Organisational Change
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Ch 1: Organisations and their changing environments

1.1 A view of organisations

Organization = - A social arrangement for achieve controlled performance in pursuit of collective goals
- A group of people brought together for the purpose of achieving certain objectives. As the basic unit of an organization is the role rather than the person in it the organization is maintained in existence, sometimes over a long period of time, despite many changes of members.
- Social entity that has a purpose, has a boundary, so that some participants are considered inside while others are considered outside, and patterns the activities of participants into a recognizable structure.

Organisational boundary: All influences which may act to disturb organisational life but which are not considered directly as a part of it.
Organisations are connected to a wider system, which form part of the environment.

The organisation as a system (The transformational process):

Inputs
- materials
- resources

The organisation

Formal subsystem
- Management
- Goals
- Strategy
- Operations
- Technology

Culture
Politics
Leadership

Informal subsystem

Environment

- Organizational goal achievement
- Employee satisfaction

Outputs

1.2 The historical context for change

| Market factors impacting on operations of Western organisations and key organisational responses |
|--------------------------------------|------------------------------------------|------------------------------------------|-----------------------------------------------|
| Industrial age 1944 | Neo-industrial age 2000 |
| Suppliers' market | Buyers' market |
| Task-oriented time | Product/service design time | System/process-oriented time | Value-oriented time |
| Marketing | |
| Focus on increasing sales | Development of market segments |
| Seller's market | Positioning and targeting |
| | Niche marketing |
| | Strategic marketing |
| | Increasing importance of single customer focus |
| | Relationship marketing |
| | Value-added marketing |
| Production | |
| Reducing costs | Automation |
| Supplying volume | Work study |
| | Quality/service chain |
| | Just in time |
| | Lean systems |
| | Information management |
| | Autonomous units |
| | Improving responses times |
| | Networking |
| People | |
| Compliance work study | Manpower planning |
| Problems caused by growth and functionalisms | Human resources management |
| | Team working |
| | Quality (systems) |
| | Kaizen |
| | Problem solving |
| | Task/project-focused teams |
| | Cross-functional teams |
| | Information management |
| | Proliferation of messy problems |
1.3 An uncertain future

It is crucial that organisational managers and decision makers are aware of more about the environmental winds which are blowing to disturb organisational change.

1.4 Organisations today - environmental triggers of change

The view of organisations existing as system of interrelated elements operating in multi-dimensional environments has a number of supporters:

- **Checkland**: Developed the soft-systems model, an approach designed specifically for analysing and designing change in 'human activity systems', most frequently, organisational systems.
- **Nadler**: Proposed a system model applied to organisational behaviour.
- **Stacey**: Use systems concepts in their discussion of organisations and change.

Most writers on organisations stress the importance of the nature of the environment for organisational management and decision making.

Environment: All factors, including institutions, groups, individuals, events and so on, that are outside the organisation being analyzed, but that have a potential impact on that organisation.

The impact of PETS

The different environmental factors are grouped into categories under the mnemonics PEST, Political, Economical, Social-cultural and Technological factors which influence organisations, their strategies, structures and means of operating, including their human resource practices.

**Triggers for change from the political environment**
- A change in political ideology bring requirements for new behaviors in organizations because of the changed constraints and opportunities within which they must operate. In addition, not only do changes in the political environment influence organizations directly, they also interact with changes in the economic environment *(the new lion example p.20)*
- Changes coming from one sector of the environment are compounded by their interaction with influencing factors from other sectors of the environment

**Triggers for change from the economic environment**
- Because organizations operate in the main to make money or, in the case of the public sector organizations operate within budgets, some of their more serious concerns are with triggers for change in the economic environment
- Concern for competitors, exchange rates, corporation tax, wage rates

**Triggers for change from the socio-cultural environment**
- All factors listed as socio-cultural influence the way organizations are set up, run and managed as well as their capacity to attract people to work within them
- Changes in family structure where men as well as, or instead of, women may wish to stay at home to look after the children

**Triggers for change from the technological environment**
- Changes in the technological environments, which were ignored as triggers for change, caused devastation to a once proud industry. *(cat example p.17)*
- Increasing power of Internet-based communications

**Internal triggers for change**
- An organisation becoming unionised or de-unionised
- A new chief executive or other senior management
- A revision of the administrative structures
- The redesign of a group of jobs
- The redesign of a factory or office layout

*Veranderingen hebben invloed op organisaties. Communicatiestrategieën zullen moeten worden aangepast als blijkt dat er steeds meer mensen alleen blijven wonen. Er zullen ook meer woning gebouwd moeten worden.***
• The purchase of new IT equipment
• A new marketing strategy
• A cut in overtime working
• Staff redundancies
• Strengthening of specific departments

1.5 Organisational responses to change

3 kinds of environments:
- Temporal environment
  This influences organisations in 2 ways:
  1. A general way
     Through the cycles of industry-based innovation which move organisations through major series of developments
  2. A more specific way
     Through the life-cycle of the organisation itself. This includes its particular history built up from its founder days through periods of expansion and decline, all of which is instrumental in helping to explain an organisation's idiosyncrasies of strategy and structure, culture, politics and leadership style.

- External environment
  PEST-factors

- Internal environment
  Organizational changes which are the first-line responses to changes in the external and temporal environment.

Environmental turbulence (five levels):
1. Predictable
   A repetitive environment characterised by stability of markets; where the challenges repeat themselves; change is slower that the organisation’s ability to respond; the future is expected to be the same as the past
2. Forecastable by extrapolation
   Complexity increases but managers can still extrapolate from the past and forecast the future with confidence
3. Predictable threats and opportunities
   Complexity increases further when the organization’s ability to respond becomes more problematic; however, the future can still be predicted with some degree of confidence
4. Partially predictable opportunities
   Turbulence increases with the addition of global and socio-political changes. The future is only partly predictable.
5. Unpredictable surprises
   Turbulences increases further with unexpected events and situations occurring more quickly that the organization can respond

Level 1 ...... Level 5 → increase in complexity and uncertainty

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<thead>
<tr>
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<th>Certainty level</th>
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<td>Level 1</td>
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We are able to say what happened, why it happened, and what the consequences are. We are also able to explain in a widely accepted way how such a sequence of events and actions will continue to affect the future course of the business.

**Contained change:**
We are able to say only what probably happened, why is probably happened, and what its probable consequences were. The impact of such a sequence of events upon the future course of the business has similarly to be qualified by probability statements.

**Open-ended change:**
There are yet other sequences of events and actions arising from the past and continuing to impact on the future where explanations do not command anything like widespread acceptance by those involved.

*The stronger the force the more probable it is that the environmental is moving to level 5. What this implies is that the ability to plan and manage change becomes ever more difficult as the forces and levels of turbulence increase.*
2.1 Varieties of change

Grundy’s three ‘varieties of change’ (based on observation):

1. Smooth incremental change
   Change which evolves slowly in a systematic and predictable way.
   - from the 1950s to early 1970s
   - relatively exceptional in the 1990s and the future

2. Bumpy incremental change
   Characterised by periods of relative tranquillity punctuated by acceleration in the pace of change.
   - triggers are likely to include those from both the environment in which organisations operate as well as the internal changes such as those instigated to improve efficiency and ways of working
   - example: periodic reorganisations that organisations go through

3. Discontinuous change
   Change which is marked by rapid shifts in either strategy, structure or culture, or all three.
   - can be linked to change in response to the higher levels of environmental turbulence (ch 1)
   - example: technological change

Organisational convergence and upheaval

Tushman’s Model of organisation life (based on research and investments):
Consists of ‘periods of incremental change, or convergence, punctuated by discontinuous changes’:

- Incremental change:
  - Fine tuning
    Aimed at doing better what is already done well
  - Incremental adaptations
    Involves small changes in response to minor shifts in the environment in which organisations operate (ten-percent change)
    Fine tuning and incremental adaptations have the common aim of maintaining the fit between organisational strategy, structure and processes
    Fine-tuning and incremental adjustments to environmental shifts allow organisations to perform more effectively and optimise the consistencies between strategy, structure, people and processes

- Discontinuous frame-breaking change
  At times of major change in an organisation’s environment fine-tuning or incremental adjusting will not bring the major changes in strategy, structure, people and processes which might be required.
  In time such as these most organisations will be required to undergo discontinuous or frame-breaking change
  Discontinuous change:
    - Industry discontinuities
    - Product/life-cycle shifts
    - Internal company dynamics
  Frame-breaking change is usually implemented rapidly → revolutionary changes
    - reformed mission and core values
    - altered power and status
    - reorganisation
    - revised interaction patterns
    - new executives
Fine-tuning to corporate transformation

Dunphy and Stace: defining the scale of change

- **Scale type 1: Fine tuning**
  Organisational change which is an ongoing process characterized by fine tuning of the ‘fit’ or match between the organisation’s strategy, structure, people and processes. Manifested at departmental/divisional levels
  - refining policies, methods and procedures
  - developing personnel especially suited to the present strategy (training and development)

- **Scale type 2: Incremental adjustment**
  Organisational change which is characterized by incremental adjustments to the changing environment. Involves distinct modifications to corporate business strategies, structures, and management processes
  - expanding sales territory
  - improved production process technology
  - articulating a modified statement of mission to employees

- **Scale type 3: Modular transformation**
  Organisational change which is characterized by major realignment of one of more department/divisions. Is focused on the subparts rather than on the organisation as a whole
  - major restructuring of particular department/divisions
  - changes in key executives and managerial appointments in these areas
  - reformed departmental/divisional goals

- **Scale type 4: Corporate transformation**
  Organisational change which is corporation-wide, characterized by radical shifts in business strategy and revolutionary changes throughout the whole organisation
  - revolved organisational mission and core values
  - reorganisation – major changes is structures, systems and procedures across the organisation

Tushman’s frame breaking:
- Modular transformation
- Corporate transformation
It shows that there is a difference between departmental/divisional level and the corporate/organisational level

Planned and emergent change

A management concept which relies heavily in a single view of the way change ought to be done. This view assumes that the environment is know and, therefore, that a logical process of environmental analysis can be harnessed in the service of planning any change.

2.2 Predictable change

The organisational life-cycle by Greiner:

Greiner maintains that, as organisations grow in size and mature, their activities go through five phases, each of which is associated with a different growth period in an organisation’s life. In addition, as each growth period moves into the next, the organisation goes through a shorter-lived crisis period

The model is useful for identifying an organisation’s situation, thus providing warning of the next crisis point it may have to face. It helps in the planning of necessary change
Being able to diagnose change situations is, therefore, important if organisations are going to have any chance of responding to and managing change successfully. There are some tools and techniques which can help:
- **Greiner's model of organisational life-cycle**
- **SWOT, PETS analysis**
- **Model of industry behaviour** (difference between Greiner is that this model more links to an organisation’s competitive environment)

### 2.3 Diagnosing change situations

**Evolutionary cycle of competitive behaviour:**
Breakpoints: those times when organisations must change their strategies in response to change in competitors’ behaviour

The model has two phases:
- **Innovation phase**
  - When someone discovers a new business opportunity
  - This triggers a breakpoint to introduce a phase in the evolutionary cycle which causes a divergence in competitors’ behaviour as the attempt to exploit the new opportunity with innovative new offerings
  - f.e. the first apple computer, the new chips and software
- **Efficiency phase**
  - The least efficient leave the scene and only the fittest survive.
  - This is a phase of cost cutting and consolidation until the returns from cost reduction decline and people see the advantage of looking for a new business opportunity - bringing a new breakpoint with the cycle starting all over again

**Looking for breakpoints**

The model suggests that there are two basic types of breakpoints:
- **Divergent breakpoints** associated with sharply increasing variety in the competitive offerings, resulting in more value for the customer
- **Convergent breakpoints** associated with sharp improvements in the systems and processes used to deliver the offerings, resulting in lower delivered cost

**Breakpoint evolution of personal computer industry:**

Identification of breakpoints: organisations need to have both formal and informal systems attuned to searching for indicators from the environment
- **Formal system**
  - Include those involved with environmental, scanning, benchmarking and data collection and interpretation
- **Informal systems**
  - Open attitudes on the part of managers and personnel, a degree of co-operation rather than destructive competition between divisions and departments, and a culture supportive of innovation of change

Hard problems ➔ difficult
Soft problems ➔ messy
Ch 3: Organisational structure and change

3.1 The meaning of organisation structure

Organisation’s structure:
The established pattern of relationships between the component part of an organisation, outlining both communication, control and authority patterns. Structure distinguishes the parts of an organisation and delineates the relationship between them.

3.2 The dimensions of structure

- Specialisation
- Standardisation
- Formalisation
- Centralisation
- Configuration
- Tradionalism

Four underlying dimensions:
- Structuring of activities
- Concentration of authority
- Line control of workflow
- Support component

3.4 Influences on structures

Direct influences
- change in structure: if there is a change in strategy to respond to PETS-factors, the structure has to change to maintain the structure/strategy relationship
- technology: information technology will affect the way in which it is structured
- size

Indirect influences
- culture
- creativity
- politics
- leadership

The consequents of deficient organisational structures (illustration 3.11, p96)

- Motivation and moral may be depressed
- Decision making may be delayed and lacking in quality
- There may be a conflict and a lack of co-ordination
- An organisation may not respond innovatively to changing circumstances
- Costs may be rising rapidly, particularly in the administrative area

The strategy-structure fit

The direction and scope of an organisation over the long term:
Which achieves advantage for the organisation through its configuration of resources within a changing environment, to meet the needs of markets and to fulfill stakeholder expectations

Chandler’s strategy-structure thesis

Structure follows strategy
Structural changes occur as a result of strategic changes during the growth of an organisation
Miles and Snow’s strategic types
Concluded that every organisation form is a result of a specific type of strategic behaviour

Defenders:
Organisations which were typical of the period before the 1920s.
They have narrow and relatively stable product-market domains. As a result of this, they seldom
need to make major adjustments in their technology, structure or methods of operation. They
focus on improving the efficiency of their existing operations.
- limited product/service lines
- single capital intensive technology
- functional structures
- skills in production efficiency, process engineering and cost control

Prospectors:
Are likened to the divisionalised organisations of the 1920s and 1930s which proliferated in the
1950s.
They continually search for product and market opportunities and regularly experiment with
potential responses to emerging environmental trends. They are often the creators of change and
uncertainty to which their competitors must respond. Because of this they are usually not completely
efficient.
- diverse product line
- multiple technologies
- product or geographically divisionalised structure
- skills in product research and development, market research and development engineering

Analysers:
Are said to have the characteristics of the most recent of Chandler’s organisation forms.
They operate in two types of product/market domains. One relatively stable, the other changing. In
their stable areas, they operate routinely and efficiently through use of formalised structures and
processes. In their more innovatively areas, key managers watch their competitors closely for new
ideas and the they rapidly adopt those that appear to be the most promising.
- limited basic product line
- search for a small number of related product and/or market opportunities
- cost-efficient technology for stable products and project technologies for new products
- mixed structure, and skills in production efficiency, process engineering and marketing

Reactors:
Are those organisations in which strategy environment inconsistency exists or in which strategy,
structure, and process are poorly aligned. There is some evidence that in highly regulated
industries, Reactors perform less well than the other three types.

Mintzberg’s forces and forms
Direction:
Can be likened to having a ‘strategic vision’. This gives a sense of where the organisation must go
as an integrated entity
Efficiency:
Which balances the costs and benefits, the lower the ratio of costs to benefits the higher the
efficiency. The force for efficiency tends to encourage standardisation and formalisation, focusing
on rationalisation and restructuring or economy
Proficiency,
That is for carrying out tasks with high level of knowledge and skills
Concentration,
Which means the opportunity for particular units to concentrate their efforts on serving particular
markets. This is necessary in organisations that are diversified in structure
Innovation
Which means the opportunity for particular units to concentrate their efforts in serving particular markets. This is necessary in organisations that are diversified in structure

Co-operation and competition
Are the forces which Mintzberg calls ‘catalytic’. Co-operation describes the pulling together of ideology, that is the culture of norms, beliefs and values that ‘knit a disparate set of people into a harmonious, cooperative entity’. Competition describes the pulling apart of politics in the sense of politics as the non-legitimate, technically not sanctioned organisation behaviour

The influence of size on structure

The bigger the organisation, the more formalisation and role specialisation

Size and technology form at least 50% of determinants of structure.

The influence of changing technology

Woodward studies:
Effectiveness is related to the fit between technology and structure
- Unit/small batch - organic
- Large batch and mass - mechanistic
- Process production - organic

Perrow studies:
Technology has two variables:
- Task variability (few or many exceptions)
- Problem analysability (low or high)

Each type of technology should be linked to an appropriate structure
Cel 1. Mechanistic
Cel 2. Mechanistic with organic aspects
Cel 3. Organic with mechanistic aspects
Cel 4. Loosely organised organic struct.
4.1 The informal organisation

The culture and politics of many organisations constrain the degree of change and transformation in which they can successfully engage, even through such change may be highly desirable for meeting the challenges and demands of the wider environment. Therefore, regardless of how well change might be planned in terms of the more formal organisational characteristics, it is the hidden informal aspects of organisational life which will act to help or hinder it.

4.2 The meaning of culture

The culture of the factory is its customary and traditional way of thinking and of doing things, which is shared to a greater or lesser degree by all its members, and which new members must learn, and at least partially accept, in order to accepted into services in the firm.

People are seen as being from different cultures if their ways of life as a groups differ significantly, one from another. Culture has a cognitive, affective and behavioural characteristics.

Culture can be changed, in fact it is changing all the time. The issue is the degree of change to which culture can be submitted over the short and long term and the process for doing this. Much depends on the perspective adopted and the type of change proposed. 3 perspectives can be identified:

- Culture can be managed
- Culture may be manipulated
- Culture cannot be consciously changed

There is a general agreement that there is nee to:
1. Assess the current situation
2. Have some idea on what the aimed for situation looks like
3. Work out the ‘what’ and ‘how’ of moving the organisation

4.3 Describing organisational culture

Level models of culture:

- The characteristics of organisational culture (Robbins)
  1. Innovation and risk taking
  2. Attention to detail
  3. Outcome orientation
  4. People orientation
  5. Team orientation
  6. Aggression
  7. Stability

- Levels (Schein)
  - Artifacts level
  - Espoused values level
  - Basic underlying assumptions level

- Values level (Hofstede)
  - Values
  - Rituals
  - Practices
  - Heroes
  - Symbols
• Levels of Culture (Combination of Schein’s and Dyer's models)
  1. Artifacts
  2. Perspective
  3. Values
  4. Basic/tactic assumptions

The process requires interpretation of signs and symbols, as well as language used, to assess the prevailing value and underlying assumptions about how the organisation should operate.

Objectivist and interpretive views of culture

How to bring meaning to the concept of culture itself. There is a distinction between 2 classifications of culture:

- The objectivist or functional view of culture
- Implies that organisations have cultures and the changing culture is not that difficult given the correct way of going about it.

There is a second view of culture, which interprets the meaning of culture as a metaphor for the concept of organisation itself. Culture is something an organisation is.

In essence this means that organisations are socially constructed realities and that, rather than being defined by their structures, rules and regulations, they are constructed much in the heads and minds of their members and are strongly related to members' self-concept and identity.

The cultural web

The cultural web is all-encompassing in the organisational elements which it includes. It would be a mistake to conceive of the paradigm as merely a set of beliefs and assumptions removed from organisational action. They lie within a cultural web which bonds them to the day-to-day action of organisational life.

The different elements of the cultural web:
- Rituals and routines
- Stories
- Symbols
- Power structure
- Organisational structures
- Control systems
- The paradigm (center)

The notion of culture as a metaphor for organisation also encompasses the concept of sub-cultures. This is reinforced by Alvesson who recommends combining perspectives at 3 levels:
- The organisation as culture (unitary and unique)
- The organisation as a meeting place for great cultures
- Local perspectives on organisational sub-cultures.

Hall's compass model of culture and its associated culture typologies have been developed through an apparent interest in cultural differences in partnerships. There are 2 components of behaviour or cultural styles of behaviour:
- Assertiveness
  The degree to which a company's behaviours are seen by others as being forceful or directive.
- Responsiveness
  The degree to which a company's behaviours are seen by others as being emotionally expressed.
4.4 Dimensions of organisational culture

Handy refers to organisational culture at atmosphere ways of doing things, levels of energy and levels of individual freedom – or collectively, the sets of values and norms and beliefs – reflected in different structures and systems.

The structural view of culture

- **Power culture**
  A single person or group tends to dominate. Decision making is centralised. Family businesses, small entrepreneurial companies and occasionally trade unions.

- **Role culture**
  Work by logic and rationality. Activity is controlled more by rules and regulations than by personal directive from the top. Emphasis is on defined roles and occupants are expected to fulfil these but not overstep them. Role cultures flourish in stable situations and a sellers’ market.

- **Task culture**
  Represented by a net. Project work associated with matrix-type structures. Is not particularly concerned with personal power or hierarchy, but with marshalling the required resources to complete work and work efficiently and effectively. Task culture flourish where creativity and innovation are desirable, particular in organisations concerned with such activities as research and development, marketing, advertising and new ventures.

- **Person culture**
  An unusual culture. It exists only to service the needs of the participating members. It does not have an overarching objective such as is found in more conventionally structured organisations. Examples are bartisters’ chambers, doctors’ centres. Minimal structures and can be likened to a cluster or galaxy of individual stars.

Organisational culture and the external environment

- **The tough-guy, macho culture**
  High risk and rapid feedback on the outcomes of their actions
  Focus on speed rather than endurance
  Failure is punished

- **The work-hard/ play-hard culture**
  Low risk but quick feedback on actions
  Risks are small because no individual sale will severely damage the salesperson
  Emphasises the team because it is the team which makes the difference

- **Bet-your-company culture**
  The risks are high and the feedback on actions and decisions takes a long time.
  A sense of deliberateness which manifests itself in ritualised business meetings
  All decisions are carefully weighed and based on careful research
  Vulnerable to short-term economic fluctuations in the economy

- **The process culture**
  Low risk and slow feedback on actions and decisions.
  Working with little feedback, employees have no sense of their own effectiveness or otherwise.
  They tend to concentrate on the means which things are done rather than what should be done
  Effective when dealing with a stable and predictable environment, but find it difficult to react quickly to changing circumstances.

Organisational culture, structure, strategy and the external environment

The internal induced dimension identifies 3 culture types:

- Production
- Bureaucratic
- Professional
4.5 The sources of organisational culture

The influence of organisational history

The subculture of an organisation reflects national culture, professional subculture, and the organisation’s own history. Regarding the last of these, Robbins emphasises how the philosophy of organisation’s founder and, as time passes, the top management define acceptable behaviour. The influence of history is not limited to the influence of particular people of importance to an organisation. A broader influence is referred to by Hofstede: The rules of behaviour in industrial workshops in the nineteenth century were modelled after those in armies and monasteries.

The influence of national culture

Those who support the convergence view argue that the forces of industrialisation and the use of similar technologies as well as increasing size will push organisations, whatever their location, towards particular configurations with respect to strategy, structure and management.

The markets valuing a global approach to business- an approach in which a company’s units, divisions, teams, functions, and regions are all tightly integrated and synchronized across borders.

In contrast to this view, one nation’s culture will diverge significantly from another’s.

The diversity of national cultures

Six different cultural orientations of society:
- People’s qualities as individuals in terms of whether people are seen as basically good or basically bad
- People’s relationship to their world
- People’s personal relationships in terms of individualism or collectivism
- An orientation to either doing or being
- People’s orientation to time
- People’s use of space

Variations in Kluckhohn and Stridtback’s cultural dimensions

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Hofstede’s dimensions of national culture:
- Power distance
- Individualism/ collectivism
- Masculinity/ femininity
- Uncertainty avoidance

National culture and organisational culture

Low scores on Hofstede’s power distance dimension → low centralisation of decision making and flatter pyramids of control

High scores on Hofstede’s power distance dimension → strict hierarchical structures and centralised decision making.

Both Hofstede and Adler draw attention to the way organisational theory is culturally determined.
4.6 Organisational culture and change

Cultures in defence against, or supportive of, change

Some elements of organisational culture might support change, while, at the same time, work against it - in other words how they might put up a defence against change. Culture and structure seem almost to be interchangeable.

Organisation’s capacity to change:
- Attitudes to criticism
- Attitudes to sharing information
- Attitudes to experimentation in processes and products
- Degree of willingness to give people autonomy and support them in their actions
- Degree to which the organisation’s structure facilitates change
- Degree of willingness to discuss sensitive issue openly
- Attitudes to conflict
- Degree of management’s openness to new ideas – especially from below

There are, however, unlikely to support, without serious trauma, the frame-breaking, transformational or revolutionary types of change. This is likely to be the case because of their structural characteristics, but might also be because of the attitudes, beliefs and values held by the people who work in them.

Segmentalist and integrative cultures:
- Segmentalist cultures
  - Compartmentalise actions, events and problems
  - See problems as narrowly as possible
  - Have segmented structures with large numbers of departments walled off from another
  - Assume problems can be solved by carving them up into pieces which are then assigned to specialists who work in isolation
  - Divide resources up among the many departments
  - Avoid experimentation
  - Avoid conflict and confrontation
  - Have weak co-ordinating mechanisms
  - Stress precedent and procedures

- Integrative cultures
  - Are willing to move beyond received wisdom
  - Combine ideas from unconnected sources
  - See problems as wholes, related to larger wholes
  - Challenge established practices
  - Operate at the edge of competencies
  - Measure themselves by looking to visions of the future rather than by referring to the standards of the past
  - Create mechanisms for exchange of information and new ideas
  - Recognise and even encourage differences, but then be prepared to co-operate
  - Are outward looking
  - Look for novel solutions to problems

Organisational learning and types of change

- Single-loop learning (individual learning)
  An objective or goal is defined and an individual works out the most favoured way of reaching the goal. The goal itself is not questioned.

- Double-loop learning (organisational relearning)
  Questions are asked not only about the means by which goals can be achieved, but about the ends, the goals themselves.

Strong and weak cultures
Organisational cultures differ markedly in terms of their relative strengths. The existence of a strong culture implies a commonly understood perspective on how organisational life should happen, with most organisational members subscribing to it.
Payne suggests that the strength of an organisation’s culture can be measured by:
- The degree to which it is shared by all members
- The intensity with which organisational members believe in it

Brown suggests the following functions at the organisational level:
- Conflict resolution
- Co-ordination and control
- Reduction of uncertainty
- Motivation
- Competitive advantage

4.7 Changing organisational culture to bring about organisational change

Permanent organisational change will only be brought about by first changing people's attitudes and values.

Assessing cultural risk

Schwartz and Davis devised a means of measuring culture in terms of descriptions of the way management tasks are typically handled in company-wide, boss-subordinate, peer and interdepartment relationships so as to assess the degree of cultural compatibility with any proposed strategic change. This is put in the matrix below which carry out the first part of this process.

<table>
<thead>
<tr>
<th>Tasks</th>
<th>Companywide</th>
<th>Boss-subordinate</th>
<th>Peer</th>
<th>Interdepartment</th>
<th>Summary of culture in relation to tasks</th>
</tr>
</thead>
<tbody>
<tr>
<td>Innovating</td>
<td>Innovating part of the mission</td>
<td>Bosses open to suggestions</td>
<td>Team work</td>
<td>Team work</td>
<td>Encourage creativity and innovation</td>
</tr>
<tr>
<td>Decision making</td>
<td>Had to fit in with strategy</td>
<td>Input from subordinated encouraged - boss has final word</td>
<td>Collective decisions</td>
<td>Work together to produce an integrated package</td>
<td>Collaborative decision making but boss has the final word, corporate strategy rules</td>
</tr>
<tr>
<td>Communicating</td>
<td>Easy, use of email and phone</td>
<td>Friendly</td>
<td>Face to face and open</td>
<td>Easy, Use of email and phone</td>
<td>Easy, informal and friendly communications</td>
</tr>
<tr>
<td>Organising</td>
<td>Market focus</td>
<td>Democratic</td>
<td>Professional relationships</td>
<td>Collaborative</td>
<td>Organised on the basis of skills and professional relationships</td>
</tr>
<tr>
<td>Monitoring</td>
<td>Shareholder-led organisation</td>
<td>Meet short-term profit targets and</td>
<td>Project management deadlines</td>
<td>Project management</td>
<td>Need to meet short-term profit goals</td>
</tr>
<tr>
<td>Appraising and rewarding</td>
<td>Encourage performers</td>
<td>Hard work = good rewards</td>
<td>Results important</td>
<td>Results important</td>
<td>Meritocracy</td>
</tr>
<tr>
<td>Summary of culture in relation to relationships</td>
<td>Allow freedom to managers as long as they operate within the strategy and meet profit targets; output oriented</td>
<td>Friendly, rely on each other for success</td>
<td>Highly skilled professionals who help each other out</td>
<td>Work together to support sales</td>
<td>Overall performance and profit matter in a culture which welcomes dynamic and performance related individuals</td>
</tr>
</tbody>
</table>

The matrix with the comparative assessment which allows elements of the proposed strategy changes to be plotted against their importance to that strategy and the degree to which they are compatible with the culture. The nearer the elements of any proposed strategic change are to the top right-hand corner, the lower the chance that they will be accepted, given the prevailing culture.

<table>
<thead>
<tr>
<th>Importance of change to organisational strategy</th>
<th>High</th>
<th>Medium</th>
<th>Low</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unacceptable risk</td>
<td>Manageable risk</td>
<td>Negligible risk</td>
<td></td>
</tr>
</tbody>
</table>

Level of culture compatibility | High | Medium | Low |
The relevance of culture change to organisational change

Assessing cultural risk helps management pinpoint where they are likely to meet resistance to change because of incompatibility between strategy and culture. This further allows them to make choices regarding:

1. Ignoring the culture
2. Managing around the culture
3. Changing the culture
4. Changing the strategy to match the culture
7.1 Situations of change

Change in situations which are characterised by hard complexity is more likely to be enacted easily and speedily than change in situations which show soft complexity, that is, where issues are contentious and there is a high level of emotional involvement on the part of those likely to implement the change and those who will be affected by it.

Flood and Jackson suggest the methodologies that are most appropriate in situations characterised as simple or complex systems but modified by whether relationships between people tend to be of a unitarist, pluralist or coercive nature.

Different logic dominate each possibility in terms of suggesting a particular approach to change. In situations of hard complexity, a particular type of change approach will be appropriate.

Characteristics of unitary, pluralist and coercive relationships:

- **Unitary**
  - People relating to each other from a unitary perspective
  - Share common interests
  - Have values and beliefs which are highly compatible
  - Largely agree upon ends and means
  - All participate in decision making
  - Act in accordance with agreed objectives

- **Pluralist**
  - People relating to each other from a Pluralist perspective
  - Share basic compatibility of interest
  - Have values and beliefs which diverge to some extent
  - Do not necessarily agree upon ends and means, but compromise is possible
  - All participate in decision making
  - Act in accordance with agreed objectives

- **Coercive**
  - People relating to each other from a Coercive perspective
  - Do not share common interests
  - Have values and beliefs which are likely to conflict
  - Do not agree upon ends and means and genuine compromise is not possible
  - Coerce others to accept decisions

7.2 Systematic approached to change

The hard approaches rely on the assumption that clear change objectives can be identified in order to work out the best way of achieving them. A strict application of these approaches dictates that these objectives should be such that it is possible to quantify them, or at least be sufficiently concrete that one can know they have been achieved.

7.3 The hard system model of change

Some of the clearest expositions of methods for planning and implementing change in hard situations are those found in Open University. The methodology for change described here draws on all these sources.

**Change in three phases**

The HSU is particularly useful when dealing with situations which lie towards the hard end of the hard-soft continuum of change situations.

**Phase 1: Description**
Stage 1: Situation summary
- Stating the commitment to the analysis and the reason for doing it
- Describing in words and with diagrams the situation within which changes will be set
At the end of this stage the scope of the study will be defined as will the range of problems and issues to be addressed.

Stage 2: Identification of objectives and constraints
- Listing objectives which are consistent with the themes which emerged from the diagnostic stage
- Arranging the objectives into a hierarchy of objectives – an objectives tree
- Listing constraints in terms of those which (a) are inviolable and (b) may be modified

Stage 3: Identification of performance measures
- Formulating measures of performance which can be put against the objectives on the objectives tree

Phase 2: Options

Stage 4: Generation of options (routes to objectives)
- Drawing up a list of options. This can be done by making use of any number of creative thinking techniques

Stage 5: Editing and detailing selected options

Stage 6: Evaluating options against measures
- Check that the model you have used is an accurate representation of the system
- Consider whether the model seems to contain any bias or mistaken assumptions
- Evaluate each option according to how well it meets the performance measures.

Phase 3: The implementation phase

Stage 7: Implementation
- 3 strategies for implementation:
  - Pilot studies leading to eventual change
  - Parallel running
  - Big bang

Stage 8: Consolidation – carry through
Ch 8: Soft system models for change

8.1 Managing change in situations of soft complexity

The challenge to rationality

8.2 Organisation development - philosophy and underlying assumptions

Characteristics:

- Emphasis on process (the medium = the message)
- Medium to long term
- Participative, drawing on behavioral sciences
- Involves a facilitator as a change agent
- Planned change as an evolving and changing process

The significance of people in organisations

- People are, individually and collectively, both the driver and the engine
- Majority are under-utilized
- People are social beings
- Change should be a part of day-to-day work groups

The significance of organisations as systems

Organization = system of interconnected and interrelated subsystems and components

Hard elements
Soft elements

The significance of organisations as learning organisations

L.O. = the only way to survive and to prosper

System view + people are central

Learning:

- Adaptive/single loop/goal oriented
- Generative/double loop/process oriented

8.3 The OD process

Lewin’s three-phase model of change

- Unfreezing
- Moving
- Refreezing

8.4 OD: an action - research - based model of change

Stages 1a and 1b: The present and the future

1a: Diagnose current situations

Diagnose current situation:

- preferably a ongoing process
- Soft aspects are very important
Stage 1b: Develop a vision for change
Develop a vision for change
- Use metaphors
- A vision must:
  • Drive the business forwards
  • Inspire
  • Yield sustainable advantage

Stage 2: Gain commitment to the vision and the need for change
Gain commitment to the vision and the need for change

By participation in stages 1a and 1b
Manage resistance
What does such a vision really mean??

Stage 3: Develop an action plan
Three questions

- **Who** is to guide the planning, and later, implement the change??
  - Change agents
    - Facilitator of change
    - Should be objective
    - Should have certain competencies (ill. 8.2)

- **What** needs to change to achieve the vision?? At what level?

- **Where** should each intervention take place??

Stage 4: Implement the change
Examples of interventions:
see figure 8.4 (Behavior, structure, context)

For instance:
- Survey feedback
- Organizational mirroring (≈ 360 degree feedback)
- Inter-group confrontation (3rd party assistance)
- Role negotiation: ‘contract’ about roles
- Process consultation: with consultant
- Team building
- Life and career planning

Stage 5: Assess and reinforce the change
Prevent people falling back in ‘old behavior’.
Reinforcing also means changing policies, systems, structures, etc.