

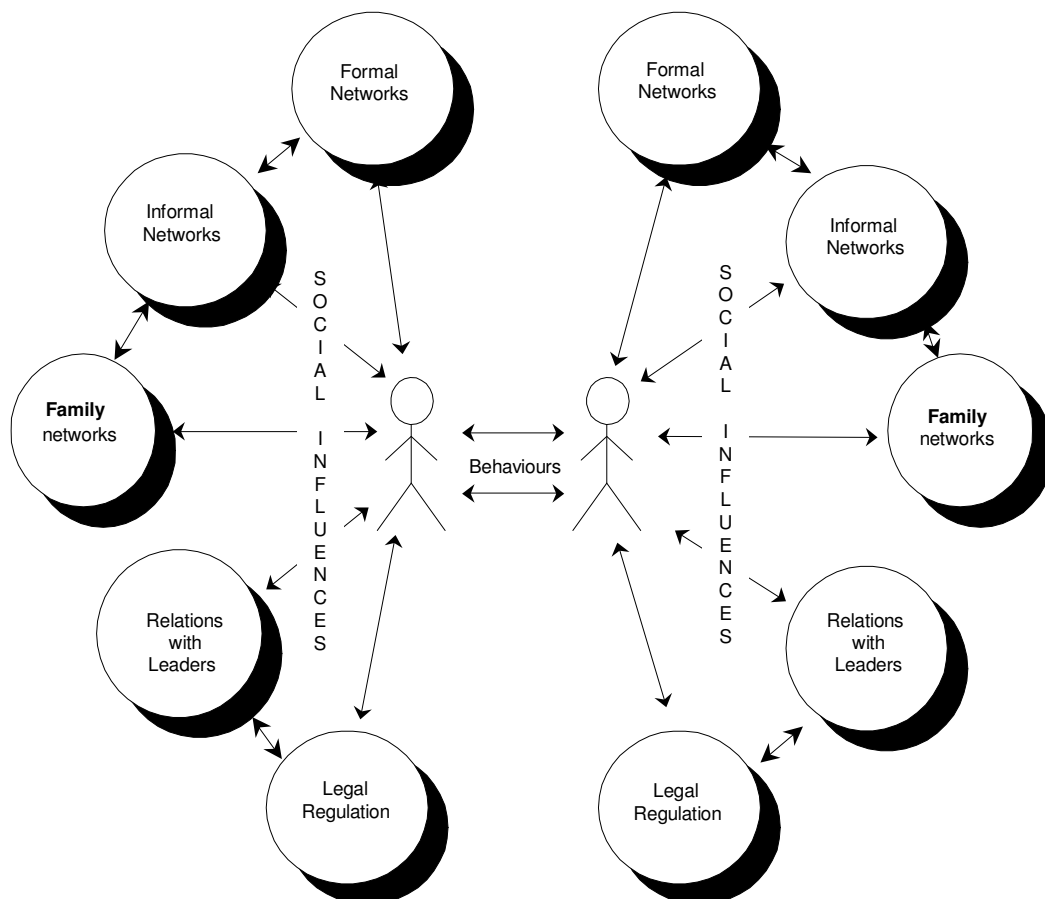
## The Evolution of Corporate Cultures: A Grounded Theory

Five types of relationship influence conflict:

- formal networks (e.g. departmental colleagues, project groups)
- informal networks (i.e. friends inside/outside work)
- family networks (particularly spouses/partners and children)
- relationships with leaders (i.e. line managers, informal leaders, HR staff, directors)
- regulators (i.e. lawyers, unions, professional advisers, legal bodies etc.).

People vary their accounts in different contexts. The explanation suggested by the data is that discourses are based on the impact and likelihood of participants repeating information to other parts of a social network (compare Goffman, 1969). In some contexts (and particularly when we have no personal life to protect), we accord importance to relationships that can help us achieve career and social advancement. But when we have strong private commitments to families, or friends and colleagues at work, these become more important. The influences that affect interpersonal behaviour are theorised in Figure 1.

**Figure 1 – Social Influences and Relationship Development**



We are most influenced by the potential loss of relationships we value. This prospect creates the greatest cognitive dissonance (Festinger, 1957) and inclines us to give some situations more attention (and, in some cases, increase our attempts to reduce dissonance by simplifying the problems or ignoring contradictions).

Cultures develop in response to the way we defend relationships. In situations where both parties choose to engage in dialogue, the discourses of both enter the public domain to inform an organisation's formal culture. Dialogue is not necessarily easy – many differences may emerge – but so long as commitment to the relationship remains, the outcomes are:

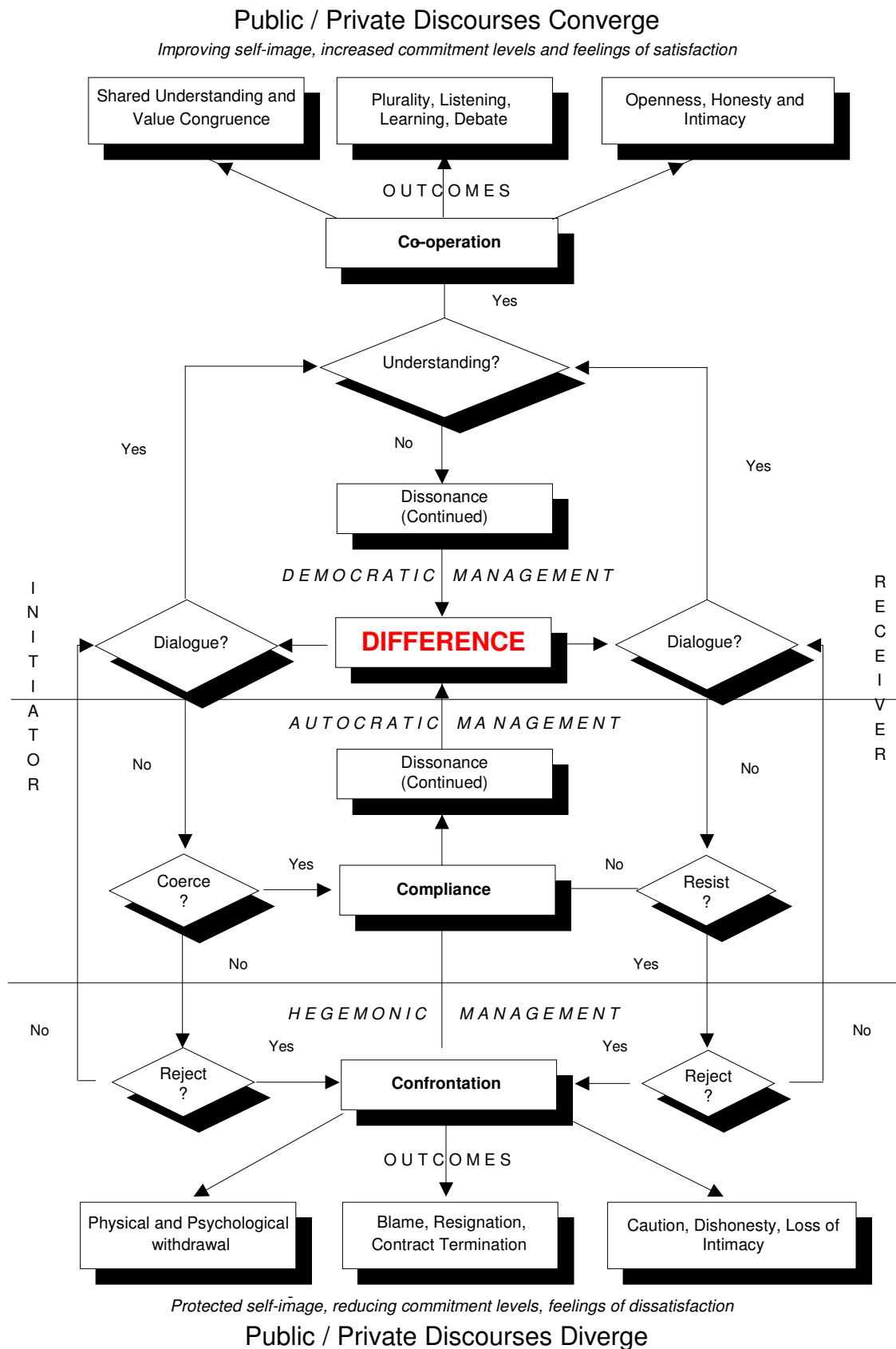
- Plurality, Shared Understanding, Value Congruence
- Listening and Learning
- Openness and Honesty
- Increases in Intimacy

It is always possible, however, that one or other party will not wish to enter a dialogue. In this case, the discourse of the stronger party enters the organisation's formal culture, while the discourse of the weaker party enters the organisation's informal culture. Coercion and resistance (one way or two-way) may continue for some time (months or years) until both parties return to dialogue, or one rejects the other completely. Where coercion or rejection occurs, a chasm between formal and informal culture develops with the following outcomes:

- Blame, Physical or Psychological Withdrawal
- Resignation (emotional or contractual)
- Contract Termination
- Caution and Dishonesty
- Loss of Intimacy

Figure 2 shows that conflict, in itself, is as likely to lead to closer relationships as not. The decisions taken in the course of conflict (to engage, coerce or confront 'the other') can all lead (eventually) to shared understanding or complete withdrawal. Unlike other conflict management models (see Buchanan and Huczynski, 1997, Chapter 21), there is no presumption that a series of events occur in a particular order or follow a particular pattern. A conflict may last minutes or years and is sustained until *both* parties co-operate or *both* parties withdraw from the relationship.

**Figure 2 – Theory of Conflict Resolution and Culture Development**



In the aftermath of conflict, different points of views are still held. Some enter public discourse (myths and legends) while others become embedded in subcultures and private thoughts. Newcomers pick up public discourses quickly; private discourses are learnt more slowly and only to the extent that a newcomer is accepted into various subgroups. Private discourses, because they are retold inside intimate relationships, are particularly enduring and influential.

Similar findings – at least as far as co-operation is concerned – occurred in another recent study. Tjosvold found that co-operative conflict resolution leads to **greater** trust and confidence in relationships (Tjosvold et al, 2005:356):

*...results suggest that managing conflict cooperatively is a practical way to strengthen team relationships. Teams that relied on managing conflict cooperatively and avoided competitive conflict were found to have confidence in their relationships and this confidence in turn predicted team productivity and commitment...Personal relationships...promote mutual exchange and are needed to supplement rules and roles that are often limited and ineffective...*

The view that conflict was only productive if focussed on a task was not supported:

*...discussing conflict need not undermine relationships and can, when done cooperatively, strengthen relationships. Results of this study support De Dreu and Weingart's (2003) argument that the cooperative and competitive approach to conflict management may be more useful for identifying the conditions under which conflict is constructive than the type of conflict.*

The Theory of Conflict Resolution and Culture Development (Figure 2) was developed independently of Tjosvold's work using a different set of empirical data and different research methodology. My findings, however, are similar: co-operative approaches to dissonance reduction (conflict) lead to closer and improved relationships. Unlike Tjosvold's model, however, the relationship context and each party's future intentions inform whether conflict will be co-operative or competitive. This limits the applicability of Tjosvold's findings (Tjosvold et al, 2005).

The question turns to the incentive for co-operation rather than competition. The intentional behaviours of the people in conflict, as well as context, are critical in understanding outcomes (compare Blumer, 1969). Based on this theory, conflict can only strengthen social bonds if it is not a strategy to deliberately weaken the relationship. Given that intentions can be hard to unravel (even to ourselves), the finding that conflict can improve relationships is no guarantee that it can happen in all cases, but it does add to arguments for restorative justice in workplace conflicts (Braithwaite, 2002; Johnstone, 2002; Roche, 2003).

Whatever the underlying intention or desire, hierarchical management is more likely to contribute to conflict and the suppression of alternative discourses because it is founded on a principle-agent presumption that managers must monitor (and reach judgements) about others, rather than mediate understanding. This widens the divide between formal and informal culture, leads to degradation in communication and group performance (compare Kotter & Heskett, 1992; Kunda, 1992). Alternatives that emphasise diversity, mediation and dialogue, are correlated with sustainability to offer new ways to construct systems of governance (compare Whyte and Whyte, 1991; Turnbull, 1994; Cornforth, 1995; Collins, 2001; Clutterbuck and Megginson, 2005).

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