STARTING FROM DIFFERENCE: AN INTERGROUP APPROACH TO UNDERSTANDING CULTURE IN ORGANIZATIONS

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July, 1989

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WP# 3067-89-BPS
Abstract

This paper introduces theoretical and methodological insights from intergroup approaches to analyzing organizations. By beginning with a search for differences, the researcher allows a richer and more satisfying picture of organizational life to emerge. Even in the fieldwork experience summarized here -- examining culture change in a European bank where the informants have been educated to look for "the" culture -- there are deep subgroup differences in how culture change is described, accepted and assessed by members.

Though organizational culture research has acknowledged the salience of subcultures in organizations, how to study them and make use of them in research and practical applications has not been well-developed by authors. More careful attention needs to be paid to which units', or groups', cultures are of interest and how much contextual knowledge of norms and values are important to the matter at hand. Inductive analyses of organizations that trace organizational, identity, and associational group cleavages in establishing which subgroups are salient provide both managers and researchers with a potentially broader, and richer, vision of organizational life.
I. Introduction:

Though what is meant by "organizational culture" varies greatly from study to study and indeed, within studies, virtually all work done in this area of inquiry shares two common assumptions. First, it typically is assumed that there is something called the organization's culture. Second, teasing out the shared assumptions and the common reactions and values of organization members is assumed to be the most fruitful research strategy from both a scientific and a practical perspective. The corpus of theory, and the methods employed, largely parallel the approach of anthropologists toward the study of social systems in both conceptualization and methods. Organizations are treated as "societies writ small" (Silverman, 1970). (1)

From these two prevalent assumptions follow a number of consequences for the development of further theoretical and praxis-oriented work in organizational culture. By relying upon theories that stress common patterns of belief, behavior, and symbolism, for example, we tend to ignore subcultural differences that are salient for the issues that we are trying to understand because cultural differences can be such conceptual and methodological inconveniences. Moreover, in the development of a popular organizational culture genre, too many people have come to confuse (without any soul-searching or hard empirical evidence) cultures with high homogeneity of values and assumptions with competitively adaptive cultures. Finally, the researcher in searching for such commonalities is compelled too often to view the organization from a perspective very much biased toward that of top management, where the group boundaries, selection processes and interaction gradients are such that it is hardly surprising that commonalities are discovered. Yet in large, complex organizations, top management, while influential, may hardly epitomize the assumption and
values, and behavioral modes that typify behavior in the laboratories, the
production floor, or other locales where work critical to the health of the
organization takes place.(2)

This paper poses the question of what we might learn by focusing upon
cultural differences inside organizations. The perspective taken here is
built upon an intergroup relations perspective (cf. Alderfer, 1987; Rice,
1969). An intergroup relations perspective is predicated upon the belief
that complex organizations comprise a plurality of subgroups with varied
assumptions and values, and that this diversity of values and behaviors can
lead to functional as well as dysfunctional conflict. Indeed,
differentiated corporate cultures, loosely coupled through systems and
certain norms of interaction, may be far more adaptive in many environments
than "strong" cultures that reproduce high homogeneity among their members.

An intergroup approach spurs us to ask different questions about
culture. If we suspend our belief that productive interactions across
functional, professional or other subgroup boundaries require high overlap
in shared assumptions and values, we can begin to ask what the bridging
mechanisms are that allow for stable and productive exchanges across group
boundaries. It also leads us to ask how subculture differences are
reproduced over generations of organization members and it prompts us to
explore when difference and conflict, rather than unity, can have roots in
effective adaptation to the environment. This question should push the
development of theory toward new sources of inspiration such as conflict
theories (cf. Collins, 1975). As a practical agenda, this approach sets out
the task of learning how to manage, respect, and even cherish differences
rather than managing to minimize differences.

Such questions complement the problems faced today by many
organizations. For those individuals who already have been heavily involved
in multinational organizations, the assertion that managing differences is a critical contingency should immediately strike a responsive chord. However, pressures toward internationalization of markets means that an ever-broader spectrum of organizations will operate in differentiated markets, technological environments, and/or with different, interdependent occupational groupings. For these organizations especially, I question whether there is any sound reason a priori to focus attention upon overarching cultural similarities rather than differences (cf. the examples given in Alderfer and Smith, 1982). (3)

I will suggest how such a perspective can be useful in looking at culture and organizational change in a West German bank -- the First Mortgage and Commerce Bank (henceforth referred to as FMCB). (4) The data from the bank used here come from approximately two months of field interviews and observation, both at the headquarters and at various branch locations. (5) The bank was of interest because of its progressive image in the industry and because "culture management" and culture change were being treated publically as very important agendas by key members of the top echelon of bank management. The problem that I shall address here concerns what I encountered in trying to understand whether the differences in opinion about policy changes and toward change agents in the bank were largely idiosyncratic, or whether they could be understood as emanating from different subculture affiliations.

Before proceeding to the case, the next section provides a conceptual overview of an intergroup approach. After looking at how an intergroup perspective proved useful in understanding employee reactions to change at the bank, I briefly contrast the research agenda outlines by Alderfer and Smith (1982) to a commonly used questionnaire approach to analyzing culture.
II. Organizations as systems of intergroup and intercultural relations:

By "culture" in organizations I mean those stable sets of assumptions and values used by groups to categorize, and act within, their environments. As such, my perview includes, in addition to basic assumptions, more contextualized values and norms as well (see Schein, 1985). As Schein points out, "culture" can be found at all levels of social organization from the individual to the society. However, I part company with Schein (1985) to the extent he sees the phenomenon as isomorphic at all levels. When we speak of the culture of a society it is common to use descriptions of broad, abstract tendencies such as the nature of time and space, being versus doing, etc. (Kluckhohn and Strodthock, 1961). As we move down the aggregation hierarchy to class cultures (cf. Kohn, 1969), we tend (in the pragmatics of organizational life) to describe them using more context-specific categories such as values about child rearing, work, etc.

Organizations can be viewed as loci of time and space where both generally shared assumptions and highly contextualized values coexist and sometimes interact. These assumptions and values may evolve through common influences upon organization members (cf. the role of the founder in Schein, 1985), or members may import the values with them into the organization (e.g. ethnocentrism and racism). Segmental differences in organizations can be manufactured internally through different activities and interaction patterns. Recruitment from different segments of the labor pool may also be a source of deep-seated differences.

Such a view is supported by a widely accepted definition of organizations is that offered by Aldrich (1979). Organizations, according to Aldrich are "goal-directed, boundary-maintaining, activity systems" (1979:4). A key trend over the past twenty years in organizational studies
has been to view the boundaries of most organizations as permeable. In the extreme, in network approaches to interorganizational fields, the even nominal iteignty of organizational boundaries is called into question. In viewing organizations as open systems (Aldrich, 1979; Scott, 1981) it is necessary to look at relationships between the organization and its external environment to understand a variety of issues. At the organizational level, these issues include: why organizations are structured as they are, why some organizations succeed and others fail, and why and how organizations change.

When looking within the organization, one can find links between environmental differences and internal segmentation and values. The external environment is important in understanding value differences that may persist even across groups that often work together in organizations. To the degree that environments are complex and differentiated, the expectation is that one will find parallel differentiation in organizations (Lawrence and Lorsch, 1967). For example, some external client groups may be rigidly bureaucratic while other client groups place a much higher premium on personal influence and relationships. Each may be reflected in the boundary-spanning units dealing with them. The pace of changes in the scientific community may lead research scientists to have a much different sense of time than another employee group that deals with, for example, government agencies or customer groups. While a notion that cultures are completely isomorphic with their task environments flies in the face of my experience, the influence of external factors is unmistakable and must be taken into account.

Differences in the occupational socialization and class socialization of different employee groups in organizations are pervasive. A complex organization typically employs individuals with different backgrounds for
different roles and tasks in the organization. Since occupational
socialization, including its precursors such as social class-related values
and education system values, takes place in groups and institutions outside
of the organization, it is to be expected that adults recruited to work in
an organization import with them certain basic values and assumptions that
an organization might hope to modify only through a costly and
time-consuming divestiture socialization effort (see Van Maanen and Schein,
1979). Whether organizations can screen out highly disparate, or
discordant, values is a matter of assessment technology, cost, ethics, and
the firm's labor market position. Whether the effects of such value
differences can be contained is a matter of organizational design and the
susceptibility of value expression and value-motivated behavior to
incentives and controls.

Moreover, individuals in organizations possess contextually
differentiated repertoires of behaviors and values that have been
characterized as role sets (Merton, 1957). Organizational roles normally
comprise only a limited part of an individual's role set.(6)
Employing an occupational group such as doctors, who have a strong
orientation toward recognition and social sanctions of the professional
community constrains hospitals in setting role expectations and norms for
doctors, since this external social influence of the occupational community
is ongoing. In a different vein, a female manager (possibly as a minority)
often has role expectations associated with her gender, marital status and
so on imposed upon her even though she is acting in a managerial, rather
than a family, context (Kanter, 1977).

These ways in which different identities interpenetrate organization
is driven home by Alderfer's (1987) understanding of groups in
organizations. He distinguishes two sorts of groups in organizations:
organizational groups
and identity groups. **Organizational groups** are defined by task, hierarchical position, physical location, and so forth. **Identity groups** are those ascriptive groups that individuals belong to by birth (race, gender, social origins). Individuals have other, potent, non-ascriptive identities in industrial societies. Thus, in Figure 1, I modify the Alderfer (1987) typology to acknowledge other external associations of the individual including political party, educational and professional group memberships (e.g. membership in a fraternal club like the Masons). I call this third category **associational groups**.

How can these insights be incorporated into empirical research on culture? The key to using this approach is to determine which of these many subgroup cleavages are most informative about an organization. In looking for the key subgroups, the investigator becomes motivated to look for some specific aspects of organization often glossed over by culture research. Among these critical aspects are (following Alderfer):

1. Group boundaries, their stability, permeability and how they are reproduced, including boundary-spanning with the external environment;

2. Power differences and sources of power differences between groups identified;

3. Affective patterns across groups;

4. Cognitive formation;

5. Leadership behavior.

A major task in an inquiry of this sort is to identify major subgroups. Dimensions 1-5 above can be used as cues, both in bounding subcultures and in determining which of them are the most important for subsequent study. To arrive at the important subcultural groupings, one must observe something of differences in leadership style, differences in
language or ways in which individuals seem to differ systematically in interpreting or describing events, cues of strong affect systematically directed toward certain groups or categories of individuals, and evidence of formal and informal differences in power.

**Group boundaries** are an analytic point of departure and their refinement is an end of looking at categories 2-5. For dimension 1, I add explicitly external boundary-spanning to the typology of Alderfer, since interaction of organization and group members with external entities potentially is important for shaping or explaining actions and observed value orientations inside organizations. For instance, in thinking about why one finds tension between front and back office employees in many banks, one might find systematic differences in class origins, educational backgrounds, work orientations (extrinsic versus intrinsic), and differences in the sorts of boundary interactions (e.g., transactions with anxious patrons versus primarily paper communication) that reproduces similar sorts of intergroup strain and tension, even if the membership of the front and back offices is is unstable.

Also subsumed under dimension 1 are: communication networks, boundary-spanning patterns, work-flow patterns and other indicators of who interacts with whom, patterns of interdependencies, etc. Contact patterns and networks can suggest where group boundaries lie and might also indicate which groups are likely to experience contacts as intergroup, rather than interpersonal, contacts.

**Power differences** are important to focus upon, because they affect when and how how cultural differences might manifest themselves. Take, for example, a company where the top management group states publicly that customer service is important. It would not be surprising to find that subordinates all have acquired an appropriate vocabulary of motives that
stress customer service, and that these vocabularies will be elicited in interviews, in meetings, and in other formal rituals. However, managements' limited capacity to monitor and control subordinate discretion might lead to one seeing these employees acting in ways that are not in accord with a "customer service orientation." In situations where one group has considerable coercive power over another, one may see compliance on a behavioral level (level of artifacts), while the group being coerced is actually very resistant to attitude change precisely because they see such an obvious extrinsic justification for their behavior (Kelman, 1958).

Power may not lead to conformity or the dominance of one group's norms over another. It is possible that differences remain stable but that the range of difference between groups is held in check. (7) I depict this schematically in Figure 2, where group A and Group B hold one another in check through the reciprocal expectations they have of one another (indicated by shaded areas).

Affective patterns across groups are important because strongly held likes or dislikes, prejudices, and stereotyping behavior may be a red flag as to which cleavages in the organization are most salient and which are the most worthy of further study. The absence of strong affect or stereotyping may be a function of lack of interaction with one another or limited interdependence or considerable perceived (rather than actual) similarity.

Cognitive formation is important because the human mind is thought to use categorization as a means of simplifying or reducing ambiguity or uncertainty. Stereotyping is one form of categorization or schema use that impinges directly upon how groups view the culture of other groups and, indirectly, how the group views itself. Individuals are rarely seen by others simply as individuals (Alderfer and Smith, 1982). When presented
with another individual, race, gender, dress, title, or status in the organization are used as cues that condition expectations of how and why a person may act as he does and how the perceiver should understand these behaviors. The appearance of actively employed group stereotyping in an organization is useful in identifying how members of the organization map boundaries between groups.

Identifying leadership style of group leaders or "prototypical" group members is valuable as a clue to how groups differ. The range of management styles, or the modal style, tolerated by a given group might be an indication of certain cultural assumptions held by that group.

Let us now see how some of these dimensions facilitate an actual organizational study by turning our attention now to the FMCB bank case.

III. The FMCB Analyzed as a patchwork of subcultures

A. Background:

The FMCB, at over 100 years of age, is one of Germany's oldest banks. It began as a regional commercial and mortgage bank. It now has offices throughout the Federal Republic of Germany, and offices abroad. The bulk of its business, however, is still heavily concentrated in one region of the country and its employees primarily come from that region. The bank, until recently, was known for its conservatism, even within the German banking community.

Banks in Germany cover a much wider variety of services than do their counterparts in the United States. The FMCB offers services which range from consumer banking, to mortgage banking, to investment banking and to foreign banking. Their customers range from the modest-income private citizen to the largest corporations in Germany.
The FCMB had a solid, long tradition and an importance in its regional economy that has given the bank high recognition. Traditionally it has conferred upon its employees high local prestige as an employer. Bank deregulation in the Federal Republic, beginning with interest deregulation in the mid-1960's, paved the way for increased competitiveness in the industry. In the decade of the 1970's, the bank faced increasingly rapid developments in application of computer technology to banking. The FCMB also experienced disappointing performance in some years and only modest growth in others during the 1970's. Technology and performance issues spurred bank leaders to the hiring of external strategy consultants and to the hiring of some very senior executives from IBM and McKinsey. Those individuals, though their acceptance as outsiders was and remains a problem, developed sufficient clout and top support that the bank was pushed by them toward a series of structural and other changes.

Both those involved in changing the culture, strategy and systems of the bank, and those spearheading opposition to a number of these changes in the workers' council, trace conscious, explicit measures to modify or change culture in the bank to the same individuals and the same time period. The initiators of the change were a few members of upper management who had been recruited externally, and the time this began was in the late 1970's. This external group shared the opinion that the staid, loyal bank employee then reportedly endemic in the FCMB -- an employee all too eager to bend to authority -- was not the kind of employee that the bank was going to need in the 1980's and 1990's. This conviction came from the belief that the bank could only be adaptable to a changing, and ever more competitive, environment if the employees were capable of flexibility and were highly achievement oriented. Those outsiders, who according to themselves and the accounts of others were most closely associated with
this opinion, came to be known in the bank (rather unaffectionately) as the "IBM mafia." (8) Thus, the "mafia" members, including Dr. Wagner who came to the bank in 1978 to direct their Organizational Development functions, have focussed upon changing the expectations of the Vorstand (managing board) and top management about who should get hired and promoted, how leaders should lead, and the degree of openness and sharing of information managers need to establish with employees.

Persuasion was the principle vehicle change agents had at their disposal to influence upper management. At middle and lower levels inroads toward change gradually were made through management development programs and structural changes, and at the entry levels assessment centers allowed change agents to encourage employment of individuals with certain characteristics. Assessment centers also contained a signal in the process to other, current bank employees about what was "officially" desirable. The mechanisms that senior change agents spoke most often about in interviews were direct attempts at persuasion and promotion of "cultural hero" (individuals who embody desirable values and management style). Thus changing of values was depicted as operating via controlling who enters organization, through assessment centers, through brochures written to educate and influence employees, and through seminars and management development programs.

But there have also been some "hard" organizational factors--such as the development of a matrixed responsibility structure in the early 1980's and the increased use of teams--that though not within the formal control of key culture change agents, were certainly fostered by, and used to advantage by, key change advocates. Indeed, it is possible that the restructuring of jobs and roles, which has been a necessary accompaniment to restructuring, is accomplishing, especially with older employees, what no persuasion effort alone could accomplish.
A number of policy and structural changes had been instituted, beginning in the late 1970's, to facilitate such changes. Among the most important are the restructuring of the bank in the mid-1980's into a quasi-matrix structure and the increasing use of assessment centers for screening managerial recruits and for assessing the "leadership potential" of employees. There were also communication plans issued and communications skills oriented workshops that stressed regular meetings with employees and increasing use of cross functional teams.

What imagery and explanations are evoked when one asks a larger circle of culture change bearers, including trainees and individuals designated by interviewees as "cultural heros," what is meant by culture? Among the factors often mentioned were leadership style, corporate image, climate, employee motivation, and the systems and structures of organizational activities. The stereotypical depictions of some of the "actual" or "past" versus "ideal" bank culture are outlined in Figure 3. One can see that culture, as conceived of by the change agents, is very much a matter of behavioral artifacts, values and norms, and changing theories in use (Schon, 1983). This is not surprising in light of the low level of consciousness and discussability that typically surrounds basic cultural assumptions. However, implicit in many discussions of the "Selli" (Ideal) culture for the bank were assumptions that it would be important for "Theory Y" assumptions about human nature to prevail, and a proactive, future-oriented relationship to time and nature to prevail. Such basic assumptions can not be directly cultivated-- they emerge only through repeated group experience over a longer period of time (Schein, 1985).

While one can find skepticism about what or how much has changed, it is clear to both proponents and opponents of change that there has been evolutionary change in the organization. In the discussion, below, I shall
try to give a sense of how perceptions of change differ across certain groups. Indeed, patterns of how change is talked about has been a major basis for drawing group boundaries discussed below.

B: Mapping subcultures:

The organizational development group and some other very powerful executives in the company had been working together to try to change "the culture." I was interested whether there was evidence of a strong, unified culture, at least as indicated by shared patterns of response to questions about how people view that current directions of the bank and how they interpret the thrust of change activities. But in gathering descriptions of the culture changes, attitudes about change and perception of changes, strong differences emerged and seemed to be consistent. Moreover, data about customer groups, rate of work cycle completion, and the extent to which employees have strong external reference groups all seemed to underlie a pattern of local reproduction of orientations toward time within the bank that differed from one another. In trading groups, for example, time-cycles may tend to be very short and the members of the group may be more present to short term future oriented. Strength of affect toward changes in the bank also seemed to be related to differences in organizational and identity groupings.

If one were to jump from this sort of insight to a quick conclusion, the conclusion likely would be that task groups are clearly the most salient source of differences. However, in examining interview notes for patterns of affect, attitudes and understandings, three factors appear to allow us to sort out organization members queried into useful categories. These three factors are age, cosmopolitanism, and hierarchical position.
Figure 4 depicts how these factors intersect to locate an individual's likely position vis-a-vis the culture change. Since my interviewing (though not my more informal or ad hoc observations and interactions) was confined to supervisory/professional/managerial employees, with a bias toward the middle and upper ranks of hierarchy, the discussion that follows concerns primarily those groups.

Age cropped up in conversations and descriptions in a number of ways. First of all, it is hardly surprising that the younger managers brought in under assessment center recruitment stood as bearers of what change agents deemed the desirable cultural behaviors, since the assessment program was designed to screen for certain work orientations, values and styles of behavior. However, a number of studies, including that of von Rosenstiel (1986) suggest that, even in the absence of managerial initiatives such as assessment centers, there has been a significant intergenerational shift in values that would penetrate the workplace sooner or later. Some of the values associated with the younger generation coincide with cultural ideals of culture change agents in the bank. Thus, it is difficult to say whether change is largely a function of imported values due to societal intergenerational shifts or whether a great deal of the change is more directly attributable to actions by members of the bank. The two probably work hand in hand. As one branch manager, referring to the shift toward a matrix-type responsibility structure put it:

I used to be able to offer only a few interesting positions. But a consequence of our reorganization [in the mid-1980's] is that I now have twenty interesting positions to offer to people.

Several trainers in the bank noted that, as a group, younger managers were more amenable to group work, a consultative working style, and they
were more interested in their interpersonal competence and self-improvement. Hence, young employees are seen as more amenable to the cultural norms and standards of behavior that fit a more matrixed decision-making structure. However, one should not gloss over the relatively lower loyalty that they seemed to profess in interviews. I heard from a number of younger people, but not from older employees, that there are certain sorts of positions that they are interested in, and if they do not get these offered, they will probably consider leaving the bank. From the older employees one hears, despite protests and complaints, little mention of exit and more threat of voice or working around the system.

Older colleagues were treated in interview discussions by both older and younger employees more individualistically (eg. "Z is Old World [he is authoritarian, hierarchy inclined], while Hr. X is a pretty good example of the Stol [ideal] management style."). The older cultural hero was the exception, while one rarely heard anything about younger reactionaries (though perhaps it is simply the case that younger employees are less tested in leadership roles, are lower down in the organization, and, thus, their foibles simply are less visible to other members of the organization). When I asked several people to name those people who most closely embody the culture change ideal, most of the individuals named tended to be younger members of their group. When discussed as a group by senior managers or change agents "older employees (those over age 60) tended to be stereotyped as a problem. It was, for example, mentioned repeatedly how important it had been to get rid of as many older employees as possible through early retirement. However, as one regional personnel manager explained:

We have done all we can with incentives for early retirement; we have to live with a group of people who are strongly resistant to change and teamwork and new ways of managing. But some way will have to be found to accommodate them for the next 15-20 years.
Part of the problem is apparently a life cycle phenomenon--the manager over age 40 is less likely to be willing to geographically relocate and she may not be keen upon a major change in responsibility that would entail a learning period of longer hours on the job. Moreover, the older manager is said often to lack a technical knowledge of, or comfort with, new technologies.

Finally, there is the problem of the implicit psychological contract that they had with the bank. This notion of the "psychological contract" is traceable to Argyris, 1960, Levinson (1962) and Kotter (1973). Psychological contracts comprise the set of implicit, as well as explicit, reciprocal expectations in relationships. Many older employees joined the bank at the beginning of their careers, explicitly lured by the prospect of stability. New management trainees are supposedly being hired with an explicit expectation that they will have to demonstrate flexibility toward relocation and toward their assignments. Other critical aspects of the old versus newer psychological contracts can be summarized as follows:

- **Old Contract:** If I do a good job, become technically extraordinary, and develop the right political connections in management I will advance and be rewarded.
- **New Contract:** If I am to be advanced and rewarded, I must show an ability to learn and establish new areas of competence, but I must also demonstrate through my evaluations, my style of work and my reputation that I can delegate, manage in diverse settings, and cooperate in situations of interdependence.

Because the organization does maintain a social welfare norm in it: basic treatment of employees, mass layoff would be "beyond the pale." Thus, as a managing director put it:

This is a painful process. It is difficult because we really can not make a special career path for people who aren't flexible. They have to live with the fact that the old career pattern no longer functions. But we have a lot of psychological cripples to whom we have responsibility.
Age is also associated with assessments of change in the bank. Some older employees, I was told, were likely to feel increasingly unappreciated by the bank as younger "fast trackers" passed them by. (11) Clearly age is not independent of hierarchy in its associations. A number of younger managerial track employees in their twenties and early thirties with whom I spoke aired a sense of frustration about the extent to which they were still subject to control or evaluation by others of the "old" [more authoritarian] culture or the extent to which older, ineffective managers were seen to be clogging the paths for their own potential advancement. Statements such as the following were extremely common:

There's a lot of talk about leadership style and delegation and all that, but I really don't see such changes in my everyday experience.

Often, there were particular individuals mentioned who these individuals claim were incompetent or unable to communicate with subordinates who were in mind when such statements were made. "Good political connection" was usually the response when asked why these people seemed to survive securely in these superordinate roles.

Age is associated, but not fully correlated with, some other potential cleavages that one might mention. The first is the cosmopolitan-local dimension found in the organization (based upon Gouldner). Locals can be found in all parts of the organization that I visited. When visiting FMCB staff functions in headquarters, I found some people preoccupied with in the arcane concerns of divining which managing board members are ascendent in power. Indeed, these individuals would use the reporting relationship of their group as the principle characteristic in asserting the group's status (or lack thereof). These individuals were behaving as locals. The individual in a small town branch office whose view of the bank is circumscribed to that of his immediate colleagues and communities is similarly local. Locals are those whose points of view are deeply rooted to a particular position or role in the organization. This may occur when an individual seeks most of his or her satisfactions in the family or in extra-work social relationships, or because the individual is very
intensively involved in the organizational role. For the local, bank identity has more to do with the ascriptive consequences of being able to be known as someone who works for FMCB, than it has to do with personal achievements. There is probably at all ages more localism among those who have made their career exclusively in the offices outside very close geographic proximity to the headquarters (though I doubt if this holds for those in the foreign branch facilities.)

There are two types of cosmopolitans in the bank: corporate cosmopolitans and general cosmopolitans. Corporate cosmopolitans are those who seem to be very knowledgable about what goes on in the corporation and who have extensive networks throughout the corporation. They may tend to make the bank the center of their lives both professionally and socially. General Cosmopolitans are more cosmopolitans in Gouldner's sense of the term. The general cosmopolitan is very tuned into developments both within his microcosm of the organization and beyond the boundaries of the organization itself.

The ways in which general cosmopolitans describe their reaction to, and opinions about, cultural change in the bank show some coherence. This group includes most all of the externally-recruited individuals I interviewed. In general, they tended to be young and/or in bank management positions with strong external scanning requirements (Corporate Banking, Foreign Banking, Trading, etc.) They seemed to be in tune with a more egalitarian, team oriented working style, and seemed to understand or defend the need for engineering geographic flexibility into employee careers (most had been mobile in this way themselves). One area in which there seemed to be little systematic difference was in attitudes about frequent rotations of assigment.

Younger, general cosmopolitans, those further down in the hierarchy,
were more skeptical about how much the bank culture had changed, citing what they saw as instances of authoritarian and non-collaborative superiors not only still firmly in place but even rewarded. There seemed to be some question on their part whether the assessments and evaluations of leadership skill were being used in any systematic way.

On the other hand, locals seemed to be more likely to be suspicious of change, though they also sometimes tended to pay lip service to the changes or to give me the "Was ist Unternehmenskultur" ["What is corporate culture?] brochure published by the bank, which, through further questioning, it was not clear they understood very well.

The positions of corporate cosmopolitans about change seemed more complex; whether there was a clear pattern for this group did not seem clear from my interview data.(12) The corporate cosmopolitan is a very political beast and can be skeptical of the degree to which cultural norms are really changing in the bank. For example, the organizational development group has been trying to institutionalize how judgements from a leadership assessment review get used in subsequent promotion and assignment decisions. However, one corporate cosmopolitan, an older, very highly placed member of management, argued that as far as he could see, despite the workshops and off site training sessions, what continued to get people promoted was close connections with powerful members of the organization. He was persuaded that his ability to help advance careers had in no way been hampered by attempts by the Director of Organizational Development to make the formal assessments and evaluations more binding.

Corporate cosmopolitans appear at the very highest reaches of the company. They see and appreciate the organization as a complex whole, but do not necessarily appreciate broader economic and competitive trends. They are products of the status quo and the economic and market climate under
which they received their socialization in banking and at the FMCB was one which could be focussed upon the internal social and technical landscape of the bank. They have the network resources and the position and skill to be a viable counterculture or (at least at an earlier period) to force change agents into counter culture roles. And what make them so important is that they can exert this influence without having to go public in divulging their opposition to a particular plan or goal. (13)

Hierarchical position is a third factor that can be used to identify subgroups. For example, because the tasks and skills requirements differ at different levels of the organization, one does hear descriptions of the "ideal culture" behavioral outcomes that seem to embrace more closely the work either of those very highly placed or of those service workers at much lower levels of the hierarchy. For example, being attentive and friendly to the customer means something very concrete when one is talking about tellers and supervisors who deal regularly with clients. On the other side of the coin, the notion of frequent rotations of responsibility, investment of time and energy to get the work done rather than fulfilling contractual hourly obligations-- these things more closely meet the psychological contract and the vision of culture change agents for mid-to-upper managerial employees than for supervisory employees.

Culling statements from various interviews with change agents and from the brochures designed for bank employees one can assemble from change agents a picture of their expectations for high and lower status employees. This is summarized in Exhibit 5. (14) While it is clear that the differentiated career orientations and task differences between members high and low in the corporate hierarchy is often taken into account in interviews, what is particularly interesting is that the brochures are relatively free of such distinctions. If anything, the thrust of the
brochures is toward high formal status behavioral expectations such as assignment and geographical flexibility, and it implied the need for high career involvement. None of the bank publications I saw spelled out in tangible detail a need for, and vision of, change among those employees lower down in the hierarchy who are not motivated by a desire to enter upper management.

Though the content of different media for communicating the strategic, cultural and other concerns of top may simplify the messages and information according to the expected audience, the content of the message itself is not varied. Thus, one has a single broad message being disseminated to at least two very different groups. Perhaps this is why I found such unexpectedly emotional reactions and voiced feeling of distrust about "culture change" among many of those I spoke with in the lower levels of the hierarchy. The responses struck me at the time as being all out of proportion to what was, or was likely to be, asked of them. In retrospect, maybe they were inferring from the broad-band messages sent through the organization that more was being asked of them than was actually the case.

High formal status, at least in interviews, was correlated with more positive expressed attitudes about both the direction and content of work redesign, reliance on teamwork, and so on. It was not clear whether this is because so many of these people served on one or more of the implementation teams for Strategy I (the project committee that had developed and introduced the quasi-matrix structure), and/or because the changes fit their prejudices, or because they were more acutely aware of the vocabulary of motives incumbent upon them as representatives of the bank.
C.) Learning from Viewing Culture Change in the FMCR through these Groups:

To look at the effort of change agents as it affects these groups suggests that some activities and forms of influence are likely to be more appropriate for, and successful with, some groups rather than others. For example, age cohorts will only gradually leave the bank, placing a sort of natural constraint upon the speed of replacement of individuals. For the knowable future, there will continue to be a sizable layer of middle management with, at best, mixed leanings who stand between the Management Board on the one hand and the cohorts of younger trainees. It is clear that these individuals can not be written off as a lost generation, because of their enormous technical competence and positional power. Their anger or disengagement would result in a blood-letting of energy and damaged careers.

It has already been suggested that corporate communication about change were not sufficiently tailored for different audiences. But given that the dimension described above delineate the appropriate way to subdivide the FMCR employee population, a consideration of the means, as well as the channel of persuasion, would be warranted (see Kelman, 1958). Some age groups and categories of workers will be more susceptible to cognitive, reasoned appeals than others, and some employee groups will be in positions more or less amenable to coercive persuasion.

Indeed, such inconsistencies were suggested to my sponsor at the FMCR at the end of my stay, and efforts have been made to redirect some of their communications with employees. The point of this section is to suggest that there were useful consequences in employing an intergroup perspective in this instance, in addition to the superior demystifying power it had for me in unraveling my intense and varied encounters in that setting.
III. Discussion

A: Moving from boundary identification to subcultures

What the above sought to demonstrate was that there are certain dimensions along which attitudes toward the items of interest to us vary in some striking or systematic way. If we were to follow the methodology set out for studying intergroup relations (Alderfer and Smith, 1982) we must treat the above as only the first step toward subgroup identification and the elaboration of subgroup cultures. Figure 6 suggests what subsequent steps in such a research project might look like. Alderfer and Smith (1982) suggest that once such unidimensional groups have been established as salient, the best way to proceed with research is to form a microcosm group (or groups) with representatives of each group. Thus, one might wish to form groups at the FMCB with representation of junior and senior status employees, young and old employees, and cosmopolitan and local employees. The microcosm group is entrusted explicitly with the task of aiding the researcher and monitoring the research. It is also used to help develop and test questionnaire items, and in interpreting their results and developing the appropriate course of response. The microcosm group is to "own" the project and members are explicitly seen as representatives of the salient groups.

It is important that the selection of microcosm group members be made in such a way as to ensure that they are central members-in-good-standing of the group that they represent. Each microcosm group should have members from all, or many of, the salient groups. However, group size ought to remain small, so that it may be necessary to work with multiple microcosm groups.
It is important that the group be given responsibility for monitoring and developing a response, if appropriate, to the outcomes of the research. If ownership is lacking, it is doubtful whether there will be sufficient energy in the group to engage members in confronting potentially difficult or even uncomfortable truths. This said, it is probably wise to look for sites where there is some agreement that certain issues or problems are of interest to organization members.

Subcultures can only be positively identified and bounded at the later stages of such research. Through microcosm group discussions about stereotypes, communication, expectations, etc., differences in behaviors and espoused values may be surfaced and discussed, and the researcher as process observer can make and test inferences about commonalities and differences in the basic assumptions held by different groups represented. Questionnaires represent an opportunity at this advanced stage of the research to test those observations and hypotheses developed in the group. The questionnaire results give an occasion for further group reflection and discussion.

B: The intergroup perspective briefly contrasted with other approaches

Many popular, practitioner-oriented approaches that purportedly allow for the study and change of cultures rely heavily upon instruments that focus upon climate issues or, like the Kilmann-Saxton Culture Gap Survey, upon "distances" between the espoused values that employees exhibit and the values management would "ideally" like them to have. I would not like to disparage per se the value of administering such questionnaires to employees. Surveys can be a means of making employees feel consulted and cared for. A questionnaire that addresses climate and satisfaction factors
might also identify potential trouble spots in the organization. Finally, survey data of this sort may be used to inform or unfreeze key individuals or groups.

Such instruments are subject to criticism, however, because they rarely are developed and used to collect data in conjunction with adequately developed a priori theories of where key differences can be expected and what they are likely to be. This has several undesirable consequences. First, there is the problem of distortions due to unanticipated anchoring bias. Different groups or individuals may have different ways of anchoring the extremes on a scaled question. Take a question such as "There is adequate information sharing in my department." One may find that young and old employees have similar mean scores on this question. But what sense is one to make of this? We may not recognize that younger and older employees in a given department tend to be segregated into different roles; managers may share substantially more information with the role occupied by younger employees than with the role occupied by older employees. So if the two age groups show the same reported level of satisfaction, what that does not show is the differences between the groups both in terms of how much they are getting and how much they expect. If there is any reshuffling of roles in either direction, dissatisfaction with information sharing might suddenly and sharply rise. Yet a standard questionnaire instrument would not have enabled one to anticipate this.

A second pitfall is that assumptions about which, if any, aggregations of individual responses are to be believed, affects survey design, which, in a vicious circle, can affect the helpfulness of the survey instrument data. What I encounter most frequently is aggregation to major "common sense" units such as geographical location or functional unit. Indeed, the FMIB's aggregation of climate questionnaire data can not be aggregated to
look at breakdowns along the three dimensions derived from the interviews. As the above example suggests, aggregation decisions are critical because key differences may be obscured or spurious differences manufactured.

An intergroup approach, on the other hand, forces the researcher to be more sensitive to potentially important subgroups and potential sources of bias. The methodological program, as outlined by Alderfer and Smith (1982) has the virtue of discouraging the researcher from jumping to conclusions about the source of observed problems or concerns. Someone who has gone through the process from initial interviewing, to work with a microcosm group, to questionnaire research, and back to further work with the microcosm group and the organization is likely to have a richer and more complete understanding of the research site. Moreover, this approach will foster greater ownership of the data and better action responses.

C: The intergroup perspective and communication

In many of the interventions attempted by the organization development group at the bank, and by other concerned members of upper management, there was a profound intuition that communication skills were vital to pull together an organization subject to so many pulls from customers, markets, task differences and so forth. Indeed, in addition to the formal communication plans and some use of process moderators in high level teams, two books on communication and communication skills were made readily available to employees (15). This emphasis upon communication processes as bridging mechanisms squares well with a vision of organizations in which intergroup differences are treated as something to be managed rather than smoothed out of existence.

Much of the work in the tradition of intergroup research has dealt
with the problem of interethnic or interracial relations (cf. Alderfer, 1977) In studying black-white relations, the goal has not been to make blacks more like whites or vice versa. The impetus of such research is to find ways to help groups with differing cultures and norms to understand one another better and to function together in organizational and social settings while mutually respecting differences.

Modern, complex organizations, if they are attuned to their differentiated environments and tasks, will naturally tend toward differentiation. But while the literature on innovation might suggest that minorities and subgroups must be with tolerance, or even protected, to allow diversity of ideas and creativity to blossom (cf. Kanter, 1987), the thrust of much prescriptive writing on organizational culture--especially those using that value laden notion of strong cultures -- is that high overlap of values and assumptions is the only way to achieve adequate integration and to be competitively strong.

But how much integration do organizations need? It may turn out to be the case that many functions in organizations need only to be loosely coupled to one another, and that "strong" cultures, especially in an increasingly internationalized context, will only weaken the ability of organizations to respond to change. (A variant on this argument that examines systems structure and nuclear accidents can be found in Perrow, 1984). While the contents of airport book shelves seem to exhort managers to treat organization cultures as a fetish, perhaps managers are best advised to look upon management as a phenomenon to be understood and that management efforts might often better be invested in systems or communication management. Not only are effective screening and socialization systems difficult to fine tune, a socialization and screening system than exerts such enormous pressures to conformity might work against organizational interests.
IV. Conclusion

The intergroup perspective developed in this essay forces one to hold in abeyance the question of whether discrepant views or values surrounding cultural norms or assumptions ought to be viewed by culture change agents with concern, neutrality, or as a positive discovery. As such, it is a perspective that better fits the conceptual and practical needs in many areas of culture-related research. It is my experience that those practitioners versed in the managed culture literature often attach a positive or negative connotation to discovered differences before their origins or functioning are clearly understood.

The evidence that cultural diversity is rife in organizational life is all around us. Unfortunately, the lenses through which we have been encouraged to look at culture blur this distinction and virtually ensure that a disproportionate amount of our time and energy will be expended in looking for something we can call the corporate culture. These nominal commonalities may be less interesting and informative for practitioners and academics than the differences in many instances.
1) Since we are prompted to treat cultures as if they were small societies, many of the techniques used to describe and decipher corporate cultures can be traced back to anthropologists such as Kroeber (1939), Levi-Strauss, and Geertz (1973). Yet, unlike a primitive island society, the "natives" of business or economic institutions that are the object of these studies tend to be only segmentally identified with their organizations. The multiple memberships of organizational members, and the permeability of organizational membranes, suggests that the establishment and maintenance of meaning systems and cultures may to a greater rather than a lesser extent occur outside the organization and may be imported through occupational communities, ethnic groups, etc.

2) I am indebted to Dr. Wever for his point that shared common assumptions may include assumptions such as "we need people who are willing to be different." He thus contrasts his notion of "living" cultures to that of the strong culture (see Wever, 1989).

3) If orthodoxy requires that organizational cultures be studied as "wholes", then researcher and practitioners may be prone in entering organizations to be insensitive to cues about the role of differences in vital issues confronting the organization. At an organization I visited, members recounted a recent visit by another student who was trying to use myths and sagas to understand organizational cultures. This student would ask people to tell him what the "important stories" shared by organization members are. There is very local gossip and some stories that members of a certain age group of function might know, but his way of inquiring was merely puzzling for organization members.

4) The bank's name, and certain particulars about it, have been disguised to maintain confidentiality. Names of individuals also have been disguised by the author.

5) Interviews, with few exceptions, were conducted in German. Some were tape recorded and later transcribed. In other cases quotes are reconstructed from interview notes. All translations into English were done by the author, who bears sole responsibility for their accuracy.

6) The notion of a role set is based upon the idea that expectations and orientations to action by individuals are situationally determined. An individual, X, has a variety of statuses that are coordinates of social position and affect both his behavior and the expectations of others. X may be a parent, a doctor, a Catholic, a Republican, a member of an environmental group, and a member of an anti-abortion interest group. The importance of role theory is that it posits that how X will act is contingent upon which role he is acting in; moreover, the role differentiation allows individuals to have inconsistent values and a broad repertoire of behaviors across roles. What is important is that beliefs and behaviors of a given role are situationally appropriate. For a full treatment see Merton, 1957).

7) Theoretical grounds for this assertion can be found in the field theory of Kurt Lewin.
8. The use of a former employer as an enduring label in the bank seems to be indicative of the ongoing difficulty of the bank in absorbing and integrating managers recruited from the outside. In this connection it is interesting that an informal brainstorming group, which began to meet in Summer of 1988 after hours in the headquarters city, had only one non-outsider as a member.

9. After two months in the FMCB organization, one can make some general statements that hold across many groups for at least a sizable percentage of the employees interviewed and the situations observed. For example, on numerous occasions (except ironically for one fairly bloody exchange in a staff meeting among O.D. group members) there appeared to be a social rule to the effect that one must preserve the "face" of fellow employees, even when they are deserving of criticism. Thus, someone might be criticized or challenged but, then, there would usually be some attempt through humor or other social smoothing to pull them back into the fold of the group. What I did not find were common assumptions about human nature as evidenced by wide discrepancies in management styles.

10. Traders and those in international banking are said to have stronger community reference groups and professional networks than, say, customer service managers.

11. It is interesting to speculate whether a consequence of change is that a "lost generation" of managers is being created here and what impact those stigmatized by cohort and beliefs might have on the company (since they enjoy job security). A stimulating, if perhaps far-fetched, analog might be the case of relations between the generation that grew up in China during the Cultural Revolution whose schooling and careers were disrupted vis-a-vis the post-Mao generation, who have been able to follow a more lock-step sequence of educational mobility.

12. It is conceivable that the category is really a residual category and that is why no pattern emerges. However, this could only be established through research that goes beyond that which was done for this paper.

13. The pace of the change, and the very politically astute way that the change agents went about getting support for very specific things (e.g., getting someone involved in a particular employee evaluation or committee) seemed to be very effective in keeping this category of individuals from coalescing into an opposition. If this group was forced through firings or a rapid diminution of power into an opposition status, they might not only have counterattacked, but they might have been pushed into a battle for souls in post-Mao among the next generation of managers. Thus, the consequences could be very enduring indeed. Thus, the 10-15 year time frame that the managers in organizational development think in for macro change may be something for American colleagues to justifiably envy.

14. This table was shown to, or its contents discussed, with several members of the FMCB management and it was confirmed as having high face validity.

15. The two books were:
FIGURE 1: TYPES OF GROUP MEMBERSHIP

Identity groups
- Sex
- Race
- Family Origins
- Ethnicity

Organizational groups
- Level in Hierarchy
- Task
- Function
- Position in Production Flows

Associational groups
- Professional Assoc.
- Educational Institutions
- Political Associations
- Fraternal Associations
Subgroup A

range of reinforced values for A.

Subgroup B

range of reinforced values for B

FIGURE 2: HOW STABILITY OF INTERGROUP RELATIONS DIFFERS FROM HOMOGENEITY

(Rectangles indicate the range of values held by each group. The lines show how the ongoing interaction between the groups constrains behaviors and values for each group within a narrower range, though the values and behaviors for A and B may differ.)

The shaded areas represent the range of values permitted for each group in their interactions with one another. Note that, for the system to be stable, neither the range of behaviors exhibited nor the content of the behaviors need to be homogeneous.
EXHIBIT 3: SUMMARY OF "OLD WORLD" AND NEW WORLD CONDITIONS

Old World:

A) **Image**: was seen for many years as the "Bauer und Brauerei" Bank (farmer and brewers' bank). Conservative, locals versus cosmo politan.

B) **Systems**: Bureaucratic, unsophisticated. Market environment seen as relatively stable and hence rules and rituals could accrue around different tasks. Customer needs generally less sophisticated, so there was not such an emphasis upon cross-selling and coordinations of services through customer representatives.

C) **Control**: "Einzeldelation" Hierarchical supervision and delegation of tasks achieved control. High internal socialization and emphasis upon going by the book also important control mechanism.

D) **People**: Those (except at very highest level) with university degrees (Diplom or doctoral work) were far more rare. The human capital was thus more firm-specific than for employees who have higher levels of education.

New World Conditions:

A) **Image**: The bank tries internally and externally to present a very progressive, up-to-date image, from their advertising, to their internal communications program, to the architecture of their new headquarters and the interior design of facilities. Very interested in trying want is new in management training, personnel assessment, etc.

B) **Systems**: Rules and guidelines stand alongside more consensual or informal decision-making processes in some areas of the bank. This is because the business environment in some areas (medium corporate accounts, for example) has become more complex and turbulent. Corporate customers may need letters of credit, loans, foreign banking, etc. and what the bank offers on one deal may have ramifications for other deals. There are more intangibles and interactions to take into account. Thus, credit people and corporate account representatives alike reported to me that knowing when not to go by the book was an important aspect of running their business successfully.

C) **Control**: More use of control based upon pushing responsibility further down into the organization. Greater use of training and assessment centers to grapple with promoting consistency of leadership style.

D) **People**: People with higher levels of education being brought into management positions. Individuals more cosmopolitan (with experience in other industries, other countries and a greater emphasis upon the expressive capabilities of work. Another legacy of the 1960's and 1970's is that individuals are more interested in self-development and leadership style is by no means an "untouchable" subject with younger employees. Also, there is a greater expectation or sense of entitlement to voice in decision-making among younger employees.
**Figure 5:**
For Managerial Level Employees:

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<th>Perceived Starting or Transitional Character</th>
<th>Desired Characteristic</th>
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<tr>
<td>1) Bureaucrats who rely upon superiors for direction</td>
<td>More entrepreneurially, prepared to take initiative and keen to do so.</td>
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<td>2) Managers who tend to get attached to an area of expertise or part of business</td>
<td>Individuals with high capacity and desire to learn very different things throughout the career.</td>
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<td>3) Lower geographic mobility</td>
<td>Higher geographic mobility</td>
</tr>
<tr>
<td>4) More individualized leadership styles; often with focus on hierarchy and creating dependence.</td>
<td>Leadership styles based upon teamwork and that create less dependence of subordinates (ie. once again more flexible).</td>
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<tr>
<td>5) High tendency toward subculture creation</td>
<td>Cultural superstructure which will minimize importance of subculture.</td>
</tr>
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For the workforce at large:

| 1) Internally-oriented; more concerned with office politics. | More focussed upon customer satisfaction and quality-consciousness. |
| 2) Psychological contract of exchange: do a fair day's work for fair treatment by bank | Psychological contract of identification: do what it takes to see that you do your part in ensuring that the enterprise succeeds. |
| 3) Anxious about change | Expect and accept change as part of corporate life. Flexible. |
Figure 6
THE PROCESS OF INTERGROUP RESEARCH

BROAD INTERVIEWING

PRELIMINARY HYPOTHESES

MICROCOSM GROUP FORMATION

QUESTIONNAIRE DEVELOPMENT AND ADMINISTRATION

FEEDBACK OF QUESTIONNAIRE DATA TO MICROCOSM GROUP

(after: Alderfer and Smith, 1982)
Selected Bibliography


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