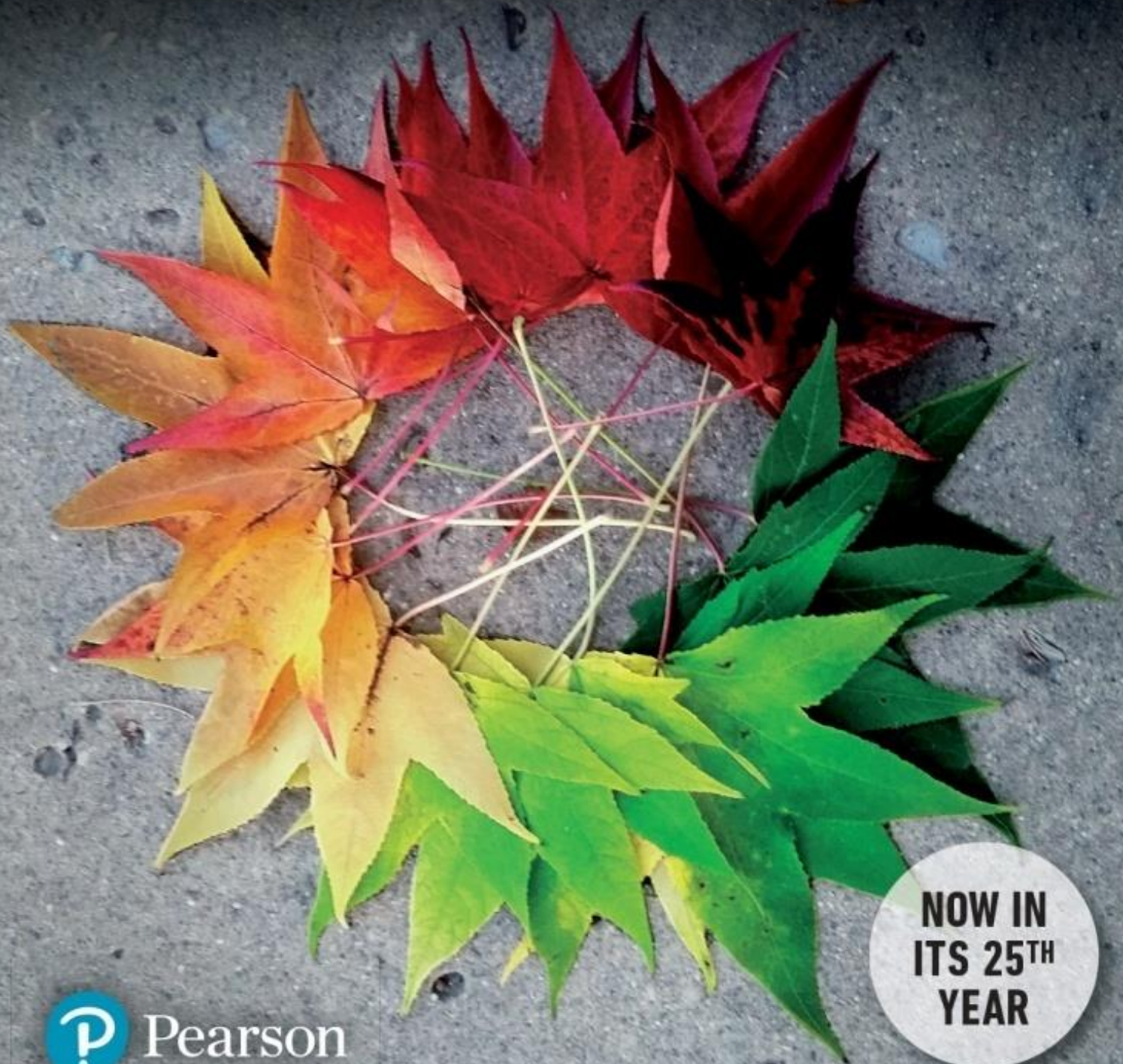


# MANAGING CHANGE

**A Consultancy Approach for Change  
Management in Organisations**



**NOW IN  
ITS 25<sup>TH</sup>  
YEAR**

# **Managing Change in Organisations**

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# Introduction

## Contents

This course has been prepared to assist you and your colleagues in designing and delivering courses. It provides the following information:

**Summary:** These give an overview of each Section, stating its objectives and how it relates to the rest of the study.

**Essay questions:** At the end of each Section overview, a brief commentary on the essay questions for that Section is provided. The intention is not to provide full answers to each question but to draw attention to key points which students should address or raise.

There is no concomitant commentary on the short answer questions as, by and large, these are there to allow students to show they have understood particular issues and topics discussed in the text.

**Case study questions:** As with the essay questions, the intention is not to provide full answers to each question but to draw attention to key points which students should address or raise. In most instances, the case studies may best be used as part of whole-class learning whereby groups are asked to prepare presentations to the class based on one of the questions. However, they can also be used as coursework or exam questions.

When the case study questions are used as the basis of comparative group work, each group should be asked to address one or more of the case study questions. Each group's remit is to prepare a presentation for the class which addresses the question(s) they have been given.

After all the presentations have been completed, the class should discuss the similarities and differences in their findings.

Website: [www.pearsoned.co.uk/burnes](http://www.pearsoned.co.uk/burnes)

As well as a downloadable copy of this Manual, the website also contains PowerPoint slides that can be downloaded. These are in text form, which can be amended or embellished with illustrations as the user thinks fit.

## References

All references used in this Manual can be found in the Bibliography section of *Managing Change*.

**PART 1**

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**Introduction to change management:  
fundamental questions for  
Organisations**

## SECTION 1

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# Introduction to change management

## Fundamental questions for organisations

### Summary

The received wisdom in much of the business world for the last 30 years has been that change has to be fast, large-scale and transformational if organisations are to survive. However, this does not always have to be the case; sometimes incremental change which does not disturb the essence of a successful business is what is required. As Etzold and Mueller (2012: 12) state, 'successful businesses need to carefully balance and align different elements such as strategy, formal organisation, critical tasks, people and culture'. In order to create the conditions for successful change, organisations have to address five fundamental sets of questions:

- 1. Why do we want to change?** In addressing this question, this Section shows that, in the face of internal and external opportunities and threats, organisations change in order to become more effective at achieving their goals, and that effectiveness is derived from factors such as processes, people and organisational culture.
- 2. Should we focus on individual, group or system change?** Organisations are social and technical systems which require individuals and groups to work together effectively if the system is to achieve its goals. When problems, opportunities and challenges arise, the key task for those responsible for maintaining the system is to decide where the focus of the response lies. Depending on the situation, the main focus of the response will be at the individual, group or system level, though these levels cannot be seen in isolation from each other.
- 3. Will there be resistance and, if so, where from? How can we gain employee commitment? Are we ready for change?** These are three interrelated questions and, in some ways, can be best answered last first. If an organisation is ready for change, employees will already be prepared to change, commitment will come readily and resistance – if any – will be minimal. Alternatively, if it is not ready for change, gaining commitment may be difficult and resistance can be expected. Resistance will not result from employees' innate aversion to change per se but from the nature of the change and the way the organisation manages it, which may give rise to incompatible forces within the system.
- 4. Who will manage the change process? Do they have the appropriate skills?** The answer to the first question rather depends on the type of change. Just as some illnesses are best dealt with by general practitioners and some by specialists, so it tends to be the same with change initiatives. Incremental changes which are wholly within one area might best be dealt with by the manager/supervisor in that area. Meanwhile, initiatives which span more than one area and are of a more complex nature might require a specialist change agent. In both cases, though, it depends on the skills of the person leading the change process. Some managers may be experienced at managing change, while some change agents may be limited in the range of change situations they can manage.

- 5. What are the frequency and magnitude of the changes required in order for us to survive?** For some organisations, incremental and infrequent adjustments to their activities will be sufficient for them to remain in business. For others, anything but frequent and large-scale change will result in their being overtaken by competitors and put out of business. However, this is not just a case of organisations scanning their environment, recognising the forces for change and acting accordingly. Organisations can exercise choice in terms of markets, products and other key pressures. These choices can minimise the need for change or they can initiate a process of continuing and radical change. Organisations and those who manage them are not always at the mercy of market forces: sometimes they are the ones who create and control those forces.

## PART 2

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# The rise and fall of the rational organisation

This part provides a comprehensive review of organisation theory and behaviour. It shows that organisation theory is primarily concerned with control, especially in terms of shaping and controlling human behaviour in organisations. It also shows that organisation theories are, implicitly or explicitly, theories of change. Section 2 deals with the development of organisations from the Industrial Revolution through to the early years of the twentieth century, when the first fully fledged organisation theory, the Classical approach, appeared. This is followed in Section 3 with reviews of the next two organisation theories to appear: the Human Relations approach and Contingency Theory. Section 4 examines the most influential current approach to structuring and managing organisations: Culture-Excellence. This followed in Section 5 by an examination of two alternative organisational paradigms, Japanese management and organisational learning. The Section concludes with a review of the case for sustainability and its implication for how organisations are managed. Section 6 sets the review of organisational theories in a wider context by reviewing the postmodern, realist and complexity perspectives on organisations. Section 7 examines the importance and implications of culture, power and politics. Section 7, and Part 2, conclude that, by accident or design, organisation theories attempt to remove choice from organisations by specifying what they need to do in order to be successful. However, the review of culture, power and politics, together with evidence from the earlier Sections, shows that managers do have a wider scope for shaping decisions than much of the organisation literature suggests. This theme of managerial choice is continued in Part 3.

## SECTION 2

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# From trial and error to the science of management

## The rise of Organisation Theory

### Summary

This Section sets out to explore and discuss the origins of organisations, from the Industrial Revolution to the early years of the twentieth century, when the first detailed and comprehensive organisation theory emerged. The key themes of this Section are as follows.

The Industrial Revolution marked a significant shift in how change was perceived. Beforehand, those who controlled organisations, whether these organisations were countries, religions or medieval craft guilds, tended to resist change, considering it as a threat to their power. After the Industrial Revolution, though change was strongly resisted by workers, it became seen by the emerging class of entrepreneurs and industrialists as the prime mechanism for gaining wealth and power.

Although industrialisation was primarily characterised by the move from a subsistence economy to a money-market economy, its main enabling mechanism was the creation of the factory system, and its main characteristic was the battle between managers and workers over control of the work process.

The development of organisation theory was synonymous with the need by managers to legitimate and enhance their authority to control workers' behaviour and initiate changes to production methods. Thus, the Classical approach to running organisations stresses the need to remove decision-making powers from workers and vest planning and control of the work process in the hands of managers and specialists. As a result, two of the overarching and complementary characteristics of this period were the conflict between workers and managers, and the search for a systematic, scientific, and above all an efficient approach to running and changing organisations.

The Section begins by looking at the pre-history of modern organisations. It shows that the opportunities for vast wealth which arose from the rapid expansion of national and international commerce in the seventeenth and eighteenth centuries could not be met by existing forms of production technologies and work organisation. Thus, it was that entrepreneurial opportunities created the conditions for the Industrial Revolution, from which emerged the factory system, the precursor of all modern organisations, and whose two key features were its ad hoc, trial-and-error nature, and the antagonistic relationship between owners and employees, or – to use the terminology of the times – masters and servants.

As the nineteenth century progressed, and organisations grew in number and size, trial and error increasingly gave way to more considered and consistent approaches to work organisation. This development was especially pronounced in the United States and continental Europe, as industrial leadership moved away from Britain and towards these areas.



What emerged, separately, were three different but complementary attempts by Frederick Taylor in the United States, Henri Fayol in France and Max Weber in Germany to replace the ad hoc, rule-of-thumb approach to organisations with a universally applicable blueprint or theory for how they should operate. These three approaches, each focusing on different organisational aspects, coalesced into what later became known as the Classical school of organisation theory, the core elements of which are as follows:

- There is a 'one best way' for all organisations to be structured and operate.
- This approach is founded on the rule of law and legitimate managerial authority.
- Organisations are rational entities: collectivities consistently and effectively pursuing rational goals.
- People are motivated to work solely by financial reward.
- Human fallibility and emotions, at all levels in the organisation, should be eliminated because they threaten the consistent application of the rule of law and the efficient pursuit of goals.
- For this reason, the most appropriate form of job design is achieved through the use of the hierarchical and horizontal division of labour to create narrowly focused jobs encased in tight standardised procedures and rules, which remove discretion, dictate what job-holders do and how they do it, and which allow their work to be closely monitored and controlled by their direct superiors.

The Classical approach had many merits: not least in its attempt to replace arbitrary and capricious management with rules and procedures which apply equally to everyone in the organisation. Nevertheless, it has also attracted much criticism. Taylor and his adherents have been criticised both for their lack of scientific rigour and their one-dimensional view of human motivation (Burnes, 1989; Kelly, 1982a, 1982b). Indeed, as Rose (1988) argued, Taylor portrayed human beings as 'greedy robots': indifferent to fatigue, boredom, loneliness and pain, and driven solely by monetary incentive. For Taylor, material incentives are the only effective incentives to work.

Fayol has been attacked on three fronts: firstly, that his principles are mere truisms; secondly, that they are based on questionable premises; and lastly, that the principles occur in pairs or clusters of contradictory statements (Massie, 1965; Mintzberg, 1973, 1975; Simon, 1947).

Weber's arguments for bureaucracy have also received criticism. For instance, Robbins (1987) pointed out that bureaucracy is most frequently attacked for encouraging goal displacement, in that rules can become ends in themselves rather than means to the ends they were designed to achieve. Robbins (1987) also pointed out that bureaucracy can alienate both employees and customers or clients.

One of the main criticisms of the Classical approach as a whole is that its view of people is negative. Bennis (1959: 263) called the Classical perspective one of 'organisations without people', because it is founded on the belief that people can be reduced to the level of cogs in a machine. It was as a reaction to the 'de-humanised' Classical approach that the Human Relations approach emerged in the 1930s. This, together with Contingency Theory – the third approach to organisations to be developed in the twentieth century – is discussed in Section 3.

## SECTION 3

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# Developments in organisation theory From certainty to contingency

## Summary

The Human Relations approach is covered in the first half of this Section. This approach was a reaction against the mechanistic view of organisations and the pessimistic view of human nature put forward in the Classical approach. It attempted to reintroduce the human element into organisational life, and claim for itself the title of the 'one best way'. In particular, it contended that:

- People are emotional rather than economic–rational beings: human needs are far more diverse and complex than the one-dimensional image that Taylor and his fellow travellers conceded.
- Organisations are cooperative, social systems rather than mechanical ones: people seek to meet their emotional needs through the formation of informal but influential workplace social groups.
- As well as formal practices and procedures, organisations are composed of informal structures, rules and norms which can have more influence on individual behaviour and performance, and ultimately on overall organisational performance, than the formal structure and control mechanisms laid down by management.

Like the Classical approach which it sought to supplant, the Human Relations approach has attracted its fair share of criticisms. Many of the criticisms were directed at the 'questionable' validity of the findings from the Hawthorne Experiments, including inconsistencies between the various interpretations of these offered by Mayo and his colleagues. Maslow's work, a key theoretical cornerstone of the Human Relations approach, was found to lack empirical substance when researchers attempted to validate it, and certainly later theories of motivation seem to adopt a different approach. Similarly, Bennis's views on bureaucracy were attacked. Kelly (1982b) also attacked the proposition that increased job satisfaction leads to increased performance.

There is one further criticism of the Human Relations approach, one which it shares with the Classical approach: it claims for itself the title of the 'one best way'. Yet, the question was posed, how can any approach claim that there is only one method of structuring and managing organisations, and that it holds good for all organisations and for all time? As the second half of this Section shows, it was in response to this question that Contingency Theory developed in the 1960s.

Contingency Theory began by questioning and rejecting the idea that there is a 'one best way' for all organisations. Instead, it argued for a 'one best way' for each organisation. It did not, therefore, reject the Classical approach and the Human Relations approach; instead it maintained that the optimal structures and practices of an organisation are dependent (i.e. contingent) on the circumstances it faces. The main contingencies it proposed were:

- Environmental uncertainty and dependence. It is argued that the management of any organisation is undertaken in circumstances of uncertainty and dependence, both of which change over time. Uncertainty arises because of our inability ever to understand and control events fully, especially the actions of others, whether outside or inside an organisation. Because of this, forecasting is an inexact and hazardous enterprise. Similarly, the dependence of management upon the goodwill and support of others, whether they be internal or external groupings, makes an organisation vulnerable, and may in some circumstances even threaten its very existence. Levels of uncertainty and dependence will vary, but can never be totally eliminated, and must therefore be taken into account – treated as a contingency – when designing organisational structures and procedures.
- Technology. The argument for technology being a key variable follows similar lines to that of environment. Organisations creating and providing different products and services use different technologies. Given that these technologies can vary from the large and expensive, such as a car assembly line, to the relatively small and cheap, such as a personal computer, the form of organisation necessary to ensure their efficient operation will also vary. If so, there is a need to treat technology as a contingent variable when structuring organisations.
- Size. Some would argue that this is not just a key variable but *the* key variable. The case for size being a significant variable when designing organisations has a long antecedence within organisation theory, being first cited by Weber in the early part of the twentieth century when making the case for bureaucracy (Weber, 1947). The basic case is quite straightforward. It is argued that the structure and practices necessary for the efficient and effective operations of small organisations are not suitable for larger ones. For small organisations, centralised and personalised forms of control are claimed to be appropriate, but as organisations grow in size, more decentralised and impersonal structures and practices become more relevant.

## SECTION 4

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# The Culture-Excellence paradigm

## Summary

This Section examines the Culture-Excellence approach, which has become the main Western approach to managing and structuring organisations. Culture-Excellence is very much an attempt to counter Japanese competitiveness by drawing on and re-shaping the American and British traditions of individualism and free market liberalism. It emerged in the early 1980s, and its principal exponents – Tom Peters and Robert Waterman, 1982; Rosabeth Moss Kanter, 1989; and Charles Handy, 1989 – have attempted both to predict and to promote the ways in which successful (excellent) companies will and should operate in the future.

Peters and Waterman, Kanter and Handy argue that organisations are entering a new age, where familiar themes are taking on different meanings and are being expressed in a new language. Contrasting the old with the new, they argue that:

- Muscle power is being supplanted by brain power: the ability to make intelligent use of information to create ideas that add value and sustain competitiveness.
- Organisation structures will be flatter and less hierarchical and bureaucratic controls will be replaced by cultures that stress the need for, and facilitate, flexibility and adaptation.
- Above all, organisations will need to develop open, flexible, pragmatic and strong cultures, which help to maintain a learning environment that promotes creativity, entrepreneurship, ownership and teamwork amongst all employees.

## SECTION 5

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# Alternative paradigms: Japanese management, Organisational Learning and the need for sustainability

## Summary

Though Culture-Excellence has emerged as the West's dominant management paradigm over the last 30 years or so, it was faced with two strong competitors – the Japanese approach to management and organisational learning. The Japanese management paradigm is a very different animal to Culture-Excellence. It has been developed in Japan over the past 60 years, and not only is it being extensively practised there, but, at least until recently, its success was not disputed. The Japanese approach, like Peters and Waterman's Culture-Excellence approach, revolves around the so-called 'Seven Ss' – Strategy, Structure, Systems, Staff, Style, Shared Values and Skills. However, it is not simply the merits of each of the individual Ss which has given the Japanese their competitive edge. Rather, it is that they are devised and adopted in such a way that they are integrated and mutually supportive of each other.

Because of the success of the Japanese economy and Japanese companies from the 1960s onwards, the Japanese approach attracted much interest in the West, especially in the United Kingdom, where Japanese inward investment (by household names such as Honda, Nissan and Toyota) generated a great deal of debate regarding the impact and merits of 'Japanisation'. This was also the case in the United States, where Japan and Japanese methods were seen, in turn, as either a threat or a lifeline to American industrial pre-eminence.

Organisational learning came to the fore in the early 1990s. Leading management thinkers, in particular Chris Argyris (1992), have been interested in organisational learning since the 1960s. However, it was only in the 1990s that the concept became popularised as an engine for organisational competitiveness through the work of Senge (1990) in the United States and Pedler, Boydell and Burgoyne (1989) in the United Kingdom. One of the key benefits claimed for organisational learning is that it is a universal approach which draws on, and is consistent with, both Western and Japanese organisational traditions (Hedlund and Nonaka, 1993; Nonaka, 1988; Ouchi, 1981; Probst and Buchel, 1997; Whitehill, 1991). The core characteristics of organisational learning which most writers would agree upon are that:

- An organisation's survival depends on its ability to learn at the same pace as or faster than changes in its environment.
- Learning must become a collective and not just an individual process.
- There must be a fundamental shift towards systems thinking by an organisation's members.
- This gives an organisation the ability to adapt to, influence and even create its environment.

Despite the merits of the Japanese approach and organisational learning, they have been overshadowed by Culture-Excellence. However, its dominance is partly explained by its alignment

with the neoliberal economic orthodoxy which has held sway since the 1970s. As this Section explains, the need for and rise of sustainability is challenging neoliberal thinking and may create conditions that undermine the appropriateness of Culture-Excellence and give a boost to both the Japanese and organisational learning approaches. As Gladwin *et al* (1995: 878) observe, sustainability is the Process of achieving human development in an inclusive, connected, equitable, prudent, and secure manner.

**Sustainable development components are:**

- 1. Inclusiveness (environmental and human systems, near and far, present and future);**
- 2. Connectivity (world's problems interconnected and interdependent);**
- 3. Equity (fair distribution of resources and property rights);**
- 4. Prudence (duties of care and prevention);**
- 5. Security (safety from chronic threats).**

Needless to say, none of the three approaches to running organisations discussed in Sections 4 and 5 is without its drawbacks or criticisms. In particular, there are five concerns which should be highlighted, relating to 'one best way', people, politics, culture and change management.

**One best way:** Much of Part 2 of this study is concerned with approaches to managing and structuring organisations. The one clear message which emerges from it is to be wary of any theory or proposition which claims that it is the 'one best way' for all situations and all organisations. Yet, all three of the approaches discussed in this and the previous Section appear to advocate just that.

**People:** The Culture-Excellence and the Japanese approaches also leave much to be desired with regard to people. Both approaches rely on a workforce split into a privileged core and a relatively unprivileged periphery. Under both approaches, there is a strong emphasis on commitment to the organisation taking precedence over all else, even family life. Therefore, long hours and short holidays are the norm under both systems. The Japanese approach appears at least to offer more job security, if only for the privileged core.

**Politics:** From the 1980s onwards, the issue of organisational power and politics has received extensive attention (Buchanan and Badham, 1999; Dawson, 2003; Huczynski and Buchanan, 2001; Kotter, 1982; Minett, 1992; Pfeffer, 1981 and 1992; Willcocks, 1994; Yammarino and Dansereau, 2002) and is explored in Section 7. Given that organisations are social entities and not machines, power struggles and political in-fighting are inevitable. However, the three approaches discussed in this and the previous do not appear adequately to acknowledge or incorporate this into their perspectives.

**Culture:** This brings us to the next concern to which these three approaches generate. Proponents of all three approaches treat culture in a rather subordinate fashion and leave themselves open to the accusation that they gloss over the difficulty of changing culture. The role of organisational culture will be examined in Section 7.

**Change management:** The Culture-Excellence approach has little to say about how change should be achieved, despite acknowledging the radical transformation it is advocating. Peters (1993) advocated a 'Big Bang' approach to change – 'change radically and do it quickly' seems to be his advice. Handy (1986), on the other hand, seems to adopt a more gradualist approach to change – big changes over long periods. Kanter *et al* (1992) advocated a combination of both; they argue that major changes, especially in behaviour, can only be achieved over time. Though organisational learning is explicitly directed at enabling organisations to change, its proponents are vague and inconsistent in specifying how one leads to the other. The Japanese approach, however, is more specific. It advocates creating a vision of the future and moving towards it in

incremental steps (Kaizen) at all levels of the organisation. The Japanese are extremely able at this process, which has given them the reputation as a nation which makes ambitious long-term plans which are slowly, relentlessly and successfully achieved. However, it is debatable whether this approach could work in many Western countries.

Therefore, though the organisational learning, the Japanese and the Culture-Excellence approaches have their strong points, they also have their drawbacks, at least as far as Western companies are concerned.

## SECTION 6

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# Critical perspectives on organisation theory

## Postmodernism, realism and complexity

### Summary

Sections 2–5 described the development of organisations and organisation theory from the Industrial Revolution through to the present day, in order to show the various approaches to and options for designing and running organisations so as to meet the challenges they face. What has emerged is a somewhat confusing picture of theories which claim, each in their own way, to be the answer to all organisational ills, yet which are all open to potentially damning criticisms. All the theories claim to give practical and coherent advice to managers on how to structure and run their organisations. Yet, it is in their limited applicability to the range and complexity of situations found in everyday organisational life that these theories are most open to criticism. The main criticisms are as follows.

- A clear shortcoming in all these theories is the tendency to assume a unitary frame of reference, in which the interests of workers and managers, blue-collar and white-collar staff, and people of different genders, ethnicity and religions either coincide or can be easily reconciled.
- The belief of the Classical school and the Human Relations movement that contextual factors – the external environment, size, technology, etc. – are either irrelevant or easily accommodated is another obvious flaw.
- Similarly, the assumption by both the Contingency theorists and the proponents of Culture-Excellence that managers are powerless to change the situational variables they face, and have no choice but to accept the prevailing recipe for success, is not borne out in reality.
- In addition, there is a growing scepticism regarding the ability of rational, objective science to provide an explanation for the many fundamental changes taking place in organisations and the wider society.
- One of the most serious drawbacks is that only the Culture-Excellence school, and to a lesser extent the organisational learning and Japanese approaches, give any importance to the role of organisational culture – and even then it is treated in a simplistic fashion.
- None of the theories give serious consideration to the role of power and politics in influencing decision-making in organisations. Not only does this go against a great deal of research that has been produced over the last 30 years, but it also runs counter to most people's own experience of organisational life.
- Lastly, these theories explicitly or implicitly reject the notion of choice. Their basic argument is that organisations need to follow 'their' recipe for success or they will fail. Yet, if we look at the population of organisations, we can see a vast variety of approaches to their design and management. Some, for periods of time at least, may seem more successful



## SECTION 7

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# Culture, power, politics and choice

## Summary

As argued at the end of Section 5, two of the main drawbacks of existing organisation theories are that they treat culture in a simplistic fashion and fail to give sufficient attention to the role of power and politics. Section 7 seeks to address these shortcomings by examining culture, power and politics and showing how they open up options for organisational choice.

This Section begins with a review of organisational culture. It is shown that many organisations lack a cohesive culture which binds them together in a common purpose. However, contrary to the arguments of the Culture-Excellence school, even where strong cultures exist, they may not always be appropriate; they may also be undermined owing to the absence of clear or uncontested organisational goals. The review of culture concludes that, firstly, although organisational culture may have important implications for organisational performance, there is little agreement about the nature of culture, whether it can be changed, or the benefits to be gained from attempting to do so. Secondly, instead of culture being seen as an all-important and malleable determinant of performance, organisational life in many cases is dominated by political power battles which may be more influential than culture in shaping key decisions.

Consequently, the review of culture leads on to an examination of the nature and role of power and politics in organisations. This view of organisations maintains that they are essentially political entities whose decisions, actions and major developments are influenced and determined by shifting coalitions of individuals attempting to protect or enhance their own interests.

In summing up the implications of culture and power-politics for organisations, it is argued that, rather than being the prisoners of organisational theories or contingencies, managers (potentially) have considerable, though by no means unconstrained, freedom of choice over the structure, policies and practices of their organisations, and even over the environment in which they operate. In exercising choice, managers are influenced less by organisational theories than by their concern to ensure that the outcome of decisions favours, or at least does not damage, their personal interests.

This does not necessarily mean that the various theories and their attendant structures and practices we have discussed so far in this study are invalid, unhelpful or inapplicable. It does, however, mean that it may be possible, within limits, for organisations, or rather those who control organisations, to decide upon the structure and behaviours they want to promote, and then shape the conditions and contingencies to suit these, rather than vice versa.

If organisations are not the prisoners of situational variables, as most organisation theories maintain, if those who manage them do have a degree of leeway in what they do, one then has to ask what factors *do* influence the actions of decision-makers. The review of the power-politics literature shows organisations as shifting coalitions of groups and individuals seeking to promote policies and decisions that enhance or maintain their position in the organisation. From the literature, a persuasive argument is mounted for seeing politics and power – usually promoted under the cloak of rationality, reasonableness and the organisation's best interests – as

a central, though not exclusive, determinant of the way organisations operate. In particular, though political behaviour appears to be an ever-present feature of organisational life, politics comes to the fore when major issues of structural change or resource allocation are concerned. Such decisions have crucial importance for achieving and maintaining power or position, or even – when the chips are down – for keeping one’s job when all around are losing theirs.

Therefore, it is surprising that much of organisation theory, which after all is primarily concerned with major decisions concerning structure and resource allocation, seems to dismiss or gloss over power and politics. Nevertheless, what is clear from this Section is that managers, despite the constraints they face, have a far wider scope for shaping decisions than most organisation theories acknowledge, and that the scope for choice and the deployment of political influence is likely to be most pronounced when change, particularly major change, is on the managerial agenda.

## PART 3

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# Understanding change

This part comprises four Sections. Section 8 examines the theories and practices of strategic management, including the dominant approaches to strategy, and the main tools and techniques available to organisations for its development and implementation. In particular, Section 8 draws attention to the differences between the Prescriptive and Analytical schools of strategy, and highlights the importance of the relationship between organisational strategy, organisational change and managerial choice. The following three Sections focus on change management. Sections 9 and 10 review the two dominant approaches to organisational change: the Planned/Organisation Development approach and the Emergent approach. These Sections show that both approaches have their strengths and weaknesses, and that neither separately nor in combination do they cover all change situations. Section 11 goes beyond the Planned and the Emergent approaches to develop a *framework for change* that relates the various change situations organisations face to the range of approaches to managing change on offer. Section 11 concludes Part 3 by arguing that, though organisations face significant constraints on their freedom of choice, these constraints can be influenced and modified in order to allow organisations to choose the particular approach to strategy and change that best suits them.

## SECTION 8

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# Approaches to strategy Managerial choice and constraints

## Summary

This Section examines the development and shortcomings of the main approaches to strategy which have been put forward in the last 60 years. It shows that, since the end of the Second World War, organisations have begun to take a more strategic perspective on their activities. They have increasingly sought to take a long-term view in order to plan for and cope with the vagaries of the future. In many respects, the development of strategic management has tended to mirror the development of organisational theory. In the 1940s and 1950s, the strategic literature only considered one aspect of an organisation's activities – the external environment. It tended to seek rational, mathematical approaches to planning. With the passing of time, more intuitive and less rational approaches to strategic management have been developed which claim to incorporate the totality of organisational life.

Section 8 reviews the main perspectives on strategy. In seeking to understand and define strategy formulation, it identifies two streams of thought, the Prescriptive and the Analytical. As the name implies, the Prescriptive stream comprises approaches which seek to 'prescribe' how organisations should undertake strategy but, in so doing, tends to ignore or downplay the irrational and highly convoluted nature of organisational life. The Analytical stream, on the other hand, rather than telling organisations how they should build strategy, seeks to analyse – to understand and describe – the complexity and range of forces which affect how organisations *do* build strategy. This divergence is reflected in their respective views of strategy. The Prescriptive stream, which was the first on the scene and is very much practitioner-orientated, sees strategy formulation as an economic-rational process based on mathematical models. The Analytical stream, which appeared in the 1970s, represents the more sceptical and more academically orientated face of strategy. It views strategy not as a process, but as an outcome of a process, i.e. it 'emerges' from the actions an organisation takes. Its proponents' emphasis is not on the construction of detailed plans, which in any case they believe to be an unworkable approach, but on the organisational, social and political aspects of strategy formulation. The two streams represent markedly different perspectives on strategy formulation and whilst the Analytical stream has tended to win the academic arguments over the last 30 years, the Prescriptive one has had considerably more impact and influence on the practice of strategy.

The move towards a more emergent perspective on strategy has been brought about by the mounting criticisms against the Classical or Prescriptive approach to strategy. The main criticisms are that it is mechanistic, inflexible and reliant on quantitative tools and techniques of dubious validity. The result is that organisations who attempt to construct strategies using the Prescriptive approach fall foul of what Peters and Waterman (1982) described as 'Paralysis Through Analysis' and 'Irrational Rationality'. In effect, organisations contort themselves in a vain attempt to make the real world fit the constraints and limitations of their mathematical models, rather than vice versa.

The alternative view, and one that is gaining adherents, is that organisations should move away from exclusive reliance on mathematical models. Instead, human creativity should be brought

into play. Senior managers should create a vision of the organisation's future – establish its 'Strategic Intent'. This should then be pursued relentlessly by the organisation. In the process of doing so, the strategy emerges from the decisions that are taken with regard to resource allocation, organisation structure and the other key areas of operation. From different perspectives, a number of writers have come to the same conclusion. For successful companies, strategy does not appear to be a pre-conceived and detailed set of steps for achieving a coherent package of concrete goals within a given timescale. Neither does it seem to be a rational process which is amenable to mathematical modelling. Rather, it is the outcome of a process of decision-making and resource allocation that is embarked upon in pursuit of a vision (though even here there is disagreement about how conscious this process is). Such an approach is inherently irrational, inherently unplannable – it cannot be modelled or quantified, though it can and must be pursued with rigour and determination.

The Section then goes on to examine how strategy can be and is applied in organisations. In particular, it reviews the four main models of strategy: the Competitive Forces model, the Resource-Based View, the Strategic Conflict model and the Strategy-as-Practice approach. It then considers some of the main strategic planning tools, such as PIMS, the Growth-Share Matrix and Scenario building. What this examination of the practical side of strategy shows is that organisations have far more choice in what to do and how to do it than many writers on strategy might argue.

Consequently, despite the merits of the Prescriptive and Analytical streams of strategy, this Section suggests a third approach, one which sides with neither the quantitative nor qualitative schools of thought. Instead, it argues that the approach to strategy which organisations adopt is or can be the outcome of managerial choice and preference. However, choice in this respect, as in most others, is constrained, the key constraints identified being societal, sectoral, environmental and organisational.

Therefore, the Section concludes by arguing that, rather than managers being the prisoners of mathematical models and rational approaches to decision-making, they have considerable freedom of action and a wide range of options to choose from. They are not totally free agents; their freedom of action is seen as being constrained or shaped by the unique set of organisational, environmental and societal factors faced by their particular organisation. Fortunately, these constraints are not immutable. As argued in Part 2, it is possible for managers to manipulate the situational variables they face with regard to structure. Similarly, managers can also exert some influence over strategic constraints and, potentially at least, can select the approach to strategy which best suits their preferences.

## SECTION 9

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# Planned change and organisation development (OD)

## Summary

In the last Section, we examined the development and shortcomings of the main approaches to strategy which have been put forward in the last 60 years, and the implications of these for change and choice in organisations. In this and the following two Sections, the focus is on understanding and categorising the main approaches to planning and implementing change. This Section examines the Planned approach to change, which was developed by Kurt Lewin in the 1940s. This approach dominated both the theory and practice of change management from then until the 1980s, when it met with increasing levels of criticism, especially from those questioning its suitability for organisations operating in dynamic and unpredictable environments.

After the death of Lewin in 1947, the Planned approach to change was taken up by and became the central focus of the organisation development (OD) movement in the United States. In its origins, it was an approach to change which focused upon improving group performance by bringing together managers, employees and a change consultant. Through a process of learning, those involved gain new insights into their situation and are thus able to identify more effective ways of working together. Advocates of Planned change, especially the earlier ones, believe that group learning and individual development are at least as important as the actual change process itself. This, in part, arises from the humanist and democratic values that underpin Planned change and which derive from Kurt Lewin's background and beliefs.

Under the auspices of OD, however, the influence of these values has lessened. The focus of Planned change has moved from conflict resolution to performance enhancement, as OD has grown into a thriving consultancy industry aimed almost exclusively at resolving problems within client organisations. Therefore, as was the case with the approaches to strategy discussed in the previous Sections, it is possible to draw a distinction between those proponents of Planned change, particularly Lewin and the early pioneers of OD, who take an analytical approach, and those who take a more prescriptive approach, especially those whose livelihood depends upon their selling their services as change consultants.

The Section then proceeds to examine the criticisms of the Planned approach to change, especially its perceived unsuitability in situations requiring organisation-wide change or to organisations operating in fast-moving and uncertain environments. The Section concludes by arguing that as a consequence of the criticisms of the Planned approach, newer perspectives on change came to the fore in the 1980s and 1990s, one of which in particular has gained considerable prominence in the literature. Though aspects of it have been given a number of different labels, such as continuous improvement or organisational learning, it is more often referred to as the Emergent approach to change. This approach is reviewed in Section 10. However, Section 10 will also show that in the face of newer approaches to change, Planned change/OD appears to have rediscovered its sense of purpose.

## SECTION 10

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# Developments in change management Emergence challenges Emergent change as OD strikes back

## Summary

As Section 9 demonstrated, for many years, the Planned approach was considered to be the best way of managing change. However, this Section shows that, from the early 1980s onwards, the Planned approach faced a torrent of criticisms as to its suitability in a world of rapid and unpredictable change. In the light of these criticisms of the Planned approach, the Section describes the Emergent approach and makes the case for it being the best way to manage change.

The Emergent approach sees organisational change as an ongoing process of adaptation to an unpredictable and ever-changing environment. For proponents of this view, change is a messy, unpredictable, open-ended and political affair. In such a situation, it is impossible for a few managers at the top of an organisation to identify and implement all the changes necessary to keep the organisation aligned with its environment. Consequently, successful change is a bottom-up, emergent, response to events.

Yet, just as the Planned approach to change can be criticised as limited and flawed, similar criticisms can be made of the Emergent approach. In particular, it seems less a coherent approach to change and more a label for a collection of approaches critical of Planned change. Its proponents appear to disagree about key elements of Emergent change such as culture, organisational learning and the role of managers. In addition, the Emergent approach is criticised for its over-emphasis on the political dimension of change and its view that all organisations operate in a dynamic and unpredictable environment. It is also clear that Emergent change is limited in terms of both the types of organisational change to which it can be applied, and how it can be applied. Therefore, though it has apparent advantages over the Planned approach, or rather it is applicable to situations for which Planned change may not be considered suitable, an examination of the Emergent approach reveals that there are serious question marks over its coherence, validity and general applicability. The Section also shows that, some 30 years since its inception, it still lacks the tools and techniques necessary to provide a practical alternative to Planned change. Following this, the Section examines the merits of complexity-based Emergence as an approach to change. It also shows that, despite the rumours of its demise, the Planned/OD approach to change appears to have staged a remarkable recovery in recent years.

The Section concludes by arguing that even taken together, neither the Planned approach nor the Emergent approach cover the broad spectrum of change events organisations encounter. Though both Planned and Emergent change have important theoretical and practical benefits, their dominance of the change literature appears to have led to a neglect of other approaches to change. In order to address this neglect, the next Section will examine the change situations faced by organisations, and will construct a Framework for Change, which identifies the range of change situations and a matching range of approaches to change.

## SECTION 11

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# A framework for change

## Approaches and choices

### Summary

The last two Sections have reviewed the Planned and Emergent approaches to change, examining their strengths and weaknesses and the situations they are designed to address. Though the Planned approach seemed to have been eclipsed by the Emergent approach, in recent years it has been experiencing a renaissance; whilst the Emergent approach is itself being challenged by the relatively new concept of Emergence. Nevertheless, the Planned and Emergent approaches still dominate the change literature, despite the fact that – even taken together – they do not cover the broad spectrum of change events that organisations encounter, as the rise of Emergence, for example, shows. In addition, the emphasis on these two approaches has led to a neglect of other perspectives on change. In order to address this neglect, this Section seeks to identify the range of change situations organisations face, and match these to a wider group of approaches. This enables the construction of a framework for change that allows different change situations to be matched to appropriate approaches to managing change. It is argued that, by manipulating key variables in this framework, it is possible for organisations to have genuine choices in what to change, how to change and when to change.

The concept of a framework for change which allows approaches to change to be matched to environmental conditions and organisational constraints is clearly attractive. The fact that it incorporates the potential for managers, and others, to exercise some choice or influence over their environment and other constraints allows the model to move beyond the limitations of mechanistic and rational perspectives on organisations, and into the heartland of organisational reality. In addition, though not by accident, it is in harmony with the approach to strategy developed in Section 8.

## PART 4

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# Managing choice

This part comprises the concluding three Sections of the study. Sections 12 and 13 combine the insights and perspectives from Parts 1, 2 and 3 to create a Choice Management–Change Management model of organisational change. This model, which comprises three interlinked processes – choice, trajectory and change – provides an understanding of how managers and organisations can and do exercise choice and manage change. Given the importance attached to the role of managers in developing strategy and managing change, Section 14 reviews what managers do and how they do it. In particular, the role of leadership and management development is examined and related to approaches to change management. The Section and the study conclude that, as managers have considerable choice over what to change and how to change it, a significant responsibility lies on their shoulders. How organisations change and develop has enormous consequences, not just for their employees and owners, but for society at large. In order to minimise social fragmentation and exclusion, and the destruction of the natural environment, managers need to act in the broader interests of all their stakeholders – employees, shareholders, themselves and the wider community.



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## **Organisational change and managerial choice**

### **Part 1: The choice process and the trajectory process**

#### **Summary**

Change comes in a wide variety of shapes and sizes. It can be a complex, an ambiguous and an open-ended phenomenon; it can also be relatively straightforward with understandable and limited objectives. In order to cope with the wide variety of types of change, there is a need for a corresponding variety of approaches to strategy development and change management. Nevertheless, this does not make change a mechanical process of matching approaches to situations. Managers can exercise choice in what to change, when to change and how to change.

The implications of managerial choice for the nature and focus of change management are significant. Change management need not be seen as a mechanism for achieving a specified and predicted outcome (the Planned approach). Nor need it be conceived of as a continuing process of aligning and realigning the organisation with its environment (the Emergent approach). Instead, as this Section will show, by linking managerial choice to the management of change, organisations can open up a much wider spectrum of options. These range from focusing on achieving radical internal change to align an organisation with its external constraints, doing the same in an attempt to restructure such constraints, to influencing or changing external constraints in order to avoid internal upheavals. In exercising choice in such a way, not only are managers trying to make sense of their situation for themselves and others, but they are also seeking to construct a more favourable reality as well. The Section begins by presenting an overview of the Choice Management–Change Management model for understanding and implementing organisational change. This is followed by a detailed description of two of the three components of the model:

- The choice process – which is concerned with the nature, scope and focus of organisational decision-making.
- The trajectory process – which relates to an organisation’s past and future direction and is seen as the outcome of its vision, purpose and future objectives.

This will show that choice is an uncertain, complex and time-consuming process, but that there are approaches that do reduce these factors and can make the process more transparent and effective. Even so, the degree of transparency and the efficacy of the choice process are heavily influenced by an organisation’s ability to turn choices into workable strategies and to turn strategies into successful actions. This leads on to the discussion of the trajectory process which, whilst playing a key role in shaping choice, is also itself a complex process comprising vision, strategy and change. A key factor in the alignment of these is the last component of the Choice Management–Change Management model, the change process. Though change is driven by an organisation’s vision and strategy, change also helps to shape these. Indeed, it is only when change takes place that decisions mean anything, visions cease to be words on paper and strategies start to be enacted. This will be explored in detail in the next Section, which is devoted to the change process.

## **Organisational change and managerial choice**

### **Part 2: The change process**

#### **Summary**

The previous Section introduced the Choice Management–Change Management model, and discussed the choice process and the trajectory process components of the model. This Section completes the examination of the model by examining the change process element. In so doing, particular attention is paid to the behavioural aspects of change.

Though the Choice Management–Change Management model offers significant theoretical avenues for understanding how organisations and managers operate, it also offers considerable practical benefits as well. It shows that organisations need not radically restructure themselves, but could seek to influence the constraints they face to bring them more in line with their existing organisational arrangements. It also raises fundamental questions about what managers can do and what they *do* do in terms of running and shaping their organisations. In particular, it raises questions about the way that managers can make sense of their situation for themselves and others and, in so doing, construct alternative scenarios or realities for their organisation's future.

The Section concludes by maintaining that though organisations may choose to restructure their internal operations and practices in order to align them with the external circumstances they face, they can also choose to change or modify external and internal conditions and constraints in order to avoid extensive internal upheaval and/or to bring the constraints into line with their preferred modus operandi. Whatever choices are made, it is the role of managers consciously to explore and identify all the available options, however improbable they seem, rather than assuming that they have no, or only limited, choice in the matter.

## **Management, leadership and change**

### **Summary**

Many writers have made a case for visionary leadership being the key to an organisation's success. Certainly, the transactional, steady-as-we-go type of manager is very much out of favour. However, the case for transforming managers, as well as organisations, tends to be based on a biased view of what managers need to do and, often, only a shallow understanding of what they actually do. In order to come to understand the nature of managerial work, and the extent to which a rethink of how managers operate is required, the concluding Section of this study examines the main theories and practices of management. The Section begins by examining the implications of globalisation, especially in terms of sustainability, workforce diversity and business ethics. This highlights the need for managers not just to acquire appropriate skills and competences but also to adopt appropriate behaviours. This leads on to a review of the literature on what managers are supposed to do and what they really do. This shows that, despite what leading thinkers such as Fayol and Weber believed and advocated, most managers are driven by expediency and operate in a responsive mode. The Section then moves on to discuss the main approaches to leadership in organisations:

- The personal characteristics/traits approach to effective leadership.
- The leader–follower situation approach to effective leadership.
- The contextual approach to effective leadership.

It draws especial attention to the need to examine the ethical dimension of leadership and ethical approaches to leadership. The aim is to identify the characteristics and contexts which make for effective and ethical leadership. This is followed by an examination of the education and development of managers. This shows that managers can broaden their outlook and develop the creative, inductive and questioning side of their personalities through more formal learning situations, in addition to learning from experience. The Section then proceeds to construct a framework for management, leadership and change which links the framework for change developed in Section 11 to the approaches to management and leadership identified in this Section. The result is a framework which brings together both approaches to managing change and approaches to managing organisations.

The Section and the study conclude by arguing that managers have an important responsibility to identify and exercise choice, when faced with situations which require change. Though choice can be determined on a very narrow basis of short-term financial return, increasingly managers will have to take into account wider organisational and societal factors. Especially important in this respect is that managers should be prepared to question trends and advice which seem designed to increase organisational and societal instability and fragmentation, as the interests of society in general and their own organisations in particular may be better served by seeking stability. If followed widely, this would have two effects. Firstly, the result of many organisations seeking stability would be to reduce the overall level of turbulence in the environment. This is because organisations and their environment are not separate entities, but part of the same system. If organisations become more stable, so too does the environment.

Conversely, if – as recommended by Tom Peters – organisations adopt internal chaos to cope with external chaos, this merely acts to increase the overall turbulence in the system: in effect, a vicious spiral of increasing chaos is created. The second consequence of organisations seeking stability is that it increases stability in society, in that jobs and communities become more stable.

Therefore, as a final note: organisations face many challenges and choices. Some organisations will find that their room for manoeuvre is very limited. Others may find that there is considerable scope for discretion. It is the role of managers to ensure that all available options and choices are identified, and that the choices made take account of both the short- and long-term interests of all their stakeholders, whether these be shareholders, employees, the managers themselves or the community at large. The worst managers may not be those who make poor choices; it may be those who fail to recognise that there are choices to be made.