We are IntechOpen, the world's leading publisher of Open Access books Built by scientists, for scientists

6,300

Open access books available

172,000

International authors and editors

190M

Downloads

Our authors are among the

154

Countries delivered to

TOP 1%

most cited scientists

12.2%

Contributors from top 500 universities

WEB OF SCIENCE™

Selection of our books indexed in the Book Citation Index
in Web of Science™ Core Collection (BKCI)

Interested in publishing with us?
Contact book.department@intechopen.com

Numbers displayed above are based on latest data collected.
For more information visit www.intechopen.com

Organizational Culture: A Systems Approach

Herbert Nold and Lukas Michel

Abstract

The influence of organizational culture on performance is increasingly being recognized as a major force driving success in the 21st Century. Many models for organizational culture are widely employed by consultants worldwide. A fundamental weakness in most existing culture models is that they view culture as a stand-alone element within the organization. Accordingly, the tools used to provide insight to executives focus on the culture to the exclusion of other dynamic, interrelated, forces within the organization. We believe that this stand-alone view of culture contributes to the high failure rate of efforts to change the culture. This chapter introduces the Performance Triangle Model as a holistic approach to view organizational culture as part of an intricate, dynamic, interrelated triad of culture, leadership, and systems. We will describe the Performance Triangle and many underlying dimensions that comprise the triad and chart the emergence and development of the model. The later parts of the chapter will discuss practical applications that have been proven using a statistically validated diagnostic instrument that enable executives to recognize what is going on in their organizations then take effective, quick, targeted action. The PTM approach helps executive design agile organizations fit for the 21st Century.

Keywords: organizational culture, performance triangle, organizational agility

1. Introduction

Recognition of the powerful influence of culture on organizational performance has been steadily growing for several decades. Numerous books and research papers have been published using a variety of models and methods attempting to assess various dimensions and strength of those dimensions within the organization. There appears to be wide agreement with Schein's definition of organizational culture as a set of beliefs, values, and shared assumptions "invented, discovered, or developed by a given group as it learns to cope with its problems of external adaptation and internal integration—that has worked well enough to be considered... the correct way to perceive, think, and feel in relation to those problems." ([1], p.9). Hofstede suggested that organizational culture consists of core values that are often unconscious and rarely discussable [2]. Both of these descriptions appear throughout the literature on organizational cultures and combined provide a readily recognizable and useful description of organizational culture. Many researchers and authors have demonstrated the power of culture on organizational performance using both qualitative and quantitative methods.

The widely used, “Culture eats strategy for breakfast” has been bantered around in various forms in management writing and thinking for many years with multiple versions attributed to Peter Drucker, Jack Welch, and others, yet despite the widely accepted recognition that culture is a powerful force in determining success or failure of organizational initiatives, executives seemingly fail to take affirmative action in dealing with cultural inhibitors. Nold and Hagelthorn [3] found that in the context of cross-national mergers and acquisitions, 90% of executives acknowledge that culture was a key factor in the success or failure of the venture. Yet, less than 10% took specific actions to address cultural disconnections either in the due diligence or implementation phases of the project. Executives explored financial and operational issues and established wide ranging goals for operations, financial performance, quality, and market penetration yet rarely focused on the culture with the result that nearly 80% of cross-national mergers and acquisitions fail. We continue to ask “why” do executives acknowledge the importance of culture yet apparently bury their heads in the sand when it comes to acting.

We believe that there are many reasons for this apparently illogical behavior. Tom Peters in *In Search for Excellence* [4] and *A Passion for Excellence* [5] provided renewed focus on the old saying that, “What gets measured gets done”. Business schools worldwide have perfected curriculum that emphasizes data driven decision making indoctrinating students on methods to measure performance in order to get things done. Just take a good look at the AACSB criteria that emphasizes quantitative research and accreditation criteria that focuses on research, research, more research. Course curricula at both the undergraduate and graduate level focus on data driven decision making which indoctrinates students with the unconscious and rarely discussable belief that executives must base decisions on hard data. Combine that academic conditioning with the overwhelming demand by stakeholders for quantitative proof of performance to earn bonuses, promotions, or recognition and executives shy away from intangibles that are difficult to measure and even more difficult to understand. Human nature is to avoid what you do not understand or feel comfortable with so executives avoid the issue in the absence of a tool to quantify the intangible.

The annual “employee survey” is a common event in many companies which we believe implies that people need fixing rather than the management systems or leadership. The annual “employee survey” is done to try to control managers and give executives cover for missing communications and unclear strategies that are always at top of the list of problem areas identified by employees. Rather than an annual exercise of questionable value, diagnostics should be an infrequent feedback tool for organizational development. We propose a methodology to help quantify many key intangibles of organizational culture along with other heretofore invisible dimensions of that drive performance and the ability of organizations to be agile, to rapidly adapt, and change in the VUCA (Volatile, Uncertain, Complex, and Ambiguous) world that characterizes the 21st Century business environment.

2. Organizational culture as part of a dynamic system

Most of the popular instruments used to assess organizational culture use models that view organizational culture as a standalone dimension. Many proposed models such as the Competing Values Framework (CVF) popularized by Kim Cameron and Robert Quinn, the Denison Model, and Schein’s layered framework are joined by a host of other models [6–8]. Popular instruments

such as the Organizational Culture Inventory (OCI), Organizational Culture Assessment Instrument (OCAI), the Culture Gap Survey (CGS), Organizational Beliefs Questionnaire (OBQ), the Corporate Culture Survey (CCS), Denison's Organizational Culture Survey, and the Great Place To Work Institute methodology attempt to provide insight into many beliefs and values held by a group of people but largely ignore how the culture interacts with other key elements of the organization [8, 9]. We suggest that viewing culture as a standalone organizational attribute is a major contributing factor to the low success rate of change initiatives that has been estimated at between 20–30% [10].

Since Descartes, the “scientific method” was built on the basic assumption that a system could be broken down into its individual components for analysis then the system could be understood by adding up all of the various sub-components in a linear fashion [11]. The “scientific method” essentially assumes that systems are closed systems in that the components of the system and the system in total exists in isolation and is unaffected by outside forces. Ludwig von Bertalanffy described organizations as dynamic systems where all parts are inextricably connected with each part is dependent on and influenced by the other parts and the external environment, similar to a living organism [12]. Rather than a system being the sum of the parts, the functions of a system are characterized by the complex interactions among all of its components and external forces [13]. General systems theory assumes that components of the system and the system itself is open to environmental forces that shape and influence both the components and the system in its entirety. Alfred Kuhn [14] observed that within social systems, like an organization, communication or flow of information and knowledge among the various components of the system and the system as a whole provides the energy for the system. Decisions made by all members that influence or are influenced by the system represent outcomes which can be readily observed. According to Kuhn, “Culture is communicated, learned patterns...and the society [organization] in a collective of people having a common body and process of culture.” ([14], p. 154). According to Kuhn, subcultures can only be interpreted when viewed relative to all of the other subcomponents of the system and culture must be viewed as a pattern of behaviors within the system. Therefore, the study of the social interactions that power the system consists of interpreting “communicated, learned patterns common to a relatively large groups [of people]” [p. 157].

With regard to organizational systems, Walonick suggested that healthy organizational systems must change through time in order to remain healthy and productive [11]. However, since organizational systems are open, they are sensitive to changes in the general environment as well as to internal changes. The ability of all parts of the organizational system to anticipate, sense, and adapt to environmental change is a key factor for success. Decisions powered by the flow of information and knowledge throughout the system become observable outcomes by which to evaluate the health of the system (organization). General systems theory forces scholars, executives, and consultants to expand the scope of their investigations to consider how the flow of information and resulting decisions affect all of the subcomponents of the system, the system as a whole, and the general environment [11].

We believe that organizations must be viewed holistically and that effective change initiatives require conscious actions and reactions to all parts of a dynamic system. We believe that in order to improve on the 70–80% failure rate, it is necessary to assess “unconscious and rarely discussable” dimensions of leadership, systems, and culture that permeate all elements of an organization. It is necessary for executives to gain insight into many heretofore unseen dimensions of these key components of every organization in order to form targeted actions

to deal with these invisible issues. The question then becomes twofold, what are the critical “unconscious and rarely discussable” dimensions and can they be measured”? After nearly two decades of observation and research, we suggest that the answer is **YES!**

3. The Performance Triangle Model

Our work on The Performance Triangle Model (PTM) for organizational design in a turbulent world emerged from nearly twenty years of observation and research with over 200 organizations worldwide [15, 16]. The PTM shown in **Figure 1** describes a dynamic system of culture, leadership, and systems that is powered by people who work in an environment that nurtures healthy relationships, collaboration, and a strong sense of purpose. Culture is a major component of the dynamic system and cannot be effectively changed without recognizing and addressing key elements of the ENTIRE system [14, 11]. Chris Argyris and Donald Schön popularized the concept of “actionable knowledge” as knowledge that is required to support or shape a decision and take action [17]. While teaching university courses we constantly emphasize the need for action and decisive decision making. Knowledge without resulting action is worthless to an organization, so we have developed and validated a diagnostic instrument to assess the strength of multiple dimensions that drive the PTM system [18]. Over the decades, we have observed countless organizations where unseen beliefs and shared assumptions infect large segments of an organization that interfere with knowledge sharing and decision making process like a virus in the human body. These interferences are almost always unknown to senior executives and derail or sabotage the most well-conceived strategic plan or

Figure 1.
The Performance Triangle Model.

action. In most cases, executives would be wise to address the interferences and eliminate the viruses BEFORE spending valuable energy and resources on change initiatives with a low probability of success. We contend that armed with insight into many “unconscious and rarely discussable” beliefs, values, and shared assumptions embedded within the employee population, executives will be able to take targeted and effective actions to design organizations that will be successful in a VUCA 21st Century environment and dramatically increase the probability of a successful change initiative.

4. Qualitative and quantitative foundations of the Performance Triangle Model

The concept and resulting diagnostic tools for the Performance Triangle emerged and gained definition over nearly 20 years from observations and data gathered from case studies involving over 200 organizations in different industries throughout the world plus results from survey data gathered from a sample of 50 organizations between 2006 and 2011. A unique opportunity in 2014 with a large sample allowed us to subject the diagnostic instrument to independent statistical analysis. Analysis of qualitative and quantitative information from these multiple sources revealed recurring themes and relationships between specific dimensions of organizations that evolved into the Performance Triangle Model and established statistical validity and reliability of our diagnostic instrument.

4.1 Qualitative origins

After carefully analyzing responses from senior business leaders from case studies over 10 years representing over 100 firms, several trends, recurring themes, and stated concerns began to stand out as significant. Three primary groupings of themes were identified as being essential for success in a dynamic and fluid 21st Century business environment: leadership, systems, and culture.

Several themes revolving around leadership emerged. The need for intense, focused, and rapid leadership and managerial interactions in response to an increasingly fast-paced and complex business environment became apparent. This observation coincided with the fact that an increasing number of employees were hired for their knowledge and not for their physical contributions to work. The trend toward knowledge workers and knowledge economy has been documented by many researchers and authors for decades [19–21]. Feedback from senior executives and leaders suggested that this changing demographic called for a different leadership style requiring more involvement and engagement with people at all levels both internal and external to their organizations. Creating and maintaining a healthy environment that enables knowledge workers to maximize their unique and valuable abilities required focus of attention and constant energy from leaders and managers throughout the organization.

Several common themes emerged revolving around command and control systems in response to growing organizational complexity and pressure from increasing governmental regulation. Business leaders frequently indicated that traditional command and control systems with traditional tools and methods that were introduced in the industrial 20th Century were becoming increasingly less effective. Complex 21st Century organizational structures required different ways to maintain adequate data and behavioral control while simultaneously empowering operational managers enough authority and flexibility to make effective on-the-spot decisions.

Time also emerged as a recurring theme related to systems in the sense that time is a scarce resource that is non-recoverable once gone. Maximizing efficient use of a leader's or manager's time as well as reducing the time needed to get relevant information into the right decision makers hands when and where it is needed were growing concerns. Feedback from executives consistently indicated concern that decisions were being made based on data and information that was inaccurate or not relevant to the question or that relevant information was received AFTER a decision was made that might have resulted in a different decision if available in a timely manner. Either situation resulted in a flawed or less than optimal management decisions. Time related themes associated with speed, quality, and efficiency of information and knowledge flow enabled by systems were frequent and emphatic.

The third major theme that emerged over this 10-year period was a growing awareness of the hidden potential of intangible, human, factors that shape human behaviors and responses. With increasing frequency business leaders identified the need for shared beliefs, values, and assumptions in the collective minds of organizational members which forms and defines the organization's culture. Growing numbers of leaders identified intangible "unconscious and rarely discussable" dimensions of the culture as a key factor for improving performance, innovation, and unlocking new sources of profitability. Themes involving organizational culture as the unseen force connecting systems and leadership emerged such that organizational culture clearly was a critical factor for success. Successful executives must have insight, a keen understanding, and an appreciation for the power that organizational culture exerts.

Combining and visualizing these three central themes resulted in the emergence of a dynamic triangular system consisting of leadership, systems, and organizational culture which is powered by the unique talents and skills of people. Energy for this people-centric system is transmitted throughout the system by people with a shared sense of purpose with healthy relationships that enable effective collaboration. Superior performance in the VUCA 21st Century demands that organizations harness the vast energy of people with shared values, beliefs, and assumptions within the organization to be successful. Perceptions and opinions are one thing, but business leaders asked what value a theory or model brings to the organization and asked if recommendations emerging from the PTM were based on fact or opinion. In order to answer this important question, it became necessary to subject the emergent themes to statistical analysis using a survey instrument to capture data to test for correlation significance and fit with the PTM.

4.2 Quantitative analysis: phase one

4.2.1 The sample

Between 2006 and 2011, responses from PTM surveys from a sample of 50 organizations were compiled identifying relationships among recurring themes that shaped the PTM. The general research question was "Are there relationships between leadership, systems, culture and success"? The hypothesis for each intersection of leadership, culture, systems, and success was that there would be a significant relationship. The survey consisted of 120 questions designed to provide insight into numerous aspects of leadership, systems, culture, and success that were consistently identified as key elements in many case studies. Senior level leaders and managers in these 50 organizations responded to questions asking them to assess the perceived strength of the element within their own organizations using a 9-point Likert-type scale. The sample encompassed a wide array of industries, firm sizes, countries, and ownership forms as identified in **Figure 2**.

Organizations	50
Participants	895 participants; Range from 3 to 80 per organization with an average of 18 participants per organization
Time Period	2006 through 2011
Industries Surveyed	Financial Services (6); Manufacturing and Construction (7); Consumer Goods and Food (10); Logistics and Energy (3); Media and Tourism (5); Pharmaceuticals and Chemicals (5); Public Service (5); Foundations (2); Professional Services (7)
Firm Size (Number of Employees)	0-99 (13); 100-199 (17); 1,000-9,999 (12); > 10,000 (8)
Country (of origin)	US/Canada (5); Central Europe (24); Middle East/Africa (6); United Kingdom (5); Asia (5); Latin America (2); Australia/New Zealand (3)
Ownership	Public Shareholders (28); Private/Family (15); Public Service (5); Foundations/NGO (2)
Scope (of operations)	Global (10); International (15); Local (25)

Figure 2.
Sample Demographics.

Figure 3.
Factors and Themes.

4.2.2 The themes

Each theme of the survey (leadership, systems, culture, success) was broken down into five elemental factors that were identified as significant in the qualitative phase of the PTM development. Questions were developed for each factor based on observations in the case studies and designed to assess the degree of influence of specific factors within the organization as perceived by the respondent. **Figure 3** shows the factors within each theme and the thematic question explored by the factor.

The objective of the study was to assess the perceived relative strength of these elements in the organization as a whole. The survey was employed as a diagnostic tool for practical evaluation of the subject organizations and the results shared with the sponsoring executive in each organization. We found that individuals quickly and easily understood data on a 100-point scale or as a percentage. Since the results represent an assessment of the degree or strength of the perception, we found that an association with temperature or percentage to be useful and practical to facilitate understanding with business executives. Therefore, it became necessary for presentation purposes to normalize responses to each factor on a scale of 1 to 100 in order to allow executives to quickly and easily comprehend the intensity of the themes within the organization. Values on the Likert-type scale 1, 2, 3, 4, 5, 6, 7, 8, 9 translated into 0, 12.5, 25, 37.5, 50, 62.5, 75, 87.5, and 100 on the 100-point scale, similar to the Celsius temperature scale. Regardless of the scale, relationships and correlations remain unchanged.

4.2.3 Phase one survey results and interpretation

Analysis of data from responses by senior level managers in 50 organizations with an average of 18 participants in each company suggested the existence of meaningful relationships between the central themes of culture, leadership, systems, and success. Using MINITAB statistical software for statistical analysis, results indicated that the correlations between these relationships are significant providing positive support for the hypotheses and the general research question. **Table 1** shows descriptive statistics for individual themes, correlations, and the regression analysis of relationships between themes.

Table 1 indicates that regression analysis performed on the responses from the sample of 50 firms shows a significant correlation among the themes of the

Themes	Mean	Median	Std. Dev.	
Leadership	69.84	69.35	13	
Systems	68.17	68.55	12.31	
Culture	68.97	68.95	14.35	
Success	73.52	72.2	11.49	
Theme	Leadership	Systems	Culture	
Systems	0.694			
Culture	0.551	0.562		
Success	0.509	0.581	0.52	
(Note: p < .001 for all results)				
Relationships	Correlation	Y-Intercept	Slope	F-Value
Success vs. Culture	0.52	44.8	0.416	17.77
Culture vs. Leadership	0.55	26.4	0.609	30.95
Culture vs. Systems	0.56	24.3	0.655	22.15
Leadership vs. Systems	0.69	19.9	0.733	44.63
Success vs. Leadership	0.51	42.1	0.45	16.81
Success vs. Systems	0.58	36.5	0.543	24.5
(Note: p < .001 for all results)				

Table 1.
Descriptive Statistics, Correlations, and Linear Regression of Relationships (N = 50).

Performance Triangle Model. The strongest positive correlation in the sample is between systems and leadership giving an early indication that these attributes of the PTM can drive effective decision-making.

4.3 Quantitative analysis: phase 2

Qualitative and quantitative study in phase one led to the development and refinement of a diagnostic instrument designed to yield additional insight into many unseen elements of dynamic management systems, structures, and processes, including culture. Making a precise and relevant evaluation of the dynamic management structure of an organization is inherently difficult because of the vagueness, multidimensional nature, and complexity of the phenomenon [22–24]. Verdú and Gómez-Gras observed that tools developed to evaluate multidimensional organizational systems have rarely been supported by empirical testing [25]. Part of the reason for the lack of empirical testing is that relevant factor analysis requires data from a large sample, typically over 500 participants, during the same time period. All of the cases used to develop the PTM model and diagnostic instrument had less than 500 participants, except one. Application of the diagnostic instrument with a large organization in 2014 provided a unique opportunity for independent statistical testing conducted by faculty with a PhD in statistics at a major university in Germany.

4.3.1 *The sample*

The sample consisted of all employees working for a mid-size city government in the southeastern United States. A series of highly publicized scandals in the city resulted in the recommendation by a select committee of citizens for a survey of the culture and morale of the all city employees. The PTM diagnostic tool was selected after comparison to multiple “morale survey’s” because the model and diagnostic instrument provided greater depth and insight into the organization as a system and contributors to “morale” as well as the high degree of perception for change. 1,162 employees participated out of a total employee population of 2,400 (48.4% participation rate). Participants were asked to identify the department in which they work and whether they were a top executive (department or assistant department head), supervisor (anyone below department head with supervisory responsibility), and employees (anyone with no supervisory responsibility). **Figure 4** shows the distribution of all participants horizontally by management level and vertically by department. Departments with less than ten employees were grouped into “Other” to protect the confidentiality of individual respondents.

4.3.2 *Design of the diagnostic instrument and data gathering*

The diagnostic instrument consisted of 55 statements worded to provide insight into the strength of perception by employees pertaining to specific elements and dimensions of the PTM. Participants were asked to rate perceptions on a 9-point Likert type scale ranging from very strongly disagree (1) to very strongly agree (9). Questions were worded such that senior executives were asked to evaluate the strength of the dimension within the departments in their area of responsibility. All other participants were asked to evaluate perceptions within their work group or department. This approach provided visibility into potential disconnects between what executive and employees perceive on the same construct.

Due to the size and diversity of the sample, responses were collected in multiple ways. Responses were captured electronically, transmitted through the internet, and stored on a secured server for analysis and interpretation. With full cooperation

	Total	Electric Utility	Finance	Police	Airport	Community Dvpt.	Parks & Recreation	Information Technology	Water Utility	The Lakeland Center	Fire	Public Works	Other
Executives	38	8	2	2	1	1	2	1	1	2	2	2	14
Supervisors	421	86	15	39	5	17	74	17	47	21	29	50	20
Employees	703	162	23	94	6	34	103	37	75	12	47	65	45
Total	1162	256	40	135	12	52	179	55	123	35	78	117	79

Figure 4.
Distribution of Sample Participants.

of the information technology department, links to the diagnostic instrument were transmitted to executives via email while all other participants were allowed access to the instrument on computers at their workstations. Kiosks were set up and made available to all employees who did not have a permanent workstation. All participants were given time while on the job to participate and several videos were created and transmitted to all participants explaining the reason for the project, how the process works, and to provide assurance of confidentiality. Employees had ten days in May 2014 to participate. At the conclusion of the data gathering window, raw data was transmitted to the independent research team in Germany for analysis.

4.3.3 Test methodology

Similar to Charbonnier-voirin [26] exploratory factor analysis was performed to assess the validity of the individual dimensions of the system in the PTM with Cronbach’s alpha to determine internal reliability of the primary constructs. The factor structure and psychometric qualities of the model were successfully analyzed using SPSS 23.0. Principle Component Analysis (PCA) with varimax rotation with Kaiser normalization was employed in order to test the dimensionality of the construct. PCA is often used in the development phase of a questionnaire [27]. The purpose of PCA is to retain enough items to characterize the phenomenon. Similar to Roussel [28] items with factor loadings below 0.5 were eliminated from the PCA analysis.

For the PCA the seven primary constructs of the PTM were clustered into three groupings. Effective leadership is strongly influenced by systems that provide timely and relevant information to key decision makers. Conversely, leadership styles strongly influence the design and implementation of systems. Therefore, leadership and systems are grouped into cluster 1. Culture, representing unseen values, beliefs, and shared assumptions is a very strong influence on the behavior of people, leaders, and systems is cluster 2. The entire system is powered by people through relationships, collaboration, purpose and focus therefore multiple people-centric constructs are aggregated into cluster 3.

4.3.4 Results

As seen in Table 2, results of exploratory factor analysis on the specific dimensions of the PTM are all greater than 0.5 with 13 of 20 (65%) factor loadings above 0.70. Factor loadings for dimensions of leadership are particularly high with 4 of 5 above 0.80. The results suggest that the statements used to evaluate the dimensions

						Principal Component Analysis (PCA)		
Instrument Tests						Cluster 1	Cluster 2	Cluster 3
Michel Model Component	Dimension	Chronbach's Alpha	Mean	SD	Factor Loading	Leadership & Systems	Culture	People Relationships Purpose Collaboration
α						0.83	0.81	0.81
Culture		0.81						
Culture	Understanding		7.22	1.94	0.60	0.37	0.59	0.25
Culture	Intent		6.40	2.33	0.73	0.37	0.75	0.26
Culture	Agenda		6.25	2.39	0.68	0.25	0.87	0.22
Culture	Aspirations		6.10	2.36	0.72	0.29	0.85	0.29
Culture	Norms		6.05	2.35	0.75	0.32	0.83	0.29
Leadership		0.83						
Leadership	Sense Making		6.58	2.38	0.83	0.80	0.35	0.24
Leadership	Strategy Conversation		6.40	2.44	0.79	0.78	0.30	0.28
Leadership	Performance Dialogue		6.48	2.34	0.82	0.84	0.32	0.20
Leadership	Contribution Dialogue		6.52	2.37	0.80	0.84	0.30	0.19
Leadership	Risk Dialogue		6.36	2.56	0.82	0.81	0.27	0.29
Systems		0.58						
Systems	Rules		5.93	2.30	0.69	0.56	0.31	0.33
Systems	Routines	0.34	2.24	0.73	0.53	0.36	0.42	
Systems	Tools		6.57	2.18	0.74	0.61	0.61	0.42
Connectors		0.67						
Connectors	Collaboration		6.96	2.21	0.62	0.20	0.20	0.81

Principal Component Analysis (PCA)								
Michel Model Component	Dimension	Chronbach's Alpha	Instrument Tests			Cluster 1	Cluster 2	Cluster 3
			Mean	SD	Factor Loading	Leadership & Systems	Culture	People Relationships Purpose Collaboration
Connectors	Relationships	0.81	7.23	1.96	0.62	0.22	0.22	0.84
Connectors	Purpose		6.48	2.29	0.74	0.53	0.53	0.59
People								
People	Focus		5.90	2.25	0.66	0.45	0.19	0.53
People	Awareness		6.10	2.18	0.77	0.65	0.21	0.50
People	Trust		6.77	2.08	0.62	0.27	0.32	0.71
People	Choice		6.06	2.33	0.68	0.52	0.23	0.56

Table 2.
Construct reliability, descriptive statistics, factor analysis and PCA.

comprising the PTM have high levels of validity. Those that evaluate dimensions of leadership are particularly strong. Since all of the dimensional items have factor loadings greater than 0.5, all were included in the subsequent PCA analysis.

Cronbach's alpha for the major constructs of culture, leadership and people were all above 0.80 demonstrating good internal validity. Cronbach's alpha for systems and the connectors of the model (purpose, collaboration, relationships) indicate questionable internal validity. Low alphas for systems and the connectors may partially be due to the few numbers of items in the instrument. Cronbach's alpha for all three clusters is above .81 suggesting strong internal validity.

Results from the PCA analysis shown in **Table 1** shows a clear factor structure supporting the major constructs of the model. After six iterations three distinct factors emerged for each of the three clusters. The results reveal that 19 of the 20 the dimensions have factors greater than 0.5 suggesting that the diagnostic is a good fit with the model.

Because of the tight interrelationship of leadership with systems, the dimensions comprising leadership and systems in the model were grouped into cluster 1. All of the factors are above 0.5 in cluster 1 however leadership and systems are commonly separated in the literature. Further work is advisable to analyze each attribute separately. One possible approach might be to simplify some of items to provide a greater distinction between leadership and systems. Interestingly, three dimensions associated with people in cluster 3 (purpose, awareness, choice) also have factor weightings above 0.5 indicating a possible strong association with leadership and systems.

Cluster 2 is made up of dimensions of culture in the model. All of the factor weightings are greater than 0.5 suggesting that the model is consistent with the literature dedicated to culture. Three (agenda, aspirations, and norms) having factors greater than 0.8 suggesting a particularly strong association or influencing component of organizational culture. Interestingly, two items (tools and purpose) outside of the culture cluster have factor weighting greater than 0.5 suggesting possible relationships with culture.

Cluster 3 aggregates the group of dimensions corresponding to intra- and inner-people-centric dimensions of the model. The only item below 0.5 is awareness, however, 0.495 is only .005 away from the 0.5 threshold therefore awareness is also included and considered relevant. The results are consistent with the literature dedicated to human performance. Interestingly, the people dimension of purpose yields factor weightings above 0.5 in all three clusters suggesting that people in organizations who share a common purpose can have a significant influence in all aspects of the organization and are instrumental in an agile organization.

The overall results offer strong evidence that the components of Performance Triangle Model for organizational systems; culture, leadership, systems, and people when aligned contribute to building agile and successful organizations and that the diagnostic instrument has a good level of validity and reliability [18]. Further, the PTM diagnostic instrument has adequate reliability and validity on which to base recommendations and give executives valuable insight into many intangible "unconscious and rarely discussable" dimensions of the culture that were identified in the qualitative phase of development [18].

5. Practical implications

After nearly 20 years of research and study by a team of practitioners and academics in Europe and the USA, we are confident that there are many lessons learned and practical implications. Organizational culture is a key factor for success

in the VUCA 21st Century business world. Evaluating the underlying “unconscious and rarely discussable” elements or the influence of culture on the performance of an organization must be done holistically by considering how the culture interacts with leadership and systems. Further, since the culture is contained in the shared values, beliefs, and assumptions of the people, power for the organizational system comes from people and linked through shared purpose, relationships, and collaboration. Executives and leaders at all levels must first ask the “right” questions in order to gain insight into those pesky “unconscious and rarely discussable” beliefs, values, and shared assumptions.

5.1 How do we measure success?

In the 20th Century, success was traditionally measured using tangible assets and for-profit companies still measure success by stock price, earnings per share, return on assets, etc. While such financial measures are important, we prefer to define success by attributes of successful organizations that we have observed. By defining success by attributes rather than financial performance or tangible assets, we can include not-for-profit organizations, NGO's, governmental agencies, and private companies in addition to the for-profit companies. We have observed that top tier companies have strong foundations in responsiveness, alignment, capabilities, motivation, and cleverness. The PTM diagnostic assessment tool helps assess the perceived intensity of these dimensions within the employee population in answering the following questions.

Responsiveness – Is the organization flexible and able to react to changes in the environment?

Alignment – Is the direction of the organization clear? Does the structure fit the strategy? Is it shared broadly and are employees aligned to support the strategies?

Capabilities – Does the organization have the competencies and skills needed to deliver on promises?

Motivation – Are employees throughout the organization inspired to perform above and beyond expectations?

Cleverness – Are employees empowered to be creative and use their creativity to meet expectations or demands from clients or customers within boundaries that do not stifle creativity?

We feel that if the answer to these questions is yes, then the organization will likely be successful. Essentially, if people are equipped with proper capabilities, are aligned and motivated to excel, and empowered to use their innate creativity to react to changes; the organization will be successful. Unfortunately, if (for example) well intentioned rules and regulations stifle creativity or if actions in one department interfere with the ability of another department to align with corporate strategy, senior executives will rarely be aware of the condition. Few employees will walk into the CEO's office and say “you are killing me with unnecessary rules” in any organization.

5.2 Culture: the glue that binds the organization

We agree with the assertion that culture has two major components (visible and invisible), underlying beliefs, values, and shared assumptions that shape the collective thoughts that can be observed through decisions, behaviors, and actions of the people in the organization. Culture has a stabilizing effect on the organization and helps people make things meaningful and predictable. Each organization has a unique culture that evolves over years and is reinforced as people absorb, repeat,

and pass along what works. There may be an infinite number of dimensions that make up the culture of an organization, but we have identified five attributes that seem to be nearly universal and thrive, unseen, in the minds and actions of employees at all levels of the organization. These five attributes help form a shared context within the organization.

Understanding – Do people in the organization see the same things? Do people understand WHAT it takes to win?

Intent – Do the people in the organization think the same way? Do people share a common idea, view, and direction of the organization? Do people know HOW to play the game to win?

Agenda – Do people do the same things and play a well-coordinated game? Are people moving in the same direction with common goals and objectives and priorities?

Aspirations – Do people aim at the same things? Do people share a common vision and values of the organization to find purpose and drive performance?

Norms – Do people act in the same way? Do people know what gets them ahead, share appropriate boundaries, and do what they say they are going to do?

We have seen many organizations where the answer to one or more or all of these attributes is a resounding NO. In our classes and client workshops, we frequently ask students or clients if they have observed situations where managers or executives clearly have agendas that are more self-serving than supportive of organizational goals and invariably many hands immediately go up. We had a client several years ago where we found that managers and executives believed that rules and boundaries were well known and appropriate. Yet, the overwhelming response from people throughout the organization was that people had conflicting agendas and aspirations and that bending rules to advance their career was an acceptable norm. Our suggestion to the senior leadership of this organization was to spend a year getting everyone on the same page and following the same rules before starting big change initiatives. Today, this governmental organization is functioning demonstrably better and serving the needs of the community much more effectively.

5.3 Leadership: shaping vision and inspiring the organization

It is commonly accepted that the culture of an organization is shaped from the top of the management hierarchy down. We generally accept this belief however we have observed many organizations where there is a huge disconnect between what top executives THINK is going on and what the rank-and-file employees ACTUALLY believe. It does not matter whether this apparent disconnect is real or imagined, the perception makes it real. Leaders and managers at all levels must recognize that their actions and behaviors are being observed and interpreted by employees through the lenses of their own beliefs and values. Unknowingly, many leaders fail to connect with employees and inadvertently communicate conflicting values and beliefs throughout the organization. Employees will rarely approach the CEO and tell them that “you said (this)... But we actually did (that)... which is it and what is going on?” The result in many cases is that employees are left to develop their own interpretation that, in many cases, are inconsistent with organizational goals. Leadership is a complex and indefinable quality, but we have identified five “unconscious and rarely discussable” leadership attributes that contribute to weakening the culture and performance of the organization.

Sense making – Are managers and employees aware of what is going on? Do we have the capability to quickly turn data into information and make informed decisions?

Strategy conversation – Are the strategies and tactics in the game broadly known and trusted throughout the organization? Does the strategy provide direction and help establish trust and encourage critical thinking among employees throughout the organization?

Performance conversion – Do managers effectively and routinely communicate whether the organization and individuals are on track toward meeting organizational goals? Do managers go beyond traditional performance measurement to translate strategy into objectives and establish a shared agenda?

Contribution dialogue – Do managers help staff make sense of what is going on and find a sense of purpose? Do managers maintain an ongoing conversation with direct reports to reach mutual agreement and focus attention on how employees can make a contribution?

Risk dialogue – Do leaders and managers maintain ongoing conversations with others to define boundaries and establish trust? Do leaders conduct conversations to help people focus on entrepreneurial degree of freedom and on risk limits as boundaries?

In our observations with clients and research we have found that many leaders and managers avoid having personal, face-to-face, discussions of this nature unless forced to do so, typically in the highly structured and stressful annual performance review. Employees will almost never go to the boss and tell them “I have no idea what we are trying to accomplish” or “I don’t know if I should do ... (this)... or (that)” until after the fact, when it is too late. Managers typically assume that followers KNOW it. Yet, more time than not, they DO NOT KNOW it. Without continuous dialogue in all of these areas a significant gap between leaders and followers develops that can be highly destructive. We had a client with a new CEO. The client was attempting to respond to declining market share and a host of other internal and external changes. The client was spending large sums of money on consultants who were implementing six-sigma, or lean, or leadership training programs and getting almost nowhere. After conducting a diagnosis of the top managers in the organization it became apparent that there were significant unseen barriers to any kind of change initiative. High level managers had the perception that if they took a risk and the risk did not yield the expected benefits, they would be reprimanded or worse. The new CEO had no idea that this was a shared assumption. This realization explained why the change initiatives, all of which involve risk taking, were unsuccessful. We recommended that the CEO take an extended period to have constructive dialogues with his senior managers to change these underlying beliefs BEFORE starting extensive change projects.

5.4 Systems: rules, routines, and tools that shape decisions

Systems are both influenced by and influence the culture and leadership practices that shape the decision-making process. When we talk about systems, we are not just talking about the computerized IT systems but the rules and routines that shape the input and output from the computerized tools. Everyone reading this chapter is familiar with the phrases “garbage in... garbage out” and “what gets measured, gets done” but we contend that such thinking is just scratching the surface of the complex dimension that we call “systems”. What managers and employees do with the output from IT systems and how that output shapes decisions and behaviors seems to be rarely considered. Similarly, we have witnessed many examples of systems that were developed in prior decades being used to drive decisions today despite the fact that world and the business environment is dramatically different. We have seen many instances where managers created systems to generate relevant data needed to solve some problem or give the organization an edge... 20 years ago.

The problem was solved, partially with the aid of the data, and the company gained an edge over competitors. Sadly, today, those same managers are making decisions using the same data that is no longer relevant because the problem was solved decades ago, and the competitive dynamics have changed significantly. What was relevant and meaningful 20 years ago may not be today, leading to fateful decisions. It therefore becomes imperative for leaders to constantly critically evaluate whether the rules, routines, and tools being used to drive decisions are relevant and shape desired behaviors. We have identified five questions, the answers to which provide insight into “unconscious and rarely discussable” beliefs, values, and shared assumptions that either inhibit or enable the effectiveness of systems.

Information – Do we get relevant information to the right people at the right time to make informed and effective decisions? Does the information provide adequate sensors so that people know what is going on and does the information facilitate immediate action?

Strategy – What game are we playing, is it the right game, and are we all playing the same game? Does the strategy help focus capabilities and provide a sense of purpose for employees throughout the organization?

Implementation – Are expected outcomes clearly defined and consistently applied? Is there rich conversation on expectations that facilitates collaboration throughout the organization?

Beliefs – Do leaders inspire and engage employees throughout the organization to do more than the norm, or minimum expectation? Do leaders practice behaviors that demonstrate a clear vision and values of how things are to be done?

Boundaries – Are the limits or degree of freedom clearly established and known throughout the organization? Do the boundaries provide adequate focus while allowing people to take advantage of opportunities?

Developing and constantly adapting effective rules, routines, and tools that shape effective decision making requires constant inquiry and dialogue with day-to-day decision makers from top to bottom of the organization. Peter Drucker said that “The greatest danger in times of turbulence is not the turbulence; it is to act with yesterday’s logic.” We have seen countless organizations attempting to adapt to a changing business environment using systems and logic that worked fine.... 20 years ago, but is woefully outdated in the 21st Century world. We worked with one company that insisted on using the same metrics and routines that were successful for the first 20 years after the company was founded... in 1964. All of the senior executives had the same profile; first job out of college, mentored by one of the founders, rose through the ranks with their mentor’s tutelage, never questioned the metrics or the decision-making process, and believed in their own superiority because of their history. The result is that the decision-making process is not measured in days, or month, but years and the decisions are being made using information that was no longer relevant but since the executives know no other system. The company continues on a downward spiral with no idea on how to go about changing the downward trajectory of the company. People brought in from the outside who introduce new ideas were inevitably ostracized and driven out of the company. New ideas that question the strategy, beliefs, or boundaries were viewed as heresy to be stamped out. Given the intertwined relationship between systems, leadership, culture and the people who power the system it is imperative for executives to constantly ask questions then make adjustments throughout the organization.

5.5 People: the power for the system

People are complex and difficult to handle yet the underlying beliefs, values, and shared assumptions of people determine the success or failure of all organizations.

Virtually every organization on the planet has some public statement along the lines of “people are our greatest asset”. Human resources departments in organizations worldwide conduct initiatives intended to shape desired behaviors and improve performance throughout the organization. We subscribe to the theory that culture exists in the minds and personalities of people at multiple levels that can be divided into two general groups: climate and culture. The climate part of organizational culture includes the visible artifacts, behavior patterns, and norms that can be readily observed and can be relatively easily influenced by management through rewards or punitive actions. The culture part is invisible and difficult to assess because it exists in the values, beliefs, and basic assumptions that can only be assessed indirectly. We can observe artifacts and behaviors and draw a conclusion about the underlying beliefs and values, but it is difficult to know for sure what those beliefs and values really are. People can modify behaviors to mask their underlying true beliefs and values. We all know this.

We contend that it is relatively easy to shape behaviors but very difficult to change underlying beliefs and values of people which provides the power to the system that drives success. So, is it possible to identify some of the most critical beliefs, values, and shared assumptions that shape behaviors? If so, can the strength of these dimensions be assessed directly. We suggest that the answer is, yes and yes. The PTM identifies four dimensions of the culture that we believe are key to harnessing the power of people to drive the system and ultimately success of the organization.

Awareness – Are people aware of what is happening around them? Can people sense minute changes in the work environment internally or externally to the organization?

Choice – Are people empowered to use their creativity and make choices to effectively respond to customers, clients, or other people inside and outside of the organization? Do people have the freedom of action within appropriate boundaries?

Trust – Do people view management as credible, fair, and respectful of the needs, concerns, and conditions of employees? Do people have the self-efficacy and confidence to trust in their own decisions and actions?

Focus of attention – Has management created an environment that allows people to focus their skills, abilities, and talents to perform their jobs effectively? Does management create interferences that prevent people from being able to focus their attention of being effective and productive?

Those of us who were involved in sports know how someone or a team can get into a “zone” when everything they do works. A weaker team or player can defeat a stronger team or player when they get hot, and the game becomes easy when every shot goes in or every play works. The game becomes really fun, at least for the team in the “zone”. In the workplace, management should strive to create an environment where people get into a state of “flow” where they enjoy what they do, and it seems easy [29]. Yet, Peter Drucker and others have observed that, “So much of what we call management consists of making it difficult for people to work”. We have observed countless instances where management inadvertently introduced interferences that prevent awareness, choice, trust, and focus thereby preventing people from getting into a state of “flow”. Typically, these interferences are unintended consequences from attempts to control the organization or behaviors of people. Also, typically, people throughout the organization almost never question the “boss” or go to the “boss” and tell him that what he is doing is hurting the people or the organization.

We ran into one of the most extreme, and humorous, example of this in 2016 (the date is important). During a workshop with the executives of a company in Germany our assessment of the people dimensions indicated that there were many

interferences that prevented people from being able to focus their attention on doing their jobs. This was a surprise to the CEO who asked his management team for an example whereupon several executives almost immediately named “the Friday gasoline report”. The ensuing conversation went something like this:

CEO: **WHAT** Friday gasoline report?

Executives: The report that every driver in the fleet of vehicles submits Friday morning with how much gasoline they used during the week and how much gasoline is in the tanks for the next week. The report is collected and compiled by supervisors, then managers, then ultimately submitted to your administrative assistant every Friday.

CEO to his administrative assistant: What do you do with the gasoline report?

Administrative assistant: I file it in in the storage room down the hall.

CEO: **WHAT** storage room down the hall?

The administrative assistant then led the CEO and the executive team to the storage room what was filled, floor to ceiling, with filing cabinets full of Friday gasoline reports dating back to 1942. Gas rationing during World War II made such a report very important and the Friday gasoline report was apparently added to job descriptions and was never questioned over the decades as people came and went. For 74 years, people generated the report that was just filed away and never used for anything. The example of the Friday gasoline report not only illustrates how interferences get into organizations causing employees to lose focus, but it shows how important the interrelationships between people, systems, culture, and leadership really are. For example, regular open and honest dialogue on the relevance of information or contribution dialogue could have identified such an interference decades before 2016. Since 2016, the Friday gasoline report is no longer done, and the storage room has been cleaned out and repurposed. The point of this true story is that until executives become aware of “unconscious and rarely discussable” beliefs, values, and shared assumptions or in this case a routine it is virtually impossible for people to get into a state of flow and become the valuable assets that so many company’s champion.

5.6 Purpose, relationships, and collaboration: transferring people power throughout the system

People provide the power for the PTM system of culture, leadership, and systems and that power is transmitted and flows throughout the organization when people have a common purpose, healthy relationships, and collaborate effectively. As with a two-wheel bicycle, a person provides the power to make the wheels turn but the system needs a chain to connect the power source (the person) with the wheels; a mechanism that is largely “unconscious and rarely discussable” connects people with the rest of the PTM system. We have identified three such dimensions with the following characteristics.

Purpose – Do people have a strong common and shared sense of higher purpose? Does the purpose that motivates people inspire people to go above and beyond the minimum expectations?

Relationships – Do people have healthy relationships that build trust and agreement among employees and external stakeholders alike? Do the relationships among employees and stakeholders facilitate knowledge sharing and growth?

Collaboration – Do employees and stakeholders share unique knowledge and work together toward common goals to achieve success in their everyday activities? Do people demonstrate trust, creativity, and patience when working together as unexpected events occur?

As with the other dimensions that make up the PTM, what people say they do may not necessarily be true representations of their underlying values, beliefs, and assumptions. Virtually every organization on the planet has published mission and purpose statements with high sounding language that sounds noble and worthy. Argyris and Schön [17, 30] explained the difference between espoused theories (what we say we do) and theories in use (what we actually do) and the difference is all too common. Many times executives or employees are not aware of the apparent disconnect. Unfortunately, we have seen, and I suspect many readers of this chapter have seen, executives and rank and file employees give lip service to the noble statements then take actions that are diametrically opposed to the stated mission or purpose. Employees will rarely confront executives to make them aware of the apparent disconnect. Employees simply conclude that the executive is either a liar or stupid. Either way employees are left to develop their own sense of purpose that many times is NOT what the organization wants.

Similar dynamics emerge with relationships that become toxic, inappropriate, or abusive and senior executives are unaware until a scandal emerges, and HR gets involved ... or worse... the media. Collaboration breaks down and becomes ineffective for an infinite number of reasons like ego, knowledge hoarding, and narcissism and executives wonder “why can’t we get things done”? We have observed these and many other interferences that infect an organization like a virus that prevents the power of people from being harnessed. Most of the time executives know or sense that “something isn’t right” but they have no idea what or where to begin to make improvements.

5.7 Can anything be done ... and if so... what?

We contend that something can and should be done if organizations expect to be successful in the VUCA 21st Century. Readers should have noticed that the definitions for the dimensions of success, culture, leadership, systems, people, and the system drivers are phrased as questions rather than statements. This is done for a reason. The reason is that each largely “unconscious and rarely discussable” dimension has many interpretations that change as the context changes. We want readers and participants in the diagnostic to reflect on how they would answer the question in the context of their specific organization and try to assess the intensity or strength of the perceptions. Armed with observations and data gathered from 220 organizations in 2017, we can identify patterns that differentiate top tier organizations from bottom tier organizations. We gathered data using our statistically validated and reliable diagnostic instrument designed to assess the intensity of participants perceptions of the various dimensions within their organizations then converted the data to a 100-point scale which provides a useful visualization of the temperature (intensity) of the dimension.

Figure 5 offers insight into differences between top and bottom tier companies. What we see are significant separation in scores with the lowest top tier score (focus, 67) is greater than the highest score for bottom tier companies (systems, 58). Additionally, top tier companies have created environment or cultures where people have freedom of choice and collaborate effectively while bottom tier companies are weakest in these areas.

Figure 5 also shows that bottom tier companies have cultures that emphasize systems and leadership while top tier companies show leadership and systems toward to bottom. This pattern suggests that bottom tier companies tend to have cultures that emphasize command and control while top tier companies have cultures that take advantage of the power of people. We contend that success in the

	Bottom Tier		Middle Tier		Top Tier	
1	Systems	58	Trust	68	Choice	79
4	Leadership	57	Choice	66	Trust	77
5	Awareness	57	Purpose	64	Collaboration	76
6	Trust	56	Culture	64	Relationships	75
7	Relationships	55	Relationships	64	Culture	74
8	Culture	53	Focus	63	Purpose	73
9	Purpose	51	Leadership	62	Awareness	73
10	Choice	50	Awareness	62	Leadership	72
11	Focus	50	Systems	61	Systems	68
12	Collaboration	48	Collaboration	58	Focus	67

Figure 5.
Comparison of top and bottom tier companies.

21st Century depends on creating a culture and environment where people share their tacit knowledge and collaborate in ways that give organizations a competitive advantage. Also, notice that focus is toward the bottom of both top and bottom tier organizations which leads us to believe that Peter Drucker was right when he observed that “So much of what we call management consists of making it difficult for people to work”. Even top companies over manage people and inadvertently introduce interferences that prevent people from attaining a state of flow.

Now that we are aware of these patterns of “unconscious and rarely discussable” dimensions that drive the PTM system, can anything be done to change the perceptions and improve the organization’s chance for success? We believe that taking a diagnostic approach to changing the culture and underlying beliefs and shared assumptions that drive success is the key.

Members of our team have been senior executives in the past and spent large sums of money and effort on various initiatives purportedly targeted at changing the environment, or performance, or leadership effectiveness, etc. The result has been, as it is in most organizations, a continuous stream of initiatives that yield limited results, if any. Most organizations employ the “flavor of the month” strategy. Nobody would return to a doctor who started prescribing drugs before listening to your heart, taking your blood pressure, etc. to diagnose the physical problem you are having. Yet, in business, executives do exactly that by trying this, then that, then something else hoping that something will yield results. Typically, the only winners in this strategy are the highly compensated consultants. We suggest that taking a diagnostic approach based on using clinically (or in this statistically) proven assessment instruments will allow the executives to target root causes of unseen and previously unknown interferences that prevent people from maximizing their potential. Instead of patching the problems of the organization with band aids, executives can gain insight into many “unconscious and rarely discussable” beliefs and assumption then initiate actions to address the root problem instead of just stopping the bleeding. In many cases, executives would be more successful in the long run by taking time, maybe a year, to establish trust or engage in deep dialogue with people to seek alignment and common purpose BEFORE launching into some dramatic change initiative. However, little progress can be made until the executives first become aware of hidden interferences and gain insight into the invisible dynamics that are interfering with success. Once executives become aware of what is going on, they can take a comprehensive approach targeting the systems, leadership, AND culture. With investors and stakeholders demanding annual and quarterly results, time is not on the side of the executives. Executives cannot,

and should not, blindly try this or that and hope for the best. This strategy would not work on the athletic field but sadly it is the approach that most executives take mostly because there are few alternatives.... Until now.

6. Conclusion: what have we learned?

So, you have suffered through numerous pages of academic research and psychobabble, but have you learned anything that makes you think or question the status quo? We hope the answer is, yes. We hope we made a compelling case for evaluating organizational culture as part of an inextricable interconnected system that drives organizational success. There are many approaches that focus on one or the other key element for organizational success. Six-sigma, lean, Great Places to Work, and leadership training among many others are popular approaches. We contend that they typically fall short because they do not address the organization as a whole. The statistics support this assertion because the vast majority of change initiatives fail to deliver results that meet expectations. We believe that part of the reason is that an organization is a complex and dynamic system so that executives must consider more than just productivity or leadership or culture to bring about permanent change. After nearly two decades of study and observation, we have developed a model that, we believe, touches on the key elements needed for success in the modern world. The Performance Triangle Model is a visual representation of a dynamic system with key focal points in systems, leadership, and culture that is powered by people who have a shared sense of purpose, who have healthy relationships, and who collaborate effectively. Unfortunately, in many organizations “unconscious and rarely discussable” beliefs, values, and shared assumption interfere with the ability of people to attain a state of “flow” that prevents people and the organization from reaching its full potential.

Theories and models are great but ... SO WHAT! What is the value if the theory or model cannot be used to help executives actually make significant change? As former executives, we have focused our efforts on developing a methodology and tools to help executives bring about permanent change in their organizations. We reject the “flavor of the month” approach and propose a diagnostic approach to changing the culture and the organization as a whole. In a VUCA world where both internal and external environments change at a blinding pace, executives do not have the luxury of experimenting and hoping for the best. Organizational success in the 21st Century depends on the ability of organizations to adapt and change QUICKLY! We are all familiar with the 5 Why technique to get to the root cause of problems. The key is in asking the “right” questions then taking targeted action after gaining insight into these unseen or unspoken perceptions that abound in the organization.

Figure 6 displays the results from the 18 executives in the sample discussed in Section 4.3 used to validate the diagnostic instrument formatted as a leadership scorecard. Introspective dialogue to answer the questions and understand the underlying causes can help executives be more agile, responsive, effective, and most important... timely ... as they adapt the organization to ever evolving business environments. What unseen forces are interfering with the interactions between systems, leaders, and the culture that prevent the organization from being as successful as possible? This is the most basic question that executives need to ask and gain insight into to maximize success in a VUCA world.

The results in groups one and two (green) show that the leadership team has a firm understanding of what it takes to be successful. However, grouping four (yellow) suggests that systems and leadership are hindering their ability to be

Figure 6.
The Leadership Scorecard - 15 Questions to Frame Dialogue.

successful. Also, armed with insight gained from several hundred organizations, we can see patterns that tell a story. In this case, the green 76 for boundaries says that these leaders believe they have appropriate rules and procedures that are well understood. However, the red scores in grouping three (red) for agenda, aspirations, and norms indicates that they have differing personal goals and objectives and that it is acceptable to “bend the rules” to advance a career. This “unconscious and rarely discussable” dimension of the culture clearly introduces interferences preventing optimal success. Executives need an assessment tool that quantifies previously “unconscious and rarely discussable” dimensions within their organizations. Then they need to have honest and sometimes uncomfortable dialogue followed by actions to fix the underlying or root causes of interferences preventing organizational success. We believe that a diagnostic approach using a statistically valid and reliable assessment instrument of key elements of organizational success can provide necessary insight to executives to target the root cause of interferences and make permanent changes.

Author details

Herbert Nold^{1*} and Lukas Michel²

¹ Polk State College, Winter Haven/Lakeland, Florida, USA

² Agility Insights AG, Zug, Switzerland

*Address all correspondence to: hnold@yahoo.com

IntechOpen

© 2021 The Author(s). Licensee IntechOpen. This chapter is distributed under the terms of the Creative Commons Attribution License (<http://creativecommons.org/licenses/by/3.0>), which permits unrestricted use, distribution, and reproduction in any medium, provided the original work is properly cited.

References

- [1] Schein, E. *Organizational Culture and Leadership*, San Francisco: Jossey-Bass;1985.
- [2] Hofstede, G, Neuijen, B, Ohayv, D, Sanders, G. (1990). Measuring organizational cultures: A qualitative and quantitative study across twenty cases, *Administrative Science Quarterly*, 1990;35; 286-316.
- [3] Nold. H, Hagelthorn, A. Investigating Business and National Culture during Due-Diligence and its Impact on Multi-National Ventures, *Organizational Cultures: An International Journal*, 2016;16(2): 1-19. <http://ijmoc.cgpublisher.com/product/pub.258/prod.90>
- [4] Peters, T, Waterman, R. *In Search of Excellence*, New York, NY: Random House; 1982.
- [5] Peters, T, Austin, N. *A Passion for Excellence*, New York, NY: Random House; 1985
- [6] Ilieş, L, Metz, D. The Link between Organizational Culture and Organizational Performance - a Literature Review. *Managerial Challenges of the Contemporary Society*, 2017;10(1): 35-40. Retrieved from <https://search-ebscohost-com.contentproxy.phoenix.edu/login.aspx?direct=true&db=bth&AN=128134886&site=ehost-live&scope=site>
- [7] Taylor, J. *Organizational Culture and the Paradox of Performance Management*. *Public Performance & Management Review*, 2014;38(1), 7-22. <https://doi-org.contentproxy.phoenix.edu/10.2753/PMR1530-9576380101>
- [8] Sirikrai, S. *Measurement of Organizational Culture: A Literature Review*, 2006. Available from: www.jba.tbs.tu.ac.th/files/Jba109/Article/JBA109Sajee.pdf
- [9] Nold, H. Linking knowledge processes with firm performance: Organizational culture. *Journal of Intellectual Capital*, 2012;13(1): 16-38. <https://doi.org/10.1108/14691931211196196>
- [10] Whalen, T. B. Utilizing the social transaction theory of social ontology to understand organizational culture change. *Journal of Business & Economics Research (Online)*, 2014;12(1): 37-n/a. Retrieved from <https://search-proquest-com.contentproxy.phoenix.edu/docview/1477975247?accountid=35812>
- [11] Walonick, D. *General Systems Theory (essay)*. 1993. <https://statpac.org/walonick/systems-theory.htm>
- [12] von Bertalanffy, L. *General System Theory: Foundations, Development, Applications*, New York: George Braziller. 1968.
- [13] McNeill, D, Freiburger. *Fuzzy Logic*. New York, NY: Simon & Schuster. 1993.
- [14] Kuhn, A. *The Logic of Social Systems*. San Francisco, CA: Jossey-Bass. 1974.
- [15] Michel, L. *The performance triangle: diagnostic mentoring to manage organizations and people for superior performance in turbulent times*, London, UK: LID Publishing Ltd. 2013.
- [16] Nold, H, Michel, L. The Performance Triangle: A Model for Corporate Agility, Leadership and Organizational Development *Journal*, 2016;37(3):341-356. DOI: <http://dx.doi.org/10.1108/LODJ-07-2014-0123>
- [17] Argyris, C, Schön, D. *Organizational learning: A theory of action perspective*, Reading, Mass: Addison Wesley. 1978.

- [18] Nold, H, Anzengruber, J, Woelfle, M, Michel, L. Organizational agility – Testing, Validity, and Reliability of a Diagnostic Instrument, *Journal of Organizational Psychology*, 2018;18(3): 104-117.
- [19] Davenport, T, Prusak, L. *Working knowledge: How organizations manage what they know*, Boston, MA: Harvard Business School Press. 1998.
- [20] Drucker, P. *Landmarks of Tomorrow*, New York, NY: Harper & Row. 1957.
- [21] Mládková, L. Management of knowledge workers, *Economics & Management*, 2011;16:826-831.
- [22] Lin, C, Chiu, H, Chu, P. Agility index in the supply chain, *International Journal of Production Economics*, 2006;100(2):285-299.
- [23] Sherehiy, B. Relationships between agility strategy, work organization and workforce agility, University of Louisville. 2008.
- [24] Tsourveloudis, N, Valvanis, K. On the measurement of enterprise agility, *Journal of Intelligent and Robotic Systems*, 2002;33(3):329-342.
- [25] Verdú, A, Gómez-Gras, J. Measuring the organizational responsiveness through managerial flexibility, *Journal of Organizational Change Management*, 2009;22(6):668-690.
- [26] Charbonnier-voirin, A. The development and partial testing of the psychometric properties of a measurement scale of organizational agility, *M@n@gement*, 2011;14(2): 120-154.
- [27] Roussel, P. *Rémunération, motivation et satisfaction au travail*, Paris, France: Economica. 1996.
- [28] Roussel, P. Méthodes de développement d'échelles pour questionnaires d'enquête, In P. Roussel & F. Wacheux (Eds.). *Management des Ressources Humaines: Méthodes de recherche en sciences humaines et sociales* (pp. 245-276), De Boeck: Burxells. 2005.
- [29] Csikszentmihalyi, M. Finding flow, *Psychology Today*, 1997;30:46-48.
- [30] Argyris, C, Schön, D. *Theory in practice: Increasing professional effectiveness*, San Francisco: Jossey-Bass. 1974.