Business Transformation and Organizational Culture: The Role of Competency, IS and TQM

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The *broad* aim of this paper is to examine the contribution which anthropology can make in the study of organizational culture and more specifically, in examining the relationship between culture and business transformation. In the 1970s, Mary Douglas, the world renowned British anthropologist, put forward the cultural theory of grid and group (G/G) which identified four distinct cultural typologies to define the position of an individual within a society. This model, which was developed originally to make a study of the social anthropology of religion among primitive African tribes, has more recently been used variously to describe many aspects of culture; however much less effort has been put into relating it to business organizations and in particular examining the role of organizational culture in business transformation. This is surprising given that cultural concepts have their roots in social anthropology. Since business transformation is primarily about fundamental changes in organizational culture, the purpose of this article is to argue that Douglas's theory provides an effective framework for analyzing and understanding the cultural changes which are necessary for successful organizational transformation. This is demonstrated by applying it to a major case study of an engineering/aerospace company in the UK. The cultural changes have been brought about through a range of strategies such as the development of managerial and organizational competencies, information systems, and quality management practices. It is a significant case study in that the organization has undergone radical transformation and secondly the transformation has been highly successful. An attempt is also made to compare the G/G model with other models including an examination of the wider applications of the model in the practice of management. The limitations and pitfalls of applying a cultural typology approach to organizational analysis are also briefly considered.
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Introduction

Much has been published in the literature about organizational culture (Peters and Waterman, 1982; Hofstede, 1991), its centrality to business change and the importance of enablers such as leadership, learning organizations and core competencies in the evolution of the corporate culture. However, much less effort has been expended in studying the usefulness of cultural theories developed by anthropologists in analyzing and understanding organizational culture. This is surprising given that culture has its roots in Social Anthropology. One of the reasons could be the belief that the societies which anthropologists

study are quite distinct from those of the corporate organizations of today. The reality, however, is that in most countries organizations are often structured along similar lines to that of the society.

Against this background, the purpose of this paper is to argue that the cultural theory which was developed originally, by the famous British anthropologist Mary Douglas to study the social anthropology of religion in primitive African tribes, can shed significant light on the role of culture in transforming businesses in a world characterized by increased competition, globalization of markets and competitors and the enabling technologies which have permitted these dynamics to occur. The paper is organized into four parts. The first part outlines the relationship between culture and business transformation and the second part describes the methodology and, in particular, the key components of the cultural theory. The third part discusses the business transformation which has occurred in a major aerospace company in the UK and how Douglas's theory can be used to describe the significant cultural changes that had taken place. The final part makes a comparison of the G/G model with other models and the wider contribution which the model can make in the practice of management including its limitations.

Business Transformation and Organizational Culture—A Brief Review

Although business transformation is a concept very familiar to strategy writers it is not easy to find an all embracing definition for it in the literature. An attempt to create a common definition during a conference convened by the Corporate Renewing Centre in INSEAD resulted in a two-dimensional concept: '*A fundamental change in organizational logic which resulted in or was caused by a fundamental shift in behaviours*' (Muzyka *et al.*, 1995). In other words business transformation is about bringing radical changes in organizational culture in terms of structure, processes and above all, people's attitudes, beliefs and behaviours. Prahalad and Oosterveld (1999) identified a number of characteristics of successful business transformation, all of which either implicitly or explicitly concern the different facets of organizational culture. First, transformation must not be a knee jerk reaction to reduce overheads or enhance return on investment, or reengineer processes with the help of information systems. Transformation must involve a complete rethink of a firm's strategies and processes based on ''a new concept of opportunity''. Second, top managers should provide the leadership and a new vision for the organization to compete in an entirely new way based on the identification of new pastures and opportunities. Thirdly, in business transformation, nothing is sacred. Trans-

formation requires a fundamental shake up and/or dismantling of current perceptions, practices, attitudes and behaviours of all stakeholders of the organization. Fourth, no transformation is complete without the retraining of employees in new skills and competencies. Finally, transformation should be rolled out with incentives/sweeteners for employees in terms of better pay and conditions, developmental opportunities including enhanced career prospects. In a nutshell, then, successful transformation is about breaking the cultural mould of the organization which has been frozen in time.

The impetus/motivation for the research came from a number of sources. Firstly, given the need to respond rapidly to the constant economic upheaval, incessant technological changes and the globalization of markets, business transformation is an on-going challenge for all organizations. Secondly, few reported studies have examined the role of culture in transforming businesses and even fewer studies have taken an anthropological approach to this issue. Since cultural concepts have their roots in social anthropology, such an approach can provide significant insight into the study of organizational culture and, more importantly, in examining the role of culture in transforming business. The current longitudinal study is a modest yet significant attempt at empiricism and it seeks to explore the transformation which has taken place in a major engineering/aerospace company through fundamental changes in organizational culture. Finally, the cultural theory used here has a number of applications in the practice of management and these are also explored towards the end of this paper.

Research Methodology

For our study, we chose an aerospace/engineering company because it has undergone successful radical transformation from the late 1980s onwards. In fact this retrospective study covers the transformation of the company from 1987 to the early part of this century. We have considered a range of methods for conducting this study: case study, observation, surveys, archival analysis etc. Finally it was decided to use the case study approach as the primary means of collecting relevant information. This is because the research was primarily about 'how' business transformation occurs, and the researchers have no control over the behavioural events of the organization being researched and had to rely on contemporary events as they unfolded. Also the case study methodology fits in well with anthropological approaches to research. It bases itself on direct observation and interview and on the collection of critical factual material. A number of other sources were also used: consultation of strategy documents, financial reports and archival records. More importantly, one of the