

## 9.17: Initiating and Fostering Cultural Change

### Learning Objectives

- Describe key techniques for initiating cultural change (sense of urgency, role modeling, changing leaders).
- Describe key techniques for fostering cultural change (training, reward systems, and new stories and symbols).



Smart managers and leaders know when a change is needed within their organization.

When times change, corporations may need to change as well. Many factors can make change necessary, ranging from social norms to technology to new ways of doing business. No matter why cultural change is needed, it's never easy. That's because human beings, in general, resist change. To make cultural change successful, therefore, companies must create change management strategies and stick to them over time.

### Initiating Change

Although there are many ways to initiate change, the most effective methods come from the top down. One of the keys to making change happen is the actions of the corporate leader.

- **Create a sense of urgency.** Why should employees change their habits, systems, or ways of doing business? If there's no emergency, employees are likely to resist change. But what if your business is likely to fail if you don't reinvent some of your culture and practices? In 1993, IBM was facing just such a crisis. Lou Gerstner, IBM's CEO, made it clear to employees that the situation was truly dire: change or die. In a short time, IBM shifted from being an old-fashioned, stuck-in-the-past footnote to a future-facing, innovative organization.
- **Role modeling.** If the need for organizational change is communicated from the top down, it must be modeled from the top down as well. When a corporate leader is truly committed to change, he or she becomes a guiding light for the entire organization. A leader can model change through public actions such as press conferences or presentations. More significant, however, are actions that show that the leader is truly taking his or her own ideas to heart. Not only is it inspiring to see a leader taking his or her own advice to heart, but it's also helpful to see what the change really looks like. Robert Iger, who became CEO of Disney, was concerned that innovation was fading. To show his commitment to cultural change, he jumped in to provide hands-on help with game creation.
- **Changing leaders.** Once a company has made a commitment to change, it's important that all members of the senior management team understand and embrace the change. In some cases, individuals may dig in their heels and refuse to change their practices. When this happens, the company has little choice but to terminate their employment.

### Practice Question

<https://assessments.lumenlearning.co...essments/12256>

## Managing Change

As is often the reality, it's easy to start a process—but much more difficult to manage it over time. The following techniques can help ensure that change is institutionalized:

- **Excellent communication.** That's the key conclusion of a 2016 study, "Where Change Management Fails," from Robert Half Management Resources. This survey of 300 senior managers found that most change efforts failed in the implementation stage—on shoals of broken or inadequate communication.<sup>[1]</sup>
- **Changing leaders who present barriers to change.** It's hard for employees to make change when their own managers are resistant to new ideas. When leadership is standing in the way of positive change, upper management may have to "clean house" by dismissing managers who, for personal or political reasons, are unwilling to bend.
- **Training programs.** When organizational culture is the source of unethical or unsafe practices, training can be the key to change. The same is true for changes related to customer service. The Midas auto repair chain, for example, used training to help employees better empathize with customers' needs and concerns.
- **Changing reward systems and corporate symbols.** To let employees know things have really changed, it may be necessary to change incentives. For example, if a company has rewarded individual achievement but wants to see a cultural switch to teamwork, it may need to reward team accomplishments. Similarly, the company may need to change the visual symbols it uses to reflect the new organizational culture.
- **Changing the look and feel of the workplace.** A workplace "makeover" can have a profound impact on change. Visual cues can quickly and effectively let employees know that they are encouraged to gather around a large table in a shared work area, or that managers in an open environment are available for questions and collaboration.

Changing a firm's culture is hard, and many attempts fail. CEOs have lost their jobs because they tried and failed. It generally takes years and may require replacing people. College administrators joke that their ideas for OER (open educational resources, such as this online course) advance slowly, one retirement at a time. But change is possible with the right approach.

### ? ? PPractice Question

<https://assessments.lumenlearning.com/assessments/12257>

1. "Where Change Management Fails," Robert Half Management Resources. Feb. 3, 2016, accessed Aug. 8, 2017, <http://rhmr.mediaroom.com/where-change-management-fails>

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