

CORPORATE CULTURE AND HUMAN FACTOR PROBLEMS

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Imagine what would happen if the top management in a company overnight became ill and couldn't work for, say, three months? Would such a company be paralyzed? Would it cease operating? Probably not, provided the company is basically healthy.

A healthy company would keep going, more or less as usual, for quite some time. People beneath the managerial level would assume and/or accept most of the responsibilities. They would make the necessary decisions and find creative ways to continue the operations. Individual employees would stand out and accept leadership because people further out in the organization still need guidance and because customers still want to be served.

In other words, an otherwise healthy organization would adapt to the loss of managers and maintain "business as usual" for some time. Without proper management, however, one important capacity would be lacking: the organization would not be able to develop.

In studying companies that have lost their management, we can thus distinguish the following two lessons:

1. Competencies will probably be released and people will take initiatives and voluntarily accept new responsibilities.
2. The company can survive for some time but ceases to develop.

Management may thus have the greatest impact on an organization if they concentrate their efforts on the company's development and on enabling people to release their hidden capacities.

These two priorities can sometimes be achieved simultaneously by means of a process-oriented management approach. Such a managerial style can, furthermore, have a favourable impact on human behaviour and human factor problems in enterprises exposed to hazards, such as the shipping industry.

This paper deals with the two lessons mentioned above and outlines a process-oriented, step-by-step management approach towards corporate development parallel with nurturing a culture based on safety.

The development process runs through several steps where each step builds on the previous one. The process contains lots of analyzing, discussions, thorough documentation and ongoing communication with the people. Graphically the steps can be described in the following way:

The development process outlined here should be viewed as an ongoing, never-ending questioning of the corporate and cultural positions, aims, activities and directions. In such a process, a "birds-eye-view" of corporate activities can be both exciting and beneficial as it might reveal new

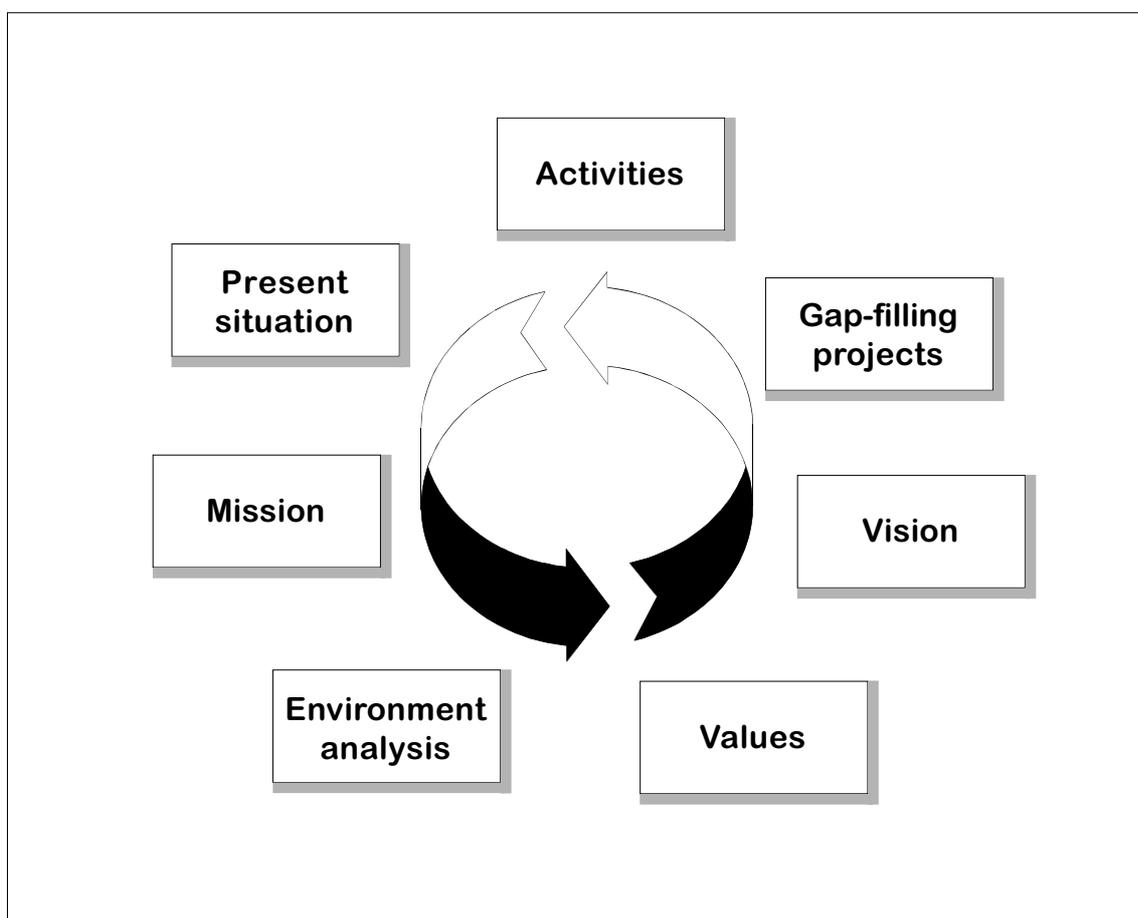


Fig. 1. The steps of the development process

information which differs from the day-to-day focus. To shift perspective from the daily "what" we are doing to "how" we are doing things can also be intellectually very challenging.

Start where you are

The first step is for the management to analyze the business with the aim of finding facts about the company's present position. The object is to define the company's business or areas of business correctly so as to start building the change process on a solid, reality-based ground. The present position can of course be defined in several ways. It is therefore advisable to cover important areas such as the company's position as regards the market, combinations of products, financial strength, the present state of technology, the present customer structure and the like.

The objective of this analysis is to start drawing the map and to describe the essence of the actual business as carefully as possible.

When the areas of business are defined, questions concerning competitors and the company's position relative to competitors can be dealt with. Reasonable factors in this positioning are details about leading competitors, competing technologies, technology leaders, productivity leaders and whether the company is in line with the heartbeat of the industry.

Preferably, the answers should be worked out by looking at the business from the outside, from the customers' point of view. Such an approach makes it easier for the management to describe the market as well as competitors and competing technologies.

When the position is established, the analysis should continue with establishing the purpose of the business and what customer demands the company is dedicated to fulfilling. The purpose of the business should be made concrete in a short, written description of the company's Mission, a Mission Statement.

The Mission Statement should formulate the scope of the business and serve as a guide to the people and convey a message to the organization about what aspects are prioritized, what aspects are chosen and not chosen, what business we are in and what business we are not in.

Analyzing from the outside is important. Analyzing a business from the inside, creates a danger of ending up with missions stated in financial terms like "maximising profits". This should be avoided because it is a somewhat limited perspective and unfortunately not a long-term one. Logically, such a mission statement would result in a recommendation to sell the company, thus maximising the profit immediately.

The organization will, however, probably survive with new owners and still need a *raison d'être*. For long-term survival, an organization needs to develop by constantly interpreting, defining, understanding and fulfilling someone else's needs; the better and more pro-active, the more competitive a company.

When formulating a Mission Statement for an organization faced with hazards, such as a shipping company, words related to safety and reliability are inevitable. This is, of course, because safety

and reliability belong to the very core of the business and are not merely things demanded by or the responsibility of some outside body. For this reason, it is important that words about safety are included in the company's official Mission Statement.

With the help of a well formulated Mission Statement, the management is now able to distinctively analyze another dimension of the company's position by making a SWOT-analysis (analysis of

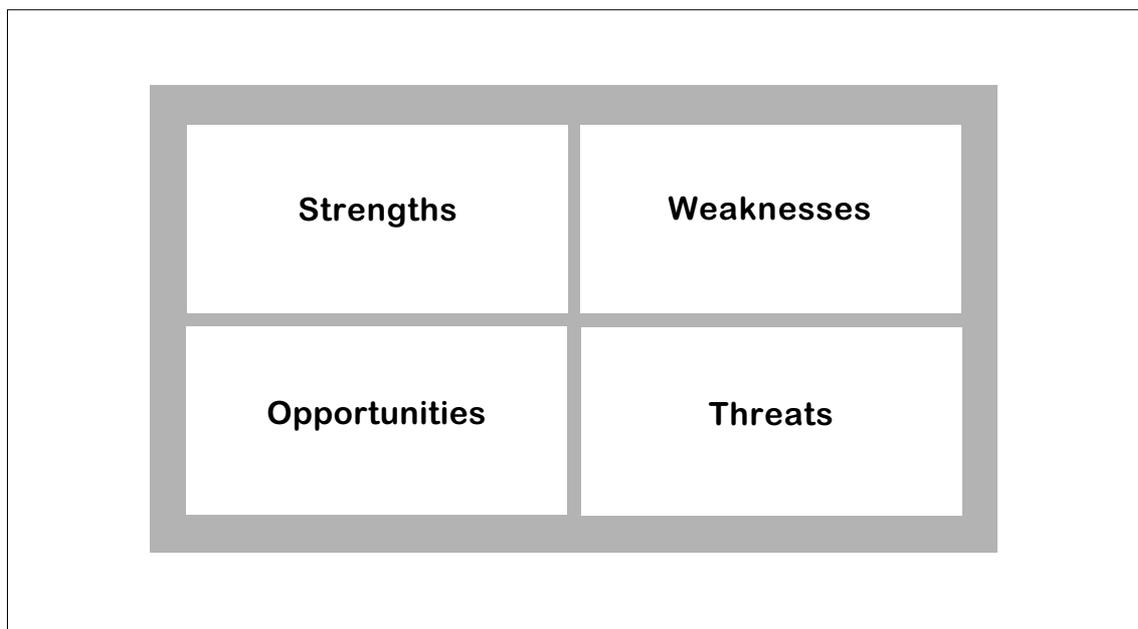


Fig. 2. Scheme for SWOT-analysis

Strengths, Weaknesses, Opportunities and Threats). This analysis helps to clarify both the potential and the vulnerabilities of the business.

The ideal situation for a company is to build upon its strengths, to compensate for or at least avoid exposure to weaknesses, to exploit opportunities and to eliminate or steer clear of threats. When making the analysis, one should pay attention to the risks and pitfalls of basing the analysis upon common in-house biases. Needless to say, the more honest and critical the analysis is, the more realistic are the facts derived from it.

This analysis can also be supplemented with a discussion of environmental factors such as foreseeable changes and future trends that possibly could affect the business. Examples are potential changes in legislation, technology changes, market variations, political and social changes, attitude changes among the public and the like.

Values as Signs of Culture

The following and very useful step is to continue to identify the prevailing set of values which governs the people and the operation. Values form a part of a company's "soul", the corporate "personality" or characteristics which separate and distinguish one company from another of the

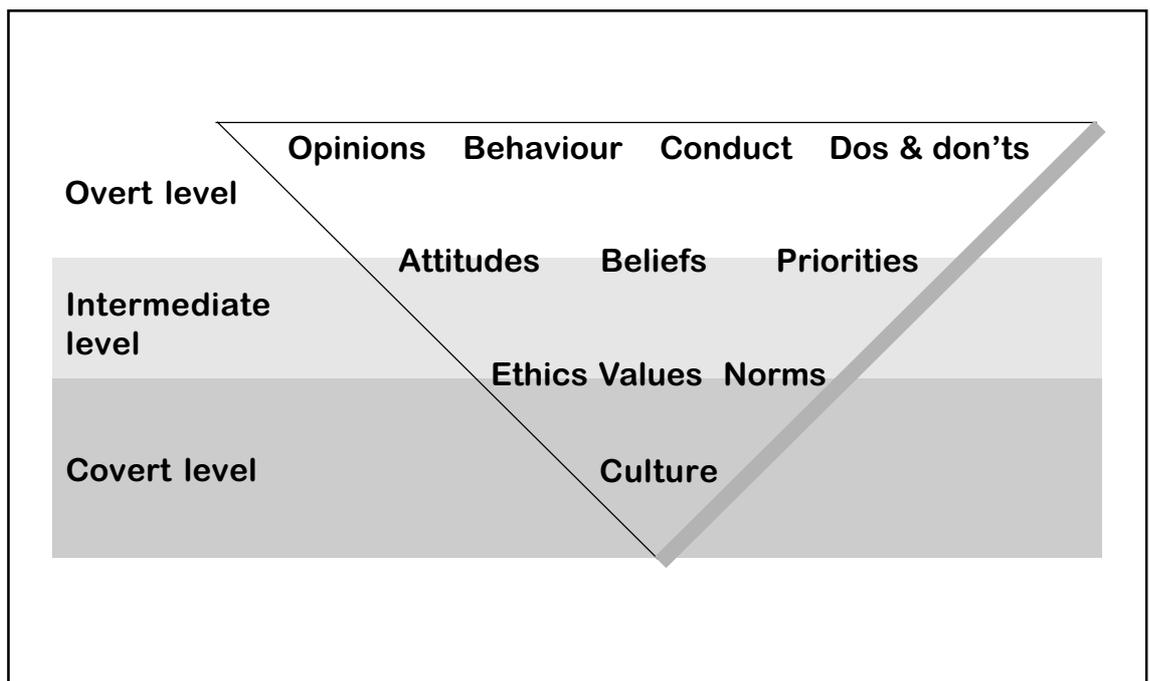


Fig. 3. The cultural Triangle

same sort. Values are mostly invisible, "in the walls" and somewhat difficult to grasp. The effects of values are nevertheless important and very concrete as they constitute an important and reachable part of the company culture.

The cultural triangle has three levels where different, interrelated signs of a culture exist in various degrees of clarity. The bottom level is covert, the intermediate level is where signs largely are hidden but can sometimes be discerned; and finally the upper level is where the signs become overt and perceivable. It is important to realize that the upper-level signs are founded on and originate in lower levels.

Values form an important intermediate link in the cultural triangle between a company culture and the external and overt signs of that culture. Once the set of values is identified, they are made overt and can be openly expressed. This transformation, achieved by means of analysis, makes it easier for the management to challenge and discuss behaviour.

Analyzing values is especially important for a company's safety culture because human factor problems might be the result of indistinctness in the cultural triangle and not necessarily the consequence of individual violation of standards. Corrective approaches can be more effective and precise if aimed directly at the level in the triangle that failed to guide safe practice or resulted in erroneous or dangerous behaviour. Sloppiness and complacency, for example, can be blamed on a single individual but might also be the result of some anomalies in the cultural triangle.

"More of the Same" and "Blame" Culture

When trying to influence others' behaviour it is more effective to aim one's efforts at the covert or intermediate level in the cultural triangle because the deeper the level the greater its impact on behaviour. A clearly expressed and well-looked-after safety culture has a proven and positive effect on human factor problems.

Focusing directly on behaviour and neglecting the deeper levels will normally result in more and more instructions, regulations, rules, orders, manuals and similar aids for controlling behaviour. Such a strategy tends to form a perpetual struggle with the concept of "more of the same", because detected anomalies are often met with new instructions. Furthermore, a system of sanctions is necessary and a company which is caught in such a safety struggle runs the risk of instead developing a "blame" culture.

A pervasive "blame" culture has several important drawbacks. It tends to diminish the sense of personal responsibility and to increase fear. As a consequence it is detrimental to openness, communication, teamwork, involvement and a pro-active managerial style.

This is by no means intended to be an argument against instructions, regulations, rules etc. Regulatory instruments are of course necessary. The argument is against a reflex-like issuing of regulations as the preferred tool to form behaviour. Regulatory instruments have, moreover, the tendency to become cumbersome over time since adding a new instruction is easier than deducting one. (Presumably because adding is decided at a lower managerial level than deducting.)

When analyzing a company's present situation and purpose, it becomes evident that business and safety are linked together and that it is impossible to analyze the first without touching on the second. Safety and business are normally interrelated in the corporate culture.

Moving towards a Desired Future State

So far this analysis has dealt with a company's present position and situation. This is a necessary start for a change project because in order to find a course that will lead the company towards a future goal, you must know where you are starting from.

Finding a worthwhile corporate goal is probably the most difficult part of the process. The goal should be interpreted as a desired future state, something to aim for, and which could serve as an injection of energy into the company. This desirable future state should be formulated as a Vision.

A Vision will help management to act pro-actively, putting them in the driver's seat.

The Vision, normally based upon the Mission, should be well formulated, reasonable, reachable and imply a better, more advanced, exciting, and profitable position for the company. Of course, it should also be based upon deep knowledge of the business as well as on realistic assumptions of relevant factors which might influence the company over a period of time.

This desirable future state should be written and communicated to the organization as a Vision Statement; one or two sentences which define the future state in a concise slogan-like way, easy to communicate and easy for the people to remember.

A Vision Statement should possess four important qualities:

1. It should illustrate a concrete picture of the future.
2. It should state the desired future position in relative terms (e.g. compared to competitor performance, technology or customer preferences).
3. It should take into account probable trends and changes in the environment.
4. It should formulate a common understanding and a common platform.

When formulating a Vision Statement, as was the case with the Mission, words such as "safety" and "reliability" would be again inevitable for a maritime company dealing with safety issues.

Whereas the Mission Statement guides the people to the right "ball park" to play in, the Vision Statement tells *what kind of "player"* you want to be and *how you want to "play the game"*. Inherent are also management guidance to the organization as well as an explanation to everyone about *how* and *why* things need to change.

Working towards a Vision, i.e. to materialize the desired future state, naturally demands a strategy, setting of goals and good discipline. In return, most decisions will be easier to take because when the general direction is known, it is not that difficult to decide whether a single step leads towards it or not.

Boosting Involvement

Normally there is a gap between the present state and the desirable position and it is therefore wise to involve the whole organization in taking inventory of what has to be changed or otherwise accomplished in order to achieve the Vision. Every marine department should be invited to find and formulate their own part-goals and thus decide on how they best can participate in overall corporate development.

Working in such a way will give rise to a situation where departments and company subgroups are responsible for making suggestions to the management on how they wish to develop and change in order to fulfil the Vision. The company management is consequently in a position where they can decide upon and form projects of a gap-filling nature out of suggestions emanating from people inside the organization. This is contrary to the more common situation where the management both create, decide upon and implement projects further down in the organization.

Such a "process-oriented" management style has proven to increase involvement, motivation, creativity and power in organizations. The vehicles for change and the management tools are the gap-filling projects and the usual management follow-up. The resulting projects are powered with engagement arising from inviting people to join the process.

By using modern and "scientific" management methods within the shipping industry, safety culture and corporate culture can gain the possibility to develop interrelatedly and harmoniously. At the same time, people can attain the satisfaction of becoming more involved, important and proactive in the overall development process.

By careful analysis of situations in which management is absent we can gain insight into how proactive management makes a difference. Working in a process-oriented way will enable management to open the door to participation and involvement. By directing ongoing development and acknowledging the values of the company culture, management can develop both corporate culture and safety culture in the same process.