

# Culture, cognitive dissonance and the management of change

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## Introduction

There can be little doubt that one of the major tasks facing organizations in the late twentieth century is managing change. Although change has always been, and must always be, an ever-present part of organizational life, many commentators believe that the pace of change and the complexity of the issues involved is greater now than ever before[1-4].

In this article, we concentrate on one aspect of managing organizational change: the impact of employee involvement (or lack of it) on the success of change projects. Much has been written on the need to involve those affected by change in planning and executing it[4-12]. It now appears to be the received wisdom that "involvement is a good thing". However, this blanket injunction to "involve" ignores both the context in which particular change projects take place and the varying degrees of involvement that are possible[13]. In an attempt to rectify this, we examine how an organization's culture and the degree of cognitive dissonance generated by proposals for change influences the depth and type of employee involvement required to create a positive climate for change.

The article begins by discussing both organizational culture and cognitive dissonance and their influence on employee involvement. It then goes on to describe the background to the authors' own research on managing change. This is followed by a description of two major change projects, both in the same company. In the first of these the company achieved a high degree of success, despite its concern that the level of involvement was insufficient and the timescale truncated. In the second, despite attempts to gain involvement of those concerned, the result was much less satisfactory. In discussing the reasons for these divergent outcomes, attention is drawn to the role of organizational climate, and its determinants, in supporting, or not, the process of change. The article concludes by arguing that organizations should evaluate any proposal for change and how best it should be undertaken in the context of the cultural disruption and cognitive dissonance generated.

## Culture, cognitive dissonance and organizational climate

Building on the work of earlier writers such as Bullock and Batten[14], Cummings and Huse[15], Lewin[16] and Lippitt *et al.*[17], Burnes[18] proposed

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a model of managing change comprising nine elements which are divided between those which create the conditions or environment in which change takes place and those which comprise the actual stages or phases of the change process itself. He argues that these are not separate. The environment in which change takes place strongly influences the perceived appropriateness of proposed changes and the way these are planned and implemented. In a similar fashion, the types of changes, the way they are undertaken and their outcomes can have a strong influence on the environment. The two are interrelated and interdependent.

In terms of the environment for change, Burnes[18] places significant emphasis on the role of organizational culture. In terms of the actual mechanics of change he places a similar emphasis on employee involvement. Burnes sees these as complementary in relation to successful change. In organizations where a culture of trust exists, where change is the norm, and the expectation is of positive outcomes, then the need to consult and involve employees (in order to gain their commitment) is less necessary because they are already receptive to change. In a situation where the reverse is the case, it becomes necessary to overcome suspicion and resistance and gain the confidence and commitment of staff by giving them a positive role to play in the process. This can take many forms, such as making them part of the decision-making process and/or giving them responsibility for planning or implementing aspects of the change, but will certainly go beyond a mere communications exercise[18].

To understand this argument more fully it is necessary to have a clearer picture of what is meant by both culture and involvement, and how they interact. Taking culture first: according to Eldridge and Crombie[19, p. 89], culture is:

...a characteristic of all organizations, through which at the same time, their individuality and uniqueness is expressed. The culture of an organization refers to the unique configuration of norms, values, beliefs, ways of behaving and so on that characterize the manner in which groups and individuals combine to get things done.

Culture defines how those in the organization should behave in a given set of circumstances and, crucial to the present argument, it contains, as Turner[20] pointed out, elements of "ought" which prescribe certain forms of behaviour or allow behaviour to be judged acceptable or not. Of course, culture is not homogeneous and in any organization there will be subcultures. However, the influence of these will depend on the strength and appropriateness of the dominant culture[21].

The role of culture in a situation of change is to confirm or deny the legitimacy of the new arrangements[22, 23]. This also relates to changes of personnel or differences between specialisms. Morieux and Sutherland[24] described how the cultural values and methods of operation of new managers or managers in particular specialisms can clash with the existing culture in organizations. This can lead to conflict, the challenging of existing norms and certainties and the undermining of the authority of managers.

However, culture is not static. Burnes[25] argues that new circumstances, the entry into and exit from the organization of groups and individuals, all contribute in a complex and unpredictable manner to the evolution of culture. Such changes are inevitable but they can lead to conflict between the old and the new, and between the groups and individuals who have to adjust to them. If change is too fast or causes too great a disjuncture, rather than sustaining the organization, it will lead to a disintegration of the common goals and ways of working which have previously existed[26-28].

Consequently, it is necessary to recognize that organizational changes which challenge or undermine the cultural status quo can, if managed badly, have severe repercussions. It has been argued that one of the key methods of avoiding this is to involve those affected in assessing the need for, and implementing, change. This is for two reasons: first, to draw on their knowledge and second, to gain their support and commitment[5, 22, 24, 25, 29-31].

Employees' knowledge of the situation and conditions in which they work is potentially very valuable. Where a problem or an opportunity arises which requires change, they may have much to contribute in terms of defining whether change really is required and, if so, what form it should take. The need to draw on staff knowledge is relatively straightforward and can, in many instances, be accomplished by consultation and communication. However, if this knowledge is to be forthcoming, it does require staff to have a positive attitude towards any proposed change. This leads on to the second main reason for involving staff in change projects: to gain their commitment. The aim of this is to overcome potential resistance to, and develop a positive attitude towards, change. Unless staff have a positive attitude, then success is unlikely[15]. Clearly, the issue of commitment raises a number of significant questions, especially how an organization develops a positive attitude towards change among its staff.

It is in tackling this question that the concept of cognitive dissonance becomes useful. Cognitive dissonance states that people try to be consistent in both their attitudes and behaviour. When they sense an inconsistency either between two or more attitudes or between their attitudes and behaviour, people experience dissonance; that is, they will feel frustrated and uncomfortable – sometimes extremely so – with the situation[32]. Therefore, individuals will seek a stable state where there is minimum dissonance. This latter point is important. It is unlikely that dissonance can ever be totally avoided, but where the elements creating the dissonance are relatively unimportant, the pressure to correct them will be low. However, where the issues involved are perceived by the individual to be significant, the presence of such dissonance will motivate the person concerned to try to reduce the dissonance and achieve consonance by changing either their attitudes or behaviour to bring them into line[33, 34]. This may involve a process of cognitive restructuring which is unlikely to be free from difficulties for the individual concerned[35]. However, as Festinger[36], one of the originators of the concept, points out, in addition to trying to reduce the

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dissonance, people will actively avoid situations and information which would be likely to increase the dissonance.

As an example, if a supervisor believes that tight control of those for whom he or she is responsible is required to make them work hard the supervisor will be uncomfortable if required to give them a greater degree of autonomy. To reduce this discomfort (dissonance) he or she may either change his/her attitudes ("tight control is no longer effective/necessary in this day and age") or ignore/circumvent the new regime. However, if the supervisor cannot reduce the dissonance, for whatever reason, then this may result in stress, anger and resentment, none of which is likely to assist the move to more autonomous working arrangements.

Since the emergence of the theory of cognitive dissonance in the 1950s, it has been developed and refined, not without controversy[32, 37-42]. One development in particular is worth noting, which relates to the issue of free will. It has been argued that, where individuals are required to change their behaviour in such a fashion that it clashes with their attitudes and gives rise to dissonance, an attitude change will only occur if the people concerned believe, rightly or wrongly, that they have a choice as to whether to adopt the new behaviour or not. If, on the other hand, they feel that they are being compelled against their will to change their behaviour, this can lead to high levels of dissonance and perhaps open defiance. It is very unlikely to create a positive attitude towards the proposed changes[32, 33, 40].

These ideas can now be applied to the issue of involvement in change. If an organization embarks on a change project which is markedly out of step with the attitudes of those concerned, it will meet resistance unless those concerned change their attitudes; and this is only likely to occur if they believe that they have some choice in the matter. On the other hand, where the level of dissonance occasioned by proposed changes is low, attitudinal adjustments will be minor and potential resistance negligible. Therefore, the level and type of involvement should be geared to the level of dissonance that any proposed changes may give rise to.

In this respect the work of Schmuck and Miles[43] is useful. In examining the methods and techniques available for managing change, their work cast a new light on the issue of the required or necessary level of involvement. Unlike others (e.g.[44]), they did not see full involvement as necessary in all situations. Instead, they saw involvement as a continuum related to the type of change taking place. This continuum runs from "acceptance", based on prescriptive modes of intervention, to "theory and principle", which is where the change agent provides the change adopters with advice on which they can make their own free choice. This is significant because it relates the level of involvement to the impact the type of change has on the attitudes of the people concerned.

Huse[13] developed this distinction further. Building on earlier work by Harrison[45], Huse categorizes change interventions along a continuum based on the "depth" of intervention, ranging from the "shallow level" to the "deepest level". The greater the depth of the intervention, Huse argues, the more it

becomes concerned with the psychological make-up and personality of the individual, and the greater the need for the full involvement of individuals if they are to accept the changes.

Therefore, it becomes possible to tailor the methods and techniques used to the level of dissonance that is caused by the proposed change. The key is that the greater the effect on the individual, especially in terms of psychological constructs and attitudes, the deeper the level of involvement required if successful behaviour change is to be achieved. It follows from this that where a proposed change is in tune with the established norms of an organization and the individual's own attitudes, that person will be more inclined to accept its legitimacy, i.e. the depth of involvement will be at the shallow end of the spectrum and may merely involve a passive acceptance.

However, where the proposed change is out of step with the dominant norms, or where these are in a state of flux, or where they challenge the individual's beliefs, then a greater degree of involvement will be required, i.e. the depth of involvement may be at the deepest level, requiring such techniques as sensitivity training, personal counselling, and life and career planning.

It can be seen, therefore, that the concept of cognitive dissonance is potentially valuable in understanding the factors which can promote or hinder effective change. However, before moving on to look at the two change projects in our case study, there is one issue which still needs to be resolved: the relationship between organizational culture and individual attitudes and behaviour. While the two are clearly linked, it is important to understand what this link is and how it affects the change process.

In this respect, the work of Moran and Volkwein[46] on organizational climate is fruitful. They argue that the importance of organizational climate lies in its ability to provide a conceptual link between phenomena occurring at the organizational level and at the individual level. This argument is supported by a number of other researchers, especially those seeking to move organizational analysis away from the more static, structural aspects of organizations and towards the more dynamic processes that exist within them[47, 48].

Moran and Volkwein[46, p. 20] argue that:

Organizational climate is a relatively enduring characteristic of an organization which distinguishes it from other organizations: and (a) embodies members' collective perceptions about their organization with respect to such dimensions as autonomy, trust, cohesiveness, support, recognition, innovation and fairness; (b) is produced by member interactions; (c) serves as a basis for interpreting the situation; (d) reflects the prevalent norms, values and attitudes of the organization's culture; and (e) acts as a source of influence for shaping behavior.

They go on to point to the need to distinguish carefully between climate and culture. While climate, they argue, is a relatively enduring characteristic of organizations, culture is a highly enduring characteristic[46, p. 39]:

Culture evolves slowly; it is in a sense a record of a social unit's interpretation of its history and is therefore dependent on the existence of a known past of considerable duration. Climate evolves out of some of the same elements as culture but it is, in terms of organizational realities, more shallow in that it forms more quickly and alters more rapidly.

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Therefore, organizational climate is both a manifestation of the deeper elements of culture and a reflection of the collective attitudes and behaviour of an organization's members at any one time. Organizational culture acts as a sort of sheet anchor for climate, stopping it from being too easily transformed with each new situational contingency, while individuals in their interactions can create either a supportive or countervailing pressure to that exerted by culture, depending on the particular circumstances within an organization[49]. It follows that change projects which are in tune with individual and organizational attitudes, values, beliefs and behaviour, are likely to meet with a supportive organizational climate. It also follows that changes which challenge or deny the legitimacy of these are likely to encounter not only individual but also collective resistance, through the creation of an antagonistic climate.

Having made the link between culture and cognitive dissonance, we can now move on to describe the background to and methods of our own research.

### **Background and methods**

In 1986 one of the authors was involved in initiating a number of interlinked research projects to examine the factors which influenced the degree of success achieved by UK manufacturing companies when implementing new technology. It was not the intention to establish whether or not problems existed in achieving successful implementation – this was evident from research which had already been carried out and was confirmed by subsequent research (see [50-55]). Rather, the purpose was to establish the causes of these problems and to make recommendations for tackling them.

The research, which is still continuing, was undertaken in two stages. The first stage examined the selection, introduction and use of individual systems. Fifteen companies, covering 30 systems, were involved in this stage of the project, which lasted until 1988. The second stage of the research, involving 12 companies, examines the context and manner in which decisions relating to the initiation and implementation of change are taken. In particular, we are concentrating on strategic planning activities by the senior management team/directors of these companies.

The methods used are similar in both stages of the research: repeated interviews, observation and the collection of documentary evidence over a period of time. With regard to strategic planning, in all but one of the companies we have been able to observe the meetings at which the plans are developed and reviewed, as well as carrying out extensive interviews with individual managers.

The results of the first stage showed that in 20 of the 30 change projects we studied, the performance of the systems was significantly below original expectations, in some cases dramatically so(see[7, 25, 56-58] for a fuller report of this phase of the study).

The second stage of our research, dealing with strategic planning and change, shows a similar pattern. Of the 12 companies studied, all of which we are still in contact with, only three can be said to be successfully pursuing their

plans; four never managed to complete them, and the remainder have experienced varying degrees of difficulty in implementing them.

One issue which has come to the fore in both phases of the research is the issue of involvement. In terms of both micro change and macro change, the degree of involvement of those affected by or responsible for carrying out such changes emerged as an important factor in success. This in itself is no surprise. A great deal has been written in recent years advocating greater participation in the planning and execution of change projects[5]. Much of this work appears to draw on an earlier generation of researchers to bolster the case that human beings have a great deal more to offer to the organizations which employ them than merely "turning up and doing as they are told". (Especially influential in this respect is the work of Barnard[59], Coch and French[60]; Lewin[16]; Maslow[61] and Mayo[62]).

We do not wish to take issue with the broad thrust of this argument that organizations have much to gain by encouraging and developing the skills and intelligence of all their members. However, when we came to the issue of involvement, we found ourselves somewhat puzzled by the results of our research. In the companies we studied, we found it difficult to correlate the level of involvement of staff with the success that was achieved. Also, it was not always clear what benefits were expected from involvement. Was it intended to gain employees' commitment? Was the aim to draw on their knowledge? Or were employees involved because that is what everyone says should be done? Similarly, the type of involvement pursued varied enormously: some companies carried out information exercises; some co-opted selected staff onto project groups; other companies identified selected groups for intensive training above and beyond what was required.

One company in particular, a company which took part in both stages of our research and which we have studied intensely over the past seven years, raised numerous questions. As the following case study will show, the company appeared to experience both success and failure despite its apparent attempts to involve those concerned.

### **Case study**

Process Control Inc. (PCI) employs 395 staff; it is the UK-based European manufacturing arm of an American conglomerate. PCI specializes in the assembly of printed circuit boards (PCBs) and process control equipment. In 1988, PCI's PCB business was significantly expanded, both in terms of volume and product range, when its parent company centred over 95 per cent of its PCB manufacture there, by transferring work from the USA.

Since 1986 we have visited PCI on a regular basis and have received full co-operation from all levels of the company. As the following two examples of major changes in the company illustrate, it is detailed and intensive studies such as this which have led us to raise questions about our understanding of the reasons for and best approaches to involving those concerned in managing change.

*Project one*

This example deals with the introduction of a new production control system, manufacturing resources planning (MRP II), in 1986. The main reason for its introduction was the company's poor delivery record to customers and sister plants. The existing production-control system operated in isolation from the other systems in the company, especially sales forecasting. Because of this, no one knew whether production plans were achievable and therefore had little faith in them. Instead of using the system, staff preferred to use their own judgement of what was required. In any case, the marketing department itself had little faith in its own forecasting ability.

The suggestion to examine the benefits of MRP II came from the company's materials manager. He had examined the company's requirements, and suggested that MRP II was the best way forward. Nevertheless, senior managers insisted on reviewing all the options before making a decision.

The company established a team to examine the benefits and drawbacks of MRP II, and to produce a blueprint for its introduction. MRP II is a company-wide system which affects all functions (i.e. it is not just a materials control system, but links sales and marketing, production management, management information services and even personnel). Therefore, the need for a multi-disciplinary group, which spanned a wide range of functions, was clear.

The team was initially given 12 weeks to produce its report, but this was extended to 20 weeks to allow greater consultation to take place. Presentations were made to, and discussions took place with, department and section leaders in an attempt to consult them fully; in turn they were expected to discuss the ideas with their staff.

Despite its vigorous efforts to consult with people, in retrospect the project team felt that it should have given staff longer to discuss the proposals before being asked to comment on them. There was no suggestion of resistance or lack of a positive attitude towards the proposed change; rather it was felt that more time would have allowed staff to have commented in a more informed fashion. Nevertheless, the team was satisfied with its final report which confirmed the recommendation to purchase MRP II – and this was accepted by the company's senior management team, which gave the go-ahead to introduce it.

The target was for MRP II to be fully functioning within 18 months. The timetable and programme was broken down into easily-understood goals for each area involved. Training, even for those not directly concerned, was seen as a major element in the development of MRP II. There were two clear objectives underpinning this, namely to:

- (1) enable staff to be able to use the system;
- (2) ensure staff had sufficient confidence in the system so that they did not revert to their previous practice of determining their own priorities and targets.

This latter point was especially important, given that staff in all areas of the company had previously exhibited a lack of confidence in the company's sales forecasts, production schedules and production control methods.

To achieve these twin aims, a training programme was established for the whole company. A seminar room was set aside solely for the MRPII courses and, over a period of nine months, every member of staff, from director to assembly worker, went through some form of MRPII training.

Three key groups of staff were targeted for special attention: senior managers, supervisors and all marketing and sales staff. Senior managers were considered important because they set the climate and priorities for the company. If they were seen to understand and support MRPII consistently, then others in the organization, it was argued, would follow. As one of the project team commented, "The result was remarkable. Managers not only talk to staff about the system but are knowledgeable and are seen to be openly committed to it. They understand its capabilities and how difficult it is to use".

In addition, perhaps for the first time, supervisors found that senior managers listened to them and understood their problems. This, together with the training they received, raised their morale.

The third group, the marketing and sales staff, are the ones responsible for forecasting future production requirements. If these forecasts are not accurate, then neither are the production schedules developed by MRPII. As part of their training, the importance of their role was stressed time and again. Indeed, one entire day was devoted to a joint meeting of the marketing and sales staff and production supervisors. This allowed both groups to appreciate the other's difficulties, and left the marketing and sales staff with a much clearer idea of the damage that poor forecasting could do.

At the end of the training programme, the company had a workforce not only committed to MRPII, but also with a better overview of individual roles in the company.

The training programme was just one element, although perhaps the most important one, of a detailed 18-month programme for introducing MRPII. Despite the fact that, due to unforeseen circumstances, the timescale overran slightly, the view within the company was that the introduction of MRPII had been a success. This reinforced the positive attitude which staff in the company exhibited towards change.

Nevertheless, the decision in 1988 to make the company the main site within the group for the manufacture of PCBs set in train developments which were to have a significant impact on staff attitudes towards change.

#### *Project two*

With the rapid introduction of new products due to the expansion of PCB assembly in 1988, the company began to experience major operational problems relating to quality and delivery. This in turn caused increasing difficulties for the parent company in the USA, which was the main customer for the PCBs. When this situation failed to improve, the parent company sacked

the plant's British chief executive officer (CEO) and replaced him with an American who was to be seconded to PCI for a one- to two-year period. This came as a shock not only to the CEO but also to the entire workforce. There was widespread feeling, at all levels in the company, that he had been treated shabbily, especially given that he had been with the company, in its various forms, for 25 years. This shock was compounded by the character of the new CEO. He was a colourful and flamboyant person who wore a Mickey Mouse watch, dressed as Father Christmas and the Easter Bunny at the appropriate time of the year, and was given to public soul-searching.

His remit was two-fold, to:

- (1) turn the plant around to a position where it could meet its performance targets;
- (2) identify an in-house replacement for when his secondment came to an end.

The assumption underlying these objectives was that PCI was basically a sound company but that the previous CEO had been promoted beyond his level of competence; therefore, all that was required was a competent CEO to give strong leadership and get the company back on course. Although he made some small structural changes (mainly relating to the composition and responsibilities of the management team), in the main the new CEO concentrated on exhorting the company to improve its performance. Nevertheless, by March 1989, he realized that this was not having the desired effect and that the problems of PCI were much greater than had originally been assumed. In particular, he felt that the organizational structure and the attitudes and skills of both management and employees prevented the company from achieving the high levels of performance and flexibility required of it.

To tackle these problems, the CEO organized a weekend-long, off-site management seminar. His aim was to review the state of the organization and to develop a vision for a "high performance organization" and a strategy for achieving this.

He felt that the weekend was a turning-point in the organization's fortunes. The CEO believed that, not only did they emerge as a more coherent and committed team, but they also came up with the bones of a strategic plan based on a culture of excellence and teamwork. Nevertheless, there was some resistance in the management team to the idea of developing a strategic plan. The CEO said that, "In the end, I had to force the idea of strategic planning on the organization".

Throughout the summer of 1989, the management team and its sub-groups met to develop and approve the strategic plan. However, while some maintained their original enthusiasm, others became more sceptical. Some managers felt the process was being rushed, and that as a consequence the time available for thinking through and discussing the proposals was limited. Notwithstanding this, by September 1989, a strategic plan was agreed by the management team, along with the priorities and timetables for the next 12 months.

The CEO then organized a meeting of all supervisory/middle management staff to brief them on the strategy and to attempt to involve them. This initial meeting was not judged to be particularly successful by the participants. The main reason for this was the sheer volume of information presented. Therefore, a second meeting was organized. The problem, however, with both meetings, was that because the organization was under pressure for quick results to turn its fortunes around, much of the time was spent on the action required to achieve the plan, rather than taking enough time to explain its underlying rationale. It was left to the members of the management team to explain this later to their own subordinates. However, as some of the managers themselves were unclear about or in need of convincing of the merits of the proposed changes, rather than giving reassurance, these briefings sometimes had the opposite effect – especially when staff compared what different managers had said.

Despite the many unanswered questions about the strategic plan, by December 1989 some elements of the strategy were being implemented. However, the strategic plan called for a complete reorganization of the company's existing structure, with significant implications for the roles and jobs of middle and supervisory management. The CEO said that the management team was clear as to what was required, but the team denied this. This clearly demonstrated the growing gap between the CEO and his team – even those who supported him. The gap was particularly obvious among those managers who controlled support functions such as quality, purchasing and production control, because they felt their specialism would be dismembered and career prospects threatened.

In the week before Christmas 1989, all this was thrown into confusion when the CEO announced that he was leaving. He had been offered, and had accepted, the chance to take over a more important plant in the company's portfolio in the USA and he felt the opportunity was too good to be missed. At this point, it was not clear who would take over – although there had been an undercurrent of fighting for succession in the management team all along. Just after Christmas, it was announced that another "interim" CEO would be appointed until the time was right for someone in PCI to take the post.

According to the interim CEO, who did not take over until March 1990, the management team had lapsed both in its commitment to working as a team and in its enthusiasm for the strategic plan. At the end of June 1990, the decision was taken to "suspend" the strategic plan until a more favourable time. Despite the wording, there was a feeling that this particular exercise had come to an end and that the suspension would be permanent.

#### *Postscript*

Since these events, the interim CEO has been replaced by a member of the original management team. Twelve months after his appointment, it was announced that he was moving to another company in the group. During his brief tenure of office, he successfully fought off an attempt to close the plant

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down but felt forced to make redundancies. This was not so much because they were necessary but rather to demonstrate to his bosses that he could take difficult decisions. He has now been replaced by another member of the management team.

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### Discussion

After examining the MRPII changes in 1987, we considered the company's handling of the project to be a good example of how to manage change. Having subsequently followed its attempts to develop and implement a strategic plan, what now should we make of the company?

Although it is not the primary focus of this article, perhaps the first question which arises from the PCI experience is: are we merely dealing with a failure of leadership?

Research into the role of leadership in managing and transforming organizations has a long antecedence[29, 63-66]. In particular, a number of writers have drawn attention to the need to match leadership styles to the context in which change takes place[67-70]. Primarily, they identify two organizational states (convergent and divergent) and two matching leadership styles (transactional and transformational).

Convergence occurs when an organization is operating in a steady state; where there are established goals and a predictable external and internal environment. The most appropriate style of management in this situation, it is argued, is transactional. Transactional leaders concentrate on optimizing the performance of the organization through incremental changes within the confines of existing policy and arrangements – basically, they seek to work within and maintain the status quo.

Divergence occurs when environmental changes challenge the efficiency and appropriateness of an organization's established goals, structures and ways of working. The most appropriate style of management in this situation, it is argued, is transformational. Transformational leaders are seen as being opposed to the status quo; they aim to change their followers' goals and beliefs and unite them behind a new vision of the organization's future.

However, although the style of leadership is important, so too is the relationship between leader and led[68]. The influence and pressure for change flows up and down in organizations and, as Gibbons[69, p. 5] has argued, "Organizational survival and success are dependent on the ability of leader-follower relations to resolve the problems of internal integration and external adaptation".

Applying this approach to PCI, it can be argued that one of the reasons why project one was successful was that there was compatibility between the state of the organization (convergent) and the leadership style (transactional). That is to say, there was broad consensus in the organization as to where it was going, it had a strong culture, and the project and the way it was managed reinforced rather than challenged these. In this case leader-follower relations were able to resolve the problems associated with managing project one.

Taking the same approach to project two, it can be argued that, once again, the state of the organization (divergent) and the leadership style (transformational) were compatible. That is to say, first, the consensus in the organization as to where it was going was breaking down and the relevance of the culture was being questioned from a number of sources. Second, the change project and the way it was managed was aimed at rebuilding a new consensus and developing a new culture. However, despite the compatibility between organizational state and management style, the change was not successful. In this instance the relationship between leader and led was unable to resolve the problems associated with project two.

This does not mean that the need to have appropriate leadership is not important, but that it is not sufficient. In particular, it is necessary to understand that transformational leadership in a divergent organization state is far more difficult and fraught with danger than transactional leadership in organizations where there is a convergent state. Therefore, merely to see leadership as the key variable without taking into account the receptivity of the culture and employees to the type of change proposed provides at best only a partial understanding of the dynamics of change.

Moving on to discuss the main focus of this article, the environment in which change takes place and the receptivity of those concerned, a number of critical issues arise which begin to throw light on the divergent outcomes from these two projects.

In project one, looking at the environment in which the change took place, we can see that there was a high degree of trust, there was a stable and supportive culture, and the experience of both management and staff was that change was the norm in the organization and invariably brought benefits. In relation to the actual stages or phases of the change process, we can see that it was well investigated and planned, serious attempts were made to inform and involve those concerned, everyone knew what was expected of them and what the overall picture was, and special attention was given to winning over key groups. Crucially, it did not challenge the culture of the organization.

As argued earlier, culture allows those in an organization to judge the legitimacy/appropriateness of any proposed changes[19, 28]. In this instance, project one was judged to be consistent with what had gone before, and met with a receptive climate. Therefore, there was a supportive climate, the potential level of dissonance was generally low, and the depth of involvement could be limited, in the main, to a consultation exercise without threatening the willingness of staff to co-operate positively. There were nevertheless certain key groups where the potential level of dissonance was high. These were singled out for special attention in order to convince them that the change was beneficial and necessary, and to ensure that they developed a positive attitude towards it. Also, the element of choice was introduced through the consultation exercise which preceded the decision to go ahead. It should also be added that the change process itself was well-managed, which some would argue is the exception rather than the rule[51, 52, 71].

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Examining project two in a similar light, we find that significant changes had taken place in the company. The replacement of the CEO, both in terms of the manner in which it was done and the character of the new CEO, had disturbed old certainties and assumptions. It was felt to be both unfair and out of line with accepted practice in the company. In effect, it challenged one of the cornerstones of organizational culture, the taken-for-granted assumptions of staff regarding the way they expected the company to behave in a given set of circumstances[72]. In turn, this created a climate of suspicion (as one manager put it, "If they can get rid of him just like that after 25 years, none of us are safe"). This was compounded by changes in the membership and responsibilities of the management team, with some managers being effectively demoted. In addition, established norms of behaviour were being challenged and rejected by the new CEO. His style of behaviour was more informal than staff were used to (as mentioned, at Easter he dressed up as a rabbit and handed out Easter eggs!) and some at least found his public soul-searching embarrassing. Therefore, the environment which had facilitated successful change in project one (the culture of the organization and the attitude of the staff) was less favourable by the time the second project was under way.

Moving on to examine the change project itself, it can be seen that it challenged both the status quo in the organization, and the roles and responsibilities of individual managers. In effect, managers were being asked to develop and promote changes regarding which some of them had the deepest doubts. Hence the potential for dissonance was great. In examining how the project was managed, we find that it was driven by the CEO, who carried the rest of his team along by his force of personality and position. Though there were many meetings, our observations and managers' comments revealed that serious reservations existed about the strategic plan. Managers publicly acquiesced, not apparently out of free choice but because they felt compelled to by the CEO. Privately, and sometimes openly to their own staff, managers expressed concern and resentment about the changes and the way they were being promoted. In particular, proposed changes which threatened existing departmental and functional boundaries were resented by those managers most closely affected. In addition, the objectives and staging posts in between were often vague with managers having differing interpretations. On top of all this, there was the issue of succession: one of the managers would take over from the CEO and this clearly affected the degree to which they were prepared openly to question what was being proposed.

In essence, the proposed changes significantly challenged the attitudes of some, though not all, of the managers involved. This gave rise to a high degree of cognitive dissonance. However, because of the element of compulsion involved, an attitudinal change did not take place, nor could they circumvent the actions they were required to carry out. This led to frustration and resentment, a lack of commitment, and attempts to slow down and derail the process. This behaviour by the managers transmitted itself to the rest of the workforce, which consequently also exhibited suspicion and resentment. In such a situation, even

if the CEO had not left, it is unlikely that the changes he attempted to introduce would have met with success given the adverse conditions.

In summary, therefore, though it can be argued that the leadership styles may have been appropriate to the two change projects at PCI, the complexity of the projects themselves, the conditions under which they took place and the way they were managed were significantly different. The result was that in project one, the potential for cognitive dissonance among individuals in the organization was small and easily accommodated; this situation combined with what was seen as an appropriate culture to create a supportive climate for change. In project two, on the other hand, the potential for cognitive dissonance was high, and was exacerbated rather than mitigated by the way the project was managed. This blended together with a culture, which – while under attack – was still seen as appropriate by most in the organization, to create a climate of suspicion and hostility towards project two.

### **Conclusions**

Our conclusions fall into two sections: those concerning PCI and more generally applicable ones.

#### *PCI – specific comments*

With regard to PCI five points can be made:

- (1) The potential for cognitive dissonance and consequent resistance was low in project one because of the presence of a supportive culture allied to positive attitudes towards change (created in part by the way staff were consulted and the special attention paid to key groups of staff). In addition, the objectives and timescale for the project were clear-cut and well understood. Therefore, the MRPII project succeeded and the worries regarding the lack of time to involve staff fully were mainly unnecessary and unfounded.
- (2) The replacement of the old CEO and the style of his successor began to shake the foundations of the existing culture and so undermine the conditions for successful change.
- (3) In any case, the nature of the new CEO's proposed changes, challenging as they did established practices, structures and functions, were always going to give rise to a significant degree of dissonance, especially among senior colleagues, regardless of any disruption to the existing culture.
- (4) It should also be borne in mind that his tenure was limited to two years at most and that a certain amount of jockeying for position among fellow managers was taking place – neither of these being conducive to promoting radical change.
- (5) To gain acceptance of and commitment to the proposed changes required a careful and structured programme of involvement which would allow those most closely concerned to assess freely the appropriateness of their

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own attitudes and behaviour. However, time constraints and the CEO's own inclination did not allow this to take place; many of those involved felt the process was rushed, and dissent and honest questioning suppressed. Not surprisingly, therefore, when the CEO left, the senior management team chose to reduce its level of dissonance by dropping the proposed changes which compelled it to act in a manner inconsistent with its attitudes.

*General comments*

The most appropriate approach to managing any form of organizational change has, we would argue, to be judged in the context of the organization in which it is to be introduced rather than there being a generally applicable approach to change which is appropriate for all organizations at all times. Where, as in PCI's project one, there is an established culture (one which equates to the attitudes of the organization's members), changes which are in line with this may be accepted by those concerned with little need for elaborate consultation and involvement procedures, because they give rise to little or no dissonance. That is to say that in the context of project one, to use Huse's[13] terminology, individuals, in terms of their attitudes and personality constructs, needed only to be involved at the shallow end of the involvement spectrum. However, in a different context and with a different form of change, as with PCI's second project, this type of approach may be inappropriate and greater staff involvement advisable. As argued in the discussion (above), a similar point can be made with regard to leadership style; i.e. the appropriateness of a particular style of leadership should be judged in relation to the specific organizational context in which it is being, or might be, deployed[67, 69].

Therefore, before embarking on change projects, it is important that organizations not only undertake an appraisal of the change project itself, but also assess the context in which the change will be introduced. For example, in situations where, either by accident or design, changes do challenge existing norms and attitudes, organizations need to ask themselves whether the effort required is really warranted by the results they expect to achieve – after all, what is involved are difficult-to-achieve cultural and attitudinal changes rather than some form of quick fix. Part of the answer to this question is to understand the approach to change they would need to adopt in this in order to be successful in this situation.

Schwartz and Davis[73] suggested that when an organization is considering any form of change, it should compare the strategic significance (the importance to the organization's future) of the change with the cultural resistance which attempts to make the particular change will meet (we would add to this the level of cognitive dissonance caused). They term this the "cultural risk" approach. They argue that it is then possible for an organization to decide with a degree of certainty whether to ignore the culture, manage round it, attempt to change the culture to fit the strategy, or change the strategy to fit the culture.

This is particularly important given that few would dispute the difficulty and risks involved in attempting to change culture. Indeed, Meek[27, p. 469] argued that:

Culture as a whole cannot be manipulated, turned on and off, although it needs to be recognised that some [organizations] are in a better position than others to influence aspects of it ... Culture should be regarded as something an organization "is", not something it "has": it is not an independent variable nor can it be created, discovered or destroyed by the whims of management.

Given that individual attitudes have a large part to play in shaping culture and certainly climate within an organization, the above can also be said to apply to attitudinal change. It therefore becomes even more imperative to adopt an approach which compares the difficulty and costs of changing culture, and the level of cognitive dissonance generated, against the benefits anticipated. To consider the type and depth of employee involvement before proceeding with a change project is not just a matter of good management practice, it also becomes a deciding factor in whether or not to embark on the project at all.

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