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ORGANIZATIONAL CHANGE

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connections between the interests of multiple actors and the global mission held by leadership. It is also about persuading others that their interests are best served by connecting up to the global vision.

Dent (2003) explored ANT in relation to a UK hospital threatened with closure. For instance, a hospital contains networks of professional groups of clinicians, managers and administrators and it is networked with external organizations under the National Health Service umbrella. For long periods these networks can be fairly stable, albeit showing minor reconfiguration as interests evolve. Periodically, something happens to disturb the relative peace, such as new legislation or new government directives and targets, with subsequent disturbance to the roles of professionals and their relationships to managers, noting of course that many professionals are also managers. Dent found that *interessement*, the coming together of agents into a network, involves ‘persuasion, intrigue, calculation and rhetoric’ (Miller, 1992), and that these tools were used in the processes of actors reconfiguring to help their network resist the disturbances. Using ANT, Dent was able to ‘delineate more clearly the complex configuration of relationships within which a hospital is embedded. In particular, it facilitated the exploration of the changing professional–management relations’ (p. 123).

‘Translation’ helps to understand how the different interests of the several actors become aligned into a socio-technical arrangement. Even non-human actors are seen to have interests – for example, the interests of skylarks are appropriated into the interests of human actors in a conservation scheme. Collectively, the interests of other actors are appropriated and translated into the interests of each actor. When interests are internalized by the several actors then an actor network exists.

Figure 3.5 shows actors in a speed reduction initiative in a particular locality. Double-headed arrows represent alignment of interests of the three initiating actors. This diagram is a simple model to which could be added national government, which has road safety targets, as well as self-styled road-safety groups. The model shows drivers as being a target of the actor network, and uninvolved in interest sharing. Of course, one could represent drivers’ interests, but for simplicity they are not shown.

The socio-political context includes pressure put upon police and local government to reduce accidents and injuries and the general efforts to raise awareness of the dangers of excessive speed. There may be localized pressures, such as the presence of schools or an accident ‘black spot’. An additional interest affecting drivers is the punitive regime – that is, what happens to them if they are convicted of speeding. In time, the socio-political contexts change, and the interests of the actors change. If drivers’ attitudes to speeding changed such that ignoring speed limits became far less common, then the need for an actor network would diminish. If the penalties in the form of fines for speeding were substantially reduced or increased this would impact upon the interests of law enforcement actors.

Actor-network theorists regard structure as ‘the process of organizing’ people, technology, knowledge and other things into a stable network (Cunliffe, 2008, p. 49). Illustration 3.12 provides an example of just one form of structure.

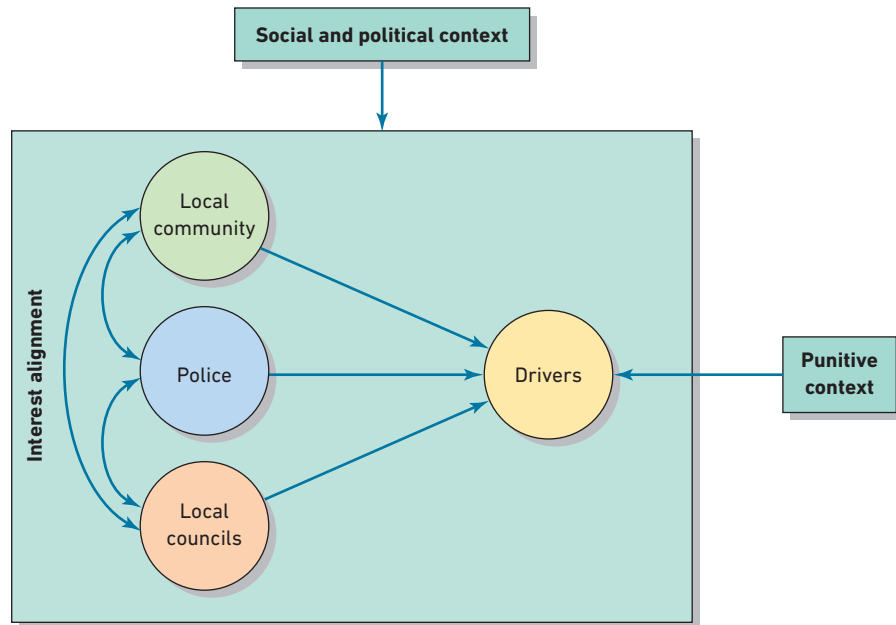


Figure 3.5 Actor network

Illustration 3.12

Plane Stupid

Protest groups are a feature of our times, and in December 2008 one group made the headlines for ‘invading’ Stansted Airport near London. Stansted is a busy regional airport – so much so that there are plans to build another runway, much to the consternation of the locals. Protesters are often well-educated and/or middle-class people of all ages, and associate with a group called Plane Stupid.

What is of interest here is the way the group organizes. It is said to be based on the ‘rhizome concept’ developed by Deleuze and Guattari (1980) as a non-hierarchical way of connecting people to share ideas. Taking the name from the type of plant, the rhizome connects any point in the group to all other points. It is not built around units but around dimensions. It does not have a beginning or end, rather it has a middle from which it keeps growing.

Unlike classic organizational structures, which have both lines and positions, the rhizome has only lines of connection. Anyone who has dug a root of potatoes will know what the rhizome looks like – there are lots of potatoes all connected to each other and to the original seed potato from which everything grew. The rhizome organization uses horizontal connections and communications, unlike the vertical, horizontal and hierarchical communications found in typical structures that resemble family trees.

Whatever we think of their tactics of disruption, for protest groups this way of organizing seems effective, and for students of organization structure quite interesting.

Source: Deleuze, G. and Guattari, F. (1980), *A Thousand Plateaus: Capitalism and Schizophrenia*, translated by B. Massumi, 2004; Gourlay, G. and Montague, B. (2008), ‘Meet the plane stoppers’, *Sunday Times*, 14 December, p. 18.

Institutional theory

The earlier part of this chapter dealt with structures as if they are a rational choice – things that are shaped by internal drives for improvement and by best fit with environmental pressures and opportunities. Institutional theory, which has much in common with structuration theory, emphasizes the cultural influences on decisions about design and structure (Amis and Aissaoui, 2013). The people who decide what organizations should look like are ‘suspended in a web of values, norms, rules, beliefs and taken for granted assumptions that are at least partially of their own making’ (Barley and Tobert, 1997, p. 93). The combination of these things gives the culture of the organization its unique identity and the culture influences decisions about structure that may be sub-optimal. Rather than seeing organizations as ‘rational actors’, albeit operating in a complex world, institutional theory ‘views organizations as captives of the institutional environment in which they exist’ (Tolbert and Zucker, 1983, p. 22).

Through culture, institutions work within a bounded rationality that restricts the range of responses and raises the likelihood that certain types of behaviour will occur. Institutional theory is not a theory of change, but it is a way of explaining the similarities of arrangements that are often found in a sector, and can explain why things do *not* change. Before going further, though, it is necessary to distinguish between an organization and an institution. Barley and Tobert (1997, p. 94) describe institutions as ‘socially constructed templates for action, generated and maintained through ongoing interactions’, and herein lies the similarity to structuration. They go on to define institutions as ‘shared rules and typifications that identify categories of social actors and their appropriate activities or relationships’ (p. 96).

Business organizations can be thought of as existing and operating in institutional fields – each field having a particular set of assumptions and practices. Organizations in the same sector are influenced by the same field and this explains why they structure and operate in very similar ways. Institutions are created out of action but, once created, they tend to restrict actions within them. Hence, we find institutions inside organizations, and the structures that are found in organizations reflect those institutions. A good analogy is with speech and grammar. The sentence ‘The dog ran after the cat’ has a particular meaning. If ‘cat’ and ‘dog’ are transposed, the sentence has a different meaning. Grammar brings structure to speech and institutions bring structure and meaning to organizations. Another analogy is the idea of scripts, such that people are playing to scripts in their day-to-day behaviour. For example, we defer to the same people for decisions even though we know they will give us the same scripted answer – perhaps something like, ‘It’s a good idea but don’t bother pushing it because Jim in marketing doesn’t like it’.

Johnson, Smith and Codling (2000, p. 573) define scripts as ‘the cognitive schema informing behaviour and routines appropriate in particular contexts’. They applied institutional theory to privatization – the deinstitutionalization of public-sector templates and the institutionalization of private-sector templates. To enact change, the scripts used by actors have to change. New scripts develop through experiences as people move from a familiar set of routines to experimentation with another. Barley and Tobert (1997) also saw scripts as more than cognitive schema, considering

them as behavioural regularities – that is, something that can be observed. They suggest that the accreditation processes used by universities are examples of scripts in action, as elaborated on in Illustration 3.13.

Illustration 3.13

University accreditation: institutionalization in practice

Universities are very sensitive to league tables, and in particular to their position in them. The tables rank universities on a combination of factors such as staff/student ratios, research income and the percentage of staff with doctorates. Let's face it, when we know how we are being measured we tend to divert attention into bettering our performance on those measures. One of the accolades that business schools seek is accreditation by bodies such as the Association of MBAs (AMBA) and the European Quality Improvement System (EQUIS). A common accreditation strategy is as follows:

The school applies for accreditation having checked itself against broad criteria set by the accrediting body.

If the application is accepted, the school writes a set of self-assessment documents (SADs) detailing and reflecting on its performance in relation to accreditation criteria. Changes to operating methods are likely to better align with the criteria.

A small panel of senior academics drawn from top business schools is despatched to the school, which entertains them for several days during which the panel meets and questions a range of groups representing the school's activities (research, teaching, consulting and so on).

The panel writes a report including recommendations and conditions for accreditation that is considered by the board of the accrediting body.

The actors are playing out a script. As well as scripts operating at a grand level, we can also see scripts at individual level and influencing individual participation in the accreditation visits. The school, if it is smart, will be briefing groups of employees before they have meetings with the panel and debriefing them afterwards so that issues can be passed on to the next group. Those in charge bang on with exhortations such as, 'We can be really proud of X so make sure you tell them about it, but make sure they never get to know about Y'.

We are not suggesting that the outcomes can be taken for granted, or that the processes are not useful – far from it. Useful recommendations and ideas for change usually come out of these processes, and accreditation, if achieved, is a valuable thing. Yet the scripts used lead to similar outcomes and push schools to look and behave in similar ways. The scripts used in these events lead to a bounded and institutionalized level of performance improvement.

Institutional theory explains how the principles of organizing are accepted and perpetuated and how conformity to norms leads to particular outcomes. Survival of the main protagonists (typically top managers) and conformance with norms explain actions more so than rational responses in the search for better performance. For example, institutional theory provides a good theoretical explanation for the recent financial crisis. Ashby, Peters and Devlin (2013, p. 2,681) found that:

Structural features of financial institutions (for example compensation arrangements) hindered individual reflexivity and critical evaluation and reinforced the natural tendency of individuals to pursue their own self-interest by making extreme risks seem both acceptable and deniable. At the industry level, the observation that building strong collective beliefs of invulnerability was widespread supports this finding.

These beliefs were reinforced by optimistic economic forecasts and weak interventions by regulators. Ashby and colleagues argue that introducing more regulation and capping banker bonuses, for example, will not change the underlying problematic attitudes to risk in the financial sector; deeper cultural change geared around better risk-management procedures is called for.

Institutional theory is useful to explain why things exist as they do, and stay as they are, but is less informative about how change to institutions occurs (Kondra and Hinings, 1998). One of the reasons for this is the idea of *isomorphism*, which refers to the tendency of organizations in the same field to adopt the same or similar structures and ways of thinking and doing, which leads to isomorphism of performance. Indeed, performance standards can themselves become institutionalized. Three reasons for this can be put forward (Kondra and Hinings, 1998):

- 1 People who think they can see ways of improving things do not bother to pursue their ideas because compliance with norms is much easier.
- 2 Mimetic behaviour occurs (that is, when organizations copy each other's behaviour) and is perhaps more likely to persist when performance measures are not well defined, as is the case with public-sector organizations. Day, Armenakis, Field and Norris (2012) use mimetic behaviour to explain why a university simply copied downsizing tactics being used elsewhere, and by taking such an uncritical approach to what it was doing created big problems for itself.
- 3 Mimetic behaviour can also occur because of risk aversion. A dominant coalition (such as a management team) can argue that not implementing what might be a performance-enhancing action in the short term is an efficient strategy in the long term when the risks of the actions are considered. If the coalition can be confident of return X in the future, why seek greater than X when there is a risk that the actual return could be less than X?

Greenwood and Hinings (1996) go further, however, in showing how institutional theory connects to a theory of change. They propose three characteristics of neo-institutional theory (neo-institutional theory includes developments to the original theory).

- *Institutional context* – organizations embed institutions, even though these institutions have little or no impact on performance. The professional partnership form of organizing stems from the philosophy that professionals in a business venture should be jointly liable for their professional decisions. Accountants and lawyers, for instance, typically organize as partnerships. Clearly, it is an effective way of organizing, otherwise they would not keep doing it, but this is an institutional feature rather than a rational analysis of the most efficient way to organize.
- *Templates* – pressures from institutions push organizations in the same sector to adopt the same or similar forms and designs – that is, templates for organizing, shaped by underpinning ideas and values. These arise from mimetic behaviour and lead to isomorphism in the sector. Hence, institutional theorists focus more on what they term 'populations' of organizations in a particular field, seeing them as networked and interconnected and subject to the institutional pressures in the field. Universities illustrate the point well. There are about 100 universities in the

UK, which serve different segments of the market, but there are, arguably, more similarities between them than there are differences in the way they respond to the institutionalization of higher education.

- *Resistance to change* – templates for organizing cover not just designs and forms but also ways of thinking and thus inertia. Institutional theory therefore emphasizes the stability of arrangements and, while accepting that change occurs, sees change as ‘reproduction and reinforcement of existing models of thought and organization’ (Greenwood and Hinings, 1996, p. 1,027). It explains convergent and incremental change much more than radical change, which is far more problematic. Greenwood and Hinings point out the reciprocal nature of the relations between an organization and the field it is in. A university, for instance, does what the field expects of it and behaves in ways that are acceptable to the field. Behaviours manifest as policies on a wide range of issues affecting staff and students (policies that would look very similar if put side by side), similar products delivered to students in similar ways, similar ways of allocating work to employees and similar ways of measuring performance.

To help explain the pace and scope of change, two additional concepts are used: tight coupling and sectoral permeability (Greenwood and Hinings, 1996). Tight coupling occurs when a sector exerts a high level of influence and control over the structural templates that organizations in the sector use. Professional practices and public organizations are subject to high levels of regulation and expectations, and are examples of tight coupling. Any new organization entering the field would be subject to such pressures to comply and conform. Contrast this with a new private business venture – let’s say to design and manufacture fashion accessories. So long as it complies with the law, no one is concerned about how it is organized or about how it organizes. Similarly, in new sectors that form around a technological breakthrough, the institutional pressures will be less well developed so we could expect change to be less impeded by inertia.

Sectoral permeability describes how much a sector is insulated from others. A sector with low permeability experiences a low influx of people from other sectors, so the transfer of ideas is within the sector, not across sectors. Where permeability is higher and people come into the sector from other sectors, we would expect a higher import of ideas and thus higher rates of radical change. Examples of where institutional theory has been used include analyzing change in accounting and financial systems (Tsamenyi, Cullen and Gonzalez, 2006), in law firms (Sherer and Lee, 2002) and in professional associations (Greenwood, Suddaby and Hinings, 2002).



Activity 3.3

Think of one small part of an organization that you know well and try to identify where the routine actions of people are creating structure and structural relationships.

Then consider why these situations exist – for example, individual management styles, dominating personalities or organizational politics.

How amenable are these structures to change?