Are there any laws that regulate what you do at BO? (If no, then there is no difference with FORMAL, if yes, then we can explore it specifically)

Voluntary

1. Describe the last time you were involved (ideas) in a potentially innovative situation
 - a. Was that something that you were told to come with or something you came up with on your own?
2. Describe the last activity/idea you come with it
 - a. Was it something you developed on your own time? Or was it something that you were mandated to do?

Direct/Representative

1. When you push for changes in the department, do you do it yourself or tell someone else your opinions and wait for them to implement it.
2. Is there someone that you view as a leader or representative for the department?
 - a. Why is he/she a leader?
3. When there is something that you want to accomplish in the department, is there someone that you go to?
4. Do you feel a personal involvement with the recent changes made in the organization?

Empowerment

Choicefulness

1. How much input/opinion/direction do you exercise in the tasks that you work on?
 - a. Are you able to put your own spin on the situation or issue to best complete the task?
2. In terms of the work you like to perform, do you work with your manager to determine which tasks fit you the best?
3. Describe your work day
 - a. Would you say that most of your activities are related to tasks assigned by your manager or are you free to structure your work day according to your needs?
 - b. What percentage of your day is spent on activities you choose to perform?
4. How often do you feel unproductive?
 - a. What makes you feel unproductive?
5. What aspects of your job or work would you like to have choices over?

Effort

1. Are you able to accomplish the goals that you set out for yourself during your work day?
2. Describe a task you had to accomplish recently where it took you longer/shorter than expected
 - a. What factors or issues made the task longer/shorter?
 - b. How did that make you feel?
3. In cases where your team has not been successful in meeting deliverables, what do you think the biggest obstacles have been? What obstacles would you like to see removed to achieve your goals?
4. Think of a task that would take you one day in a 'perfect world' scenario, how long would the same task take in a 'real life' scenario?
 - a. What are the some the reasons/issues for the delay?
 - b. Is there anything that can be done to alleviate the discrepancy?
 - c. What obstacles prevent you from working efficiently?
 - d.

Impact

1. How do you think your manager perceives your contribution to the team?
2. Do you feel like your contribution is valuable to the department and company as a whole?
 - a. What makes you think that?
3. When you finish a task or project, do you have results that you are proud of?
 - a. What are something things that make you feel proud about your work?

4. What kind of role would you like to have at the company in the future?
 - a. What are the obstacles in your way of achieving that?
5. What impact do you see the work that you do have on the organization?
 - a. Now and going forward?
 - b. IT and BO

Self-System Control

1. If you put in the effort and do an excellent job at some task, is that excellence recognized?
 - a. If not, why do think it was not recognized?
2. Have you ever done a poor job on a task and received an award anyway?
 - a. How did that make you feel?
3. Does the knowledge that you will be recognized or rewarded inspire you to put in more effort?
4. Have you ever had the option of putting in more effort but chose not to because you did not think it would matter or be recognized?

Meaningfulness

1. What type of rewards do you prefer? (Compensation, recognition, increased power, something else)
 - a. Which of those do you feel your workplace is best at providing?
 - b. Which of those do you feel your workplace is worst at providing?
2. What was the best reward you have received since joining BO? Why?
3. Have you ever been rewarded in way that made you feel worse? (-ve reinforcement)

Universal Justice

1. What is your perception of IT's rewards compared to other departments in BO?
 - a. How does that make you feel?
2. Have you been associated with a project where you did truly excellent work but the project was mismanaged so your work went to waste?
 - a. Would you expect to be penalized by the mismanagement or would you expect to be rewarded anyway?

(It might be beneficial to ask a few of these questions, maybe to get a feel about the overall culture)

Operating Culture

Avoidance (Passive/Defensive)

1. Are there decisions or risks that you would have liked to take, but did not out of fear or the repercussions?
2. Have you ever felt treated unfairly for taking a decision or going out on a limb (either not rewarded fairly or unjustly punished)?

Self-Actualizing (Constructive)

1. Where do you see yourself in five years? How does your this job/this organization contribute to getting there?
2. What do you consider to be the most important development activities for your career and your creativity? Are these occurring in your current role? If not, what is stopping them?

Outcomes

Role Clarity

1. How clear are the messages/communications to you about what is expected of you in your job?
2. Is there information/communication that you believe could help you to gain increased clarity about the expectations of your role?

Departmental-Level Quality

1. How would you describe the level of quality of the outputs of your team/sub-unit?
2. What actions do you believe should be taken to improve the quality of the outputs of your team?

Appendix C IT Employee Survey

IT Employees Survey

Please indicate your level of agreement with each of the following statements:

Strongly Disagree Disagree Neutral Agree Strongly Agree

EMPOWERMENT

CHOICES

I have choices in my role about what I work on.

The majority of my tasks are defined by my manager or team lead.

II I have the information I require to make good decisions.

I understand which areas I have the authority to make decisions and those I do not.

I require more parameters to guide the choices I make

EFFORT

I am able to do my work without interruptions or emergencies.

The processes in place help me to be more productive in my job.

II I understand the organizational priorities well enough to make choices about where I should spend my time.

I feel the work I am doing is often being duplicated in another department or region.

IMPACT

The work I do has a recognizable benefit for the organization.

I feel that IT plays a critical role in helping Business Objects achieve its objectives.

I am appreciated by my internal customers for the work that I do for them.

IT is recognized as contributing valuable outputs for the organization.

SELF-SYSTEM CONTROL

If I achieve or exceed my objectives, I am confident I will be rewarded appropriately.

IT Employees Survey

Please indicate your level of agreement with each of the following statements:

Strongly Disagree Disagree Neutral Agree Strongly Agree

I utilize MBO's to set my objectives each period.

My manager utilized my MBO's to judge and reward my performance.

It is clear to me what I need to do to achieve my career objectives in IT.

My manager understands the work that I do and contributions I make.

MEANINGFULNESS

Public acknowledgement of a job well done is an important form of recognition.

Morale/team-building events are a good use of resources.

I would like to see more non-monetary rewards given for accomplishing tasks.

Formal compensation is the most important form of reward that I can receive.

UNIVERSAL JUSTICE

When I put in extra time and effort, I am rewarded for it, regardless of the outcomes.

I am penalized when my goals have not been met due to circumstances outside of my control.

INVOLVEMENT

INFORMATION SHARING

I have opportunities to share my ideas and suggestions in IT.

I am comfortable approaching my manager with my ideas and concerns.

Management shares information regarding the future direction of the department.

KNOWLEDGE DEVELOPMENT & TRAINING

There are appropriate opportunities available to me for training and development.

I have the knowledge and skills required to do my job effectively.

IT Employees Survey

Please indicate your level of agreement with each of the following statements:

Strongly Disagree Disagree Neutral Agree Strongly Agree

There are opportunities for me to develop skills in new roles within IT, if I desire.

REWARDS & RECOGNITION SYSTEMS

I believe I will be rewarded for increasing my knowledge and skills.

I believe I will be rewarded if I take on greater responsibility in IT.

POWER SHARING

I participate in making decisions that effect my job.

I participate in decisions that effect how IT operates.

I would like to have more decision-making responsibility.

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Please select your geographic location How long have you worked for the company?

- | | |
|-------------|----------------------|
| 1 Vancouver | 1 less than 3 months |
| 2 Paris | 2 3 months-1 year |
| 3 San Jose | 3 1-3 years |
| 4 Other | 4 4-6 years |
| | 5 7-10 years |
| | 6 10+ years |

Which functional team do you work for? What level of employment describes your role?

- | | |
|-------------------|--------------------------|
| 1 Applications | 1 Individual contributor |
| 2 Operations | 2 Team Lead |
| 3 Governance | 3 Manger |
| 4 BI | 4 Director |
| 5 Client Services | 5 Sr. Director |

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