A systemic approach to culture change

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A healthy organizational culture is one of the strongest drivers of an organization's success. However, many initiatives to change an organizational culture, to really embed the desired developments permanently in the organization, fail or at least do not deliver the desired outcomes. Several pitfalls can result in failures or lack of effectiveness. Based on a team development approach that is already applied extensively in practice, we introduce a systemic approach at team level. This approach enables organizations to uncover hidden patterns and dynamics in the organization. And to consciously change these patterns incrementally for the better in case these patterns hamper an organization's success. This article provides a new perspective for strengthening organizational culture to compliance professionals.

1. This is not how change comes about

In the compliance domain, attention to organizational culture has increased considerably over the past decades. 'Organizational culture' is the behavioral pattern which a group learns by solving problems together, how a group responds to problems or new situations and seeks a solution to them.[2] This includes compliance with laws and regulations. Organizational culture is considered one of the strongest drivers of an organization's success.[3] In addition, many incidents have shown that an organization's culture was one of the root causes of the incident. For this reason, organizations recognize the importance of understanding the existing organizational culture. With this understanding, changes can be made where necessary, to ensure a healthy organizational culture, a safe and sound working environment that prevents future incidents or resolves them in a sustainable manner.

However, the methods most organizations choose to assess and strengthen their organizational culture regularly fail to reach the desired results. And they also consume a lot of strength, time, and energy from everyone involved.

Yet, it is possible to organize sustainable culture change. We believe that a culture change can be more effective by using a systemic approach at team level. We will elaborate on our view by starting with a brief description of the concept of 'organizational culture' and its importance within the compliance domain (2), after which we describe the major pitfalls that we encounter in practice when the usual methods of measuring and improving organizational culture are being used (3). Subsequently we discuss two – in our view – key components that every culture change should include: taking a systemic approach at team level, what this entails as well as its added value (4) and ensuring the connection between hard and soft elements of organizational culture (5). In addition, we provide the preconditions for change in teams (6). Finally, we conclude with the "how to" by providing a practical step-by-step approach which can be applied in one's own organization (7).

2. The importance of organizational culture within the compliance domain

An organization's culture is translated as a complex set of values, beliefs, philosophies, and symbols that characterize the way an organization conducts business (Sorensen, 2002). Culture is conceived, discovered, and developed by employees as they deal with its issues of external adaptation and internal integration in a way that has worked well enough to be considered valid, and is therefore taught to new employees as the proper way to deal with, think and feel about these issues.[4]

For employees, organizational culture is the 'social

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2. Schein, E. H. (1985), *Organizational Culture and Leadership,* San Francisco, CA: Jossey-Bass Publishers.

3. Sackmann, S.F. (2001), *Culture and performance, in N.M. Ashkanasy,* in C.P. Wilderom & M.F. Peterson, *The handbook of organizational culture and climate (p 199-224),* Thousand Oaks, CA: SAGE Publications Inc.

4. Schein, E. H., *Organizational Culture and Leadership,* San Francisco, CA: Jossey-Bass Publishers, 1985

glue' that holds the organization together by providing clear and appropriate standards about how employees should behave.[5] A healthy organizational culture reduces uncertainty about appropriate behavior among employees, allowing them to feel more comfortable, dare to speak out about or address undesirable or risky behavior, incidents can be prevented, and lessons are learned from incidents that have occurred. In short, a healthy organizational culture is indispensable.

But what do we mean by 'a healthy culture'? Several models are known in the compliance profession that describe such an organizational culture. For example, the Dutch Authority for the Financial Markets (AFM) mentions the necessary building blocks of 'balanced decision-making', 'fair reward and appreciation' and 'learning from mistakes'.[6] The Dutch Central Bank (DNB) identified 'good decision-making', 'leadership' and 'communication' as crucial ingredients to lead an organization in the right way and to encourage the right behaviors.[7] KPMG's 'soft controls model' assumes 8 themes: clarity, exemplary behavior, commitment, feasibility, transparency, discussability, accountability and enforcement. And more recently, Jeurissen and Voortman suggested expanding these themes to include 'psychological safety,' 'autonomy,' 'competence,' 'affiliation' and 'stewardship'.[8]

Teams and culture change
An organization should pay attention to these topics to create a healthy organizational culture. However, the actual implementation of the desired culture takes place in the daily working environment. And it is precisely in that daily working environment that employees must determine what should be considered as 'the right behavior'. They derive the 'right' behavior from the behavior they observe around them. Research has shown that the culture in a team has a much greater predictive value on employee behavior than the desired organizational culture as communicated by the top management. After all, most time is spent in the team environment, and this environment impacts employees the most in developing their perceptions of the right thing to do.[9] As a result, the culture between teams can differ greatly.[10]

The importance of a healthy team culture is also confirmed by different scientific reports that were de-veloped in recent decades about cooperation within teams. Collaboration within teams was described as early as 1937 as 'the ability to work together toward a common vision'.[11] In addition, healthy, effective ways of dealing with trust, conflict, commitment, responsibility, and results are important drivers of a good team climate.[12] So are emotional skills such as result orientation, responsibility, decision-making, adaptability, emotion management, conflict management and leadership.[13] The power of self-managed teams has also been extensively researched and described by Laloux with his famous work ('Reinventing organizations') on organizations in which he introduces self-managed teams and demonstrates how they work together effectively and create a safe culture.[14]

3.   The pitfalls in organizational culture change

Changing or strengthening an organizational culture is not easy. Without the intention of being exhaustive, we list a number of pitfalls we regularly observe in organizations when a culture change program is started.

Initiatives are started … only to get bogged down quickly
At the start of a culture program, the ambitions are grand, various initiatives are started, questionnaires rolled out, workshops given, gaps identified, and improvement plans written. But the frequency is low, the attendance is low (except when it is mandatory) and a lot of activities take place in addition to 'the regular operational work'. Such a process therefore quickly takes a lot of people's time and energy, but frustratingly little changes can be seen in daily operations and behavior. This creates change-fatigue among employees and erodes the enthusiasm for future meetings and actions.

Lack of shared ownership throughout the organization
The organization counts on some (in)formal leaders or even appoints a program manager (or similar) to get teams and individuals moving. But the managing board 'forgets' to support these leaders and to give them the right backing. This may also result in a lack of active involvement at middle management level, because 'there is already a project leader' in place. Adding to a possible lack of active involvement is the fact that middle management is already incred-

5.   Robbins, S.P., *Organizational Behavior: Concepts, Controversies, Applications (7th ed).* Prentice-Hall, Englewood Cliffs, 1996

6.   Christensen, C.A., E.F. van Steenbergen, T. Coffen, L.R. Wiegman en N. Ellemers, *Bouwen aan een gezonde organisatiecultuur in de financiële sector: inspiratie voor compliance officers met lef,* Tijdschrift voor Compliance, 2018

7.   Raaijmakers, M. et al., *Supervision of Behaviour and Culture, Foundations, practice & future developments,* 2015

8.   Stewardship refers to the fact that interests of a group are more important than personal goals that serve an individual's self-interest (Jeurissen, R. and Voortman, N., 2022, The role of leadership in ethical organizational strategy, Journal of Compliance

9.   Scholten, W.W., *Banking on Team Ethics, a team climate perspective on root causes of misconduct in financial services,* 2018

10.   Cabana, G.C., M. Kaptein (2019), *Team Ethical Cultures Within an Organization: A Differentiation Perspective on Their Existence and Relevance,* Journal of Business Ethics, doi.org/10.1007/s10551-019-04376-5

11.   Hill, N. *Think and Grow Rich,* 1937

12.   Lencioni, P, *The Five Disfunctions of Teams,* 2002

13.   Goleman, D., *Emotional Intelligence,* Harvard Business Review (februari) 2017

14.   Laloux, F., *Reinventing Organisations: a Guide to Creating Organisations Inspired by the Next Stage of Human Consciousness,* 2014

ibly busy managing day-to-day operations. And finally, in some cases, middle management might fear that the desired change is not specifically in their interests.[15]

Undesired effects arise

If a change process is not managed well, it can even work counterproductively. Based on promises made at the start of the program, expectations arise. For example, employees are invited to give an opinion about the culture in an assessment or in a session. This may lead to the perception that they have been able to share concerns or areas of concern and that these will be addressed by 'the program'. But when this, in the eyes of employees, is not done (sufficiently), it has a demotivating effect. It can even lead to the experience of psychological insecurity because people are speaking up without any clear results.

Lack of connection between 'hard' and 'soft' elements in change initiatives

Many culture change initiatives are not connected to the tangible, 'hard' elements of the organization. And vice versa. Consider a situation in which KPIs are clearly defined ('hard'), and only then the culture program ('soft') is aligned accordingly. In practice, when the KPIs have been defined and are being realized, culture immediately comes into play and can frustrate the effectiveness of the chosen KPIs. Or consider the situation where employees get to interpret the organization's values statements ('soft') whereas those rarely have any impact on the day-to-day processes and procedures ('hard').

Focus on the individual

Many organizations focus primarily on individuals: on what an individual might or wants to achieve (drives, pops, bilas) or what an individual should or should not do. This creates an *I versus you* tenor which in turn does not contribute to a healthy culture of collaboration, growth and sense of psychological safety. It might also foster frustration with employees when they notice that they are willing and able to change, but not all of their colleagues are. Culture change is not an individual process.

Measuring an organizational culture is complicated

A culture assessment often starts by assessing the current organizational culture. However, assessing a culture is not easy. Respondents' perceptions are very personal, the wording of the questions should be chosen carefully, and there may be 'questionnaire fatigue' that results in insufficient responses. Then the question pops up whether the information acted upon really provides a good picture of the employees' perception. And maybe even more important, the interpretation of the results is

a huge challenge as, per definition, each person has his or her own frame of reference.[16]

4.   A systemic approach at team level

So, aiming to change an organizational culture has its challenges. However, there is a solid and effective alternative: a systemic approach at team level.

What do we mean by a system?

The concept is known as 'socio-technical systems', where organizational theory, around structures, processes and technology, are combined with the social systems consisting of human aspects such as attitudes, assumptions and feelings.[17] The term 'system' may sound technical and abstract. But in fact, it is something very practical. A team forms a system, an organization forms a system, a family forms a system, etc.

What is a systemic approach?

A common term for a systemic approach is phenomenological observing, or the art and skill of uncovering hidden patterns and dynamics in systems and making them manageable.[18] As systems consist of patterns: unconscious, repetitive sets of actions or relationships[19], the same problems in organizations and teams can recur for months or even years. Every team uses team patterns that limit or reinforce their opportunities. For example, some teams are very good at defining problems but not at finding solutions. Other teams are always waiting for the leader to decide.

A system is more than 'the sum of its parts': the behaviors or thoughts of 'the system' may be *different* from the behaviors or thoughts of the individuals put together. In addition, the system is *stronger* than the individual: when you want to achieve a change, you have to get the system changing, rather than the individuals.

When you approach a team from a systems perspective, you focus on behavior that can be directly observed in the here & now. And more specifically, you focus on the collective behavior instead of individual behavior. You look at the interaction patterns within the team, at behavior that manifests itself in the upper current, but also, for example, at tension that can be observed in the lower current. Interventions are done by pointing out patterns in behavior to the team. By doing so, the team gains insight into and awareness of both goal-enhancing and goal-weakening patterns. The emphasis is on behavior and patterns as they are visible and observable while working. This requires a different way of

15.   Tabrizi, B., *The key to change is middle management*, Harvard Business Review, 2014

16.   Taras, V., J. Rowney, P. Steel, *Half a century on measuring culture; Review of approaches, challenges and limitations based on the analysis of 121 instruments for quantifying culture*, Journal of International Management, 2009

17.   Petrifliere, G., J.L. Petriglieri, *The return of the oppressed; a systems psychodynamic approach to organization studies*, Academy of Management Annals, 2020

18.   Gommans, T., *Wat kun je als auditor met systemisch werken?*, Audit Magazine, 2017

19.   Braun, D., Patronen. *Herkennen en veranderen met antropologische blik*, Boom Uitgevers, 2021

observing and approaching the team in general and phrasing questions to teams in assessments or while discussing assessment results in particular.

What is the added value of a systemic approach?

The importance of including the context in which employees operate has been recognized many times in the field of compliance. The general idea is that removing an employee who has exhibited undesirable behavior such as fraud, corruption or undesirable behavior (rotten apple) is not effective if the context within which this employee was operating (rotten basket) is not also addressed. Thus, when it comes to promoting a healthy organizational culture, it seems logical to start changing or strengthening the organizational culture at team level. Teams are tangible, agile, and 'it's the place where it actually happens'. The sum of developments in teams leads to an organizational development. This is also argued by Scholten in her research on the effect of team climate on exhibiting undesirable behavior. She explicitly recommends paying a lot of attention to team climate because this is exactly what has a strong effect on adherence to organizational values.[20]

So, if, as an organization, you want to create a healthy organizational culture, take the teams as a starting point and observe or measure how a team operates from a systemic perspective. How that can be done in practice is explained after having elaborated on some preconditions for successful change.

To illustrate, how do you apply a systemic approach to teams?

Conduct the conversation at team level and separate it from individuals

An individual's voice is, by definition, a voice of your team that needs to be heard. Having the conversation at team level rather than at individual level has the advantage of providing a lot of safety ('blame the process, not the person').

This is how it works: If a team assessment leads to a specific concern, ask if it is recognizable to the team. If so, ask what effect it has on the team in general or on the team goals in particular. Then, ask the team if they want to change anything about it and if so, what the team wants to agree with each other about this. If the issue or concern is not recognized by everyone, ask what it is like to be in a team where some people may have a concern that others do not recognize. And how they want to deal with that. Notice that the conversation is not only about the concern itself, but also about the effect of the difference in viewpoints or feelings. Exemplary question "*How does it feel to be in a team where this is the case?*"

And when you try to look for progress within the team, refrain from asking questions to finding an individual to 'blame' for the situation as it is at that moment, or questions that directly ask for which team member needs to get into action on a personal level. Ask for team efforts: '*Dear team, what would you like the team to do in these kinds of cases? What would a best team ever do?*'. Of course, it is sometimes necessary that an individual needs to get into action, but a safe and effective way to reach that conclusion is by addressing the team system rather than an individual.

Describe what you see or feel happening in the here & now

Discussing outcomes or improvements is often about the work itself: the processes, procedures, how to take a decision, etc. However, a lot is happening in the undercurrent as well. When pointing out what you see or feel in the energy of the team, hidden information will be revealed. Suppose that when discussing a topic, it remains quiet. Then, don't start pulling on individuals to give their opinions, like 'John, would you share with us what you think about this?'. Instead, ask questions to your team to point out the undercurrent such as: '*I notice the silence, do you recognize that? What does the silence stand for*?". Give it a try and see what comes to the table.

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20. Scholten, W.W., *Banking on Team Ethics, a team climate perspective on root causes of misconduct in financial services, 2018.*

Discuss outcomes with the entire team

Discussing areas of concern with the team as a whole has many advantages: all team members learn from it (not just the leader or a few), it increases the breadth and depth of possible solutions (the power of the collective), and in the absence of the leader, addressing areas of concern can become natural for team members (stability). When you also pay attention to the way you discuss these elements with your team, you can address the undercurrent more quickly and easily. And only when the undercurrent has become visible, you can start moving, as a team, into the desired direction.

5. Ensure the connection between hard and soft

The connection between 'hard' and 'soft' factors is important in a healthy culture. Teams and organizations that pay attention to both, achieve more in a sustainable way.

It is important to realize that both 'hard' and 'soft' components are always present. Indeed, the hard and soft sides are inseparable. However, we do see that organizations and teams can vary greatly in their approach and choice of priorities, also in culture change programs. Some organizations prefer to start with the 'hard' components, such as developing the vision, strategy, formulating specific objectives, as well as the associated decision-making and implementation. Other organizations tend to start with 'softer' topics, such as working on trust, respect
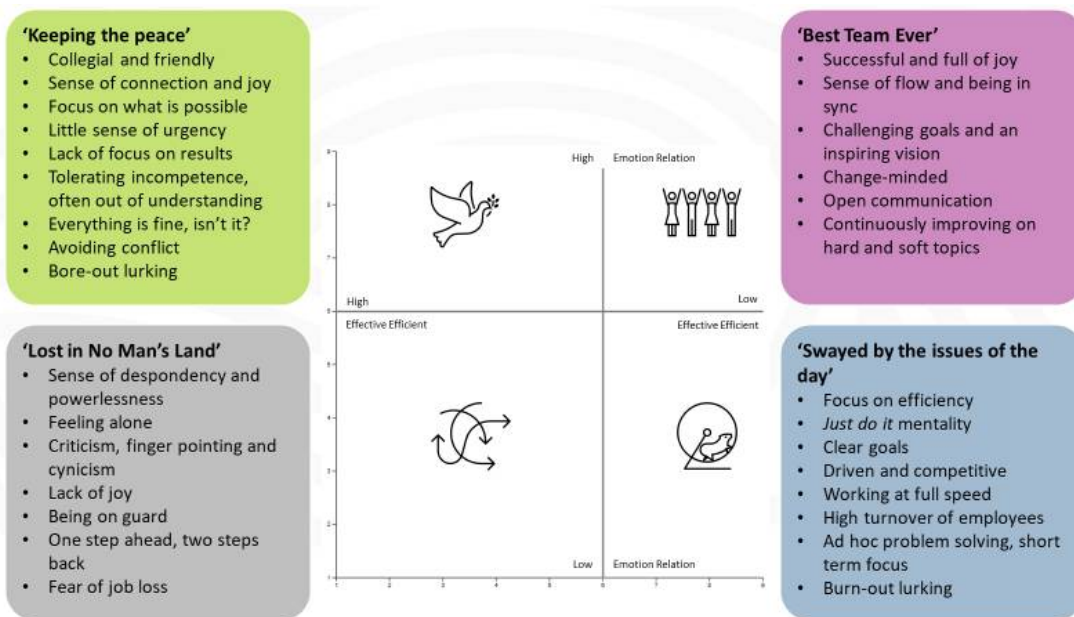
and improving communication.

As an illustration we use the DURVT Team Performance Model. This model comprises of 12 factors that teams can score on: six are classified as hard (Effective & Efficient) and six are classified soft (Emotion & Relation). Years of practice in coaching an abundance of teams have shown that teams recognize these factors (and even indicate these factors themselves) as contributing to 'best teams ever' (read: teams with a healthy culture) they have experienced before. This recognizability and familiarity with these 12 factors enables an easy start for teams to work with this model. The 12 factors are also reflected in the organizational models mentioned previously in this article.

The factors that form part of the DURVT Team Performance Model are:

Emotion & Relation	Effective & Efficient
1.Safety & trust	1.Direction & goals
2.Respect	2.Strategy & implementation
3.Appreciating differences	3.Responsibility
4.Togetherness & enthusiasm	4.Forward going
5.Communication	5.Decision making
6.Conflict handling	6.Conditions

Afbeelding met tekst, schermopname, Lettertype, nummerAutomatisch gegenereerde beschrijving

With the right balance between 'Emotion & Relation' and 'Effective & Efficient', teams with a 'best team ever' culture are created (see in the matrix below). When there is an imbalance, teams arise with a focus on 'keeping the peace' or are working hard but are 'swayed by the issues of the day'. Each focus has its own pros and cons. Teams that lack attention for both the hard and the soft elements experience a 'lost in no man's land' culture.

'Keeping the peace'
- Collegial and friendly
- Sense of connection and joy
- Focus on what is possible
- Little sense of urgency
- Lack of focus on results
- Tolerating incompetence, often out of understanding
- Everything is fine, isn't it?
- Avoiding conflict
- Bore-out lurking

'Best Team Ever'
- Successful and full of joy
- Sense of flow and being in sync
- Challenging goals and an inspiring vision
- Change-minded
- Open communication
- Continuously improving on hard and soft topics

'Lost in No Man's Land'
- Sense of despondency and powerlessness
- Feeling alone
- Criticism, finger pointing and cynicism
- Lack of joy
- Being on guard
- One step ahead, two steps back
- Fear of job loss

'Swayed by the issues of the day'
- Focus on efficiency
- *Just do it* mentality
- Clear goals
- Driven and competitive
- Working at full speed
- High turnover of employees
- Ad hoc problem solving, short term focus
- Burn-out lurking

As an example, let's have a look at the introduction of a new measure. When a new measure is communicated, something immediately happens to the recipients. 'Can I still... then?', 'What does this mean for my workload?', 'Are we going to... again'. How an organization or team handles these soft factors - in addition to hard factors such as processes, responsibilities, direction and goals – is key to the level of success that can be achieved.

However, how do you create such a team where the conversation is open and safe and effective? For that, we provide some preconditions below. Preconditions that not only apply for culture change in particular, but for any change in general.

6. The preconditions for sustainable culture change

In addition to the inseparable connection of hard and soft elements, three more preconditions apply for getting teams to realize a sustainable culture change. These may be obvious, but in practice we see that only a few teams apply them all, in a continuous and consistent manner.

Working in a heartbeat
When team members are asked if they want to change things, few will answer 'no'. But, when asked when they will start making those changes and persevere, it usually remains silent. Swayed by the issues of the day, very few teams manage to structurally set aside time to work together on what matters most. And it is precisely this moment in which we 'slow down' for a moment, that contributes to an improved situation in which we can then 'accelerate'; only when you slow down once in a while, you can accelerate.

Teams with a healthy team culture consciously make time for team development. They don't see team development as a 'side activity' or as a 'twice a year exercise'. These teams know: you cannot refuel (your car) without standing still. They work together in a frequency or rhythm on what matters most. That's what we call 'in a heartbeat'. These are set times to complete tasks that lead to their goals and time to reflect on how they do it.

The heartbeat allows the team to engage in structural moments and structured conversations with each other. By doing so, teams make explicit their fixed team patterns and habits, and discuss what, if anything, they would like to see instead. Patterns are persistent pathways in the brain. It takes time to replace them with more constructive paths. You can compare it to the desire to get stronger. You can sign up at a gym, put on your gym attire and your sneakers, but if it's just one workout, it won't make you stronger. As a plus, a set heartbeat reduces 'intermediate grumbling'; after all, people know that there is a set time when these topics are discussed and can then put the issue on the agenda.

Change materializes by taking many small steps
Employees can get tired of big plans that seem difficult to implement or are not implemented in the end. We know that breaking down the process into small steps and smaller milestones will work much better for teams in implementing changes. And because the smaller steps are easier to take, teams get motivated to continue their efforts driven by the sense of success. In addition, small steps can almost always be adjusted. This results in an agile team which can easily change course without losing speed. We already see this happen when it comes to tangible matters such as ICT implementations or process changes. However, when it comes to changes in culture and thus behavior, we see this sparsely. Organizations often work on grand objectives such as increasing trust or increasing ownership. While it is more effective to first start as a team by expressing your feelings or asking yourself what the team itself can do. All these small steps together result in the bigger change.

Make team culture and development explicit and visible
Most organizations endorse the importance of data and figures: from financial figures, KPIs, absenteeism, customer employee satisfaction to the number of complaints. Yet hardly any organization has up-to-date figures on the level of collaboration within the organization. Organizations and teams need easy, real time and specific insight in what is actually happening in the teams and thus within the organization. This provides insight in what is already going well and what can be done differently or which teams need extra support (for example teams 'lost in no-man's land').

To elaborate on 'specific insight' the following: when gathering data it is very important to ask for observable behavior from a systemic point of view. We too often see questionnaires with statements that ask for values, personal commitment or what management should do. It is much more valuable to rephrase these statements as to clarify to the team what they can do to improve things. For example:

– Instead of 'We think respect is important' (which everybody will agree with), use 'We listen to each other and ask questions to really understand other people's point of view' (does the team show behavior that shows respect?).
– Instead of 'We value collaboration' (almost everybody values collaboration) use 'I take ownership for my work'.

Also, abstain from meta-level questions that are difficult to answer and even more difficult to interpret:

– Instead of 'The level of trust is low' use 'We express concerns and wishes'.

When the right data is gathered, it can be visual-

ized, for example plotted in the matrix as shown in chapter 5 or in more detail as shown in the figure below. This spider web is a visualization of a starting assessment of a team and a follow-up measurement, later in time. It visualizes where improvements have been achieved, and where you see potential for further growth.
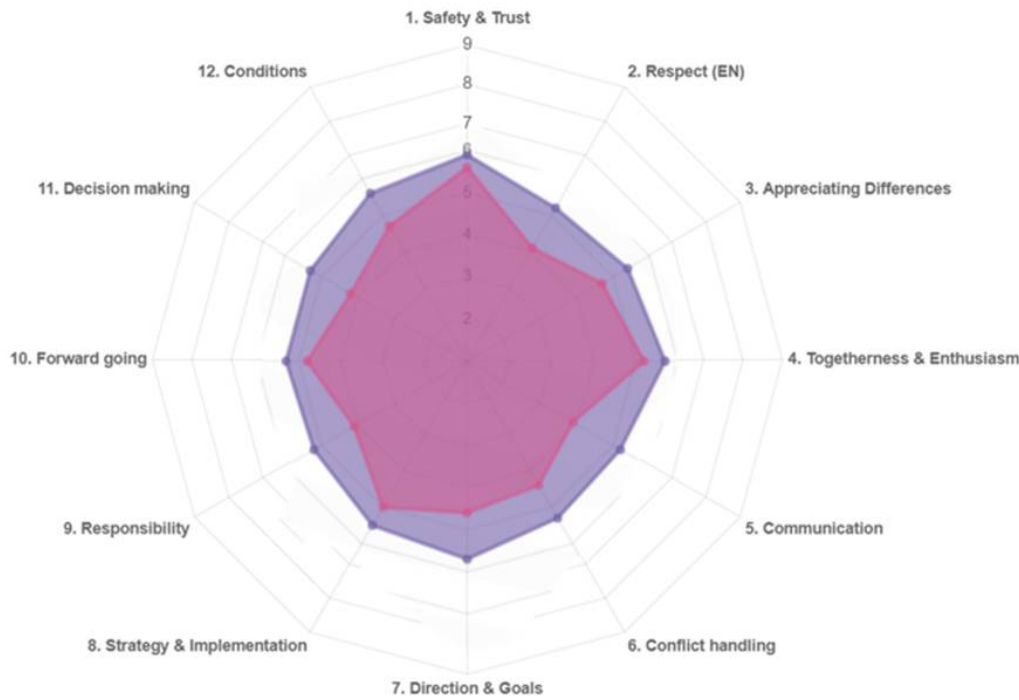
7. A practical step-by-step plan for sustainable culture change

The logical next question is of course 'How to do that? The following steps might help in getting started in adopting this new approach:

As an organization:
1. Select an assessment that meets the aforementioned preconditions, so that the right information becomes visible which will inspire and motivate employees to work on their team development;
2. Facilitate and monitor teams completing the assessment and discussing the results of the assessment on a regular basis.

For individual teams:
1. Complete the assessment and discuss the results with a systemic approach:
   ○ Discuss the outcomes with the entire team
   ○ Focus on team level
   ○ Describe what you see or feel is happening in the here & now
2. Select two topics of which the team decides that they deserve attention (Top 2) and translate these into very concrete behaviors: Which behavior or actions will help us achieve the desired result?
3. Choose a set meeting schedule for the heartbeat session, at least every two weeks.
4. Every two weeks, score if the team is showing the desired behavior related to the Top 2 in their daily working environment. Discuss these scores with the team and ask the following questions:
   ○ What do the scores tell us? What do we see ourselves already doing or having done to achieve these scores?
   ○ Suppose next time you rate this statement half a point higher, what would you see more / less / different in the team? What does the team do more / less / differently then?
5. By consistently repeating step 4, teams jointly learn how to show the desired behavior in practice.

8. Why is this approach so valuable?

We have described in this article the importance of culture and specifically the importance of a healthy organizational culture. Intended culture changes can be delayed or even fail. As a result, employees become disappointed or drop out, which can delay or eventually bring such a change process to a halt. This is not necessary; a sustainable culture change can be much more effective when using a systemic approach at team level.

By ensuring that the preconditions are consistently adhered to and by always keeping the team setting in mind, the focus in discussions will shift from the

behavior of individual employees to the dynamics within the team. Of course, these dynamics arise from the behavior of individual employees, but they impact employee behavior at the same time. If, based on the team assessment and resulting discussion of the outcomes, it is possible to get this undercurrent on the table and sustainable change can be achieved. The responsibility for a healthy culture is herewith more dispersed throughout the organization. Teams can agree on their own improvement actions and because the heartbeats take place

regularly and the improvement steps are made as small as possible, improvements become quickly noticeable. In addition, the risks of undesirable behavior will reduce because teams become accustomed to measuring progress on a regular basis, talking to each other about how to work together and feeling jointly responsible for the results. A healthy culture will start to rise. Strengthening this culture will have a radiating effect towards other teams and organizational units, which will enable the organization to establish the desired culture.