

# Changing an organisation's culture: correlates of success and failure

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## Keywords

Organizational change,  
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## Abstract

Summarizes 59 organisational change efforts that had culture change as an objective. Culture change was a common type of organisational change and usually occurred in combination with other types of change. The success rate for culture change was low. Success was more likely when the sponsors were perceived to be mid-level rather than senior executives. Culture change was most often undertaken because of competition and customer issues. Statistical data were most often cited to describe successful culture change while unsuccessful change efforts were usually described by opinions. Success correlated most highly with the variables that reflected stakeholder management, manageability of the project, project staffing, sponsorship and progress monitoring. Failure correlated most strongly with ineffective leadership and the clash with the existing culture. Success factors and barriers for cultural change resembled the profile for other types of organizational change. Ends with recommendations for managing cultural change.

## Introduction

What is an organisation's culture? Most of us have a sense of the term. If you or I were asked to define "organisational culture," we might say something like: "The way we do things around here." "The rites and rituals of our company." "The company's climate." "Our basic values." Schein (1992, p. 12), perhaps the most influential writer about organisational culture, gives us a more precise definition. He sees organisational culture as:

- A pattern of basic assumptions about how the group copes with the outside world and about how members should act within the group.
- These assumptions define how members should perceive, think and feel about problems.
- These assumptions have been invented, discovered or developed by the group out of their experience.
- The group sees these assumptions as valid, i.e., they "work."
- The group thinks these assumptions are important to teach to new members.

Why is culture important? For the group member, culture is the "social glue that helps hold the organization together by providing appropriate standards for what employees should say and do" (Robbins, 1996, p. 687). As a consequence, culture reduces an employee's uncertainty and anxiety about expected behavior. A company's culture differentiates it from other companies and helps explain why employees are attracted to one employer versus other employers.

From the corporate perspective, culture helps explain why some companies are more successful than others. Kotter and Heskett (1992, pp. 11-12) investigated the relationship of culture to corporate performance. They

summarized their research by means of four conclusions:

- 1 Corporate culture can have a significant impact on a firm's long-term economic performance.
- 2 Corporate culture will be an even more important factor in determining the success or failure of firms in the next decade.
- 3 Cultures that inhibit strong long-term financial performance are common, and they develop easily, even when employees are reasonable and intelligent people.
- 4 Although tough to change, corporate cultures can be made more performance enhancing.

It is very difficult to change the culture of a large organisation. We know of only a few studies that estimate the success rate in changing the corporate culture. A Conference Board study (Troy, 1994) surveyed 166 North American and European companies about experience with various types of organisational change. Only 32 percent reported success in changing the "vision, values, and culture" of the organisation. A survey cited in Carr *et al.* (1996) found that only 10 percent of corporations that attempted to change management styles were successful in institutionalising the new style. Smith (2002a; Mourier and Smith, 2001) found that only 19 percent of the culture change efforts were rated among the top quartile of successful organizational change efforts.

Why is culture change so difficult? In their book, *Corporate Culture and Performance*, Kotter and Heskett (1992) identified several factors. Organisations that have been successful in the past may persist in their cultural values even though these values inhibit the organisation from adapting to a changing business environment. These cultures are often inward-looking,

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bureaucratic and autocratic (Kotter and Heskett, 1992, p. 142). Senior managers may lose touch with the needs of their organisation. They may fail to support the change efforts of mid-level managers and even make decisions that frustrate change efforts. Alternatively, leaders who sponsor change efforts may fail to develop and communicate a compelling need for the change (Kotter and Heskett, 1992, p. 101). Leadership may lose confidence early in the change process when business results are disappointing (Kotter and Heskett, 1992, p. 111). Another problem is the length of time to accomplish culture change. Kotter and Heskett (1992, p. 105) listed 11 large companies who attempted major cultural change, companies such as General Electric, Xerox and British Airways. The length of the cultural change ranged from four to ten years and averaged six years. The longer the change process, the more opportunities for things to go wrong. Finally, successful changes may erode over time because the strategy is not effectively passed on to new managers or because memories blur about why they were successful (Kotter and Heskett, 1992, p. 144).

This paper presents research aimed at expanding our understanding about the reasons why culture change is so difficult. Specifically, the research was directed at these questions:

- What are the enablers of successful culture change?
- What are the most common barriers or deterrents to culture change?
- Are the "success factors" for culture change different from those for other types of change?
- What are the implications for managing culture change?

### Method

The research instrument was a questionnaire. Respondents were asked to describe a "major change effort by your organisation to improve its performance." Respondents were further asked to limit their selections to efforts that "have occurred within the last two years and have reached a point whereby you can judge its success or failure." The questionnaire contains questions about:

- type of change, e.g. merger, process improvement, re-structure or work units;
- sponsor of the change, e.g. CEO, department head;
- reasons for the change, e.g. competition, customer complaints or suggestions, cost;

- ten-point rating scale for evaluating the success of the change effort, where 1 represents "disaster" and 10 "breakthrough performance;"
- types of data that substantiate the rating, e.g. sales, financial indicators, employee opinions;
- positive factors favoring change, e.g. strong project manager, support of key executives;
- negative factors that inhibited change, e.g. resources diverted to other priorities, unrealistic schedule;
- several items about the role and contributions of consultants; and
- several demographic items.

The respondents were 210 managers from a cross-section of industries and job-functions across North America. The questionnaires were gathered from client groups, professional audiences and colleagues. Some were obtained through face-to-face and telephone interviews; others by proctored group sessions; still others via e-mail. Respondents typically described themselves as project team members (55 percent), employees affected by the change (30 percent) or as sponsors (11 percent). They work in telecommunications (22 percent), manufacturing (22 percent), health services (14 percent) or "hi tech" (12 percent). They work as a manager or executive (42 percent), training manager (16 percent) or consultant (14 percent).

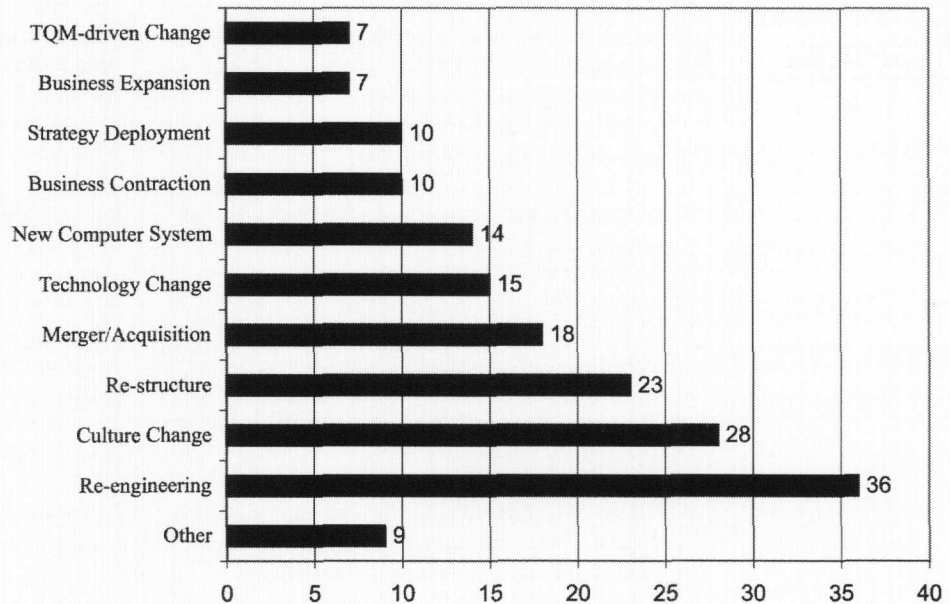
### Findings

The findings are presented as a set of ten conclusions about the management of culture change. Each conclusion is supported with data.

1 *Conclusion 1:* Culture change was reported as a common type of organisational change. Respondents were given a list of ten types of organisational change and asked to identify which type represented their project. A respondent could check more than one type of change to describe the project. Thus, the same project might involve a merger, process re-engineering and culture change. Figure 1 displays the percentage of each type of organisational change that was identified by the 210 respondents. Culture change was the second most common type, representing 28 percent of the sample.

The reader is cautioned that the estimate of 28 percent may over or under-represent the true frequency of culture change. It is reasonable, however, to conclude that, when you ask a corporate employee to

**Figure 1**  
 Frequency of different types of organisational change among 210 projects



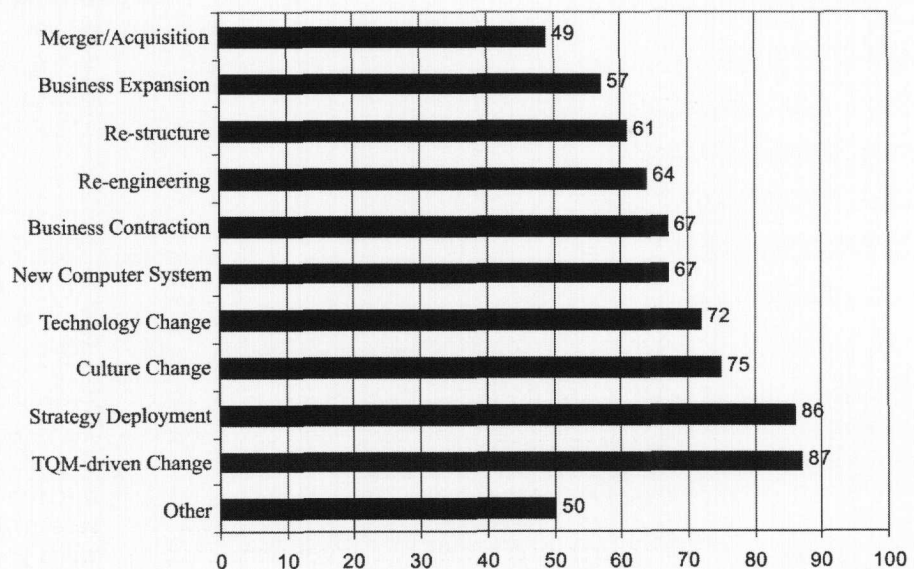
describe a major organisational change, the response will often involve a project that impacts the organisation's culture.

- 2 **Conclusion 2:** Culture change usually occurred in combination with other types of organisational change. When asked to describe the change effort, respondents could check more than one option. Of all projects, 40 percent were coded with multiple types of change. For each type, Figure 2 displays the percentage of projects in combination with other types of change. Among the 59 culture change efforts, 75 percent of these projects

involved other types of change. One reason for the frequency of culture change may be that it is required to support other types of change, such as a merger or the deployment of new technology.

- 3 **Conclusion 3:** The success rate for culture change was low. Respondents were asked to think of a specific organisational change and to rate that effort on a scale of 1 to 10, where 1 represented "disaster" and 10 represented "breakthrough performance." Breakthrough was further defined as "attaining performance levels never achieved before." Projects rated 8, 9

**Figure 2**  
 Percentage of projects in combination with other types of organisational change



or 10 were categorized as successes. For this analysis, success was equated with breakthrough or near breakthrough.

Table I, right-hand side, shows the success rates for the five most common types of change reported by our sample. Only 19 percent of culture change efforts were rated as breakthrough or near breakthrough.

How do these data compare to published results about the success of organisational change? Smith (2002b) identified success rates published for various types of organisational change. Findings for the same five types of change are displayed in the middle columns of Table I. Published data support the contention that culture change is one of the most difficult types of change to accomplish.

- 4 *Conclusion 4:* Success was more likely when the sponsors were perceived to be "other" officers and division/department heads rather than the chief executive officers (CEOs) and chief operating officers (COOs). We examined the relationship of sponsorship to ratings of success by contrasting culture change efforts rated in the top quartile versus culture change efforts in the bottom quartile. The quartiles refer to the distribution of all 210 projects which included non-culture efforts. Top quartile projects were rated 8, 9 or 10; while the bottom quartile efforts were rated 1, 2, 3 or 4. As shown in Figure 3, CEOs and COOs were more often seen as sponsors for unsuccessful culture change, while department heads and "other officers" were more often sponsors of successful culture change.

Given the small number of projects and the subjectivity of the ratings, this finding should be considered tentative and should be confirmed by future research. Nevertheless, it is interesting to speculate about the factors that could account for this finding. Mid-level managers, in contrast to senior leadership, may be more

in touch with the working environment of front-line employees and, therefore, better positioned to manage change efforts. For example, mid-level managers may have more immediate control over the "levers" – work standards, rewards, feedback processes, personnel assignment – by which change efforts are implemented.

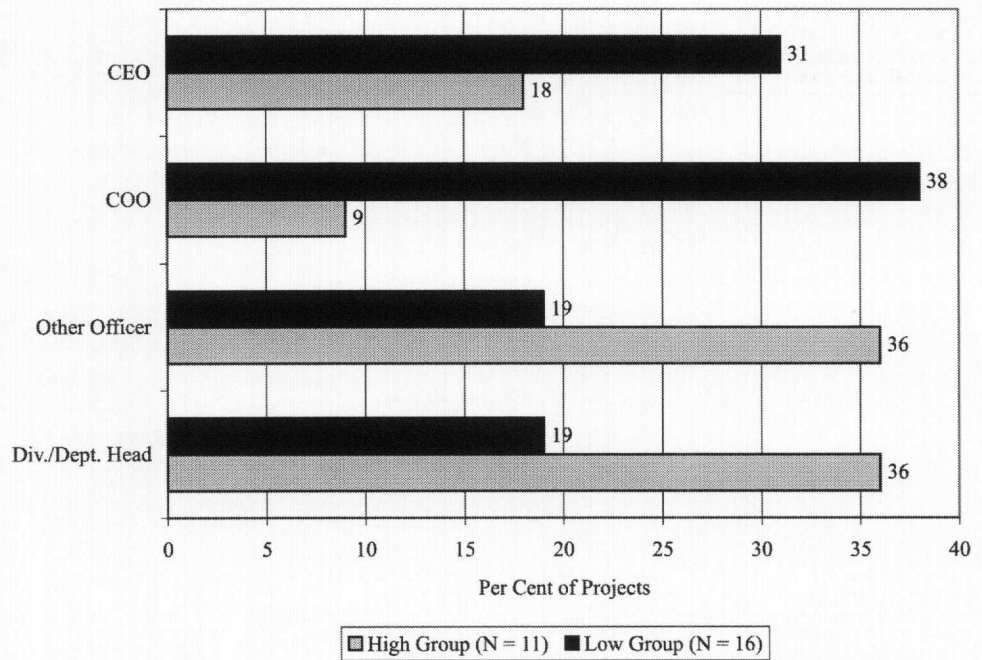
- 5 *Conclusion 5:* The most common reasons for undertaking culture change were competition; and customer suggestions and complaints. Respondents were asked "What prompted the change effort?" They could select any number from a list of 15 options. Figure 4 shows the response rates for the six most common selections. A culture change project was attributed to an average of 3.2 reasons, with external concerns predominating. To determine if success might be correlated with different reasons for undertaking culture change, the profiles of very successful projects (rated 8, 9 or 10) and very unsuccessful projects (rated 1, 2, 3 or 4) were contrasted. Customer issues were more frequently cited for the very successful projects while competition was more common for unsuccessful culture changes. However, when this distinction was tested with all 59 culture projects, customer and competition issues as reasons for change failed to correlate with ratings of success.
- 6 *Conclusion 6:* Statistical data were most often cited to describe successful culture change while unsuccessful change efforts were usually described in terms of opinions, schedule delays and unanticipated consequences. After rating the success of the change effort, respondents next answered the question "what information would you cite to describe the degree of success or failure?" On average, they identified three types of data from a list of 12 options. Figure 5 indicates that the responses for culture change projects resembled the pattern for organisational change in general.

**Table I**  
 Success rates for five types of organisational change

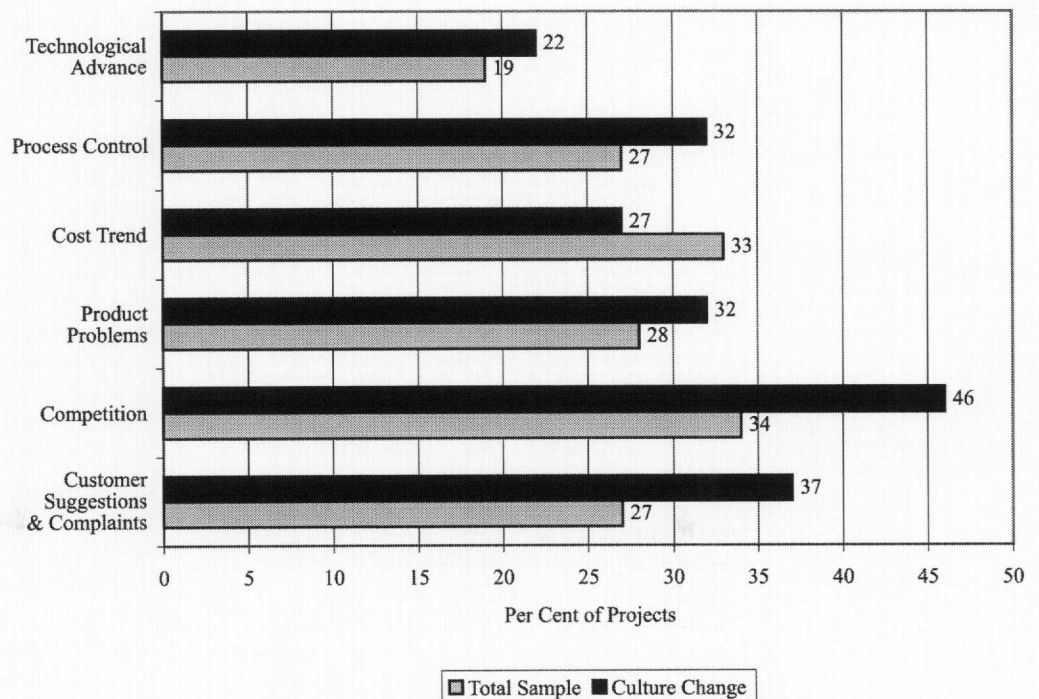
Type of organizational change	Literature search (1990-2001)			Our sample	
	Number of studies	Sum of sample sizes	Median success rate (%)	No. of projects	Success rate (%)
Re-structuring and downsizing	9	4,830 <sup>a</sup>	46	49	10
Technology change	5	1,406 <sup>a</sup>	40	32	28
Mergers and acquisitions	9	395 <sup>a</sup>	33	37	14
Re-engineering and process design	7	3,442 <sup>a</sup>	30	75	23
Culture change	3	225 <sup>a</sup>	19	59	19

Note: <sup>a</sup> One or more reports did not state the sample size

**Figure 3**  
 Sponsors of high vs low rated culture change



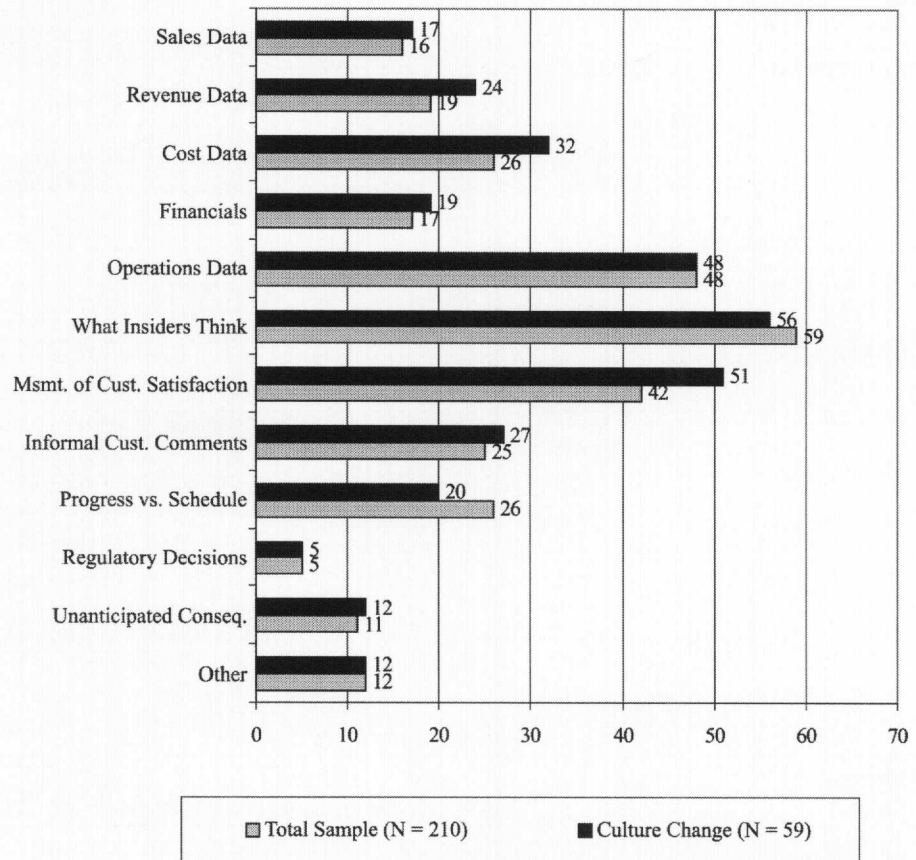
**Figure 4**  
 Most frequently cited reasons for change



More interesting is the contrast between highly successful efforts (top quartile) and very unsuccessful efforts (bottom quartile) projects. Figure 6 displays types of supporting data and the percentage of projects in the top and bottom quartiles for the culture change efforts. The types

are listed in descending order from the one with the largest difference favoring top quartile projects, sales data, to the one with largest different for unsuccessful projects, unanticipated consequences. Quantitative data predominate for the top quartile projects while qualitative data

**Figure 5**  
 Data cited to describe the degree of success



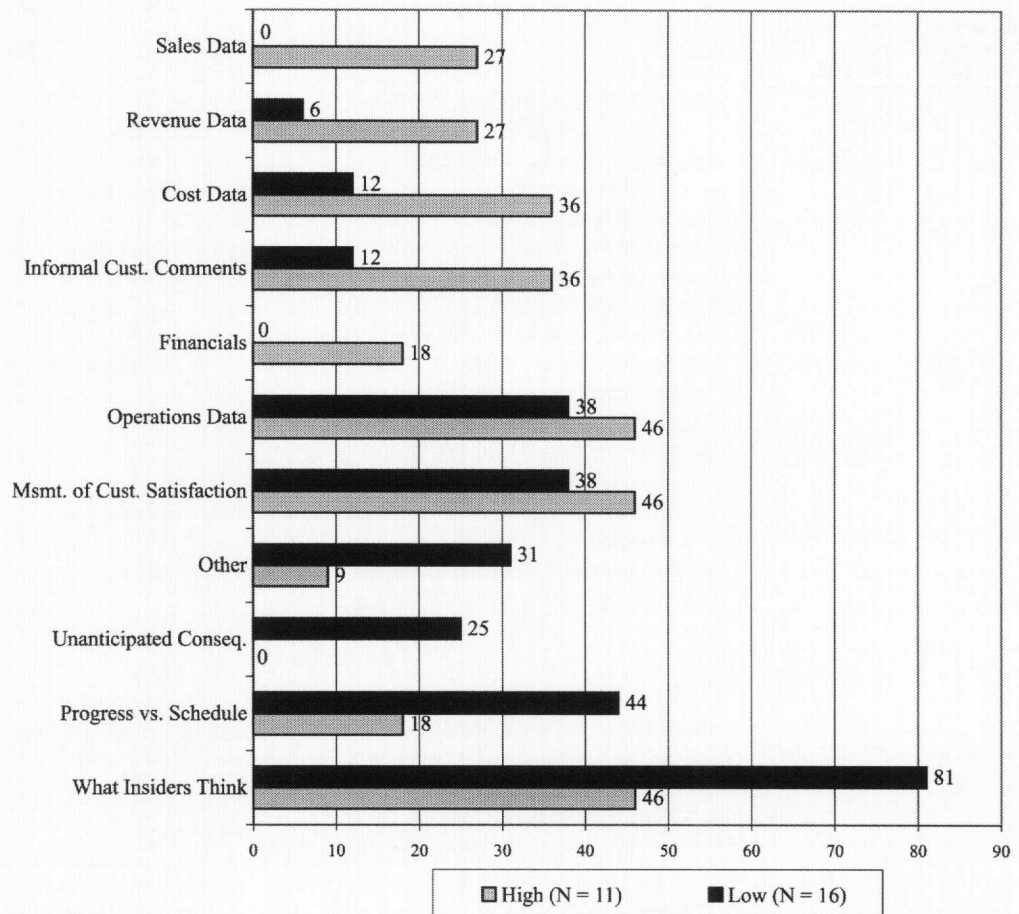
were cited more often for the failed projects. Why? One possibility is that successful projects have a more thorough evaluation plan with quantitative measures. A second possibility is that unsuccessful efforts are obvious from the qualitative indicators, and no rigorous evaluation is needed or attempted. Finally, respondents may assume that quantitative data do exist because the change project is acknowledged to be successful by consensus.

- 7 **Conclusion 7:** Success correlated most highly with the perception that (a) change and innovation are rewarded, (b) the change effort was kept small and manageable, (c) a dedicated, capable project team was assigned to the project, (d) there was visible support from the sponsor throughout the project, and (e) progress was tracked and publicized. Respondents were given a list of 18 positive factors and asked to check the items that accounted for the success of the project (note: the term “factor” is here used to denote a variable and does not represent a statistician’s use of the term to describe the results of the procedure

called “factor analysis”). Table II presents the list. The middle column contains the correlation of each factor with the rating of project success across all 210 projects. The right hand column displays the correlations for the culture change projects. For the culture projects, 12 of the 18 variables were significantly related to the ratings of project success.

Several themes can be discerned. One theme represents the needs of employees, as indicated by the items for the reward for change and innovation, people understanding what they had to do to make the change successful and fair treatment of employees. A second theme is executive leadership, as represented by such items as the continued and visible support from the sponsor, change as part of the business strategy, the support of other executives and protecting the project from other priorities. A third cluster relates to project management: keeping the project seemingly small and manageable, a dedicated and capable project team, strong project manager, and the tracking and publicizing of progress.

**Figure 6**  
 Data cited for high vs low-rated culture projects



**Table II**  
 Correlations of positive factors with success ratings

Positive factors	All projects (n = 210)	Culture projects (n = 59)
Strong project manager	0.28***	0.24*
Continued support of the sponsor throughout the project	0.23**	0.23*
The change was part of your stated business strategy	0.08	0.29*
The change was a response to a crisis	-0.05	-0.01
The change was kept small and manageable	0.23**	0.47***
The objectives were very specific	0.04	0.16
The effort was adequately staffed and funded	0.30***	0.16
The sponsor had the support of other key executives	0.21**	0.27*
There was a detailed plan	0.21**	0.21
The change was explained to everyone	0.24**	0.16
People understood what they had to do	0.31***	0.27*
Other organisational priorities didn't get in the way	0.27***	0.28*
Change and innovation are rewarded in your organisation	0.06	0.60***
Fair treatment of employees	0.22**	0.22*
Visible support by the sponsor throughout the project	0.51***	0.32**
Dedicated, capable project team	0.29***	0.36***
Progress toward the goals was tracked and publicized	0.25***	0.32**
Other	0.04	-0.02

Notes: Correlations are biserial correlations. Positive factors were treated as dichotomous variables. The ten-step rating of success was treated as a continuous variable. \* $p \leq 0.05$  \*\* $p \leq 0.01$  \*\*\* $p \leq 0.0005$

- 8 **Conclusion 8:** Failure correlated most strongly with ineffective, missing or conflicting leadership, on one hand, and the clash with the existing culture. Respondents were also given a list of 20 negative factors and asked to check which items affected the project, even if the project was more or less successful. Table III shows the items and the associated correlations with the ten-point rating of project success. In total 11 factors significantly correlated the ratings. The highest correlations were for:
- sponsor left ( $r = -0.58$ ),
  - suppliers failed to deliver as promised ( $r = -0.41$ ),
  - key executives did not support the change ( $r = -0.39$ ),
  - the change clashed with the existing culture ( $r = -0.37$ ), and
  - there didn't seem to be a plan ( $r = -0.34$ ).

The negative correlates were dominated by failures of leadership: the sponsor left, key executives did not support the change, the sponsor was uninvolved or ambivalent

**Table III**  
 Correlations of negative factors with success ratings

Negative factors	All projects (n = 210)	Culture projects (n = 59)
Sponsor left	- 0.49***	- 0.58***
Resources diverted to other priorities	- 0.15*	- 0.01
IT (systems) support not available or failed to deliver on schedule	0.00	0.22*
Schedule was unrealistic; frequent schedule changes	- 0.12*	- 0.01
Change effort increased workloads without rewarding the effort	- 0.07	- 0.15
People didn't understand the reasons for the change	- 0.26***	- 0.25*
Key executives or other departments did not support the change effort	- 0.46***	- 0.39***
No one seemed to be in charge	- 0.42***	- 0.25*
The goals seemed vague	- 0.44***	- 0.27*
Executives were more concerned with other issues	- 0.29**	- 0.14
The change clashed with the way things are done in your organization (i.e. the culture didn't support the change)	- 0.25**	- 0.37***
There didn't seem to be a plan	- 0.44***	- 0.34***
No attempt to keep people informed about progress	- 0.24**	- 0.23*
Workforce downsized before change fully implemented	- 0.08	- 0.07
Organisation overloaded with change efforts; different change efforts not coordinated	- 0.01	- 0.01
Sponsor uninvolved or ambivalent about the change effort; no follow-through	- 0.46***	- 0.30*
Problems not communicated to the sponsor	- 0.40***	- 0.18
Vendors/suppliers failed to deliver product or service as promised	- 0.26***	- 0.41***
Executives clashed over control of the change effort	- 0.16*	0.04
Other	- 0.12*	0.08

**Notes:** Correlations are biserial correlations. Negative factors were treated as dichotomous variables. The ten-step rating of success was treated as a continuous variable. \* $p \leq 0.05$ ; \*\* $p \leq 0.01$ ; \*\*\* $p \leq 0.0005$

about the change, and no one seemed to be in charge. These leadership breakdowns may have resulted in the failure to communicate to employees about the change, as suggested by these factors: the goals seemed vague, people did not understand the reasons for the change, and there was no attempt to keep people informed about progress. Some of the negative indicators suggest breakdowns in project management: suppliers failed to deliver as promised, there did not seem to be a plan. Finally, the strength of the existing culture was seen as a significant barrier to change. The clash with the existing culture correlated with other negative factors that reflected weak or unsupportive leadership: key executive or departments did not support the change, no one seemed to be in charge, the goals seemed vague, and the sponsor was uninvolved or ambivalent.

- 9 *Conclusion 9:* How often respondents cited a factor bore no relationship to the success ratings. This finding held for both the positive and the negative factors. Tables IV and V illustrate the proposition. The horizontal dimension represents the frequency that a factor was checked: the upper two cells contain factors cited by at least 21 percent of our respondents while

the lower cells contain factors mentioned by 20 percent or fewer of our sample. The vertical dimension represents the correlations with the ten-point rating of success. Statistically significant correlations are listed in the right-hand column, and the non-significant correlations are in the left column. The cut-off of 20 percent for the frequency dimension is arbitrary, but it seems reasonable as a criterion for respondents' awareness of the importance of a factor. The issue in question was: How aware were our respondents about the factors that correlate with success and failure? Among the positive factors (Table IV), the correlations with the success ratings substantiated the identification of strong sponsorship, project infrastructure and management, and linkage of change with strategy as critical aspects of culture change (upper right quadrant). On the other hand, respondents seemed to over-value specificity and detail in planning while under-reporting "people" issues, manageability of the project and executive support. For the negatives in Table V, frequency and correlation with success seemed to match for stakeholder support ("people didn't understand the reasons for change" and "key executives didn't



**Table IV**  
 Positive factors: frequency versus correlation with success

	Non-significant correlation	Significant correlation
<b>High frequency</b>	Objectives were very specific There was a detailed plan Change explained to everyone	Dedicated, capable project team Visible support from the sponsor Progress tracked and publicized Part of stated business strategy Strong project manager Continued support of the sponsor
<b>Low frequency</b>	Change was response to a crisis Effort was adequately staffed, funded Other	Change, innovation are rewarded Change was small, manageable Other priorities didn't get in way Support of key executives People understood what to do Fair treatment of employees

support the change”), strength of the existing culture, and uncertainty (“vague goals”) about the purpose of the change effort. The upper left quadrant suggests that pain and frustration characterized the negatives that were frequently mentioned but did not correlate with success or failure. The lower right quadrant indicates that sponsorship breakdowns, in particular, were under-appreciated.

How can we account for the essentially zero correlation (actually, - 0.09 for the positives and 0.09 for the negatives) between the reporting of success factors and barriers, on one hand, and ratings of success? Part of the answer can be inferred from the characteristics of the sample. Of the respondents 55 percent described themselves as members of the team responsible for planning and managing the project. It is, therefore, not surprising that planning factors would be over-emphasized for the positives and pain factors for the negatives. After intently staring at the data for hours and

praying for divine inspiration, we cannot explain the under-reporting of some of the factors that significantly correlated with success (lower right quadrants of Tables IV and V). There is the whiff of a hypothesis that the under-reported positives imply stakeholder management issues, while the under-reported negatives may imply breakdowns in project infrastructure.

10 *Conclusion 10*: The success factors and barriers for cultural change resembled the profile of correlations for other types of organisational change. Tables II and III show substantial overlap between the correlations for the total sample of 210 projects and the 59 culture change efforts. Ten positive factors were correlated with success for both the total sample and the culture change efforts, while ten of the negative factors were significant for both samples.

There are several interesting differences. Among the positive factors, two items showed significant correlations with the success of culture change but did not show

**Table V**  
 Negative factors: frequency versus correlation with success

	Non-significant correlation	Significant correlation
<b>High frequency</b>	Resourced diverted to other priorities Unrealistic schedule Increased workload without reward Organisation overloaded with change efforts Executives had other priorities Workforce downsized before implementation	Key executives or departments didn't support change Change clashed with culture The goals seemed vague People didn't understand the reasons for the change IT support failed to deliver
<b>Low frequency</b>	Problems not communicated to sponsor Executives clashed over control Other	Sponsor left Vendors/suppliers failed to deliver There didn't seem to be a plan Sponsor uninvolved, ambivalent No one seemed to be in charge No attempt to keep people informed

reliable relationships for change in general. These two were: the change was part of your stated business strategy, and change and innovation are rewarded in your organisation. Why would these two variables correlate with successful culture change but not for other types of organisational change? Correlational data preclude causal statements, but we can hypothesize possible explanations. We know that culture change has the longest cycle of change management. Kotter and Heskett (1992) documented culture change efforts ranging from four to ten years, versus, for example, time estimates for process design of up to two years (Rummler and Brache, 1995). Given a time requirement of years, it is extremely doubtful that culture change could be sustained without strategic commitment by the organisation. An alternative but overlapping hypothesis is that culture change is complex to manage. We know, from conclusion 2, that culture change is often combined with other types of change. A few of the success factors, for, example, support of other executives and protecting the project from other priorities, also suggest the complexity of culture change. Coordination of these complexities would likely require a strategic commitment by the organisation.

The second contrary finding for culture change involved the success factor, change and innovation are rewarded in your organisation. While this variable showed no correlation with success for change in general, it was the single strongest correlate with success in culture change ( $r = 0.60$ ). Why are rewards for employees so important for culture change? We know that culture change is difficult because of its complexity, the long duration, and the strength of the existing culture. It seems unlikely that employees will persist in the new behaviors and norms unless they perceive a commensurate reward. Our data say nothing about what things are valued as rewards. Specific reward programs and strategies have been discussed by other authors. Lawler (1990), Lawler *et al.* (1998) and Wilson (1994), among others, describe financial reward systems, while Knouse (1995) discusses both financial and non-financial rewards. These sources, however, either do not discuss culture or treat culture as a barrier to implementation of reward systems. Research is needed on what reward and recognition approaches most effectively facilitate culture change and what factors mediate the relationships between rewards and behavior change.

A curious finding was the positive correlation between the success ratings and

the negative factor, IT (systems) support not available or failed to deliver on schedule. Apparently, a culture change effort had a better chance of success if the project experienced computer system problems. One explanation is that, with so many correlation coefficients in the analyses, a small percentage of false correlations can be expected by chance. A second explanation is that positive factors can counteract the impact of this negative factor. For example, 71 percent of culture projects that reported the IT problem also reported that the effort had a strong project manager, versus only 40 percent for culture changes not reporting the IT problem. In fact, the IT-plagued projects averaged 17 percent more positive factors than negative factors (7.5 versus 6.4). There is a third explanation: the statement about IT support is poorly worded. There are two parts to the statement which could be interpreted differently. The phrase "support not available" could mean that the planners know in advance that systems support was not available and, therefore, took that condition into consideration versus the disruption that comes from failures by the system support staff. If the ratings data for the 59 culture change efforts are sorted into a  $2 \times 2$  table where the dimensions are: change in computer systems as a project goal (in addition to culture change) versus not a goal; and IT problem reported versus not reported. The cell with the highest mean score on project success was IT problem reported for projects that did not intend to change computer systems. Why would our respondents report IT problems for when the computer systems were not the object of change? Our conclusion is that the item about IT support not available could have been interpreted to mean that IT support was not an issue in contrast to the second part of the statement which does indicate a problem condition.

Finally, nine factors significantly correlated with success for all 210 projects but not for the 59 culture projects. Six of the nine comparisons involved trivial differences. The three statements that seem to imply systematic differences were: the effort was adequately staffed and funded (positive), problems not communicated to the sponsor (negative), and executives clashed over control of the change effort (negative). Is there a common theme to these items, and why would they be less important for cultural change? Our best guess is that these items represent the tactical management of the change effort: resources, feedback and control. To find support for this notion, we examined the correlations between the three

factors and rated success across other types of organisational change. (These data reside in our database for 210 organisational changes.) As shown in Table VI, one or more of these factors correlated with success for the categories of business contraction (i.e. downsizing), process design or re-engineering, re-structuring, technology change, TQM-driven change and strategy deployment. Taken as a group, these types of change tend to be more time-bound (e.g. shorter time frames, tighter schedules) and more limited in scope (i.e. fewer people and work groups) than culture change. These data reinforce our belief that culture change is a strategic initiative, and, as such, is less dependent on deployment tactics and more dependent on the political issues of gaining and sustaining the support of stakeholders for the long haul.

### Summary and discussion

Our research suggests that culture change is a common type of organisational change and that it often occurs in combination with other types of change. This complexity may account for some of the difficulty in managing change. Only 19 percent of the culture change efforts surveyed in this study attained breakthrough or near-breakthrough success. One key to successful change is to recognize the crucial role of the middle rank of leadership at the department, division or business unit level. Their sponsorship was perceived as more related to successful culture change than sponsorship by the highest corporate officers. The most frequently-cited reasons for undertaking

culture change were (1) competition and (2) customer suggestions and complaints. Successful change projects were supported by an array of quantitative performance measures while unsuccessful projects were mainly described with subjective data, especially the opinions of people inside the organisation.

Successful projects were characterized by addressing the needs of employees, especially rewarding employees for change and innovation; visible and sustained sponsorship; and effective project management. A number of negative factors correlated with failure, but the strongest correlations all had to do with breakdowns in leadership, in communication with employees about the change, and project management failures. The strength of the existing culture was also identified as a significant barrier to culture change. From these observations, we infer the following requirements for managing organisational change:

- Managers need guidance. Culture change is difficult. Published estimates for success range from 10 percent to 32 percent. The degree of difficulty derives from managing culture change in support of, or in combination with, other types of organisational change over a period of time that may extend for years and span a number of work groups. Managers showed limited awareness of many of the most significant success factors and barriers to culture change.
- The positive and negative factors suggest requirements for planning and managing change. The role of the sponsor is pivotal. The sponsor should be versed in

**Table VI**

Statistical significance of correlations between three factors and rated success across ten types of organisational change

Type of change	N	Factor		
		The effort was adequately staffed and funded	Problems not communicated to the sponsor	Executives clashed over control of the change effort
Acquisition or merger	37	NS	NS	NS
Business contraction	21	*	NS	NS
Business expansion	14	NS	NS	NS
Culture change	59	NS	NS	NS
New computer system	30	NS	NS	NS
Process re-engineering	75	*	(***)	(*)
Re-structure	49	NS	(**)	NS
Technology change	32	NS	(**)	(**)
TQM-driven change	15	*	(*)	NS
Strategy deployment	21	**	NS	NS
Total sample	210	***	(***)	(**)

Notes: \*Significant at 0.05 level; \*\*Significant at 0.01 level; \*\*\*Significant at 0.005 level ( ) Negative r

developing support for the change among key executives, organising the project's infrastructure (e.g. appointing a capable and dedicated project team), positioning the culture initiative as part of the business strategy, protecting project commitments from other organisational priorities, and demonstrating continued support for the effort in ways that are visible to stakeholders. Project planning and management also appear to be critical, as indicated by the importance of a strong project manager and the need to track and report progress. Requirements at the project management level, however, are more evident in the negative, such as the apparent lack of a plan and the failure to ensure that suppliers meet their commitments.

- Communication throughout the project is critical to developing and maintaining stakeholder support. As mentioned above, the sponsor needs to communicate his or her support for the change, and progress should be tracked and publicized. It is also important that people understand what they had to do in order to make the change successful. Conversely, failed efforts were characterized by people not understanding the reasons for the change, vague goals.
- Culture change should be rooted in business strategy. We found that culture change was most often prompted by strategic issues of competition and customer relations. Second, the vast majority of culture changes occurred in combination with other types of organisational change, suggesting the coordination of strategy across business objectives. It is not unexpected then that over half of the culture change efforts were sponsored by either the CEO or the COO. Finally, the factor, "change was part of your stated business strategy," significantly correlated with success.
- Executive and departmental (or business unit) levels should be aligned in support of the change. There appear to be two focal points of power and leadership that need to coordinate their efforts: the executive leadership at the enterprise level and the middle rank of leadership at the department, division or business unit level. Executives control strategy and resources while middle management coordinate deployment of the resources to accomplish the strategic objectives.
- Given the dismal rate of success, it seems reasonable to provide for the contingency of recovering from barriers that stymie a

project. Tactics for revitalizing stalled projects should be defined.

- Planning should emphasize keeping the change manageable. The challenge is to achieve the change objectives without jeopardizing other strategic interests. There are tactics to accomplish this purpose, such as:
  - phasing the change effort across business units;
  - cascading the change down the management hierarchy;
  - successive approximations whereby the change is viewed as a learning curve with intermediate targets that gradually lead to the desired end state.
- The implementation plan should provide for replacement of key players given the timer span associated with culture change and the normal turnover rates for senior and middle management ranks.

### Application questions

Assume your organisation is contemplating a major effort to change its culture. Based on the information presented in this article, what advice would you give your senior leaders about:

- role of the sponsor;
- planning and infrastructure;
- stakeholder management; and
- tactical management of the change process.

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