Organizational Change for Sustainability: An agenda for cultural research

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ABSTRACT

The case for why businesses should engage in sustainability has been covered in detail {Dunphy, 2003 #52} and there is little disagreement that there are far reaching environmental problems occurring all over the world that threaten social and environmental well-being {Fairfield, 2011 #127}. Major reports by the WWF {, 2012 #139} and the United Nations {, 2011 #25} warn organisations that ‘business as usual’ is not an option and business practices have to be changed to operate more sustainably. In this paper we draw attention to areas of potential research through a review of the organisational culture and sustainable business literature. We argue that an organisation’s cultural attributes are important in the discussion of organisational change towards sustainability. Companies do not and will not respond identically to the same environmental problems {Howard-Grenville, 2006 #131} and the unique characteristics of a business will alter the path it takes to more sustainable practices. We examine some of those characteristics and identify paths for future research in this area.

Keywords: Organizational culture, sustainability
ORGANISATIONAL CULTURE

Although the term organisational culture has been used since the 1980s, there is no agreed upon
definition within the literature {Sharimllah, 2011 #100} and it has been cited as one of the most
controversial terms in management research {Linnenluecke, 2009 #122}. It has been defined as:
shared attitudes, and customs {Martin, 1983 #101}; values and beliefs that guide individuals to
understand norms {Deshpande, 1993 #125}; and the formation and effect of social contexts in
organisations {Denison, 1996 #126}. Schein (1990) argued that there are three levels from which
organisational culture reveals itself: observable artefacts, values, and underlying assumptions.
Culture can be demonstrated or revealed through it’s cultural artefacts {Berlin, 2010 #69} that
have been created as individuals look for the ‘social satisfaction’ of belonging to a group with
similar goals and values {Edmondson, 2003 #74}. Zheng et al. {, 2009 #70} noted that the
variety of definitions is a reflection of the different assumptions, purposes, approaches and
paradigms present in the study of organisational culture. Austin and Ciassen {, 2008 #124} take a
more pragmatic view that although there has been progress made in terms of defining
organisational culture, the discipline needs to contribute to business by providing ‘practical tools’
for managers to enable them to understand how to change their organisational culture. Fairfield et
al. {, 2011 #127 p. 18} argued that future research should provide “pointed, practical advice” for
business to improve their practices. They argued that because of the increasing importance of
sustainability issues and their direct link to global welfare, business insights are not only
warranted but ‘critical’ {Fairfield, 2011 #127}. In the following section we examine the
relationship between organisational culture and sustainability and present key propositions to
guide further research that examines how culture can help or hinder progress towards sustainable
outcomes for organisations.
ORGANISATIONAL CULTURE AND SUSTAINABILITY

Sustainability, as it is commonly understood, is derived from the broader concept of sustainable development, defined by the World Commission on Environment and Development (WCED) as:

*...development that meets the needs of the present without compromising the ability of future generations to meet their own needs* {Bruntland, 1987 #107 p. 8@43}.

In the management literature the notion of having to take environmental and social issues into account for strategic planning can be found over forty years ago (Christensen, 1965). Christensen (1965) presented the idea that managers needed to accept ‘social responsibilities of the firm’ and identified that organisational strategy would be effected by a new emphasis on the conservation of resources and the cleansing of the atmospheres and waterways. {, #115} Although the concept is not new, the challenge of integrating sustainability into industry practices is significant.

We argue that as organisations move from unengaged levels of organisational sustainability to higher levels of engagement, a shift in organisational culture becomes more essential {Russell, 2011 #103}. As shown in the various definitions of organisational culture, values are an important aspect of culture and they must be changed along with beliefs and behaviours if long-term organisational change is to occur {Harris, 2002 #105}. If sustainability is not integrated into the underlying assumptions and values of an organisation, it will not become ‘truly sustainable’ {Russell, 2011 #103}. Even with this understanding, there is limited knowledge about the evolution of culture and how culture might change to become more sustainable {Zheng, 2009 #70}.

There have been various classification models to describe the different stages organisations go through on their path to sustainability. One of the first and most widely cited models was presented by Carroll {, 1979 #109}. Others that followed included models by Wartick and Cochran {, 1985 #110}, Hunt and Auster {, 1990 #111}, Roome {, 1992 #128}, Hart {, 1995
These models classify organisations into stages of sustainability based upon their performance and practices against a group of sustainability issues. Each stage is very general and each is presented as theoretically applicable to any form of business. An unacknowledged assumption inherent within these models is that they suggest a single framework or classification can be applied to every organisation and its transition to more sustainable practices. However, on closer examination it is clear that these models are designed to be most suitable for larger organisations {Vancheswaran, 2011 #133}. Traditional approaches to sustainability in organisations are built upon the assumption that large organisations are the norm in business, yet in 2006, 73% of all Australian businesses were SMEs {Fuller, 2006 #140; Ergas, 2007 #142}. Jenkins {, 2006 #141@241} points out another assumption that SMEs are simply ‘little big companies’ and that models can be scaled down to fit appropriately.

Studies have shown that there are differences between the perceptions of sustainable practices dependent upon an organisation’s country of origin, and it can be similarly speculated that there would be likewise differences in the perceptions of sustainability between a large firm and a smaller firm {Vancheswaran, 2011 #133}. Doing business in a SME is considered to be much more personal. Owners of businesses are often directly in contact with their customers, employees and stakeholders and their legitimacy is under more direct scrutiny by these stakeholders {Fuller, 2006 #140}. SMEs are less responsive to pressure from legislation or competitors but can also be very quick to respond to changing market opportunities {Jenkins, 2006 #141}. When a SME becomes involved in sustainable practices or sustainable initiatives in their community, they are more likely to become directly and informally involved than larger organisations {Vancheswaran, 2011 #133}. There are fewer stakeholders for a SME and thus they
are able, and sometimes required, to conduct business in a responsible manner that is aligned with their neighbourhood or community {Vancheswaran, 2011 #133}.

We argue that the inherent assumption that ‘one size fits all’ needs to be tested. Furthermore, the unique characteristics of SMEs warrant further investigation. We therefore propose that:

*Proposition One: Organisational change for sustainability will follow different paths dependent on organisational size and type.*

**ORGANISATIONAL ATTRIBUTES**

The different attributes of organisations and their relation to organisational culture have been studied including: an organisation’s leadership {Ray, 2011 #129}, size {Gray, 2003 #117} and lifecycle stage (Zheng et al. 2009). Through these studies it has been shown that the different attributes of organisations lead to differences in culture. Using this rationale, the path of cultural change would also have to be different dependent upon organisations characteristics. Zheng et al. (2009) proposed that the lifecycle stage of an organisation affects the course of cultural change. It is acknowledged in the study that there is no one overarching model for organisational culture change and that dependent variables are important to recognize. However, Zheng et al. highlighted the importance of the Human Resources Department in supporting leaders through cultural change and the role they play in implementing that change. It is not acknowledged, however, that a Human Resources Department is not present in every business. There is no distinction made that the model Zheng et al. are working from is focused on larger organisations and their rhetoric implies they are speaking very generally about organisational culture change. For organisational culture towards sustainability, the lifecycle approach may come into play but the model presented here would not be relevant for a SME as the
responsibilities of an Human Resources Department would be placed in the hands of one or two key members of the organisation.

A study by Gray et al. {, 2003 #117} looked at the differences in culture between large, medium and small organisations. Their results showed that there were differences between the small firms and their larger counterparts, with one finding suggesting that small organisations were more competitive and innovative than the medium or large firms. The culture of an organisation is important in designing a pathway for sustainable organisational culture and as this study shows, smaller organisations are able to be more innovative in their approaches and may be able to implement different forms of sustainable practices than larger organisations. Fairfield et al. (2011) found a positive association between the size of an organisation and the level of sustainability implementation, in that larger organisations are able to implement higher levels of change for sustainability. The reason for this, Fairfield et al argue, is that larger organisations command more resources, which thereby increases their ability to invest in changing their practices to be more sustainable. This difference of available cash flows could signal that smaller firms have to go about sustainable organisation change in a different manner than large organisations. These studies suggest that a smaller organisation is able to be more innovative but may be restricted as to the number of sustainability initiatives they are able to implement because of limited resources. They also highlight that there are differences between the level of sustainability in a businesses based on organisational size and therefore it can be hypothesized that there would also be differences in the way large and small organisations transition to sustainability. Murillo and Lozano {, 2006 #138} stated that there is a need to find unique tools for smaller organisations to implement sustainable practices that are separate from the established and formalized processes used by larger organisations. We suggest that further research is needed
to examine how different types of organisations implement sustainability. We therefore suggest that,

Proposition Two: The size of an organisation and availability of resources is positively associated with change for sustainability.

ORGANISATIONAL SUB-CULTURES AND SMES

Subcultures are a definable group with a common history {Schein, 1990 #49} and can be found within a larger organisational culture. Subcultures represent a more direct work environment where certain attitudes and values are formed and are regularly reinforced {Lok, 2005 #116}. Although often explained as such, in practice organisational culture is not normally represented by a single unified normative culture. Rather it is often observed as being a combination of multiple subcultures {Sackmann, 1992 #132}.

The role of subcultures in organisational change has been under-researched (Russell & McIntosh, 2011) and existing studies show that they have influence over how sustainability is understood and acted upon within an organisation {Linnenluecke, 2009 #122}. Within an organisation the presence of subcultures ‘considerably complicates’ how to plan and develop action based strategies {Howard-Grenville, 2006 #131}. Howard-Grenville (2006) described the difficulties subcultures can present, as they often each have their own way of interpreting problems and methods for solving them. These methods are not necessarily shared with the other subcultures within the organisation.

Howard-Grenville {, 2006 #131} also notes that subcultures are not all equal in power and that one may dominate another. This is important to recognize because during organisational change a dominant subculture could act similarly to an individual champion {Hargreaves, 2011 #32}, and by having the powerful subcultures on board it would be easier to get cooperation from the
others. An opportunity and a challenge are presented by sub-cultures and this needs to be further investigated as a possible avenue for improved transitions to more sustainable organisations. We suggest that:

*Proposition Three: Subcultures play an important role in creating or inhibiting organisational change for sustainability.*

Like SMEs, subcultures are more focused, smaller, and present a shared identity {Lok, 2005 #116} and both subculture and SMEs are described as heterogeneous groups with small working structures {Murillo, 2006 #138}. The similarities between SMEs and subcultures could represent a new area of research from which studies on SMEs could be applied to subcultures within large organisations. With a better understanding of how a SME transitions to a sustainable organisation parallels could be draw to help facilitate subcultural changes towards more sustainable practices. In large organisations, it is not uncommon for a separation to be present of employees based upon occupation, structural or functional location, and profession. Subcultures can develop from different organisational practices, environments and resource allocations from within a large organisation. A hospital for example, would have a variety of subcultures stemming from the location of wards or the level of authority (doctor vs. nurse) and these subcultures have been found to be of higher importance to the employee than the organisation (hospital) {Lok, 2011 #143}. When an organisation attempts to implement cultural changes for sustainability, it is possible that each department or ward could be treated as a SME with its own unique culture and change processes. This may lead to a smoother transition to a new sustainable culture. In order to empirically investigate these assertions, further research on the similarities and differences of subcultures and SMEs as they transition to sustainable organisations needs to be completed. We therefore of a final proposition to be tested:
Proposition Four: There are unique similarities between subcultures of a large
organisation and the culture of SMEs in the implementation of organisational change for
corporate sustainability.

CONCLUSION

There has been a limited amount of research into the factors that inhibit or enable the
implementation of a sustainable culture within an organisation {Fairfield, 2011 #127} and few
empirical studies on the differences and similarities between organisations when implementing
sustainable practices {Linnenluecke, 2009 #122}. There is an increasing need to look at culture as
a key factor in change management broadly (Austin & Ciaassen, 2008) and change for
sustainability specifically (Russell & McIntosh, 2011). In regards to sustainability practices, there
is little know about the differences between different types of business and the effects cultural
differences have on sustainability practices {Vancheswaran, 2011 #133}. Large organisations
have been shown to have different objectives in terms of desired sustainable outcomes than
smaller organisations {Murillo, 2006 #138} suggesting the way the two types of organisations see
their transition to a sustainable organisation varies.

Four propositions were presented as areas for future study. The first proposition addresses the
apparent assumption that one model can be applied to all organisations for the stages in moving
closer to achieving organisational sustainability. Thirdly, within research it is proposed that there
should be identification as to the characteristics of the organisations being studied to better match
findings with organisations attributes. How the size of an organisation affects their transition
towards a sustainable enterprise is the fourth proposition and puts forth that research should
compare the stages large and small organisations go through for new insights into how they differ
and how they are similar. Finally, the idea that subcultures and SME may have similarities in how
they approach and proceed through organisational change is put forth. Research should be done to
determine the validity of this hypothesis and its ability to create new knowledge to enable the
needed transition towards a more sustainable way of doing business.
REFERENCES


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