Company culture, decentralization and adult development.
Considerations based on case study of a bank

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Background

-Post industrial society involves constantly increasing flexibility demands on organizations, not at least in banking.

-Decentralization has emerged as one way of adapt to these demands, increasing employees´autonomy

-Company cultures have been applied to integrate the employee in organizational goals and visions

-This raises questions about the balance and dynamics between employees' autonomy and company culture consensus

-This, in turn, can be indicated by employees´ developmental stage levels and developmental incitements

Aim

The aim of the paper is to elucidate how a combination of decentralized autonomy and integration into the company culture may relate to employees´ development levels and development incitements

This will be done by summarizing and interpreting documented empirical results from a multi methodological case study of a bank with this kind of organization

These results concern:

    a) Employees´ integration in the company culture, as indicated by their attitudes towards and engagements in its´ norms values and regulating activities

    b) Employees´ autonomy in conceiving their work task, as indicated by their adult developmental stages levels

    c) Employees' way of reproducing the company culture, as indicated by their work group interaction patterns

Theoretical approach
(e.g. Frese & Zapf, 1994, Kegan, 2003, Mezirow, 2003, Hagström, 2003)

The theoretical, "transform - actional approach", is inspired by, and links together, lines of reasoning from action regulation -, transformative learning - and adult development theories

-Cognitive problem solving at work is assumed to require a an "intellectual space of action" . When being solved these actions are assumed to be more automatically regulated and hierarchically organized

-Development at work concern transformations of the intellectual action regulation level towards more qualitatively complex stages, affectively and cognitively, which are assumed to be triggered by e.g. value conflicts and "optimal challenges"

-Culture is psychologically conceived as meanings and interpretative schemas that are activated, constructed, or brought on line through participation in normative social institutions and practice (Shweder & Sullivan, 1993)

The company culture and it´s regulating activities

- A case study design has been applied (Yin, 1989) to study a merchant bank
- The bank has been highly competitive which has been related to a strong company culture systematically integrated in a decentralized organization and a employment security policy
- A sweeping re-organization was carried out in the early 1970's resulting in the end of central budgeting and increased local scope of action, profit sharing and explicit incentives for competition (Wallander, 2002)
- The client s became the focus rather than the product
- This lead to the regulating of activities specified by the company to fulfil its competitive goals and reproduce the culture by systematically linking employees´ daily work to the goals of the bank described as the Wheel model.
- This model's mixture of planning, follow up procedures and responsibility for customers increased the need for office personnel to acquire high skills and knowledge
- The way of thinking behind the reorganization was based on a humanistic view of man as proactive and meaning making, inspired by Maslow's hierarchical motivation theory (1954)

A case study in three steps

	Study focus	Study selection	Method approach
Step 1	Explorative focus on the company culture, decentralization, learning and adult developmental stages	Ten work groups differing in e.g. geographic location (N=68)	In depth. Observation, interviews, Meaning Completion Test
Step 2	Focus on employees´ attitudes to the company cultural norms, values and its regulating activities	The whole organization in Sweden (N=5346, 70% response rate)	Breath. Survey, statistical analyses (factor-, multiple regression-, and cluster analysis)
Step 3	Focus on social interaction within work groups discussing organizational goals and plans and on adult developmental stage levels	Ten work groups varying between and within themselves in integration into the company cultural (N=105)	In depth. Surveys, observation, interviews, UNICET 6 (a social network measure), Meaning Completion Test

Company culture integration in three clusters of work groups: High levels of consensus and limited variation

(Hagström, Backström & Göransson, 2009)

Cluster profiles (K-mean clustering) of eight indices and two items measuring integration in the bank's culture, goal and activities in general (Wheel model) and conception of work group climate and local boss. Mean values of a seven graded scale from "Don´t agree at all" to "Agree completely".

High cultural integrated (165 groups), Middle cultural integrated (212 groups), Low cultural integrated (85 groups), Bank average (887 groups)
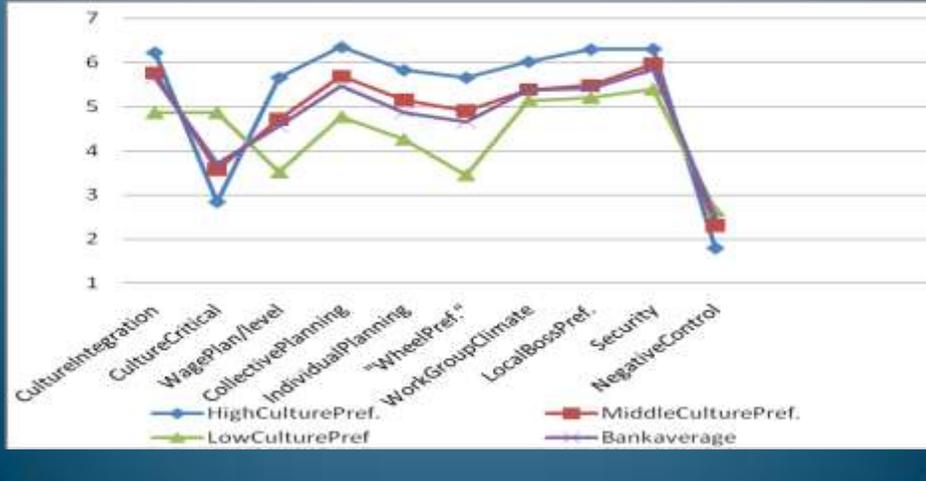
Employees´ adult developmental levels: A common "expert" way of thinking

(Göransson, Hagström & Backström, 2012)

Percentages distributions of developmental levels among employees from bank work groups that vary in geographical location (first research step, N=28) and in company culture integration (third research step, N=105)

Developmental level	Research step 1		Research step 3		Total	
	%	(N)	%	(N)	%	(N)
Opportunist	0	(0)	1	(1)	<1	(1)
Diplomat	28	(8)	9	(9)	13	(17)
Expert	61	(17)	73	(77)	71	(94)
Achiever	11	(3)	16	(17)	15	(20)
Individualist	0	(0)	1	(1)	<1	(1)
Total	100	(28)	100	(105)	100	(133)

Developmental stages in the bank: Characteristics

The *diplomat*, *expert* and *achiever* stages can be ranged within a broader domain of conventional development stages covering a clear majority of adult populations. The expert stage has been characterized as a transition phase from the diplomat to the achiever stage

The *diplomat* stage can briefly be characterized in terms of a dependency of authorities and on appreciation and acceptance among people in the narrow social context. Individuality, contrasting opinions and perspectives tend to be negatively conceived, resulting in conformist thinking

The *expert* stage is characterized as an increasing awareness of one´s internal conceptions and emotions. But less autonomic than in the *achiever* stage that is associated with a more long term and autonomous perspective

The "experts way of thinking" correspond with traditional bank tasks, e.g. doing things correctly and focus on administrating operations

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Employees´ work group interaction: Company culture reproducing or strengthening communication (Backström, Hagström & Göransson, 2012)

Graphs on three networks, illustrating from the top a) high- b) middle- and c) low integrated groups..Each node represent a group member, two nodes that they communicate once a month or more often about goals and plans of the work group. Circular nodes represent high integrated members, square nodes medium integrated members and triangular nodes low integrated members. White nodes represent local officer

Interpretation:

The group culture and the company culture were similar for all groups in the study except the low integrated, "culture challenging" group that seemed to have developed a sub culture of its own

The processes towards consensus seemed to be constructed by a circular causality between interaction density and cultural integration, gaining the same way of thinking rather than transformations towards higher developmental stages

The communication was less dense among the middle integrated than among the highest integrated indicating varying engagement levels and more or less stereotypic - active processes

Considerations and conclusions

The combination of a strong company culture consensus, the expert way of thinking and consensus generating work group interactions seem to indicate mainly an ongoing consensus reproduction of the traditional culture although more or less actively

There is no clear indications of influential alternative and critical perspectives triggering adult development

It can be argued that the regular work tasks in a bank don´t demand more complex ways of thinking. But the decentralized work tasks appear to require employees' complex judgments and credit decisions within contexts of changing external conditions

The indicated lack of explicit transformative developmental incitements can be related to a general "immunity to change" (Shani & Docherty, 2003, Kegan & Lahey, 2009). Transformative changes triggered by value conflicts and frustrating dilemmas are hard to carry through since they tend to be perceived as emotionally threatening

Transformation triggered by "optimal challenges" from e.g. a diplomat or expert level to higher stages can be promoted by work tasks reaching beyond the group level, gaining perspective taking of other works groups in the organization or the organization as a whole

Considerations and conclusions

The company cultural model seemed to build on "harmonic or optimal balances". An alternative perspective underline a tolerance for contrasting organizational "dualities" (Sánches-Runde & Pettigrew, 2003), perceived as necessary and mutual parts of a process rather than a contradiction to be avoided or fought against

Post industrial flexibility demands seem to require sustainable organizations with a long term orientation (Moldaschl, 2002), as well as a broad system perspective (Docherty et al., 2002). A sense of common organizational goals and values should be combined with openness to the external world and tolerance for the entry of new individuals and ideas (e.g. Capra, 2002)

The capability of a system thinking is according to Senge (1990) related to the integration of personal autonomy, genuinely shared visions as well as dialogic team learning capable of recognizing resistance to change

Focusing on mainly security and materialistic incitements is problematic since macro value changes in post industrial societies towards post materialistic values give priority to self actualization goals before security and materialistic goals (Inglehart, 2007)