



Prifysgol Cymru
Y Drindod Dewi Sant
University of Wales
Trinity Saint David



Change Management

Organisation Theory and Change



Last time we....



1. Introduced the module's key concepts
2. Identified the nature and scope of change
3. Discussed the forces favouring change and the targets of change in contemporary organisations
4. Identified the change strategies used by managers
5. Explained why people resist change and describe strategies to overcome resistance

Homework:

Identify a relevant organisation in the news currently experiencing organisational change

What's happening?

Why is it happening?

What do you think about it?

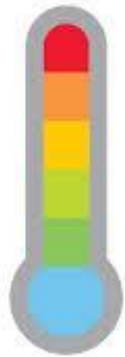


What's happening and why?



- <https://www.bbc.co.uk/news/business-47063405>

Assignment Case



**Dewis
doeth
Choose
well**



Today's objectives

- To examine the assignment
- To identify major trends in the development of OB and management thinking, and to contrast them
- To consider why they are relevant to change management today
- To explain the relationship between theory and practice
- To assess how management has developed
- To put the rest of the module in context

What is change?

1469-1527



"There is nothing more difficult to take in hand, more perilous to conduct, or more uncertain in its success, than to take the lead in the introduction of a new order of things."

Niccolo Machiavelli

Organisations



Prifysgol Cymru
Y Drindod Dewi Sant
University of Wales
Trinity Saint David



Škoda

eden project



GIG
CYMRU
NHS
WALES



HSBC



The world's local bank

No organisation can depend on genius; the supply is always scarce and unreliable.

It is the test of an organisation to make ordinary human beings perform better than they seem capable of, to bring out whatever strength there is in its members, and to use each one's strength to help all the others perform.

The purpose of an organisation is to enable common people to do uncommon things.

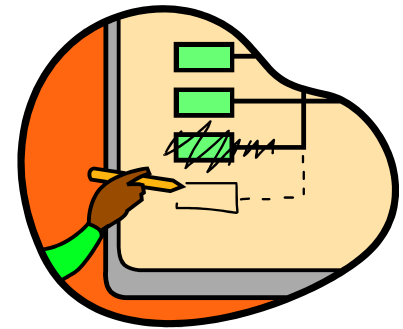
(Peter Drucker)



Definition

- 'the coordination of a structured period of transition from situation A to situation B in order to achieve lasting change within an organisation'.

(BNET Business Dictionary)



Organisational Change

- Impacts on the way that work is performed and has significant effects on staff, viz.:
 - the structure of an organisation
 - operations and size of a workforce
 - to working hours or practices
 - in the way roles are carried out
 - to the scope of a role that results in a change to the working situation, structure, terms and conditions or environment.

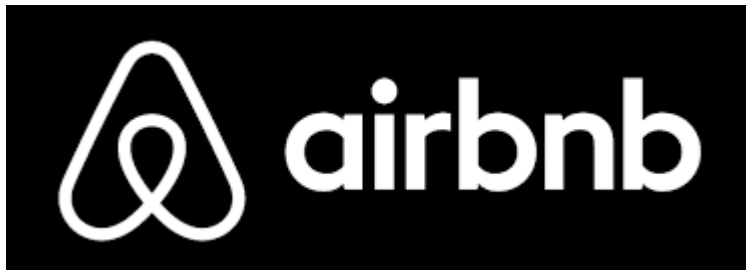
Module overview – select a case study to.....



1. Identify the nature and scope of change
2. Discuss the forces favouring change and the targets of change in contemporary organisations
3. Identify the change strategies used by managers
4. Explain why people resist change and describe strategies to overcome resistance

Assignment Case

- Your own organisation's experience OR
agreed case study



Assignment briefing

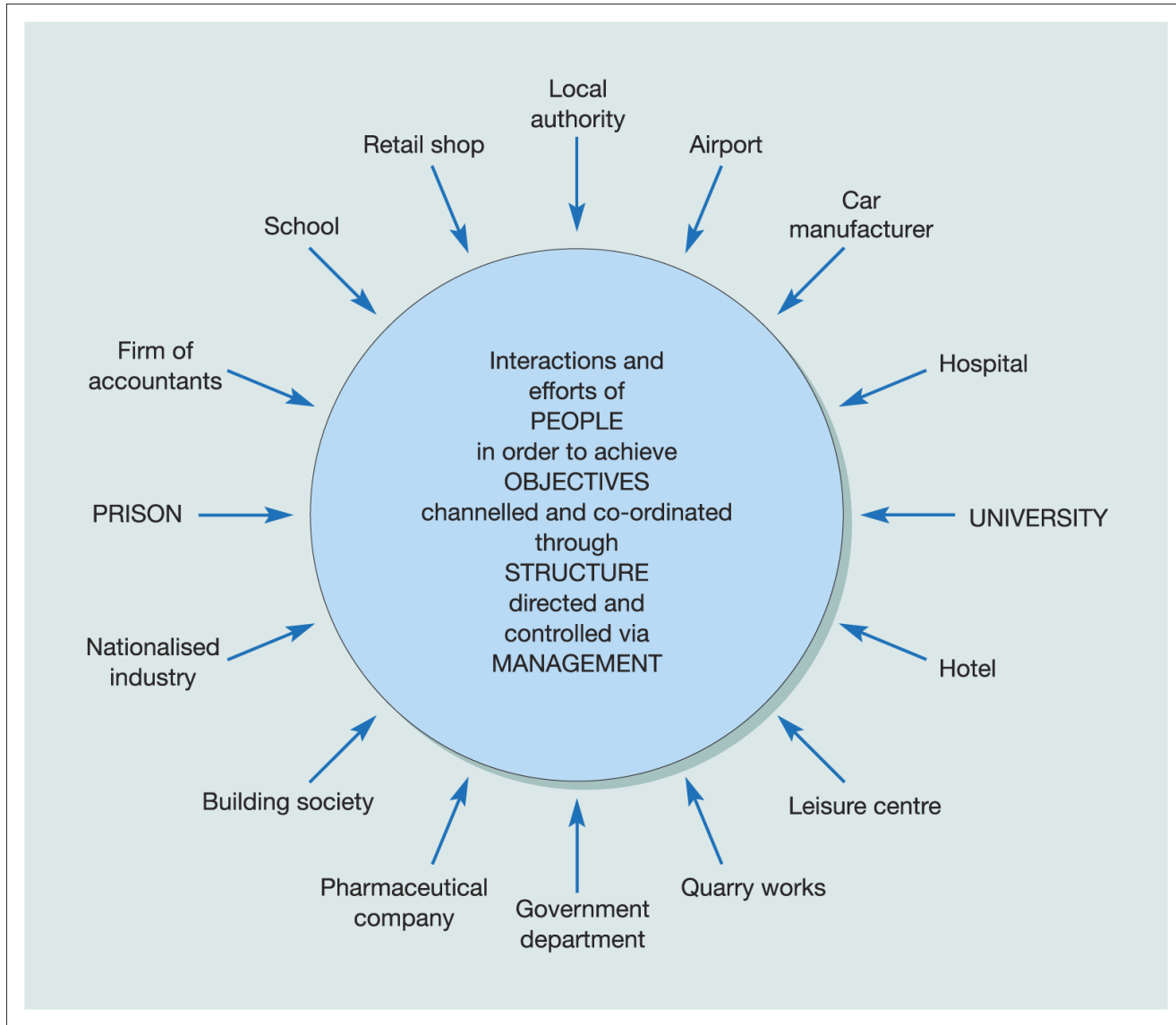
- Individual work - 2 parts:
 - presentation (25%)
 - written assignment (75%)
- Using an organisation critically appraise the process adopted to change involving any aspect of the organisation's development.

Assignment

- Consider the reasons for change and how the need for change was detected.
- Discuss how the process of change was planned and implemented (or what recommendations you would make for planning and implementation) and evaluate its effectiveness.
- Consider how you would identify and deal with resistance factors to the change.
- Clarify how you would know when the planned change has been completed and how you might assess its effectiveness.

Assignment

- Recommendations for improvement of the change process.
- Analysis and evaluation should make reference to theoretical models, ideas and concepts, focusing on organisational development, the socio-psychology of resistance to change and sustaining organisational effectiveness.



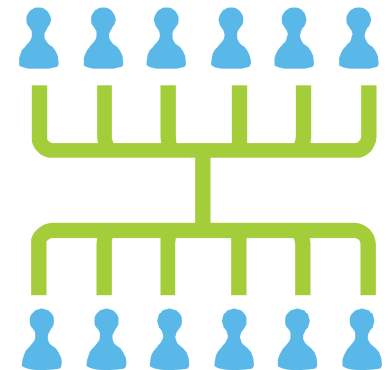
Common factors in organisations

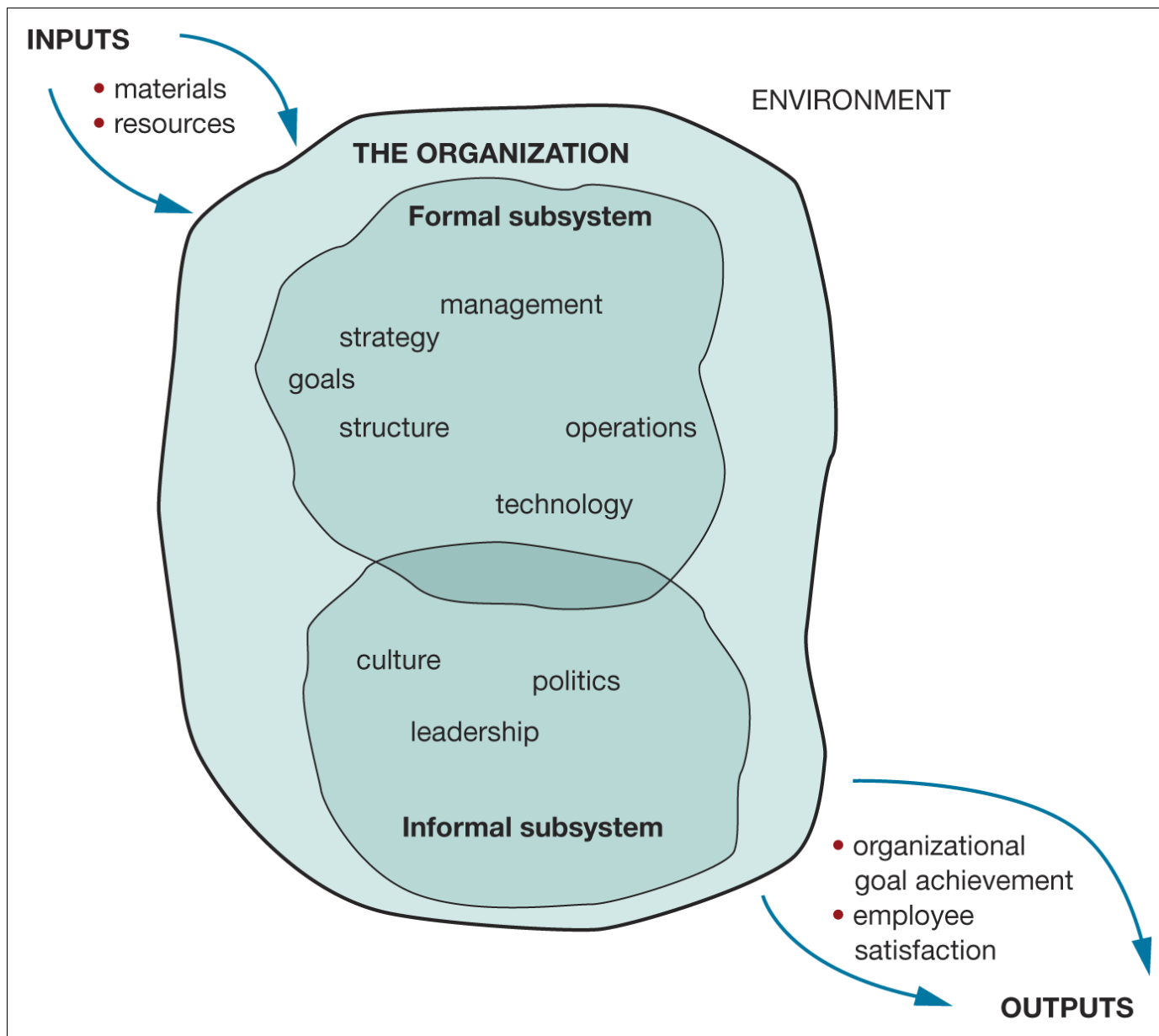
Organisations are...

'...social constructs created by groups in society to achieve specific purposes by means of planned and co-ordinated activities.

These activities involve using human resources to act in association with other inanimate resources in order to achieve the aims of the organisation.'

Farnham and Horton

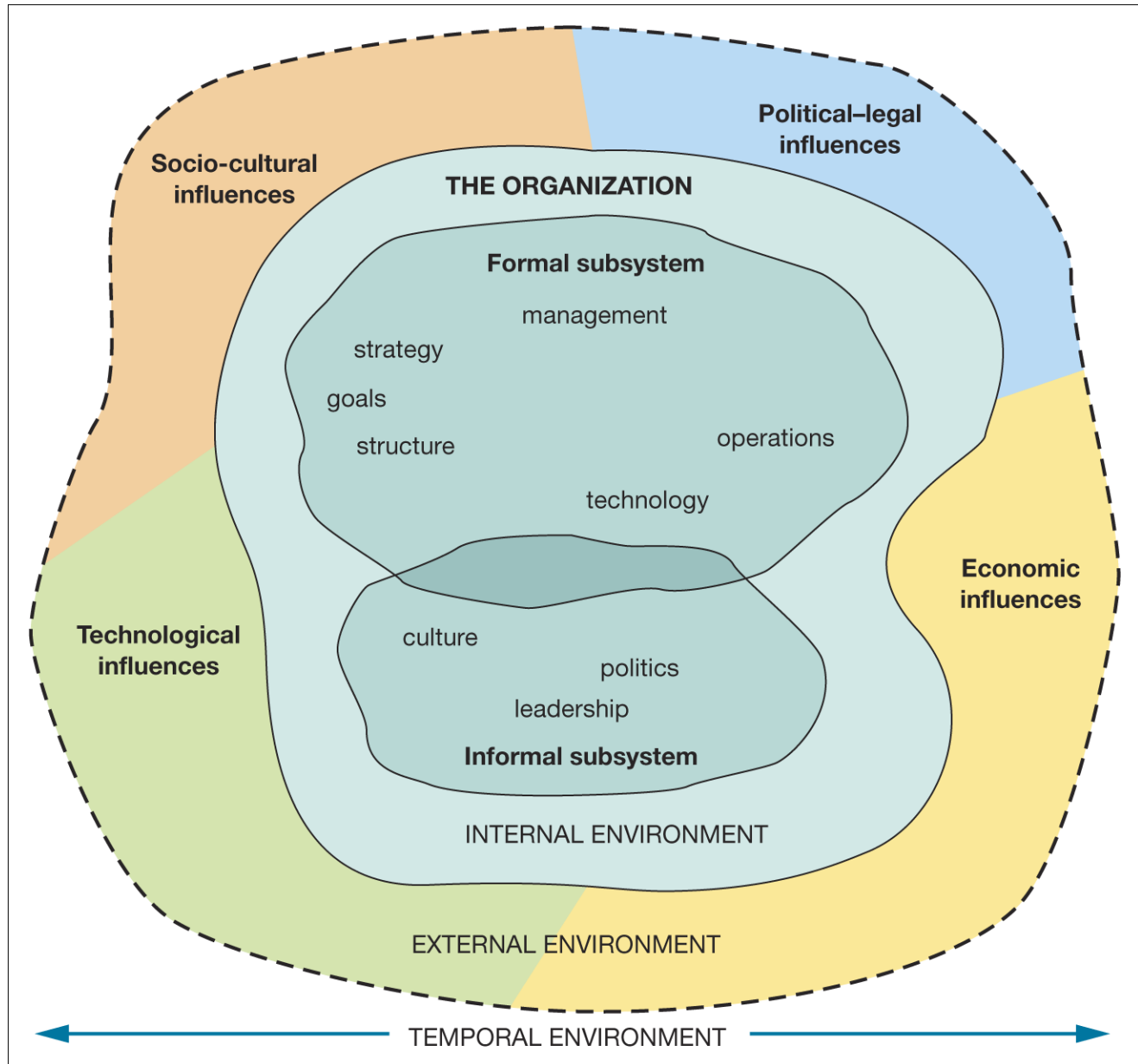




The organization as a system

Why study organisation theory in a change management module?

- Provide the context in which organisations are structured and run
- Guide changes which are made
- Helps to understand why they are as they are
- THEN we can consider how/why they are changing
- Linked implicitly or explicitly to change management itself



Today's world



- Technological innovation drives change to organisational systems and processes (internet)
- Democratisation of knowledge
- Increased employee expectations – mobile workforce - jobs not careers
- Globalisation
- The winds of change must be met to survive and meet the markets expectations.

Dynamic Change

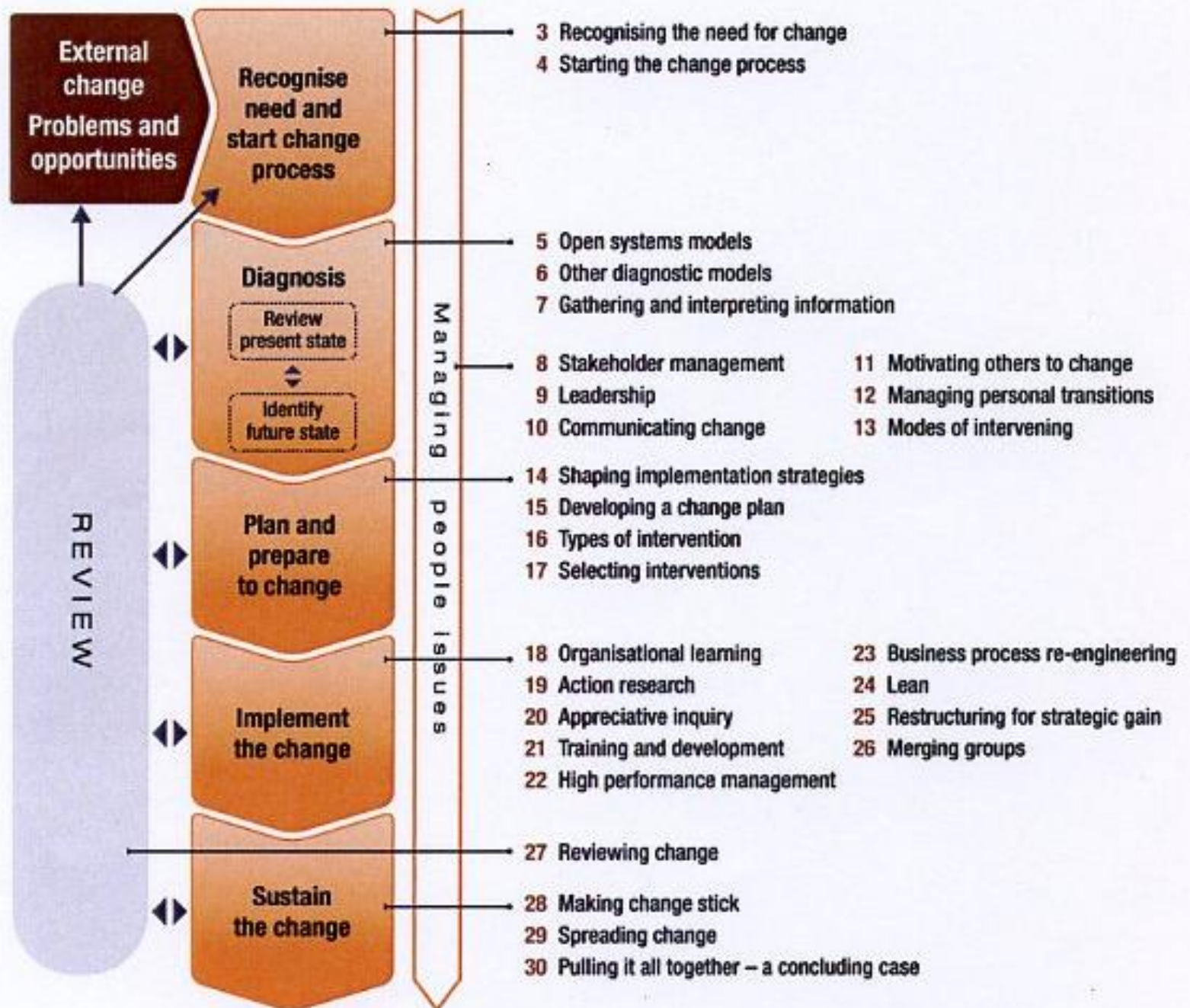


- 9/10 company change initiatives are partially reacting to current economic conditions (The Economist, 2010).
- Real competitive advantage comes from:
 - timely responsiveness
 - rapid, flexible product innovation
 - management's capability to cope/help organisations change effectively

Process of Managing Change



- How people can be encouraged and empowered to work with the new resources
- What support strategies are needed to help overcome resistance to change
- Methods of consultation
- Roles of managers at different points in the change process
- Influence of organisational climate, structures, and ways of working on how well change is managed



Is it bad news from start?



- People have a natural resistance to change
- 70% of companies fail in implementing reengineering programmes
- 70 - 80% of companies do not obtain the expected return on quality improvement investments
- 75% of cultural change initiatives do not achieve the required change in the organisation's culture
- 50 - 60% of customer service programmes do not result in benefit to the customer
- 60 - 70% of companies do not realise expected benefits from implementing technology initiatives

www.mrs.org.uk

Change is curious – True/False



- Change is linear
- Change is predictable
- We can plan to manage change
- Leaders and managers have some control over change
- Most external change factors are outside the organisation's control
- Most uncontrollable changes are largely exceptional

(After 'Innovation and Change in Organisations', King and Anderson, 1995)

Successful change

- Ensuring top sponsorship 82%
- Treating people fairly 82%
- Involving employees 75%
- Giving quality communications 70%
- Providing sufficient training 68%
- Using clear performance measures 65%
- Building teams after change 62%
- Focusing on culture and skill change 62%
- Rewarding success 60%
- Using internal champions 60%

Source: Organisational Behaviour, Buchannan & Hysincki (2008)

% of key managers who cited this as a barrier. Interviews with 500 global companies



WHAT IS MANAGEMENT?

- **Management** – a process that involves planning, organising, leading (or deploying), and controlling resources in order to achieve goals
- **People management** - the process of trying to achieve goals in organisations with and through people.

Martin & Fellenz (2010)

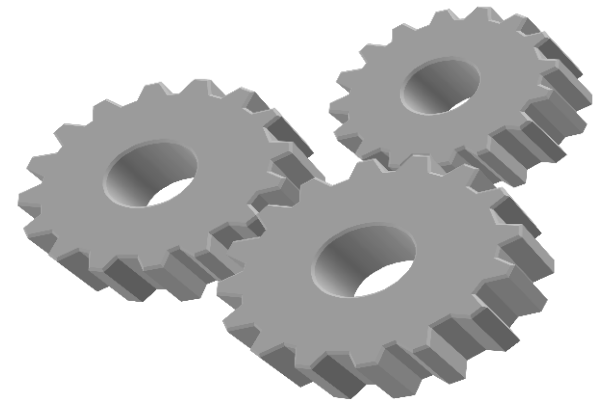




Organisational Theory

http://youtu.be/7QL_uG2GSZo?t=30s

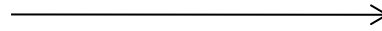
Key Themes



- Industrialisation: the move from

Subsistence economy

Money-market economy.



- Creation of the factory system.
- Poor management-labour relations.
- Varied from country to country.
- UK/USA individual profit maximisation.
- Mainland Europe, State-sponsored.
- Complex organisations increased problems in managing labour.
- Org Theory needed by managers to enhance their authority to initiate change.

Where did 'management' begin?

- Industrial revolution
- Large scale organisations
- Issues such as how they were run and organised needed consideration
- Why?
- To improve performance
- What can we do better/differently/more efficiently?
- Can these be 'designed in' to an organisation?



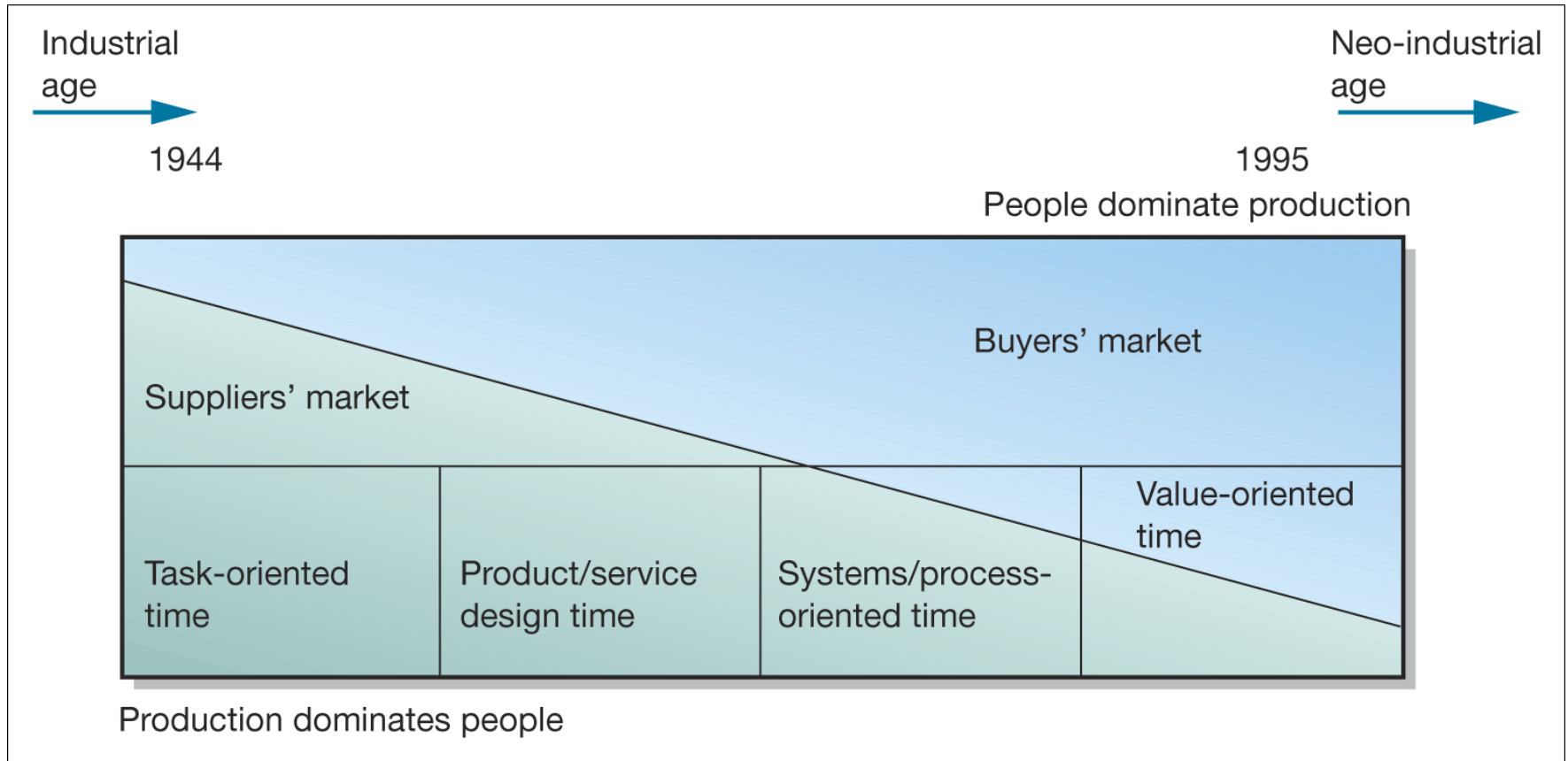


Figure 1.2 Market factors impacting on operations of Western organizations

Source: Goodman, M. (1995) *Creative Management*, Hemel Hempstead: Prentice Hall, p. 38

Main approaches to organisation, structure and management

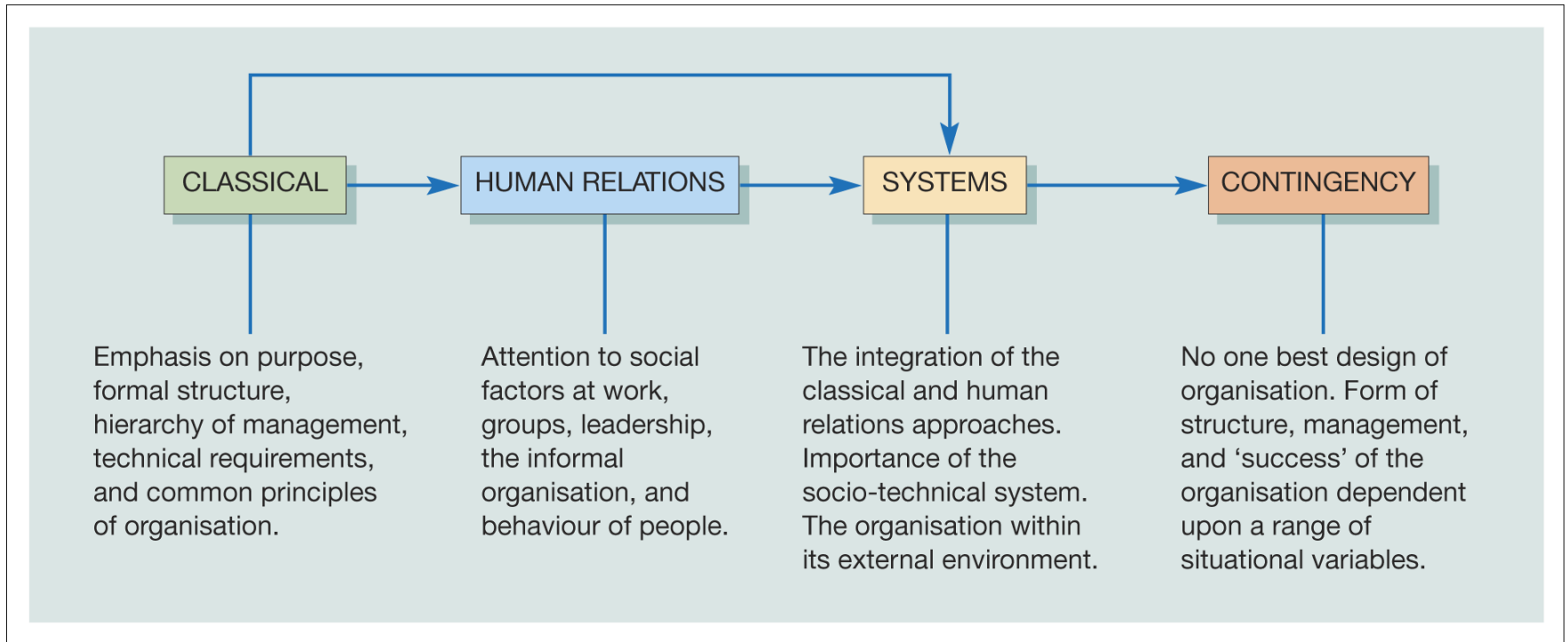


Figure 2.1 Main approaches to organisation, structure and management

1: The Classical approach

The organisation is considered in terms of:

- Purpose
- Formal structure
- Planning of work
- Technical requirements
- Principles of management
- Rational and logical behaviour

In order to find:

- The most effective structure



Need for systematic approach to work organisation

- by end C19th:

- Factory system was well established.
- Arbitrary and ruthless discipline
- Workers treated as so much industrial cannon fodder.
- Time of rapid social, technological and organisational change
- Entrepreneurs expected to impose change.
- Industrial pressure cooker prone to violent explosions
- Pressure to find new organisational arrangements to allow employers to control and organise workers
- Reduced conflict and cost-effective.
- Systematic approach needed to persuade workers to accept management-imposed change.

The Industrial Revolution and employee relations

British employers based their attitude towards employees on two basic propositions:

- Labour is unreliable, lazy and will only work when tightly controlled and closely supervised.
- Labour is the main controllable business cost: make it cheaper, and/or increase productivity
profits go up



Get employees to work harder/longer hours for the same/more/less money,

The Classical school

The Scientific–Rational approach

Key theorists:

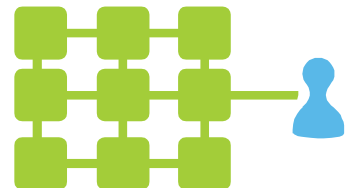
- **Frederick Taylor** (1856–1915)
 - Scientific Management
- **Henri Fayol** (1841–1925)
 - Principles of Organisation
- **Max Weber** (1864–1920)
 - Bureaucracy.

Principles of the classical approach

- Co-ordination
 - The need for unity of action, authority and discipline
- The scalar principle
 - The need for hierarchy, grading of duties and delegation
- Function
 - Specialisation and the distinction between different types of duty

All about structure and efficiency achieved through rules and procedures – design it in

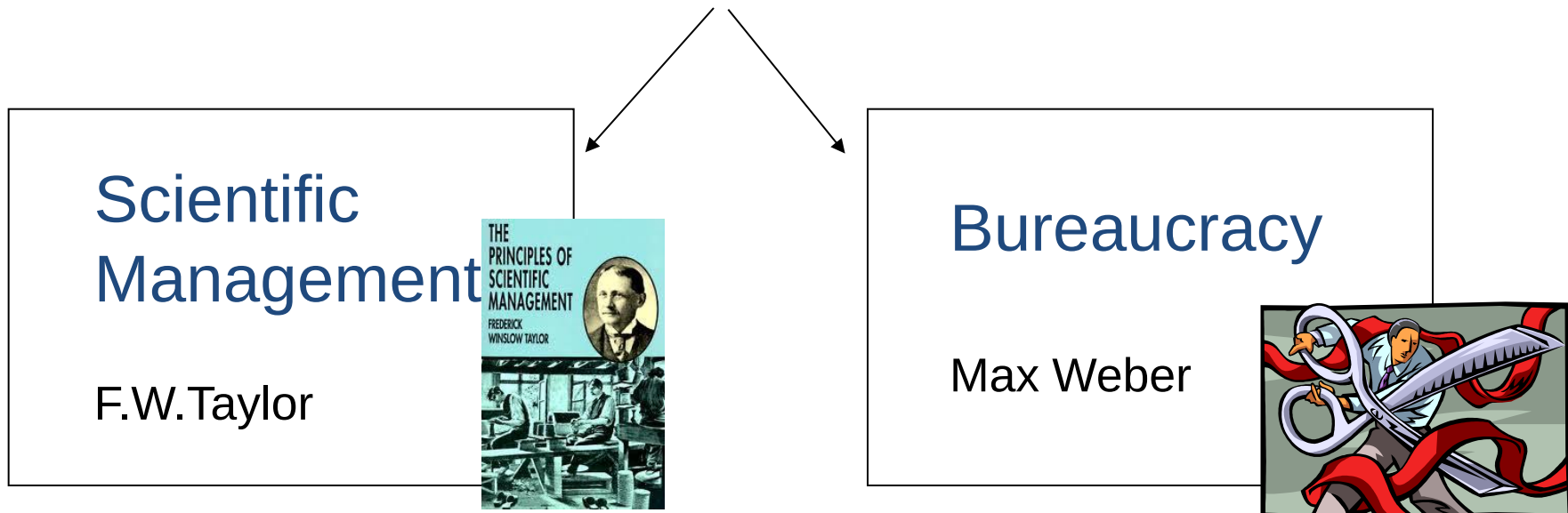
Change is based on rationality and legitimate managerial authority.



Classical approach: 2 main sub-groups

Common principles can be applied to all organisations, taking into account:

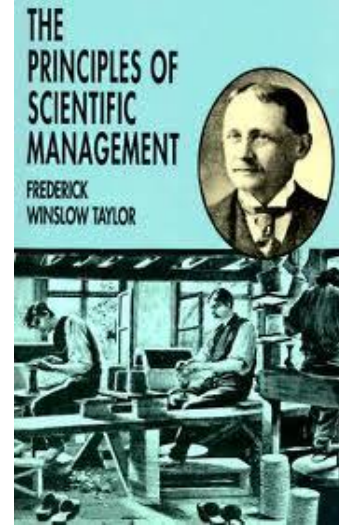
- The particular situation of each organisation
- The social and psychological factors relating to members of the organisation



Scientific management

F.W. Taylor, 1856–1917

- Belief in the possibility of a ‘best way’ to undertake a job
- Analysis of work into discrete tasks
- Identification of the ‘one best way’
- Use of the ‘rational-economic’ concept of motivation



Taylor's principles to guide management



- The development of a true science for each person's work
- Scientific selection, training and development of workers
- Co-operation with workers to ensure work is carried out in the prescribed way
- Good workers got hired, promoted and got paid more
- The division of work and responsibility between managers and workers

Activity



- Use a scientific management approach to produce a **detailed** programme for the achievement of one of these tasks.
 - Booking an airline ticket
 - Cooking spaghetti bolognese
 - Bathing a small child
 - Rearranging 100 CDs in some form of order, 10 to each shelf
 - Washing up after a small dinner party
 - Renewing your passport
 - Travel to the Liberty Stadium to watch Swansea City
- Each group must choose a different task.
- Write up on a flipchart and present your findings to the whole group.

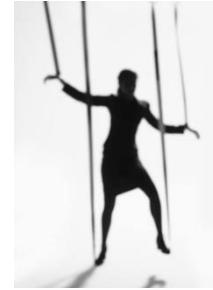


Feedback questions:

1. What are the potential upsides and downsides of removing operator discretion in this way?
2. Explain which tasks from the list you believe are best suited to a scientific management approach.
3. How do you feel about carrying out routine tasks on an ongoing basis over which you are given very little personal discretion?

<http://youtu.be/6wKwQodt1Pg>

Critique of Taylorism

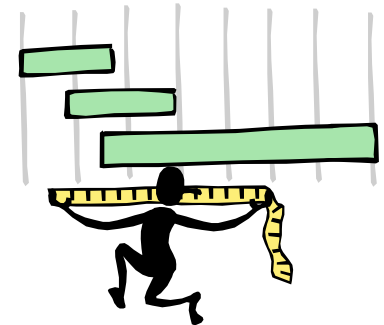


- Hostility and suspicion among workers and from unions
- The 'rationalisation' of work results in the de-skilling of workers
- Creates excessive levels of managerial control
- Tends to create rigid organisational structures
- Views workers as individual 'units of production' rather than social beings (machines)
- Organisation first, people second

Taylor's legacy

'Taylor... shaped the first coherent school of thought with application to the industrialised world.' (Stern)

- Work study systems
 - Payment by results
 - Management by exception
 - Production control - assembly line and Fordism
 - Systematic and procedural training
- = ways of removing any inefficiency



Happy workers? Drucker – yes

-> industrial harmony, safer, skills, managers coach

Everyone knows their place

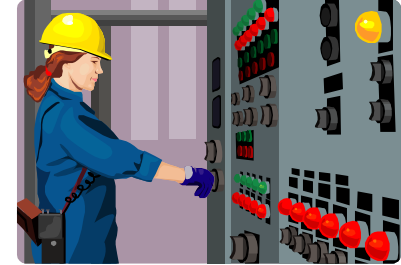
Bureaucracy – Max Weber

- Concept arose from his sociological studies of power and authority
- Belief in the superiority of an organisational structure which can survive changes in individual personnel
- That it is a means of introducing order and rationality into social life
- Emphasis on both expertise (the rule of experts) and discipline (the rule of officials)
- Rational legal/traditional/charismatic



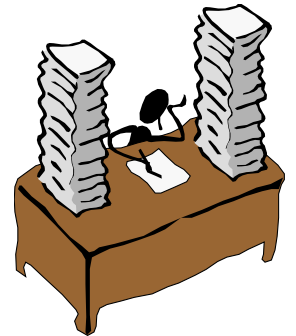
Four main features of bureaucracy:

- Specialisation – job not people
Secure career; ability counts
- Hierarchy of authority – management/workers
- System of rules – for efficiency; must follow them
- Impersonal behaviour – laid down rules, little discretion



Critique of bureaucratic organisations

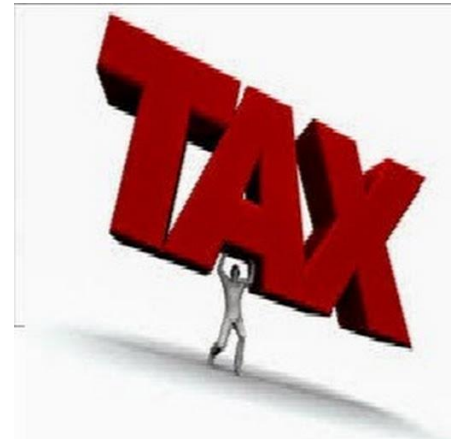
- They over-emphasise rules, procedures, record-keeping and paperwork, which become an end in themselves.
- They tend to emphasise status and ritual behaviour.
- Individual initiative can be stifled by rules.
- They cannot adapt quickly to changed circumstances.
- Their rigidity can restrict the psychological growth of their members.



Activity

- Give an example of a bureaucratic organisation? Why is it so?
- Where have you experienced bureaucracy recently?





The Classical school – summary:

- One best way
- Closed system
- Rule of law
- Legitimizes managerial authority
- Economic man
- Human fallibility is eliminated
- Division of labour
- **Change is based on rationality and managerial authority.**



The Classical school (Continued)

Criticism:

- Lack of scientific rigour
- Over-emphasises the division of labour
- One-dimensional view of human nature
- Sees people as 'greedy robots'
- Leads to alienation
- Leads to failure, frustration and conflict
- Organisations without people.

Main approaches to organisation, structure and management

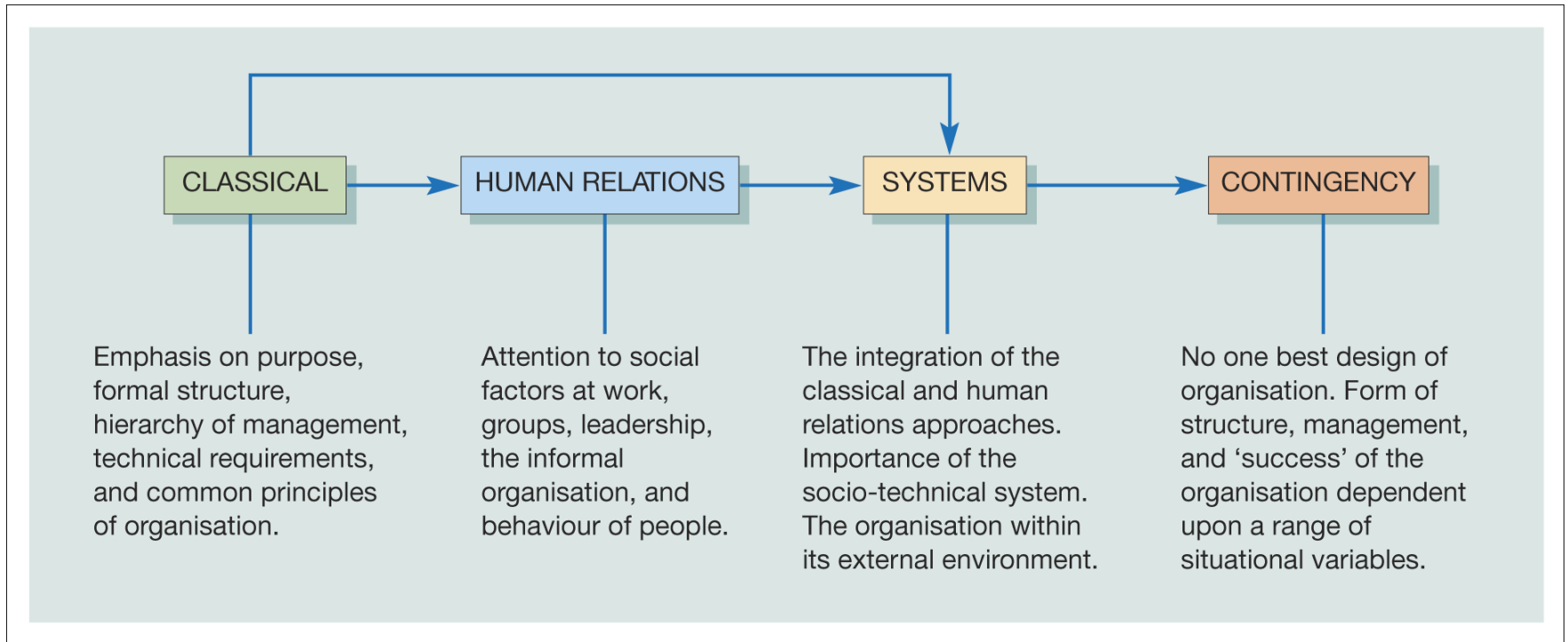


Figure 2.1 Main approaches to organisation, structure and management

2. Human Relations school

1930s onwards – Key players:

- **Elton Mayo**
 - Hawthorne Experiments
- **Chester Barnard**
 - Cooperative Systems
- **Abraham Maslow**
 - Hierarchy of Needs
- **Douglas McGregor**
 - Theory X and Theory Y
- **Warren Bennis**
 - The Death of Bureaucracy.



Human Relations: Key ideas

- Organisations are co-operative social systems
- Organisations have informal structures and rules
- Humans have emotional needs

Elton Mayo, 1880–1949



- Hawthorne experiments at the Western Electric Company in 1920s Chicago
- Experiment + control groups
 - changed lighting at work
- Productivity went up regardless – WHY?
- Social factors more important than economic
- Focus on individual psychological and social needs
- The informal organisation, group norms influence worker behaviour
- Need for security, recognition, belonging by workers

The legacy of the Hawthorne experiments

The humanisation of the workplace

People matter – they make a difference at work

Classical School =

‘organisations without people’

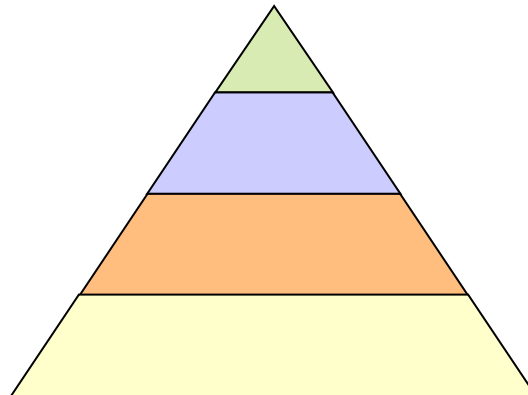
Human relations school =

‘people without organisations’.



Sub branch: Neo-Human relations

- Concerned with human personality and motivation / psychology
 - Maslow: the hierarchy of needs
 - Herzberg: two-factor motivation theory
 - McGregor: theory X and theory Y managers



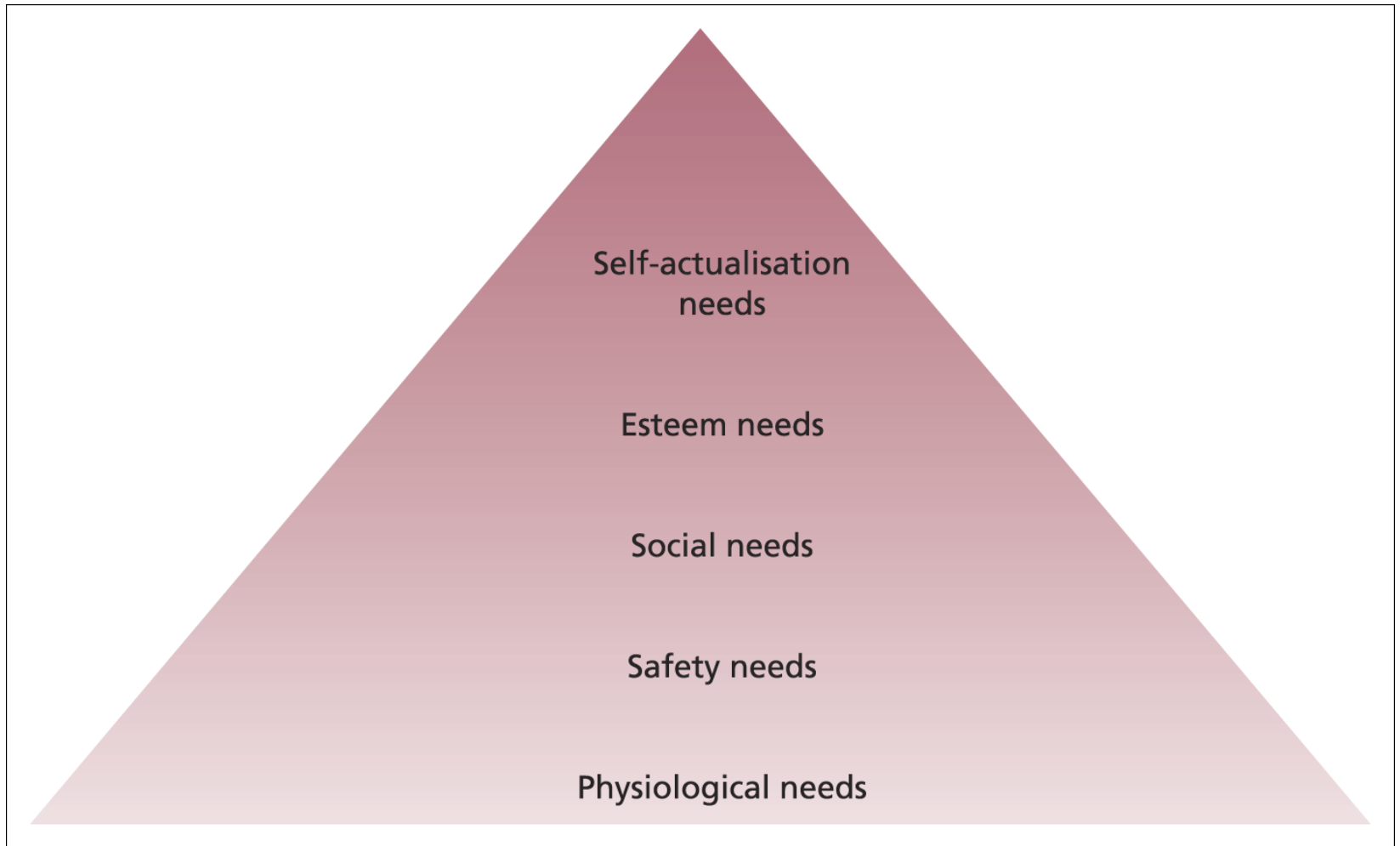


Figure 2.1 Maslow's hierarchy of needs

McGregor's Theory X and Theory Y

Theory X assumptions	Theory Y assumptions
The average person dislikes work and will avoid it wherever possible.	Most people can view work as being as natural as rest or play.
Employees must be coerced, controlled or threatened with punishment if they are to perform as required.	Workers are capable of exercising self-direction and self-control.
Most people try to avoid responsibility and will seek formal direction whenever possible.	The average person will accept and even seek responsibility if they are committed to the objectives being pursued.
Workers place security above other factors relating to employment and will display little ambition.	Ingenuity, imagination, creativity and the ability to make good decisions are widely dispersed throughout the population and are not peculiar to managers.

The Human Relations school

Bennis – *The Death of Bureaucracy*

- Rapid and unexpected change
- Growth in size of organisations
- Increasing diversity
- Change in managerial behaviour.

The Human Relations school

Summary

Rejects the Classical school as mechanistic.

It stresses:

- Leadership
- Communication
- Intrinsic motivation
- Flexibility
- Involvement
- Change by consent.

The Human Relations school

Criticisms

- Intrinsic rewards are weak
- Portrays people as irrational
- Portrays people as emotionally immature
- It is manipulative
- Hawthorne Experiments are flawed
- No empirical support for Maslow's motivation theory
- It is a 'one best way' approach
- It ignores the outside world.

Main approaches to organisation, structure and management

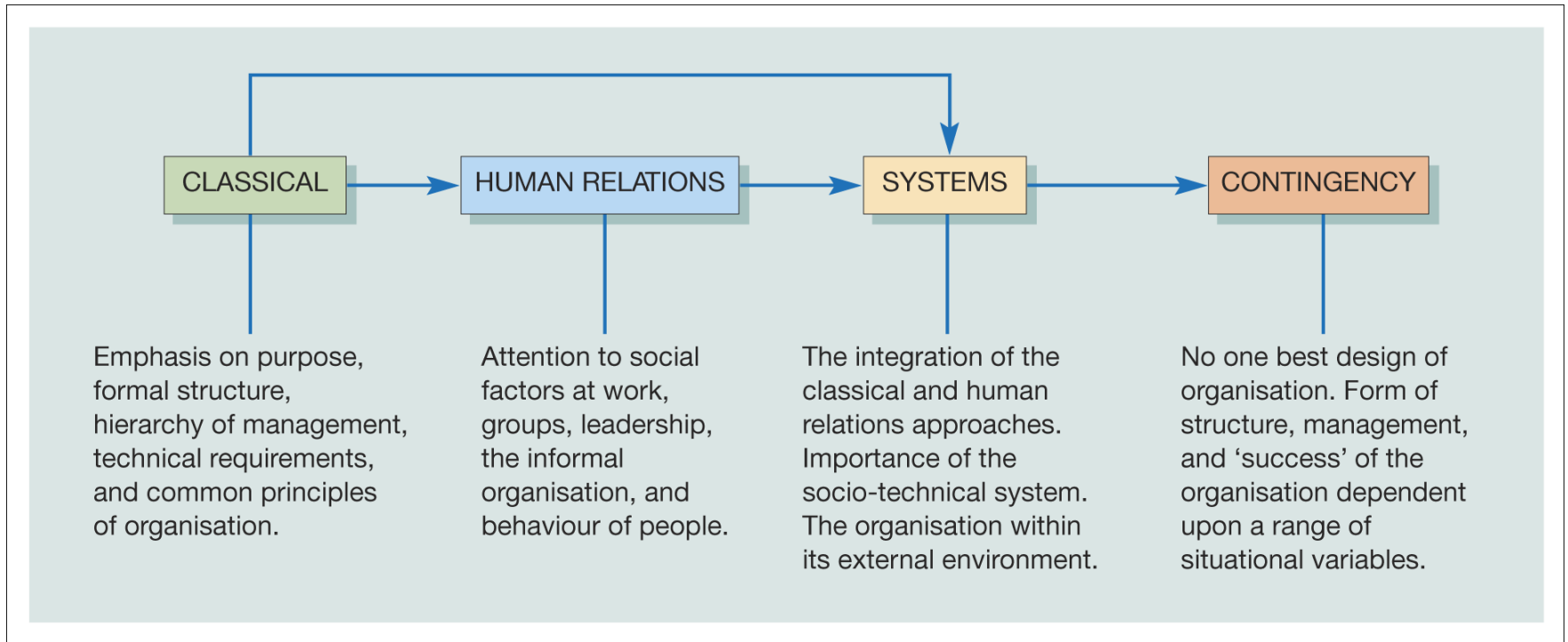
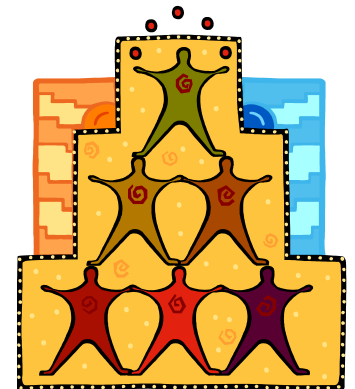


Figure 2.1 Main approaches to organisation, structure and management

3: The Systems approach

- Considers:
 - The total work organisation
 - The relationship between structure and behaviour
 - The range of variables within an organisation
- The organisation as an 'open system'
 - new working methods and impact on people
 - best fit of people, structures, technology
- Reactive not static



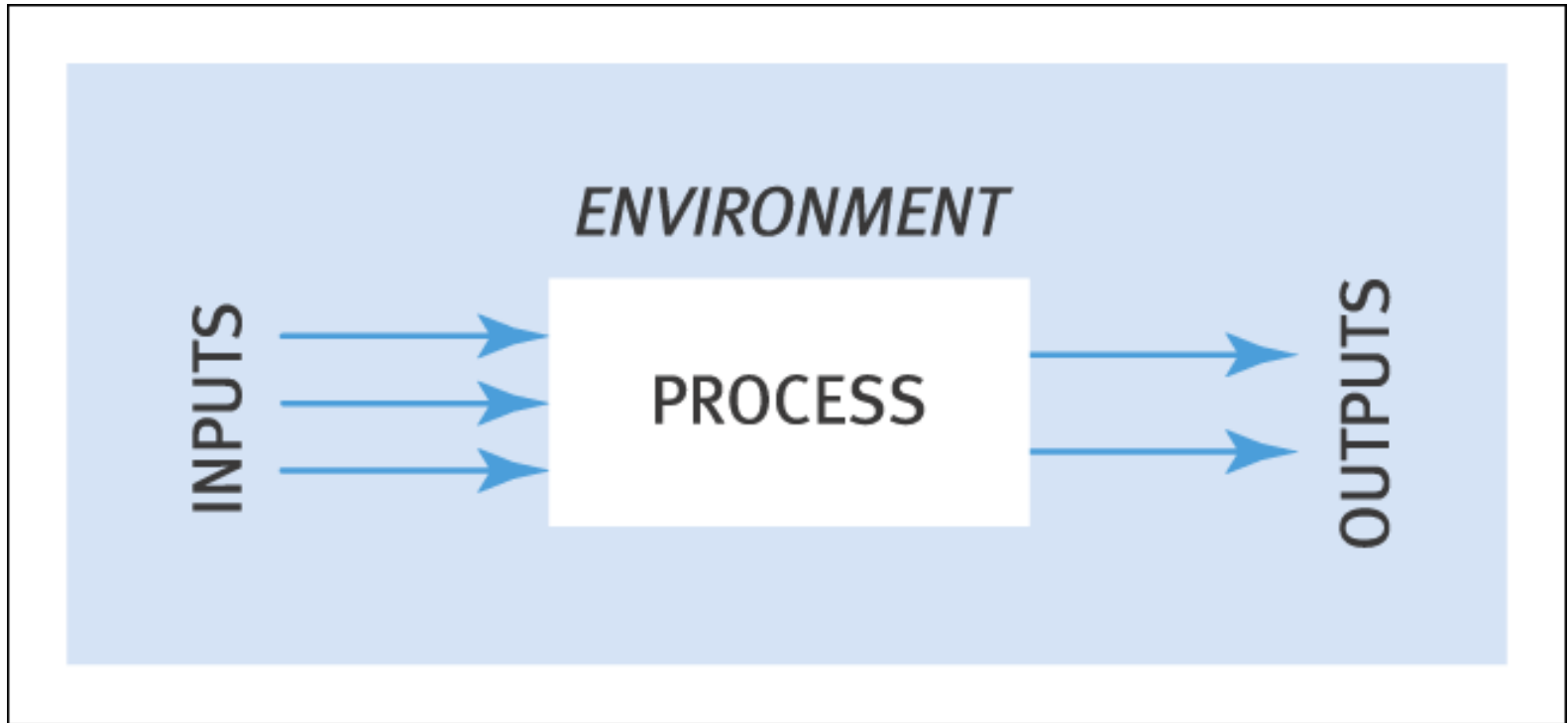


Figure 1.3 Basic open systems model Rollinson (2008)

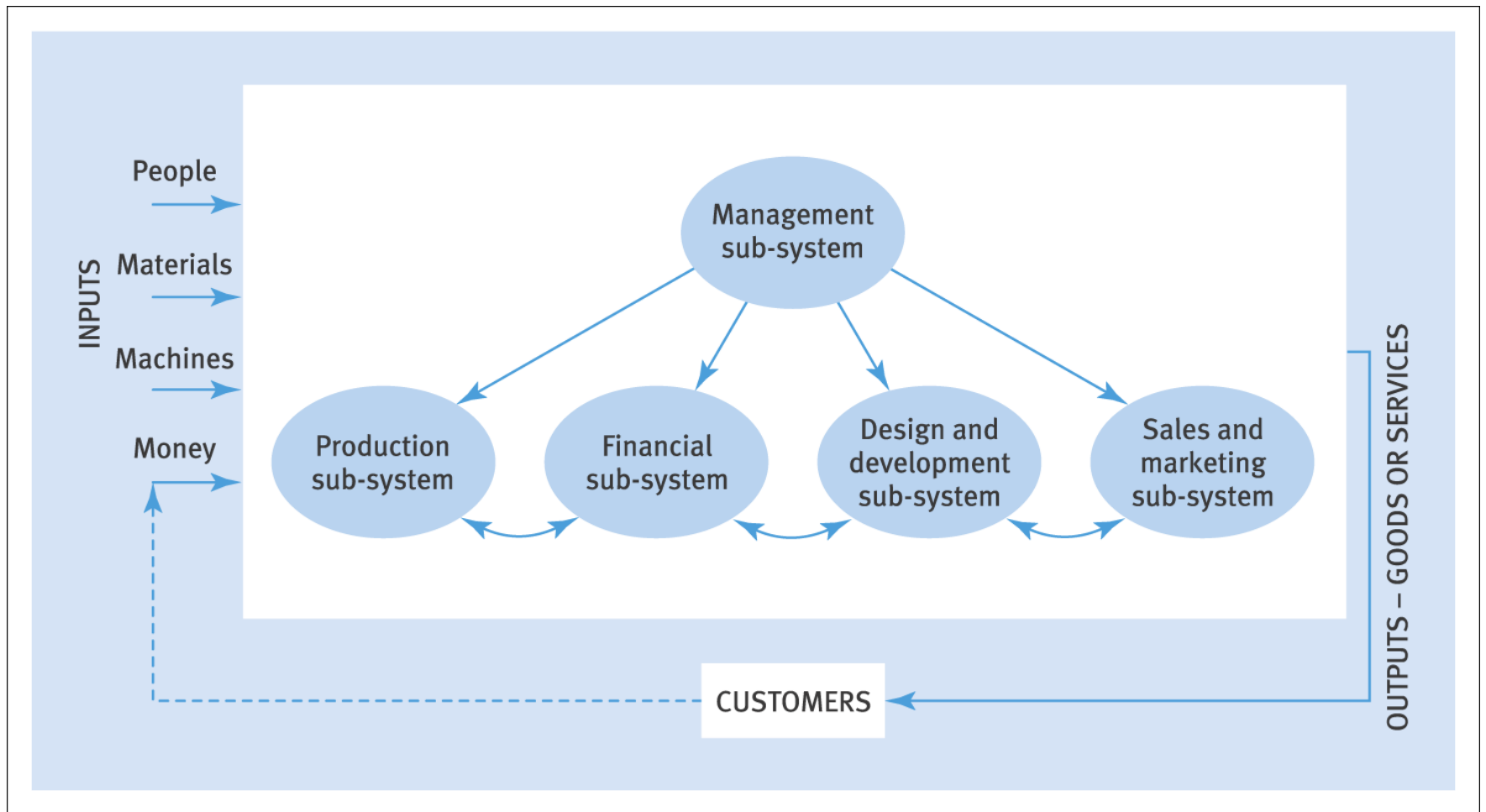


Figure 1.4 Simplified open systems model of a commercial organisation

Rollinson (2008)

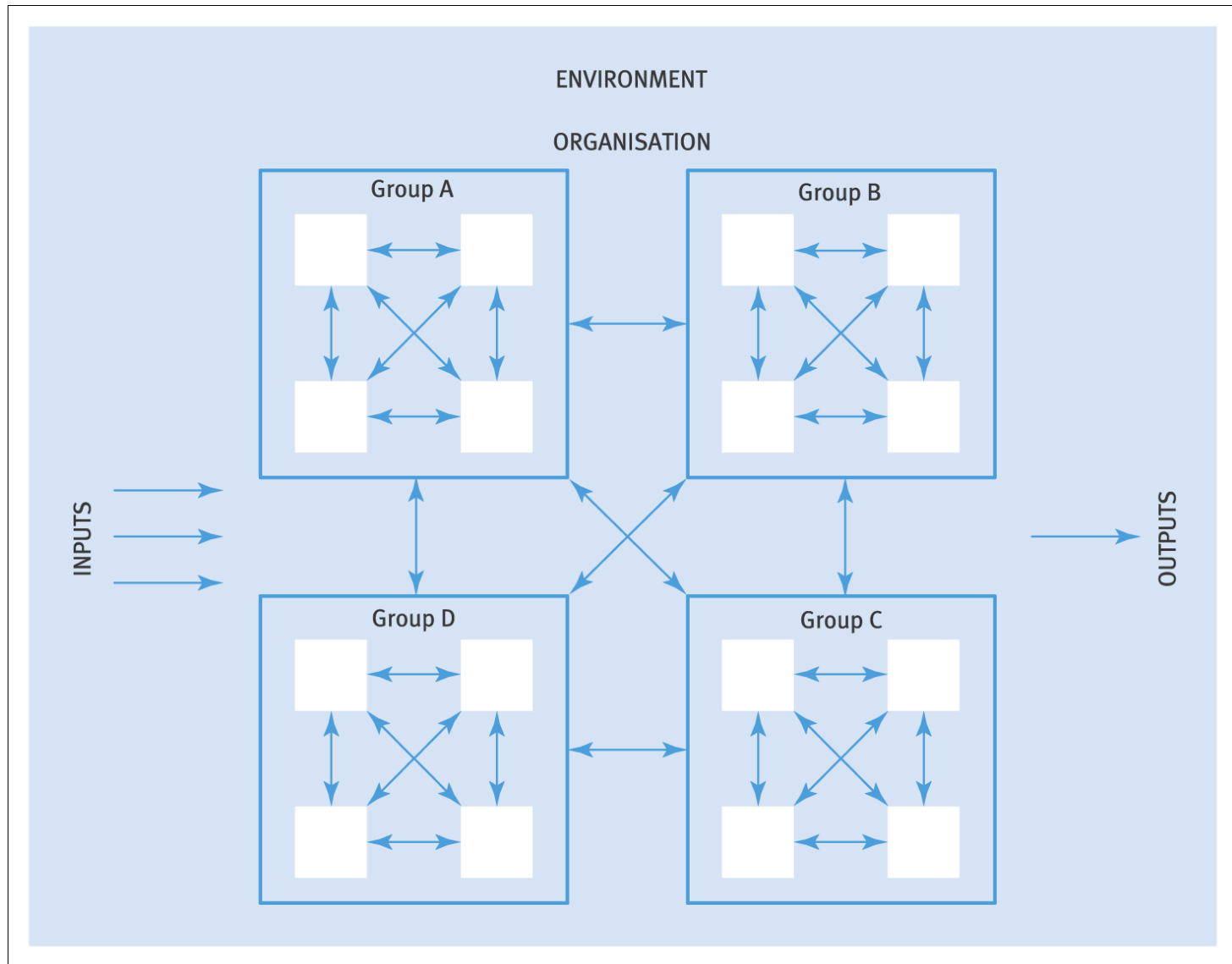


Figure 1.5 The organisation as a system of sub-systems and sub-sub-systems
Rollinson (2008)

Main approaches to organisation, structure and management

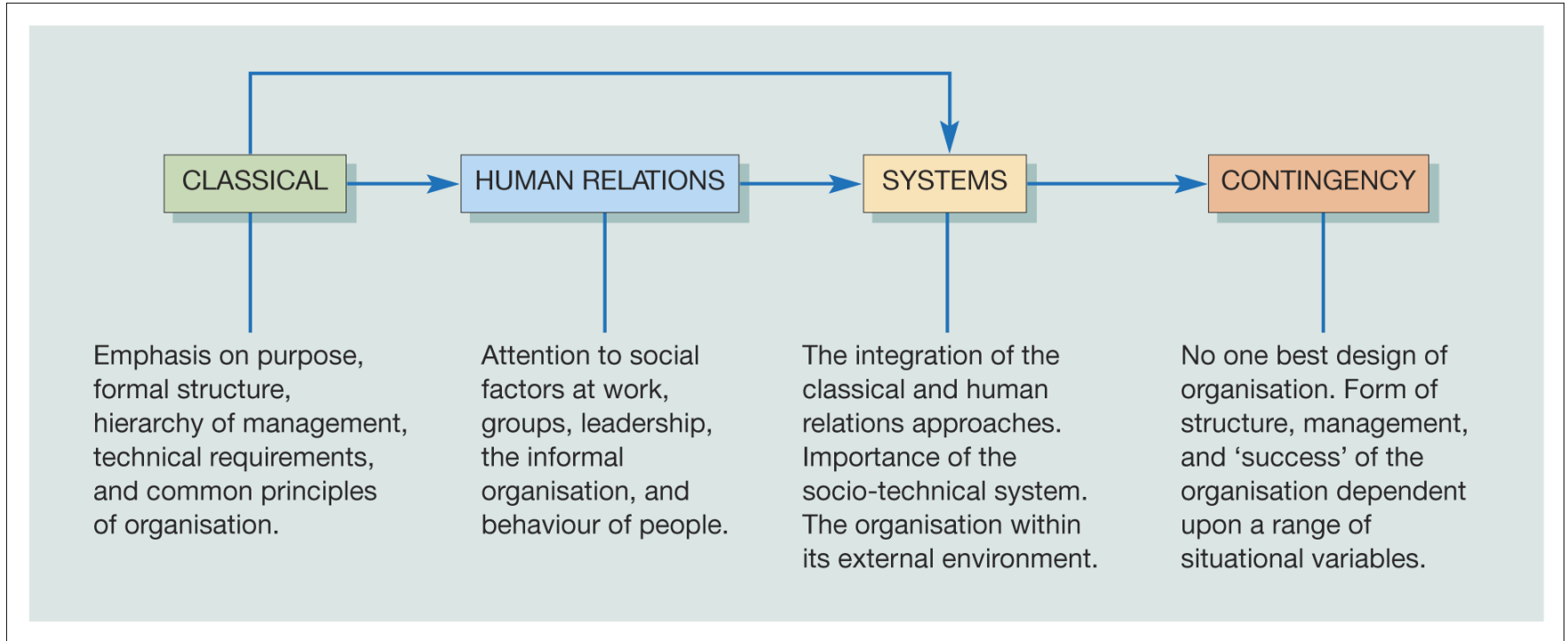


Figure 2.1 Main approaches to organisation, structure and management

4: Contingency Theory - Key players

- **Tom Burns and George Macpherson Stalker**
 - Environmental uncertainty and dependence
- **Joan Woodward**
 - Technology
- **The Aston school**
 - Size.

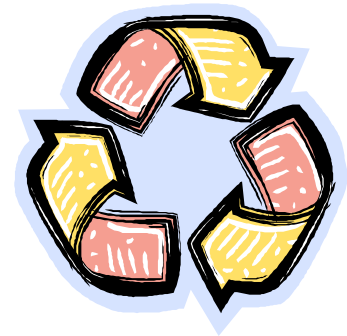
Focus

- The relationship between overall structure and performance.
- Sees organisations as 'open systems'.

The Contingency approach

1960s-80s

- Rejects the idea of 'one best form or structure' or 'optimum state' for an organisation
- Focus placed on more general principles of organisational analysis and design
- Successful design is dependent (ie. contingent) upon:
 - The nature of tasks
 - The nature of the environment
 - Technology and size



The contingency approach



- Emphasises the need for flexibility
- Takes the view that there is no one best universal structure
- A range of variables or situational factors influence organisational design and performance
- Organisational purpose has significant implications for organisation design

Main influences on the contingency approach

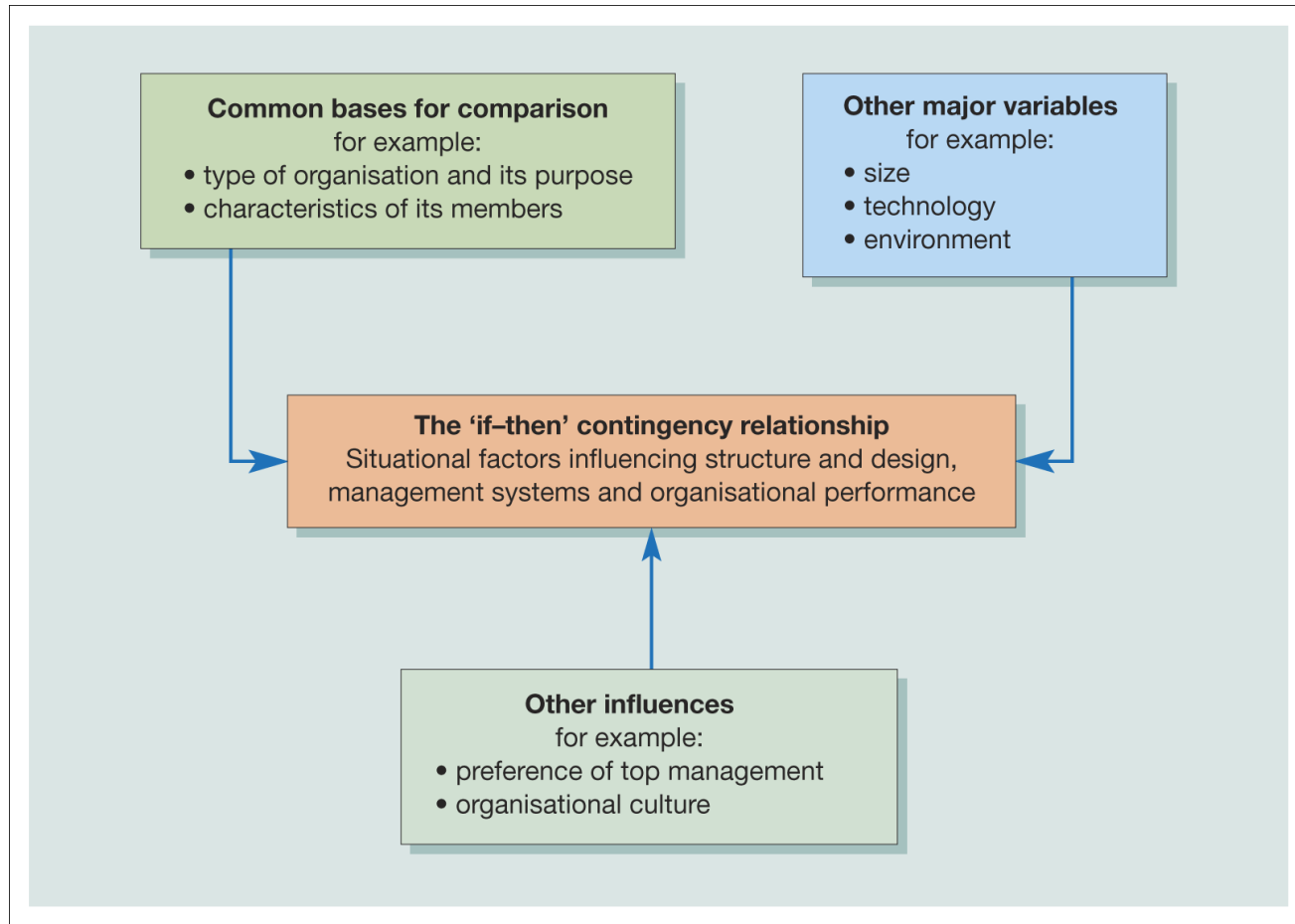


Figure 16.3 Main influences on the contingency approach

Purpose	Implications for organisation design
■ 'Ideas factory' such as an advertising or promotions agency	■ Loose, fluid structure with limited formalised relationships. As it grows in size, however, more formal structures are usually inevitable
■ Multinational company in branded goods	■ Major linkage and resource issues that need carefully co-ordinated structures, e.g. on common suppliers or common supermarket customers for separate product ranges
■ Government civil service	■ Strict controls on procedures and authorisations. Strong formal structures to handle major policy directions and legal issues
■ Non-profit-making charity with a strong sense of mission	■ Reliance on voluntary members and their voluntary contributions may require a flexible organisation with responsibility devolved to individuals
■ Major service company such as a retail bank or electricity generating company	■ Formal structures but supported by some flexibility so that variations in demand can be met quickly
■ Small business attempting to survive and grow	■ Informal, willingness to undertake several business functions such as selling or production, depending on the short-term circumstances
■ Health service with strong professional service ethics, standards and quality	■ Formalised structure that reflects the seniority and professional status of those involved while delivering the crucial complex service provisions
■ Holding company with subsidiaries involved in diverse markets	■ Small centralised headquarters acting largely as a banker, with the main strategic management being undertaken in individual companies

Figure 15.1 Examples of the connection between purpose and organisation design

Source: Lynch, R. *Corporate Strategy*, fourth edition, Financial Times Prentice Hall (2006), p. 582. Reprinted by permission of Pearson Education Ltd.

Mechanistic and Organic Systems:

Burns and Stalker (1966)

Mechanistic organisations:

- Rigid systems of management
- Clear hierarchy
- Task specialisation
- Defined duties
- Knowledge centred at the top of the hierarchy



Organic organisations:

- Fluid and flexible management
- Continual redefinition of tasks
- Networked control and communication structure
- Knowledge dispersed through the organisation



<http://youtu.be/9bJBeCI0e3U>

Mechanistic		Organic
High, many and sharp differentiations	SPECIALISATION	Low, no hard boundaries, relatively few different jobs
High, methods spelled out	STANDARDISATION	Low, individuals decide own methods
Means	ORIENTATION OF MEMBERS	Goals
By superior	CONFLICT RESOLUTION	Interaction
Hierarchical, based on implied contractual relation	PATTERN OF AUTHORITY CONTROL AND COMMUNICATION	Wide net based upon common commitment
At top of organisation	LOCUS OF SUPERIOR COMPETENCE	Wherever there is skill and competence
Vertical	INTERACTION	Lateral
Directions, orders	COMMUNICATION CONTENT	Advice, information
To organisation	LOYALTY	To project and group
From organisational position	PRESTIGE	From personal contribution

Table 15.1 **Characteristics of mechanistic and organic organisations**

Source: Litterer, J. A. *The Analysis of Organizations*, second edition, John Wiley & Sons (1973), p. 339. Reproduced with permission from the estate of Joseph A. Litterer

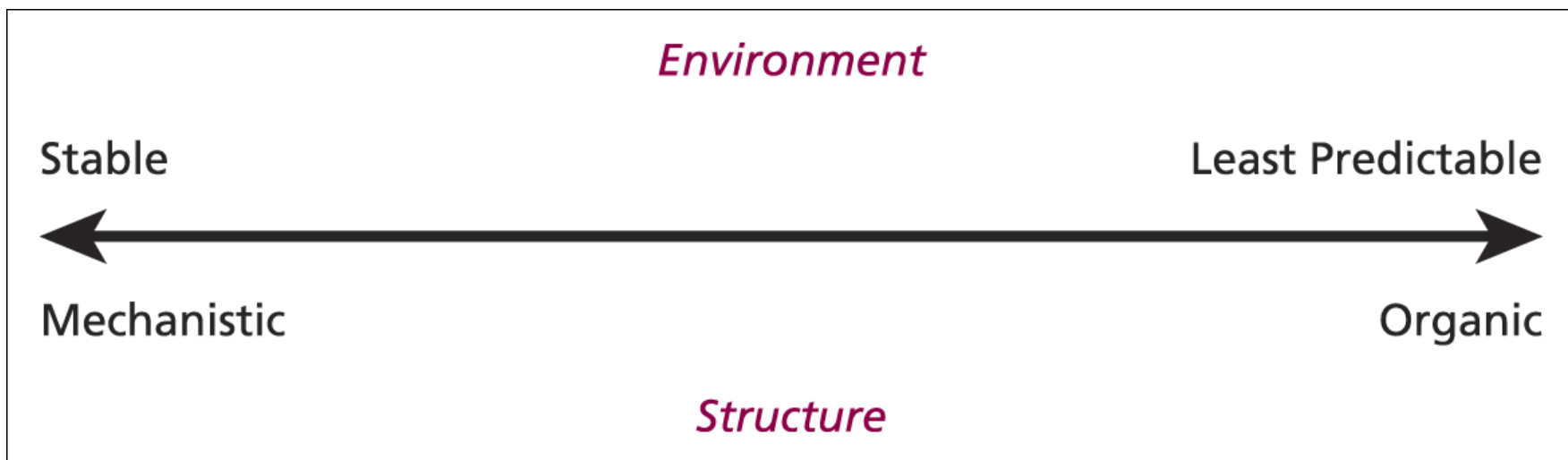


Figure 2.2 The environment–structure continuum

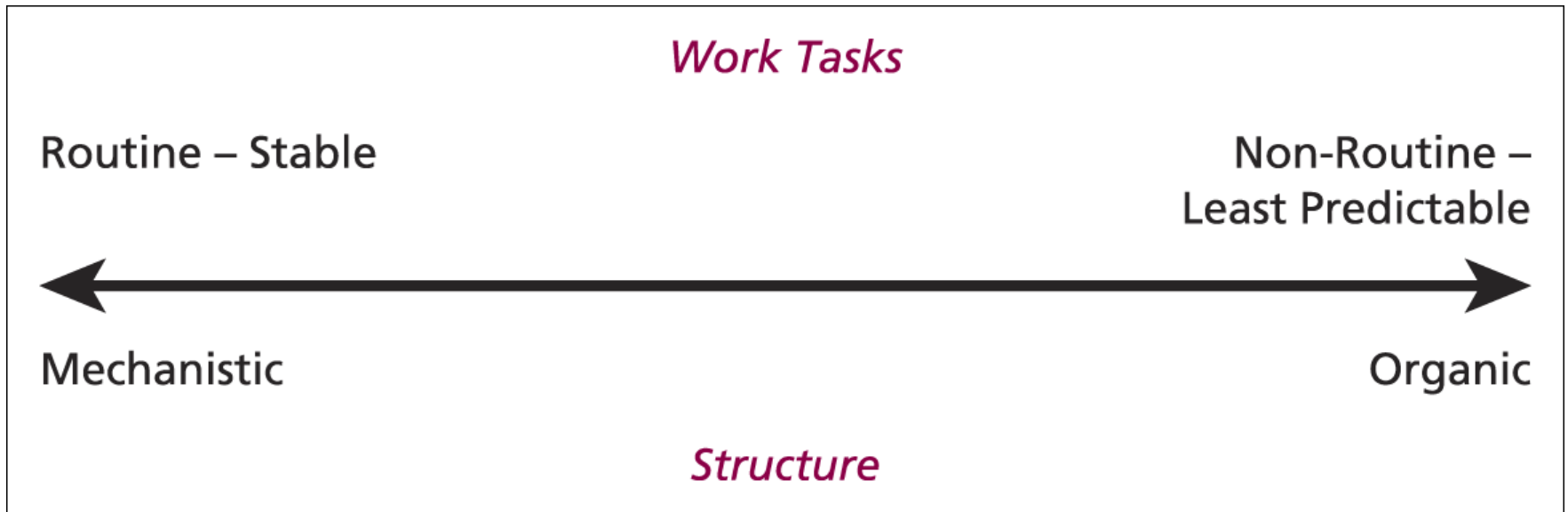


Figure 2.4 Perrow's technology–structure continuum

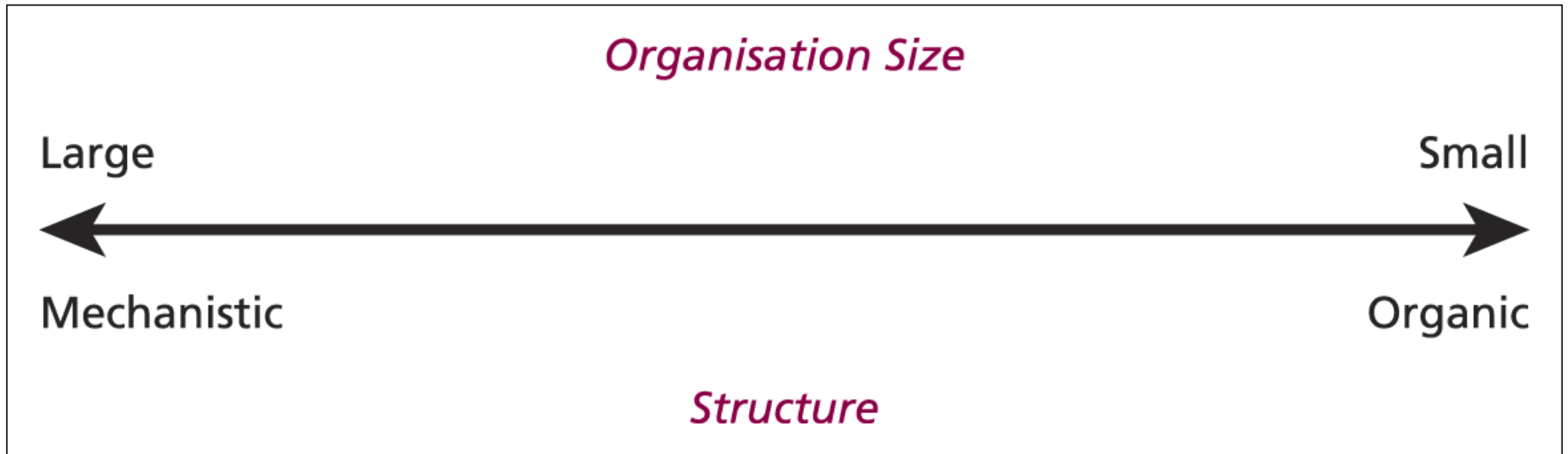


Figure 2.5 The size–structure continuum

Environment Technology Size Structure	Stable Process Large	Dynamic Unit Small
Mechanistic	Good Performance	Poor Performance
Organic	Poor Performance	Good Performance

Figure 2.6 Matching structure to contingencies

Contingency Theory

Summary

- Organisations are open systems
- Performance depends on structure
- Structure must match situational variables
- The main situational variables are:
 - Environmental uncertainty
 - Technology
 - Size
- Change is a rational process of collecting and evaluating information.

Contingency Theory – Criticisms:

- No agreed definition of good performance
- Conflicting and multiple contingencies
- Organisations do not have clear-cut goals
- Contingencies can be manipulated
- No agreed definition of technology
- No agreed definition of environment
- Structure does not equal performance
- It focuses exclusively on formal structures
- It ignores managerial choice
- It ignores organisational complexity.

Development of approaches to organisation and management

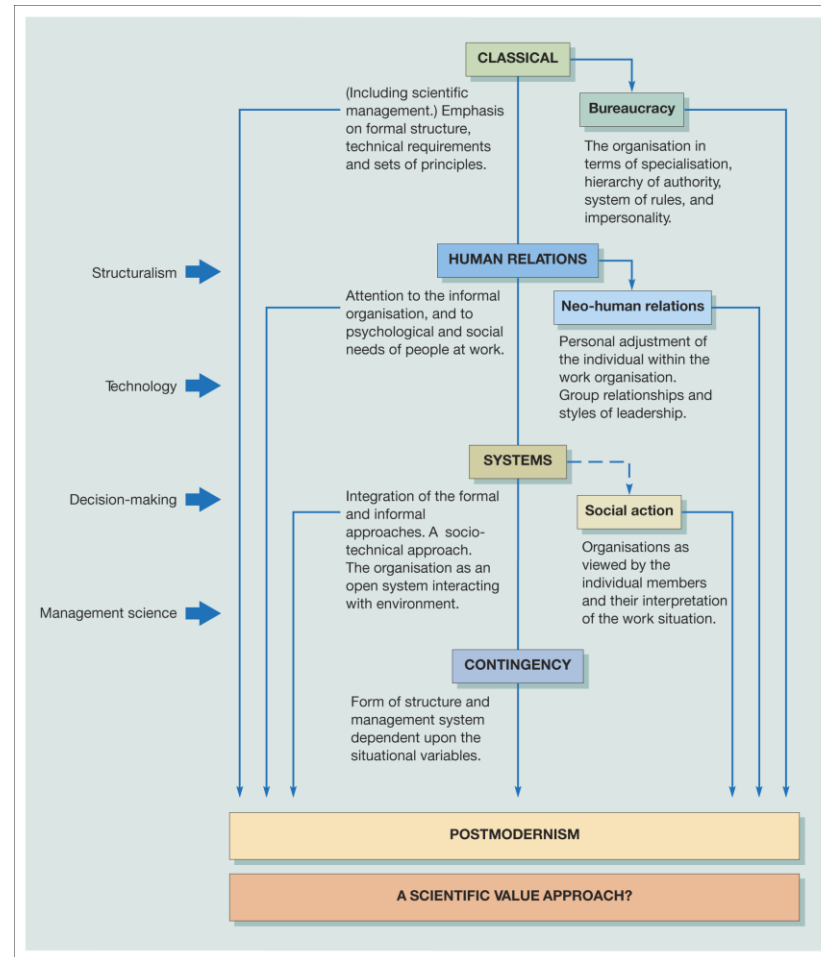


Figure 2.3 An outline of developments of approaches to organisation and management

Today's objectives



- To introduce the assignment
- To identify major trends in the development of OB and management thinking, and to contrast them
- To consider why they are relevant to change management today
- To explain the relationship between theory and practice
- To assess how management has developed
- To put the rest of the module in context

Next week:

- New models – Excellence/Japan
- Types of change
- Individual change

