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In Cross-Cultural Work Groups (1997)

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Change and Continuity in Organizations

Assessing Intergroup Relations

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They called me up at the factory and asked me if he was one of my men. They weren't satisfied with me just telling them on the phone, they still wanted me to go down there in person. So I went and got the coal. Both of us were agents from the same factory, but they only wanted to do business with me, whom they *know*. . . So in China, supply and marketing work relies on your factory's good planning and allocation from above, and also on human relations.

This quotation, from the head of a supply and marketing department of a factory in Beijing, was presented by Yang (1994, p. 105) as part of her highly insightful and detailed analysis of *guanxixue*, a central feature of social relations in China. Yang (1994) demonstrated how *guanxixue*, the art of creating a network of obligations and responsibilities by doing favors for others, has continued to be central to social relationships over time and across political upheavals. There are two particular themes in Yang's (1994) analysis that serve as the point of departure for the present discussion.

First, throughout her investigation of *guanxixue*, Yang (1994) highlights the important distinction between formal and informal aspects of

social relationships. Formal aspects are defined and manufactured by authority figures (e.g., an important government official, a head of a factory) who enjoy high status and influence in political, economic, and other spheres. They establish the norms and rules for how things are officially supposed to be done: how to order goods for a factory, how to decide on organizational goals, how to select people for jobs, how to distribute resources among employees, and so on.

But parallel to formal and explicit social relationships there exist informal ones, which evolve inevitably within the context of an informal and implicit normative system. The informal normative system, immanent in everyday social practices, prescribes how things should actually be done according to peoples' everyday understandings, rather than according to "officialdom." For example, how factory orders are actually put in ("they still wanted me to go down there in person.") rather than how they are officially supposed to be made (e.g., agents from the same factory officially have the same authority to put in factory orders).

There is always tension between the formal and the informal normative systems, between how things are officially supposed to be done and how they are actually done, between the way life is supposed to run "according to the books" and how it actually runs. People are aware of this tension, and they know that the informal very often proves more powerful than the formal. Frequently the informal system involves matters of personal honor and prestige, and is part of the expressive order of society (Harré, 1993).

A second theme in Yang's (1994) analysis that serves to launch the present discussion is the continuous and resilient nature of the informal normative system. On the surface, social relations in China seem to have undergone dramatic changes during the 20th century, particularly through the impact of Maoism. For example, the traditional binary authority relationships (emperor/subject, father/son, husband/wife, and so on) were apparently set aside, and egalitarianism prevailed. Also, self-interest was dismissed, and the collective interest became primary. More generally, things now were done through official channels, and gaining concessions through "gifts, favors, and banquets," *guanxixue*, was officially abandoned.

But at a deeper level, there was stability rather than change in many ways. Far from changing leader/follower traditions, Mao, the most important of the "New Emperors" (Salisbury, 1992), seems to have followed in the footsteps of the other Chinese emperors.

With respect to self-interest, during the Cultural Revolution it became routine to chant,

“Do nothing to benefit yourself;
devote yourself to benefiting others.”

But behind this chant was a different reality (Yang, 1994, p. 57), which became public again in the “liberal” post-Mao era and is reflected in the popular slogan,

“When people do not look out for themselves,
heaven will expel and earth will destroy them.”

More generally, although *guanxixue* was heartily condemned by communist authorities (“It is the remnants of traditional China’s feudal and clan systems’ way of thinking . . . a product of the intermingling of [feudal thought] with radical bourgeois individualism and selfishness,” Yang, 1994, p. 58), this informal system of social relations proved extremely resilient. Indeed, it is through *guanxixue* that a lot of things, perhaps the most important things in every life, continue to get done.

Reflecting Back on Ourselves

Cross-cultural research provides an invaluable service by holding up a mirror before us, so that we may reflect back on our own society and critically assess social life from a new perspective, one that is instructive in novel ways. It may seem that communist China is far removed from the capitalist West, and the United States in particular. I shall argue, however, that the two themes that emerge from Yang’s analysis of China, the primacy of the informal over the formal and the continuous nature of important aspects of the informal, also are central to social relations in capitalist societies, including the United States. Just as factory agents in communist China rely primarily on the informal system to get their work done, so do employees in U.S. organizations. Similarly, just as the informal normative system is resilient to change in Chinese organizations, so it is in U.S. organizations.

I shall begin this chapter by focusing on the issue of change in organizations, and more specifically on the puzzle of stability. My thesis is that in the domain of intergroup relations, as in most other areas, despite all the legal and "official" changes, a great deal remains the same.

In the second part of this chapter, I shall briefly review traditional approaches to changing organizations, and this will include discussions of total quality management (TQM), reengineering, and corporate culture. My first critical theme is that these traditional approaches do not give adequate attention to the continuous informal system. This informal system consists of rules and norms that prescribe correct behavior and constitute a normative guideline for individuals. The informal system is an integral part of culture, and acquired through socialization processes. This is how we learn to behave correctly as employees, managers, colleagues, as well as citizens, men, women, parents, children, and so on. There is considerable cross-cultural variation as regards the correct behavior prescribed by different cultures (Moghaddam, Taylor, & Wright, 1993). We shall consider some possible consequences of this variation.

A second criticism is that, following traditional psychology, these approaches adopt a causal rather than normative model of behavior. This is a complex issue, related to the influence of a positivist philosophy of science, and leading to mechanistic and overly simplistic models of human behavior.

In the third section of the chapter I assess change and stability in organizations by applying ideas from social reduction theory, a recent contribution to the field (Moghaddam & Crystal, in press; Moghaddam & Harré, 1995). The major proposition of social reduction theory was summarized by the intellectual historian Daniel Robinson (personal communication, October, 1994) in the statement, "culture will always triumph over politics." That is, long-established normative systems and their associated patterns of everyday social interactions will not be quickly changed by "officialdom." Indeed, in many cases political and corporate authorities fail to manage change in the direction they desire. It is the informal system, the "culture" Robinson refers to, that often has more influence on the course of events. In so far as this "culture" reflects expressive activities we could also say "the expressive will always triumph over the political."

Change and Continuity in Organizations

The issue of change is seen to be central to modern organizations (McWhinney, 1992), as well as a key factor in many elements of organizational life, such as leadership (Hunt, 1991). A first assumption underlying many discussions of modern organizations is that change is continually taking place, often in dramatic and rapid ways. Cascio (1995) began his seminal discussion of the future direction of organizational psychology by stating that, "As citizens of the 20th century, we have witnessed more change in our daily existence and in our environment than anyone else who ever walked the planet. But if you think the pace of change was fast in this century, expect it to accelerate in the next one" (p. 928). Given the extraordinary transformation of English life in the first 30 years of the Industrial Revolution, however, or the vast changes various indigenous people in Africa and Asia experienced when they were "discovered" by Western colonialists (or the multitudes of other examples of rapid change taking place outside 20th century North America), Cascio's statement is, to say the least, controversial. The same assumption, however, concerning "unprecedented rapid change" underlies research in organizational behavior.

The traditional approach in organizational behavior has been to draw on the research foundations of the social sciences, particularly psychology, to better understand, predict, and control change in organizations (for examples, see Hersey & Blanchard, 1993; Newstrom & Davis, 1993). In essence, the priority and focus of those concerned with organizations has been the management of change (for a broader discussion of change and psychology, see Moghaddam, 1990). The "innovations" in organizational thinking have revolved around new ways of managing change, the "how to" approaches of reengineering, TQM, and the like.

In contrast to the attention lavished on change, the issues of continuity and stability are given scant consideration. I argue that fundamentally important aspects of social and organizational life are characterized by continuity rather than change. This continuity becomes more apparent when we look carefully at studies that evaluate "change creation" projects. For example, a comprehensive study involving interviews with 350 executives from 14 industries revealed that as many as 70% to 80% of change initiatives had failed (Arthur D. Little, Inc., 1994, cited in Cascio, 1995). A number of more detailed case studies of

change initiatives in specific organizations reveal the same picture (Mowdy & Sutton, 1993). For example, Stevenson and Gilly (1991) studied the efforts of hospital management to change the procedures for handling patient complaints. A new procedure was formalized and a number of hospital personnel were identified as having specific responsibility for channeling and responding to complaints. The study revealed that after the change initiative, however, hospital personnel continued to use the informal communications network more than the new formal network, despite their knowledge of the formal procedures.

The stubborn continuity of established "ways of doing things" are all too apparent to students of national development, and those attempting to foster and accelerate change in intergroup and intragroup relationships and development in Third World societies (see Moghaddam, 1990). Even countries that have the material resources, such as oil-rich Arab States, find that building the physical infrastructure, setting up an organizational chart, putting employees in place, teaching managers and others the formal rule system, and taking other similar steps involving material and formal changes, are only the first, and usually the least difficult, steps toward creating an efficient organization. Constructing a new factory building in a Third World country is often far quicker and easier than training the personnel. Obvious as this may seem, it is a point that has not been understood well enough, in part because of a blind spot that social scientists continue to have regarding causal sequences in human behavior.

It is sometimes useful to turn our assumptions about causal sequences upside down. For example, the economist Albert Hirschman (1984) made the following point in a discussion of change and national development:

I continue to collect inverted, "wrong-way-around" or "cart-before-the-horse" development sequences for a simple reason: The finding that such sequences exist "in nature" expands the range of development possibilities. They demonstrate how certain forward moves, widely thought to be indispensably required as first steps in some development sequence, can instead be taken as second or third steps. From prerequisites and keys to any further progress, these moves are thus downgraded to *effects*, induced by other moves that, so it turns out, can start things going. Perhaps these other moves will be within easier reach of certain . . . cultures than the dethroned prerequisites. (p. 1)

Intergroup Relations in Organizations

One of the ways in which organizations have been changing since the 1960s is in terms of increased workforce diversity (Chemers, Oskamp, & Costanzo, 1995). There are now more women and ethnic minorities in organizations, and increasingly they are breaking through to management positions. This change is very evident in the United States and Canada, where the ethnic makeup of immigrants and residential settlement patterns have been changing (Moghaddam et al., 1993). Between 600,000 and 1,000,000 immigrants arrive in North America annually, and the percentage of newcomers who are from outside of Western Europe has been growing steadily.

But it is not just in the United States that the workforce has become more diverse. This trend also is evident in Europe, as shown by the presence of millions of South Asians in the United Kingdom, North Africans in France, Turks in Germany, and East Europeans, Asians, and other minorities in the rest of Western Europe. Indeed, a review of research findings reported in journals such as *International Migration Review* and *International Journal of Intercultural Relations* reveals that large-scale movement of populations is by no means exclusive to Western societies, but is a worldwide phenomenon likely to persist and even increase as communications systems in the "global village" further improve.

Increased workforce diversity has been seen as another example of dramatic change, another indication that things "do not remain the same" in global transformations (see Harris & Moran, 1991). Inevitably, researchers in the business sciences have developed a number of proposals for how to understand, predict, and control this change, so that "the promise of diversity" is realized (Cox, 1993; Cross, Katz, Miller, & Seashore, 1994; Thomas, 1991). As in most other cases of "change management," however, these schemes are characterized by a number of invalid assumptions, some of which I discuss in the next section.

Rethinking Change and Stability in Organizations

The focus on change in organizations has been misguided in a number of ways. First, there have been incorrect assumptions about the

nature of the changes taking place. Second, the issue of continuity has been neglected.

Cascio's (1995) statement about the fast pace of change during the 20th century reminds me of a lecture I heard a few years ago by a senior psychologist at one of the eminent U.S. universities. He started his lecture by declaring that psychologists should remember that much of "great" psychology has an ancient history, which goes as far back as the 1950s!

I do not deny that some types of change have taken place at a furious pace during the 20th century. I would contend, however, that by far the most important source of change has been technological innovations, rather than managerial policies. For example, the motorcar has brought about far more change than could ever be achieved by way of managerial "restructuring." Second, such changes have not been predicted or controlled. As anyone who has taken part in the development of a 5-year plan or any kind of forecasting model knows, it is impossible to predict and control change over a period of more than a few months, and sometimes weeks or days! The only way to keep 5-year plans or long-term forecasting models on the same path as actual events is to revise the plans/models every few months, to make them fit with the real events. This critical point is raised by the economist Paul Ormerod (1994) in his attack on the traditional "understanding, prediction, and control" approach to planning,

The proprietors of the models interfere with their output before it is allowed to see the light of day. These "judgment adjustments" can be, and often are, extensive. Every model builder and model operator knows about the process of altering the output of a model, but this remains something of a twilight world, and is not well documented in the literature. One of the few academics to take an interest is Mike Artis of Manchester University, a former forecaster himself, and his study carried out for the Bank of England in 1982 showed definitely that the forecasting record of models, without such human intervention, would have been distinctly worse than it has been with the help of the adjustments, a finding that has been confirmed by subsequent studies. (pp. 103-104)

Of course, this does not mean that we should abandon planning for new technological innovations. By investing in some types of research and development (R&D) projects rather than others, for example, it is possible to have some influence on the domains in which new technological breakthroughs will be made. In such a broad sense, we can

“manage technology” (see Betz, 1987). It is not possible to predict, however, which particular R&D projects will be successful; nor is it possible to predict and control the consequences of an innovation once it is launched into the market.

In the specific domain of intergroup relations in organizations, the complex set of forces leading to greater diversity in organizations has not been predictable or controllable. Greater diversity and the increased representation of minorities in managerial positions have been part of collective mobilization among minority groups generally (Powell, 1993). A number of theories are available for those aspiring to understand changes in intergroup relations (see Taylor & Moghaddam, 1994), but most social science research in the domain of intergroup relations is better at “predicting” backwards rather than forwards in time. For example, after the Berlin Wall was brought down, a lot of theorists were able to “predict” the collapse of the Eastern communist hegemony.

A second critical comment I believe should be made about the literature on “organizations and change” is that the issue of continuity has been neglected. Change has taken place at a fast pace during the 20th century, but in some fundamental respect “things have remained the same.” For example, although the formal structure of organizations has changed over the 20th century, and despite all the various discussions about “bottom-up,” “transformational,” and other styles of leadership (e.g., Bass, 1985), most organizations continue to have a hierarchical structure with the power to make the most important decisions concentrated in the hands of a few leaders at the top. In short, authority relations in organizations have remained essentially stable.

In adopting this position, I am aware that I am at loggerheads with the orientation of at least some writers in organizational psychology. For example, in discussing the new work conditions, Cascio (1995) has stated:

Although by no means universal, much of the work that results in a product, service, or decision is now done in teams—intact, identifiable social systems (even if small or temporary) whose members have the authority to manage their own task and interpersonal processes as they carry out their work. Such teams go by a variety of names—autonomous work groups, process teams, and self-managing work teams. All of this implies a radical reorientation from the traditional view of a manager’s work. In this kind of environment, workers are acting more like managers, and managers more like workers. (p. 930)

It seems to me that when one looks at the larger picture, the statement “workers are acting more like managers, and managers more like workers” is simply wrong. The so-called “self-managed” work team has some influence in the way it goes about carrying out a limited set of designated tasks, but this has not diminished the power or changed the role of upper-level management. Managers have not become workers! Indeed, in the 1990s era of restructuring and downsizing, when corporations such as AT&T cut 40,000 or more jobs in just one step, the system has become more autocratic rather than less. As Thomas Moore (1996) has pointed out, the workforce has become more “disposable” and more unstable.

So-called “joint governance” in the workplace has been discussed, and some insightful ways of improving the influence of employees have been considered (see the collection of papers in Kaufman & Kleiner, 1993). This has done very little, however, to increase the actual power and influence of employees. As Verma and Cutcher-Gershenfeld (1993) point out,

In practice most worker participation programs and union-management cooperation initiatives in North America are limited in scope. They are primarily advisory mechanisms in which final decision-making authority still resides with management. (p. 197)

It may be argued that, in this age of “downsizing,” workers may not feel like managers, but managers often feel like workers! This viewpoint overlooks the hierarchical power structure that continues to exist when managers and workers find new jobs in alternative organizations. Also, increasing specialization may lead us to assume that employees with specialized knowledge hold more power. We should not confuse the very limited power of specialists and work groups at the level of projects, however, with the power of top managers to make decisions that are consequential for entire organizations. Increased specialization means that top managers are unable to fathom the details of specialized research. Consequently, in many cases, even technically competent managers have to rely on specialized experts to inform them about particular projects. The actual power of experts is very limited, however, because experts are confined to their own narrow domains. This very narrowness ensures that those with expertise remain locked in a subordinate position in relation to the traditionally powerful in-

dividuals (for a broader discussion of the consequences of increasing specialization, see Moghaddam, 1997).

Increased diversity in organizations has had little impact on authority relations. The few minority group members, whether women or ethnic minority members, who have moved up the corporate hierarchy, have done so as individuals, and have helped to strengthen the existing status quo (see Taylor & Moghaddam, 1994, Chapter 7). That is, having made it up the corporate ladder, they have legitimized the system and "validated" its openness (also see "circulation of elites" in Taylor & Moghaddam, 1987, Chapter 7). This would suggest that increased diversity has not had any significant impact on the hierarchical structures of organizations.

Thus, despite the claim about changes in leadership style and the evolution of "flat" organizations, the power to make important decisions that have an impact on the entire organizations is concentrated in the hands of top managers. More broadly, I would contend that authority relations have remained stable, and in practice are very difficult to change. Within the work teams themselves, there tend to emerge hierarchies that mirror the hierarchy found in the larger traditional organization.

The explanation for stability is to be found in micro-level social practices that form the bedrock of human societies. To unravel such social practices, we must focus on the informal rather than the formal organization, take note of stability as well as change, and highlight how things actually get done rather than how they are supposed to be carried out according to "MBA manuals." In the next section, I briefly consider traditional approaches to understanding and changing organizations, and point out their shortcomings.

Traditional Approaches to Managing Organizational Change

A contradiction characterizes the most influential traditional approaches to understanding and managing change in organizations, particularly TQM and reengineering. On one hand they emphasize the importance of conceptualizing the organization as a whole, but on the other hand they tend to neglect the informal organization.

The Total Quality Management (TQM) Approach

The principal focus of a TQM organization is to provide goods, services, or both that meet or preferably exceed the external (or final) customer's expectations in terms of functional requirements, value, and cost. (Thomas, 1995, p. 185)

Total quality management (TQM) is an approach to managing the whole organization, with specific focus on customer requirements (see Bowles & Hammond, 1991; Crosby, 1996; George & Weimerskirch, 1994; Hradesky, 1995; Juran & Gryna, 1988; McInerney & White, 1995). The most important elements that contribute to the quality of the end product are specified by the Malcolm Baldrige National Quality Award, established in 1987; these elements include leadership, information and analysis, strategic quality planning, human resources development and management, management of process quality, quality and operational results, and customer focus and satisfaction.

TQM sees each employee in the production process as both a producer and a customer. Thus, each employee has to satisfy the requirements of other employees who are his or her immediate customers, in a sequence of activities that have the requirements of the "final" customer as an end point.

The TQM approach requires that changes be brought about within the formal structure of the present organization; it is a matter of taking what is already available and incrementally improving quality. Mechanisms for bringing about change tend to vary, but typically they include greater employee participation, improved communication between departments, reorganized and increased specialization, and changes in process engineering.

The main focus of TQM so far has been on the formal organization: how things are supposed to be done according to the formal rules. In monitoring change, emphasis is placed on statistical methods, process flow charts, and procedures designed to maximize quantification. Implicit in all of this is the assumption that formal, rational, explicit organizational procedures are the most important in determining how well customer requirements are met.

The TQM approach has not given much attention to the informal organization, and the "alternative" or "shadow" culture that often exists in organizations side-by-side with the formal culture. A few writers have discussed "irrationality" (e.g., Thomas, 1995, Part II) and "noncon-

formity" (e.g., Bounds, Yorks, Adams, & Ranney, 1994, pp. 121-124), but this has not amounted to a serious endeavor to incorporate the informal organization in TQM.

Cross-cultural work groups and TQM. What kinds of work groups would most likely be created by TQM procedures in organizations composed of individuals with different cultural backgrounds and with different normative systems? The answer seems to be that multicultural work groups would be focused on developing formal procedures and building relationships toward improving customer satisfaction. The exclusive focus on formal systems and formal outcome would be maintained unless customer satisfaction declined to unacceptable levels. If this happened, then a fine-grained search for remedies might indirectly identify cross-cultural differences as worthy of attention.

Because TQM focuses exclusively on the formal organization, cross-cultural variations and the informal organization would only receive attention indirectly, and only when they act as a source of inefficiencies. Consequently, possible benefits of cultural diversity would remain untapped, and culturally diverse work groups would be characterized by greater inefficiencies when cultural differences in informal systems are ignored. Ironically, then, the TQM approach, which takes customer satisfaction to be the central goal, is likely to create cross-cultural work groups with limited possibilities of maximizing customer satisfaction. This is an important shortcoming, because as cultural diversity is increasing, so is the importance of the informal organization.

Cross-cultural differences in social behavior, which exist in a variety of social domains (Moghaddam et al., 1993), are manifested in the informal organization. Consider the example of cross-cultural differences in manager-employee relations, in such things as the degree of direction employees expect to receive from a manager in either a group or individual setting. A manager socialized to adopt a "democratic" style of leadership and employees used to a more directive and strict leadership will experience misunderstandings and perhaps even conflicts. But these experiences will be rooted in, and probably remain part of, the informal system.

Ironically, the importance of the "informal system" of how things actually get done as opposed to how they are supposed to be done, is very clear from the activities of organizations themselves. For example, consider the issue of marketing and customer requirements. A critical assessment of marketing strategies for products such as cars would

suggest that customers require cars that make them feel good—advertisements for cars tell customers almost nothing about engineering features, but instead appeal at the emotional level to try to get customers to feel good about the product. In the terminology of social cognition research, the attempt at persuasion is through the peripheral rather than central route, through affect rather than logical reasoning (see Fiske & Taylor, 1991). Although TQM groups composed of members from multiple cultures might have important information to contribute to effective marketing, formal systems and conformity might suppress this information.

This emphasis on the “feel good” approach to automobile advertising underlines another aspect of “customer requirements,” an aspect that often remains implicit and is seldom part of the formal system. “Customer requirements” are not fixed; they are flexible and are constantly being reconstructed through marketing and other means. Thus, the “final” customer requirements that act as an end point for TQM are a moving target, and this means that a TQM exercise can be made more or less successful through manipulating the end point, the “customer requirements” adopted as a final target.

Reengineering

Reengineering isn't another idea imported from Japan. . . . It isn't a new trick that promises to boost the quality of a company's product or service or shave a percentage off costs. . . . Business reengineering isn't about *fixing* anything. Business reengineering means starting all over, starting from scratch. (Hammer & Champy, 1993, p. 2)

As these authors point out in the previous quote from the introduction to a “radical” manifesto *Reengineering the Corporation*, reengineering is very different from TQM and other approaches attempting “incremental improvement” in the organization. Reengineering proposes nothing less than dismantling the entire organization and rebuilding from scratch. Inevitably, the proposal extends to “reengineering” (in more traditional terms “retraining” or at least “reorienting”) management (see Champy, 1995).

The need for a complete change arises, according to advocates of reengineering, from what they refer to as the fragmented and rigid nature of modern organizations. The divisions of labor and hierarchical

structures of contemporary organizations must be set aside, to make room for a more flexible system, with less specialization and more open communications channels. These changes must particularly come about in four areas: business process, jobs and structures, management and measurement systems, and values and beliefs.

As part of the "revolution," the terminology for conceptualizing organizations is changed. The term "reengineering" suggests precision, as well as action on a scientific basis. Managers become "coaches" rather than supervisors, and executives become leaders rather than "scorekeepers."

Cross-cultural work groups and reengineering. What kinds of cross-cultural work groups would most likely be created by reengineering procedures? In addressing this question, we need to keep in mind two limitations of reengineering. First, reengineering shares with TQM the assumption that one only needs to be concerned with the formal organization to bring about change. The focus of reengineering, as with TQM, is the formal system. It is assumed that if the formal organization is changed, this will bring about a change in the structure of the organization, ignoring the dominant role of the informal system. Although the "reengineered" organization will have the same employees, they will now behave differently because the reengineered organization will cause them to do so. Reengineering processes will not necessarily create a larger or smaller number of work groups with members of different cultural backgrounds, however, employees may be asked to work with a new group of coworkers with cultural backgrounds different from their former peers. If cultural differences in informal social interactions are ignored in these three groups, expected benefits will not occur.

A second limitation is that reengineering is not flexible on the issue of authority relations. Despite changes in terminology (managers will be coaches not scorekeepers), reengineering will be led by top (reengineered) managers (Champy, 1995).

These limitations mean that the cross-cultural work groups created through reengineering would have major shortcomings. This is because the fundamentally important role of the informal organization is neglected. Consider, for example, the case of sexual harassment at Mitsubishi Motor Manufacturing of America plant in Normal, Illinois. When one considers the formal system—what was "on the books"—then it is difficult to explain why so many women employees were

abused for so long. But an analysis of the informal system reveals that among some groups of male employees it had become normative to sexually harass women employees at the plant. That is, the "correct" thing to do was to harass women and be supportive of others who did so. One male employee who decided to go against this norm and prevent one of his male colleagues from harassing a female employee soon found himself ostracized and pressured. Referring to the woman he tried to protect, this male employee said, "I stood up for her, and I pretty much made a lot of enemies for it" (Grimsley, 1996). If similar norms regarding treatment of individuals different from the majority persist in work groups composed of members from different cultural groups, dysfunctional consequences should be expected.

Corporate Culture and the Causal Model

The term *corporate culture* (synonymous with organizational culture) became popular in the management literature in the 1970s, as social scientists began the systematic study of different organizations as cultural units (rather like anthropologists studying different tribes). Although the literature on corporate culture is not as extensive as that of TQM, it has a more academic flavor (see Deal & Kennedy, 1982; Frost & Moore, 1991; Ott, 1989), particularly in the case of Schein's (1985, 1992) analyses. The concept of corporate culture does not enjoy the same level of influence and status as TQM, however, or even reengineering, in the practical world of business management.

Corporate culture is typically defined as the norms, values, roles, and so on, of people in an organization. Schein (1992) places particular emphasis on the role of leaders in shaping organizational culture. His distinction between primary and secondary mechanisms by which leaders influence change is useful; the first concerns the style or manner in which leaders do their work, and the second embodies procedures and rules. The focus on "style" and other less tangible aspects of corporate life indicates that the corporate culture approach does give attention to the informal organization.

Cross-cultural work groups and corporate culture. The corporate culture approach could lead to more efficient and successful cross-cul-

tural work groups. This is because the corporate culture approach does a far better job than TQM and reengineering of incorporating both informal and formal aspects of the organization. More specifically, Schein (1992) and other leaders of the corporate culture approach guide managers to give attention to the particular cultural characteristics of the corporation, and implicitly the variations in informal culture within organizations. For example, in one organization I found that an important project group ran into difficulties because the group leader, a Middle Easterner, was seen by group members as a time waster. "All he does is get us to socialize," was a typical comment from group members. But the group leader's explanation was rational, from his cultural perspective: "I believe we must first get to know and trust one another, then we can succeed as professional colleagues. How can I work with people I do not know personally?" By attending to such culturally shaped variations in behavior, the corporate culture approach can create more dynamic and effective cross-cultural work groups.

This "advantage" has not led to much progress, however, in large part because corporate culture is still hampered by a causal model of behavior that underlies all three traditional orientations (TQM, reengineering, and corporate culture). The causal model, arising out of a positivist philosophy of science, assumes that human behavior is causally determined (see Moghaddam & Harré, 1995, for a discussion in psychology, and Ormerod's (1994) chapter on "mechanistic modeling" for a discussion in economics). The terminology of traditional research methodology, such as independent variable (assumed cause) and dependent variable (assumed effect), is based on this assumption. Followed to its logical conclusion, this approach leaves very little or no room at all for human agency. Behavior is assumed to be caused mechanistically by "factors."

A causal explanation of human behavior matches neither the research evidence nor our own everyday experiences (Harré, 1993; Moghaddam & Harré, 1995). The essential feature of human life is the ability of individuals to choose between different possible courses of action. Such choices are to a large extent patterned according to normative systems (rules, norms, and so on) that prescribe correct behavior in each culture. Individuals are not condemned, however, to follow normative ways of behaving; they can generate and make influential new normative systems, and reject existing ones. Such innovations are not mechanistically determined by "factors," nor are they inevitable.

The traditional approaches to managing change in organizations, particularly TQM, have tended to focus on the formal and ignore the informal aspects of the organization. Second, they have assumed that changes in the formal organization will causally determine the behavior of employees, and ultimately the performance of the entire organization.

Change and Stability in Intergroup Relations

The themes common to traditional approaches to managing change in organizations, generally, are also characteristic of more specific approaches to managing change in minority-majority relations in organizations (e.g., Thomas, 1991). The emphasis has been on the formal structure and on the assumption that changes in this will cause predictable changes in the entire pattern of behavior.

The formal structure for achieving justice in intergroup relations has been in place for some time. The Civil Rights Act of 1964 prohibited discrimination in employment on the basis of race, color, religion, sex, or national origin; the Age Discrimination in Employment Act of 1967 prohibited age discrimination for individuals 40 years or older; and the Americans with Disabilities Act of 1991 prohibited discrimination against individuals who are disabled but qualified to perform job tasks with reasonable accommodation. These are examples of Equal Employment Opportunity (EEO) laws. In addition, some organizations also have on paper affirmative action programs intended to foster, develop, and promote minorities in their workforce.

In practice, however, we find that things do not get done in the way they are supposed to according to "the book." The informal system persists, so that, for example, women still find themselves hitting a "glass ceiling." Discrimination continues to influence hiring, retention, and promotion practices, despite the "formal" ban on discriminatory practices.

We are reminded here of the case of *guanxixue* in Chinese society, the persistence of micro-level practices in social relations, despite attempts to bring about fundamental change through "reengineering" Chinese society. How can we account for this situation? How can we

explain the persistence of discrimination, when the formal structure of organizations explicitly rejects such practices?

The Puzzle of Stability in Organizations: Social Reducton Theory

Reengineering and TQM focus on change and propose methods for achieving change, but they fail to explain what I have been emphasizing as the most important feature of organizational life: continuity. In most organizations continuity persists in many everyday social practices, in “how things get done around here” at the very basic level—despite leadership changes, employee turnover, “restructuring,” “take-overs,” and even downsizing. More specifically, discrimination against women and other minorities often proves to be highly resilient. One reason for this, according to social reducton theory, is because of continuity in social practices at the very micro level. Such micro-level practices are often implicit, and are carried out by people without conscious effort—rather like a skill, such as how one sits to dine at a table without consciously attending to all the things one has to do to “behave correctly” at the table.

A *reducton* is an elementary piece of social behavior, requiring social skills to carry out, but not requiring conscious attention after it has been acquired through socialization in a culture. For example, children initially need to be conscious of the norms and rules that prescribe “correct behavior at the table.” But after a child has become skilled at eating “like an adult,” then she can dine with adults and “behave correctly” without much conscious effort.

Social reductons are sustained by *carriers*, which are formalized sets of social activity that embody very specific rules about correct behavior. For example, in two related studies, a group of us at Georgetown and Oxford are studying “ballet” as a carrier of reductons. Our interviews show that parents choose to send their daughters to ballet classes (but not “tap” or “jazz” dancing) because this will lead to their girls acquiring the “poise,” “grace,” “discipline,” and so on that “young ladies should have.” That is, a whole set of reductons (micro-social practices concerned with how young ladies should sit, walk, talk, and so on) are embodied and sustained by the “carrier” of ballet training. In another

field study, we have investigated the flag of the State of Georgia as a carrier. Those opposed to the flag see it as embodying "the life-style of the Old South, and the racism associated with it," whereas those who defend the flag see it as representing the "good Old South" and the gentility, civility, and hospitality of that world.

Social reduction theory leads us to look carefully at the details of social relationships, at how things actually are, rather than at the formal and the large scale. This is in line with recent research on the "new" racism and sexism, which is implicit rather than explicit, and camouflaged in politically correct rhetoric (for examples, see Sears, 1988). In this 21st-century era, most people know it is "wrong" to discriminate against minorities, but discrimination can manifest itself in many subtle ways.

Research by Sonnert and Holton (1995) on female scientists provides a detailed demonstration of the power of micro-level practices in maintaining continuity in discrimination despite the politically correct nature of the formal organization. There were two phases to this research. The first involved administering questionnaires to 191 women and 508 men, all of them recipients of NRC and NSC fellowships from the years 1952-1985. All of the women and over 97% of the men were white. The second phase of the study involved face-to-face interviews with 108 women and 92 men. Attempts were made to match the males and females in the study on key characteristics, including age, professional qualifications, and the like. The most interesting results from the point of view of our present discussion are the many subtle ways in which discrimination against women can come into being. For example, an essential part of "becoming a scientist" involves developing networks and gaining acceptance as part of a network. It was found that women were more often left out of conversations with visiting scientists, conversations that tend to take place "by accident" in corridors, in elevators, and in other informal settings. Women were less likely to become part of the informal network of science, which provides opportunities for making progress in the formal hierarchy.

The results of this research also show, however, that women have had a lot more success in biology, perhaps because they have been involved in this field a lot longer and now represent more than half of the biological scientists. By implication, the much smaller group of ethnic minorities in science may be facing even greater challenges than those confronting women scientists. This may in part explain why there

continue to be such low representation of ethnic minorities in key positions in research institutes and universities.

Conclusions and Implications

A main thrust of my argument in this chapter has been that in attempting to bring about change in organizations, two of the traditional approaches, TQM and "reengineering," have focused too much on the formal and too little on the informal aspects of the organization. Consequently, they are likely to create cross-cultural work groups that are less effective. This is because in such work groups, attention will only be given to cross-cultural differences when they act as a source of inefficiencies that are detected in the functioning of the formal system. Because TQM and reengineering do not attend to the informal system, they will not capitalize on potential benefits to be gained from having cultural diversity in work groups (such as finding alternative approaches to tackling problems, technical or otherwise). Second, all three major traditional approaches have adopted a causal model of behavior, which in practice proves to be simplistic and wrong. Third, I have argued that more attention needs to be given to everyday social practices that act as "barriers" to change and thus preserve continuities in organizational behavior. Social reduction theory was introduced as one approach to understanding the nature of such everyday social practices.

I believe my arguments have certain implications for the management and socialization of culturally diverse work groups, (see Granrose, this volume). The most profound and powerful impact of cultural diversity in organizations is manifested in an informal rather than in a formal manner. It is not in the formal organizational chart and the written procedures of the organization, but in the informal normative system, that cultural differences are revealed. Also, it is in the details of everyday social interactions, rather than the grand formal plans or stated financial policies, that cultural nuances show themselves. Thus, those intending to improve the effectiveness of culturally diverse work groups should attend more closely to the informal normative systems that pattern everyday social interactions. It is these informal aspects of the organization that can stubbornly foster continuities, even when the entire formal structure is intentionally mobilized for change.

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