HUMAN RESOURCE CHANGE MANAGEMENT

MBA/MSC

Code: 5008 **Units: 1-9**



Department of Business Administration
Faculty of Social Sciences & Humanities
ALLAMA IQBAL OPEN UNIVERSITY, ISLAMABAD

Study Guide

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PREAMBLE

Human Resource Management is an 'umbrella' term for many different and interrelated functions. It is necessary to point out at the very beginning of this study guide that every manager has a role relating to human resource management. Just because we do not have the title of HR manager, it does not mean we won't perform all or at least some of the HRM tasks. For example, most managers deal with the selection, compensation, and motivation of employees, making these aspects not only part of HRM but also part of management in general.

This exciting new study guide on Human Resource Change Management has grown from a need to provide practical advice to managers who deal with contemporary human resources and change issues. A crucial role of a manager is to respond in the best interests of the organisation and at the same time retain talent. Skill shortages and ageing populations in developed economies and the need for emerging economies to develop their workforce coincide to present managers with unique challenges. The text reflects the everyday challenge managers face in a turbulent environment and focuses on providing practical guidelines to managers.

In this study guide, a timely overview of recent fundamental strategies for managing change and implementing human resource practices is clearly explained. At the end of each unit of this study guide, there are self-assessment questions as well.

With warm regards,

Prof. Dr. Nasir Mahmood
Vice Chancellor

INTRODUCTION TO THE COURSE

In the last few decades, research has shown that the number of companies operating at an international level has grown exponentially. Therefore, there has been an increase in the number of global transactions and foreign trade. Companies that are internationalised have general goals. These companies are aimed at increasing their sales, acquiring new resources, and minimising risks against their potential competitors. The increasing activity of multinationals in foreign markets has significantly influenced the process of globalisation. The significant amount of global production of these enterprises gives them greater power in the development of the economy. In this project, I would describe the main subject of this paper, which is on the one hand, a focus on organisational change, and on the other hand, a focus on human resource management. I would try to define the two concepts and relate them to the more specific issue, which I have decided to develop. It refers to the management of human resources in multinational enterprises. In addition, I would discuss the current importance that human resources have in almost every company, because it is tightly linked to a growing awareness on the part of managers who care about the importance of good practices in human resource management.

Dr. Muhammad Majid Mahmood Bagram
Course Development Coordinator

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Recommended Books:

Thornhill A., Lewis P., Millmore M., & Saunders M. (2000). Managing Change, a Human Resource Strategy Approach. Delhi: Dowling Kindersley.

Paton R. A., Paton R., & McCalman J. (2008). Change Management, a Guide to Effective Implementation (3rd ed.). Sage publications.

Unit-1

INTRODUCTION TO MANAGING CHANGE

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INTRODUCTION

Change refers to any modification or alteration in the way things are done within an organisation. It can involve shifts in organisational structure, processes, or technologies, and can be categorised into two main types: planned change, which is intentionally implemented to improve organisational performance, and unplanned change, which occurs unexpectedly due to external or internal factors such as market shifts or technological disruptions. However, one of the significant challenges faced during change is resistance, a natural human reaction to anything that disrupts the status quo. Employees or teams may resist change due to fear of the unknown, loss of job security, or perceived threats to their roles and routines. Addressing this resistance is crucial to the successful implementation of any change initiative.

The forces driving change come from both external and internal sources. External forces include factors like technological advancements, economic shifts, regulatory changes, and broader societal trends. Internal forces, on the other hand, may involve leadership changes, organisational restructuring, or efforts to improve operational efficiency. These forces compel organisations to adapt to maintain competitiveness and meet evolving demands. To facilitate this adaptation, organisations often rely on change agents—individuals or groups who act as catalysts for change. These change agents can either be internal, such as managers or HR professionals, or external consultants, guiding the organisation through the transition and helping employees adapt to new systems and processes.

To assess the feasibility of implementing change, frameworks like the TROPICS test and Force Field Analysis are commonly used. The TROPICS test evaluates the viability of change by considering aspects like target goals, realistic outcomes, organisational readiness, prioritisation of initiatives, impact, costs, and long-term sustainability. Force Field Analysis, developed by Kurt Lewin, identifies the forces that either support or hinder change, helping organisations balance driving forces with restraining ones and making informed decisions about how to increase support and reduce resistance.

Human resource strategies play a vital role in managing change by ensuring that employees are prepared and equipped to adapt to new circumstances. These strategies involve training programs, clear communication, and support mechanisms to help employees adjust to new roles or responsibilities. HR also plays a key role in creating a change-ready organisational culture that values flexibility and innovation. The successful implementation of change requires careful planning, communication, and ongoing monitoring to assess its impact. While the outcomes of change can be positive, such as improved efficiency or increased competitiveness, they can also have negative effects, such as employee dissatisfaction or temporary productivity loss. Evaluating both the short-term and

long-term impacts of change is essential for determining its success and making necessary adjustments.

Human resource strategies are also essential in ensuring that the workforce remains aligned with the organisation's goals during change. These strategies help manage the emotional and psychological impacts of change through counselling, engagement, and feedback systems. By fostering an environment of trust and open communication, HR helps reduce resistance and ensures that employees feel supported and motivated throughout the change process.

LEARNING OBJECTIVES

After studying this unit, you will be able to:

a) Describe the meaning of change and its types.
b) Explain resistance to change.
c) Define forces of change
d) Understand the role of change agents.
e) Understand the change and human resource strategies.
f) Describe the implementation and impact of the change.
g) Describe the role of human resource strategies in implementing change.

INTRODUCTION TO MANAGING CHANGE

1. INTRODUCTION

For many years, researchers and scholars have studied change. Many different ideologies, ideas, models, and methods attempt to bring about long-lasting organisational transformation but with varying degrees of success and legitimacy (Todnem By, 2005). There seems to have been a lull in change management activities, with a sharp rise in interest in studies about organisational development, ultimately leading to the learning organisation.

Knowledge economies and management, complexity theory and the 'virtual' organisation. After reviewing theoretical and practical research models about change, Armenikas and Bedeian (1999) concluded that the literature on organisational change and the underlying research are still very sensitive to the needs of management, the workplace, and the market. The need for change literature is still great since managers are still trying to implement the "perfect" change, and many of them still think that the reported failure rates, which can reach 70%, are a bit high (Balogun and Hope Hailey, 2004). Change management is defined as "the procedures, instruments, and methods to handle the human side of change to accomplish a necessary business goal," according to Tim Creasey, Director of R&D at Prosci. According to Charles Darwin, neither the most intelligent nor the strongest species makes it through. It is the most flexible in terms of change.

Meaning of Change

Change is a necessity for survival. Humans are dynamic beings. Since each of us has unique systems, beliefs, and values, these are the hardest things to alter. We all change at different rates, and our willingness to change depends on our faith in the goal. Nothing is permanent except change; it is the law of nature.

Change will not disappear nor dissipate. Civilisations, technology, and innovative ideas will all continue to advance at an ever-increasing rate. One could argue that living in a constant state of flux has virtually become the norm (Luecke, 2003). The ability of managers to handle change effectively and efficiently will continue to be a criterion for both them and the businesses they work for, whether they are in the public or private sector, manufacturing or service. Regretfully, managers in the early 21st century will have their capacity to manage difficult transition scenarios evaluated over ever-shorter time frames.

According to Nelson and Aaron (2007), change management is a structured approach to altering behavior to improve company outcomes. It entails managing the impact of new organisational structures, business procedures, or cultural shifts inside a corporation. Applying efficient techniques to foresee and reduce resistance presents a difficulty. Organisational tools that support people in effectively navigating life changes that lead to the acceptance and implementation of change are included in change management.

2. Three Common Elements of Change

Processes, technology, and people are three organisational elements that drive and are affected by change in every organisation, regardless of industry or size.

• *Process*. Process maps, policies, procedures, and business rules that specify how work is done define business processes. When new potential clients or more effective ways to serve current clients—both inside and outside the company—are discovered, these procedures are revised or realigned. This encourages people to accept new technologies..

• *Technology*. When executing the modifications, technology ensures increased organisational efficiency. It's a way to handle data faster, more reliably, and more accurately. Thus, a plan for introducing and systematising the technology needed to carry out the anticipated changes is crucial to any change process..

• *People*. Organisations are typically excellent at creating new procedures or refining old ones. They are also adept at recognising or creating new technologies that unleash the potential of innovative workflows. However, most businesses don't give people enough credit for the part they play in the technologies and procedures that allow them to implement the intended organisational change..

Types of Change

1 Happened Change

This type of change is unpredictable and typically results from the influence of outside variables. The change that has occurred is significant and sometimes upsetting because its effects are unknown and beyond one's control. This type of change occurs when an organisation hits a plateau in its life cycle and is harmed by expectations or pressures from the outside world. For instance, companies whose operations heavily rely on the import of raw materials may suffer from currency devaluation. Certain social and political developments can occasionally be erratic and unmanageable.

2 Reactive Change

Reactive changes are those that occur in reaction to an event or a series of related occurrences. The majority of firms reactively use change. This kind of change typically happens when consumer demand for a company's goods or services rises or falls. It may also be a reaction to a crisis or troublesome circumstance that a business is experiencing. For instance, a firm may need to increase its technology spending to stay competitive in light of ongoing technical breakthroughs or changes. When an organisation is going through a severe crisis, recreation can also be seen as a reactive change that affects the entire organisation.

3 Anticipatory Change

An anticipatory change is one that is carried out in advance of an event or series of events that is expected to occur. To deal with the pressures of the environment, organisations can either adapt or realign

- **Essentially, tuning in entails making small, incremental changes, s uch as addressing each subsystem separately or focusing on a specific area of a system.**
- **As a proactive measure, reorientation entails moving the organisation from its current state to a desired future state and managing the transition process from start to finish.**

4 Planned Change

A developmental change implemented to enhance current processes and achieve predetermined objectives is also referred to as planned change. It is deliberate and non-threatening because it involves deliberately selecting the future state. It includes implementing employee welfare programs, adjustments to the incentive structure, launching new goods and technology, , team building exercises, improved employee communications, and acquiring technical know-how.

5 Incremental Change

Change implemented at the micro level, within units or subunits, is called incremental change. The gradual introduction or execution of adaptive modifications is known as total modification. It is based on the notion that these small changes will eventually result in a significant change and set the stage for creating a much more robust and healthy system. An organisation can even use it to build the adaptive mechanisms necessary to realise its ultimate organisational vision and learn from its own experiences. If an incremental modification attempt fails, the projected damage will be significantly smaller than if the change is introduced uniformly or done on a large scale.

6 Operational Change

When a company faces competitive challenges, it becomes necessary to implement this form of change since it gives it an advantage over rivals by focusing more on improving service delivery or quality. Operational change must also be implemented due to shifts in an organisation's internal dynamics, the purchasing habits of its customers, or both. Operational transformation is modifying existing processes to accomplish the intended results, as the name implies. This might mean introducing new technology, streamlining or upgrading current processes, strengthening the infrastructure for product delivery or distribution, improving quality assurance, and improving productivity.

7 Strategic Change

Organisational strategy and its constituent parts may be impacted by the implementation of strategic change, which often takes place at the organisational level. One example of a strategic shift in an organisation would be a shift in the management approach. Toyota, a multinational corporation, has advanced in altering the general organisational philosophy to benefit from the structural leanness, flexibility, decentralised decision-making, and smooth operation of

organisations. It also permits a higher degree of freedom or autonomy in carrying out proactive decisions. The entire organisation is anticipated to be impacted by this kind of change, which will thus have an impact on performance as a whole..

8 Directional Change

Growing competitive pressures or abrupt shifts in governmental regulation or policy, such as adjustments to import/export laws, pricing schemes, tax laws, and other regulations, may make directional change necessary. When a company cannot effectively implement or execute its current strategy, or when a strategic change is necessary, directional change may also become necessary.

9 Fundamental Change

Fundamental Change entails redefining the goal and vision of the company. This might be necessary in particularly volatile situations such as those involving the company climate, failed leadership, declining productivity, high personnel turnover, or issues with employee morale..

10 Total Change

A total shift entails altering the organisation's vision and achieving a harmonious alignment with its strategy, the dedication and morale of its workforce, and its business performance. When an organization faces numerous critical issues, such as long-term business failure, a mismatch between employee values and organizational values, leadership or management failing to anticipate the realities of the business environment, growing competitive pressures, or a concentration of power in the hands of a few numbers of people, total change becomes necessary.

Resistance to Change

Many things contribute to people's resistance to change, such as habit, uncertainty, fear of personal loss, and the belief that a change is not beneficial to the organisation. Some strategies for dealing with resistance to change include educating and informing employees about the need for change, allowing them to participate in the process, giving them the support they need to implement it, negotiating by exchanging something of value to lessen resistance, manipulating and coopting others by using negative actions to exert influence, selecting people who are open to change, and using direct threats or force.

The act of opposing or resisting changes that upset the status quo is known as resistance to change. One worker may exhibit this resistance, or it may be present throughout the entire company. According to studies by Coch and French (1948), common signs include complaints, turnover, low efficiency, production restrictions, and antagonism against management. Watson (1969) examines how resistance manifests itself during a process of change. Almost everyone publicly condemns the shift in its early stages. The opponents and innovators are distinguishable in the second stage. The third stage is characterised by conflict and confrontation. During the fourth stage, opponents withdraw to latent resistance

while innovators gain power. Opponents frequently distance themselves from the organisation during the fifth stage. Individuals and groups can react to change in a variety of ways, from peaceful resistance to overt attempts to disrupt.

Being resistant to change is the inability to adjust to new conditions. It can be individual, coordinated, or covert. Employee resistance in public when they discover they don't like or desire a change can be highly disruptive.

Workers may also be uncomfortable with the changes that have been made, and they may unintentionally rebel against them by acting out, using language in inappropriate ways, and sharing stories and chats while at work. In the worst situation, staff members may be adamant in their resistance to any changes, which could cause friction and confrontation within your company.

Resistance can occur at three levels:

1. *Organisational* This would include resistance, which is being triggered by power and conflict (perceived or real), changes to function, structure and culture.

• *Power and* . When a change could help one department within the company while hurting another, there is resistance to change because of power struggles and conflict. Organisational politics is one result of power and conflict within organisations during the process of change.

• *Function*: Resistance to change due to differences in the way separate departments see problems and issues. Thus making it harder to agree with change.

• *Organisational structure* Employees "working within a mechanistic structure are expected to act in certain ways and do not develop the initiative to adjust their behaviour to changing conditions," which leads to resistance to change brought on by recommendations (George and Jones, 2007).

• *Organisational culture* Resistance due to organisational culture occurs when organisational change disrupts the values and norms within the organisational culture.

2. *Group* which would include resistance due to group norms, group cohesiveness and groupthink.

• *Group norms* Resistance due to group norms occurs when change alters interactions between group members due to changes in task and role relationships within a group.

• Group *cohesiveness* Resistance, where the group members want to keep things the same within the group.

• *Groupthink*. This is categorised by Janis (1972) as follows: An overwhelming sense of security breeds recklessness and overconfidence. Disregarded alerts that could contradict presumptions. Unquestioning moral conviction leads members to act without thinking through the repercussions of their choices. Biased perceptions of the leaders of the enemy. Pressure to fit in against those among the group who disagree. Ideas that are not in agreement with the group are shut down. A false

appearance of understanding to follow the group. Members who designate themselves as mind guards keep the group safe from opposing viewpoints.

3. *Individual* Selective perception and retention, habit, and resistance to change brought on by uncertainty and insecurity are examples of resistance at the individual level.

Huse (1975) suggests eight ways to reduce resistance to change:

1. Any change process must include the forces of the organisation as well as the needs, attitudes, and beliefs of the individual or individuals involved. Before a person will participate in the change process, they must perceive some personal benefit from the change.

2. The more power the supervisor has to effect change, the more respect they may command. But a group's nominal head does not always have to be the same as its real, unofficial leader. A very influential unofficial leader inside the work group can often have an important influence on the process of change.

3. By giving the group the precise knowledge it wants to know about itself and its behaviour, substantial pressure can be put on it to change. Change is more likely when the information is relevant, pertinent, and meaningful. For example, when handled appropriately, information gathered via a survey questionnaire could have far greater significance for a specific work group than information regarding attitudes generally..

Four 4Strong forces for change can be created by having the group members agree on the necessity of the change, which will cause the pressure to originate from within the unit. Participating in analysis and interpretation, in particular, helps to lessen or avoid resistance that arises from moving too quickly or too slowly.

5. When individuals who are to be changed and those who will be using their influence to effect change have a strong sense of belonging to the same group, the degree of opposition to change is less. When change originates from within, it is perceived as less dangerous and encounters less resistance than when it is suggested from the outside.

6. Group cohesiveness, or "togetherness," can work to either strengthen or weaken resistance to change, depending on the problem and how the group perceives the change as beneficial or detrimental.

7. A group with enduring psychological significance for a person possesses more influence than one whose membership is merely transitory. Therefore, compared to change procedures that involve the individual in the current work situation, change processes that require gathering people together in transitory groups away from the workplace have less power to bring about long-lasting change.

8. Information on the need for change, the plans for change, and the effects of change must shared by all pertinent group members. Typically, a change process necessitates the purposeful and targeted establishment of lines of communication. Usually, blocking these avenues results in hostility and mistrust. Change

management procedures that include detailed information on the progress made thus far and outline the standards by which progress is to be measured have a higher chance of success.

At this stage, it's critical to be able to apply the ideas of the change process to your own company and emphasise that change is complex, impacts a wide range of people, necessitates a systematic diagnosis, and demands an efficient plan of action. Before delving into the policies and guidelines that the change agent will implement throughout the project, it is advisable to weigh the consequences of choosing a change agent from within the company.

Types of Resistance to Change

Three categories of resistance to change are as follows:

a) Logical resistance: The long time it takes to adjust to changes is the main factor contributing to this kind of resistance. For example, when computers became more commonplace, accountants had to transition from paper to digital accounting. It takes some getting used to, of course.

b) Psychological resistance: Resistance resulting only from psychological or mental factors falls into this category. People generally oppose change for various reasons, such as low tolerance for change, fear of the unknown, or hatred of management.

c) Sociological resistance: The resistance is not so much directed against individual people as it is toward the common practices and beliefs of groups. Even while people are willing to change, they may choose not to do so because of peer pressure from the group they are associated with. Workers feel compelled to demonstrate collectively, for instance, if a workers' union objects to new management practices.

Forces of Change

Businesses function in both macro- and microenvironments. These days, many events are going on at once, and change is frequently ongoing. They must seize chances when they present themselves to expand into new markets or create brand-new goods and services. Take the explosive rise in the number of micro-entrepreneurs, for example. For instance, Five-Senses, a coffee distributor located in Western Australia, has been able to rapidly expand its market while keeping expenses under control through internet sales. Organisations must occasionally react to outside events and seize opportunities as they arise because, above all, nothing in our quickly changing world can be predicted. Examples of this need to grow can be seen in the expansion of Australian, American and European businesses into China, India and Southeast Asia.

The advantages of doing business in China and other developing countries, such as Indonesia, India, and the Philippines, go beyond the prospect of a substantial potential market, even though future wage costs are expected to rise. An excellent

illustration of this is the story of the ex-workers of the defunct Australian airline Ansett, who, upon the company's bankruptcy, converted their job loss into a chance to establish an auditing firm for airlines 18 the forces of change in China (Harcourt, 2008). Australia's small and relatively saturated market offered little opportunity for them to establish a firm, but the vast Chinese market offered the potential for growth and success. Of course, the third scenario is when events that cannot be predicted happen and organisations have to react to ensure their survival.

The open systems concept makes clear how the internal and external environments are related to each other. This model shows how inputs come from outside sources in the form of information, resources, and raw materials. The company employs these resources and materials to produce ideas, goods, and services that impact the external world and shape the organisation's perception. This feedback loop has a long-term, cyclical effect on both inputs and outputs. Naturally, an organisation is more than the sum of its parts, and the interplay between the many components is just as crucial as any one of them alone.

The open systems model illustrates how the task environment, which includes competitors, suppliers, labour forces, customers, and the community, and the Delta forces—demographics, economics, legal and regulatory, technology, attitudes, and values—that organizations operate within are changing in tandem with society expectations. To symbolize the mathematical symbol delta, which stands for change, Kraut and Korman (1999) created the abbreviation Delta. Organisations can monitor changes and shifts in their working environment that are primarily beyond their control by using the delta forces, which are effectively an environmental scanning mechanism.

Change Agent

These individuals are in charge of planning, organizing, and promoting organizational transformation. A middle manager tasked with enacting change in their area, a division leader, a full-time organisational development professional, or any combination of these could be considered change agents.

Anyone who purposefully promotes change within an organisation without holding formal line authority is considered a change agent. Change agents might be HR professionals, OD specialists, trainers, coaches, or consultants (internal or external). However, they could also be line managers, front-line employees, supervisors, or other roles. Regardless of identity, when they act as change agents, they do it without having direct authority.

According to Boddy and Buchanan (1992), the primary responsibilities of a change agent or project manager are first to assuage the situation's uncertainty and then promote constructive action. They offer several recommendations for helping:

1. Determining and overseeing stakeholders' gains, apparent dedication.
2. Focus on your goals. Lucid, succinct, and perceptible

3. Make a detailed schedule. Take a broad approach and draw attention to any potential issues.
4. Construct suitable control systems. Feedback is necessary because communication is a two-way street.

- Prepare the change process. Be mindful of:
- Assigning roles and making the goal clear.
- Don't let chance play a role in team building.
- Building support coalitions and combating resistance and indifference
- We are maintaining constant communication and overseeing the procedure.
- Recognise power and utilise bolstering power bases to your advantage
- Transferring – guarantee that the modification is kept.

We can enumerate the roles of a change agent as follows, based on O'Neill and Senge's comments:

- To launch strong networks across the organisation;
- To establish connections between line managers leading change and those in comparable roles;
- To guarantee that there is both upward and downward effective communication within the hierarchy;
- To keep an eye on and disseminate concepts, data, and projects;
- To guide targets, sponsors, and line managers when they see chances to add value
- Facilitating diverse groups' access to resources and letting them know where to find assistance;
- Encourage targets, sponsors, and line managers to effectively carry out their roles without "taking over" those of others.

The TROPICS Test

A rapid and efficient way to address the following important variables that influence how a change situation is classified: time frames, resources, goals, perceptions, interest, control, and source. With a better understanding of the nature of the change, the manager in charge can assess the change in light of the above factors and decide on the best course of action.

The TROPICS test is a helpful early warning tool that may be used to assess the size and impact of an imminent shift. It can identify the best approach for starting the change management process; depending on how the issue develops, this may need to be adjusted. It does this by examining a few crucial aspects of the transition process. Because it doesn't require precise, quantitative information as input, it only demands a small amount of management time and resources. The problem owner

and any related management team should consider factors like time scales, resources, objectives, perceptions, interests, control and sources.

Table 1.2 **The TROPICS test**

Tropics factor			Solution methodology (tendency towards)
Time scales	Clearly defined – short to medium term A	Ill defined – medium to long term B	A = hard B = soft
Resources	Clearly defined and reasonably fixed A	Unclear and variable B	A = hard B = soft
Objectives	Objective and quantifiable A	Subjective and visionary B	A = hard B = soft
Perceptions	Shared by those affected A	Creates conflict of interest B	A = hard B = soft
Interest	Limited and well defined A	Widespread and ill defined B	A = hard B = soft
Control	Within the managing group A	Shared outwith the group B	A = hard B = soft
Source	Originates internally A	Originates externally B	A = hard B = soft

Note: 'Hard' refers to a systems-based, mechanistic, solution methodology.
'Soft' refers to an organizational development, complex, solution methodology.

The manager, or the adequately designated management team, will be able to determine the best course of action by considering TROPICS to gain a sense of the nature of the change. The exam is a valuable tool for choosing the best approach for a solution when starting the change management process.

Force Field Analysis

In the 1940s, Kurt Lewin developed force field analysis. Every type of organisational change has to fight pressures that are both constraining and propelling, as per the social science theory known as the force field theory. To determine what factors will affect the change you want to see in your business, you can utilise a decision-making tool called a force field analysis..

Analysis of force fields: a tool for positioning a diagramming method that helps with answers to queries like what forces are at work and how much of them are likely to have a magnitude? Who opposes the change and who supports it? Is it

possible to take the initiative? Finding out the kind and strength of the forces influencing the changing environment is the objective.

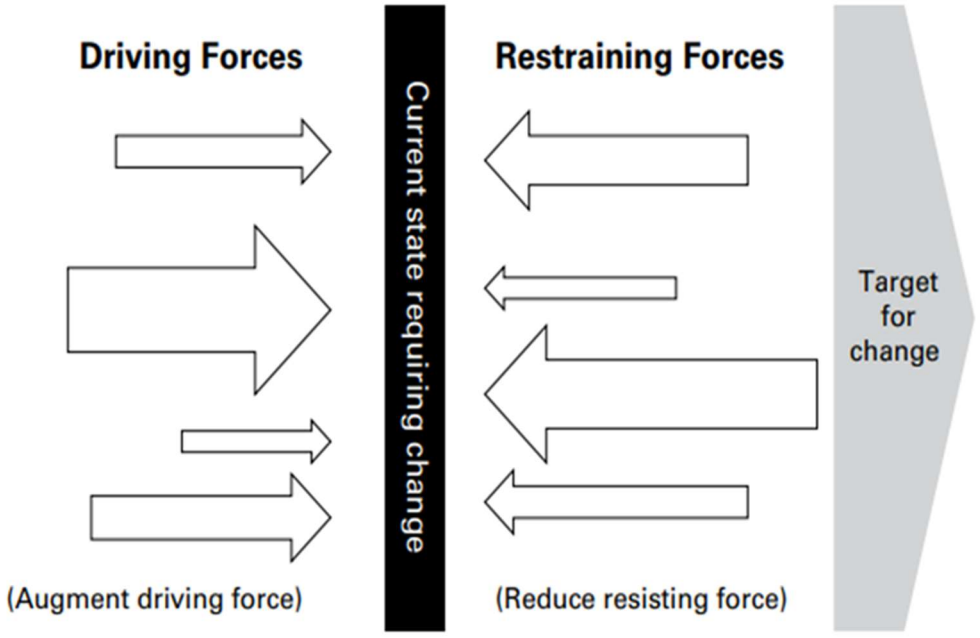
An excellent tool for evaluating the case for change is force field analysis. Kurt Lewin invented the approach in 1951, based on his realisation that a network of forces that are currently in equilibrium sustains any given set of circumstances. "An issue is held in balance by the interaction of two opposing sets of forces," according to Lewin: "those attempting to maintain the status quo (restraining or resisting forces) and those seeking to promote change."

According to Lewin, when one force is increased in a human situation in an attempt to bring about change, other forces respond to preserve the status quo. He referred to this tendency of systems to maintain their current state as "homeostasis.".

Lewin created the usage of a diagram (Figure 2.7) where a variety of driving and restraining (resisting) forces are responsible for maintaining the "current state" (down the middle of the diagram). This graphic shows the intended "end state" of a change process to the right, where all of the forces pushing in that way are currently balanced by forces pulling in the opposite direction.

An organisation must either increase its driving forces or reduce its restraining factors if it needs to implement change more quickly. Both of these should ideally occur. This could, for example, entail addressing staff concerns about the new procedures while simultaneously emphasising the advantages of implementing a particular change (increasing the driving force) (lowering the resisting force).

FIGURE 2.7 Force field analysis (after Lewin, 1951)



Change and Human Resource Strategies

The development and execution of the strategy that guides an organisation's course and operations give rise to the necessity for strategic transformation. Changes to an organization's structures, systems, culture, managerial style, and technology may therefore be required in response to changes to the organization's strategic direction and activities. In the context of an organization, strategy can be challenging to define and comprehend. There are various explanations for this. First, organisations use different methods when developing and executing strategies, such as emergent versus deliberate (discussed later). Second, our comprehension of how design is decided upon depends on the external conditions that organisations must contend with and the internal political and cultural issues. Third, strategy functions across multiple organisational levels, and higher-level strategic decisions have a discernible impact on lower-level strategy and change, including human resource-related initiatives.

Several features were identified by Johnson and Scholes (1993) as aiding in the definition of strategy. Because of these, they define strategy as follows: An organisation's long-term direction and scope are determined by its strategy, which should ideally match its resources to the ever-changing market, consumer, or client landscape to satisfy stakeholders. (1993: 10), Johnson and Scholes.

Strategy as a deliberate process: There are two perspectives on how strategy is developed and put into action. The traditional, or textbook, perspective promotes an orderly, rationalistic, and sequential process that is driven by the top of the organisation. The process entails several strategic planning steps, such as analysing the resources and environment of the organization, defining the mission and objectives of the organization, identifying and assessing strategic options, and finally implementing the selected strategies into practice and assessing their effectiveness (refer to, for instance, Certo and Peter, 1988; Johnson and Scholes, 1993). Numerous approaches and tools, such as a SWOT analysis and various diagrammatic and quantitative procedures, form the basis of this approach to strategic management.

Strategy as an emergent process: This emergent strategy approach has implications for HR. For suitable HR strategies to be developed and put into practice to encourage behaviour to support and promote this shift, it will be necessary to acknowledge the presence of an emergent strategy (Mintzberg, 1987).

This viewpoint is reinforced by Johnson (1993: 60), who states that strategies should be created gradually while involving the organisation's members. New ideas and experiments should be tried to determine which works best, and ongoing, small-scale changes should be implemented to foster organisational commitment. This is referred to as "logical incrementalism" in the literature.

The importance of integrating HR strategies with emerging organisational strategies brings us full circle to the previous discussion regarding the creation of "distinctive capabilities," including human skills. Expanding an organisation's strategic alternatives and increasing the likelihood of developing emergent strategies can be achieved by acquiring unique talents through supportive HR initiatives..

Environmental, cultural and political influences and their implications for change:

Realigning or altering an organisation's culture by applying HR-centred strategies is possible. One or more of the following HR strategies may be used by an organisation to change its prevailing system of practices, values, and underlying assumptions to facilitate the transformation of its culture:

- a recruitment strategy of replacing managers with those from outside;
- restructuring the organisation;
- downsizing the workforce;
- training programmes to re-educate employees or support their development;
- a new reward strategy and performance management to alter employee behaviours or reinforce emergent ones; and
- an employee involvement strategy

Levels of strategy and their implications for change:

- 'First-order' or corporate strategies: To describe these strategies' relationship to lower-order decisions and the likelihood that further levels of strategy will follow from these higher-order strategies, Purcell (1989: 70) refers to them as "Upstream," first-order decisions. This level allows for a further differentiation between corporate and business strategies based on the characteristics of multi-product and multi-divisional organisations. The following is a summary of this distinction provided by Purcell (1995: 66): Businesses with several products and divisions must distinguish between corporate and business strategies. Corporate strategies pertain to the entire enterprise, while business strategies are focused on specific divisions or business units and are tied to the products produced and the markets served.
- Second- and third-order strategies: Purcell (1989) considered corporate strategy as being "downstream" from the second and third levels of strategy. The organisational structures and operational protocols put in place to support first-order decisions are covered by the second level of strategy. The third level is concerned with functional strategies, which are established within the framework of the first two levels and include HR-related strategies. Because they all affect an organisation's long-term orientation and ability to achieve its objectives, all three levels are strategically significant.

Suggested linkages between corporate and HR strategies: The literature has proposed a variety of connections between business and HR strategies. These can be categorised into three groups (see Storey and Sisson, 1993; Mabey and Salaman, 1995, for examples). One of these proposes that the stage of an organisation's life cycle should dictate the type of HR strategies. Kochan and Barocci (1985) recognised four life-cycle stages: Organisational establishment, expansion, development, and decline.

According to a different category, the focus of HR strategies should be contingent on the type of corporate or business plan being implemented. In particular, Schuler and Jackson (1987) have made claims regarding the nature of this kind of interaction based on a typology of three general business strategies. These business strategies have to do with pursuing innovation, improving quality, or cutting costs. Every tactic aims to provide a distinct path to a competitive advantage. The types of HR policies and employee behaviours that Schuler and Jackson (1987) felt each of these company models implied. An innovation strategy, for instance, about product development, is likely to be defined by investment in training and career development, performance evaluation that acknowledges teamwork and developmental activities, and organisational structures that promote collaboration and creativity (e.g., by emphasising project-based teams). On the other hand, a strategy aimed at cutting costs is likely to be distinguished by things like control-oriented structures and minimal training expenditures.

Implementation and Impact of Change

Implementing a strategic change may likely provide challenges. This is particularly likely to be the case "in which personal relationships and emotional responses are predominant" and "when this type of change involves people" (McCalman and Paton, 1992: 18). Mabey and Salaman (1995) take into account a variety of viewpoints regarding change management that influence responses to it. The perception of change as "deviant or normal" and "threatening or desirable" is two of these factors (Mabey & Salaman, 1995: 73). Deviant change will be seen as forced and outside of the dominant cultural standards. There will probably be pushback to this on several levels. Resistance to change that is perceived as threatening is also likely to occur, thus, it will take careful execution to dispel the dread that goes along with this view. Reactions to change will consequently depend on one's perception of its nature and necessity.

The type and intensity of these responses will be strongly affected by the strategies employed to bring about change. When we talk about ways, we mean whether change is implemented using a "top-down" or "bottom-up" approach, if its goal is transformational or incremental, and whether it happens quickly or gradually. These elements of the change implementation process are related to one another. Choosing one of these strategies will influence opinions about how much change is accepted or opposed, and whether it appears as forced, controlled, or, to some

extent, participatory. Furthermore, the decision made regarding which of these approaches to use could influence how much of any resulting change is intended is, planned—or unintended—is, unplanned. We examine these implementation-related factors and any potential ramifications.

Top-down change is planned and implemented by an organisation's top management and is associated with the strategic planning method covered in the preceding section. According to Nicholson (1993), this strategy will be required to implement significant organizational change. Mabey and Salaman (1995: 105) propose that another benefit of this strategy is that it offers "a clear, sustained direction that is well-resourced and coordinated." But when this strategy is linked to a "transformational" approach to change (e.g., Beckhard, 1992), the effectiveness and impact can frequently be criticised. Transformational change will impact all facets of an organisation and all levels within it. To achieve this, the organisation will need to develop a new mission and future course, change its prevailing values, beliefs, and perceptions, which will have a significant impact on the organisation's power structure and organisational paradigm, and implement new working structures and procedures. Accordingly, such a shift is regarded as abrupt and drastic (see, for instance, Levy and Merry, 1986; Beckhard, 1992).

Role of Human Resource Strategies in Implementing Change

We deal with three problems. To accept an organisation's philosophy and approach to employee management, we must examine notions of strategic human resource management and the organisation's overall HR strategy. To address the question of "how does an organisation set about discovering which approach to HR strategy design may be the most effective," these notions are introduced in the discussion of various methods for the formulation and implementation of change in earlier sections. Next, we classify various possible change processes and determine whether HR initiatives could be included in these processes. Thirdly, we look at a crucial query regarding the change process: "Who will be in charge of overseeing its execution?"

Strategic human resource management and discovering which approach to HR strategy design may be most effective: The concept of strategic human resource management gained prominence in the mid-1980s as a means of understanding the function of individuals within organizations, principally due to the writings of the Harvard (Beer et al., 1984) and Michigan (Fombrun et al., 1984) schools. Since then, the idea that an organisation's human resources activities ought to align with its overarching strategy has been ingrained in organisational lore. Presented are the essential elements of strategic human resource management by Hendry and Pettigrew (1990: 21). These are:

1. Utilising a planning strategy;

2. A cogent strategy for developing and overseeing personnel systems that are grounded in a "philosophy" and are based on employment policies and HR strategies;
3. Aligning HRM practices and regulations with a clear business plan;
4. Considering the organisation's personnel as a "strategic resource" in pursuing "competitive advantage."

The Mabey and Salaman concept can be summarised as follows: a company's corporate strategy is developed in response to its operating environment. To fulfil the business strategy, it is necessary to adopt HR outcomes, or desired employee behaviours, that are unique to the given organisational setting. The HR strategy, which consists of three "key levers" (structural, cultural, and personnel tactics), is used to seek these HR goals or desired behaviours. These are "meant to encompass all organisational aspects that influence employees' behaviour" (Mabey and Salaman, 1995: 46). In addition, a crucial conceptual supposition concerning the accomplishment of integration exists. Two types of integration occur here: internal (where people, cultural, and structural strategies are integrated) and external (when HR strategy aligns with corporate or business strategy). In this case, Mabey and Salaman think that integration will lead to the development of the desired employee behaviours unless the targeted HR strategy requires resources that an organisation does not now have. It is acknowledged that this is a "fantastically idealised picture," and that "people are at risk of believing that the world is really like this in these rarefied discussions of abstract principles of HRS." In reality, attaining this is extremely unusual. (Salaman and Mabey, 1995: 46-7). However, we contend that there are numerous advantages to this "open" perspective when it comes to HR strategy analysis. This is because it enables us to describe and think about the design of HR strategies that are specific to an organisation from both a top-down, emergent perspective and a bottom-up, strategic planning one. The paragraphs that follow elaborate on this idea. It is also evident that the "open" model is fundamentally receptive to change, which could be interpreted as an implicit indication of the intricate nature of the associated processes. We believe that the term "desired employee behaviors" holds the key to this. In this respect, we follow the thinking of Beer et al. (1990) and argue that more often than not, long-lasting change results from the work that employees do daily, not from change initiatives pushed from the top down by management platitudes. *The range of alternative change strategies and the HR initiatives embodied in these processes:* Designing an effective HR strategy requires taking into account an additional viewpoint. This relates to how each HR strategy is designed concerning the transformation process's focal point. An organisation will purposefully select one or more change strategies related to those we will now explore, particularly when it is seeking to pursue a planned approach to change rather than a more emergent one. Several authors have categorised the different kinds of change techniques that can be used (e.g., Chin

and Benne, 1976; Kotter and Schlesinger, 1989; Jones and Bearley, 1986). These appear to be divided into three primary categories: strategies that call for employee involvement and education in the first place; strategies that call for staff changes in the second place; and strategies that call for modifications to structures and procedures in the third place. The table displays the HR strategies that are likely to be linked to each of these change methods. Bringing about significant change by removing a large number of formerly powerful managers differs greatly from a more gradual approach that involves developing and training workers at lower levels of the organisation who carry out the essential everyday tasks of the organisation.

Table A typology of change strategies and associated HR initiatives

Type of change strategy	*HR activities*	*Advantages*	*Disadvantages*
Education and employee involvement	■ Management development ■ Employee training e.g. change workshops ■ Quality group programmes ■ Joint consultation ■ Team briefings and other forms of employee communications ■ Performance management ■ Employee counselling	■ Greater sense of employee ownership ■ Fresh ideas introduced ■ Longer-lasting change	■ Time consuming ■ Slow ■ Expensive ■ May meet resistance through negative attitudes to change
Changes in personnel	■ Severance ■ Redundancy programmes ■ Recruitment and selection	■ Impact ■ Speed	■ Dealing with the negative consequences for employees ■ Possibly expensive
Changes to structures and systems	■ Changes to organisational structures including employee accountabilities ■ Changes to reward systems ■ Changes to performance management ■ Changes to career management ■ Changes to employee relations structures (e.g. consultation and bargaining)	■ Longer-lasting change ■ Re-generation of employee knowledge and skill ■ Re-generation of tired systems	■ Slower to have impact ■ May be difficult to establish causal link changes to structures and systems and organisational change

Who will be responsible for leading the implementation of the process of change? According to Mabey and Salaman (1995), line managers, HR specialists, and outside consultants should all be considered when selecting a candidate.

Line managers: In the last few years, the line manager has taken over HRM duties from the HR specialist. As was said previously in this part, one of the objectives of strategic HRM, according to Guest (1987), is to integrate line managers with HR philosophy. They are frequently the ones who operate the personnel procedures, monitor the effectiveness of those procedures, convey plans to their employees, and explain the plans' significance to the pursuit of the broader corporate strategy. Furthermore, they carry out the crucial duty of overseeing the resources required for the strategy's successful execution.

According to Mabey and Salaman (1995), line managers have a better "local" understanding of HR practices, hence, they are more likely to implement changes successfully. Their understanding of what will and won't work is superior. There is a concern, though, that because line managers are so familiar with the circumstances, they may not recognise the need for change as quickly as the "outsider." Additionally, they could continually put change issues on the "pending tray" because they are preoccupied with the urgent, daily details of overseeing the work of their unit.

Human resource specialists: It would be incorrect to assume that HR professionals are going extinct as line managers become more and more important. They are essential to the process of bringing about change. Fig. 1.1 illustrates the strategic HRM strategy, which positions the HR specialist as a "changemaker" (Storey, 1992). In this case, the HR specialist creates the people strategies to produce the HR outcomes in Fig. 1.1, can guarantee congruence between personnel, structural, and cultural strategies, and has a thorough understanding of the organisation's operational environment and business strategy. According to Mabey and Salaman (1995), HR specialists are crucial in obtaining the resources required for the change program and persuading other managers of the benefits of HRM improvements.



External consultants: When implementing organisational transformation, line managers and HR specialists may collaborate with the help of an outside consultant.

The external consultant can take on a range of responsibilities, such as offering the client "off-the-shelf" change recipes, suggesting actions based on problem diagnosis, and assisting managers in putting their own devised measures into action.

According to Mabey and Salaman (1995), managers can benefit from hiring outside consultants in two key ways. First of all, they approach organisational issues from a new, "objective" angle, which could serve as a spark for the creation of creative solutions. Furthermore, they frequently contribute to the organisation with their knowledge of issues and solutions from other organisations. However, hiring an outside consultant may come with a major disadvantage. Here, the consultant works only on the initial stages of the change project; they are not responsible for its continuation or success assessment. Adopting what Schein (1988) referred to as the "process consultation" paradigm of consulting may help to overcome this disadvantage. This is where the process consultant helps the client to perceive, understand and act upon process events in the client's environment. An important part of process consultancy is the consultant passing on his/her skills to client managers so that they may become a process consultant in their organisation (Coghlan, 1993).

Self-Assessment Questions	
1.	What is the change management introduction?
2.	Who introduced change management?
3.	What is the concept of change?
4.	Why is change important?

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Unit-2

CHANGE MANAGEMENT AND ORGANIZATIONAL STRUCTURE

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INTRODUCTION

Organisational structure refers to how an organisation arranges its people, resources, and activities to achieve its goals. It defines the roles, responsibilities, communication systems, and authority relationships within an organisation, providing a framework for how tasks are divided and coordinated. The structure of an organisation is crucial as it impacts decision-making, coordination, and the overall functioning of the company. It can be categorised into different forms, such as functional, divisional, matrix, or flat, depending on the organisation's needs and objectives. When an organisation undergoes a structural change, it often aims to improve efficiency, align with strategic goals, or respond to external pressures like market changes or technological advancements. Structural change at a nationwide level, for instance, can happen when a government or a large corporation shifts its approach to managing its functions, often in response to evolving economic conditions or societal demands. These large-scale changes can have significant implications for organisations, influencing how they operate and interact with other entities.

Organisational structure is also closely linked to strategic change, as the structure of an organisation plays a critical role in shaping its ability to implement and adapt to new strategies. A company may need to revise its structure to better support a shift in its strategic direction, such as moving from a product-focused approach to a customer-centric model or expanding into new markets. Strategic changes often require realigning the organisational structure to enhance flexibility, improve decision-making, or streamline processes. For example, a company aiming to innovate or become more agile may opt for a more decentralised or flatter structure to encourage creativity and faster responses to market changes. On the other hand, organisations undergoing major transformations may need to implement structural changes that align with the new strategic focus, such as establishing new departments or redefining roles and responsibilities.

Human resource implications play a significant role when it comes to both structural choices and changes. The structure of an organisation influences how human resources are managed and allocated, and any changes in the structure will require HR to adapt accordingly. For instance, if an organisation moves towards a more decentralised structure, HR may need to rethink its approach to recruitment, training, and employee development to ensure that individuals are empowered to make decisions at various levels. Structural changes may also lead to shifts in roles, responsibilities, or reporting lines, which can affect employee morale and performance. HR must support employees through these transitions by providing clear communication, training, and support mechanisms, as well as addressing any concerns about job security or role changes. Furthermore, HR professionals need to be proactive in ensuring that the new structure aligns with the overall strategy of

the organisation, facilitating smooth implementation and minimising disruptions. Ultimately, HR's role in managing structural change is pivotal to ensuring the organisation successfully navigates through these transitions while maintaining employee engagement and organisational efficiency.

LEARNING OBJECTIVES

After studying this unit, you will be able to:

- Define organisational structure and its key components, recognising different types like functional, divisional, and matrix.
- Understand the factors driving structural change at a national level and its impact on organisations.
- Explore how organisational structure supports or impedes strategic change and the alignment of structure with strategy.
- Identify HR's role in managing the implications of structural changes, including recruitment, training, and employee adaptation.

2.1 INTRODUCTION

This chapter aims to illustrate the importance of organisational structure in change management. This is a very complex field because of the wide diversity of organisational structures and justifications put out for them. The possibility of such a structural choice implies that organisations may alter their structure or structures to explore ideas about improved organisational performance, effectiveness, and efficiency. This may be motivated by a cost-cutting goal and an improved quality strategy. It might also be motivated by a desire to adapt to changing conditions better. This move and others will help organisations functioning in a market setting become more competitive and, eventually, obtain a competitive advantage. Nevertheless, these strategic goals for altering organisational structures might ignore how the changes will affect human resources.

Organisational structure falls within the category of human resources. It impacts people's organisational and coordination skills at work, the type of relationships they form, how they feel about these things, and how they complete their tasks. It also influences the qualities that employees in specific kinds of organisations must possess and has consequences for how their performance is controlled. As a result, this chapter also seeks to explain how organisational structure and these different facets of human resources relate to one another.

This chapter seeks to consider this by focusing on both the different approaches to the design of organisational structures that have been conceptualised in the literature and the principal forms of structure that have been recognised.

2.2 Structural Change at Nationwide

"The World's No. 1 Building Society" is how Nationwide bills itself. In 1998, it employed over 12,000 people and had £47 billion in total assets. The Society's Directors faced a serious challenge to the organisation's status as jointly owned by its members that same year. About altering the mutual status of the Society, three resolutions were proposed. When voting on these measures, most members rejected changing the mutual status of the Society. However, Nationwide has had to adapt to the environment in several ways due to this difficulty and other developments that are taking place in the financial services industry. The necessity to keep expenses under control to show members the ongoing advantages of the Society's mutual status has been one of the main problems regarding these changes.

The launch of an HR initiative that is becoming increasingly popular overall is partly driven by the necessity to compete in the dynamic financial services market and to show members the concrete benefits of their mutual status. This is the reorganisation of jobs into "job families."

"Several jobs from different parts of the business, which can be grouped by a common set of skills and accountabilities", is how Nationwide describes a job family. This definition is comparable to other definitions. A job family, for instance, is described as "a group or cluster of jobs that are in some manner related"

by Kearns and Huo (1992: 10). Alongside the implementation of job families at Nationwide, the organisation underwent similar structural changes like reorganization, de-layering, and some internal reduction. These adjustments were purposefully timed to occur simultaneously to spare workers from having to adjust to several structural changes in succession. But it's also critical to acknowledge that Nationwide's introduction of work families represents an integrated structural shift. Many organisations may undergo a succession of "piecemeal" adjustments in their structure. Creating job families throughout the country propels and integrates these various structural reform initiatives to provide a consistent and logical result. In this case study, we develop this integrative topic for structural change.

As a result, the creation of job families inside Nationwide and their subsequent implementation have fundamentally altered the organisation's structure. Eleven numerical grades, ranging from 11 to 1, and several additional levels of senior managerial executives, divisional directors, and main board executive directors made up the old organisation. While it gave workers a clear understanding of their roles and opportunities for advancement, the previous organisational structure was viewed as needing to be more bureaucratic and hierarchical. It was defined by almost 1600 job descriptions, which may have allowed individuals to ask for a re-grading if they could make minor adjustments to the nature of their occupations. Additionally, it was felt that the structure needed more flexibility. This was especially important in light of the Society's need for prompt decision-making. It was seen that rivals were shortening the time to make choices for clients, usually concerning mortgage applications. This was a crucial component of Nationwide's corporate goals. The desired response times were to be met, if not exceeded, by the Society. Therefore, it was determined that a flatter, more adaptable, flexible, and customer-focused structure was needed.

Because of these needs, eleven job families arranged in five levels have been introduced into Nationwide. These job families and organisational levels are shown in Fig. 2.1.

- Level 1 families focus on service and support roles within the organisation. There are four such families related respectively to transacting business with external customers; providing secretarial or administrative support within the organisation; providing specialist support such as information services, and manual support.
- Level 2 has three families consisting of those who generate customer business, those who offer internal specialist advice, and those who are first-line managers in the organisation.
- Level 3 is composed of senior managers who, in turn, are divided into two job families. These are heads of department who are respectively concerned with managing a major ‘business-facing’ resource area or leading the development of a professional support function.

- Level 4 is a single job family of the organisation's general managers who are responsible for developing and implementing the strategy of the Society in respect of a particular group function or functions.
- Level 5 is a single family of the executive directors of the Society, responsible for its strategic direction and overall performance.

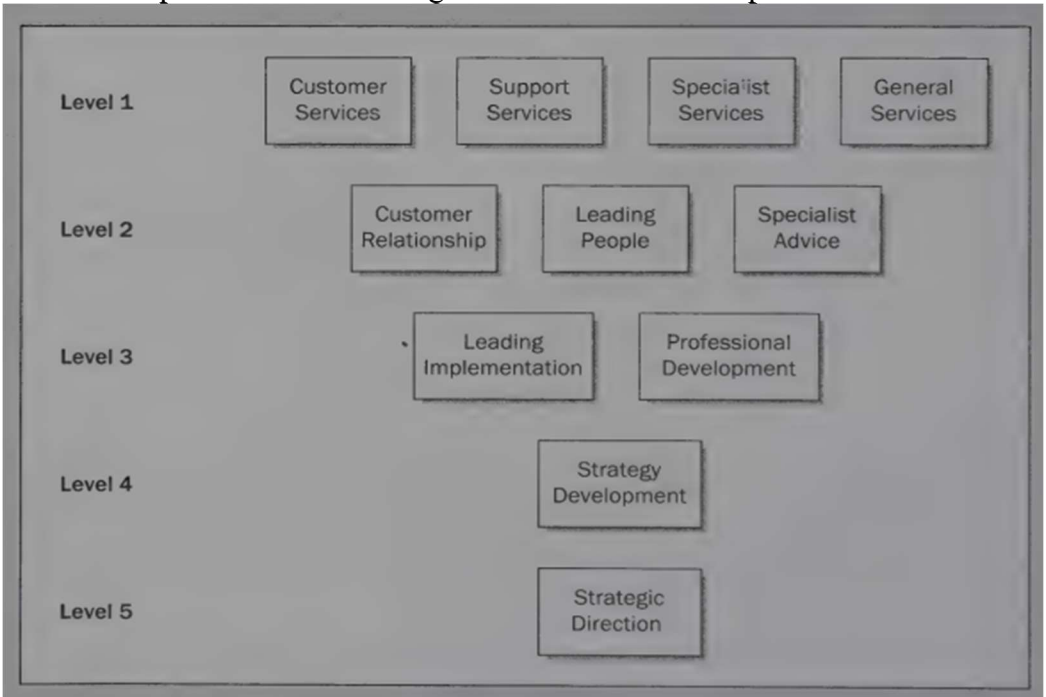


Fig. 2.1 Job families in Nationwide Building Society

Source: Nationwide Building Society. Reproduced with permission.

Instead of just implementing a de-layering program, Nationwide's implementation of job families has essentially involved a "relaying" of its organisational structure. The introduction of work families resulted in a far more basic examination to produce a consistent structure appropriate to the many needs discovered, instead of just deleting certain levels and leaving others in place. The roles connected with the previous grade structure have been kept, adjusted, or replaced by the new form's suitable levels, encompassing the prior grade structure. As a result, the organisation now has a more suitable structure regarding customer response and organisational flexibility. The new organisational structure substituted the previous significantly taller organisational hierarchy with five levels, with the crucial tenet that all employees at a given level would report to management at a higher level.

These adjustments have significantly reduced the organisation's bureaucratic decision-making process and helped to flatten its organisational structure. In the past, decisions about some questions required passing through multiple tiers before

implementation. To deal with this shift, some organisations that have merely delayed might have left information gaps filled by those still in place, taking on more responsibility. Nonetheless, there is enough role distinction across the variety of work families and even within them in each of the first two tiers of Nationwide's organisation to enable various activities to be completed efficiently. As a result, many managers have more jobs to oversee and a larger sphere of influence. This may turn managing into a leadership job and give managers a deeper comprehension of the connections within the larger region they are now accountable for.

As a component of its "holistic" strategy for developing a new organizational structure, Nationwide did away with the numerous job descriptions that detailed its previous setup. It created fewer, more comprehensive job descriptions in their place. For instance, ten job descriptions at Level 1 and five at Level 2 are currently available. These list the general skills and qualities needed for every job level for every employee. Therefore, these broad job descriptions offer a clearer, more open approach and several potential benefits for Nationwide and its employees. For Nationwide, these include an ability to improve its:

- awareness of the structure and distribution of the organization's talents and capabilities.
- Times for responding to possible problems with human resource planning.
- identification of the potential progression of individuals and their training and development needs; and
- outcomes related to better utilisation and efficiency.

Employees will better understand how their position fits into a related role in another area of the company and other positions into which they hope to advance. Employees will be able to comprehend how their position relates to positions in different work families and to others in the same job family. Therefore, employees should be permitted to take a more proactive stance in pursuing their training and development needs. This development could be targeted toward a different work family or inside their current one, or it could be meant to lead to employment outside the company.

As a result, this organisational structure has the potential to be far more integrative than many other conventional techniques. As we have already stated, it is a comprehensive approach to organisational structure design. This is due to its ability to result in the integration of HR strategies relating to involvement, communication, career management, rewards, performance management, and organisational culture. Naturally, implementing and assessing these HR strategies throughout the country will determine how well-integrated and efficient they are in terms of the utilisation of job families. However, this integration's potential is evident, and it shows how other organisations might take Nationwide's lead in adopting this kind of organisational structure design methodology.

2.3 ORGANISATIONAL STRUCTURE AND STRATEGIC CHANGE

2.3.1 The significance of structure for change: The method in which an organisation is structured may assist or prevent it from achieving its objectives. Fritz (1994: 9) illustrates this, who believes that the structure of an organisation has a strong influence on its ability to realise change successfully:

Within an organisation, structure is the most significant and potent force. We can only make significant organisational changes if we consider the structure. We can restructure our company to make change successful by comprehending structural principles.

If an organisation's structure is inadequate, this could hinder the intended results of change and the organisation's overarching objectives. Child (1984) has delineated several plausible organisational ramifications that could result from structural shortcomings. These include making decisions that are of low quality and take too long, coordinating poorly within or between groups, which can lead to conflicts, and needing to be flexible enough to adjust to changing conditions. Shortcomings like these will impact the type and extent of change that occurs inside an organisation.

Thus, an organisation's structure can have a big impact on things like employee morale, the way people communicate with each other, the growth of informal and formal relationships, and the motivation that results (Child, 1984; Mintzberg, 1993; Francis, 1994; Fritz, 1994). These elements will also impact how committed and conflicted people are within a company. This will impact the type and extent of change that occurs inside an organisation, both positively and negatively.

2.3.2 Structural choice and change: It is possible to accuse theories that advocate for organisational structure of being unduly rationalistic. These views can be distinguished, at least in part, from the political viewpoint that aims to acknowledge the actual organisational structure. A powerful management coalition's localised interests may be reflected in the structure. This implies a decision-making process about structures that can be more logical for the powerful people involved than for accomplishing the organisation's stated goals. It also suggests that pluralist viewpoints, as opposed to unitarist ones, serve as the foundation for such decision-making.

There are three perspectives on the design of organisations that relate to our present purpose.

- The *first* among these investigates the idea that every organisation's structure may be designed using a universal set of principles. According to Child (1984) and Francis (1994), this classic, universal approach to organisational structure became popular over the first sixty to seventy years of the 20th century. However, the publication of "exceptional" research in the 1980s also contributed to the revival of the idea of a set of global standards (Peters and Waterman, 1982). If implemented, some

universal principles might suggest the perfect setup for an organisation and reduce, if not completely remove, the need to adjust it given changing environmental conditions.

- The contingency hypothesis is the subject of the second viewpoint. It suggests that the conditions an organisation undergoes determine its strategy and organisational design.
  Accordingly, it will be necessary to modify both strategy and structure when these circumstances change (see, for example, Child, 1984; Mintzberg, 1993; Francis, 1994).
- Third, there is the need to achieve consistency between the many aspects of organisational design inside a given company (see, for example, Child, 1984; Mintzberg, 1991, 1993).To attain operational success, this seems to place a greater emphasis on how well an organisation's structure fits together than on how well it matches the external environment. After discussing each of them individually in light of the necessity of managing change, we will revisit the viewpoint on political influence and the use of power later in this section..

2.3.2.1 Classical universal approach to organisational structure: Together with technological improvements, the early 20th century saw the emergence of the known "scientific management" approach in businesses, which furthered the belief that there was "one best way" to arrange work. This strategy aimed to give managers more authority over organisational tasks (see Braverman, 1974, for instance). An analogous concept, centred on broadly applicable concepts, was utilised to create organisational structures. It was thought that several structural principles could be applied to every type of organisation (Francis, 1994, for example).

Contingency theory emerged from early attempts to assess the practicality of classical universal theory. The work of later contingency theorists, such as Woodward (1965) and Burns & Stalker (1961), demonstrated the fallacy of the notion that there were universally applicable guidelines for designing organisational structures.

The idea of " one ideal method " was effectively replaced with the understanding that an organisation's structure should be designed based on a variety of its internal features as well as external influences.

We will always need to determine the precise degree to which the release of this work and the ideas it contained influenced the decision-makers in corporate strategy. It is true that in the recent past, tactics based on these ideas have had a particularly significant impact on organisations across numerous nations. Among these tactics are structural modifications about autonomy, flexibility, decentralisation, leanness, de-layering, downsizing, and teaming. It is possible to interpret the widespread use of these tactics as proof of a trend toward adopting an

all-encompassing organisational structure. Nevertheless, there are additional factors that could account for the implementation of these structural tactics. These include modifications to the operational settings of organisations, such as those brought about by globalisation and the ensuing requirement for increased competitiveness. Furthermore, it can be argued that some of these structural strategies—like characteristics of flexibility, for example—have a far deeper history than some recent material indicates. Lastly, a "universal" propensity to embrace cost-cutting measures could account for any widespread adoption of these structural approaches rather than the emergence of a management philosophy based on the dissemination of a set of generally applicable principles.

In any event, whether these qualities or concepts are universally applicable has been questioned. Simple, lean architecture might be useful in certain circumstances, but only in some. De-layering and downsizing that follow to create lean, responsive, and efficient organisations may instead create anorexic ones linked to meanness rather than leanness (Kinnie et al., 1998). In other circumstances, decentralisation—which transfers responsibility—may not be acceptable (Child, 1984). Additionally, the technique used to determine the qualities (e.g., Raimond, 1993) and the performance of the "excellence" group of firms afterwards has raised doubts about the validity of the attributes. Any approach to these organisations' structures that ignores contingent variables obvious in their operational environments has come under scrutiny due to the nature of these organisations' subsequent performance in changing environmental situations.

2.3.2.2 Contingency approach to organisational structure: The literature has identified several contingency variables (e.g., Child, 1984; Mintzberg, 1993). These include an organisation's expansion, size, and variety; the kind and intensity of external variables influencing it; and the degree of technological complexity it employs. In this discourse, we examine and assess this method of creating an organisational structure, emphasising the environmental and organisational factors. According to contingency theorists, an organisation's efficacy and performance will only improve if its structure is constructed considering the environment's demands and features. When used in real-world situations, this method could produce various structural solutions. Applying this strategy is likely challenging or unrealistic in practice for other reasons. However, this approach's logic has led to the literature suggesting several correlations between situational circumstances and suitable organisational structures.

Several structural adjustments will probably be required when organisations expand and hire more personnel.

- Strong managers or chief executives, who may also be part owners and straightforward organisational structures with lots of functional flexibility are common features of small businesses.

- On the other hand, large organisations have historically designed their structures to include formalised procedures, power delegation, and functional specialisation, leading to increased internal complexity. The latter structure, connected to big organisations, is bureaucratic and mechanistic. It is characterised by hierarchical structures, clearly defined roles and procedures, and specialised tasks and jobs. Coordination thus becomes a major concern in large organisations, as does job design, employee motivation in such a structure, and the recognition and handling of good performance.

However, as Child (1984: 223) notes, "multiple contingencies, such as environment plus size," will impact organisational structure. While size is regarded by contingency theory as a highly important component, it will not be the only factor used to choose an optimal structure because of the consequent interplay between various contingencies. Thus, we now move to the influence of environmental factors on organisational structure design.

Four environmental dimensions have been determined by Mintzberg (1993). These are associated with environmental hostility, diversity, complexity, and stability.

- When we talk about stability, we're talking about the apparent degree of certainty or predictability; in contrast, a dynamic or fluctuating environment can be expressed by low unpredictability or doubt.
- An organisation's level of complexity is determined by the number of environmental conditions it must deal with; a complex environment has many external components present.
- Diversity refers to an organisation's wide range of activities, A company that has diversified into multiple markets is likely to encounter more unpredictability.
- Finally, hostility describes the degree of rivalry that an organisation must deal with, as well as the existence of other risks to its ability to compete.

According to contingency theory, an organisational structure that works best will be determined by how various external influences interact. The contingency approach is thought to result in interactions between only two environmental elements, namely complexity and stability. Figure 2.2 illustrates the structural impacts of these interactions.

The interplay between these elements indicates that not all large organisations will benefit from designing their organisational structure in a bureaucratic and mechanistic manner, as Figure 2.2 illustrates. Large organisations in rather stable and straightforward environments are probably better suited for this bureaucratic structure (see, for example, Mintzberg, 1993). Similarly, companies that serve a single market will benefit more from this kind of organisation, particularly if they hold a dominant or leading position in the industry. The degree of environmental uncertainty is (relatively) minimal in each of these situations.

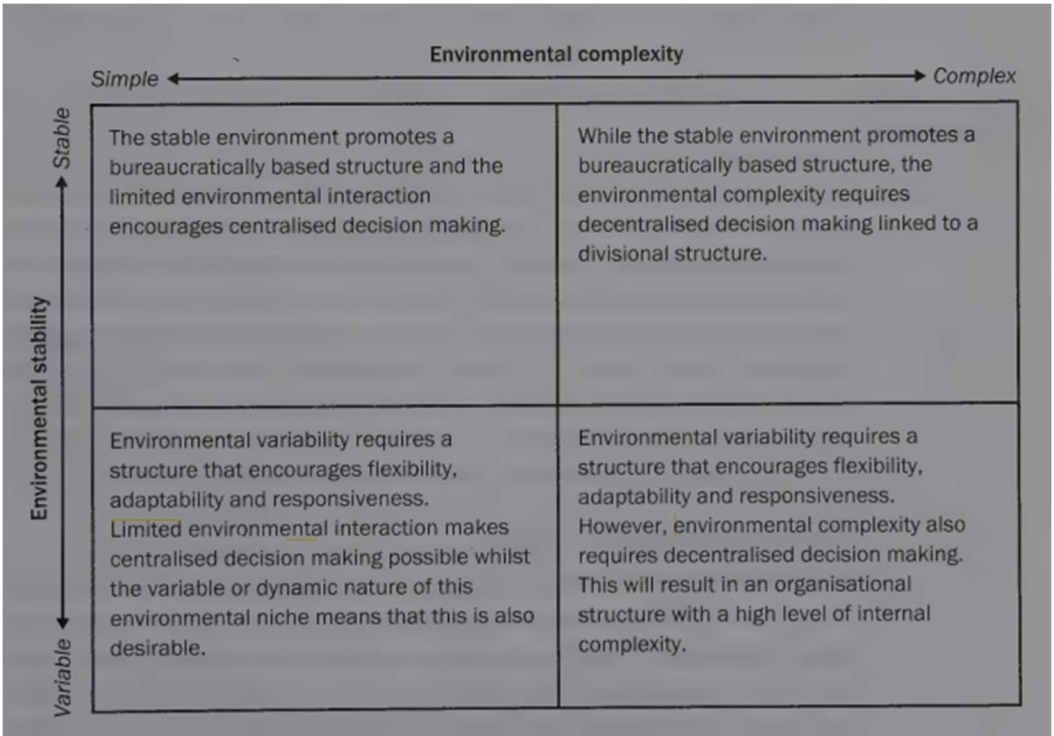


Fig. 2.2 Structural types related to the interaction between environmental complexity and stability

Nonetheless, a different structural model will suit settings with fluctuating variables better. Similarly, a distinct set of structural arrangements will be required when an organisation deals with complicated environments or has expanded into new markets and produced complex situations of its own. Furthermore, fierce competition will likely allow for more responsiveness than can be obtained by implementing a bureaucratic and mechanical organisation. Greater flexibility and varying degrees of decentralisation or centralisation characterise the alternatives to such a bureaucratic and mechanical framework.

Principal forms of organisational structure and their effects on those who work within them: Organisational goals have evolved, such as diversification, and organizational structures have evolved in response to increasingly complex, changeable, or dynamic environments (see, for example, Chandler, 1962; Miles & Snow, 1984b). These developments have been obtained by Miles and Snow (1984a, 1984b), who have also created a taxonomy of five organisational forms. These are the simple organisational structure and the functional structure.

1. **Simple organisational structures:** The basic organisational structure works well for small businesses that serve a specific market and sell a single product or a group of related products. Professional practice catering to a specific area can serve

as an example. One person, or a small group of people, has inherent authority over the direction and day-to-day operations of the organisation with this structure. The nature of the work done and the managerial approach chosen will have a big impact on the kind of working relationships that lead to this kind of structure. In this way, these additional variables will also affect how it affects the people who work there. However, a simple structure should be responsive to the need for change, where this type of organisation is 'customer-focused' and based on an 'entrepreneurial approach'.

2. Functional and divisional forms of organisational structure: The goal of introducing a functional organisational structure is to address the shortcomings of a basic structure in handling the growing internal complexity of an organisation as a result of its expansion. Thus, the implementation of a functional structure results in the establishment of several specialised managerial positions and divisions, which often include areas like product development, sales and marketing, manufacturing or service delivery, financing, and human resources. Despite a certain amount of vertical decentralisation in this system, power and influence are still primarily held by line managers and directed toward the top-ranking individuals (Mintzberg, 1993).

The bureaucratic model is linked to this kind of organisation. Because of its mechanical and standardised approach to work organisation, this kind of structure reached a mature state that Mintzberg (1979, 1993) referred to as "machine bureaucracy."

Nonetheless, it has been argued that bureaucratically structured organisations, which adhere to bureaucratic formalisation and standardisation principles, need to be more adequately change environmental conditions (Chandler, 1962; Miles and Snow, 1984b). Organisations need different types of structures to adapt to a complex and varied working environment. This type of organisational structure is divided. Different goods, product groups, or service sectors are arranged into distinct operational divisions. An organisation's many supply regions may also be arranged into matching operational divisions (see Child, 1984, for example One or more of these divisional formats are used by many well-known organisations in their organisational structure. Hence, the managers of a semi-autonomous division will be able to concentrate on the specific problems that their operating unit is facing and act more quickly.

Long acknowledged are the human costs of operating under such bureaucratic and mechanical frameworks while adhering to Tayloristic people-management concepts (see, e.g., Braverman, 1974; Mintzberg, 1993; Francis, 1994). Forms of resistance and counter-control attempts are likely to be encountered by structures that focus on managerial control over work. Workers may use job control strategies that limit their productivity and effort. Indeed, Crozier (1964) discovered that the workers he examined subverted the bureaucratic processes imposed by their

companies to further their agendas and keep their supervisors from handling them arbitrarily. Because of this, these structures are linked to several possible consequences that may negatively affect human resource tactics meant to encourage employee engagement and performance, as well as more general strategies for innovation and change.

3. Matrix forms of organisational structure: The matrix structure combines a product-, market-, or project-centred layout with a functional, hierarchical design. Figure 2.3 provides an instructive illustration of this kind of organisational design by showing the product or market based on the horizontal axis and the functional shape on the vertical axis of this structure. Stated differently, an integrated or multidimensional structure is created by layering one of these management philosophies over the other (Child, 1984). This structure aims to blend the efficiency suggested by a functional approach to organisational design with the responsiveness represented by a strategy focused on the product or market (see, for example, Miles and Snow, 1984b). According to Mintzberg (1993), a matrix form is more likely appropriate for an operational environment that is complicated and variable. However, because it relies on a dual, shared approach to control and decision-making, it might be difficult to implement in real life due to disagreements among those who share and exercise authority in such a framework.

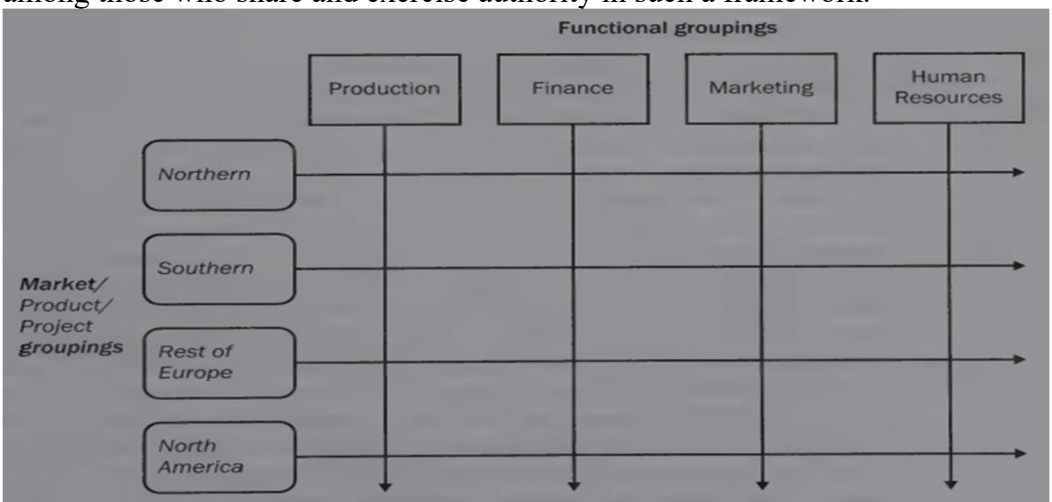


Fig. 2.3 Representation of a matrix organisation

The development of project and functional managers under a matrix structure will affect how these people and other stakeholders collaborate.

- In a *negative scenario*, these various managerial styles have the potential to cause misunderstanding, interpersonal conflict, and stress, which can have an impact on performance and effectiveness.

- Even in a more *positive scenario*, into enjoy the possible advantages of this kind of organisational structure, there are consequences regarding the degree of communication and the makeup of decision-making processes.

It will be necessary to adopt collaborative decision-making processes and extensive communication while using a matrix framework. Any organisation that decides to implement a permanent matrix structure will probably experience serious consequences. It may indicate an organisational culture shift, or at least the last phase of one (Bartol and Martin, 1994, cited in Senior, 1997). In this kind of structure, it will also be very important to exercise extreme caution in the selection, training, and role-defining of individuals assigned to management and other important positions. Transitions in power and fights for control where this has not been taken into care or accomplished highlight the importance of defining these roles and carefully selecting, training, and assigning them.

In a matrix structure, there are three types of variations concerning control (Knight, 1977). Under what Knight referred to as the "overlay form," functional managers and project or product managers collaborate to share responsibility and make decisions in an "absolute" or "pure" matrix structure. Although these managers will still begin their positions within this organisation with distinct viewpoints—that is, from their functional or project/product perspectives—they will still need to collaborate closely to get the desired result. From multiple perspectives, Francis (1994: 68–9) has summarised this interdependent stance as follows:

A functional manager oversees the technical aspects of the job performed by each employee in the organisation, and a project or product manager handles the coordination of the current task with other duties related to the same project or product.

The functional manager or the project/product manager can have overall authority instead of the pure or absolute version of a matrix organisation. According to Knight (1977), the first scenario is known as the "coordination" matrix, and the second scenario is known as the "secondment" matrix. Our experience points to an additional version where, contingent on the specific context or project, total power alternates between the functional manager and project/product manager. This is the "variable control" matrix (Fig. 2.4). All these variations point to the possibility of conflict even in situations where official power and control have been established on a broad scale. Because of this conflict-proneness, Mintzberg (1993) argues that this kind of structure is best suited for organisations with a certain level of interpersonal and operational "maturity." An organisational culture that values transparency, cooperation, and learning best describes this (especially Chapters 3 and 6). Before this kind of structure is implemented, there will be more needs in addition to this (see, for example, Davis and Lawrence, 1977; Child, 1984).

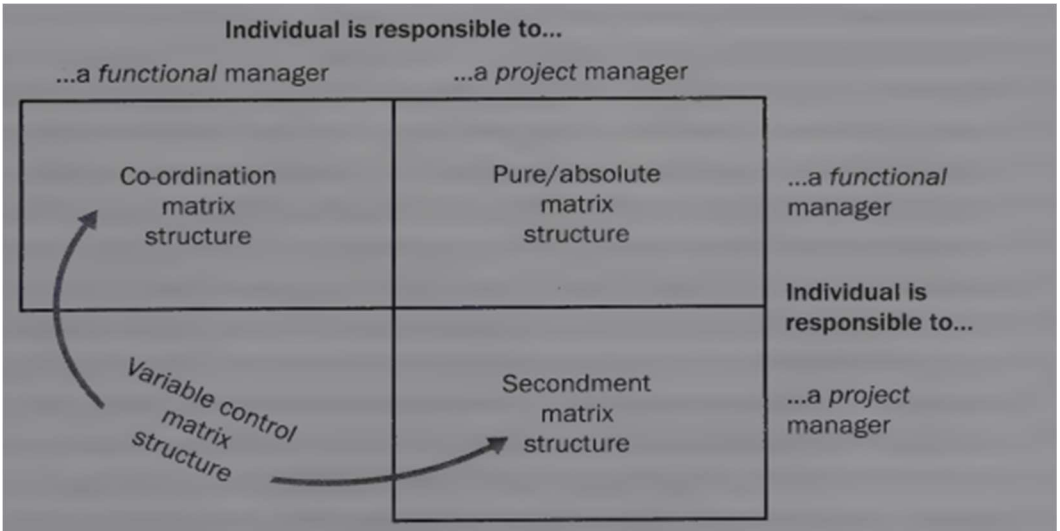


Fig. 2.4 Individual responsibility under different types of matrix structure

4. Project-based organisational structures: Project-based structures are another form of this kind of organisational architecture. This is a familiar name for this organisational shape. However, it might have some characteristics of a matrix structure. Morgan (1989), for instance, proposes that an organisation formally based on a functional structure may employ a project-based strategy. In this case, project teams—rather than the organisation's functional arrangements—are likely to be the source of its ability to innovate and adapt to its surroundings.

This is comparable to the "task alignment" strategy that Beer et al. (1990) supported. They support the implementation of ad hoc organisational structures that revolve around different kinds of project teams to facilitate organisational transformation. This method aims to involve staff members in coming up with answers to the issues that an organisation has; in a sense, it's a "bottom-up" approach to developing and implementing strategies. In contrast to a top-down, "programmatic" approach, Beer et al. (1990) believe that using project teams in this kind of scenario will result in several specific benefits, culminating in developing more effective change. These advantages consist of the following: the chance for participants to comprehend the issues that the division they work for faces and to come up with solutions that are "owned" together; consequently, the development of commitment to this work and those working on it; and the development of competencies to be able to contribute. It must be possible to examine whether a certain technique produces these benefits or is more likely to produce them in the context of specific change scenarios. Such change can also be understood as combining top-down and bottom-up strategies rather than coming from a single angle. That being said, Beer et al. (1990) feel that this "task alignment" approach

should lead to a more effective organisational structure. This is so that the project teams' experiences will shape the framework. It will be aware of the interdependent areas that become apparent and call for coordination. Once such a structure has completely developed, the organisation can formalise it. They argue that this will produce an effective structure for the future more successfully than imposing one from above, from the beginning of a strictly "top-down" transformation effort. Because of this, a project-based organisation can be used to transition from one formal structure to another, acting as a structural state in transition and a catalyst for other kinds of change.

5. Network forms of organisation: Another organisational structure appropriate for this kind of setting is the so-called network organisation. Different networks can be classified into different types. (See, for example, Miles and Snow, 1984a; Morgan, 1989; Snow et al., 1992; Senior, 1997) These have been referred to as internal networks, dynamic or loosely connected networks, and vertical or stable networks.

- Internal networks are profit centres or strategic business units that supply goods or services from one area of an organisation to another based on market pricing. The purpose of this setup is to encourage creativity and organisational efficiency. This kind of organisation is demonstrated in the second case study in this chapter. Numerous large organisations have established this kind of internal structural organisation.
- In vertical or stable networks, various organisations centred on a core organisation collaborate to create and provide an item or service. The automobile business is often used as an example. Due to the limited vertical integration in this business, it's possible that several companies that provide the company whose name your automobile displays created at least some of the parts of the automobile you drive.. Various other businesses will also own the distribution network for a specific automobile brand, which is authorised and contracted by the manufacturer. These networks typically maintain their stability over extended periods. This benefits the core organisation in such a network by distributing investment expenses, reducing risk exposure, and managing supplier costs. This should guarantee a consistent workflow and revenue for the companies distributing the finished product or supplying parts. This kind of organisational structure is sometimes called outsourcing by the core .organisation. Additional instances of vertical networks can be observed in various sectors, including apparel, retail, and manufacturing (e.g., Benetton, Marks & Spencer).
- In contrast to the previous type, dynamic or loosely connected networks are, by definition, less stable and less likely to depend on a specific organisation. In essence, this kind of agreement is a cooperative one

involving several organisations to develop and take advantage of a perceived commercial opportunity, possibly in situations where none is big enough or has the resources to do so on their own. Examples can be found in the construction industry, where large-scale projects requiring various skills are undertaken. Therefore, one advantage of such a network setup is that it enables several specialised organisations to pool their resources for mutual gain. Larger organisations may create a more long-term organisational structure if they collaborate to share resources in some way for a specific opportunity. This could indicate the formation of a joint venture or strategic alliance.

These kinds of network configurations and structural relationships have a variety of HR ramifications overall. Coordination, cooperation, communication, product quality, training and development, performance management, involvement, and dedication are a few of these concerns. Utilizing an internal network will change how the organization coordinates and communicates, indicating the necessity of building cooperative partnerships based on internal customer interactions. This will likely impact how HR policies are developed regarding training and development, hiring & selection, and the creation and administration of suitable performance standards, among other areas.

Evaluating the contingency approach to organisational structure: Within our consideration of the contingency approach to the design of organisations, we have examined the primary forms of organisational structure since, in theory, it is feasible to identify how organisational and environmental circumstances impact or shape each form. But in practice, factors other than the contingencies mentioned above will influence organizational structure decisions, and these factors may even take precedence over such situational variables. Child (1984) offers a very helpful analysis of the use of contingency theory in organizational design. Other organizational performance-related issues, the factors that he takes into consideration in his assessment are environmental reliance, the impact of different situations, structural variations and choice (which may be based on non-technical reasons), and the lack of rationalistic assumptions.

Some examples from the work of Child (1984) will illustrate the essence of these aspects. Organizational performance is contingent upon multiple aspects, not just the structure. Therefore, it is feasible for an organization that has achieved some degree of success to use a structure that appears to be a poor fit for its operating environment and vice versa. Businesses that hold a dominant position in the market will be less vulnerable to the effects of competition and less reliant on understanding the implications of their operational environment. Consequently, they will have more flexibility in selecting organizational structures and won't have to deal with the short-term effects of resulting inefficiencies. It was previously recognized that an organization could be affected simultaneously by multiple

contingency factors. As Child (1984) points out, contingency theory can help address this by suggesting that an organization adopt a structure or structures that are internally differentiated, but this reality also gives rise to structural variations and the exercise of choice. These decisions could be made based on social or less factors. It might also stem from ignorance of structural alternatives, limited by how things are thought now (what's "fashionable") and influenced by earlier advancements. Significant differences between seemingly identical organizations functioning in the same environment will likely result from this (Stacey, 1993). Additionally, businesses will try to influence their target markets and operational environments in a way that advances their bottom line. Undoubtedly, when organizations employ various tactics to try and attain this advantageous environmental interaction and some idea of competitive advantage, this will lead to the exercise of choice and structural variations.

2.3.2.3 Consistency in structuring organisationsorganizations: The question of structural differences between comparable organizations functioning in the same setting prompts an analysis of the reasons why each of these might nonetheless be successful. This indicates the degree of internal consistency among the different components of organizational design seen in these kinds of organizations (see, for instance, Child, 1984; Mintzberg, 1991). This approach's basic tenet is that to enhance organizational success, a high internal consistency between the structure's components must be maintained, regardless of the selected form.

Child (1984) offers various instances of this, all related to the possible tension between the organizational goals we previously outlined—namely, the desire to exert management control, be responsive, and be effective—and each other. For instance, compared to an organization that functioned more consistently, one supposedly decentralized but maintained systems to guarantee high degrees of centralized control was more likely to cause conflict, discontent, and low morale. In this case, the tension between the need for responsiveness and control would reduce the organization's efficacy. On the other hand, a decentralized organizational structure would probably be ineffectual if it lacked adequate integrating processes (see, e.g., Lawrence and Lorsch, 1967).

This demonstrates unequivocally the necessity of assessing an organization's structural efficacy from the standpoints of both internal fit, or consistency, and outward fit (see, for instance, Mintzberg, 1991). This strategy suggests, from an HR point of view, that an organizational structure that is internally inconsistent has a higher probability of having negative HR effects than one that is coherent.

2.4 HR IMPLICATIONS OF STRUCTURAL CHOICE AND CHANGE

The relationship between organisational structure and change, and structural choice has indicated a number of important HR implications. These fall into two categories.

- First, implications arising from the effects on people who work within a particular form of organisational structure and their reactions to these. This will clearly have consequences for the management of those who work within these organisational structures.
- Second, implications arising from these forms of organizational structure about the scope for and nature of HR strategies.

These categories of implications would appear to go some way towards substantiating Fritz's assertion that 'structure is the most important and powerful influence there is within the organization' (1994: 9). While there will be other key influences that operate jointly with structure to affect the management of change, such as organisational climate and culture, there can be little doubt about the central role of structure in any change process.

TheThe HR related implications arising from organisational structures in two ways:

- first, by listing the ways in which various structural forms may affect organisations and those that work in them (these are summarised below);
- second, by discussing how different structures may affect the scope for and nature of human resource strategies in organizations.

Organisational structure can be seen to influence:

- Organizational strategy's structure and performance
- Competitiveness and organizational adaptability to outside change
- potential for innovation
- Organizational capacity to handle ambiguity
- Performance and efficacy of the organization
- quality of goods and services
- The characteristics and efficiency of coordination
- the way jobs are designed and organized
- the characteristics of making decisions (responsibility & accountability)
- The role and application of authority and command
- the kind and degree of internal dispute inside an organization (and collaboration)
- The Organization's Culture
- driving force, dedication, and estrangement
- The scope and character of worker participation and contribution
- the types and methods of communication
- formal and informal connections
- network connections, collaboration, and group procedures
- professional routes and opportunities for advancement
- The psychological contracts that employees sign
- Stress during work.

Our attention now shifts to how various organizational structures may impact the scope and character of HR strategy. The effects of structure and strategy on creating HR strategies about divisionalzed structures. We understood that using multi-divisional, intricate, and vertically decentralized organizational structures could limit the opportunity to create HR plans for the entire company. Under such a structure, business unit managers might become less focused on corporate HR concerns, even after they have been detected, and more focused on achieving the financial goals set for them (Purcell, 1989).

As a result, some divisionalized organisations could be less inclined to create organisation-wide HR strategies because of their short-term concentration on financial control and returns. According to Goold and Campbell (1987), some divisionalized organisations might embrace a longer-term strategic focus that promotes the introduction and implementation of developmental HR initiatives throughout the organisation. The specific strategic emphasis of the organisation and a divisionalized organisational structure may also impact the type of HR strategy.

Similarly, the reach of organisation-wide HR strategies will be impacted by other more modern kinds of organisational structures, like network structures. Once more, this influence will be combined with an organisation's strategic focus. By using these structures, various organisations can recognise the value of the contributions made by emphasising their main personnel groups and managing such individuals using a strategic and progressive strategy. On the other hand, other organizations might pursue a shorter-term strategy centred on financial management and returns. These companies might think that paying their important employees highly, at least for "a limited period," they might "poach" them from an outside labour pool. The foundation of this second strategy would be opportunism and pragmatism. It wouldn't support the creation of several long-term, coordinated HR plans.

Self-Assessment Questions	
1.	What is organisational structure in change management?
2.	How does change affect organisational structure?
3.	What are the 4 types of change management?
4.	What is the definition of organizational structure?

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Unit-3

CHANGE MANAGEMENT AND ORGANISATIONAL CULTURE

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INTRODUCTION

Organisational culture refers to the shared values, beliefs, norms, and practices that shape how employees within an organisation interact with each other and approach their work. It is the invisible force that influences behaviour, decision-making, and overall work environment. Culture encompasses the organisation's philosophy, ethics, communication styles, and work atmosphere. It is deeply rooted in the organisation's history, traditions, and the collective mindset of its workforce. The meaning of culture in this context extends beyond just the practices; it reflects the underlying assumptions and values that guide employees' actions.

Organisational culture plays a significant role in defining the identity and success of an organisation. It dictates how employees relate to their work, their colleagues, and management. A strong, positive culture can drive high employee engagement, satisfaction, and overall performance, while a weak or toxic culture can lead to low morale, high turnover, and operational inefficiencies. Culture is not static; it evolves, often influenced by leadership changes, market demands, or shifts in the external environment. Changes in organisational culture may be necessary when the existing culture no longer aligns with new strategic goals, technologies, or market conditions.

When an organisation undergoes a culture change, it may seek to shift from a rigid, hierarchical structure to a more flexible, collaborative environment, for example, or foster a culture of innovation to keep up with industry trends. These changes can be gradual or may require more deliberate interventions, including leadership training, revised communication strategies, and redefined core values. Realigning organisational culture is particularly crucial when an organisation undergoes significant transformations such as mergers, acquisitions, or major shifts in strategic direction. Successful realignment of culture requires careful planning and consistent effort to ensure that new values and behaviours are integrated throughout the organisation. In such cases, leaders must actively engage employees, model desired behaviours, and ensure that the culture supports organisational goals and fosters a positive work environment.

LEARNING OBJECTIVES

After studying this unit, you will be able to:

- Understand the concept of culture, including its meaning and key elements that influence behaviour and interactions within an organisation.
- Gain an introduction to organisational culture, exploring how it shapes an organisation's identity, values, and work environment.
- Learn about the processes and factors that drive changes in organisational culture, including the challenges and benefits of cultural transformation.
- Explore strategies for realigning organisational culture, particularly during periods of change or transformation, to ensure alignment with organisational goals and values.

3.1 CULTURE

3.1.1 Meaning of Culture

One of the most frequently discussed ideas in the literature on popular change management is culture change, as demonstrated by the works of authors like Deal and Kennedy (1982) and Peters and Waterman (1982). Messages from these and subsequent publications have been summarised by Hendry (1995) as twofold.

- First, organisational culture matters and, more importantly, the right culture can lead to improved performance.
- The second message implicit in these publications is that an organisation's culture is a tangible phenomenon and can be changed.

Therefore, the desire for competitive advantage by organisations associated with 1980s "buzz phrases" like "competitive advantage" and "models of excellence" may be seen as the reason for the significance of organisational culture (Legge, 1994: 397). The inference is that an organisation can achieve business success and a competitive edge by fostering a strong culture.

Despite this, research evidence (also reviewed by Hendry, 1995) suggests that the link between an organisation's culture and its performance is weak. He argues that an organisation's culture is unlikely to accentuate positive attributes already possessed, such as competitive advantage, overall performance or success. Rather, which an organisation's employees behave, and the assumptions upon which they base their behaviours, are likely to reduce the impact of negative attributes such as resistance to necessary change. As part of this, we would agree with the contention of Whipp et al. (1989) that culture is one factor influencing an organisation's competitiveness over time. This implies that a culture change can assist in making a less effective organisation more effective.

Changes in organisational culture are undoubtedly related to employee engagement. It places a lot of focus on how an organisation handles its workforce, including hiring and selecting employees, managing their performance, providing them with training and development opportunities, and setting them up in hierarchies. As a result, it is shaped by the variables under the control of human resource management (HRM) (Hendry, 1995).

3.1.2 Definitions of culture

The factory's culture refers to its established customs and methods of operation, which are shared, in one way or another, by all employees. New hires must acquire and, to some extent, embrace this culture to be employed by the company.

(Jacques, 1952: 251)

Culture ... is a pattern of beliefs and expectations shared by the organisation's members. These beliefs and expectations produce norms and powerfully shape the behaviour of individuals and groups in the organisation.

(Schwartz and Davis, 1981: 33)

A quality of perceived organisational specialness – that it possesses some unusual quality that distinguishes it from others in the field.
(Gold, 1982: 571–2)
I use the term "culture" to refer to the common views that upper management of a company has regarding how they should conduct business, manage other employees, and treat themselves..
(Lorsch, 1986: 95)
Culture represents an interdependent set of values and ways of behaving that are common in a community and that tend to perpetuate themselves, sometimes over long time.
(Kotter and Hesketh, 1992: 141)
Culture is 'how things are done around here'.
(Drennan, 1992: 3)

3.1.3 The major elements of culture:

Cummings and Huse (1989: 421) define these four major elements of culture as follows:

1. *Basic assumptions*. Unconscious, taken-for-granted presumptions about how organisational problems should be resolved reside at the lowest level of cultural awareness. They stand for unchallenging and unquestionable presumptions about how humans relate to the environment, as well as regarding human behaviour, nature, and interpersonal interactions. [...]
2. *Values*. Values regarding what should be in organisations are included at the next higher degree of awareness. Members are informed by their values about what matters to the organisation and what they should focus on.. [...]
3. *Norms*. Cultural standards dictate how members should act in specific circumstances, and they lie just beneath the surface of cultural knowledge. These stand for unspoken standards of conduct. [...]
4. *Artefacts*. The objects and works of art that are tangible representations of the other levels of cultural elements are at the pinnacle of cultural awareness. These include the organisation's physical features, rules, processes, systems, and observable member actions.

3.1.4 Types of culture:

Deal and Kennedy (1982) identified four basic types of culture:

- The Tough Guy, Macho culture, characterised by individualism and risk-taking, e.g. a police force.
- The Work-Hard/Play-Hard culture, characterised by low risks and quick feedback on performance, e.g. McDonald's.
- The Bet-Your-Company culture, characterised by high risks and very long feedback time, e.g. aircraft companies.
- The Process culture, characterised by low risks and slow feedback, e.g. insurance companies.

Quinn and McGrath (1985) developed their own four types of culture:

- The Market, characterised by rational decision-making and goal-oriented employees, e.g. GEC under Arnold Weinstock.
- The Adhocracy, characterised by risk-oriented and charismatic leaders and value-driven organisations, e.g. Apple and Microsoft in their early days.
- The Clan, characterised by participation, consensus and concern for others, e.g. voluntary organisations.
- The Hierarchy, characterised by hierarchical, rule-based authority that values stability and risk avoidance, e.g. government bureaucracies.

3.1.5 Key dimensions of culture:

Taylor (2005) lists five positive cultural focuses that an organisation might select:

- Achievement (performance, accountability, delivery).
- Customer-centric (externally focused, service-oriented and sustainable).
- One team (collaborative and focused on the internal customer).
- Innovative (entrepreneurship, agile, creative and learning).
- People-first (empowerment, development, care).

Blends of these five ' organisation types' are certain to exist, and additional focuses are also possible. Taylor stresses the need to obtain clear agreement on the cultural focus that will best serve the organisation's future needs, and then to journey towards it. Her emphasis on supporting the journey with effective communication and an appropriate management process is invaluable.

3.2 Introduction to Organisational Culture

The particular set of values, beliefs, customs and systems that are unique to that organisation. Though Peters and Waterman's (1982) view that organisational culture is the prime determinant of organisational performance has been highly influential, other writers stress different, but no less important, aspects of culture. Keuning (1998: 46), for example, argues that the two most important functions of culture are: 'To provide relatively fixed patterns for handling and solving problems … [and to] … reduce uncertainty for members of the organisation when confronted with new situations.' Nevertheless, as Wilson (1992) noted, so influential has Peters and Waterman's view become that culture has come to be seen as the great 'cure-all' for the majority of organisational ills.

3.2.1 Towards a description of organisational culture: Trompenaars and Hampden-Turner (2012) describe cultures of all kinds as having three levels (they describe them as layers, like an onion):

- Level one (surface): visible artefacts and products. In organisational terms, this will be things like office layout and furnishings (who gets the corner offices, are some chairs bigger and more luxurious than others, etc).

- Level two (deeper): norms and values. Norms are the shared and accepted sense in an organisation of what is ‘right’ or ‘wrong’. They are expressed in formal ways through the company rulebook and in less formal ways by social control. Values are the basis on which something is seen as ‘good’ or ‘bad’, based on the shared ideals and aspirations of those in the organisation, and as a result guide how people want to behave at their best’.
- Level three (deepest): basic assumptions. In national culture, Trompenaars and Hampden-Turner give as an example the assumption that ‘all people are equal’. Basic assumptions are seldom articulated (except as political slogans!) but underpin many of the norms and values of some societies.

3.2.2 How culture develops and how to identify it: Cultures inside organisations emerge for valid reasons. The organisation's success will have been attributed to specific beliefs, standards, and assumptions at a given point in its history. These are frequently the founder's or important leaders' presumptions at a pivotal moment. The lessons learned about "what matters" thus get firmly ingrained in the organisational unconscious and influence future behaviour from below. Just as the body's immune system rejects unidentified invaders, change may endanger this unconscious mechanism and be rejected.

It takes awareness of these procedures and the capacity to raise organisational awareness of culture to manage change in an organisation effectively. There, it can be examined and analysed in light of the present requirements. Then, key messages can be distributed throughout the organisation in a way that encourages change. However, comprehending a culture is a challenging feat. According to Schein (1985), an internal or external individual cannot recognise the components of an organisation's culture independently. It calls for cautious cooperation, supported by a deliberate procedure, between individuals inside the company deeply ingrained in its culture and outsiders who can see the assumptions that "insiders" are making.

3.2.3 How culture is shaped: Carolyn Taylor (2005) describes three mechanisms through which messages are communicated:

- Behaviours. Examples she uses to illustrate this include the link between leaders’ behaviours and culture produced: humility and willingness to admit mistakes produce openness and learning; asking for commitments and following up produce a culture of accountability; favouritism not based on performance produces politics.
- Symbols. ‘Any time when one event is seen as part of a larger pattern’ (Taylor, 2005), such as patterns in how leaders make choices about the use of time or resource allocation. Rituals – also patterns, but this time of expected behaviour – could include a regular informal mid-morning gathering around the coffee machine, which emphasises a relational

culture. Storytelling – again following a pattern, as in the values in fairy stories and national legends – talks about the 'defining moments' of an organisation's history, together with its heroes and villains.

- Systems. Taylor describes these as: 'those mechanisms of management which control, plan, measure and reward your organisation and its people'. Examples include the way HR systems (and especially performance management systems) operate, customer processes and organisational structure (how many levels? how easy is access to senior-level people?).

3.2.4 Culture and climate: The sentiments and views of important stakeholders are reflected in the organisational climate, which is more malleable. For instance, this could involve how employees feel about their present leadership and resource allocation, as well as whether they consider their company to be a "good employer to work for." Similar to how the physical structure of the planet affects the global climate, these "climatic conditions" are partially shaped by underlying culture, but they are also subject to medium-term variations brought on by a range of non-cultural variables.

3.2.5 One culture or many cultures? As the basis for our examination, we have used Brown's (1998: 9) definition:

Organisational culture refers to the patterns of beliefs, values and learned ways of coping with experience that have developed during an organisation's history, and which tend to be manifested in its material arrangements and the behaviours of its members.

This definition uses the term 'culture' collectively to refer to more than a single set of attitudes or beliefs within any one organisation. A particular pattern of beliefs, values and behaviours will have proven valid and useful for the organisational group(s) that use it, and will therefore have been shared with new group members (Schein, 1992b).

This approach to the study of culture is known as "cultural differentiation," according to Martin (1992). She contends that there will be inconsistent displays of culture, the existence of subcultures like the industrial worker community, and the finding of consensus inside these groups rather than across them. She also points out that supervisors could act one way while saying another. The integration and fragmentation perspectives—which are contrasted with the differentiation perspective—were recognised by Martin (1992) (see Fig. 3.3).

- The integration perspective implies that all members of an organisation share a common culture and there is consensus regarding the beliefs held and the behaviours expected. This concept of one culture in an organisation is easy to comprehend and would make the management of organisational culture more straightforward than the multiple cultures suggested by the differentiation perspective. Unfortunately, although

assumed to be the only perspective by many managers of cultural change programmes, the integration perspective is only likely to be visible at an aggregate level, and subcultures are also likely to exist.

- Martin's fragmentation perspective offers us an extreme alternative to the other perspectives. Within this, researchers argue that they can detect very little consensus in the cultures they are studying. Rather than identify subcultures within organisations, they suggest that consensus only occurs around specific issues, which will rise and fall in their importance. As a consequence, cultures are ambiguous, uncertain and difficult to comprehend.

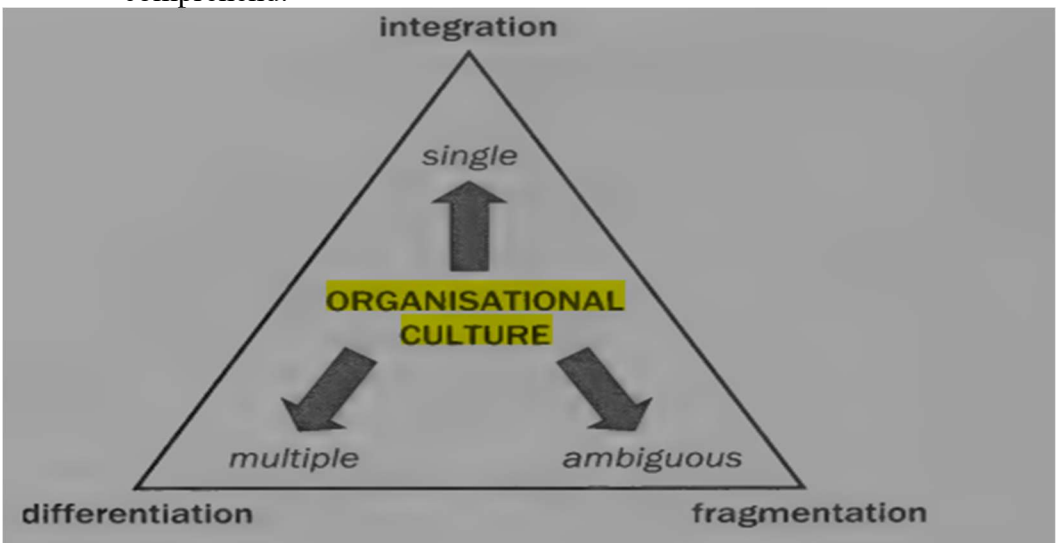


Fig. 3.3 Martin's perspectives on the study of culture

In other words, culture may be seen as an evolutionary process. The implications of this for HRM are twofold.

- The first relates to the need to discern and start to comprehend an organisation's culture before initiating change;
- the second to the need to keep in mind that the approach or approaches adopted to change or realign that organisation's culture to support its objectives are unlikely to remain the same over time.

3.2.6 How visible are organisational cultures? Hofstede's (1994: 9) "onion diagram," with the subtitle "manifestations of culture at different levels of depth," and Schein's (1992a) "levels" of culture are two of the most well-known illustrations of organisational culture. All of these emphasise how different organisational cultures might appear. When examining an organisation, some of these are obvious and, hence, quite simple to identify; yet, due to their superficial or shallow nature, it can be challenging to understand their underlying significance.

These expressions are Schein's "artefacts" and Hofstede's "symbols," "heroes," and "rituals" (see Fig. 3.4). Managers frequently believe that they can transform a culture simply by altering these observable behaviours or artefacts. Unfortunately, deeper, less obvious stages of the process must also exist for true change to occur. The invisible nature of the innermost layers of culture—Hofstede's "values" and Schein's "basic underlying assumptions"—makes them incredibly challenging to uncover. They offer what Argyris (1995: 21) refers to as the "theories in use," which serve as the foundation for the more obvious "practices" or "artefacts" of organisational culture. These "values" are referred to as the "core of culture" by Hofstede (1994: 9). Within a culture or subculture, these ideals are probably so ingrained that there isn't much room for deviation (Schein, 1992a). They will be shared with new hires, which will impart the culture. If group members firmly believe these fundamental underlying assumptions, they will find any behaviour based on any other assumption unfathomable. Because of this, altering these will probably cause a genuine culture shift that will also affect "practices" and "artefacts." However, they are hard to alter because they are firmly ingrained in people's subconscious minds.

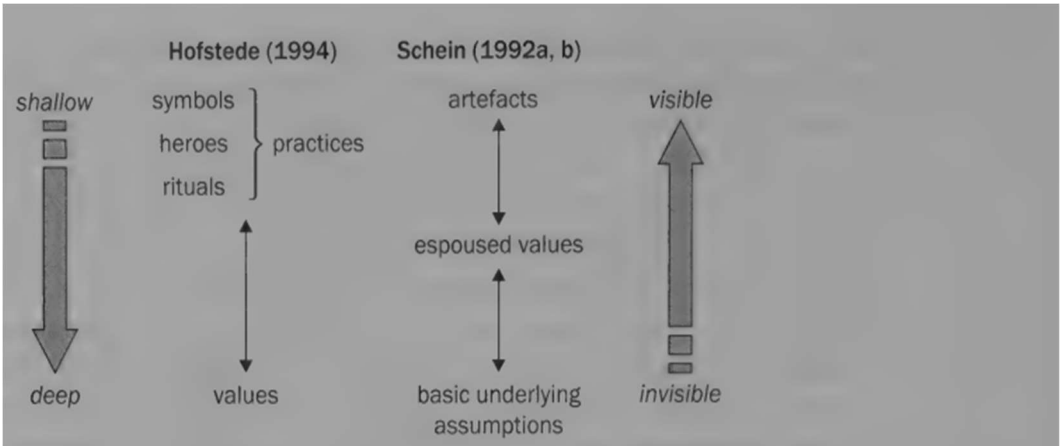


Fig. 3.4 A comparison of Hofstede's and Schein's representations of organisational cultures

Schein (1992a) presents the concept of "espoused values" between the deepest and shallowest levels. These values, linked to moral and ethical standards, dictate what people believe should be done rather than what they would do. Organisations frequently use official papers, such as annual reports, mission statements, and speeches by senior managers, to convey a certain image of their culture. Even if these forecast a great deal of the behaviour seen at the "practice" or "artefact" level, particularly in terms of what people say, they occasionally disagree with what

people do (Schein, 1992a). For instance, you've probably heard businesses claim that their people are their most valuable asset, yet occasionally, their hiring policies run counter to this declared principle.

3.3 Changes in Organisational Culture

3.3.1 The arguments in favour: That cultures do change is not in question. No organisation's culture is static: as the external and internal factors that influence culture change, so culture will change. However, this kind of organic cultural change will be gradual unless there is a significant shock to the organization, as culture is ingrained in the beliefs, values, and norms of each individual within the organization, and these are hard constructs to alter (Boddy and Buchanan, 2002; Brown, 1995; Burnes, 1991; Keuning, 1998; Schein, 1985). If other elements change at a similarly sluggish pace, this might be fine for organisations. Nonetheless, the claim made by the advocates of cultural excellence is that a successful culture is founded on ideals and presumptions that are suitable for the setting in which it functions.. In addition, like Handy (1986), Allaire and Firsirotu (1984) argued that, to operate effectively and efficiently, an organisation's culture needs to match or be appropriate to its structure.

Derived from the actions taken by these companies, Dobson identified a four-step approach to culture change:

Step 1 – Modify hiring, selection, and layoff procedures to modify the workforce's makeup and make promotions and job opportunities contingent on candidates' adherence to or demonstrating the values and views the organisation wants to advance.

Step 2 – Restructure the workforce so managers and staff with the necessary qualities hold influential roles..

Step 3 – Successfully convey the new values. Numerous techniques, including one-on-one interviews, briefing groups, quality circles, home journals, etc., are used. The example of senior managers demonstrating the new values and beliefs, however, is very significant.

Step 4 – change systems, procedures and personnel policies, especially those concerned with rewards and appraisal.

Based on the findings of other scholars, Cummings and Worley (2001) proposed their own set of six "practical" measures to bring about cultural transformation. Their method is more comprehensive in placing change within a strategic framework, but its practical mechanics are similar to those used by the organisations Dobson researched..

1. Formulate a clear strategic vision. Effective cultural change should start from a clear vision of the firm's new strategy and of the shared values and behaviour needed to make it work. This vision provides the purpose and direction for cultural change.

2. Display top-management commitment. Cultural change must be managed from the top of the organisation. Senior managers and administrators need to be strongly committed to the new values and the need to create constant pressure for change.
3. Model culture change at the highest level. Senior executives must communicate the new culture through their actions. Their behaviours need to symbolise the kind of values and behaviours being sought.
4. Adjust the organisation to accommodate changes within the organisation. Organisational structure, human resource management, information and control systems, and management style must all be modified to accommodate cultural change. People's behaviours can be better adapted to the new culture with the support of these organisational elements.
5. Pick, welcome, and acclimate newcomers while eliminating outliers. Changing the membership of an organisation is one of the best ways to alter culture. Individuals can be chosen based on how well they fit into the new culture and given an orientation that makes explicit the attitudes and behaviours that are expected of them. If current employees can adjust to the new methods, they may retain their jobs through early retirement plans, for instance. This is particularly crucial for those in prominent leadership roles since their actions can greatly help or hinder the adoption of new values and behaviours.
6. Develop your ethical and legal awareness. Most cultural change initiatives strive to instil values such as employee honesty, control, equitable treatment, and job security. However, if one of the essential stages in pursuing cultural change is to replace existing staff with recruits, not only would this convey the wrong message to newcomers and remaining workers, but it may also violate employment rules depending on how personnel are picked for replacement. As a result, organisations must be particularly aware of these potential ethical and legal hazards..
Other writers, although convinced that culture may be transformed, take a more measured approach. According to Brown (1995), organisations must ensure that the existing culture genuinely causes the problems they intend to solve through cultural reform. He warns against assuming that culture is the primary source of organisational difficulties when, in reality, they may result from ineffective organisational structure. He also mentions how senior executives may utilise the culture problem to shift blame for bad performance away from themselves and onto the rest of the organisation. Furthermore, Brown cautions against oversimplifying culture by presuming that organisations have a single unified culture or that all employees can be forced to embrace a single purpose or vision. Hatch (1997) made a similar point on behalf of the postmodernists. One of the most influential writers on cultural issues,
Schein (1985) takes the same cautious approach. He cautions that before attempting to modify an organisation's culture, it is vital first to understand the nature of the existing culture and how it is maintained. According to Schein, this can be

accomplished by examining the principles that control behaviour and finding the underlying, sometimes unconscious, assumptions that influence how employees think, feel, and react. Difficult though he acknowledges this to be, he argues that it can be achieved by:

- analysing the process of recruitment and induction for new employees;
- analysing responses to critical incidents in the organisation's history, as these are often translated into unwritten, but very strong, rules of behaviour;
- analysing the beliefs, values and assumptions of those who are seen as the guardians and promoters of the organisation's culture;
- discussing the findings from the above with staff in the organisation, and paying special attention to anomalies or puzzling features which have been observed.

Schein's approach is thus to view cultural formation as an adaptive and tangible learning process. His method focuses on how an organisation conveys its culture to potential recruits. It demonstrates how assumptions become values and how values drive behaviour. Schein's research focuses on the mechanisms utilised to spread culture and how new values and behaviours are taught. He contends that once these processes are identified, they can serve as the foundation for a strategy to change the organisation's culture.

In a synthesis of the literature on organisational culture, Hassard and Sharifi (1989) proposed a similar approach to that advocated by Schein. In particular, they stress two crucial aspects of culture change:

Before a major [cultural] change campaign is commenced, senior managers must understand the implications of the new system for their behaviour: and senior management must be involved in all the main stages preceding change. In change programmes, special attention must be given to the company's 'opinion leaders'. (Hassard and Sharifi, 1989: 11)

Schwartz and Davis (1981), on the other hand, took a different approach to culture. They propose that when an organisation considers any change, it should weigh the strategic significance (important to its future) against the cultural opposition that attempts to implement the change will face. This is known as the 'cultural risk' strategy. They provide a step-by-step strategy for determining the level of cultural risk in each given change effort. They claim that from this, an organisation may determine with some certainty whether to ignore the culture, manage around it, try to change the culture to meet the strategy or alter the strategy to fit the culture. Although Schwartz and Davis' method mainly relies on managerial judgment, it is a rigorous approach to evaluating the possible impact of strategic change on an organisation's culture at an early stage and vice versa.

It should be noted, however, that just because Schein's method differs from Schwartz and Davis' approach does not mean they are incompatible. Indeed, both

are distinct facets of the same task: determining whether culture needs to be transformed and, if so, how.

Nobody can deny the challenge of changing an organisation's culture. Schein (1985), Schwartz and Davis (1981), Cummings and Huse (1989), and Dobson (1988) provide organisations with recommendations and strategies for assessing and implementing cultural transformation. Schein's work demonstrates how to disclose an organisation's existing culture and how it is reinforced. The work of Schwartz and Davis demonstrates how the need for cultural change can be assessed and the necessary modifications determined. Finally, Cummings and Huse (1989) and Dobson (1988) demonstrate how cultural transformation might be achieved.

3.3.2 Some reservations: Edgar Schein is one of many who are sceptical about the possibility or advisability of cultural change. Though he believes that culture can be changed, he also believes that developing (or striving to create) a strong and unified organisational culture has a detrimental side effect (Schein, 1984, 1985). Such shared beliefs, especially when they have been continuously successful in the past, render organisations resistant to certain sorts of change or strategic options, regardless of their validity.

In a conversation with Luthans (Luthans, 1989), Schein was sceptical that a top-down, management-led strategy could accomplish cultural transformation. Schein (1989) proposes a context-specific or contingent interpretation of culture. Using an organisational life-cycle approach, he contends that a strong culture may be required in an organisation's embryonic years to keep it together as it grows. It may, however, progress to the point where it is increasingly divided geographically, by function, and by division. At this point, governing culture brings the warring factions and subcultures together. A strong culture may outlive its usefulness in such a circumstance.

Salaman (1979) also observed that, much like in society, subcultures exist alongside strong or dominating organisational cultures. These could be unique to the organisation, or they could apply to all organisations. Groups like physicians and attorneys are instances of the latter, as they have distinct professional cultures that go beyond the companies that hire them. Davis (1985) examined lower-level white- and blue-collar workers' cultures. He discovered that these groups not only had unique cultures of their own but frequently clashed with the prevailing (managerial) culture of their organisations. Subcultures and the dominant culture thus have a complicated and sometimes tense interaction. Potential conflicts may materialise into real conflicts if certain groups believe the dominant culture has lost its appropriateness and legitimacy. Conversely, it is also possible for a group's adoption of cultural norms and practices to be viewed as departing from "the way we've always done things." Thus, the authority of managers and experts may be undermined, jeopardising the organisation's ability to run efficiently (Morieux and Sutherland, 1988).

Another person who has cautioned about the challenges and wisdom of cultural change is Uttal (1983). Specifically, he noted that the procedure can take anywhere from 6 to 15 years, even in cases where it is effective. Meyer and Zucker (1989) took it a step further, contending that although controlling cultural change might have short-term economic benefits, it might also have long-term negative effects like stagnation and collapse. Another difficulty in achieving culture change is that, as Brown (1995: 153) notes:

> The majority of workers in a company have a strong emotional attachment to the culture that exists there. The transition process will cause a great deal of uncertainty, anxiety, and suffering for those who have been deeply ingrained in the organisation's customs and beliefs and whose philosophy of life may very well be entangled in the cultural presumptions of the organisation... Even if changing lifelong habits can result in personal benefits, these are probably only perceived as hypothetical or possible, given the likelihood of the losses.

Many writers draw attention to the difficulties inherent in attempting culture change; however, there are also writers who believe that culture cannot be changed or managed at all. Meek (1988: 469–70) commented that:

Culture as a whole cannot be manipulated, turned on or off, although it needs to be recognised that some [organisations] are in a better position than others to intentionally influence aspects of it ... culture should be regarded as something an organisation ‘is’, not something it ‘has’: it is not an independent variable nor can it be created, discovered or destroyed by the whims of management.

Watson (1997: 278) concludes that:

Employers and managers engaging in these ways with issues of employees’ self-identities and the values through which they judge the rights and wrongs of their daily lives must be a matter of serious concern. To attempt to mould cultures, given that culture in its broad sense provides the roots of human morality, social identity and existential security, is indeed to enter ‘deep and dangerous waters’.

3.3.3 Conflicts and Choices: There is disagreement among scholars regarding the nature, function, and malleability of culture, just like there is with so much else related to organisations. Beyond that, there is minimal consensus among writers, albeit only some agree on its relevance. Brown (1995: 5) summarises the outcome by saying we are left with "an embarrassment of definitional riches." Proponents of cultural excellence contend that organisations must swiftly embrace this culture or suffer the consequences. They claim that strong, adaptable cultures are the only ones that count in today's world. A similar, if less boisterous, viewpoint is taken by supporters of the Organisational Learning camp and the Japanese management style. Schein (1984, 1985, 1989) concurred that culture matters and that having a strong culture might be advantageous in some situations. Strong cultures and common beliefs, however, can sometimes work against us by limiting diversity and

hindering the emergence of new tactics. Additionally, he questions whether managers functioning independently of the rest of the organisation can impose a new culture or alter the one that already exists. Salaman (1979) also called attention to subcultures' existence and function, emphasising how they can incite conflict. According to Meek (1988), programs aimed at intentional managerial transformation are incompatible with culture. Postmodernists take a similar stance. Even though they value organisational culture, they are sceptical of attempts to influence and modify it because they think the results are unpredictable and can alienate rather than inspire workers. They also consider Hatch's (1997: 235) caution not to even "think of trying to manage culture."

Despite the lack of consensus amongst writers, there are two main conclusions we can draw from the above review of the culture literature.

- Firstly, in the absence of unambiguous guidelines on organisational culture, managers must make their own choices based on their circumstances and perceived options as to whether to attempt to change their organisation's culture.
- Secondly, in the absence of strong or appropriate cultures that bind their members together in a common purpose and legitimate and guide decision-making, managers may find it difficult either to agree amongst themselves or to gain agreement from others in the organisation. As Robbins (1987) argued, in such a situation, there is a tendency for conflict and power battles to take place.

3.4 Realignment of Organisational Culture

According to Bate (1995), organisational culture is a dynamic, ever-evolving phenomenon. Thus, it follows that managers adept at managing organisational cultures have the power to alter, stop, abandon, or destroy culture (Ogbonna, 1993). This section delves into potential frameworks that could be employed to oversee both progressive or developmental changes and more drastic or transformative shifts to a new culture. We specifically look at the applications of top-down and bottom-up methodologies, as well as the functions that HRM can perform in them.

3.4.1 Frameworks for managing the change: Various theories for handling cultural transformation are reviewed by Lewis (1996). He contends that these are 'overwhelmingly of several steps' or queries that delineate a general procedure (Lewis, 1996: 9). Among these, Lewin's (1952) three-step method of unfreezing, moving, and refreezing is one of the most frequently cited. Lewin's paradigm emphasises that embedded cultures must be unfrozen and more flexible before an organisation can be fully changed into a new culture. His paradigm emphasises the significance of institutionalising and stabilising the new culture after the shift, or, in Lewin's words, "refreezing". As we can see in Fig. 3.5, these features are common in frameworks involving both questions and steps, which offer a process.

Kilmann (1984, 1989)	Wilkins and Patterson (1985)
Five steps: ■ surfacing actual norms (more or less equivalent to surfacing the culture) ■ articulating new directions ■ establishing new norms ■ identifying culture gaps ■ closing culture gaps	*Four questions:* ■ where are we now as a culture? ■ where do we need to be going strategically as an organisation? ■ what are the gaps between where we are as a culture and where we should be? ■ what is our plan of action to close the gaps?

Fig. 3.5 Typical frameworks for managing culture change

Like earlier frameworks (Bier et al., 1990; Beckhard, 1992), Figure 3.5's framework emphasises the significance of comprehending the organisation's current culture and strategic orientation before implementing any changes. They then expand on this by employing a really simple procedure. This entails figuring out the intended strategy and culture, making sure that the two align, spotting discrepancies between the two, and taking action to shift the real culture toward the desired culture. But accomplishing this is a more complicated matter. Organisations are dynamic phenomena; even within identical surroundings and similar backgrounds, various cultures will likely emerge (Hassard and Sharifi, 1989). Power relationships within the organisation and the transformation process will need to be managed, and resources available will need to be sufficient to ensure that the changes are permanent (Beckhard, 1992).

It is therefore clear that to changing an organisation’s culture, a variety of elements need to be taken into account. Bate (1995s) groups these into five foci.

- The first is a need to have a clear appreciation of the culture to be changed. To enhance appreciation, the current culture needs to be placed within a historical context so that how it has developed are clearly understood.
- This second focus allows learning from experience as well as avoiding ‘corporate amnesia ... and the associated problems of repeating the same mistakes or endlessly re-inventing the wheel’ (Bate, 1995: 141). Understanding of the current organisational culture needs to be integrated with the nature of the required change, in particular, whether the existing culture can be further developed or a transformational change to a new culture is necessary.
- Bate (1995) refers to this third focus as the life cycle stage of the culture in the organisation. Through examining this, the most appropriate HR interventions can start to be identified as well as potential problems.

- Organizational culture change typologies (Deal and Kennedy, 1982, for instance) imply a broader environmental context that will affect people's behaviours as well as the culture of an organisation. Bate has four main areas of interest. If we take a broad view of this, we may even wonder if it is morally acceptable for businesses to attempt to change the values or fundamental beliefs of their staff (Woodall, 1996).
- In his final section, Bate returns to the organisation and compares the needs of that organisation with what its members want. This emphasises that before attempting to modify culture, it is crucial to understand organisational dynamics, power bases, and opinion leaders (highlighted in Table 3.1) (Harrison, 1972; Handy, 1978). As a result, cultural change will originate from and occur within the current organisational culture and be impacted by broader national and societal cultures..

3.4.2 Strategies for cultural change: Change-management strategies are frequently separated into two categories: top-down and bottom-up. The former, often known as "programmatic change," is usually started and directed from the top (Beer et al., 1990), and it is frequently influenced by corporate excellence authors (Hendry, 1995). The latter emphasises incremental techniques, which link change to an organisation's "critical path" (Beer et al., 1990) and work their way up from the bottom up. Employees must exhibit the behaviours required to bring about change for either strategy to be successful (Mabey and Mallory, 1994/5). It therefore follows that an organisation can make some HR responses to support either approach, ranging from piecemeal to coherent, tactical to strategic or, maybe, just an afterthought!

3.4.2.1 Top-down approaches: Senior managers often spearhead change by aiming for organisational agreement, emphasising the artefacts of culture (such as employees' overt behaviour) and, to a lesser degree, their professed ideals (Legge, 1994). Consequently, in addition to providing direct educational and training interventions, senior managers frequently depend on the HR function to manage the symbols of cultural change, such as organisational structure, office space management, and parking allotments. Top-down approaches may involve HR initiatives like organisation-wide HRD programs to improve quality, excellence, or empowerment, but the result is more representational learning (i.e., in participant behaviour) than behavioural learning (i.e., how they act).

Managers frequently attempt a series of HR interventions and assess each one's effectiveness, mostly on anecdotal evidence. When performance-related pay is implemented, for instance, managers can be forced to make distinctions between high and low performers. But by itself, they will need help to internalise the cultural framework of the new performance criteria or the procedures for handling underwhelming performances. Therefore, in the end, it might fail to bring about the intended organisational change, which might lead to the need for another HR

intervention, such as training to handle subpar performance. Because of this, the process is prioritised over comprehending the organisation's issues and the resulting need for change (Beer et al., 1990).

Top-down culture change programmes Top-down culture change programmes also suffer from three interrelated paradoxes (Legge, 1994).

- First, messages of initiative, autonomy and innovation are usually conveyed through highly bureaucratic methods such as team briefings or company-wide training initiatives.
- Second, transformation to the new culture is often seen as the task of a new leader. This can be problematic if employees believe the new culture conflicts with their existing occupational culture.
- Finally, and building upon Legge's second point, if the values espoused by senior management are discordant with employees' sense of reality, the new culture may be acted out cynically and without being internalised into employees' basic underlying assumptions.

This is not to argue that managing cultural change cannot benefit from HR interventions like the ones we have discussed. As long as the implicit and explicit messages provide "consistent cues" to the intended culture, they can be beneficial when used integratively (Brown, 1998: 166). Research has shown that intentional modifications to organisation-wide HR practices, such as reward systems, are crucial for reinforcing desired cultural changes. This is evident in the success of cultural change interventions at companies like British Telecom (BT), Royal Dutch Shell, British Airways (BA), and Manchester Airport (Mabey and Mallory, 1994/5).

3.4.2.2 Bottom-up approaches: Beer et al. (1990) discovered that successful change typically began in one area of an organisation, separate from corporate headquarters, as opposed to a programmatic or top-down approach. As one might anticipate, general managers, rather than top managers, spearheaded reform in these organisations. These managers prioritised solving specific business problems over developing formal structures and systems—a practice Beer et al. (1990) dubbed "task alignment." Senior management's responsibilities included setting the course, fostering change, and disseminating knowledge gained from achievements and setbacks. According to Beer et al., task alignment might be accomplished at the business unit or site level by a sequence of overlapping phases (called their critical path) (see Fig. 3.6).

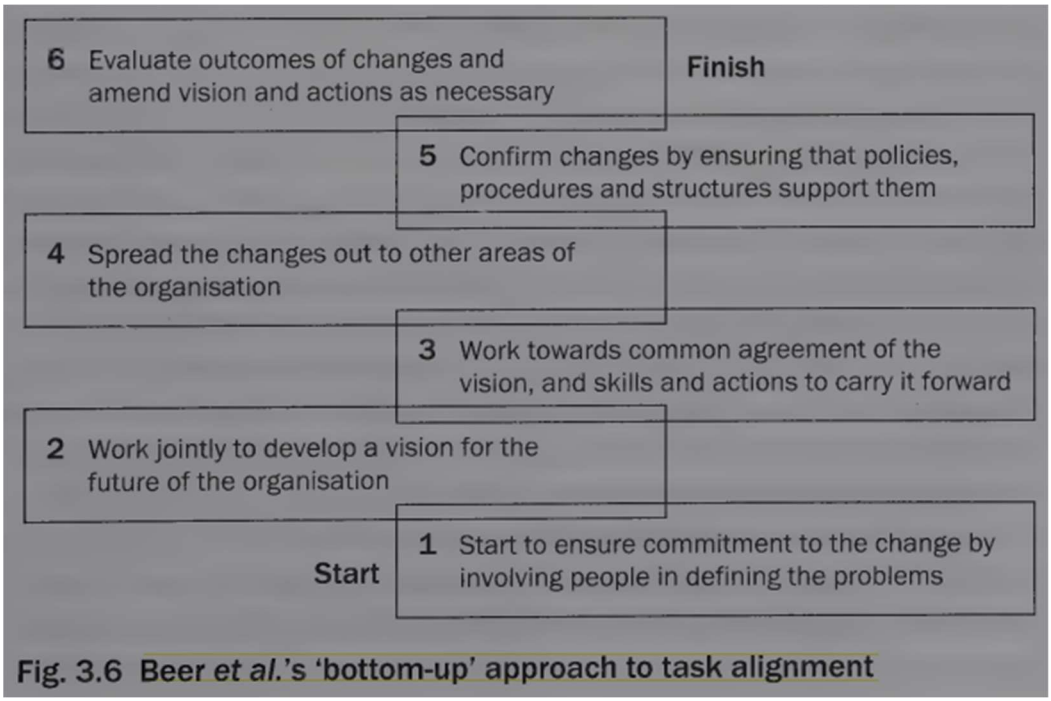


Fig. 3.6 Beer *et al.*'s 'bottom-up' approach to task alignment

HR related actions can, as you have probably already foreseen, be used to support such a process of culture change.

- In the early stages of Beer et al.'s (1990) bottom-up task alignment, this is likely to involve managing or enabling employees from different levels and functions within that part of the organisation to meet, mobilise commitment and develop their shared vision (Fig. 3.6, stages 1 and 2). Once the vision has been defined, employees will need to develop the skills required by the new culture.
- As part of this stage (3), HR initiatives such as training and management development programmes might be used. Such programmes can play a very important role in indoctrinating the desired culture, as illustrated by the use of employee training at Disneyland (Van Maanen, 1991). However, unlike the Disneyland experience, training in a bottom-up approach will usually aim to address needs directly identified by employees. As a consequence, it is more likely to influence their basic underlying assumptions.
- By stage 3 in the change process, employees who have not accepted the new culture are likely to be highly visible. It will be apparent if the total number of employees is too large or too small for the new vision of the organisation. For both scenarios, HR interventions can help to foster consensus of the new vision and generate the cohesion to move it along.

- Transfers or secondments of key people are also likely to be used to spread the culture change to other parts of the organisation (Fig. 3.6, stage 4). As with the initial change, Beer et al. argue that the change in these other parts must again be managed from within rather than being forced by senior managers.
- According to Beer et al., changes to the structures, rules, and processes that will support the new culture should only be implemented once it has become ingrained in a portion of the organization, the relevant personnel are in place, and it is functioning (Fig. 3.6, stage 5). Employees who collaborate well have already understood what interdependencies are required, so organizational structures that facilitate cooperation can be created. Performance appraisal systems need to be tailored to emphasise the basic underlying assumptions of the new culture. Similarly, defining job roles, writing new policies and applying human resource development systems will, whether intended or not, send out messages to employees about accepted and desirable behaviour and the new culture. Many of the problems with implementing culture change strategies occur either because such systems are projecting inappropriate values or because they are giving out mixed messages (Hendry, 1995). The HR function can help coordinate and provide direction and control to overcome this.
- The final stage in the process of bottom-up task alignment relates to evaluating and adjusting strategies in response to problems. This emphasises the evolving nature of culture as it interacts with both the internal and external environments. However, as in earlier stages, it also emphasises the importance of evaluating the changes and sharing the outcomes of evaluations undertaken as part of the process.

So, should we always take a bottom-up approach? You may believe that the response should be a resounding "yes" after reading the points above. This is only sometimes the case, though. Although research by Beer et al. (1990) has demonstrated that a bottom-up strategy is more likely to result in meaningful change, top-down strategies are nonetheless effective. Every organisation has a distinct culture that is shaped by both its historical background and the larger context in which it operates. As we can see, an organisation's goals for changing its culture will determine whether its chosen technique is appropriate.

According to Bate (1995), an organisation can investigate its goals for cultural change and the suitability of various cultural change tactics by using a set of criteria. Referring to these as the "design parameters for cultural change," he contends that these will vary in terms of relative relevance, weight, and value between organisations as well as over time within an organisation (1995: 203). We outline these in Table 3.2.

Table 3.2 Design parameters for cultural change

Parameter	*Aspect of the organisation*	*Description*
Expressiveness	Affective component (feelings)	The ability of the cultural change approach adopted to express a new symbol which captures employees' attention and excites or converts them
Commonality	Social component (relationships)	The ability of the culture change approach adopted to create a shared common understanding and sense of common purpose amongst a group of employees or the whole organisation.
Penetration	Demographic component (number/depth)	The ability of the culture change approach adopted to spread throughout all levels of an organisation and to affect employees' basic underlying assumptions
Adaptability	Development component (process)	The ability of the culture change approach adopted to adjust to changing organisational and wider environmental circumstances
Durability	Institutional component (structure)	The ability of the culture change approach adopted to create a lasting culture

Source: Developed from Bate (1995).

Table 3.3 summarises the relationships between these parameters and the top-down and bottom-up techniques. As we can see, the efficiency of the two ways varies depending on the factors. This implies that selecting the technique that best suits an organisation is not the only option, as no single approach can fulfil all the requirements. Instead, the culture change plan must be customised to the exact needs of the organisation at a given moment. Changes in an organisation's procedures can be made very quickly with a top-down strategy. To give the perception of a culture shift, HR interventions like communication and training for the entire organisation can be utilised to encourage staff members to embrace the new culture at the practice or artefact level. But if a long-lasting cultural shift is also necessary, it must be paired with a bottom-up strategy over a more extended period. This guarantees the new culture seeps into the workers' fundamental beliefs..

Table 3.3 Relative effectiveness of top-down and bottom-up approaches to cultural change across different parameters

Parameter	Level of effectiveness of	
	Top-down approaches	*Bottom-up approaches*
Expressiveness	*High* – deal in simple messages and specialise in communicating these effectively and reasonably quickly at the practice/artefact level	*Low* in short term – focus on concrete problem generates lots of detail rather than a new symbol
Commonality	*Low* – promoted unifying feeling often ceases after formal programme ends; methods often lead to resistance and lack of common ownership	*High* – operates through shared understanding and creates a culture of trust and understanding
Penetration	*Variable* – depends on ability of interventions to affect more than just practices or artefacts; highly structured programmes likely to reach all employees	*Low* in short term – involves only part of the organisation; *High* in long term – involves discussing proposals and implications with employees
Adaptability	*Low* – tend to be inflexible and imply instant fix; programmed nature implies conformity and devalues deviance	*High* – concrete problem led, willing to accommodate new views and find best fit with organisational requirements
Durability	*Low* – based on senior management's desires; lack of ownership by employees likely to be highest with transformational change	*High* – employees are keen to preserve what they have created; especially high when a development of existing practices which employees own rather than transformational change

This makes managing organisational cultural change very difficult. It must include various internal and external elements, the current culture, and whether transformational or developmental change is necessary. Throughout this process, managing the workforce is necessary. Whipp et al. (1989: 583), who write, "Culture is a Pandora's box: both academics and practitioners should not make any easy assumptions about their control of the contents," succinctly capture the reality of this difficulty.

Self-Assessment Questions	
1.	What is organisational culture and change management?
2.	What is the relationship between organisational culture and change?
3.	How important is culture in change management?
4.	Why is organisational culture so difficult to change?

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Unit-4

CHANGE MANAGEMENT AND RECRUITMENT AND SELECTION

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INTRODUCTION

Recruitment and selection are vital processes within human resource management that ensure an organisation attracts, hires, and retains the best talent for its needs. Recruitment refers to the process of identifying and attracting potential candidates for job openings, while selection is the process of choosing the most suitable candidate from those attracted. Both processes are integral to building a workforce that aligns with the organisation's goals, values, and culture. Effective recruitment and selection help create a strong foundation for organisational success, ensuring that the right individuals are placed in the right roles, contributing to productivity and overall performance.

There are various models of recruitment and selection that organisations can adopt, depending on their needs, resources, and organisational structure. Some of the commonly used models include the **advertisement-based model**, where job postings attract external candidates, and the **internal recruitment model**, which focuses on promoting from within the organisation. Additionally, **competency-based models** and **psychometric testing** are often employed to assess candidates' skills and fit with the organisational culture. Each model has its advantages and is chosen based on factors like the nature of the job, organisational priorities, and the desired outcome of the recruitment process.

The recruitment and selection process plays a crucial role in organisational change. During periods of transformation, whether due to restructuring, mergers, or shifts in strategic direction, the need for specific skills, experiences, and cultural fit becomes even more critical. By carefully selecting individuals who not only have the technical competencies but also align with the new organisational values and culture, organisations can ensure smoother transitions and foster an environment that embraces change. Moreover, effective recruitment and selection can help organisations build a workforce that is adaptable and capable of supporting the organisation’s evolving goals. As such, these processes contribute significantly to the success of organisational change by bringing in individuals who are not only qualified but also committed to driving and supporting the change initiatives.

LEARNING OBJECTIVES

After studying this unit, you will be able to:

- Understand the definitions and importance of recruitment and selection in the context of human resource management.
- Explore different models of recruitment and selection, including their applications and advantages in various organisational settings.
- Analyse the contribution of effective recruitment and selection processes to organisational change, focusing on how they support the alignment of talent with strategic goals and cultural transformation.

4. INTRODUCTION

Recruitment and selection have recently been blamed for brightening the lives of youngsters worldwide, bringing terrible suffering to children in Wales and elsewhere, and derailing the world's largest merger plans. You have most likely participated directly in the recruiting and selection process, not least because of your experiences as job candidates and interviewees, but despite this familiarity, the connections indicated in this opening paragraph may take some time to make sense.

The Spice Girls' pop phenomenon resulted from a deliberate and rigorous recruitment and selection process to create a group capable of changing the pop market (Moloney, 1998). This 'product' grossed more than £40 million in the first year of its release, and the promoter's investment was recouped from their debut record – girl power indeed! The incalculable anguish perpetrated on children in care by the recruitment of pedophiles into children's homes stands in stark contrast to this success tale. According to Welch (1998: 30), in Wales alone, "33 of the 40 homes are implicated in [child abuse] activities dating back more than two decades." Poor recruitment and selection methods were important contributors to this heinous condition. 'The collapse of the world's largest merger, which would have produced a £100 billion pharmaceutical monster.' (Pain, 1998: 23) was linked to factional infighting and personality differences among Glaxo Wellcome and Smith Kline Beecham's senior management, as well as the inability to hire a CEO from their ranks..

These examples demonstrate not just the importance of recruiting and selection to organisational success or failure but also the relationship between recruitment and selection and change management. The Spice Girls resulted from an intentional shift in market strategy, whereas mergers signify organisational-level strategic shifts. The scenario of children's homes shows an unexpected catastrophe necessitating modifications in future practice. However, as evidenced by two examples, rigorous recruitment and selection practices differ (Lundy and Cowling, 1996), with most organisations taking the 'conventional' approach (Scholarios and Lockyer, 1996). The main part of this chapter is an examination of why this traditional model is unsuitable for change management and how it might be modified to account for both planned change and an imperfect, uncertain future. We rely significantly on strategic management literature in this section to show how recruiting and selection can play an important role in promoting, sustaining, and initiating organisational change. This prompts us to consider a different, strategically driven recruitment and selection strategy.

4.1 Definitions of Recruitment and Selection:

Recruitment and selection is a systematic process applied to meeting an organisation’s staffing requirements through filling identified vacancies. This process can be broken down into a series of stages which Wright and Storey (1997:

212) summarise as ‘defining the vacancy, attracting applicants, assessing candidates and making the final decision’.
This perspective of recruitment and selection, which we interpret here as including internal promotions, concerns a process that is meant to be reciprocal (see, for example, Watson, 1994). This acknowledges that candidates as well as employers are involved in a decision-making process and that the way the process is conducted may have a significant impact on employer attractiveness and employee retention.
It is possible to disaggregate this perspective into its two distinct but integrated and overlapping components (see Fig. 4.1).

- Recruitment is a positive attraction process that assembles an appropriate pool of applicants for a certain job vacancy. It usually entails describing the position or role to be filled (job description), finding personal characteristics that are positively connected with good job performance (person specification), searching for persons with such characteristics, and convincing them to apply for the vacancy.
- In contrast selection can be seen as a negative process of rejection that involves narrowing down the field of candidates until a suitable match against a given vacancy is found (Whitehill, 1991, cited in Wright and Storey, 1997: 212).

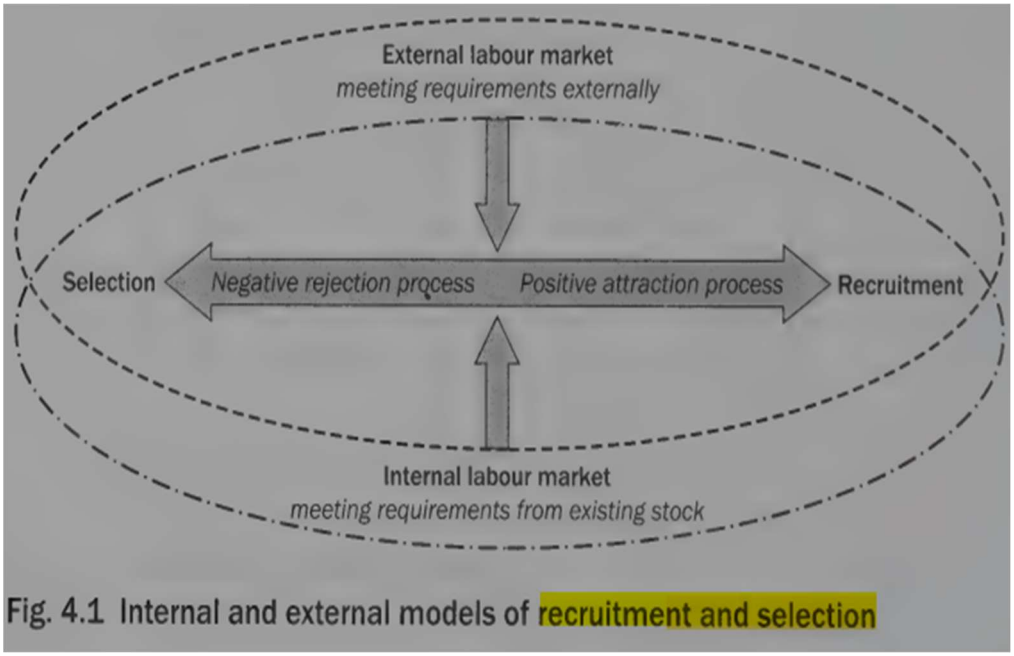


Fig. 4.1 Internal and external models of recruitment and selection

Essentially, recruitment and selection are the opposite extremes of the same process. It follows, therefore, that the quality of selected applicants can be no better than the quality of the pool of candidates who are presented for the selection process.

Recruitment procedure: The purpose and importance of recruitment are reflected in the following points. Recruitment makes it possible for the firm to:

- determine its present and future staff needs in conjunction with HR planning and work/job analysis;
- increase the pool of job applicants at minimum cost;
- increase the success rate of the selection process by reducing the number of obviously under-qualified or over-qualified job applicants;
- reduce the probability that new hires will leave the organisation after only a short period;
- meet its responsibility for equal opportunity programmes and other social obligations regarding the composition of the workforce;
- Evaluate the effectiveness of various techniques and services for sourcing job applicants.

Selection procedures: Most companies use selection procedures that follow on from recruitment. The process has various steps between initial screening and final placement. Although the process is not standardised among companies, it typically covers the eight steps shown in the Figure.

Reception of applicants	Verdict	Decision choice
Step 1: Initial screening	No	Reject: Inadequate essential minimum requirements
Yes Go to Step 2: Application form	No	Reject: Unfavourable personal data
Yes Go to Step 3: Preliminary interview	No	Reject: Unfavourable personality factors and/or unfavourable general impression
Yes Go to Step 4: Employment tests	No	Reject: Unfavourable test score
Yes Go to Step 5: Second interview	No	Reject: Unfavourable second impression
Yes Go to Step 6: Reference checks	No	Reject: Unfavourable previous work history
Yes Go to Step 7: Final selection decisions	No	Reject: Unsuitable applicant
Yes Go to Step 8: Medical examination	No	Reject: Medically unfit
Yes PLACEMENT		

FIGURE 8.1 Decision flow in a typical selection process

Internal versus external models of recruitment and selection: A commonly adopted framework of recruitment and selection sees the process as being essentially geared to either the internal or the external labour market.

- The internal model on meeting the organisation's manpower requirements from its existing stock of employees. Here, the use of the external labour market will be restricted mainly to low-level positions, with the expectation that once recruited, investment in career development will promote upward mobility.
- In contrast, the external model aims to meet its manpower requirements from outside the organisation.

Both models are likely to be evident in any organisation at the same time, but within an overall resourcing strategy where either the internal or the external model (see Fig. 4.1) is likely to predominate. A major concern in both cases was to use recruitment as a vehicle for establishing cultural fit and reinforcing this through subsequent socialisation. However, external recruitment may also be used as an instrument of culture change, as a symbol that "things are changing", as was the case with the global telecommunications company AT&T (Miller, 1984).

4.2 The 'traditional' model of recruitment and selection:

Organisations would build carefully thought recruitment and selection processes geared to fulfil their strategic imperatives and changing organisational circumstances to make the slogan 'people are our most important asset' a reality. However, data suggests that recruiting and selection practices are unplanned and ad hoc (Scholarios and Lockyer, 1996) or mirror the 'conventional approach' (Wright and Storey, 1997).

Mike's research not only clarifies what we mean by the "traditional model" but also demonstrates its pervasiveness in West Midlands businesses. Students studying for postgraduate management and professional personnel management degrees were requested to create a flow chart illustrating their organisation's recruitment and selection practice over three years ending in May 1998. The essence of approaching 250 responses has been distilled into one chart (Fig. 4.2).

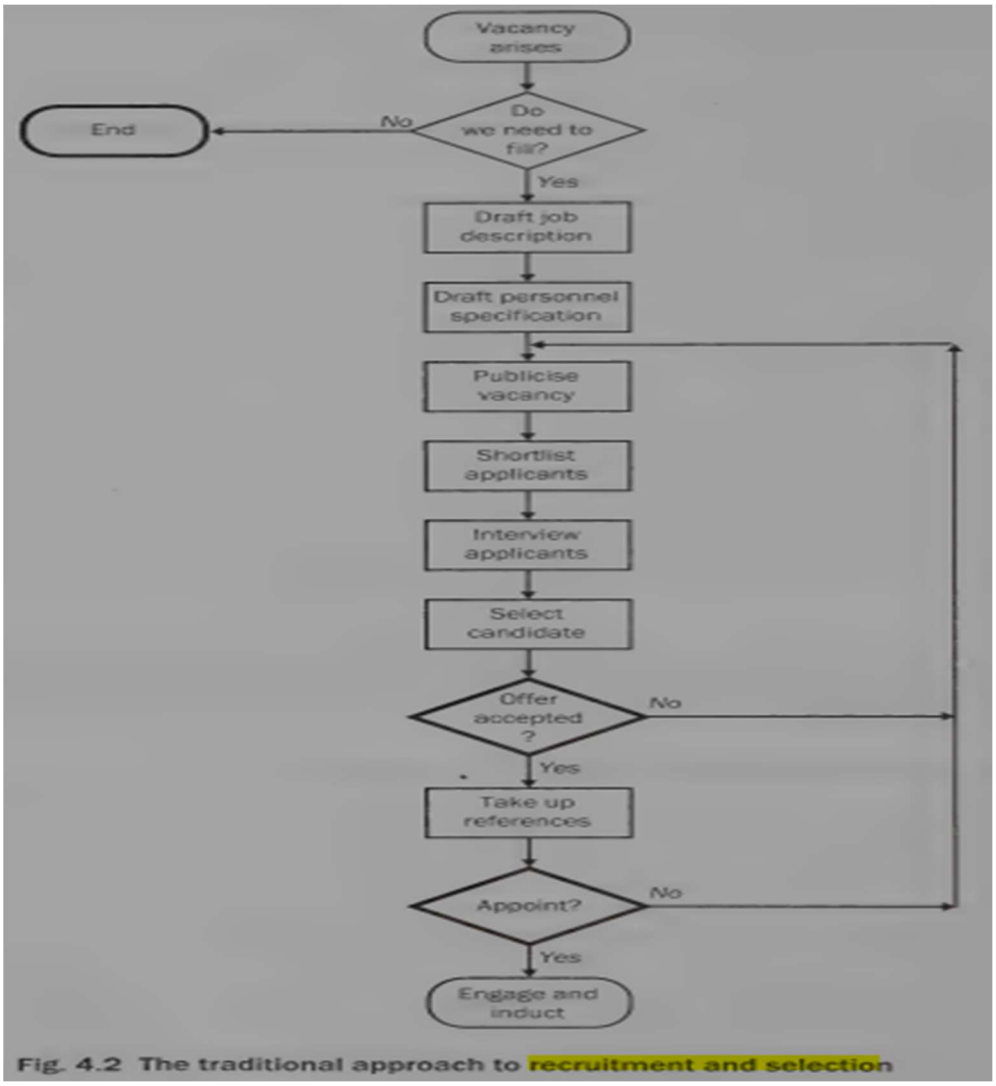


Fig. 4.2 The traditional approach to recruitment and selection

From this, a number of central features of the traditional recruitment and selection model can be discerned:

- It is geared to filling specific job vacancies. Invariably, this was the starting point; it also frequently involved an exhaustive process for authorising the vacancy.
- The process continues with the production of a job description, either using or updating a previous one, which is usually translated into a person specification.
- Recruitment is predominantly through advertising, but with significant usage of agencies and word of mouth.
- A limited number of selection methods are used and invariably include shortlisting using application forms/CVS, interviews and references.

Around 50 per cent of organisations additionally use testing for some vacancies.

- It involves a decision-making process where candidates are meant to be assessed against the requirements of the job description and personnel specification.
- It concludes with offer/reject letters and candidate acceptance/rejection, with, increasingly, some negotiation of terms.

This paradigm is primarily aimed at matching people to available employment (Lawler, 1994), but it needs more utility as a lever for initiating, enabling, or sustaining organisational change. Although built on several systematic processes, it needs a more complete picture. The flow chart makes no mention of human resource planning, let alone company strategy or post-event review.

The model is fundamentally static and reflects the current state of affairs. Mike saw less evidence of job analysis being utilised to inform recruitment and selection processes. Where it existed, it was constrained by a focus on current (and, in some cases, former!) job requirements, leaving little room to foresee and account for future change scenarios or broader organisational needs. The traditional approach may be jeopardised if a job-focused system is reduced to little more than a people-matching procedure. An emphasis on the interview as the primary method of selection, in this case, provides considerable opportunity for line managers to manipulate the process to pick in their image (Cockerill, 1989). This, according to Gerstein and Reisman (1983), simplifies the procedure to little more than matching candidates to selectors.

The seeming over-reliance on interviews and references may also on harm the reliability and validity of selection judgments, as both approaches are commonly known to be poor predictors of job performance (Lundy and Cowling, 1996). Despite this, Mike needed to see more indication that organisations were assessing the efficacy of their selection procedures. We believe that if employees are regarded as such a valuable asset, the overall lack of an evaluation stage in the recruitment and selection process may be interpreted as paradoxical.

Finally, we contend that the traditional paradigm has a restricted focus on stakeholder involvement. It is best described as a two-way process between candidates and management representatives. At worst, the overarching concern for matching the candidate to the job subordinates the candidates' requirements to those of the institution, making the process appear one-way. However, the interests of internal and external consumers, colleagues, and service providers are not addressed in either of these scenarios.

In conclusion, the traditional model is a replenishment model more appropriate for steady-state, bureaucratic organisations. This is not to argue that any single appointment cannot be a catalyst for change; however, this is more likely to happen by chance because the model is not deliberately designed to manage change. The

traditional model's constituent parts, on the other hand, cannot be dismissed because they remain fundamental to alternative approaches to recruitment and selection when used successfully. As a result, it is critical to evaluate how the traditional paradigm may be modified to contribute more clearly to organisational change.

4.3 Contribution of Recruitment and Selection to Organisational Change:

The relevance of recruitment and selection to strategically driven change revolves around three concepts, which are introduced briefly here and developed further immediately below (see Fig. 4.3).

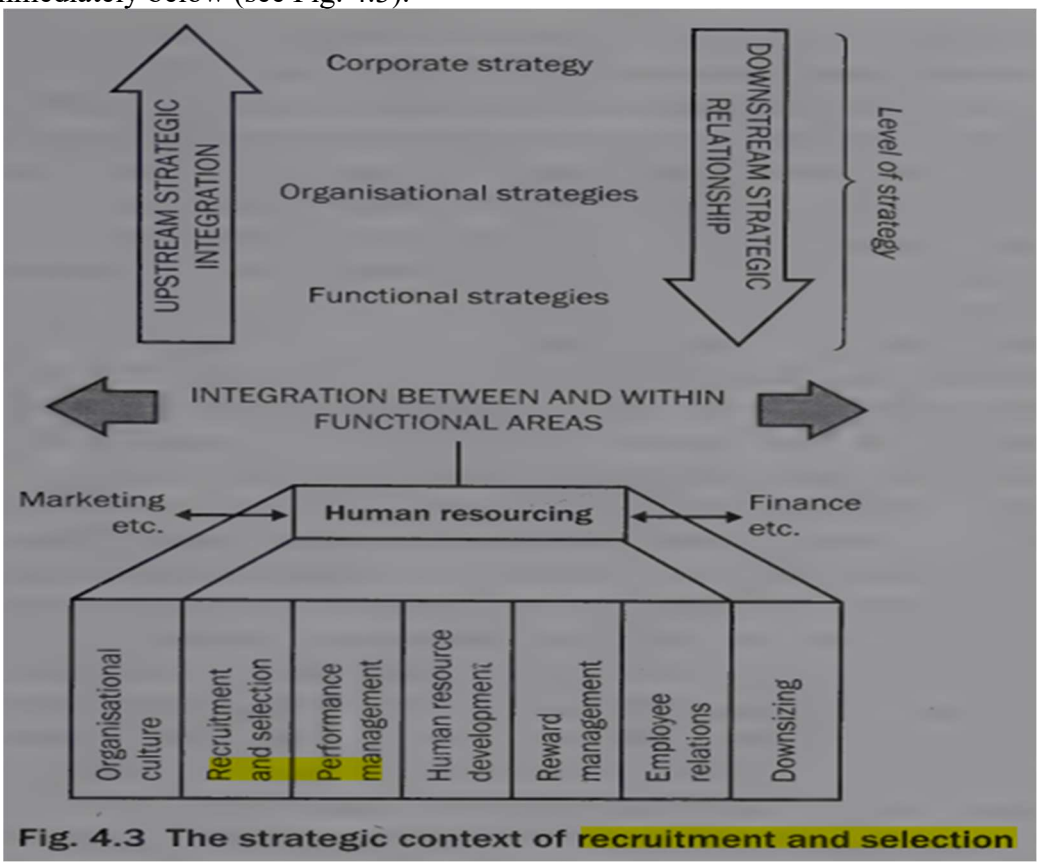


Fig. 4.3 The strategic context of recruitment and selection

- First, Purcell's (1989) idea that strategy can be understood as working at three levels, beginning with corporate strategy and progressing through strategic challenges relating to organisational structures to functional strategies (in this case, human resourcing), has been accepted.
- Second, the crucial interaction between functional and corporate strategy, referred to as 'external integration' by Mabey and Iles (1993: 16), can be viewed as two-way. This recognises that much of what happens at the functional level is driven directly by the demands of corporate strategy

(i.e., functional strategy is 'downstream' from corporate strategy). Simultaneously, it is acknowledged that the functional level can influence the design of corporate strategy (i.e., the functional level has an 'upstream' relationship with corporate strategy).

- Third, the various elements (or levers) of human resourcing should be 'internally integrated' (Mabey and Iles, 1993: 16-17) with each other and business strategy. This implies that within a quality-focused organisation, all HR levers should mutually support the acquisition, development, and retention of a workforce capable of delivering on this strategic aim. This includes hiring quality workers, investing heavily in the growth of the organisation's skill set, defining and rewarding quality performance, including employees in continuous improvement, and so on.

How recruitment and selection can contribute to strategic change at the three levels identified by Purcell (1989).

- '"Upstream" first-order decisions concern the enterprise's long-term trajectory.' (Purcell, 1989: 70) and embrace "the big decisions made in the corporate office," such as mergers or acquisitions and divestiture of an existing business (Purcell, 1995: 63). These first-order decisions are collected into broad strategy classes elsewhere in the literature. For example, Miles and Snow (1984) identified three types of strategic behavior: "defenders," "prospectors," and "analyzers," whereas Porter (1985) identified three distinct strategies used by organizations to gain a competitive advantage: "innovation strategy," "quality enhancement strategy," and "cost reduction strategy." These many techniques for strategy classification can be utilised to drive human resource levers, such as recruiting and selection, in this situation.
- Purcell (1989: 71) defines the second level of strategy as 'downstream second-order decisions,' which are the organisational structures and operating processes to support first-order decisions. Thus, a choice to merge with or take over another organisation is followed by a series of decisions defining the structures and relationships of the 'new' organisation, which could include de-layering and decentralisation of business decision-making. Changes at this level can impact HR areas such as employee roles, reporting connections, and management style. As changed employee expectations and needs are clarified, these changes will filter through recruiting and selection.
- The third level of strategy is referred to as 'downstream third-order decisions,' and it is where functional areas, in this case, HRM, develop their strategies by the first- and second-order decisions, as well as the external environmental elements that affect the organization (Purcell, 1989: 91). Recruitment and selection, as well as other HR levers, must

consider the human resource consequences of the organization's first and second-level strategic decisions. This direct coupling of third-level functional domains to corporate strategy is called 'external integration' by Mabey and Iles (1993: 16).

This linkage, however, is essentially one-way (or ‘downstream’) and as such does not meet the fuller definition of external integration that we favour, which incorporates a two-way relationship (i.e. ‘upstream’ as well as ‘downstream’).

From this perspective,

- **External integration:** can be completely realised only when human resource concerns, in this example, recruitment and selection, not only support first- and second-order strategies in a downstream relationship but also work upstream to influence strategic formulation and implementation (Lundy and Cowling, 1996). According to Hendry (1995), this upstream relationship could result in the business strategy being informed by labour market developments at one level and formulated around the people and capabilities the organisation has at its disposal at another. According to Mabey and Iles (1993: 16), this two-way interdependence necessitates 'institutional integration'. This is where the personnel/human resources function is strategically integrated into the organisation, which is more likely to occur when the head of the function is a board-level appointee. We therefore follow our examination against Purcell’s three levels of strategy by considering how recruitment and selection can operate in an upstream way to influence strategy formulation. This upstream relationship is consistent with the ‘bottom-up’ as opposed to the ‘top-down’ approach to change.
- **Internal integration**: Recruitment and selection may aid and sustain strategic change by assisting with other HR efforts. This is based on the concept of 'internal integration' (Mabey and Iles, 1993: 16-17), according to which comprehensive strategic integration necessitates that the various parts of human resourcing cohere in a way that produces a coherent whole (Guest, 1987). This applies not only to recruitment and selection, human resource development, corporate culture, performance management, and other initiatives to achieve a corporate goal, such as quality improvement, but also to the recruitment and selection process (Wright and Storey, 1997).

Bottom-up change: It is critical for recruiting and selection to reflect articulated strategic priorities that can be translated into HR terms. However, stopping here would present an incomplete picture. It is also critical to understand how recruiting and selection can respond to less obvious changes. These might include, for example, situations in which strategy evolves gradually or unexpectedly, situations in which there is simply no strategic plan, unforeseen catastrophes, and the

challenges posed by an unpredictable future. As a result, the final section of this section investigates how recruiting and selection practices might be applied to represent these uncertainties, which we describe as 'future imperfect'.

This unpredictable nature of change: a significant shift in the recruitment and selection process is expected from one that traditionally focuses on matching people to specific, well-defined jobs to one that focuses on finding and selecting people with the necessary attributes to adjust to changing roles. This shifts the emphasis from selecting people based on their existing skill repertoire to selecting people based on their ability to learn and adapt via training (Offerman and Gowing, 1993). These dilemmas are captured well by an IBM executive:

> 'I know we cannot plan our requirements for skills well enough over period. The chances of planning them over an employment lifetime are nil. Therefore, the one thing we must plan for is flexibility of skill ... you have to employ people who are sufficiently intelligent, flexible in attitudes, determined, and prepared to take on any new job' (cited in Sparrow and Pettigrew, 1988: 41).

However, Offerman and Gowing (1993) go a step further in a consistent way with two-way external strategic integration. They argue that organisations will only realise the full potential of diverse workforce initiatives if they alter their culture and working practices to use the breadth of talent attracted efficiently.

There are three methods of human resource planning (HRP) that focus on maintaining the status quo, responding to planned/predictable change, or coping with an imperfect future characterised by unplanned/unpredictable change. Table 4.1 illustrates the selection foci under these three different change perspectives.

Table 4.1 Human resource planning choices

Change scenario	*HRP approaches*	*Strategic selection choices*	*Selection criteria*
Status quo	Provision of human resources for existing jobs	Select for short-term proficiency and accept the possibility of high levels of turnover if employees cannot cope with change	Operational criteria: attributes required for successful current job performance such as the abilities, knowledge, interpersonal skills and the beliefs and values that are required to meet current job demands
Planned/predictable change	Provision of human resources for envisaged future jobs	Select for longer-term adaptability to change, but accept that there will be limited knowledge of future changes and therefore some difficulties in assessing adaptability	Visionary criteria: attributes that are hypothesised as necessary for successful future job performance
Future imperfect: unplanned unpredictable change	Provision of human resources for jobs which cannot be prescribed	Follow a path of continuous modifications as the future unfolds, with numerous changes to selection systems (where reliance is on the external labour market) or vocational training systems (where the reliance is on an internal labour market)	Transformational criteria: attributes that are required to enable change to happen: the competencies for change rather than the changing competencies

Sources: Snow and Snell (1993), Sparrow (1994: 15) and Williams and Dobson (1995: 17).

Our primary concern is with two of these three scenarios — planned/predictable change and unplanned/unpredictable change - and we now go on to examine in turn how recruitment and selection can contribute to these using the six points of reference identified earlier, i.e.

Recruitment and selection and strategic change at the first level (downstream, external integration); In this circumstance, the goal of recruitment and selection is to provide the organization with workers who will help it deliver on its chosen corporate plan. Identifying personnel whose role behaviours will achieve this goal is arguably the most important concern. Schuler and Jackson (1987), for example, attempted to do so by identifying role behaviours that support either Porter's innovation, quality enhancement, or cost-cutting techniques. They discovered 12 behavioural continua (shown in Fig. 4.4) that can be utilised to create a personal profile of the enabling behaviours that enable the pursuit of these various strategies. They have identified, for example, that for an organisation pursuing an innovation strategy, the following role behaviours would be appropriate:

- highly innovative behaviour;
- relatively high preference and ability for co-operative,
- interdependent behaviour;
- relatively high degree of risk-taking behaviour;
- highly tolerant of uncertainty;

- moderate concern for the quality of output;
- moderate concern for quantity;
- balanced orientation towards process and results;
- and a tendency towards longer-term focus.

These behaviours form a template that can be used to drive an integrated set of HR levers designed to recruit, develop and retain appropriate employees against changing (as well as current) strategic objectives.



Fig. 4.4 Continua of employee role behaviours

Source: Developed from Schuler and Jackson, 1987.

Recruitment and selection and strategic change at the second level (downstream, external integration): As with first-order strategic decisions, contingent linkages between structures and processes on the one hand and staffing tactics and desired role behaviours on the other are likely. For example, as you may be aware, organisations frequently undergo large structural changes to adapt to changing organisational circumstances. This has typically included a shift away from bureaucratic, mechanistic systems and toward organic organisations (Cockerill, 1989), as well as the application of de-layering to remove hierarchy and promote flatter organisational structures (Sparrow, 1994).

Cockerill (1989) investigated the impact of this change from bureaucratic to organic structures on management responsibilities. In the relative stability of bureaucracies, proper role behaviours include planning, organising, monitoring, and applying rules, laws, and precedents to solve problems. However, in organic organisations, where the more volatile character of the business environment weakens their legitimacy, they lose their significance. Management behaviours such as networking, team building, information retrieval, inventive problem-solving and decision-making are more likely to be acceptable. Managers are supposed to make things happen, i.e., to implement change that will increase organisational performance. Cockerill (1989: 54-5) identified several competencies associated with high-performance management in rapidly changing environments ('information search, concept formation, conceptual flexibility, interpersonal search, managing interaction, developmental orientation, impact, self-confidence, presentation, proactive orientation, and achievement orientation') that he contends can be reliably assessed through selection methods involving direct observation and assessment.

This emphasis on management, however, is only half of the picture. To properly support organisational structure changes, similar care should be given to the recruitment and growth of line workers. Employees will likely be expected to use greater discretion and autonomy in their jobs (empowerment), take more charge of their personal growth, be flexible and adaptive in their reactions to changing work patterns, and collaborate inside and between teams. This is likely to result in demands for similar sets of competencies to those identified earlier for managers, as well as a greater emphasis on the assessment of social skills, interaction ability, and group fit during recruitment and selection, and may even lead to teams being given devolved responsibility for recruitment..

Recruitment and selection and strategic change at the third level (downstream, external integration); Third-order strategy refers to the strategic decisions taken at the functional level of organisations, in this case, human resourcing, to achieve the organisation's strategic goals (Evenden, 1993). Human resource management and culture change, for example, could be two, sometimes interconnected, strategic

reactions within the HR department to the changing business environment of the 1980s and 1990s. We chose this example to demonstrate how recruitment and selection might be directed to help the implementation of HRM.

HRM evolved as a method of managing an organisation's human resources, partly due to the increased acknowledgement of employees as significant assets but primarily due to its strategic alignment (Guest, 1987). To analyse the impact recruiting and selection can have on its introduction, it is useful to establish several essential aspects related to HRM that Guest (1987) has developed into a series of theoretical assertions. He highlighted four primary human resource objectives: integration, employee commitment, flexibility/adaptability, and quality.

- Integration happens when human resource policies are congruent with the organisation's strategic objectives, cohere with those in other functional areas, are internalised by line managers, and enable the complete integration of personnel into the business. When this is accomplished, it is expected that change will be more quickly accepted and conflict will be reduced, increasing the likelihood that strategic goals will be successfully implemented.
- Employees who demonstrate dedication to their job, organisation, and primary objectives are expected to support excellent retention, superior performance, and change acceptance.
- Flexibility refers to organisational structures, job content, and employee skills and behaviour, and it is expected that if these characteristics exist, they will improve the organisation's responsiveness to change.
- The quality target is based on the assumption that high-performance levels will be achieved when challenging jobs are done by highly skilled individuals reporting to competent management.

Within this construction, recruitment and selection have a key role to play for organisations choosing to adopt or move towards an HRM approach. The key issues here are,

- first, to identify the attributes that are positively correlated with committed, flexible and high-quality employees and,
- second, to determine how to attract and select them.

Another important aspect of human resource management is the devolution of many of the duties of professional personnel departments to line managers. This can drastically alter their role obligations if completely implemented. This may necessitate the establishment of an alternate model for delivering the department's job, the acquisition and development of a different skill set, and result in redundancy. Given the regularly found low levels of concern for the staffing portion of their function, this reframing of their role will place special expectations on their selection and growth. If this is not addressed, any top-down intention to implement

HRM will almost certainly be hampered by a skills gap and improper attitudes lower down the organisation.

Recruitment and selection and strategic formulation (upstream, external integration); Mike worked for a huge manufacturing business that devised an aggressive plan to maintain its dominant market position, which included expanding its product markets and the company's share of those markets. Significant increases in manufacturing levels were required. Personnel were expected to help by recruiting additional workers to achieve the higher production targets. The personnel department stated that the current labour market conditions (at the time, full employment and labour shortages) made large-scale recruitment impossible, rendering the production and marketing plans unsustainable and jeopardising the viability of the business strategy itself. The personnel department offered an alternate plan that included capital intensification of production activities, reorganisation, and adopting cost reduction as the core of the organisation's defensive strategy rather than market aggressiveness. The department was told to quit interfering and concentrate on the recruitment campaign. Despite all attempts, the labour demand could not be met. This eventually led to a staffing crisis and the failure of the company plan. This, together with the influx of cheaper imports, contributed considerably to the organisation's eventual downfall.

This scenario depicts the potential risks of interpreting the external integration relationship between human resources and company strategy in a one-way (downstream) direction. It also indicates the credibility and status of the personnel function (institutional integration) in the particular organisation. The scenario illustrates how human resource considerations can affect higher levels of strategic planning through environmental scanning. According to Evenden (1993: 223), this offers a 'business case' for upstream strategic integration. He contrasts this with a social responsibility rationale for upstream integration in which human resource initiatives emphasising moral and ethical issues impact strategy creation. This could occur, for example, as a result of proactive approaches to equal opportunity that focus recruitment techniques on the long-term unemployed, a group in which ethnic minorities are likewise disproportionately over-represented.

Another example of upstream integration is the HR function's promotion of a'managing diversity' strategy. 'Managing diversity' was created as a strategic reaction to the changing demographic makeup of the workforce, as well as social ideals that emphasise the importance of full involvement of all individuals in and at work. As a result, given Evenden's approach, it may be interpreted as both a 'commercial' and asocial responsibility' justification for upstream strategic integration. However, in practice, its acceptance is more likely to be motivated by business considerations, as illustrated by the following examples of managing diversity.

Companies such as Burger King and Sainsbury's have established recruitment and selection techniques to boost the number of employees from specific ethnic communities to capitalise on these groups' large and growing importance as consumers (Evenden, 1993). In France, L'Oréal discovered that acquiring a diverse staff increased the creative potential of the workforce it relied on (Sadler and Milmer, 1993). According to Iles and Hayes (1997), many organisations are forming heterogeneous, multi-national project teams to boost flexibility and responsiveness in internationally competitive marketplaces. It can also be claimed that hiring a diverse staff improves an organisation's ability to address the difficulties of an uncertain future by creating a more flexible and adaptable workforce (Sparrow, 1994). Recruitment and selection processes are important in ensuring a diverse workforce and may necessitate novel approaches to finding and attracting qualified applicants from target groups (Paddison, 1990).

Recruitment and selection as a facilitator of other HR change initiatives (internal integration); Such teams have a great deal of control over interconnected tasks like production control, quality control, work allocation, and problem-solving. This necessitates a high level of participation and engagement among team members. However, evidence suggests that in practice, such work redesign has only sometimes been successful since such changes have not been implemented within the framework of a supportive infrastructure (Staniforth, 1996). According to Staniforth, teamwork skills should be tested during recruitment and selection, enhanced through training, and reinforced through appraisal and incentive systems to achieve internal integration. However, team composition has been highlighted as a crucial success element (McCombs et al., 1994). This lays a special emphasis on the staffing function, emphasising the necessity of finding, attracting, and choosing people who are most likely to perform in a team environment (Flynn et al., 1990).

Two sets of employee characteristics have been identified as predictors of effective team performance.

- The first concerns individual characteristics such as dependability, interpersonal skills, self-motivation and integrity, and
- the second group membership characteristics such as leadership potential, assertiveness, participation, tolerance of ambiguity and capacity to cope with stress (Flynn et al., 1990).

In reporting on case studies where autonomous work groups (Flynn et al., 1990) and high involvement work systems (Bowen et al., 1991) have been successfully introduced, such characteristics have been assessed through the use of multiple selection devices. These included:

- application forms designed around the specified characteristics;
- surveying previous employers using structured questions to secure reference checks against dependability and integrity;
- work sampling;

- attendance at a pre-employment training programme;
- group interviews including current team members;
- aptitude and personality testing; and
- a series of group exercises to assess decision-making skills, problem-solving solving and values orientation.

There was a heavy emphasis throughout on providing candidates with a realistic job preview, making selection genuinely a two-way process, and involving team members in the final selection decisions. Both the Bowen et al. (1991) and Flynn et al. (McCombs et al., 1994) studies reported on methods used to evaluate the recruitment and selection process, which were found to have promoted the formation of teams with high productivity, high job satisfaction, and low absenteeism and labour turnover.

'Future imperfect' - recruitment and selection beyond the horizon: Despite distinguishing between predictable and unpredictable change, we have thus far focused on how recruitment and selection might contribute to planned change. How developments in the aftermath of a merger can swiftly overtake the strategic importance of human resource planning and contingent recruitment and selection tactics. A shift in corporate strategy and/or drastic changes in future workforce requirements (downsizing) can quickly turn earlier human resource and recruitment, and selection tactics on their heads. Such uncertainties put the onus on recruiting and selection to produce a staff that can deal with both the unexpected and the expected or planned. Two possible strategies may be appropriate in such situations:

- first, to recruit people who can adapt readily to change, and
- second, to recruit people who will become agents of change and/or shapers of the organisation's future destiny. This also gives rise to the prospect that recruitment and selection processes will be directed, in part, at jobs that do not yet exist.

Managing diversity is one technique that is congruent with recruiting personnel who can adapt to change. As previously said, this can result in a diverse workforce with diverse talents, experiences, beliefs, and cultures, increasing the organisation's potential capacity to cope with change. Another strategy is to recruit and select against the concept of 'the learning organization,' which Evenden (1993: 238) defines as "a strategy to develop an organization that is sensitive to environmental change so that it creates opportunities and deals with threats through a process of continuous learning and adaptation that ensures its survival and growth effectiveness." The implication for the staffing process is to incorporate characteristics appropriate to the learning organization — such as 'experiments, admits mistakes, is open, encourages ideas, and makes joint decisions', rather than 'cautious, rationalises mistakes, is defensive, discourages ideas, and dominates' — into the personnel specification, and to develop recruitment and selection strategies

to secure these attributes (Evenden, 1993: 238-9). The concept of the learning organisation is also relevant to managing change through human resource development.

Managers' roles as change agents are well documented. Line managers, according to Beer et al. (1990), may be anticipated to play a major role in initiating and managing change, but Williams and Dobson (1995) emphasise the critical role that newly appointed chief executives may play in the process of strategic transformation. However, it is important to note that change agents are not necessarily managers and may operate at various levels within the organisation; thus, transformational leaders may be required for organisations to manage change effectively (Tichy and Devanna, 1990). Bass (1990) stresses the increasing relevance of transformational leadership to future uncertainties in the business environment and suggests that research evidence identifies four key characteristics of such leaders:

- charisma — where the leader provides vision and can generate respect, trust and pride;
- inspiration — where high expectations are set and communicated;
- intellectual stimulation — where rational, intelligent approaches to problem solving are promoted; and
- Individualised consideration- where the needs of individual employees are identified and supported through personalised approaches to their development needs.

Alternatively, Legge's (1978) concept of the 'deviant innovator,' i.e. people specialists who question the parameters used to assess organisational success, could be applied. This may offer a distinct perspective on diversity and will be especially useful as an antidote to organisations that, for whatever reason, find themselves with an overly homogeneous management team (Sparrow, 1994). A collaborative approach to recruiting and selection can also increase the possibilities for developing creative solutions to the difficulties that change can bring to organisations. The rigorous lists of competencies sought in changing situations (e.g., Cockerill, 1989) may only be found in those who can walk on water! As a result, it is more acceptable to apply the competency template to teams so that members work together to start and manage change and cope with an imperfect future. However, this implies that personnel criteria, as well as proper recruitment and selection procedures, must be constantly recast when each team member is appointed to focus on the capability gaps that remain after each appointment. This is significant, for example, where new teams are being formed, along with the previously stated autonomous work groups.

These different change scenarios place many demands on the recruitment and selection process and, given that the traditional model has been discounted as inappropriate, leave us in need of a viable alternative.

Self-Assessment Questions	
1.	What is change management in recruitment?
2.	What is the contribution of recruitment and selection to organisational change?
3.	How do you change the recruitment strategy?
4.	What is the importance of a recruitment strategy for organisations?

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Unit-5

CHANGE MANAGEMENT AND PERFORMANCE MANAGEMENT

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INTRODUCTION

Performance management is a strategic approach that focuses on continuously improving employee performance and aligning it with organisational goals. It involves setting clear expectations, providing ongoing feedback, and supporting employee development to enhance overall organisational effectiveness. The primary goal of performance management is to foster an environment where employees are motivated, empowered, and equipped to meet both individual and organisational objectives. This process is dynamic, involving regular communication between managers and employees to ensure that expectations are understood and met, and adjustments are made as necessary.

It is important to distinguish between performance management and performance appraisal, as the two are often confused. While performance management is an ongoing, holistic process aimed at improving performance over time, performance appraisal is a more formal, periodic evaluation of an employee's past performance. Performance appraisals typically focus on assessing achievements against pre-set goals, whereas performance management is more comprehensive, emphasising development, feedback, and future growth. Performance management includes continuous support, coaching, and training, whereas performance appraisals are often seen as a one-time event, typically occurring annually.

Performance management plays a crucial role in organisational change by ensuring that employees are aligned with the new strategic direction or changes within the organisation. When organisations change, performance management systems help manage the transition by setting new goals, adjusting performance metrics, and supporting employees through the adaptation process. By aligning individual performance with organisational change goals, performance management ensures that employees not only contribute to the immediate needs of the organisation but also develop the skills and competencies required for future success. In this way, performance management helps guide the workforce through change, ensuring that employees remain engaged, productive, and committed to the organisation's evolving objectives.

LEARNING OBJECTIVES

After studying this unit, you will be able to:

1. Understand the definition and importance of performance management in aligning individual and organisational goals.
2. Differentiate between performance management and performance appraisal, recognising their distinct roles and functions within an organisation.
3. Analyse how performance management contributes to organisational change by supporting employee development and aligning performance with evolving organisational objectives.

5 INTRODUCTION

Performance evaluation has long been seen as an important aspect of people management. Non-personnel staff have frequently seen it as peripheral to the organisation's functions and so as a needless evil that is procedural and bureaucratic, the perception of performance reviews, no matter how brutal they were in the past, has changed recently in many organisations. Performance appraisal is now viewed as part of a set of approaches for controlling employee performance in these organisations. It is not an afterthought to the organisation's actions; rather, it is a necessary part of them. This has been in line with the belief that "people are our supreme strength ": a cliché, perhaps, but one that has had a major impact on the vocabulary, if not the reality, of organisational life in recent years. If people are an organisation's most valuable asset, treating them the same as any other valuable asset makes sense: establish clear performance standards for the help, track advancement against those standards, and take appropriate action to raise performance when it falls short of expectations.

We examine performance management from a procedural standpoint. The performance cycle, which covers four fundamental stages in performance management, serves as the foundation of this strategy. Processes concentrate instead of focusing on the systems and structures, consider what transpires inside them.

The main bulk of this chapter is an examination of how these activities are carried out. This approach underlines how performance management can aid in organisational change. The chapter uses a change model proposed by Beer et al. (1990): that change occurs at the level of people's work, rather than as a result of senior administrative edicts. Line managers and individual employees make the true contribution of performance management to organisational change in carrying out these activities. The examination focuses on the adoption of performance management procedures by line managers. They consider performance management crucial, as their actions to reinforce that belief are critical.

5.1 Definitions of Performance Management

Clark (1995: 187) asserts that only some performance management models are widely accepted. This term originated in North America and describes a group of combined techniques previously used independently and under different names (such as performance appraisal) that once existed independently under their titles (for example, performance appraisal). According to Storey and Sisson (1993), the word can refer to any activity to improve employee performance.

At its most basic, performance management refers to individual performance-based pay. The description we use in this chapter emphasises the three essential tasks identified by Storey and Sisson (1993). These are:

1. Establishing specific goals for each employee based on departmental and organisational strategies (called "departmental purpose analysis" by the staff);
2. official tracking and assessment of the goals' advancement;
3. Applying review process results to identify training and development areas and reinforce desired employee behaviour with different rewards.

As you may have seen, Siemens Standard Drives places a strong focus on another performance management action that Clark (1995) highlights: providing employees with feedback on the official monitoring process..

Similar to Storey and Sisson, Clark emphasises that the operations that make performance management are run in a cycle (see Fig. 5.1). There is a step in Clark's cycle that comes after the four phases of goal-setting, performance evaluation, feedback loop, and outcome-based reward. This phase involves making potential changes to the objectives and the activities that went into creating the performance measure. This establishes a direct feedback loop for goal-setting.

There are other feedback loops included by Storey and Sisson (1993). Employee goals are established in line with departmental or company strategy. At this point, it is clear that a feedback loop is in place to enable goal modifications based on specific departmental strengths and shortcomings. The following step involves official tracking and evaluation of the goals' success. This results in recognising requirements for training and development, including differential incentives. For the department to modify its mission in light of the higher performance levels attained, another feedback loop is added after this one "to allow renewed individual objectives" (Storey and Sisson, 1993:134).

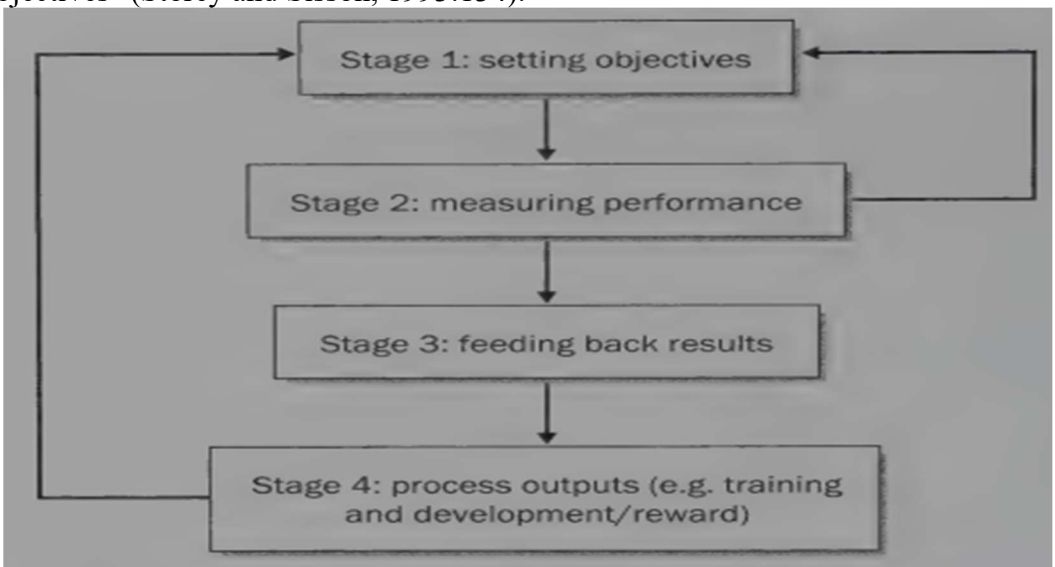


Fig. 5.1 The performance management cycle

Source: Adapted from Clark (1995).

Why is there such interest in performance management? A major study of performance management (Institute of Personnel Management, 1992) claims it offers several advantages. Among these are:

- more productive workers equipped to handle heightened competition in the product market;
- an increased chance for staff members to participate in the organisation's vision and the process of realising it;
- the process of assigning important decisions to line managers and supervisors lower on the organisational hierarchy (note the importance of this at Siemens Standard Drives);
- increased line managers' acceptance of responsibility for the need to make these choices (note the importance of this at Siemens Standard Drives); and
- Incentive programs that connect individual and group performance.

You will note that these claimed advantages for performance management have a missionary zeal about them, suggesting that they have an important part to play in the generation of organisational change. They are a long way from the traditional 'just another piece of personnel bumph' view of performance appraisal so prevalent in many organisations.

We will now go deeper into the ways that performance management could support organisational transformation. These include informing staff members of the organization's mission, fostering employee effectiveness by tying performance goals to organizational objectives, allowing staff members to participate in decision-making, supporting restructuring by transferring decision-making authority, empowering managers, tying employee rewards to individual performance, decreasing the influence of trade unions, and training staff members by organizational objectives..

5.2 Performance Management and Performance Appraisal

Among HRM research, the performance management and appraisal literature is arguably the most comprehensive. It is also the most difficult because businesses are always changing, tweaking, and creating new plans in an attempt to find one that works. In any organisation, performance will inevitably be measured and evaluated. A performance evaluation, whether subjective or objective, is necessary for some judgments that need to be made.

Performance management can have two drawbacks, even in an environment where excellent performance is expected of you. Giving workers more autonomy and involving them in decision-making can be motivating on the one hand, but as Wood et al. (2012) discovered when analyzing data from the UK's Workplace Employment Relations Survey of 2004, there is a risk that this will lead to stress and anxiety among the workers, which will lower job satisfaction. Thus, keeping

the demands of the business and the employees in balance is essential for a successful performance management system.

The following actions are typically made in practice based on an evaluation of performance. Managers have to decide whether an employee:

- after a trial period, it should become permanent;
- should be promoted;
- need to receive a bonus or merit-based pay increase;
- need to be laid off;
- should get instruction and growth to promote future progress.

All of these choices have an impact on an individual's motivation, sense of self-worth, level of security, and means of subsistence. the quality of the information that informs a decision can be, at most, its own. It follows that poor information quality about performance will lead to bad decision-making about performance, which will cause dysfunctional feelings of injustice, low morale, and resentment. It also follows that in poorly designed systems, where dysfunctional consequences are most likely to arise, no meaningful performance information is generated, so there won't be any helpful feedback to assist staff in raising their game.

Due to the lengthy history of performance reviews, most of the research and practice that supports them was created during relative stability, when workers anticipated steady advancement and long, secure tenure. During this time, individual task assignments based on job analysis and functional departments with distinct borders were the main methods of work organisation.

The primary focus of performance appraisals was and still is on the individual, and this remains true for many businesses. These objectives focused on coaching and personal development, or assessment and judgment. Even in organisations where teams were prominent, individual evaluation remained the primary emphasis of performance reviews. The following points summarise these two types of goals:

Evaluation goals (judgmental)

- validating the methods of selection;
- • Provide feedback to let others know how they stand;
- • creating and disseminating reliable data for decisions about compensation and promotions;
- evaluating the contribution and productivity of each individual;
- Assist managers in making decisions regarding termination and hiring, and cautioning subordinates about subpar work.

Coaching and developmental goals

- offering guidance and coaching to subordinates to help them reach their full potential and perform better;
- strengthening ties to the organisation using career planning and career opportunities;

- encouraging subordinates with encouragement and support;
- improving the relationship between superiors and subordinates;
- identifying issues with both individuals and organisations;
- Determining the need for training.

Although there were, and still are, many variations of performance system measures, there are three main approaches to performance measurement, which are outlined in Figure 9.1

What people are	What people achieve	What people do
↓ Characteristics Competencies	↓ Results/outputs	↓ Behaviour/processes
↓ Competencies	↓ MBO	↓ BARS

FIGURE 9.1 Choices in system measures

The earliest method of evaluating performance was based on perceived competencies and personal qualities, or "what people are." On what is known as "trait rating scales," phrases like initiative, drive, responsibility, energy and drive, leadership, and productivity were frequently used. Supervisors and managers had to grade staff members using a numerical scale (there are other kinds) that ranged from low to high or using general descriptions like "unsatisfactory" to "excellent." There were several issues with this method.

- First, there was no shared comprehension of the meaning of any trait descriptors since they all needed to be defined. As a result, the evaluations were highly subjective and unreliable.
- Second, raters could not give employees insightful feedback to help them address perceived performance gaps due to subjectivity and a lack of meaning-defining descriptors. As a result, the process was distrusted and essentially disliked by both superiors and subordinates.

Peter Drucker's 1954 term "management by objectives" (MBO) popularised what people accomplish. The results-driven MBO approach determines an employee's success by looking at their achievements. Sales reps, employees paid on a piece-rate basis, and other individuals whose productivity can be tracked individually utilise this technique a lot. If managers have objectives, then this also applies to them. When used appropriately, a results-oriented approach is most likely the most objective way to measure performance. A results-only performance measurement system, however, may have several drawbacks.

- The first and most significant point is that many tasks lack distinct, quantifiable results. Their task interdependency is high, meaning that multiple people are accountable for the same result. This also applies to teams and groups.
- Second, performance measurement that prioritises results over processes tends to honour and reward results rather than processes. The method used to complete a task is frequently just as crucial as the result. For example, to establish and maintain a customer base, after-sales service could be just as crucial as selling, yet in a system that solely rewards sales, service might be disregarded.
- Thirdly, results-focused performance measurement may only sometimes offer insightful feedback when outcomes are subpar. Behaviours, rather than outcomes, are a better way to characterise processes about how things get done. These reasons make it prudent to include behavioural measures if a results-based system, which is always achievable, is to be used.

The term "people" refers to performance evaluation methods primarily relying on behavioural standards. These come from job, work, or role analyses in one way or another, which outline and characterise the appropriate behaviours for carrying out tasks. Because of this, behaviour-based performance measurement in its purest form is more concerned with procedures than with outcomes. The two ideas should be incorporated into an evaluation system where outcomes can be precisely defined and quantified, as they are not mutually incompatible. One of the advantages of using behavioural measures is that they are sufficiently defined to give raters and ratees a shared understanding of what constitutes good and poor performance. Feedback can therefore identify strong work and assist in improving deficiencies. Essentially, descriptions of behaviour serve as the foundation for behaviours.

Traditionally, worker outcomes have been evaluated using job analysis as the foundation for the performance assessment process. After a task is broken down into the behavioural components that an individual must perform, the assessment assesses how well each of these behavioural components is performed (Banks and May, 1999). This is done by rating the outcome on a scale that rates or ranks the level of effectiveness, or by comparing the performance of the individual being evaluated to others. In other words, it determines whether the individual is performing well or poorly, meeting, exceeding, or falling short of expectations. Giving comments to the employee to talk about how work might be enhanced or recognised is the appraiser's job. Penalties can include demotion or pay decrease if a lower-level position is assigned, or the worker could receive more training to assist them in meeting the required standard. Rewards can include increased pay, promotion, or benefits..

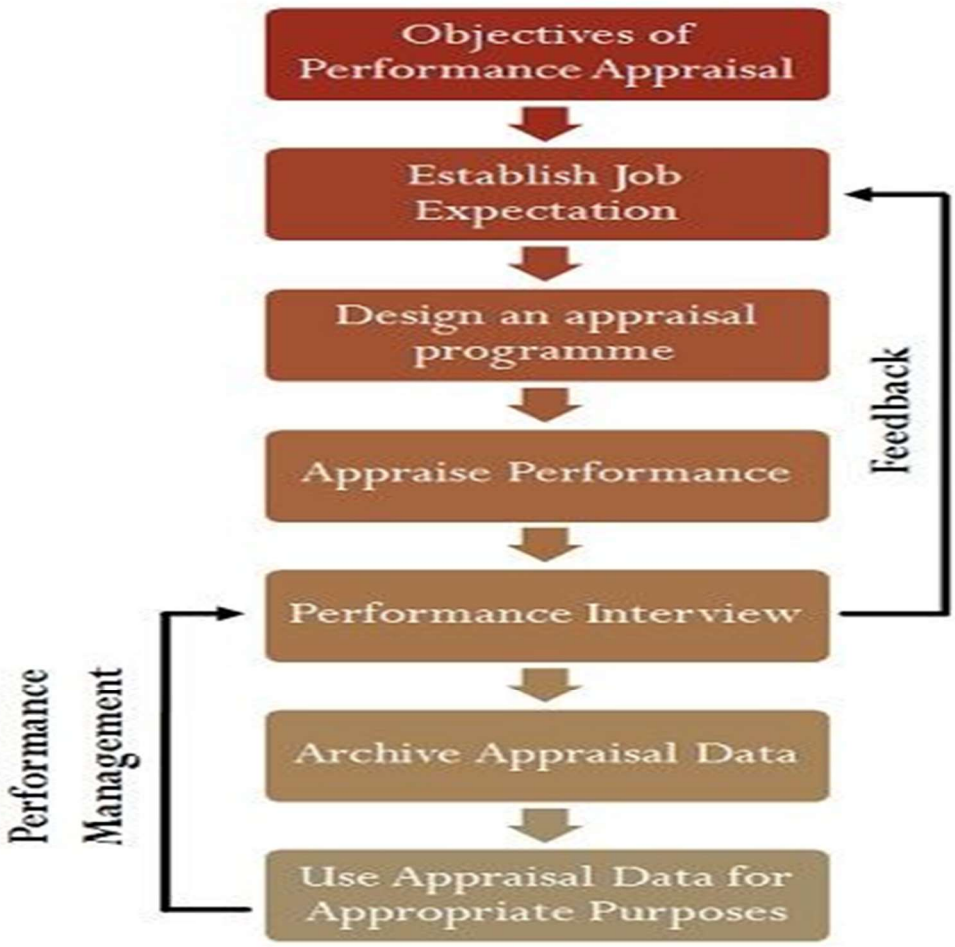
There are two reasons why performance management systems were often less effective than hoped for.

- Firstly, traditional performance evaluation seldom covered larger organisational factors due to the individual focus of job analysis (Banks and May, 1999). Performance evaluation was associated with a downward cascade, in which judgments on strategic planning from the corporate level trickled down to the individual, operating units, and subunits. The first issue was that performance evaluation was typically static rather than dynamic, meaning it only recorded an overview of the behaviours and results of an entire year's worth of work at one particular moment.
- The second problem is that performance interviews tend to focus more on individual performance and areas where advancement may be required than on the organisation's needs as a whole because they place more emphasis on the individual than the organisation (Cascio, 2006). Firm boundaries between departments that gave departmental goals precedence over organisational goals frequently made this worse. The practices of the past are even less effective in the twenty-first century, for the reasons listed below:
- This is not the case anymore; in the past, the work environment was stable, positions were more clearly defined, and work practices were frequently procedural and observable. These days, the commercial world is far more unpredictable, necessitating the need for multitasking and broader skill sets.
- Previously, managers had a limited scope of control, but due to transdisciplinary positions, this has expanded significantly, and managers are frequently unable to completely comprehend or monitor the work that their subordinates execute.
- Large bureaucratic organisations are too slow to respond, so organisations are flatter with devolved decision-making.
- The nature of work arrangements has evolved from solo to collaborative. Additionally, more people are working from home, on short-term contracts, part-time, telecommuting, and other flexible work arrangements. According to Banks and May (1999), contingent labourers are less accustomed to management and may show little to no loyalty to the company. They may even have no interest in enhancing performance.
- Flatter structures and less job security have also reduced the opportunities for motivating and rewarding performance through a promotion system.

It is evident from performance appraisal practices that the conventional methods of performance assessment need to be reconsidered and modified. The expectations placed on HRM to do this are counterintuitive and difficult. On the one hand, we expect fewer workers to accomplish more in less time, at a better calibre, and with fewer resources. However, we also want them to take on greater personal

responsibility for their professional development, manage their careers, and tolerate less job stability.

A primary approach to achieving this shift is switching from performance measurement to performance management. Compared to traditional performance appraisal, performance management encompasses a wider range of management techniques. A technique that links individual performance with organisational performance replaces the previous method of managing an employee's performance on an individual basis throughout the previous year.



Performance Appraisal Process

5.3 CONTRIBUTION OF PERFORMANCE MANAGEMENT TO ORGANISATIONAL CHANGE

5.3.1 Communicating the organisation's mission: The primary impact that the organisation's strategic objectives have on the establishment of unit, department,

team, and individual performance targets is what defines performance management. One excellent illustration of this is Siemens Standard Drives. The goal is to lead the market by 2005. This gives the company's entire change initiative a distinct purpose and justification. Senior managers face a problem in rallying the staff to support the mission.

In recent years, the pursuit of employee commitment to the organisation's objective has dominated thought in the field of people management. One of Beer et al.'s (1984) "HR outcomes" was commitment. Among the four objectives of HRM, according to Guest (1987), are commitment, strategic integration, adaptability, and quality.

Legge (1995: 180) suggests that the orthodox interpretation of commitment is operationalised in terms of three factors:

- a determination to maintain a position in the organisation;
- The organisation's values and goals are firmly believed in and accepted.
- A willingness to put in a lot of effort on behalf of the organisation.

According to Guest (1987), the conceptual consequence of this conventional view of dedication is that a company's dedication will lead to enhanced employee satisfaction, superior performance, extended tenure, and a readiness to embrace change.

However, we need to make two points here.

- The first is that, assuming that employees who support the organisation's goals are more likely to be productive members of the workforce than those who are, at most, apathetic or, at worst, estranged, managers have taken this theoretical claim as gospel. This is a solid argument, despite the topic's seeming simplicity belying its complexity.
- Second, it is impossible to be committed to an organisation's mission if it is not communicated. Through frequent evaluations of each employee's performance, performance management provides a fantastic opportunity to both present and consistently reinforce the mission..

5.3.2 Making employees more effective by linking their performance objectives to those of the organisation: The necessity of coordinating human resource operations with the organization's strategic goals has been emphasized in a large portion of recent material on HRM (Beer et al., 1984; Fombrun et al., 1984). This might be done, for instance, by choosing individuals who can explicitly contribute to organisational goals and providing them with training that will enable such performance. However, performance management provides the clearest connection.

In light of this, it becomes unclear how much effort will go into actually establishing a direct relationship between a person's work and the goals of the organisation. Managers who are unsure about something can seek comfort from the goal-setting theory (Locke et al., 1981). Over thirty years of research have

confirmed the long history of goal-setting theory. The components of the theory are that:

- Clearly defined and demanding goals yield better results than easily attained ones, plans at which you give it your all, or no plans at all;
- goals have an impact on performance because they focus workers' attention and exertion, boost their drive for success, and inspire them to create plans for reaching their objectives;
- Setting goals that are hard and clear, that employees can accomplish, that supportive management provides regular feedback on the amount of progress being made, and that real rewards, such as money, are awarded for reaching targets are the most likely to increase employees' task performance. And workers embrace their objectives.

The fact that an individual accepts the goals they have been assigned indicates that managers should not simply impose plans on employees; instead, goal acceptance and pursuit will likely result in organisational change that advances strategic objectives. Managers may assess goals rather than negotiate them for two reasons.

- The first has to do with "information asymmetry," as defined by Marsden and Richardson (1992). When managers have complete control over all performance management-related data, this happens. They establish goals, specify metrics for achievement, carry out evaluations, and choose awards. It makes sense that some managers would choose to act in this way since it allows them to keep the authority that comes with being in a managerial position and reduces their accountability for their decisions. Below, we'll go over how performance management may transform an organisation by holding managers more responsible for their staff.
- The second factor is structural, which is why managers can choose to impose goals rather than negotiate them. According to Lewis (1998), the process of creating objectives is akin to a mini-industry in numerous major organisations, including the building society where Phil studied performance management. Through their area supervisors, more than 700 branch managers receive their goals "handed down." The content of these goals, which are related to the outputs (such as mortgage sales) that the manager is supposed to attain, really doesn't have much room for modification. Area managers may, however, bargain over process objectives and how branch managers carry out their responsibilities (e.g. leadership style of branch workers).

Individual performance-related pay is a controversial topic that we go into more detail about below. Offering financial incentives for reaching goals creates this issue. As long as the other requirements of the goal-setting theory are satisfied, it is sufficient to state at this point that many employees view the accomplishment of goals as a reward in and of itself.

5.3.3 Involving employees in decision making: Performance management can significantly aid in organizational change in this way. As we mentioned earlier, one of the objectives of HRM is employee commitment. One of the most important methods for achieving this aim is employee involvement. Walton is one of the leading proponents of this school of thought (1985). Walton contended that when given the chance to work on projects that bring enrichment, greater responsibility compared to standard methods of job design, and satisfaction, employees are more inclined to react to and feel involved in the situation. An enhanced contribution might follow from this. Performance management may be viewed as providing the chance for participation and motivation to participate, even though this seemingly perfect situation is dubious in light of its proposed causal links and actual practice. This opportunity for employee involvement in the performance management system comes before the cycle begins. ACAS (1996) emphasises the significance of including employees in the design of schemes from the outset, despite referring explicitly to appraisal-related pay. ACAS specifically recommends that employees be involved in choices about the scope of the scheme, how it will function, and what tools and training will be offered. It would seem logical to believe that employees are more inclined to accept the legality of a program if they have a hand in its design than if it is pushed upon them. Including staff members in the plan design process is another concrete way that managers acknowledge they are not the only ones with clever ideas. This may be a significant indication to employees of the willingness of managers to be open in their operation of performance management.

Self-appraisal is one of the most effective ways for people to take part in the performance management process. Because it requires employees to evaluate their own performance against predetermined goals and prepare strategies for performance development, this could have a significant impact on the performance management cycle. This frequently results in a rewording of the objectives, connecting back to the initial phase of the performance management cycle.

Self-appraisal proponents contend that the true value of this method lies in the promise of positive outcomes that arise from the performance appraisal process. When an employee's appraisal is conducted solely by their line manager, there's a chance they will merely give lip service. Self-diagnosis, according to the idea, will lead to ownership of the solutions, which will prompt action and real organizational change. This aligns with Beer et al.'s (1990) bottom-up perspective on organizational change. According to their perspective, genuine change originates at the lowest levels of the organization, where employees perform their jobs, rather than through large-scale initiatives that are imposed from the top down.

An increasing number of workers are participating in what is known as "upward appraisal," which involves evaluating their bosses. This is a step toward introducing the so-called "360-degree appraisal" into the evaluation process. This method

allows for the collection of performance input about the person being evaluated from several sources, including coworkers, customers, and other managers the person interacts. Providing feedback to staff members about their management style is a potent indication of true staff involvement in performance management. Of course, employees may view upward assessment as an opportunity to make up for previous performance. Alternatively, it might be an instance of supervisors acting in a pseudo-involved manner, ostensibly taking note of staff members' remarks but failing to act upon them. However, if it is viewed as a true chance for development, the initial discomfort experienced by the appraisers and the managers being appraised could lead to a markedly different approach to how organizations manage their personnel.

5.3.4 Assisting restructuring through the devolvement of decision making: Under Mabey and Salaman's (1995) model of strategic HRM, employee behaviors should be in line with the demands of the business strategy when structural, cultural, and personnel strategies are aligned with each other and the organization's overall business strategy. Critics of this model include certain writers. Legge (1995) charges that it makes excessively reasonable assumptions regarding the process of formulating strategy. According to Mutzberg and Waters (1989), the "emergent" model of strategy determination is not included in this logic. The premise is that human resource strengths cannot influence strategy; instead, strategy is assumed to be "top-down." As to Boxall (1992: 68), HRM is viewed as merely reactive and implementation in nature, conforming to the rationalist perspective.

An equally fundamental critique is the extremely deterministic function of strategic HRM, which is predicated on the idea that integrating strategic HRM practices and policies will improve the organization's performance. This is a significant assumption, in part because it is difficult to evaluate empirically because of its intricate and all-encompassing character (Noon, 1992). The intricate workings of organizations are concealed by the deterministic assumptions of SHRM. If one believes that merely coordinating rules and practices would result in "success," they are ignoring a number of factors that could work against them, such as resistance from staff members who have not "signed on" to the organization's objective. According to Keenoy (1990), SHRM's deterministic viewpoint ignores the political realities of organizational life in favour of assumptions about rationality and unitarianism.

This better understanding is achieved in two ways.

- First, if people can see what is expected of them, especially if they were involved in setting the goals, they will likely be more accountable for their performance as individuals and teams.
- The second method is performance management, which can potentially be a potent means of guaranteeing the best possible use of resources due to the close relationship between unit and organizational goals.

5.3.5 Making managers manage: Closely allied to the role of performance management in contributing to organisational change through assisting the devolvement of decision making through restructuring is the role of line managers in conducting the performance management process. There are two aspects of this which we discuss below:

- first, the importance of line managers in delivering what has become known as 'human resource management' of which performance management is a key part;
- second, the accountability for their actions which performance management imposes upon line managers.

According to Storey (1992: 35), the line manager will take over the initiative for people management from the personnel specialist and adopt a role known as "transformational leadership" in human resource management. Instead of being authoritarian, the leadership style is one of facilitation. Setting goals and giving individual feedback are the first and third phases of the performance management cycle, respectively, where facilitation skills are very important.

Many British managers, as suggested by Storey and Sisson (1993), think and act primarily with short-term considerations in mind. According to Storey and Sisson (1993: 76), this leads to the emergence of "quick fix agreements, firefighting solutions; and Tayloristic job design methods which are built on command and control rather than the more time-consuming consensus-seeking methods." To advance the "softer" components of the performance management cycle, line managers must adopt a longer-term investment view when managing their workforce. This will enable individuals to get involved in the cycle rather than being excluded from it..

In the opinion of Storey and Sisson (1993), managers' and supervisors' roles are crucial to the execution of performance management. They are responsible for defining the expected levels of behavior and performance, communicating these to their subordinates, making difficult evaluation judgments, informing subordinates of these decisions, and standing by their decisions when called upon..

Kessler and Purcell (1992: 22) also discovered evidence supporting the idea that managers should be "made to manage." According to what they say, "a manager is frequently perceived as being forced into a direct one-to-one, usually a face-to-face relationship with their employees" using individual performance-related remuneration. As one of the managers they interviewed mentioned, "they are interested in money, and they're going to be badgering you to do it," they also saw in their research how employees put additional pressure on managers.

5.3.6 Linking employee rewards to individual performance: In recent times, the part of performance management that has garnered the most attention is performance-related compensation. A large body of critical literature has been written about performance-related pay (Marsden and Richardson, 1992, for

example). It has focused on its dysfunctional features, such as how it hasn't been able to inspire workers because of what some see as a lack of justice. Notwithstanding its practical difficulties, we argue that performance-related compensation possesses the potential to bring about organizational transformation. Its ability to convey to staff members that the organization's culture is shifting from "business as usual" to one where achieving better than before is required is the main reason behind this.. In other words, the message is generally that the organisation is getting 'tougher'.

The most useful working definition of organisational culture to adopt for the purpose of demonstrating the culture change potential of performance-related pay is that of Schein (1992). Schein talks of organisational culture as operating at three levels.

- Level one consists of symbols (although he describes these, considerably more strictly, as objects or things that are visible). The chief executive's designated parking spot or, on the other hand, the presence of a single-status canteen where employees of all ranks dine are examples of these emblems. Both convey a message about the organizational culture, or at least the culture that senior management would want to conceive of.
- Schein argues that symbols allow for little more than a cursory explanation of behavior, for example. One must seek stated principles that regulate behavior to comprehend why this behavior occurs. Schein's second level is this. It is important to take note of what people claim to be the motivation for their behavior to develop the stated ideals. Mission statements and the kind of "good news stories" that managers would like to believe motivate employees' behavior within their organizations are common places to find values.
- On the other hand, Schein contends that to fully comprehend values and behavior, a third degree of understanding is required. Finding the underlying assumptions that group members frequently don't realize exist but that typically have a significant impact on how they see, think, and feel about issues is necessary to do this.

We believe that performance management, and specifically performance-related compensation, is a visible artifact, a symbol, that management is creating to question a pattern of fundamental beliefs that may exist within the organization, altering the culture of the organization. This will cause workers to view, consider, and feel a certain way about their employment relationship—that is, in a way that aligns with management's long-term objectives for the company. In performance-based pay systems, symbols abound. They give off strong signals regarding the system's altered function as well as that of the worker, management, and organization. Table 5.1. summarises the symbols enshrined in performance-related

pay: the values to be created and underlying assumptions challenged by the use of these symbols.

Table 5.1 The symbols enshrined in performance-related pay; the values to be created and underlying assumptions challenged by the use of these symbols

Symbol	*Value to be created*	*Underlying assumptions to be challenged*
Changed basis of pay from 'rate for the job' or length of service to individual performance	Necessity for employees to be 'achievers' Greater sense of fairness by paying high performers at a higher rate than lower performers	The organisation values loyalty Experience deserves higher pay because it will lead to better job performance Organisation will pay the same to all, regardless of performance
Clear goals set for performance consistent with business goals	Employees to be goal-directed and key part of the organisation	Employees are isolated from the organisation – only managers are concerned with corporate goals
Managers who monitor employee performance	Managers must 'manage' Managers and subordinates must be more performance conscious	Managers are technical experts first and people managers second
Pay as an individual aspect of the employment relationship	Self-reliance in employees – not all employees are the same	Collective bodies are responsible for determining pay: it is the responsibility of someone else
Pay increases have to be justified by individual and organisational performance	Greater awareness of labour costs in employees and managers	The organisation can always afford increases in pay

5.3.7 Reducing trade union influence: The well-known union policy of "the same rate for all" is attacked by performance management, and performance-related pay in particular. This represents a shift from collectivist to individualist ideas. According to Heery (1992: 3-4), some employers' desire to implement performance-related compensation is obviously motivated by anti-union sentiment. He notes that this is by no means a necessary result of its implementation, but he gives examples of companies that have used performance-related compensation as justification to denecognize trade unions. The deterioration of collective bargaining is a more plausible reason. This can affect bargaining structure in two ways: by reducing its scope and depth.

- The typical situation in which bargaining scope is reduced is where the size of the performance-related pay 'pot' is negotiated collectively but the allocation to individual employees is at the discretion of line managers.
- This is favourable to the circumstances in which, Heery (1992: 4) argues, bargaining depth is reduced: i.e. where the union is involved in consultation over the type of performance-related pay scheme but has limited influence over the outcomes.

A second unfavourable effect of performance-based compensation for trade unions is that members' perceived need for collective bargaining power will probably decline (Heery, 1992).

- First, if collective bargaining becomes less critical, the instrumental value of union membership may decrease.
- Secondly, the performance-related pay system's individualistic nature could erode the collective spirit of trade unionism.
- Third, employees may believe that pay linked to performance indicates a decrease in union management support, which could subtly deter employees from joining.
- Fourth, fewer grievances will be filed, lessening the need for union representation if programs satisfy workers' desires for reward and recognition.

Heery's (1992) theories regarding trade unions are not entirely doomed. He believes there's a chance that performance-based compensation will make workers feel more like they need unions. Feelings of unfairness and prejudice in the implementation of programs and heightened management control brought on by more stringent performance monitoring could be the cause of this.

There is conflicting empirical evidence regarding management's efforts to reduce trade union influence. Management in at least three organisations where Kessler and Purcell (1992: 21-2; also Kessler, 1994) conducted research was "consciously attempting to weaken trade union power through performance-related pay." The process of individualising the employment relationship within the organisation, which included performance-related pay, was exemplified by a personnel director who stated that it "began with cutting the power of trade unions, in the traditional collective bargaining sense, off at the knees" (Kessler and Purcell, 1992: 22).

Additional research by Thompson (1992) and Cannell and Wood (1992) finds little evidence to support performance-related pay as an anti-union policy. Only two of their respondents made performance-related pay the focal point of their employee relations policies, despite Cannell and Wood noting that several had done so to emphasise greater individual responsibility.

5.3.8 Developing employees in line with organisational goals: Historically, identifying a person's training needs and potential for career advancement have been two of the main goals of performance appraisals. Given the current trend towards a somewhat "harder" approach to performance management, the term "performance management" implies that these functions are devalued. According to research conducted by the Institute of Personnel Management in 1992, development outcomes were only sometimes as important as reward outcomes in performance management. Nevertheless, over half of the responding organisations used performance management to identify areas for future development, and nearly three-quarters used it to determine the training needs of individuals in their current

jobs. Furthermore, approximately 40% of organisations employed performance management to identify individual potential, and 21% utilised the program to suggest staff members for advancement. Evidence suggests that, despite the common belief that combining pay and training in the same appraisal process is not a good idea, training and development are still considered essential components of performance management. Training and development can significantly bring about organisational change and have a sound system to determine training and development needs. That is the function of performance management.

Self-Assessment Questions	
1.	What is change and performance management?
2.	What is the impact of change management on performance?
3.	How does change management help to improve the performance of an organisation?
4.	What is performance management in management?

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Unit-6

CHANGE MANAGEMENT AND HUMAN RESOURCE DEVELOPMENT

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INTRODUCTION

Human Resource Development (HRD) refers to the process of enhancing the skills, knowledge, and abilities of employees to improve individual and organisational performance. It involves various activities such as training, career development, performance management, and organisational development initiatives aimed at fostering continuous learning and professional growth. HRD plays a critical role in shaping a workforce that can adapt to changes, innovate, and meet the evolving demands of the organisation. By focusing on employee development, HRD contributes to building a competitive edge, boosting employee engagement, and improving overall organisational effectiveness.

Despite its significance, HRD is often seen as a secondary element in many change strategies, sometimes regarded as the "poor relation" compared to other HR functions like recruitment or compensation. This perception arises because HRD initiatives are often long-term and their impact may not be immediately visible, making them less prioritised during times of organisational change. However, effective HRD is an essential component of successful change management. When organisations undergo significant transformations, HRD ensures that employees are equipped with the necessary skills and competencies to thrive in new environments. It provides the tools and resources for employees to adapt to changes in processes, technology, or organisational culture, thus supporting a smooth transition.

The contribution of HRD to organisational change is profound, as it directly impacts how well employees cope with and contribute to change efforts. By implementing targeted development programs, HRD helps employees build the capabilities needed to align with the organisation's new goals and strategies. Moreover, HRD fosters a learning culture that encourages continuous improvement and innovation, both of which are crucial during periods of change. Whether through training, leadership development, or mentoring, HRD equips employees to take on new challenges, making them active participants in the change process and ensuring that the organization emerges stronger and more resilient.

LEARNING OBJECTIVES

After studying this unit, you will be able to:

- Understand the meaning and importance of Human Resource Development (HRD) in enhancing employee skills, knowledge, and organizational performance.
- Explore the role of HRD in organizational change strategies, assessing whether it is a vital component or often overlooked in change management.
- Analyze how HRD contributes to organizational change by equipping employees with the necessary tools, skills, and mindset to adapt and thrive in evolving environments.

6. INTRODUCTION

It has been determined that human resource development (HRD) is an essential part of human resource management (Keep, 1989). Another way to look at it is to say that HRD is fundamental to managing change via people because any change process requires people to think and/or act differently. Changes in an organization can either be operational or strategic. Operational changes are minor adjustments to how things are done, such as implementing new policies or procedures, while strategic changes are more significant and widespread, like transforming the organizational culture. Such changes require different behaviors from individual employees, teams, departments, and sometimes the entire workforce. Regardless of the extent or type of change, human resource development (HRD) processes are necessary to transition employees from their current state to where the organization wants them to be.

It is not always the case, though, that HRD has the key status that this reasoning predicts. Investments in education and training at the macro or national level have come under fire for being insufficient, misguided, and lacking a coherent strategy. (Kelleher, 1996; Ashton and Felstead, 1995). It is common for organizations to view HRD as a luxury that cannot be afforded during difficult times. As a result, it is often the first budget to be cut in a downturn. This trend was exemplified in the 1980s when apprenticeship training programs were widely deconstructed. Unfortunately, this has played a major role in the skills shortage experienced today. It has been identified that company-based HRD activities are excessively dependent on scheduled training sessions and are not adequately integrated as essential management functions.

By methodically investigating how HRD can support strategic transformation at all levels and contending that manager and management development procedures can foster a stronger commitment to HRD, we want to question the beliefs that guide present HRD practice. It will become clear that not all of the current HRD hotspots, such career planning and Investors in People, have enough room. We have decided to concentrate on those facets of HRD that we believe are most important for handling change. Towards the end of the chapter, we will, however, specifically go into one such topic and demonstrate how this approach to HRD can be combined with management development and strategic change: the learning organization. Despite our reservations regarding the effectiveness of the learning organization concept, we are drawn to its conceptual plausibility since it emphasizes the potential for improvement provided by everyday encounters while downplaying an excessive dependence on formal off-the-job training sessions.

6.1MEANING OF HUMAN RESOURCE DEVELOPMENT

There is some discussion concerning language and meanings in the field of training, as is the case elsewhere in the HR literature. The term human resource development, or HRD, has been used extensively in this chapter due to its growing

acceptance and usage (Harrison, 1993b) as well as its alignment with the strategic goal of managing change through people (Garavan et al., 1995).

When we talk about HRD, we're talking about the procedures meant to provide staff members with the abilities, know-how, and mindsets needed to meet company goals both directly and indirectly. Self-development and top-down interventions are included in these processes since they can be directed at or started by a single employee, groups/units, or the organization. This construction echoes Harrison's definition of HRD (1993b: 300) as

Effective planning and provision of learning opportunities in the workplace are crucial for achieving organizational objectives. Such opportunities should align with the organization's strategic goals to promote the continuous growth of both individuals and the organization as a whole. These learning opportunities should improve people's abilities, knowledge, eagerness to learn, and skills at every level.

These perspectives of HRD are interpreted here as including the terms education, learning, training and development which when referred to in this chapter are seen as an integral part of the wider HRD framework.

6.2 HUMAN RESOURCE DEVELOPMENT: VITAL COMPONENT OR POOR RELATION OF HR CHANGE STRATEGIES

6.2.1 HRD - the vital component? The above definitions of HRD, taken together with its alignment to recruitment and selection, point to its external integration with corporate strategy and internal integration with other HR policy levers (Mabey and Iles, 1993). These relationships have been well illustrated by Harrison (1993a: 40) in her 'wheel of HRM functions'. We have developed this in Fig. 6.3 to reflect the HR levers covered in this book and to build in the two-way strategic linkage that we believe is an essential dimension of external integration.

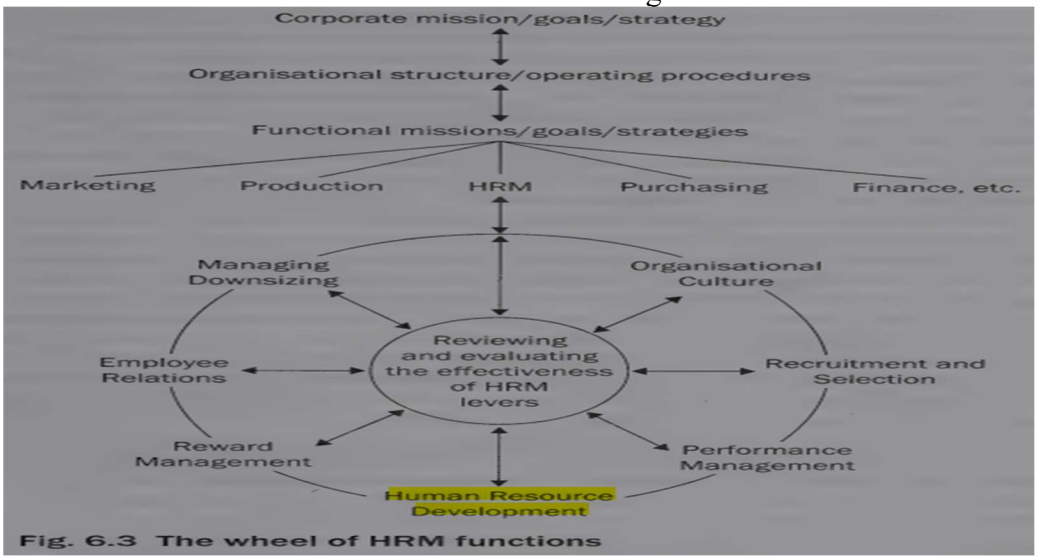


Fig. 6.3 The wheel of HRM functions

Harrison (1993c: 379) refers to HRD as "the critical function in the human resources wheel" in his analysis of business practices. Because HRD may be internally integrated with all other HR levers and mirrors, it is primarily granted this status. Closely examine the claims made by Keep (1992) that corporate training initiatives are an essential part of human resource management. According to Harrison (1993b: 324-5), "people development virtually absorbs all HRM processes," including "people development and appraisal, strategies for motivating, retaining, and rewarding people, and recruitment and selection." For Keep (1992: 335) commitment to training can be used as the acid test for determining whether an organisation has adopted HRM policies:

> It is difficult to believe that a firm has committed to HRM if employee development and training are not given top priority and are not viewed as essential to the execution of business strategies..

These arguments, however, may reflect rhetoric more than reality as evidence consistently points to low levels of HRD investment in the UK (Kelleher, 1996).

6.2.2 HRD - the poor relation? There is a persistent underinvestment in HRD in the UK, which is in sharp contrast to the premise that HRD is an essential component of HRM. According to Keep (1992) and Ashton and Felstead (1995), this is one of the main causes of the UK economy's subpar performance. There is an unsettling amount of critique that may be made.

Macroeconomically, the nation's infrastructure for education and training has come under fire for continuously failing to meet industry needs, especially when put through worldwide comparisons (Kelleher, 1996). Training initiatives have faced criticism on several fronts, including a lack of overall investment (Storey and Sisson, 1993), focusing on the short-term knowledge demands relevant to an imperfect future (Kelleher, 1996), and failing to provide consistent direction (Ashton and Felstead, 1995). Similar criticism has been leveled at education (Keep, 1992). Notable examples are the comparatively low rates of 16-year-olds enrolling in post-compulsory full-time education (Ashton and Felstead, 1995) and the educational attainment of UK managers (Storey and Sisson, 1993).

Although successive administrations have relied on a market-based economy, there are still unsettling practices within individual organizations on a smaller scale. It is widely known that there is underinvestment in HRD, particularly in low-skill occupations, whether it is measured in budgets or training days (Ashton and Felstead, 1995). For example, Storey and Sisson (1993) note that UK companies invest less in manager training than companies in France, Germany, Norway, or Spain and that the average training investment among our European counterparts has been estimated at 3 to 5 percent of employment costs, compared with less than 2 percent in Britain. Too often, HRD is not considered a managerial priority or something that should be completely incorporated into daily operations via a learning culture (Storey and Sisson, 1993). It may be argued that the conventional

corporate ownership patterns, the predominance of accounting traditions, and the short-termism that define our commercial legacy create unfavorable circumstances for what is fundamentally a long-term commitment.

6.2.3 The relevance of HRD to the management of change: While acknowledging the above pessimistic construction, we would argue,

- First, investing in HRD can be crucial to starting and advancing transformation. Thorn Lighting Ltd.'s (UK) HRD mission, is focused on "positioning the organization to adapt to whatever comes along and to take advantage of it, turning threats into challenges and rising to these challenges in ways that produce increased benefit to the company and workforce," encapsulates this viewpoint (Harrison, 1993c: 379). One of the four serious effects of underinvesting in training has been proven to be a negative influence on a company's ability to innovate and adapt to change (Prais, 1990, cited by Harrison, 1993b). At Xerox, it can be seen that HRD is an integral component in engineering changes to work practices designed to lead to 'world-class' performance.
- Second, while the idea that HRD is the most important element may be contested, we believe that its symbiotic relationship with the other HR levers is obvious. While we will attempt to prove this argument later, let us first note that HRD is often considered a crucial part of broader HR strategies intended to develop new working practices and a workforce that is more highly motivated, adaptable, and independent (Keep, 1989). Employees at Xerox Multiskilling are said to benefit from a variety of factors, including a dedication to ongoing self-improvement through growth opportunities and empowerment via teamwork. Personal development, engagement, employability, acknowledgement, and extrinsic performance incentives are a few of these.
- Third, it is the responsibility of individual enterprises to meet their training demands due to shortcomings in the national education and training structure. Remarkably, Storey and Sisson (1993: 161) proposed as early as 1993 that "organisations already have in place 7 of the 10 employees they will have in the year 2000." This figure and the ever-increasing dynamic of change may indicate that it is becoming more and more unfeasible to rely too heavily on external resource solutions.

6.3 CONTRIBUTION OF HUMAN RESOURCE DEVELOPMENT TO ORGANISATIONAL CHANGE

6.3.1 Strategic change and HRD (first-order strategic integration): Similar to how SHRM, the strategic descendant of HRM, emerged soon after HRM (Miller, 1989), HRD has been more closely associated with the creation, application, and modification of strategies. According to Mabey and Iles (1993), this strategic integration functions both internally, through a variety of HR levers, and externally,

at several levels, including first-order corporate decisions, second-order decisions about organisational structure and operating procedures, and third-order functional decisions (Purcell, 1989).

According to Harrison (1997), this strategic derivative (SHRD) involves aligning the organisation's vision, mission, and strategic goals with its human resource development initiatives. This allows for ongoing organisational and personal growth by improving the motivation, knowledge, and skills of all employees. This viewpoint interprets SHRD as a process of transformation in its entirety.

This strategic integration serves as a helpful beginning point for our needs. In this case, SHRD is focused on helping the organisation achieve its objectives and can impact strategy formulation due to its reference to ongoing organisational and individual growth. We would like to emphasise this point of view since, in our opinion, complete strategic integration is a two-way connection in which functional decisions—in this case, HRD—not only support strategy implementation and modifications but also provide input for strategic development.

Mabey and Salaman's "strategic training and development" model effectively incorporates the internal integration dimension (1995: 131). One of the two dimensions of strategic fit in their concept is internal integration. The model's training and development are positioned within a larger human resource strategy, wherein the different HR policies and initiatives complement one another, making internal integration clear. The way that training and development initiatives are in line with organisational goals is a clear indication of external integration. This is accomplished by closely connecting the organisation's strategic priorities with training and development. Furthermore, their model emphasises the significance of "involvement of line managers," "senior management support," and "trainee motivation." This foresees the development of a learning culture in which employees and line managers take an active role in identifying training needs and choosing instructional strategies. It is also required for line managers to participate in practical training, taking on much of the responsibility for its execution (Mabey and Salaman, 1995: 131).

Their comprehensive interpretation of strategic fit reflects closely the criteria used by Guest (1987) to define integration, one of four human resource policy goals making up his conceptual framework of HRM. For the Guest, integration occurs when

- human resource policies are consistent with the strategic objectives of the organisation (alignment with organisational objectives),
- cohere with each other (integration with HRM policy),
- are internalised by line managers (involvement of line managers) and
- Support the full integration of employees into the business (motivation of trainees and senior management support).

When considering the first of these factors, it might seem obvious why HRD and business strategy should go hand in hand. One could argue that HRD, when strategically focused, can play a major role in helping to execute strategic change by guaranteeing that staff members have the skills needed to handle the changing demands (Johnson and Scholes, 1993). Naturally, the exact effects on HRD will depend on the nature of the strategy shift, which could come about for a variety of reasons. According to life cycle models, the organisation can just be moving through several phases over time, such as growing from a growth phase to a maturity phase (Garavan, 1991). Alternatively, an organisation may be deliberately embarking on a different competitive strategy, for example, moving from an innovation to a quality enhancement strategy (Schuler and Jackson, 1987).

Second, personnel may be subjected to increased demands as a result of the transformation procedures themselves. Employees might generally need to be able to handle uncertainty. To be more precise, employing a quality enhancement method might necessitate that staff members adopt a new cultural perspective and reconsider their duties (Garavan, 1991). In these circumstances, a suitable strategic HRD reaction could be to promote a learning climate, with the long-term goal of assisting the organisation and its people in managing future unforeseen change, as opposed to merely focusing on skills.

Third, the strategic change process itself must be started and maintained. In this regard, SHRD's goal may be to both create change agents and serve as a catalyst for change on several levels. A prime example of the former is Sainsbury's implementation of a change initiative aimed at creating a customer service culture through training (Williams and Dobson, 1996). The latter includes, for instance, the training of transformational leaders or change agents in areas like "envisioning, teambuilding, conflict management, and persuasiveness," which, when mastered, enable change to happen. (Williams and Dobson, 1995:17)

Fourth, creating effective HRD plans that satisfy the organisation's wide commercial needs is probably going to be necessary. According to the life cycle model, SHRD would focus on creating high-performance teams, managing development, introducing new hires, and starting career development programs throughout the growth stage. On the other hand, if the HRD function is in danger of declining or is already in it, it is more likely to focus its strategic energy on project- and problem-centred teams, managing change and turnaround, and addressing downsizing (Garavan et al., 1995: 22).

Finally, HRD may be crucial in resolving issues related to the execution of strategies. According to Garavan et al. (1995), HRD is frequently mentioned as a potential remedy as well as a contributing factor in implementation difficulties. For instance, a manager may not have had the requisite management abilities in communication, team building, delegating, and issue solving if they were unable to provide sufficient leadership and guidance. In a similar vein, more HRD

involvement during strategy formation could assist the organisation in identifying and resolving personnel issues that could otherwise arise and impede plan execution.

6.3.2 Work restructuring/job design and HRD

(second-order strategic integration): Job design and workforce skills have increasingly made their way on to the managerial agenda for change in the 1990s. This is largely for two reasons.

- First, organisations are attempting to accomplish more with less as a result of cost-cutting measures and recessionary constraints. This usually entails significant de-layering or downsizing, with the terms used interchangeably to refer to the removal of organisational management tiers. When these two approaches are used simultaneously, output levels may need to be maintained or even raised for the remaining workers, and the replaced managerial procedures must be integrated into the job requirements for the remaining workers..
- Second, since more volatile markets have emerged, there is a growing need for a diverse range of products and flexible responses to an unpredictable business environment. Flexibility in terms of work procedures and labour skills is crucial in this situation..

The growing number of initiatives that have entered the vocabulary of business reflects this growing interest in work procedures and workforce capabilities. Lean production systems, cellular manufacturing, multiskilling, autonomous work groups, self-managed teams, empowerment, and high-engagement work organisations are a few of these. As Xerox's X Teams developed, they considered a number of these. These approaches, however, share some underlying work design principles:

- organisational restructuring including de-layering, matrix structures/project teams, fewer and broader job grades and revisions to individual job descriptions (Heyes, 1998);
- horizontal restructuring or job enlargement where tasks, i.e. ‘the actions and responsibilities undertaken in any function’ (Kelleher, 1996: 140), of similar levels of skill and responsibility are combined;
- vertical restructuring or job enrichment where tasks involving higher levels of skill and responsibility are introduced (Kelleher, 1996);
- Teamwork where the skills required to handle every task are assembled by combining the talents of individuals (Cappelli and Rogovsky, 1994).

It is commonly argued that by emphasising the enhancement of autonomy, variety, identity, meaningfulness, and feedback associated with work, work restructuring can simultaneously contribute to the pursuit of competitive advantage and employee job satisfaction (Cappelli and Rogovsky, 1994). Given this, one might wonder why management has taken so long to show interest in work design and

how this interest relates to their long-standing antagonism to employee participation in the past.

Whenever work is restructured, it almost inevitably leads to changes in the required skill base, i.e. 'the combination of knowledge and ability possessed by individual workers' (Kelleher, 1996: 140). This skills base can usefully be constructed around three dimensions.

- First, there are the technical or applied skills that result from technological advancement, together with multiskilling that is driven by the necessity to understand coworkers' responsibilities and transcend hierarchical job boundaries (Heyes, 1998). According to Heyes, this represents a shift from Tayloristic viewpoints that centre on specific, low-level capabilities to a wide, high skill set that encompasses, for instance, abilities related to job scheduling, quality control, stock inventories, and maintenance duties..
- Second, the vertical integration of work usually requires conceptual skills (Kelleher, 1996), especially when it includes managerial responsibilities. Examples include risk assessment, quality control, problem-solving, preventive maintenance, and customer support..
- Thirdly, behavioural abilities have a substantial correlation with efficient team organisation and management procedures (Cappelli and Rogovsky, 1994). Giving and receiving feedback, negotiating, leadership, communication, group dynamics, and personnel tasks, including hiring, training, reviewing performance, and disciplining employees, are a few examples of these.

The ramifications of the rearrangement work for HRD should now be clear, regardless of the management's reason. The workforce will almost always need to acquire new or different skills as a result of job redesign initiatives. This can constitute a challenging training and development program, especially considering the multifaceted character of the skill set.

6.3.3 How HRD can facilitate change at the functional level (third-order strategic integration): HRD is even seen by Mabey and Salaman (1995: 132) as the "pivotal link" that creates the bond between "business and human resource strategy." When viewed in this light, it supports the findings of Keep (1992) that corporate training methods are essential to the growth of HRM practices and Harrison (1993c: 379) that HRD is "the critical function in the human resources wheel."

Our primary argument is that training is virtually always a part of any functional-level reform in human resources. According to this viewpoint, HRD is a crucial component of change that is driven by a variety of HR change levers. It follows that the book's several explicit references to HRD are not shocking. Here, we don't want to reiterate these. Rather than going into great detail, we just use a few scant

allusions to this content to highlight the possible role that HRD can play in enabling operational change.

For instance, it is evident that structural adjustments at Nationwide have not only affected career management and training and development, but they have also made the organisation's "re-layering" easier. Employees may now more easily understand how their position connects to both occupations they may like to advance into and other roles that are comparable to it inside the company, thanks to the introduction of job families. As a result, workers are empowered to take the initiative to recognise and take care of their own training and development needs. As a result, as staff members gain the abilities and competencies the company needs, jobs and functions within the new structure can be internally resourced..

A key component of programs intended to alter an organisation's culture has been highlighted as training and development. At DuPont, training served as a means of enhancing employees' stakeholder orientation as well as their comprehension of current events. The "Development Centre," established to assist in providing training, was also recognised as a conspicuous representation of DuPont's dedication to providing training for all staff members, supporting the idea that all staff members were involved in moulding the organisation's future. This chapter also emphasised that for culture change to be properly realised, employees would often need to acquire the new behaviours (skills, knowledge, and attitudes) required by a new culture.

In broadbanding compensation methods, teamwork and multiskilling are recognised as essential components. This has significant implications for HRD, particularly in skill-based compensation schemes where employees' pay advancement relies on their ability to acquire new skills. This approach can be a simple proxy for measuring worker performance. However, the effectiveness of performance management is complex and hinges heavily on managers' ability to provide feedback to their employees. This is just one example of a skill area where manager development is critical for successful change management..

6.3.3.1 Development of managers: In addition to focusing on a variety of links to strategic change, we felt it was essential to recognise and reflect the vital role played by managers in change management. We do this in two ways.

- First, we provide an HRD overview of manager development that emphasises two crucial, linked viewpoints: the role that managers have in helping their employees grow, and the crucial link between an organisation's performance and the calibre of its managers..
- Second, we utilize the work of Beer and Eisenstat (1996) in a subsequent section to show how corporate strategy, management development, and learning culture principles may be integrated into an integrating framework..

But before we continue, it's important to understand the differences between how the terms "manager development" and "management development" are used here. The former speaks generally of which organizations' management procedures support or obstruct the attainment of their strategic objectives. According to Beer and Eisenstat (1996), this will require "specific management practices and organisational arrangements" (p. 125) and engage both managers and line employees, for instance, through upward communication mechanisms. The latter pertains to the targeted training needs analysis of managers—that is, individuals in charge of overseeing the work of others—in contrast to organisational mandates.

The strategic nature of manager development becomes apparent when we acknowledge that an organisation's capacity to maintain a competitive edge in the present and the future is somewhat reliant on the calibre of its managers. It may be argued that as an organisation's business environment grows more dynamic, the relevance of developing managers should also increase. Therefore, it should come as no surprise that "managing ongoing organisational change" was the most often mentioned goal when developing managers in a study of European businesses conducted on behalf of the Ashridge Management Research Group (Lundy and Cowling, 1996: 274). But the capacity of managers to get good work out of their employees is a necessary condition for success in this field. This takes into account several aspects of human resources, such as HRD.

Here, one of the most important HR roles that managers have is to develop their workforce. Arguably, line managers are in the best position to determine the staff members' training and development needs, both now and in the future, as they are creating the organisation's operational business plans (Garavan, 1991; Mabey and Salaman, 1995). Additionally, they can be very helpful in developing and putting into practice HRD methods that aim to give workers the necessary attitudes, knowledge, and abilities. It will be essential for managers to demonstrate coaching and mentoring abilities and to promote learning through shared experiences, especially for job-related training (Garavan, 1991).

Many variables work to marginalise our managers' staff development obligations and hurt their quality. The delineation of roles and who owns HRD presents an early challenge. It is possible that managers do not consider training to be a part of their job description because they have not connected with HR in general or because they think training experts own the responsibility for it. When an employee's recognised training needs are typically addressed by sending them on a course rather than having them complete job-related training, this stance is likely to be reinforced. Alternatively, there is a chance that the two protagonists will clash even if shared responsibility for HRD is acknowledged. According to Twigg and Albon (1992), managers and training specialists commonly criticise one another for, respectively, lacking a business focus and having a short-term profit mentality that forbids investing in people development. Relationships like this can become so

divisive that it seems like the two people are living in two different universes, which is not a good prescription for success.

One additional challenge is that managers may not effectively fulfil their staffing responsibilities, even if they recognise the need for human resource development. They might not be motivated at all, to put it simply. It may seem illogical, but this is because many organisations prioritise short-term goals over long-term benefits, which conflicts with the long-term benefits that HRD offers. Furthermore, if the pessimistic belief that you can only acquire behaviour by measuring it or paying for it is accepted, then a manager will only be required to put up a minimal amount of effort in this area if HRD is not included in their performance criteria. "Rarely is it the case in British companies that the extent to which a manager develops his or her immediate staff is regarded as the critical measurement of how well that manager is doing the job?" bemoaned Storey and Sisson (1993: 171).

At a different level, managers could just not have the skills needed to carry out their HRD duties well. The most often mentioned weaknesses, according to Garavan (1991), are the incapacity to evaluate performance, recognise training needs, and feel empathy for subordinates, in addition to a deficiency in listening and counselling abilities. These inadequacies incompetence may be a result of the comparatively low level of education and training that some British managers have received, as previously mentioned, as well as HRD techniques that place more emphasis on hurling managers into the deep end than on providing them with systematic, ongoing development (Storey and Sisson, 1993). One specific challenge is that the training available is typically focused on those at the lowest echelons of the management structure (Garavan, 1991). Concern has been raised in particular about the lack of focus on senior managers' development, given their vital role in achieving organisational success (Mumford, 1998). Neglecting their personal development by senior managers might result in poor role models and possibly reinforce negative attitudes towards HRD held by line managers.

However, despite training's ability to support organisational change, managers may continue to maintain an antitraining stance out of logical self-interest. In a rather grim scenario described by Keep (1992), poorly educated and trained managers raised in traditional authoritarian control and command structures band together to prevent subordinates from receiving training because they fear that the subordinates' successful development will ultimately jeopardise the manager's own managerial prerogative and/or position.

Twigg and Albon (1992) suggest that HRD interventions need to shift from an emphasis on generic, off-the-job courses to work-based activities that have been collaboratively designed by the two parties to specifically address identified business needs. This will help to bridge the gap between the worlds occupied by line managers and training specialists. They specifically draw attention to the part organisational learning might play in bridging the two domains. This method links

business needs more and more to the need for managers to be creative and take calculated risks to manage change. According to Twigg and Albon (1992: 86), there is a greater probability of this occurring in an environment that fosters learning, where "experiences, whether successful or not, are rapidly assimilated by others and form the basis of learning how to cope with change."

6.3.4 The learning organisation - pot of gold or chasing rainbows?

Organisations must develop the ability to adapt to endemic change if they are to survive and thrive, a concept that appears frequently in the management literature and in this book. The idea that organisations, with differing degrees of success, acquire the ability to engage with their surroundings is not particularly novel. Many management change projects, including business re-engineering, TOM, and cultural transformation, include learning at their core. However, in more recent times, learning has gained prominence and is now used as an organisational strategy, with the concept of "The Learning Organisation" or "The Learning Company" being prominent (Pedler et al., 1991).

According to a commonly cited definition, a learning organization is one that "continually transforms itself and facilitates the learning of all of its members" (Pedler et al., 1991: 1). The establishment of a learning environment where everyone is motivated to learn and the business as a whole grows as an organization is the foundation of this concept. Drawing on the literature to unpack the concept further, it is possible to distinguish some features of the learning organisation (Pettigrew and Whipp, 1991; Storey and Sisson, 1993; Mabey and Salaman, 1995; Lundy and Cowling, 1996):

- learning can be derived from all experiences — successes and failures — and used to shape future behaviour;
- learning is valuable in its own right, and learning how to learn is an important part of the process;
- learning from both the internal and external environment takes place at all levels of the organisation and there is a premium on sharing knowledge across organisational boundaries;
- learning is a continuous process and at its most powerful when it becomes habitual and internalised;
- unlearning and the reconstruction and adaptation of an organisation’s knowledge base is a key managerial task; and
- learning is used intentionally as an enabling mechanism for organisational transformation.

Learning, however, is difficult to evaluate. Arguably it is evident only when it results in some measurable behavioural outcome. Argyris and Schon (1978) distinguish two ways in which this interaction between learning and outcomes can occur.

- The first, labelled single loop learning, essentially involves detecting errors in organisational processes and correcting them in a continual cycle as organisations respond to changes in their internal and external environments.
- The second, labelled double loop learning, attempts to construct new conceptual pictures of organisational processes through challenging existing values, procedures and knowledge or, more simply, the way things are done around here'.

A colleague of ours has utilised these ideas to create a model of the staff development process. This model (Fig. 6.4) illustrates how, in single-loop learning, attempts are made to identify and correct process faults if inputs (e.g., coaching) and/or outputs (e.g., competencies) fail to provide goal attainment (e.g., customer satisfaction). When double-loop learning is used, the core tenets of staff development and its objectives are questioned when goals are not met. One example of this kind of paradigm change could be the growing use of real-world experiences as the foundation for management development, as opposed to generic training programs. According to Mabey and Salaman (1995), this signifies a shift from 'institutional' to 'internalised' patterns of HRD, where high levels of line management commitment to HRD correspond to low levels of visible training and development activity.

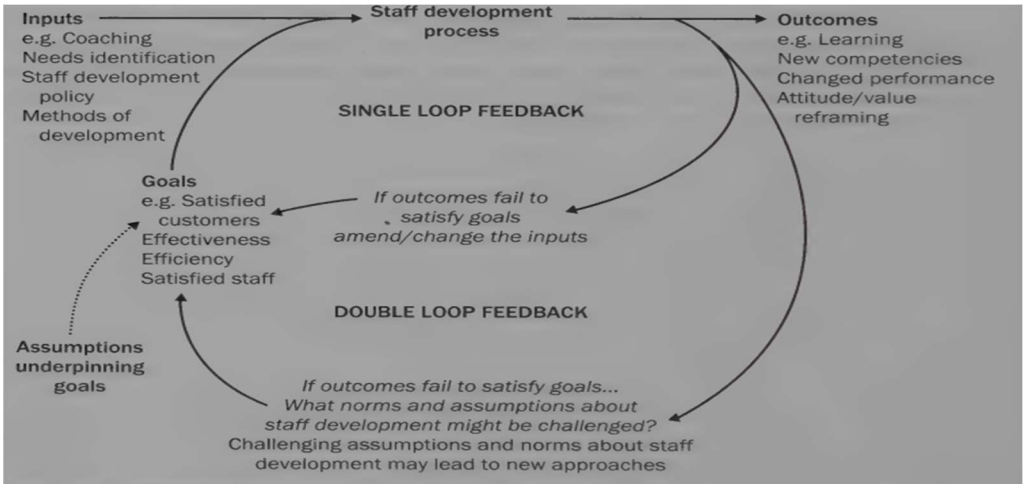


Fig. 6.4 The staff development process as an example of single and double loop learning

Source: Barry R. Baker 1997, reproduced with permission.

Although Xerox hasn't openly proclaimed itself to be a learning organisation, it's evident that the Manager of Human Resources and Development strongly adheres to its tenets. Mike soon discovered, while investigating the organisation, that the terminology used to refer to "training" had been substituted with that of "learning."

There was a noticeable change from mandatory formal training programs to ongoing development centred on on-the-job training. According to Xerox, learning is an implicit part of their HR system.

The entire learning organisation concept is very alluring when it comes to change management. The basic premise is that an organisation will be more resilient to change and uncertainty if learning occurs continuously throughout the organisation (Lundy and Cowling, 1996). Employees "become a major source of competitive ability, positioned to take advantage of every opportunity, while taking a positive stance when confronted with adversity" (Harrison, 1993b: 317) because their ongoing growth is integrally tied to the process of strategic management. Some have even gone so far as to claim that, in a complex environment, people are the primary long-term source of competitive advantage (West, 1994), and that organisational learning might be a firm's only future source of competitive advantage (Stata, 1989).

When viewed from various angles, the learning organisation seems to be the proverbial "pot of gold," and the effective management of both strategic and operational change has been linked to the application of its principles (Pettigrew & Whipp, 1991). In contrast, though, the idea might only be an idealised concept rather than a useful functional model (Storey and Sisson, 1993). One particular difficulty is that conditions thought to be conducive to learning organisations may not be readily found in practice. According to Stewart (1996), these conditions include:

- employees who are committed to and capable of managing their own continuous personal development;
- the presence of mechanisms that support mutual learning and which capture, disseminate and share learning;
- an appropriate culture that supports experimentation, risk-taking, independent thinking, discord, authority based on expert knowledge rather than status; and, dare we say,
- a pluralist ideology.

For many of us, the fact is that our organisations are characterised more by unitarianism, control, and bureaucracy. Messengers are shot, and even in situations where upper management advocates for transparency and creativity, a blaming culture may exist to prevent staff members from sticking their heads above the parapet.

A further difficulty lies in the fact that Pedler et al.'s description of the learning organisation is susceptible to criticism regarding the concept of transformation itself. How many times have the companies you've worked for undergone self-transformation? Will the word "transformation" become synonymous with organisations as we approach the new millennium? Mumford (1998) makes a compelling case for incremental learning as opposed to

transformative learning. He queries how it is possible to give workers the ability to learn in two loops while our HRD system is still lagging in providing widespread single-loop learning capabilities. The many criticisms of HRD in the UK would seem to lend weight to his view. In this context, single-loop learning may represent a rational approach to problem solving and should not be jettisoned until we have validated the superiority of new learning forms (Henderson, 1997).

	Self-Assessment Questions
1.	What is change management in HRD?
2.	How does change affect human resource management?
3.	What is the changing role of human resource management?
4.	How can change management models support HR strategy?

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Unit-7

CHANGE MANAGEMENT AND REWARD MANAGEMENT

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INTRODUCTION

Reward management refers to the process of designing and implementing strategies to reward employees for their contributions, performance, and achievements in a way that aligns with organisational goals. It encompasses both financial rewards, such as salaries, bonuses, and benefits, and non-financial rewards like recognition, career development opportunities, and job satisfaction. Effective reward management plays a crucial role in motivating employees, enhancing job satisfaction, and fostering a culture of high performance. It is an essential tool for organisations to attract, retain, and engage talent, ensuring that employees feel valued and appreciated for their work.

Strategic reward management involves aligning reward practices with the organisation's overall strategy to drive desired behaviours and outcomes. It ensures that the rewards offered are not only competitive but also tailored to support the organisation's goals, whether that's fostering innovation, improving customer service, or enhancing productivity. By strategically linking rewards to performance and business objectives, organisations can incentivise behaviours that contribute to long-term success.

One of the critical functions of reward management is using rewards to influence employee behaviour. Through the right combination of rewards, organisations can encourage desired behaviours such as increased productivity, collaboration, or alignment with organisational values. Rewards can be used as powerful tools to reinforce positive actions and discourage undesired ones. Additionally, reward management values play a significant role in changing employee behaviour, as values such as fairness, transparency, and consistency in reward distribution help build trust and motivation among employees. These values foster a positive work environment and create a strong connection between individual efforts and organisational success.

The structures and processes of reward management are also essential in shaping employee behaviour. Reward structures, which define how rewards are distributed, should be designed in a way that motivates employees to achieve organisational goals and enhances performance. The processes for administering rewards, from performance appraisals to reward distribution, must be fair, transparent, and aligned with the organisation's strategic priorities. By establishing clear processes and structures for rewards, organisations ensure that employees understand how their efforts are recognised and rewarded, thereby reinforcing behaviours that support organisational change and growth. Ultimately, reward management is a critical lever in driving employee performance, influencing behaviour, and supporting the successful implementation of organisational change.

LEARNING OBJECTIVES

After studying this unit, you will be able to:

1. Understand the meaning and importance of reward management in motivating and engaging employees.
2. Explore the concept of strategic reward management and its alignment with organisational goals to drive performance.
3. Learn how rewards can be used effectively to influence and change employee behaviour in a desired direction.
4. Examine the role of reward management values, such as fairness and transparency, in shaping employee behaviour.
5. Analyse the impact of reward management structures on motivating employees and driving behavioural change.
6. Understand the role of reward management processes in ensuring consistent and effective reward distribution that influences employee behaviour.

7. INTRODUCTION

This chapter aims to inspire you to consider rewards from an alternative perspective. Because it encompasses non-pay rewards, we refer to them as "rewards" throughout this chapter. But compensation is the chapter's main topic. The idea that compensation is a significant part of the range of HRM activities, which can be crucial in bringing about organisational change, is at the heart of the chapter..

For quite some time, Reward has been somewhat of a Cinderella story. According to Smith (1993: 45), it is perceived as existing within "the turgid, unimaginative and inflexible world of wage and salary administration." However, a lot of organisations' "world" has evolved recently. This chapter reflects our updated perspective on rewards. Several authors have contended that the concept of "wage and salary administration" is novel in and of itself. This scepticism is typified by Livy (1988: 249), who characterises most incentive systems as "chaotic" and claims that "employers have little idea about what their pay systems are supposed to achieve." Smith (1983: 12) is equally sceptical:

> Asking managers and staff members repeatedly why they pay and accept particular amounts of compensation typically elicits the same response: either the pay level is what it has always been, or, to put it more bluntly, we don't know. There are extremely few organisations where the response is unambiguous and affirmative..

Pay does not have to be that "chaotic," obviously. The orthodoxy that has emerged in recent years under the banner of "new pay" (Lawler, 1990; Schuster and Zingheim, 1992) contends that employees' behaviours must align with the organisation's business plan for the strategy to be implemented successfully. The reward strategy may have a role in inducing certain behaviours. The values that guide the strategy, the reward structures, and the reward processes are the three main components of the reward strategy, according to Lawler (1995)..

This chapter employs the "new pay" methodology. We don't do this by implying that this is how a reward scheme should be created and carried out in a mindless, prescriptive manner. "New pay" is not a series of procedures; rather, it is an attitude. As such, it serves as the chapter's starting point as well as a structural element. Because it can either support or even spark organisational transformation, "new pay" is a helpful method to approach incentive management (Armstrong, 1996; see Flannery et al., 1996).

7.1 Meaning of Reward Management

The practice of offering incentives to staff members for meeting or surpassing company objectives is known as reward management. Extrinsic incentives, like cash bonuses, or intrinsic incentives, such as employee autonomy, can affect motivation for achieving or surpassing company goals. The goal of the reward

system is to retain and inspire outstanding employees so that the organisation may operate at its highest level of productivity.

7.2 Strategic Reward Management

Clarifying the organisation's goals and motivations for change is a necessary first step in any analysis of the connection between employee incentives and organisational change. Clarifying what the organisation wants people to perform, which can differ from what they are doing now, is a reasonable place to start for this approach. The reasoning behind these altered employee behaviours makes sense as well: they ought to line up with the objectives of the company's business plan.

According to Fig. 7.1's strategic reward model, reward strategy begins with an analysis of the internal and external operating environments. The organisational culture, structure, technology, workspace configurations, procedures, and systems make up the internal environment, according to Armstrong (1993). The MML example has a clear business strategy that aims to increase revenue, reduce expenses, and provide higher-quality services. Flexibility and customer service are the employee behaviours linked to this strategy.



Fig. 7.1 Key elements of reward system design

Source: Developed from Lawler, 1995.

The MML HR strategy is far more comprehensive than just compensation, as the case study demonstrates. Performance management, training, and contract modifications are also included. According to Lawler (1984), these several facets of the HRM strategy should be congruent with one another since, to guarantee overall human resource management congruence, the compensation system must

match the other characteristics of the company. Therefore, the incentive scheme must take into account factors like work design, the leadership styles of supervisors, and the several career paths that the company offers.

According to Lawler (1995), the reward strategy consists of three components: the organisation's core reward values, structural issues and process features.

- The organisation's core reward values are what the organisation stands for; they inform the principles on which the reward strategy is founded.
- Structural issues include the strategy features (e.g. performance-related or profit-related pay) and the administrative policies surrounding these features.
- Process features include how the strategy is communicated and the extent to which employees are involved in the design and implementation of the strategy.

Lawler argues that the effectiveness of the reward approach will increase with the degree of congruence between the fundamental reward values, structural elements, and processes. He contends that the degree of consistency between an organisation's actions and words should be taken into account. Lawler observes that in the event of inconsistency, employees may not comprehend how the reward plan operates, which could lead to a failure to drive the necessary behaviours..

Model of strategic reward management: seems very straightforward, but it makes considerable assumptions. Let's start by talking about the business strategy, which is the primary motivator for the reward approach. The literature provides extensive practice for two of the issues. First, rather than being emergent, business strategy is assumed to be a rational, top-down process (Mintzberg and Waters, 1989; Whittington, 1993). It is by no means a given that the HRM strategy will go in this direction, even in cases where the company plan is well-defined. If this is taken into consideration, it is frequently impossible to advocate for significant changes to, say, hiring and selection, training, evaluation, and career development. Furthermore, the model is fundamentally unitarist in that it assumes that workers would support the company's goal and want to exhibit the behaviours it calls for. Furthermore, it assumes that if the organisation's values, structure, and procedures are consistent, they will embrace its reward system. If there is no danger to the interests of the employees, this might be the case. However, as this chapter will make more evident, employees could not be in favour of these "new pay" reward adjustments. Indeed, such a threat is almost inevitable as long as cost-cutting is one of the main driving forces.

The strategic reward management approach is both highly deterministic and unitary. It exhibits a highly "bottom line" attitude (Beaumont, 1993: 205), presuming that an efficient reward system will improve the organisation's performance. Due to the difficulty of testing this premise empirically, it is highly significant. The complexity of organisational life is hidden by the paradigm.

Thinking that implementing the prescribed reward plan alone will result in "success" ignores the multitude of factors that could work against such an unlikely conclusion. Senior managers' obsession with short-term goals often forces managers to take "shortcuts" to meet deadlines (Storey and Sisson, 1993; Monks, 1998). Trade unions and managers who perceive a threat to their interests frequently oppose changes to reward schemes. As Keenoy (1990) puts it, the deterministic approach ignores the political aspects of organisational life in favour of rationalism and unitarianism.

It appears that expecting the use of strategic reward management will result in a reward strategy that will automatically alter employee behaviours in line with the business strategy of the organisation is something that should be done with caution. There are simply too many factors that could work against such a clear-cut cause-and-effect connection. It would be imprudent to rule out the idea, nevertheless, that a reward strategy could aid in organisational transformation. As such, the rest of this chapter looks at the elements in Fig. 7.1. The analysis aims to clarify how employee behaviour may be altered by the integration of the three reward strategy components as well as the HRM strategy and the reward strategy.

The research begins by taking into account the kinds of employee behaviors that organizations might want to support. Next, a quick analysis of the connection between the reward strategy and the HRM strategy is conducted. The values, structures, and procedures of the reward approach are the primary focus of the analysis.

7.3 Using Rewards to Change Employees' Behaviour

The essential query in this case is: "What kinds of behaviours might the organisation want to promote?" A few essential objectives are reflected in the strategic HRM literature (e.g., Beer et al., 1984; Guest, 1987): employee competence, flexibility, and the delivery of high-quality products and services. Employee commitment to the organisation's goals is another. MML believes that flexibility is the most crucial of the employee behaviours that need to be promoted. Working on a range of projects at different times is required. With the prevailing "it's not my job" mentality during the period of rigid job boundaries, this is especially important. Also, similar to the majority of employers in cutthroat product markets, MML wanted to empower staff members to assume greater accountability for customer service through the acquisition of new abilities and mindsets.

We now introduce the premise that guides reward management theory both generally and specifically in the model shown in Figure 7.1. This is because compensation has the power to influence employees' behaviour in ways that they might not have otherwise. The rational economic person theory is the one that tends to be prevalent in this situation. The work of E.W. Taylor (1911), who believed that employees were indolent and needed compensation to spur them on to higher activity, is where this idea originated. This century's widespread use of payments-

by-results schemes, especially for blue-collar workers, is evidence of the impact of this method of viewing the connection between employee effort and compensation. Later, this approach was questioned by the human relations school, which queried the over-reliance on money as a motivator and argued that social relationships were an important determinant of employee productivity.

The theories of Maslow (1943) and Herzberg (1968) are equally well-known. According to Maslow's "hierarchy of needs," a person's needs vary as they move up a ladder that places basic needs like food, security, and so on at the bottom and self-actualisation at the top. Herzberg argued that employees were more likely to be motivated by factors such as achievement and the work itself rather than simply money. Although money can only go so far in inspiring employees, it may also demotivate them if they are unhappy with the amount they receive or the process by which it is decided.

Experiencing these and several other motivation theories in detail is outside the purview of this chapter. One thing is certain: this is a very complicated problem. The most we can say is that certain people may be motivated by money to act in specific ways occasionally, under certain conditions. One thing we cannot assume is that motivation and pay are correlated.

Thompson (1995) found that although teamwork was common, team pay techniques were uncommon in his study on team-based compensation. According to Thompson, there could be two reasons for this apparent inconsistency. Initially, he refers to this phenomenon as the "lag" effect, saying that "organisations are seeking to develop and embed these working practices sometime before they consider linking them to pay..." (Thompson, 1995: x). It is easier to guess the second reason. Thompson contends that this results from UK organisations' haphazard approach to wage management. Thompson claims that pay is being controlled in a very reactive manner, far from being planned.

At first glance, Strategic human resource management in general and strategic reward management in particular do not appear to be common practices in many UK firms, according to Thompson's team pay data. Nonetheless, the notion that integrating the various HR components will result in more effective organisations appears to have gained a lot of traction in recent years, as evidenced by the tremendous interest in the concept of strategic human resource management..

7.4 Role of Reward Management Values in Changing Employees' Behaviour

Lawler specifically stated that employee unhappiness could result from a reward scheme that is inconsistent with what the company says and does. This implies that the reward ideals that employers uphold are very important. We examine five values in this part that organisations may take into account when designing their reward systems. These are the degrees to which the organisation believes in

- paying for performance;
- equity;

- employees sharing in the organisation's success;
- employee involvement in reward strategy design and implementation;
- combining financial and non-financial rewards.

We now discuss each of these in turn.

Paying for performance: may take at least two forms: individual performance-related pay and team-based performance-related. As Chapter 5 indicates, individual performance-related pay has considerable potential to change the organisation's culture due to its symbolic significance (Schein, 1992) as a distinctive 'message carrier'. Indeed, research evidence (Kessler and Purcell, 1992; Cannell and Wood, 1992) suggests that moving towards a more 'performance-oriented culture' was a prevalent reason for introducing individual performance-related pay.

Although still in its early stages in the UK, team-based performance-related pay has the potential to motivate workers to collaborate more closely by helping members better understand the goals of the team and the steps required to reach them (Thompson, 1995). Improved teamwork is definitely in line with the general path that many organisations have taken recently, which has involved de-layering and flattening hierarchies and emphasising employee collaboration to complete tasks with more autonomy. This aligns well with organisations' goal of providing their workforce with a greater variety of abilities so that team members may switch between tasks more quickly in response to demands (Armstrong, 1996).

Equity: To suggest that the value of the stock may have a significant role in encouraging altered employee behaviors would be overspending. It is highly unlikely that managers' new reward approach would bring about the changes they wish if staff members believe their compensation is unfair. This is because an employee's perception of unfairness will prevent them from accepting the compensation plan, which is a crucial factor in determining success (Lawler, 1990). There are two ways in which employees may feel their pay is inequitable.

- The first is the matter of internal and external equity. The former speaks to the degree to which workers believe their compensation is reasonable given their position and that of similar workers in other companies. Comparing one's experience to that of others performing comparable tasks within one's organisation is known as internal equity. Armstrong (1993) notes that there is a conflict between the two in many organisations. Employees who do not have the same external labour market appeal as others may feel internally unfairly treated as a result of their desire to maintain external equity by being competitive in the labour market for specific positions.
- The second way in which employees may feel their pay is inequitable is less about the amount of pay but how it is determined. This raises issues concerning structure and process, which are dealt with below.

Employees sharing in the organisation's success: Reward strategies that aim to foster a strong sense of employee identification with the pursuit of success are likely to include a component of sharing in that accomplishment. Profit-related compensation is the most common form that this has taken. Additional formats encompass profit-sharing and initiatives wherein workers acquire equity in the company they work for. More about these schemes is covered in the structures section that follows. Because of the slender relationship between effort and reward, it would be overstating the case to say that these programs have a significant impact on employee behaviour.

Employee involvement in reward strategy design and implementation: Employers have not traditionally thought about employee participation in the creation and execution of reward strategies. However, we hold the belief that if workers are involved in both the design and implementation of a reward scheme, the likelihood of it being accepted by them increases significantly.

Combining financial and non-financial rewards: Since this chapter covers non-pay rewards, we said at the outset that the term "reward" will be used throughout. The degree to which a company integrates monetary and non-monetary rewards into its incentive program signifies a distinct value stance. Other human resource practices that are predicated on a scientific management perspective (such as minimal employee control over job performance and no input in management decision-making) are likely to accompany an over-reliance on compensation as a motivation. Employers who acknowledge the potential role non-financial benefits may have in luring and keeping talent reflect a humane perspective that acknowledges people need more from life than just cash gain..

Armstrong (1996) identifies five domains—accomplishment, recognition, responsibility, influence, and personal development—wherein non-monetary rewards may satisfy the demands of employees. We believe that the first two of these will be relevant to almost every employee. More than we realise, responsibility, influence, and personal development apply to. The sense of accomplishment that comes from a job well done is something that we all desire to experience in our employment. A simple "thank you" and a pat on the back for a job well done also have a great motivating impact, as most managers soon discover. Acknowledging the fact that not every worker aspires to have more authority over decisions that either directly or indirectly affect their jobs is necessary. The person's traits can have something to do with this. However, it could also be the result of an organisation's past failure to provide people with the chance to take on accountability or influence. We suggest reading Semler's (1993) description of the management style in his Brazilian company if you have concerns about employees' desire to take on responsibility and the degree to which their treatment may influence this. Many people have a strong desire to look for possibilities to grow personally through their profession. It could sound strange to refer to this as an

employee reward instead of an essential requirement for the success of the organisation. However, a lot of people value the chance for personal development more than monetary gain..

7.5 Role of Reward Management Structures in Changing Employees' Behaviour

Following our examination of the values that employers may want to promote through their reward strategies, we now move on to the mechanisms that may be implemented to support four of these values: performance-based pay, equity, employee ownership of the company's success, and a combination of monetary and non-monetary rewards..

Paying for performance: For many organisations, the core of a reward system is compensating employees based on their work performance. This brings up a highly controversial topic for many employees: the possibility of losing a chunk of their pay. The majority of us consider our compensation in terms of base pay, which is a fixed amount that has historically increased annually to account for inflation and, frequently, our length of service with the company (Schuster and Zingheim, 1992). Naturally, the base salary will also change after being promoted to a more responsible position. Many of us have found that this embodies our values, which are the exact opposite of change and are security, predictability, and permanence. It may not always be the most effective reward method from a managerial standpoint. You recall that MML's director of customer services wanted to shift to an 80/20 split between base and variable pay. Employees love permanence, but it costs a lot. An increasing number of businesses are questioning themselves, "Why should we incorporate a permanent salary bill that ignores shifting external, organisational, and personal circumstances into our fixed salary costs?" In public sector pay methods, base pay is typically the only method used. Base pay is codified in compensation scales, and employees progress up the scale each year until they reach the top or get promoted. These tactics operate under the premise that experience and loyalty are tied to the length of service. Organisations in the 1990s didn't usually value either as highly as they did previously. Change may be impeded by yesterday's experience due to the rapid pace of change. We are all aware that, in a time when we could have multiple jobs and professions, the idea of loyalty to a single employer, represented by a career spent with that employer, is becoming less and less relevant. Furthermore, compensation schemes that depend on employee promotions to raise salaries ignore the reality that organisations nowadays have flatter organisational structures, which means that there are fewer opportunities for advancement. The desire of employees to only move to jobs inside the organisation that resulted in a little promotion, and hence re-grading, was regarded by a large insurance business in which Phil conducted some research to be a key hurdle to growing employees into diverse roles and having them learn new skills.

Of course, switching from entirely base pay to a mix of base and variable pay does, in part, indicate a conceptual shift from paying for the work to paying the employee. As a result, there is less of a dependence on conventional bureaucratic methods of employment appraisal. That being said, job evaluation is still essential today. As we previously mentioned, base pay must still be determined to be competitive with the outside labour market. As a result, a system for judging the relative importance of each task is required. The organisation that gives more weight to a mix of base and variable compensation is likely to have a different definition of relevance. According to the organisation's altered organisational circumstances, a definition like this would probably reflect the altered employee behaviours the organisation hopes to promote. Internal equity won't be the deciding factor going forward, according to Schuster and Zingheim (1992). What matters more than internal equity is the market value of positions, the talents of individuals, and how those factors affect the organisation's strategy. But one must keep in mind that this kind of approach could get in trouble with the laws of equal compensation. We believe you should be aware that this could be a serious problem.

Before leaving the topic of paying for performance we consider structural design issues relating to two of the paying-for-performance initiatives which we mentioned above: individual performance-related pay and team-based pay.

- The inability of numerous schemes to differentiate between varying performance levels in terms of measurement and compensation is one of the reasons individual performance-related pay has become less popular in personnel circles. Nearly nine out of ten employees in one organisation where Phil did research had performance ratings in the middle of the distribution. Employee dissatisfaction was high because employees who received ratings slightly above average received very little money from the performance-related pay "pot," which was only enough to provide an average base pay rise of 2.5 percent.
- The structural elements of the program may have an impact on how well team-based pay accomplishes its goals. Among these are members whose work is interdependent, who collaborate well, and who share accountability; and clearly defined team membership and purpose (e.g., some teams are permanent, others formed to manage a specific project) (Armstrong, 1996). It is a given that certain staff members will think they are bigger team players than others. Given this, it's possible that if team-based pay is combined with individual performance-related pay as part of the compensation package, there will be an increase in employee acceptability.

Equity: The subject of directors' compensation has received more media attention than any other in recent years. There is a strong sense of internal inequality due to the perception of directors receiving large pay increases during a period when their

companies have been announcing layoffs and reducing general pay expenses. This feeling seems to be supported by the facts. According to a UK National Institute of Economic and Social Research report, directors' remuneration increased by 77% in real terms between 1985 and 1990, but the equivalent increase for all staff was only 17%, as noted by Armstrong (1996). The public's view of unfairness doesn't seem to have improved much despite reports from the mid-1990s Cadbury and Greenbury committees, which were intended to provide better transparency and responsibility. It's evident from this case that changing the reward system will not likely be accepted by employees if there is a widespread belief that "fat cats" receive an unfair share of organisational rewards.

Perceived disparities between men's and women's salaries could also point to a lack of internal parity. It is less common to explore the likelihood of perceived inequality when comparing workers in blue-collar and white-collar jobs. Pay is not the only problem with this. It has to do with a variety of work terms and circumstances. To promote a stronger sense of "community" among their workforce, many organisations that have been at the forefront of change, particularly Japanese manufacturing companies, have implemented programs aimed at harmonising terms and conditions of employment between white-collar and blue-collar workers (Price and Price, 1994).

We cannot discuss broadbanding and structural issues without doing so. Armstrong (1996: 224) defines this as "the compression of a hierarchy of pay grades or salary ranges into a small number of wide bands, usually four or five." As a result, every band will encompass the pay opportunities that were previously divided into multiple distinct pay levels. Armstrong (1996) highlighted the benefits of broad banding, which implies that this pay reform could be a significant factor in enhancing, if not creating, organisational change. Among these are:

- facilitation of movement of employees across the organisation without the necessity for promotion to a higher grade to be obtained;
- development of employees' skills and competencies by removing perceived barriers to movement;
- the support of multi-skilling and teamwork by removing barriers to lateral movement;
- enabling line managers to accept greater responsibility to reward with salary increases those employees who demonstrate a greater 'contribution' (however defined) to the organisation.

Since broad banding under the title of "equity" can reward "solid citizens" who significantly contribute to every organisation but do not pursue promotion, we have recognised the significance of this practice. They can "grow" their earnings without running into the obstacles provided by smaller pay bands that can only be overcome by promotion, thanks to wider pay ranges. Nonetheless, broad banding may have a

significant impact on organisational change. It supports the current initiatives being undertaken by numerous organisations to increase organisational flexibility.

Employees sharing in the organisation's success: This book's overarching premise is that employees who perceive themselves as valuable members of the organisation have a higher chance of achieving organisational change. One effective technique to reinforce this message is through reward programs that let staff members participate in the organisation's successes and failures.

In 1994, 1.8 million private sector employees were covered by a profit-related compensation plan, a significant increase in recent years (Income Data Services, 1994). Since employees can receive up to £4000 in salary per year that is free from income tax, the reasons for this are not hard to figure out. The government implemented this tax benefit in an attempt to raise employees knowledge of the employer's business performance and motivate them to put in more effort. It is unlikely that it has had that impact because many organisations view it as little more than a tax-efficient method of setting salaries. However, the tax benefit will be gradually eliminated by the year 2000, according to the most recent Conservative budget from 1997. Perhaps cash-based profit-sharing plans, which often provide bonuses for commercial success but not for a bad year for the company, might be a better way to raise awareness of profit performance.

The numerous employee share ownership programs, like the one at MML where employees may buy shares in their employing company, may help increase awareness of commercial success.

Employees can also share in the success they produce through their efforts through gainsharing, which is more common in the United States than in the United Kingdom. With gainsharing, there is a more direct correlation between an employee's work and their final compensation than there is with profit-related remuneration. Gainsharing programs are made to allow employees to split increases in output, savings, or quality, with the money received from savings on costs resulting from those gains. The gainsharing plan participants are often members of a recognisable group that directly contributed to the cost reduction. Three options are available for the resulting payout to them: a one-time cash bonus, a percentage of base salary, or a payment per hour worked. According to Schuster and Zingheim (1992), each member of the group would typically receive the same remuneration. They also take great care to emphasise that the organisation needs to create measures to guarantee that it receives a profit from the outcomes of the project related to gainsharing. Known by the names Scanlon and Rucker plans, this kind of gainsharing is not the same as the more established ones that have been used in manufacturing. The main distinction is that, unlike more conventional gainsharing programs, which are based on the past performance criteria of the participating employees, this new form of gainsharing is based on the organisation's future goals. Of course, the important thing to remember in this situation is that past performance

requirements could be fulfilled or even surpassed, but the organisation's broader objectives might not.

Combination of financial and non-financial rewards: Before now, we have discussed the significance of non-monetary incentives in a reward scheme. These might be especially crucial as motivational aids for a lot of workers. Their ability to satisfy the demands of the workers for accomplishment, acknowledgement, accountability, impact, and individual development is the reason for this. Below, we've listed a few potential structures that would need to be established to meet these needs. Consequently, there is a greater chance of organisational change as a result of more positive employee attitudes and behaviours.

Putting in place the first one is arguably the simplest and least expensive of these. This is a communication tactic that highlights both individual and team accomplishments. Numerous businesses use their internal periodicals for this purpose. In many cases, this, combined with unique "thank you" gifts (like a weekend in Paris), will be more motivating than giving out cash. Promotions were indicators of individual accomplishment that were very visible to all of his coworkers, and one manager, Phil spoke with expressed the demotivating influence of performance-related pay awards replacing promotions in a flatter organisation. He appreciated it when his coworkers knew he was doing well.

Systems for performance evaluation also play a big part in satisfying workers' desires for accomplishment and acknowledgement. The significance of goal-setting and providing employees with feedback regarding their effectiveness in pursuing those goals is covered in Chapter 5. Employees who view performance reviews from a developmental standpoint, as opposed to just a management control mechanism, are more likely to identify their training and career development needs. This method of performance review does, however, rely on line managers having the right mindset and abilities to lead in a way that allows for adequate autonomy for the individual to experience personal development. This indicates a glaring need for training, which is to help managers reject the "technician" label they frequently wear and adopt new management styles that prioritise facilitation and leadership above authority and control. Considering the crucial role line managers play in overseeing the change process, these "new ways of managing" are essential to the idea of change.

Innovative job design can also fulfil the needs of workers for influence, responsibility, and personal development. Armstrong (1993) lists several aspects of job design that support giving workers more autonomy over how they complete their work, decreasing task specialisation, giving workers more latitude in establishing their performance objectives and standards, and introducing new and more difficult tasks as ways to increase the interest and challenge of their jobs. More employee involvement possibilities may also encourage accountability, sway, and personal development in staff members. Chapter 3’s DuPont case study

provides a good example of these advantages. Quality circles and problem-solving groups are two possible avenues to attain them.

Pay is not a factor in any of the aforementioned structural initiatives that aim to promote values aligned with non-financial rewards. Nonetheless, there is one highly relevant type of compensation that might significantly advance all of the demands on employees that were previously discussed. This salary is determined by skill. "A payment system in which pay progression depends on the acquisition by employees of new skills" is what skill-based pay is defined as (Income Data Services, 1992: 1). The core of organisational change is this. Because skill-based pay is focused on an individual's compensation rather than their position, it aligns with the idea of "new pay". Typically, organisations implement skill-based compensation to enable workers to do a wider range of jobs, ensuring more adaptability in handling growing workloads. The impact of skill-based pay is expanding into white-collar positions, despite having originated in manufacturing jobs at companies like Amersham International, Pirelli Cables, and Pilkington Glass (Income Data Services, 1992). You can contend that giving the worker a cash incentive conflicts with addressing their requirements for success, acknowledgement, accountability, influence, and personal development. You might be right for certain employees. However, because skill-based remuneration allows employees to execute a greater range of jobs, it may help to address these objectives by increasing their intrinsic motivation for their work. Furthermore, it is probably going to make the employee more valuable to the company. Naturally, this benefits the company as well as making the employee more appealing to potential employers.

7.6 Role of Reward Management Processes in Changing Employees' Behaviour

The main reward management procedures that are an associated with the previously examined reward management structures are discussed in this section. We believe that the literature on reward management typically pays little attention to these procedures. Structures are always the focal point. Nonetheless, even the most sensible frameworks, predicated on a lucid comprehension of the principles that guide the organisation's incentive approach, hold minimal significance if they are executed with inefficiency. Should that be the case, they are unlikely to result in the compensation system contributing to the altered employee behaviours required for organisational transformation. Unlike the previous two sections, we do not go over the procedures connected to each of the incentive management variables here. Instead, we concentrate on two process issues: employee involvement and communication. It is these two which appear to be the most significant and which are given the most attention in the literature.

Employee involvement: In the values section, we emphasise that employee participation in the development and execution of the reward plan is likely to

increase employee acceptance of the strategy. This acceptance indicates that organisations' efforts to bring about change through updated reward schemes are probably going to be successful.

Schuster and Zingheim (1992) advocate that employee involvement in the design of reward strategies may occur at five stages.

- In the first of these, there is a feasibility study to establish precisely what is expected both from a new reward strategy and the involvement of employees in its design.
- In the second stage a task force is set up. This may comprise about a dozen members: managers, supervisors and employees. The group's task is to consider all the possible methods of achieving the expectations defined in the first stage and to put a proposal to senior management about the purpose and content of the new reward strategy.
- At the third stage the strategy is implemented. Accountability for the outcomes attained after strategy monitoring is a claim made by Schuster and Zingheim. Monitoring both the pay plan and its design process is necessary to achieve this.
- The fourth stage is particularly important. This involves informing the impacted staff members about the plan and providing supervisors and managers with the necessary training so they can put it into practice. As British Gas Trading found out when it had to disclose specifics of a pay freeze for some employees and decreased rises for others in light of a forecasted downturn in the business cycle, the more radical the new approach, the more the communication effort is required (Welch, 1998).
- The final stage is monitoring and evaluation, where the task force meets regularly to review progress.

  Schuster and Zingheim (1992) make two further valid points.
- The first is that organisations may consider an employee attitude survey before the consideration of a new reward strategy. This can be seen as an important part of the communications effort in that it sets the climate for introduction.
- Their second point is equally important: employee involvement will not be sufficient in itself to lead to reward strategy success. They argue that new pay plans must be technically and qualitatively sound so that they be effective.

Equally significant is how staff members participate in the execution of the incentive plan. We discussed in Chapter 5 how employees might be involved in the procedures that are essential to the successful execution of performance management. One of these is establishing performance goals. The key takeaway from this is that employee acceptance of targets is higher when they are part of the goal-setting process. Similarly, criteria for measuring performance which are not

simply imposed by the line manager without consultation are more likely to be seen as valid by employees.

The implementation procedures that are particularly crucial in team-based pay plans are comparable to those in individual performance-based pay. Choosing how to define team goals, monitor performance, and calculate payables are some examples of decisions that encourage employee involvement. If the team receives an award based on their collective achievement, this final issue might be especially significant in the context of team-based pay. The team can then decide how to divide that allocation among its members on its own. Team members are ultimately the best people to assess each member's contribution. Has anyone been on a team when certain players haven't done their share of the work? In such cases, the hardest decision team members have to make is to allocate less to individuals who they thought contributed the least. To empower the team to give less to these individuals would be a powerful form of poor performance control, probably a good deal more powerful than that which the line managers would impose.

Employee involvement in reward strategy execution is crucial, as evidenced by the possibility of combining non-financial and cash awards. This is the part where employees can choose how their awards are given out. The USA is a country where "cafeteria" benefits systems are more common than in the UK. Within the limitations of the total amount they are entitled to, they provide employees some latitude in selecting from a variety of benefit packages. While these methods are more common among senior managers, most of us have different priorities when it comes to reward-related factors. For example, some people would rather forgo money to take advantage of private health coverage or take a sabbatical. Armstrong and Murlis (1994) point out the challenges that come with running these kinds of schemes, not the least of which are potential tax issues. It is still the case, though, that certain employees may find more creative use of employee rewards acceptable.

Communication: An important indicator of an organisation's culture is the volume of information it shares regarding its incentive policy and how it is carried out. In certain organisations, the topic of remuneration is kept very private. We have worked for companies that actively discouraged us from discussing salaries with other employees. These types of organisations are unlikely to explain to their staff the goals of the specific compensation structures they use, even if they are clear about these goals. Furthermore, the reward systems will likely stand out for being opaque to staff members. In such circumstances, staff members won't be aware of the requirements for promotions or awards.

It makes sense that managers would want to keep reward-related matters under wraps. Managers have more liberty when interacting with staff members when there is secrecy. This could be justified, for instance, in some labour market scenarios where it becomes necessary to pay some recently hired employees at a level that current employees might find inequitable. When there is a lack of

transparency, managers are presumably under less pressure to justify their choices than when reward-related matters are transparent. For many managers, this can be appealing. But as Lawler (1984) points out, there are drawbacks to keeping the reward scheme secret, including the potential for false rumours to proliferate and the creation of a hostile work environment..

Greater openness in reward matters is characteristic of the public sector. However, this is less to do with management willingness to be open than with the fact that pay levels and pay progression criteria have traditionally been determined at national level.

We agree with Lawler (1984) that the organisation's culture and desired employee behaviours must be taken into consideration when management makes decisions on its reward communication policy. Increased employee responsibility and inventiveness are among the behaviours that many companies hope to see, and they might be better aligned with an open communication strategy. That being said, this means that managers will need to apply the transparency policy with a degree of expertise that may require significant growth..

Self-Assessment Questions	
1.	What is the reward of change management?
2.	What is the concept of reward management?
3.	How is change management defined?
4.	What is change management with an example?

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Unit-8

EMPLOYEE RELATIONS, INVOLVEMENT STRATEGIES, DOWNSIZING, AND THE MANAGEMENT OF CHANGE

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INTRODUCTION

Employee relations and involvement strategies are integral to managing change effectively in any organisation. As organisations evolve, the focus in employee relations has shifted from a traditional, top-down management style to one that emphasises collaboration, trust, and mutual respect. This shift encourages greater employee participation in decision-making, fostering a more engaged and motivated workforce. Managing change through employee involvement is crucial, as it allows employees to feel more in control of their work environment and fosters a sense of ownership over the changes occurring. By involving employees in the change process, organisations can reduce resistance and increase the likelihood of successful implementation.

Downsizing, often used as a strategy to reduce costs and improve efficiency, refers to the deliberate reduction of an organisation's workforce. While downsizing can help streamline operations, it also has significant implications for managing change. The management of change during downsizing involves addressing the emotional and practical consequences for both those leaving the organisation and those who remain. Downsizing can create uncertainty, low morale, and decreased productivity, requiring careful communication and support mechanisms to help employees cope with the changes.

Beyond downsizing, organisations may explore alternative strategies to achieve efficiency or adapt to market conditions, such as outsourcing, restructuring, or implementing new technologies. Each of these alternative strategies has its own set of management of change implications, requiring thoughtful planning and execution to ensure the workforce remains aligned with organisational goals. The methods used to implement downsizing or other alternative strategies—whether through voluntary separation programs, layoffs, or early retirement packages—also significantly affect the transition. Management needs to approach these processes transparently, providing clear communication and support to employees.

Finally, the impact of downsizing on those who remain, often referred to as "survivors," cannot be overlooked. Survivors may experience increased workload, diminished trust in management, or feelings of guilt or insecurity. Addressing the psychological impact on these employees is critical to maintaining morale and ensuring continued productivity. By carefully managing the implications of downsizing and other organisational changes, companies can mitigate negative consequences, maintain employee engagement, and successfully navigate through transitions.

LEARNING OBJECTIVES

After studying this unit, you will be able to:

- Understand the evolving focus in employee relations, emphasising collaboration, trust, and mutual respect.

- Explore the role of employee involvement in managing change and fostering a more engaged, adaptable workforce.
- Define downsizing and recognise its implications for both the organisation and employees.
- Analyse the management of change implications during downsizing, including the emotional and practical challenges faced by employees.
- Examine alternative organisational strategies to downsizing, such as restructuring or outsourcing, and understand their impact on change management.
- Assess the methods used to implement downsizing, including voluntary separation or layoffs, and their effect on organisational change.
- Evaluate the impact of downsizing on surviving employees, addressing their morale, productivity, and psychological well-being during the transition.

8. INTRODUCTION

It could be tempting for some writers to gloss over employee relations in a book on modern HRM and change. Given the high degree of manifest unhappiness that typified industrial life 25 years ago, it is safe to say that industrial relations, as it was then termed, would have been the primary emphasis of this book. Line managers and personnel professionals were both quite concerned about how to handle the fallout from this dissatisfaction. However, there have been significant shifts in the management of the job relationship since the 1970s. These modifications are closely related to the book's central thesis, which is more extensive organisational reform. Organisations now need to be far more sensitive to the demands of the product market due to changes in their operational environments in the last several years. More expectations on staff follow from this. The desire of customers for extended business hours in places like supermarkets and contact centres for financial services is one example. More adaptable work schedules and an employment contract that takes this into account are necessary.

The relationship and regulations surrounding the relationship between an employer and employee are what we refer to as employee relations in this chapter. This type of regulation focuses on the terms of the employment relationship and the procedures followed to make sure that it is managed so that the needs of both the employer and the employee are satisfied..

Organisations of all sizes are using downsizing as a key organisational reform technique. Downsizing is a basic adjustment to take into consideration on the surface. A more practical idea than, say, thinking about putting a culture change program into place is to reduce the number of employees in an organisation. But even while a program of this kind for structural change could seem simpler to understand at this surface level, downsizing is a very complicated process that frequently results in a variety of reactions that go against an organisation's downsizing goals. This chapter examines these responses and what they mean for a company implementing this kind of change management approach. Downsizing is a significant structural change method that can support and encourage other organisational change initiatives. Our goal is to demonstrate how to employ this change strategy successfully and to maximise its benefits, other human resource strategies must be put in place to prevent or control the reactions that downsizing causes. We thus talk about how to increase the likelihood that the stated goals of this strategy will be achieved, it is necessary to concentrate on the human elements of change.

8.1 CHANGING THE FOCUS IN EMPLOYEE RELATIONS

We focus on two of the strategies used by employers to make more effective use of the workforce.

- The first of these is flexibility, a strategy used by most organisations in one way or another to generate greater worker productivity.

- The second strategy is the desire to create a workforce more in tune with the goals of the organisation —a unitary workforce.

We comment on the contribution of these strategies to wider organisational change and to the way in which the changes have altered the nature of the employment relationship.

8.1.1 Creating a more flexible workforce

A core-periphery strategy: Since Atkinson (1984) first brought attention to the idea in the mid-1980s, the idea of an organisational structure with a core of workers surrounded by peripheral workers has gained a lot of attention. The core consists of workers with comparatively stable job status and those who receive investments from their firm. Part-timers, those with short-term contracts, and independent contractors who offer services to the company are at the margins. Moreover, some people have semi-permanent attachments to a single organisation despite working for employment agencies. Given the diversity of the tasks these organisations perform, it is risky to generalise about their traits. They might be highly sought-after cleaners or computer specialists. However, the manufacturing facility we looked at, Polyco, is not unusual. It has a production facility in which 40 per cent of the manufacturing employees are core workers. These employees have permanent employment status and have had a considerable amount of training to enable them to carry out jobs which are now much more demanding than hitherto. The remaining 60 per cent are the employees of an employment agency. They have jobs that are low-skilled compared with those of the 40 per cent of workers at the core. They are paid 25 per cent less than the core workers (and the full-time workers they replaced), and, crucially, their employment at the plant can be terminated by Polyco with the minimum of legal constraint since their employment contracts are with the employment agency.

A glance at labour market data (Office for National Statistics, 1999) can provide some insight into the size of the peripheral workforce in Britain. Of the 27 million people in British employment, 6.8 million (or 25%) are part-timers, and 80 percent of them are women. Approximately 1.2 million of these workers work multiple jobs. An example of this would be a redundant draughtsman who comes in in the morning to clean our offices and leaves for an afternoon shift at the local authorities. Three million British workers work for themselves, while 1.8 million are employed temporarily (Office for National Statistics, 1999).

Polyco had a straightforward justification for switching to a core-periphery workforce. If significant production cost savings had not been achieved, the American parent corporation would have liquidated the factory due to the fierce cost competition from foreign competitors. It makes financial sense to hire 60% of the production staff from an employment agency at a pay that is one-third less than what was previously paid to employees, and to do so without incurring any additional fees for benefits like holidays, pensions, or national insurance.

Furthermore, because Polyco does not employ these individuals, their services can be used in varying degrees to meet industrial demands.

Flexibility of working hours: Employers may want to arrange for workers to work at times that best suit the needs of the organisation, just as they may want to be flexible with the number of workers they have on staff. This plan undoubtedly includes the use of temporary and part-time labor as well as the conventional techniques of working overtime and in shifts But for the moment, we will concentrate on a tactic that has received a lot of attention lately—that of annualized hours—in the wake of the 1998 agreement to maintain Rover car manufacture at Longbridge (BBC, 1998). The "averaging working time across a year" system is this one. Instead of being paid a set number of hours per week, employees are contracted to work a specific number of hours over 12 months (IDS, 1993: 1). With such a system, work hours can be adjusted based on the demands of the company. Blyton (1994) notes that there are two types of annualised hours systems.

- In the first, employees work longer hours in busy periods and shorter hours when demand slackens.
- In the second, the number of shifts rostered (A) in the annual schedule is less than the agreed maximum number of annual hours (B).

In the amount of hours equalling the difference between (A) and (B), workers are on call and can be called upon to work in unforeseen circumstances.

Utilising peripheral labour has similar benefits to an organisation as does implementing an annualised hourly structure. Less overtime paid and no need to hire temporary personnel translate into lower labour costs. Furthermore, enhanced productivity is achieved by the employer's improved resource deployment..

Increased flexibility in terms of the number of employees and their work hours is atactic that firms can gain much from. Supervisors at Polyco and Rover in Longbridge contend that these tactics have accomplished more than just facilitating organisational transformation. Their places of employment have been preserved. Rover is owned by BMW of Germany, and Polyco is owned by Americans. If the UK operations are not productive enough, both parent corporations have the option to move manufacturing to plants overseas. Due to this harsh reality, trade unions have generally supported the changes in both workplaces..

However, flexibility has two aspects. Even if redundancy may be an option, what is advantageous to the company might not be advantageous to the employee. Flexibility, in the well-known words of Sisson (1994: 15), is "management can do what it wants." The core-periphery concept seems to be the best option for people who are at the centre. However, because of their status as "chosen," those employees probably have high expectations. Nonetheless, the working relationship of people at the periphery is more likely to be marked by instability, unpredictability, and a general ceding of authority to the employer. In 1997, for every temporary worker who refused a permanent position, there was another who

was unable to obtain one (Office for National Statistics, 1999). Employees with annual hours contracts might see comparable volatility. Uncertainty in one's work schedule can make it challenging to schedule free time and make childcare arrangements (Tailby, 1999). Naturally, this is on top of losing overtime compensation.

Several organizations are looking for more employee flexibility when it comes to not just who works and when, but also what gets done while on the job. As previously said, key (and possibly peripheral) personnel are likely to face increased expectations. They should acquire a greater variety of skills, which is one of these requirements..

Multi-skilling of employees: The adoption of multiskilling can significantly affect organisational transformation. Changes in an organization's culture and structure may result from this, as noted by Hendry and Pettigrew (1988). At Polyco, that is. Before the joint venture with Isuzu, the industrial culture at Bedford Commercial Vehicles was like this: "I come here, I'm told what to do, and I go home" (Open University, 1992: 18). The new technician group was exposed to a week of team-building activities aimed at fostering initiative and confidence to help them get over their feeling of helplessness. Polyco aims to develop a team of technicians who are willing and able to make decisions about the work their teams do and how it is done. The potential for organisational change is quite profound.

In addition to the evident effects on training, multiskilling has important effects on the job relationship. The inevitable result of multiskilling is the dissolution of the custom of task delineation, which may be carried out by workers who belong to separate unions. This was one of the factors that led Polyco to switch to single table bargaining (discussed later in this section), in which the three on-site unions unite as one to conduct negotiations. Additionally, take note of the connection to skill-based pay (see p. 205), as moving toward multiskilling may come with financial incentives.

Although multiskilling is common in British industry, Geary (1995) cautions against making this assumption. He points out that the research indicates that businesses frequently show reluctance to commit the required training expenses to this endeavour. Furthermore, it would be incorrect to believe that the additional flexibility techniques discussed in this part are brand-new and ground-breaking. Temp staff and longer work hours have long been employed by employers; examples include Tesco's summer ice cream production and the Christmas package rush. However, as a result of increased product rivalry, the need for higher productivity has compelled many companies to consider strategies for obtaining those productivity improvements. Underestimating the importance of these shifts in flexibility would be just as risky. They are expected to go on and contribute to changes in employee relations and organisational structure.

8.1.2 Creating a unitary workforce

This book has consistently focused on employers' HRM-inspired goals of creating a more engaged, loyal, and cohesive staff. An integrated group of individuals sharing a common set of values, interests, and goals, as well as a single authority/loyalty structure, constitutes a unitary workforce (Salamon, 1998: 5). One could contend that achieving such a goal is neither desirable nor feasible. However, the majority of the HRM discourse is based on the unitarist premise. As a result, it had a significant impact on how many managers thought and behaved throughout the 1980s and 1990s. A large portion of this book is devoted to methods of managing employees on an individual level, with the implicit or explicit goal of fostering a more cohesive staff. We describe some of the employer tactics in this part that have an impact on the collective regulation of the work relationship. The Tesco/USDAWA partnership is one example of this..

Forging a more co-operative relationship with trade unions: partnership agreements: The 1999 Employment Relations Act encapsulates a portion of the 1990s employee relations paradigm, emphasising the need for collaboration among companies, employees, and trade unions to enable Britain to thrive in a global market that is becoming more and more competitive. Following two decades of consistent decrease in membership, which led to a lack of clout nationally and in the workplace, some unions have eagerly grabbed the chance to make up ground. Creating collaboration agreements akin to the one between Tesco and USDAW is one way this is occurring. Although the details of these agreements may differ, IDS (1998) list many characteristics that are frequently observed. These are:

- new consultation and communication arrangements;
- Setting up of joint working groups.
- increased employee flexibility and teamwork.
- employee commitment to business goals;
- long-term pay deals;
- an umbrella of employment security;
- sharing of information;
- an emphasis on training and development;
- greater focus on local problem-solving activities;
- a move towards harmonisation and single status.

All parties can benefit greatly from the formation of partnership agreements. Employers such as Tesco can benefit from less adversarial employee relations and the opportunity to implement change with union support in a "spirit in which we set out to reach common objectives" (IDS, 1998: 3). This is according to the Cooperative Bank. Employees can take solace in the knowledge that they will probably receive some sort of commitment, if not a guarantee of job security. If layoffs are required, partnership agreements typically provide workers with "employability" training to prepare them for work that may come from outside their current company in the future. A good example of this is at Scottish Power, were

all reasonable steps are taken to maximise the employability of staff, investment in training and development to maintain employability are (sic) driven by the needs of the individual and do not depend solely on the needs of the business .... (IDS, 1998: 6)

Partnership deals offer unions hope that they will be better able to convince companies and employees of the advantages of joining a trade union. Increased membership is the result, which is exactly what the unions need. One excellent example of the potential advantages for unions is the USDAW collaboration agreement with Tesco. In addition to having 97,500 of Tesco's 150,000 employees as members, the USDAW General Secretary Bill Connor claims that the organisation has expanded the number of shop stewards from 1000 to 1500 (interview notes).

It is arguable to what degree partnership agreements constitute an indisputable aspect of employee relations. As with the partnership agreement at Barclays, it is easy to assume that they are a rhetorical response to an antagonistic employee relations atmosphere within organisations (People Management, 1999). However, the Tesco story indicates that such a bargain does not always require an employee relations crisis. These kinds of agreements might just be a mark of a new era in social partnership, lasting for as long as the economy is favourable. They undoubtedly can support changes in employee relations and organisations in the meantime.

Single-status agreements: It is common for partnership agreements to include a shift toward single-status terms and conditions of employment, as you will see. Since the 1970s and 1980s, when Japanese corporations began to swarm the UK, the demand for single status has grown. Price and Price (1994) point out that a variety of different transformation attempts are linked to a single status. First is the Japanese example. The inclusion of single-status terms and conditions of employment in the "package" of employee relations measures introduced by Japanese corporations is noted in the following subsection. The package has a strong unitarist ring, and there is no denying its persuasive power on British managers. The second is the shift in employment from low-skill, traditional jobs to higher-skill, technologically advanced jobs—the development of "core" technicians at Polyco is a prime example. The shift from the conventional "low-trust" employee relationship associated with manual labourers to a relationship corresponding with "white-collar" employment is suggested by this more technologically demanding profession. The emergence of single-table negotiating is a third component. The cooperation of unions in bargaining with the employer as a single entity occurs when there are many unions at the workplace, each representing a different set of workers. There are three unions present at Polyco, yet there is only one set of discussions. This is the situation. This results in fewer "leap-frogging" claims, in which union negotiators attempt to obtain a better deal

than that which has been reached with other unions at the same workplace. It also saves management time because there is only one set of negotiations. Because single-table negotiating helps to break down the boundaries between employment, it makes multiskilling easier. It also means that salaries for various jobs align with equal value considerations and internal equality principles (see Chapter 7). The primary motivation underlying the 1997 single-status agreement in local government is equal worth.

However, the true significance of single-status terms and conditions is in the implicit message about "collaborating" that they convey to managers and staff regarding the nature of employment. Car parks that are segregated, distinct dining rooms, distinct sick leave policies, etc., are not examples of "working together." One can argue about the degree to which single status alters deeply ingrained "them and us" mentalities. Similar to partnership agreements, they could represent a shift in symbolism rather than a true change in course.

Single-union agreements: In the 1980s, a key feature of employee relations was the signing of single-union agreements. One union represents all relevant employees for collective bargaining under a single-union agreement. In the 1980s, there was a lot of discussion and analysis surrounding these accords (see Bassett, 1987). These were especially common among Japanese businesses that established themselves in the United Kingdom. According to the data (Gall, 1993), this interest has not persisted into the 1990s. However, the employer's objectives in making these agreements are just as important today as they were when they were first being made. As noted by Salamon (1999), these goals are currently being pursued through several channels. The goal was to create a consensus in employee relations by creating tools that would improve communication between staff members and their bosses. These mechanisms frequently featured single-status terms and conditions of employment, "no-strike" agreements, union support for the organisation's goals, and a business council for negotiation and consultation that included employees rather than only trade union representatives. Furthermore, a considerable amount of focus was placed on training teams to become multiskilled. It's unknown how successful single-union agreements have been in uniting the workers. However, as with other management initiatives covered in this book, their true significance has been found in the cultural message they have delivered to workers, which states that management, unions, and the workforce are all "on the same side."

The upcoming laws listed below will aid trade unions in their efforts to get companies to recognise them. Companies such as Tesco are more likely to prefer deals with a single union than with multiple unions representing diverse employee groupings if new recognition accords are reached.

Employers not recognising trade unions: Thus far, we have presumed that the employment relationship is governed collectively by trade unions and employers.

Nevertheless, this is becoming less and less the case for numerous organisations and personnel. The fall in trade union influence over the last 20 years has been one of the biggest shifts in employee relations. A straightforward comparison of the degree of union membership serves as the greatest illustration of this. This amounted to 13.2 million at its peak in 1979. The number had dropped to just 7.9 million by 1996 (Office for National Statistics, 1998). There are causes for this reduction, the most significant of which may be labour market shifts. The conventional "smokestack" industries—those sectors of the economy that have seen a downturn—were those with the highest prevalence of trade union membership. The increase in employment within the service industries has not been valuable to unions. It has traditionally proven the hardest for them to organise membership in this particular area. According to Cully et al. (1998), the percentage of UK workplaces with no union members at all increased from 36% in 1990 to 47% in 1998. The percentage of workplaces that acknowledge unions for collective bargaining reflects this number. Sixty-six percent of workplaces recognised unions in 1984. In 1990, this percentage dropped to 53%, and by 1998, it had even further decreased to 45% (Cully et al., 1998). Nonetheless, there is some positive news for labour unions. Support for unions demonstrating a case for recognition through membership level and member support for recognition at the workplace is promised by the 1999 Employment Relations Bill.

Employee involvement is the most common approach that some companies using non-union labour management systems have evolved to win over workers' support (Cully et al., 1998). This chapter now shifts to a thorough investigation of employee involvement..

8.2 MANAGING CHANGE THROUGH EMPLOYEE INVOLVEMENT

8.2.1 What is employee involvement and how may it contribute to organisational change? Organisations have employed employee involvement initiatives to create a cohesive workforce. Theoretically, these tactics have the potential to be a significant tool for changing employee relations and organisational structures. In actuality, though, several additional variables could negatively impact any effort to get this intended result. As a result, this chapter's section assesses the potential of employee involvement tactics to achieve this kind of desired transformation.

People who feel invested in the "work that they undertake" are generally sought after by hiring organisations. Employee relations and other organisational changes are specifically promoted through employee involvement. Employee involvement can be utilised as a technique to lessen union influence or take over the function of unions in managing employee relations for companies that recognise and deal with trade unions but want to abandon this strategy. The use of employee involvement as a way to build support among employees without having to acknowledge trade unions was mentioned in the preceding section. This type of approach, which is

typical of many organisations that support soft HRM concepts, has been utilised to prevent an organisation from changing from its non-union status. Nonetheless, it is crucial to acknowledge that employee involvement can also function as a supplementary set of actions to conventional employee relations procedures that incorporate unions (see, for instance, Storey, 1992). The promotion of change management initiatives unrelated to trade unions, at least not explicitly, also makes use of employee involvement. For instance, achieving employee involvement is viewed by many proponents of quality management and continuous improvement programs as a requirement for success (see, for example, Wilkinson et al., 1992).
These instances show how management encourages employee involvement as a voluntary tactic created especially to assist the change requirements that they find desirable. Distinguishing employee involvement from other types of employee participation or ideas of industrial democracy can be accomplished by acknowledging the role of management as the driving force behind its implementation. Trade unions have long supported employee involvement and industrial democracy, which primarily entail the granting of representational rights and shared decision-making in some contexts (see, for example, Ackers et al., 1992). The definitions we will talk about next demonstrate how employee involvement is fundamentally managerialist and unitary.
"A range of processes designed to engage the support, understanding and optimum contribution of all employees in an organisation and their commitment to its objectives" is how the CBI described employee involvement in 1988 (quoted in Kessler and Bayliss, 1998: 125). An effort named "Managing for Success—Improving Business Performance through Employee Involvement" was started in 1991 by the CBI and the Department of Employment at the time. "The CBI and the Government believe that employee involvement promotes business success through a combination of practices and systems designed to secure the maximum awareness and commitment of all employees in an enterprise to its objectives" (CBI/EDG, 1991) is how the government and the CBI define the purpose of employee involvement. One of the objectives of the 1982 Employee Involvement Code, created by the Institute of Personnel Management (now known as the Institute of Personnel and Development) and the Industrial Participation Association, was to "generate the commitment of all employees to the success of the organisation."
According to these definitions, there is a causal relationship between employee involvement and the growth of their dedication and value to their employers. Later in this section, we assess these proposed connections. This is where we expand on the list of assertions made in Table 8.1 regarding the connections between employee involvement and different aspects of organisational and individual effectiveness..
Even though these statements speak to the attainment of successful employee involvement, they bring up some important issues. The entire concept of employee involvement's efficacy is predicated on the idea that it won't conflict with any other

organisational or individual objectives. The unitary perspective is based on this kind of underlying premise. Other than shifting the source of the conflict, it would be difficult to understand how a manager who embraces a unitarist viewpoint could acknowledge that an organisational strategy to support this approach might wind up creating conflict! Nevertheless, several contradictory factors have been noted in the research assessing the efficacy of initiatives to increase employee involvement. Later in this section, we address these potential points of contention. Many of these factors raise severe doubts about the success of employee involvement techniques, even though they are not always present. As a result, even if employee participation is meant to encourage organizational transformation and effectiveness, its application is probably going to be troublesome, and its desired results might not be entirely realised (see, for instance, Marchington, 1995a).

Table 8.1 Claimed effects from the implementation of employee involvement

It has been claimed that effective employee involvement should:

- improve employees' business awareness;
- generate employees' commitment to the objectives of their employing organisations;
- foster trust by employees towards those who manage them;
- create a more customer-focused approach and improve customer service;
- improve product quality;
- promote greater acceptance of organisational change;
- lead to employee flexibility;
- encourage more effective working relationships;
- generate employee empowerment;
- improve employee relations;
- improve job satisfaction and employee morale.

Source: Developed from Kessler and Bayliss, 1998; CBI/EDG, 1991; IPM/IPA Code, not dated.

A further fundamental issue arises from the assertions made regarding the variety of possible outcomes of employee involvement. The wide variety of possible results shown in Table 8.1 suggests that employee involvement is a broad concept rather than a limited one. Employee participation might be thought of as little more than a collection of communication strategies, or it can be seen as a way to include staff members by allowing them to submit suggestions for improvement through a suggestion system. The breadth of both options is limited. Nonetheless, it would be unrealistic to anticipate achieving the wide range of results indicated in Table 8.1 in an organisation that used this limited form of employee involvement. In this sense, the scope of a given employee involvement strategy will constrain its

potential consequences. This will be the case regardless of any additional challenges to its execution or its rejection due to divergent opinions and principles. This poses a challenge for proponents of employee engagement strategies that assert they can accomplish the variety of change goals listed in Table 8.1, even in situations where the viability of the philosophical foundations of these strategies is not questioned. An employee involvement strategy would need to take on a significant role in an organisation's operational procedures and truly become ingrained as an underlying tenet of its culture to be able to yield multifaceted outcomes like any number of the ones listed in Table 8.1. This begs the question of how this kind of employee involvement approach might play out in a setting like that. A much more broadly based strategy would need employee involvement to be infused in many different areas of organisational decision-making and implementation, especially if the adoption of specific communication techniques or a suggestion scheme indicates a narrow approach to employee involvement, with concomitant objectives (see, for example, Caldwell, 1993).

In this regard, "a range of processes" and "a combination of practices and systems" were mentioned in previous definitions of employee engagement. Numerous authors have recognised different approaches to employee involvement, and some researchers, like Guest et al. (1993) and Marchington (1992), have categorised these different approaches into related groups. Several categories of employee involvement are shown in Table 8.2. These sections show the relationship between the impact of many organisational life characteristics on the concept of employee involvement. From the other side of the relationship, a variety of organisational factors can engender unfavourable sentiments and emotions in workers, including annoyance, injustice, and alienation. When considering employee involvement from this angle, it becomes simpler to comprehend how diffuse it is while still being linked to numerous organisational components. It, therefore, seems very likely that several factors capable of creating this sensation will need to be functioning in concert to generate this desired outcome for employees to feel genuinely involved in the operations of an organisation (see, for example, Marchington et al., 1994). But in practice, this can only serve to highlight the challenges—and sometimes the inconsistencies—that come with any organisational plan meant to encourage trustworthy employee involvement. Guest et al. (1993) offer an instance in which other organisational issues, which we address in further detail later in this section, "crowded out" employee involvement. A variety of more general organisational characteristics that might either facilitate or impede employee involvement are shown in Table 8.3.

Table 8.2 Categories of employee involvement

Main categories of employee involvement	*Examples of methods used*	*Brief (intended) rationale*
Downward communication	Team briefing; other briefing groups; corporate newspapers, journals and reports aimed at employees; videos; audiotapes; e-mail; recorded telephone briefings.	To provide information; uniform messages; to be educative or re-educative.
Problem-solving involvement and upward communication	Quality circles; quality action teams; quality improvement teams; suggestion schemes; employee surveys.	Explicit access to employees' experience and skills; gain co-operation and opinions.
Consultation	Joint consultation committees, working parties or groups; staff forums; works councils.	Providing information and testing reactions.
Involvement through structural changes at job and work organisation levels	Job redesign: job enlargement and job enrichment. Work reorganisation: team working; autonomous working groups; 'empowerment'.	To be re-educative; providing greater levels of motivation and satisfaction; empowering.
Financial involvement	Employee share ownership plans; profit-related pay; performance-related pay; bonus schemes.	To be re-educative; providing incentives and promoting effort.
Managerial style and leadership	Participative managerial style; being visible, accessible and informal; creating credibility; ensuring actions in line with key messages.	To provide support; encourage positive working relationships and trust; reduce barriers.

Table 8.3 Organisational strategies/characteristics that may encourage or inhibit employee involvement

Broader organisational strategies/characteristics that may encourage or inhibit employee involvement	*Related chapter(s) in this book*
■ Organisational performance, prospects and corporate direction	1
■ Organisational culture	3
■ Organisational structures and restructuring	2 and 9
■ Training, human resource development and career management	6
■ Performance management	5
■ Other strategies such as those relating to health and safety and employee relations approaches	This chapter for ER

As a result, the goal of employee involvement will likely be difficult to achieve and unrealistic in many of the ways that it is framed. This is so because its foundation is an unitary relationship unitary viewpoint. Still, there are a lot of additional reasons why it can be considered a favourable result. Employee engagement "has a mildly favourable impact on employee attitudes, or at least that the existence or promise of EI is associated with more positive attitudes," according to Marchington

et al. (1992) (Marchington, 1995a: 290). Less data, meanwhile, suggests that it influences behaviour or organisational commitment. Many organisational theories have been proposed that could aid in explaining the connection between employee attitudes and the degree of participation they feel in their jobs. One of them has to do with the idea of organisational treatment (see, for instance, Naumann et al., 1995), where it makes sense to presume that workers will favour management that involves them in decision-making. This is where the concept of interactional justice comes in. Employee expectations are connected to this idea of organisational treatment as well. The evolving character of the labour force, particularly in industrialised nations, is linked to modified anticipations regarding the treatment of workers in the workplace. Particularly, "knowledge-based workers" could have preconceived notions about how they will be treated at work based on their educational background and perceived levels of competence.

The concepts of management rationale and employee voice are also related to aspects of employee involvement. Employee voice allows workers to voice their opinions regarding decisions that may have an impact on them (see, for example, Folger, 1977; Daly and Geyer, 1994; Sako, 1998). The idea of having personal influence over the implementation of choices that impact specific employees or groups of employees is related to this. The idea of justification pertains to giving workers an explanation of the rationale behind certain decisions made (see, e.g., Bies, 1987; Daly and Geyer, 1994). This aspect of employee involves more than just telling other employees what is going to happen; rather, it involves an educational process of significant persuasion on the part of the management. Employers may view the successful application of these two ideas as a sincere way to encourage employee involvement. However, for the use of these strategies to increase employee involvement to be truly relevant in practice, it might be necessary to accept a pluralist frame of reference rather than a unitarist one. It further suggests that rather than focusing only on engagement as an outcome, it will be required to take into account the extent of efforts made to bring about employee involvement for it to be realised in practice.

8.2.2 Problems about the realisation of employee involvement:

The preceding subsection's discourse has suggested that achieving employee involvement poses several challenges for various reasons. We now go into greater depth about these causes, including organisational traits that discourage employee involvement, challenges with execution, and problems resulting from the evolving psychological contract for involvement. This brings us to the last subsection, which addresses the type of dedication shown by employees.

Organisational characteristics and circumstances that inhibit employee involvement: Table 8.3 showed that several organisational traits and prevalent tactics that could either support or obstruct employee involvement practical realization had an impact on it. These variables will include how organisational

structures affect how much power employees have over how they carry out their work and, consequently, how involved they feel in it. Employee participation, for instance, may be discouraged by a mechanical organisational structure but encouraged by a project-based one. The effectiveness of the organisation, views of job security, opportunities for growth and promotion within the company, and the current atmosphere surrounding employee relations are all additional considerations. These characteristics may have a greater effect on fostering or impeding employee involvement than many specialised methods intended to produce this kind of result (Marchington et al., 1994). Legge (1995: 184) summarized the findings of Marchington et al. (1994) about the use of employee involvement as a component of a program to achieve organizational change: "that employee involvement initiatives are as much affected by the prevailing organizational culture and environment as they are sources of cultural change." Any attempt to use employee involvement to bring about organisational change, therefore needs to recognise the impact of prevailing organisational characteristics and circumstances on the likely outcomes from this strategy.

Implementation issues in the use of employee involvement as a change strategy: An additional source of conflicting elements that may impede the realisation of employee involvement in practice is revealed by a basic stakeholder analysis. Several scholarly works assess the functions and reactions of labour unions, management teams, and employees concerning initiatives to promote worker participation (e.g. Marchington 1995a, 1995b). We'll take a quick look at each of these in light of the potential conflict that could lower employee engagement.

Employee involvement is likely to be implemented primarily by line managers. However, in terms of its desired results, line managers can believe that this kind of approach is wrong or a waste of their time. They may do this because they perceive a danger to their freedom to act independently or because they understand that requests from higher-ups will not adequately fund their use of time to encourage employee involvement. Since organisational culture and employee engagement have been linked previously, it stands to reason that a cultural state that prevents effective employee involvement will also be present in instances where managers perceive a challenge to their authority. In one of his case study organisations, Storey (1992: 111) describes the demise of an employee participation strategy: "Quality circles had been introduced by the factory manager but had been 'killed off" by middle managers who saw in them a threat to their role."

Guest et al. (1993) conducted case studies that acknowledged the possibility of conflict between the goal of employee involvement and production or financial aims. British Rail, the company under investigation, was going through a fast transition as it pursued objectives linked to cost savings and restructuring on the one hand, and improved customer service on the other. According to Guest et al.

(1993: 199), efforts to promote employee involvement in the pursuit of improved customer service were "crowded out by the spate of reorganisations and the financial imperatives." In less dramatic situations, it is understandable how the necessity of other goals "crowds out" employee involvement, making it, at most, a marginal add-on tactic that is "nice to have," but only when the company sees some return on its investment in trying to involve its staff!

Line managers may face additional challenges when attempting to put an employee involvement plan into practice. They might need to work on developing their comprehension of the motivations for and desired results from this kind of approach. For them to lead employee involvement activities like a problem-solving session or a briefing group, they could also need skill development. In addition, some of the people they oversee might oppose them, and they might not have the necessary abilities to deal with this. The factors that have been discussed thus far about the challenges associated with implementing employee involvement may cause different techniques to fail, which will likely hurt future attempts to introduce new involvement approaches to bring about some aspect of change.

Employees may not always view attempts to foster employee involvement as positive developments, even though this isn't always necessary. Employee perceptions of certain initiatives to implement employee involvement strategies will vary depending on a variety of factors. An employee's experience with any prior attempt to implement an employee involvement approach may be one of these factors. Employee resistance and cynicism are likely to increase in response to prior attempts that were viewed as failing or as attempts to extend managerial control over workers rather than to encourage their involvement. Furthermore, some employee groups may be used to a work environment in which they are not involved, and they might perceive any effort to foster involvement as something they find objectionable (Guest et al., 1993). An additional aspect pertains to the wider organisational context and attributes that were earlier discussed. According to Marchington et al. (1994), employees who perceive inconsistent treatment and other threats from the organisation are more likely to oppose and become cynical about attempts to increase employee involvement. Employee perceptions of management's intentions and behaviour are a concern when it comes to attempts to implement the concept of empowerment. Marchington (1995b: 61) summarised the espoused intention underpinning empowerment and its reality as follows:

> Concepts of empowerment imply that workers will be given more freedom to act, be given authority, and attain higher degrees of control, not just over their particular job responsibilities but also more broadly across the entire firm. Naturally, in practice, this is rarely the case, and any growth in power is strictly limited and kept within the parameters of managerial control mechanisms.

Cunningham et al. (1996) conducted a study that promotes Marchington's findings about empowerment methods in thirteen organisations. It found that the adopted technique did not significantly enhance the control enjoyed by non-managerial staff members. In fact, in a number of their case study organisations, the concept of "empowering" workers was restricted (e.g. implementing suggestion schemes). In other cases, where a more comprehensive strategy for employee empowerment was implemented (such as through job enrichment and teamwork), strong managerial control persisted through the imposition of accountability and the intolerance of repeated errors. In a similar vein, Sewell and Wilkinson (1992: 111) asked, "Do self-managers [so-called empowered employees] possess any real degree of empowerment?" and concluded that, while the answer was "yes," it was very limited. Regarding empowerment's ability to bring about change, we conclude that while this strategy might work for the organization (see Cunningham et al., 1996), it might not involve workers in terms of encouraging their commitment to the organisation or changing how they see their treatment. This will especially be the case where empowerment is effectively little more than a means to make employees work harder (Marchington, 1995b).

This section's initial part covered the many applications of employee involvement concerning trade unions' roles. In essence, a trade union may be granted an inclusive position on the application of employee involvement. Tesco's case study, which starts this chapter, serves as an example of this. In contrast, a trade union may be marginalised or excluded from the management of employee relations through the use of employee involvement. Trade unions will probably react in a way that is consistent with the way that any business uses employee involvement, at least in their opinion. This is especially likely to be the case when union representatives, when presented with such a responsibility, take a "realistic" stance regarding the state of the labour market. However, if they believe that an employee involvement strategy is being used to exclude them, they are likely to become defensive. This could have the consequence of lessening the opportunity to encourage employee involvement in cases where certain employees view its adoption as a way for management to impose unilateral control.

Recognising the nature of the psychological contract and its impact on the scope for employee involvement: Earlier in this chapter, we discussed how to create a more flexible workforce. Using a core-periphery technique is one way that this could be developed (see our previous discussion). Though this plan will bring about one kind of organisational change, it is also likely to have less obvious effects on the psychological contracts of those impacted by this kind of structural change. The contractual model of careers developed by Herriot and Pemberton (1996) offers a helpful framework for examining this change in employee status and any implications for the psychological contract. This concept distinguishes between two kinds of psychological contracts that result from this kind of shift..

"Relational" contracts are the first kind (Herriot and Pemberton, 1996). It alludes to a perfect scenario of reciprocity and devotion on the part of the worker and the company. While the employee contributes loyalty, commitment, and trust, the organisation offers job stability, opportunities for training and development, and advancement (Herriot and Pemberton, 1995). "Transactional" contracts are the second category of contracts found in the model (Herriot and Pemberton, 1996). This suggests that the worker and the company have an instrumental relationship, with the worker's labour and some sort of payment being strictly reciprocated. Although workers will question if this transaction has been fair, their devotion and loyalty are unlikely to be essential terms of the contract.

These contractual arrangements may have an impact on how much employee involvement is generated, particularly for those employees who view their contracts as transactional. One could argue that core employees are more likely than peripheral employees to have a relationship contract with their employer and may also be more inclined to get more "involved" in their work. Peripheral workers, on the other hand, are less likely than core workers to feel invested in and devoted to their employing organisation, and they are more likely to have a transactional contract with an employer. For instance, the Polyco core employees who are now referred to as technicians are more likely to have a relationship contract with the company and may also be more inclined to get active. However, because of their peripheral connection to the company, peripheral workers are more likely to have a transactional contract with Polyco and to feel less involved.

The desired link: understanding the reality of employee commitment. As we previously acknowledged, one of the purported advantages of implementing an employee participation approach was the development of a sense of loyalty among employees toward the company. This is therefore viewed as a way to implement positive change within an organisation. Nonetheless, it has become apparent that this is a problematic idea as a result of attempts to define, foster, and quantify commitment in the context of behaviour (e.g. Legge, 1995). Two main issues are acknowledged. The first of them is the distinction between behavioural and attitudinal commitment (see, for instance, Coopey and Hartley, 1991; Morris et al., 1993). According to Mowday et al. (1982), an employee's level of identification and connection with their employing organisation is referred to as their attitude of commitment. Porter et al. (1974) defined an approach to organisational commitment as follows: a strong desire to stay a member of the organisation; a readiness to put in a significant amount of effort on the organisation's behalf; and a strong belief in and acceptance of the organization's aims and values. This kind of commitment is associated with the assertion mentioned at the beginning of this paragraph.

Comparatively, behavioural commitment is predicated on a distinct set of motivations, at least about the initial two components of the conceptualisation

proposed by Porter et al. Attitude commitment stems from moral involvement and internalising organisational values, whereas behavioural commitment is based on an individual's calculated assessment of the investments they have made regarding their current position and the organisation they work for—a concept known as "side bets" (Becker, 1960). Thus, rather than committing them to ongoing membership, the time they have spent working for their employing organisation will "bind" them (Gryphon and Bateman, 1986). This method of looking at organisational commitment makes it clear that the desire to stay a member of an organisation could be the result of these side bets building up. People can also think that there aren't many options for alternative careers. This would allow any identification with the goals of the organisation to be restricted to those areas that align with a person's estimate of the return on previous investments (pensionable service, for example). Any effort made could depend on how much a person determines is necessary to stay a member of the organisation. This strategy suggests a reciprocal relationship based on instrumentality..

There are a lot of alternative commitment foci identified, which is the second issue. Over twenty-five commitment measures were identified by Morrow (1983), who categorised them into five categories: the inherent value of work as a means to an end; career emphasis; job focus; organisational focus; and union focus. A professional focus was discovered through additional research by Morrow and Goetz (1988) and Morrow and Wirth (1989). There could be other obvious foci, such as dedication to one's work group. Some of these facts are present, which suggests that there is room for a high degree of instrumentality depending on a person's dedication to an outside, self-imposed, or even heroic purpose.

The validity of any straightforward correlation between the implementation and application of an employee involvement strategy and the development of increased commitment and contribution to an organisation is thus called into question by these characteristics of employee commitment. Undoubtedly, implementing certain employee participation tactics can benefit an organization and its workforce, potentially resulting in a rise in employee commitment. But any clear-cut, automatic correlation between these two factors is debatable and requires close examination.

8.3 Meaning of Downsizing

One organizational technique for reducing the size of a staff is downsizing. It is commonly used interchangeably with redundancy. While downsizing is sometimes associated with layoffs in the media, it can also involve other strategies, as demonstrated in the instance of BT, when a sizable number of employees were let go due to natural waste. In this context, the term "downsizing" may be interpreted to encompass some of the practices that have historically been associated with alternatives to redundancy. These strategies consist of freezing hiring, redeployment, retraining, early retirement, voluntary rather than forced layoffs, and

natural waste. Two additional features that set downsizing apart from redundancies—also known as "layoffs" in North American literature—are provided by Freeman and Cameron (1993). They view downsizing as an organizational idea while approaching redundancy as an individual one. This distinction means that downsizing is a strategic issue whereas redundancy is an operational one.

The purpose of and problem with downsizing: The purpose of downsizing is to give organisations a way to function better (Kozlowski et al., 1993). Though it can be linked to a short-term cost-cutting objective and a more basic, long-term ambition to realise changes related to increased effectiveness, efficiency, productivity, and competitiveness, this statement of purpose may be criticised for being overly vague. This distinction, along with the fact that downsizing is often associated with the former objective and the utilisation of redundancy—leads to the core issue regarding the intended purpose of the process. In actuality, attempting redundancy as a short-term cost-cutting measure to reduce personnel is likely to lead to the loss of critical expertise as well as lower morale and increased insecurity. This result might hurt an organization's performance rather than improve it. Negative consequences may still arise from attempting to restructure and alter the organisation over an extensive amount of time and with more caution. Therefore, regardless of how skillfully it is managed, downsizing is probably going to result in adverse psychological and behavioural effects for survivors. Therefore, the management of this type of change must minimise its consequences and, to the greatest extent possible, mitigate the causes of such effects.

Employee commitment is a crucial factor that both organizations and human resource management theorists acknowledge (see, for example, Guest, 1987). Muddling along or trying to apply a technique that explicitly enhances the degree of administrative control over the workforce are alternatives to a strategy that promotes employee integration with and commitment to the goals of an organisation (see Chapter 8). However, if no attempt is made to handle the problems resulting from downsizing, using either of these strategies might only be beneficial in the near term.. About BT, Doherty et al. (1996: 56) illustrate how commitment may have been affected through the view of one of their participants:

> Our expertise and our bond with the client, to whom we were dedicated, kept us going to finish the project despite its unachievable goals. It was not particularly related to company loyalty..

Following downsizing, there will probably be a greater need for organisational dedication and loyalty because those who stay will be more crucial to the organisation's ability to operate. However, unless the company's employees maintain a third-party relationship with its customers—possibly linked to a sense of professional commitment—this is likely to be jeopardised if the organisation does not consciously step in to create dedication..

Shaw and Barrett-Power (1997) acknowledge that the metrics commonly employed to evaluate the efficacy of downsizing from a business standpoint are manifestly insufficient for comprehending and regulating the ramifications of this procedure on stakeholders, including work teams and individuals who endure this incident. Corporate metrics typically include things like profitability, productivity, returns on investments, customer satisfaction scores, etc. These can only stress the existence of behavioural and psychological effects on survivors, even while they would suggest that downsizing has had a detrimental effect on those who remain employed in the company. The results of several polls conducted in the USA provide proof of the existence of these effects and their detrimental impact on anticipated business outcomes from downsizing. Mishra and Mishra (1994) refer to Tomasko (1992) for survey research showing that just 25% of examined organisations had achieved their goals of increased investment returns, better productivity, etc. Comparably, less than half of the 1005 organisations assessed by the Wyatt Company agreed that they had accomplished a specific organisational goal, such as wanting to cut expenses, boost productivity, boost investment returns, or enhance profits, among other things. (1994a, Cameron).

We think that these survey results from the USA point to the necessity for comparable studies in other nations to see if their findings can be repeated. However, our opinion is that the ongoing financial success of numerous companies that have undertaken large-scale downsizing initiatives suggests that some caution should be exercised when interpreting the findings of these kinds of polls. While survivors' psychological and behavioural reactions to downsizing may be indicated by the failure to meet a critical goal, we think that such repercussions may exist even in cases where corporate results do not support this conclusion. A range of contextual variables may impact and obscure the detrimental effects of downsizing survivors' emotions on an organization's financial performance. They include the nature of technology being utilised, workforce competencies, types of work processes, and the requirement for creative behaviour. So, we think that an organization's "balance sheet" may not reflect the detrimental effects of survivors' emotions, at least not right once..

Therefore, we think it can be claimed that the study of this field of change management is more important than it was before because organisations are still demonstrating commercial success in it. A major negative impact may have occurred even in cases where observable commercial costs are not acknowledged. This may have to do with the detrimental psychological effects on survivors or the changed makeup of an organisation's personnel, which makes it harder for it to show flexibility in the face of changing conditions later on (see Chapter 2).

In summary of our conversation thus far, it has been proposed that organisations reduce their size to increase their organizational performance. Nonetheless, it has also been acknowledged that the psychological and behavioural responses elicited

from people who make it through this process could hinder the organisation's performance rather than enhance it. This implies that a "bottom-up" as well as a "top-down" analysis of downsizing is necessary. To put it another way, for a downsizing organisation's corporate goals to be realised, the process must be managed with consideration for the impacted persons, work groups, and stressors that arise from it. This type of approach has led Shaw and Barrett-Power (1997: 109) to propose a definition which focuses on this perspective:

> More broadly, downsizing is defined as a series of stressful events that revolve around efforts to reduce the workforce. These demands are placed on the organization, work groups, and individual individuals, necessitating a coping and adapting process.

The nature of these psychological and behavioural reactions is summarised in Fig. 9.1 and discussed more fully, along with their implications, on pp. 259-67.

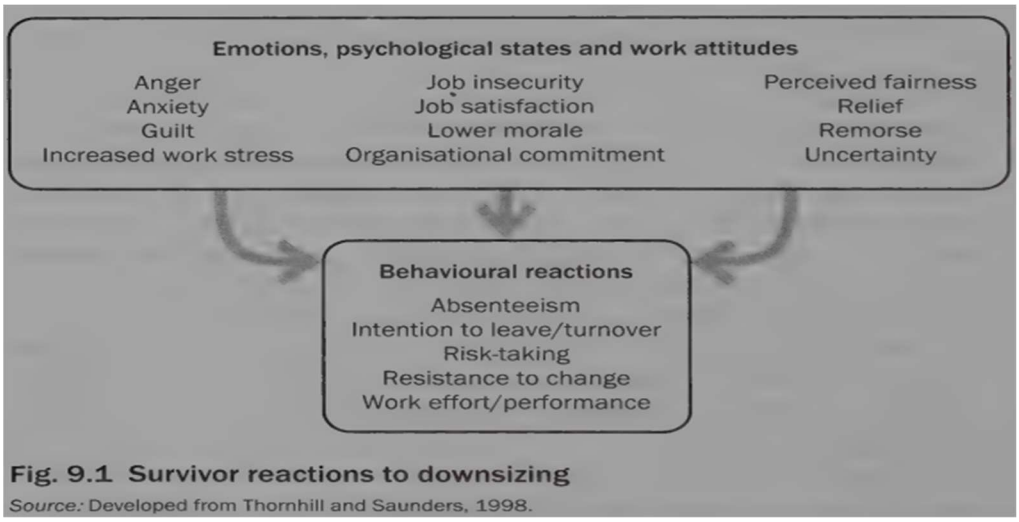


Fig. 9.1 Survivor reactions to downsizing

Source: Developed from Thornhill and Saunders, 1998.

8.4 Management of Change Implications of Downsizing

Downsizing is a powerful means to generate organisational change. As a structural change adversely affecting the retention of people's jobs, its incidence will be highly transparent, and its impact pervasive. Downsizing can also contribute to and affect other forms of organisational change. It could be applied, for instance, to assist in changing an organisation's culture or implementing a performance management system. Following the shift that downsizing causes in organisational participants' belief in "a job for life" and regular advancement within the organisation, such adjustments might be simpler to implement. According to Newell and Dopson (1996), there seems to have been a change in the way BT staff think due to the frequency and extent of downsizing. Downsizing, however, might also hinder an attempt to implement a different kind of change strategy in situations

where it causes unfavourable reactions among the survivors. Other adjustments must also be made as a result of the downsizing process. Training and development needs, for instance, will become apparent as events like restructuring, de-layering, redundancy, and redeployment occur.

This suggests that downsizing might be viewed as a link in a series of change events or as the primary tool for introducing organizational transformation. A proactive approach to managing the effects of downsizing and trying to be sure that change management tactics are consistent is implicit in both of these interpretations. In practice, as we'll talk about later, this might not occur. In such a situation, there may be less chance to accomplish the organizational goals that the reduction is supposed to accomplish. Reactive interventions will be necessary to try and achieve the kind of change that was initially desired. The need for a reactive intervention to overcome unintended and negative change outcomes may also result from the use of inappropriate or ineffective interventions when downsizing was introduced. This is illustrated in Fig. 9.2.

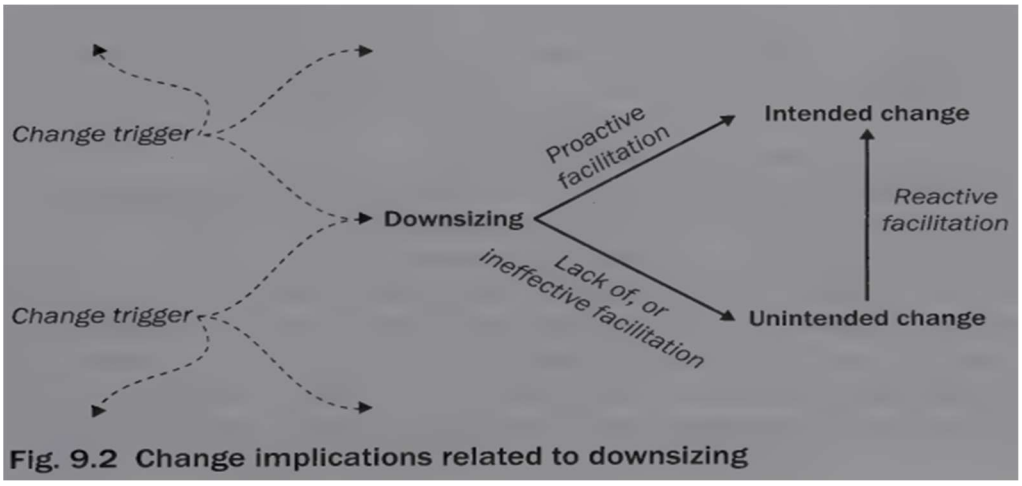


Fig. 9.2 Change implications related to downsizing

8.5 MANAGEMENT OF CHANGE IMPLICATIONS ARISING FROM ALTERNATIVE ORGANISATIONAL STRATEGIES TO DOWNSIZING

Work by Cameron and colleagues (see, for example, Cameron et al., 1991, 1993) has identified three organisational strategies to achieve downsizing.

- The first of these is the workforce reduction strategy, which focuses simply on reducing an organisation's headcount.
- The second is the organisation redesign strategy, which involves elements of de-layering, eliminating areas of work and job redesign, so that the amount of work is reduced as well as the organisation's headcount.

- The third is the systemic change strategy and, as its name suggests, it is a longer-term approach intended to promote a more fundamental change that affects the culture of the organisation through the promotion of employee involvement and adherence to a continuous improvement strategy.

Downsizing may thus be implemented solely through reducing an organisation's headcount (the most popular strategy) or in combination with one or more other strategies which seek to reduce the amount of work undertaken and bring about structural and cultural organisational change.

Significantly, Cameron et al. (1993) discovered that relying solely on a personnel reduction strategy resulted in a decline in organisational performance instead of an increase. In a follow-up study, Mishra and Mishra (1994) discovered that when this method was applied solely, organisational performance suffered in terms of both cost and quality. As we previously stated, such an approach may result in the loss of valued organizational expertise and have detrimental effects on those who stay. While the organisation tries to overcome the loss of necessary competency and un favourable survivor emotions, its short-term gains are offset by longer-term associated costs.

In contrast, the implementation of a systemic change strategy and/or organisational redesign has been linked to improved organisational performance in terms of cost containment and quality (Cameron et al., 1993; Mishra and Mishra, 1994). In addition, it found that companies that solely depended on employing a staff reduction technique were more inclined to utilise it again if cost reduction was considered essential (Cameron, 1994b). According to Thornhill and Gibbons (1995), repeatedly using a workforce reduction strategy has been demonstrated to have further adverse effects on employee morale as the results of future downsizing initiatives become apparent.

Kozlowski et al. (1993) found that the degree of a proactive versus reactive approach in an organisation's downsizing strategy will also influence how change management implications are handled. Proactive downsizing plans usually take into account the organisation's business plan, carefully decide which organisational areas and capabilities to downsize and acknowledge the possible effects on both the organisation and the individual. Interventions to lessen or control their incidence are also likely to be developed as a result of the recognition of potential repercussions. Thus, being proactive means making careful plans at every level of the downsizing process.

On the other hand, a reactive strategy is not likely to have taken into consideration those aspects that a proactive approach has been designed to address. Therefore, it is more likely to be employed in situations when the only goal of downsizing is to reduce organisational costs, even if doing so will hurt the remaining employees. The literature from North America indicates that downsizing may be approached more reactively than proactively, more often. For example, the HR managers in the

McCune et al. (1988) study had limited time, which meant that they had little chance to prepare before downsizing. Managers in such a scenario will have little to no time to prepare and create interventions to lessen the effects of downsizing on those who survive. Therefore, when an organisation alone pursues a staff reduction strategy—especially when this is done reactively—the consequences for change management are more likely to be unfavourable and, in the event, more challenging to manage.

8.6 MANAGEMENT OF CHANGE IMPLICATIONS ARISING FROM METHODS USED TO IMPLEMENT DOWNSIZING

The relationship between the kind of organisational approach utilised to downsize and the nature of the outcomes that follow this process was underlined in our earlier discussion. According to this, a strategy that solely concentrates on staff reductions, especially when such reductions are reactive, is more likely to have unforeseen negative effects on survivors' reactions than it is to accomplish the organisational goals set forth for downsizing. We now propose a similar association between the types of reactions that arise and the strategies employed to achieve downsizing (redundancy, early retirement, etc.).

According to Greenhalgh et al. (1988), there is a possibility that the type of response survivors have when a specific strategy is used is related to the degree of managerial control that is exercised over the downsizing process. For example, a high degree of managerial control over the downsizing process is likely to encourage emotions of job insecurity and a lack of perceived employee influence. Because management controls both the process and the decision of who gets laid off, using forced redundancy to achieve downsizing is likely to result in little employee involvement and high levels of job insecurity.

It suggests lowering the perceived level of managerial control by using strategies like early retirement or natural waste. Since the use of such approaches does not affect the continuity of employment for those employees below the early retirement age, this is likely to reduce concerns about low employee influence as well as levels of job insecurity. In their 1988 article, Greenhalgh et al. analyse five different downsizing strategies, placing them on a continuum that emphasises managerial control at one end and employee discretion throughout their job at the other. We have added early retirements and voluntary redundancy to this continuum (see Fig. 9.3).

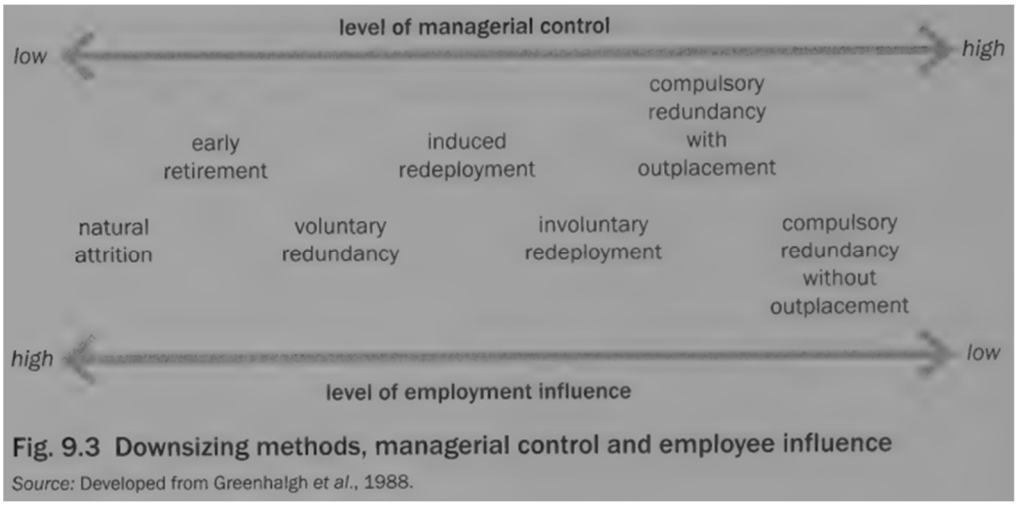


Fig. 9.3 Downsizing methods, managerial control and employee influence

Source: Developed from Greenhalgh *et al*., 1988.

However, high levels of managerial control may be used even in situations when an organisation supports early retirements or employs a voluntary redundancy policy (Wass, 1996; Turnbull and Wass, 1997). A managerial choice results in redundancy across all categories. Managerial control over inducements to accept voluntarily has been demonstrated to be highly persuasive, even though voluntary redundancy involves an employee's decision to accept an offer of a redundancy payment and differs from compulsory redundancy, which affects selected employees regardless of their wishes (Wass, 1996). Lewis (1993: 34) suggests another way to encourage volunteers without using money: "Increasing the target staffing reduction may add to the pressure upon employees and may further reduce morale." There might be a rise in volunteers. Workload augmentation and other modifications could have a comparable outcome.

The employees' sense of their degree of influence over this transition process may be the most important factor in this regard. Even in cases where downsizing is supposedly voluntary, organisations may be able to effectively control the process by carefully selecting the terms to be presented, but individuals may still feel as though they have a choice when accepting redundancy. As an alternative, there can be an exchange relationship when workers are prepared to give up control over the procedure in exchange for a sizable compensation payment. There could even be a feeling that staff members have used their collective power to persuade management to provide comparatively favourable terms for layoffs to prevent certain unfavorable outcomes. On the other hand, unfavourable reactions are likely to arise when the downsizing approach is portrayed as voluntary yet is thought to be anything but. These could be developed by both leavers and survivors, with implications for the organisation's management going forward (Thornhill et al., 1997b). In this situation, any sense of influence by employees would be perceived to be false, with the implication that survivors' reactions may be negatively affected through this type of organisational treatment.

8.7 Management of Change Implications Arising from the Impact of Downswing on Those Who Survive the Process

Those who survive the downsizing process have been found to exhibit behavioural and psychological reactions as a result of the strategy and tactics used to carry it out. In the short or long run, this could result in the deterioration of the desired organisational objectives. In our previous talk, we mentioned the necessity of approaching downsizing as a "bottom-up" process. The idea is that by doing this, a company will be more likely to identify the risks to achieving its downsizing goals and, consequently, to comprehend how it may try to mitigate or control those risks... Using a "bottom-up" approach to downsizing, we examine the behavioural and psychological components of this kind of change management in this section. We begin by examining in greater detail the characteristics of survivors' responses to downsizing as well as the presence of moderating variables (see, e.g., Brockner, 1988) that influence the intensity of survivors' responses. These variables also show how much room managers have to step in and control this process. Next, we explore the potential applications of several organisational theories to propose proactive measures for effectively managing downsizing as a "bottom-up" process.

8.7.1 The nature of survivors' reactions and the existence of moderating variables: The primary factors and groups of survivors' responses to the start of downsizing are illustrated in Figure 9.4. Individual psychological and social variations, along with broader environmental factors, influence these reactions in addition to the actions of an organisation. Due to psychological variances in self-worth, past organisational commitment, instability tolerance, and personal coping mechanisms, each person will react to downsizing differently. For example, Brockner et al. (1985) propose that survivors who suffer from poor self-esteem might perform better at work because they feel a great deal of positive unfairness (ghost guilt) regarding the way a downsizing is carried out.

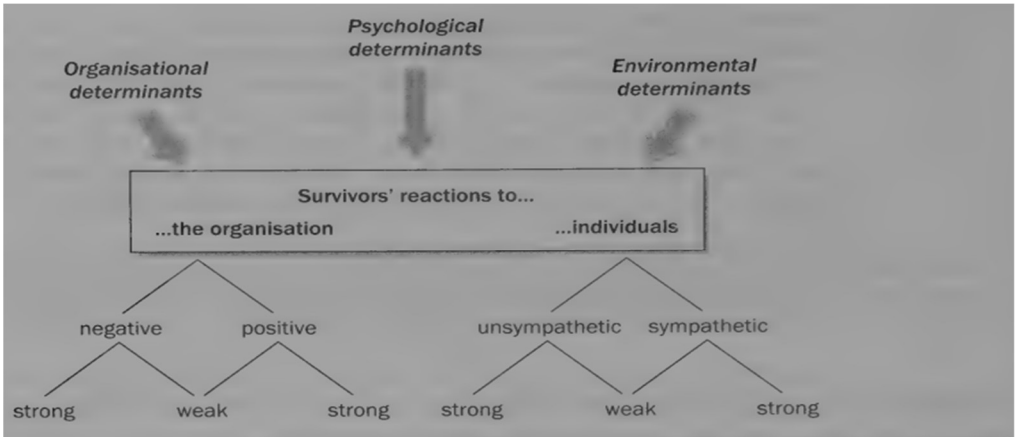


Fig. 9.4 Principal determinants and categories of survivors' reactions to the advent of downsizing

According to Brockner et al. (1992), survivors who felt a strong sense of commitment to the organisation before downsizing are more likely to experience negative reactions, since they believe that the process's management is unfair. According to Greenhalgh and Rosenblatt (1984), people who strongly dislike apparent dangers, such as job insecurity, will respond strongly. Regarding the last point, Armstrong-Stassen (1994: 612-13) discovered that survivors who felt more in charge of their circumstances used coping mechanisms that were consistent with that perception. This implies that people who have not experienced this will have a worse ability to deal with.

Environmental conditions may also act as a determinant of survivors' reactions (Brockner, 1988). Where their former colleagues can find comparable work in the labour market, survivors' reactions are likely to be less adverse. The occupational and geographical mobility of redundant employees and their economic need to work will also be likely to affect the strength of survivors' reactions (see, for example, Greenhalgh and Rosenblatt, 1984).

According to these factors, different survivors in the same workplace may behave differently. It further implies that when organisations create interventions to lessen adverse survivor reactions to downsizing, they should have a comprehensive understanding of the nature of heterogeneity among individual employees as well as the current environmental circumstances. These factors, however, should not be read to imply that this circumstance is unaffected by a reducing organisation and that, as a result, no remedy is feasible. Instead, it may be interpreted as highlighting the necessity of giving specific interventions, like employee communication, more attention than others, like helping redundant personnel find other jobs, to mitigate the risks that come with uncertainty and poor coping skills. The ensuing subsection goes over these kinds of interventions.

Moderator variables include things like individual variances and external influences. The frequency and intensity of survivors' responses to downsizing are influenced by these factors (see, for example, Greenhalgh and Rosenblatt, 1984; Brockner, 1988). They aid in the explanation of why, concerning specific downsizing scenarios, the frequency and intensity of psychological and behavioural reactions may be prominent. Therefore, identifying moderator variables is a crucial first step in managing a downsizing program proactively and efficiently. Those who are interested can recognise potential effects and take appropriate action to prevent, or at least try to lessen, the possibly harmful effects of downsizing if they have a better understanding of the possible moderator variables.

Many moderator variables have a direct correlation with organisational events. Accordingly, the kind and intensity of the emotions from survivors could be partially explained by their previous codependency at work with people who are being laid off or displaced (see, for instance, Brockner, 1988). In situations where survivors and leavers have historically relied on each other to complete their tasks,

the intensity of the sympathetic responses from survivors is probably going to be significantly higher. More generally, the presence or lack of common attitudes, values, and experiences may contribute to some of the explanations for these reactions (see, for instance, Brockner and Greenberg, 1990). Strong ties of identification between survivors and leavers are likely to result in a larger degree of sympathetic survivor response.

The perception held by survivors that they would eventually become obsolete could also be a cause of insecurity, influencing the type and intensity of their responses. Perceptions about the policies and processes an organisation uses to carry out downsizing will also be a significant factor in determining survivors' attitudes. Concerns with employee expectancies and avoidability are related to this implementation variable; for instance, sudden or preventable layoffs may cause strong, compassionate feelings, such as resentment toward a company (see, for example, Brockner, 1988). Later, we'll talk about controlling these factors.

Thus far, we have explored the characteristics of survivors' responses and the presence of moderating factors, which indicate a very intricate situation inside a downsizing company. Furthermore, these moderating variables will probably have a compounding and cumulative influence (Brockner, 1988). Nonetheless, managerial initiatives centred on this degree of reduction should support the efficient handling of this kind of transition. Its goal is to lessen the likelihood of or mitigate the effects of adverse survivor reactions that might arise when downsizing is solely thought of as a corporate-level (top-down) strategy. This could perhaps lessen the intensity of negative emotions while simultaneously increasing the possibility of some favourable reactions due to procedural fairness and any sense of legitimacy in the downsizing process. According to their opinions of how leavers are chosen and handled during their notice period, survivors can display one of two types of reactions, according to Brockner and Greenberg (1990). The terms "sympathetic" and "unsympathetic" describe how survivors feel about those who quit an organisation (see Fig. 9.4 above). They propose that in the event of downsizing, an insensitive response could entail thinking that layoffs were warranted, especially for the people chosen for layoffs, with survivors pulling away from the departing employees and putting in more effort at work. On the other hand, sympathetic responses from survivors could entail the conviction that departures have been unfairly chosen and/or handled, leading to unfavourable feelings, attitudes, and behaviours toward an organisation. Thus, these groups of survivors' responses indicate the necessity of administrative activities.

8.7.2 Interventions to manage downsizing as a 'bottom-up' process to reduce the strength of survivors' reactions: Research that draws on several relevant theories—including those concerning organisational justice, equity, job insecurity, work redesign, and organisational stress—offers managers a variety of strategies to think about. These would aim to promote more positive responses to

the downsized organisation and lessen the frequency and intensity of negative survivor reactions.

Equity theory, management decisions and work effort: Equity theory (Adams, 1965) has been used to evaluate the effects of employee perceptions about the fairness of management decisions related to the downsizing processes. For example, survivors' reactions are likely to be affected by their level of acceptance of:

- the need to downsize or make employees redundant.
- the lack of an alternative course of action.
- the level of prior notification provided by management.
- the selection criteria used, and the decisions made by managers about who should be made redundant; and
- how the leavers are treated during their period of notice and offered support to find alternative employment (Brockner, 1988, 1992).

Perceptions of fairness or equity about management decisions and procedures related to these aspects may help to reduce the incidence of negative reactions. On the other hand, perceptions of unfairness may either lead to positive inequity, where particular survivors feel that those made redundant had a greater claim to be retained than they did, or negative inequity, where, for example, survivors identified closely with those made redundant. Positive inequity may lead to survivors experiencing guilt, with the result that they work harder, whereas negative inequity may lead to affected survivors reducing their level of organisational commitment and working less hard (see, for example, Brockner, 1988).

Organisational justice theory: management decisions, decision making and managers' skills: Recognition of the importance of perceived fairness has been developed through the use of organisational justice theory (see, for example, Brockner and Greenberg, 1990; Daly and Geyer, 1994). Three types of organisational justice theory have been identified: distributive, procedural and interactional.

Distributive justice is related to employees' views about the fairness of the decisions that are made — the 'outcomes' of the process. The elements of distributive justice help to clarify why survivors might not think that decisions about redundancy were made fairly. Redundancy selection decisions are likely to be made by organisations or promoted by them based on performance, efficiency, and business needs criteria. Nevertheless, in the majority of circumstances, if not all of them, these standards are unlikely to yield results that align with the financial imperative of preserving the jobs of those facing layoffs (Brockner and Greenberg, 1990). Explaining why the criteria were chosen may help to reduce the consequences of redundancy decisions based on this mismatch between organisational and individual objectives. Furthermore, workers can believe that the business-related standards utilised in the redundancy selection process do not align

with their judgments of effective performance. Applying such criteria will produce an outcome that is perceived to be unfair. The likelihood of such a result affects the legitimacy of the selection criteria and the necessity to change opinions about it. Perceptions of how downsizing and redundancies impact management, as well as whether managers are perceived as trying to avoid the outcome, could be another aspect of distributive justice (Brockner, 1992).

Procedural justice focuses on employee perceptions about the fairness of the procedures used to make decisions about downsizing and redundancies. This suggests that fairness should extend to the processes followed in reaching judgments related to downsizing as well as the conclusions themselves. Using procedures that are viewed as fair may lessen unpleasant reactions that are caused by outcomes that are thought to be unfair (Brockner et al., 1990). Two criteria that influence opinions about procedural fairness have been the main focus of studies on procedural justice. These are "voice," which is associated with worker participation in the process, and "justification," which is associated with teaching through clarification (Daly and Geyer, 1994). The promotion of involvement in this context may include the use of consultation and communication about the process; the use of a voluntary, as opposed to a compulsory, route to redundancy; affected employees being provided with options about redeployment and relocation; the provision of outplacement facilities; and interventions aimed at allowing survivors to adjust to downsizing-related changes. Guest and Peccei (1992: 55) evaluated the effects of involvement initiatives used during the closure of a British Aerospace site and found that ‘employee involvement can work as a strategy for easing the process of plant closure’. However, they also found that certain groups were less involved, with the implication that these employees may have had less favourable perceptions about the fairness of the procedures used.

As we previously noted, involvement or voice in this kind of situation enables people impacted to exert some degree of influence over the process. Some survivor reactions have been linked to this kind of employee impact in terms of attitudes and behaviours. According to Davy et al. (1991), employee control over the downsizing process has a favourable impact on perceptions of fairness and job satisfaction, which in turn affect employees' level of loyalty to the company and their intention to stick around. Because of this, organisations may sincerely try to encourage employee participation to foster views that the procedure being followed is fair (Davy et al., 1991). Justification may also be promoted through an educational process to explain why downsizing is necessary. A similar finding has been found for this as for employee influence about the process: justification has been found to be related positively to procedural fairness and, in turn, to intention to stay (Daly and Geyer, 1994). This may be explained through the finding that employees are more likely to accept a decision, even an unfavourable one related to redundancy,

when they receive an adequate and genuine reason for it (see, for example, Brockner et al., 1990).

Interactional justice focuses on employees' perceptions about the fairness of the treatment that they and others receive during the implementation of downsizing (Bies and Moag, 1986). Line managers have a potentially significant influence over the way their subordinates react to downsizing in terms of their treatment of those who leave and the survivors. Line managers thus need to be able to demonstrate a range of skills that might be broadly described as change management skills. In addition, line managers need to be able to deal with issues that are specific to a redundancy situation. These will include communicating notification decisions, providing reasons for these, and the sensitivity with which they treat leavers during their notice period. It is therefore suggested that line managers will require preparation and training to be able to cope effectively and fairly (Thornhill et al., 1997a).

Job insecurity and the role of employee communication: References to the theories of organisational justice and equity have already emphasised the critical role that good communication may play in managing layoffs and downsizing (see also Chapter 8). The theory of job insecurity deepens our comprehension of the function of communication in this setting. According to Greenhalgh and Rosenblatt (1984), employees obtain knowledge through three different routes: rumors, formal organizational channels, and organizational activities that provide them clues. Two points follow from this recognition. First, whether people are staying or leaving, the organization's information might not specifically address their issues. Second, employees will rely on rumors and infer what is likely to happen from managerial and organisational activities in the absence of information or suitable information. Where official organisational communication does not focus on the specific concerns of those affected it will not alleviate their sense of powerlessness and perceived threat (see, for example, Greenhalgh, 1983; Greenhalgh and Rosenblatt, 1984). It was recognised above that positive employee perceptions might follow from the exercise of employee involvement or voice during downsizing. In relation to job insecurity, perceptions about personal control related to the downsizing process may be positively affected through communication of the following types of information. First, the knowledge that they are not affected, at least not directly, will benefit most employees. This could have to do with a downsizing plan that, at least in its required form, stays away from the use of redundancy. An organization may also use a carefully defined and targeted approach to reduce the pool of those potentially affected. When redundancies occur, an organization may notify employees early to lessen their anxiety about possible job loss. However, this raises management concerns for the departing employees beforehand (Greenhalgh, 1983). Secondly, when appropriate, information regarding the impact on both leavers and survivors will be helpful. Employees departing the company will require

information regarding their treatment during their notice period, expectations, and potential future support for redeployment or outplacement. The effects of the changes brought about by downsizing will need to be explained to survivors. Giving survivors access to this knowledge will be crucial because it may ease their anxiety about losing their employment, but it may also make them worry about some aspects of their jobs that they liked before the changes were implemented (Greenhalgh and Rosenblatt, 1984).

Job insecurity, career progression and the psychological contract: In a larger sense, job insecurity refers to feelings of doubt regarding aspects like status, contractual connections, including psychological interaction, and professional advancement. Reductions in staff and the elimination of layers could hinder professional growth prospects. Therefore, when this is likely to cause unfavourable emotions among survivors and subsequent plans to leave, organisations will need to think about the repercussions. Organisations must think about the competencies they need, how to establish and implement career management programs to develop these, and how to convey these features to survivors to try and prevent this kind of outcome (see, for example, Ebadan and Winstanley, 1997). In a broader sense, this danger to one's professional advancement and past security expectations may be seen as a breach of the psychological contract, according to Hendry and Jenkins (1997), where "the resulting contract involved an exchange of loyalty for security." This could indicate a move away from a "relational" contract that offers job security, training, and advancement in exchange for employees' loyalty and trust and toward a "transactional" contract, which is defined by strict instrumentality where employee inputs are exchanged for compensation (Herriot and Pemberton, 1996). This could happen right when someone needs survivors to be especially committed to the organisation (see, for example, Hallier and Lyon, 1996). Middle managers may be particularly affected by this, as we will now examine.

Research from the UK (Newell and Dopson, 1996) and North America (Belasen et al., 1996) indicated that middle managers' workloads grew dramatically both during and after downsizing. These survivors need to take on more duties and manage not just their regular management responsibilities but also new ones that come with bringing about change. Belasen et al. reported that as a result, the managers in their study had to be "hyper-effective" to cope. Additionally, according to Newell and Dopson, managers had to put in more effort and longer hours to get things done. The requirement's viability, its effect on the psychological contracts of these managers, and their degree of organisational commitment were called into doubt. These managers' psychological contracts had been unilaterally changed by the nature of the changes taking place within their organisations, according to both studies, and they felt helpless since they were not given enough information. According to Newell and Dopson, the managers in their study experienced events that caused some of them to reevaluate the nature of their commitment and change

their priorities from work to family, regardless of whether or not it would advance their careers.

All survivors may, of course, experience feelings of insecurity arising from uncertainty and unilateral changes to their psychological contracts. Kozlowski et al. (1993) used facets of job redesign theory, related to job enrichment or enlargement, to explore the relationship between an organisational strategy used to downsize and structural determinants of survivors' reactions following downsizing. In our earlier discussion, we outlined three organisational strategies for downsizing (see also Cameron, 1994b). The first of these simply involved the use of a workforce reduction strategy, where the intention is to reduce organisational headcount and costs. However, the amount of work which remains in the downsized organisation may not be reduced, at least on a commensurate basis. This will lead to a situation of job enlargement for survivors, where feelings of role stress and dissatisfaction may result in an altered commitment focus and intention to leave. This is likely to be associated with ineffective leadership, unclear job responsibilities, poor communication and feedback, and poorly defined performance standards, as well as role overload, following downsizing (Tombaugh and White, 1990). The use of an organisation redesign strategy, in conjunction with a workforce reduction one, will instead be aimed at reducing the quantity of work in the downsized organisation and, when effective, may lead to job enrichment where this enhances personal control about job roles (Kozlowski et al., 1993; Cameron, 1994b).

Recognising and managing stress through the reactions of survivors: According to recent research on the effects of downsizing, Lazarus and Folkman's (1984) theory of stress offers an insightful framework for identifying and resolving these problems (see, for instance, Brockner and Wiesenfeld, 1993). Downsizing is defined as a "constellation of stressor events... which... require a process of coping and adaptation" by Shaw and Barrett-Power (1997: 109). Numerous possible sources of stress for survivors have been highlighted by the changes brought about by downsizing, as we have covered in this chapter. Lazarus and Folkman's (1984) theory centres on two key concepts: stress appraisal and coping. Individuals will cognitively appraise whether an event will lead to stress, how this may manifest itself and what they can do about it. Coping with an event that causes significant levels of stress, such as downsizing, may involve the use of one of two divergent strategies. One of these involves an intention to confront the problem and to seek to solve it through attempts to exercise influence and control. The second involves focusing instead on its emotional consequences and perhaps seeking to avoid it. Strategies related to problem solving have been labelled as problem-focused coping (Lazarus and Folkman, 1984) or control-oriented coping (Latack, 1986). The second category of strategies has been labelled as emotion-focused (Lazarus and

Folkman, 1984) or escape/avoidance coping (Latack, 1986), indicating withdrawal from the situation (Shaw and Barrett-Power, 1997).

We believe that the application of stress theory to the context of downsizing has evident consequences for management and organisations. Regarding stress assessment, people's responses to potentially harmful or stressful situations may depend on previous organisational treatment (Naumann et al., 1995). Employees at companies that have in the past proven themselves to be supportive may therefore view transitions as less frightening and stressful. For those who survived downsizing, this might be especially important. Support from the organisation during the actual downsizing event is likely to be crucial for the kind of coping strategy that the impacted people choose. The purpose of this kind of assistance would be to promote a coping strategy that is control- and problem-oriented. Organisational support may be summed up as an organisation's concern and care for its employees' impacts resulting from its actions and possibly those of others (see, for example, Naumann et al., 1995). The employee's line manager is probably the most important source of this type of support (see our prior conversation regarding interactional fairness). According to Armstrong-Stassen's (1994) research, survivors who believed they had very supportive line managers also performed better and were more devoted to and loyal to their organisation. Survivors who exhibited similar traits regarding performance, commitment, and intention to stay were also found to be control-oriented coping strategy users. Thus, it appears plausible that there is a connection of some kind between survivors' coping mechanisms and organisational support.

Self-Assessment Questions	
1.	What is employee involvement in change management?
2.	What are the strategies for effective employee relations?
3.	What are the strategies to manage change in terms of downsizing?
4.	What are the benefits of employee involvement in change?

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Unit-9

EVALUATING AND PROMOTING CHANGE

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INTRODUCTION

Evaluating and promoting change is a critical aspect of successful change management, ensuring that change initiatives achieve their desired outcomes and are continuously improved over time. Approaches to evaluating change involve assessing the effectiveness and impact of the change process, using both qualitative and quantitative methods. Evaluation helps determine whether the objectives of the change have been met, identify areas of improvement, and provide insight into how the change was received by employees. This process allows organisations to learn from their experiences and make adjustments to enhance future change initiatives.

Transitioning from evaluation to promotion of change is a key step in reinforcing and embedding change within the organisation. Once a change is evaluated, organisations must focus on promoting it by celebrating successes, addressing any challenges, and maintaining momentum. Promoting change requires a clear understanding of the purpose and strategies behind the initiative. A well-defined purpose ensures that all stakeholders are aligned and committed to the change process, while effective strategies facilitate the smooth implementation and long-term sustainability of the change.

Gathering data for analysis is essential to evaluate the effectiveness of change and to inform future decisions. Data can be collected through surveys, interviews, focus groups, or performance metrics to capture feedback from employees and stakeholders, offering insights into how the change is perceived and experienced. Once the data is collected, it must be carefully analysed to identify patterns, strengths, and areas that need attention. Analysing the data helps pinpoint what worked, what didn't, and what adjustments are needed. Finally, providing feedback on the findings is essential to keep all parties informed and engaged. By sharing results and encouraging open dialogue, organisations can foster an environment of transparency and trust, allowing for continuous improvement and stronger support for ongoing change initiatives. Ultimately, the ability to effectively evaluate, analyse, and promote change is crucial for an organisation's adaptability and long-term success.

LEARNING OBJECTIVES

After studying this unit, you will be able to:

- Understand various approaches to evaluating the effectiveness and impact of change initiatives within an organisation.
- Learn how to transition from evaluating change to actively promoting and reinforcing it to ensure sustainability.

- Recognise the importance of having clarity of purpose and well-defined strategies in the change management process.
- Develop skills in gathering relevant data for analysis to assess the success of change efforts.
- Understand the process of analysing collected data and providing constructive feedback to inform future decisions and improve the change process.

9. INTRODUCTION

The systematic gathering of data, analysis, and presentation of the findings is necessary for effective evaluation and change promotion. These data may have been gathered via tracking internal organisational activity over time or explicitly to assess a specific change intervention. The success of a single change intervention or a series of interventions will likely be more definite with the subsequent evaluation. We contend that the information gleaned from this research process aids organisations in having a clearer grasp of what is happening and, equally important, the effects of certain initiatives. Additionally, the study process itself can support the transition. Nevertheless, appraisal is infrequently done (Toracco, 1997).

According to Toracco (1997), the challenges connected to the lengthy time frames needed for organisational change cause this lack of change evaluation. Particularly, it is frequently challenging to know the precise impact of specific treatments with certainty. Additionally, when signs of success or failure appear, external consultants involved in the change process have already left the organisation. Others (such as Randell, 1994; Lewis & Thornhill, 1994), who also highlight the challenge of designing trials and acquiring data of sufficient quality to separate the effect of an HR intervention from other stimuli, agree with these observations. They also emphasise the detrimental effects of organisational politics, particularly when subpar evaluation results imply that the change occurred because of a poor choice made higher in the organisational hierarchy (Lewis & Thornhill, 1994). Toracco (1997) contends that despite these challenges, research should be conducted to assess changes against critical organisational goals, even when advances cannot be entirely attributable to a specific change intervention.

Traditional ‘scientific’ approaches to research often seek to minimise the involvement between those collecting and analysing the data (the researchers) and those from whom data are collected to maintain objectivity (Robson, 1993). In these procedures, researchers are viewed as independent of an organisation rather than collaborating with it. The research sponsor alone receives access to the findings; everyone who may be affected does not. In terms of managing the change process, particularly our emphasis on managing change via people, this runs counter to much of what we have covered in this book. Such conflict may not be surprising given that the research aims to comprehend and explain. Research can offer insights into managerial issues and commercial concerns related to organisational changes. However, it is frequently required for the researcher to be within or to become a member of the organisation when utilising research to evaluate and encourage change. Data analysis should not be conducted in a vacuum, and conclusions must be drawn in the organisation's context.

In this chapter, we consequently lean toward the viewpoint that research needs to involve individuals affected within the organisation as extensively as possible to evaluate and encourage change. This is not to argue that only those working for the

organisation can do research. Instead, it suggests that when outsiders are used, their function should be to assist those inside the organisation in perceiving, comprehending, and taking action to address the situation—an approach analogous to Schein's (1988) "process consultation." As a result, we acknowledge that certain research methodologies may be better suited for different purposes. There are several time frames across which research can occur. These can range from one-time case studies that might address the question "Where are we now?" to cross-sectional studies that compare HR best practices to longitudinal analyses that might make use of several employee opinion surveys. Similarly, we acknowledge that certain research methodologies are likely to generate more relevant data than others to address specific aims. In contrast to in-person interviews, when the interviewer takes the time to build rapport, a questionnaire poll of employees is less likely to uncover their genuine sentiments over a recent downsizing.

9.1 APPROACHES TO EVALUATING CHANGE

One common name for the process of assessing organisational change is research. It should be conducted methodically and used to gather information, just like any other research. The word "systematic" implies that this assessment would be grounded in logical relationships rather than assumptions or hunches. The phrase "finding out" emphasises the use of data as a foundation for decision-making as opposed to identifying issues based solely on conjecture and assumptions. However, under this expansive definition of research, the context and goal must be given more careful thought, and alternate strategies must be investigated.

The purpose and context of evaluation: Research projects are frequently categorized on a continuum based on their environment and goal in research textbooks, including our own (Saunders et al., 1997) (see Fig. 10.4). Evaluation efforts are made at one end of this spectrum to increase the theoretical understanding of processes and their results. This is commonly referred to as academic or basic research. On the other end of the spectrum is an assessment that directly and immediately relates to organisations, addresses issues that they view as significant, and offers findings in a style that can be easily understood and used. Usually, this is referred to as applied research. It should come as no surprise that the assessment and encouragement of change fall on the applied end of this spectrum. Such a study is mostly focused on analysing real-world issues related to change interventions or choosing specific paths of action for change within organisations. As a result, it aids organisations in determining what is occurring and evaluating the efficacy of various actions. This focus is evident in the research goals of Barclays Edotech, which are to uncover organisational features that need improvement (i.e., potential issue areas) and areas of existing strength. Evaluation is a process that can happen at any stage of development. Formative evaluation is the term used to describe assessment conducted early in a change program to enhance or adjust the procedure. Summative evaluation refers to the work that is

done in the later stages to evaluate impact, assess how well goals have been fulfilled, or decide whether to move further with the process.

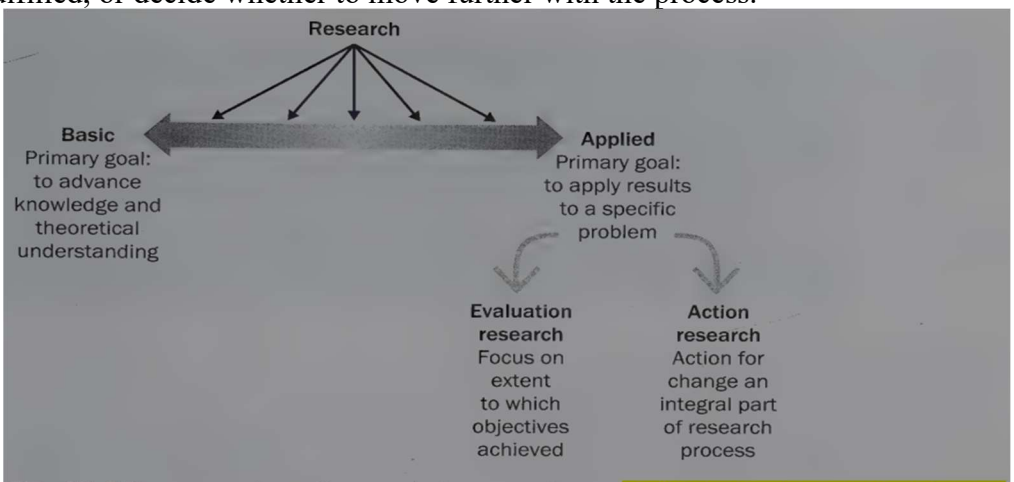


Fig. 10.4 The research continuum and approaches to evaluating and promoting change

Several stages can be reached via applied research. Five stages (see Fig. 10.5) are identified by Hamblin's (1974) widely cited work. Although Hamblin links these, especially to training evaluation, broader guidelines regarding the scope of applicable research and its potential influence can be inferred. Hamblin's work particularly emphasises the fact that research can be conducted to examine operational adjustments (levels 1 and possibly 2), medium-term or tactical changes (levels 3 and occasionally levels 2 and 4), or more strategic changes (levels 4 and 5). These are included in Hamblin's description of training as operational, tactical, and strategic job performance, as well as trainee learning.

Level	Evaluation	Impact
Low	1 Training as in the post-course questionnaire.	*Operational*
	2 Learning in terms of how the trainee behaves.	
	3 Changes in job performance.	*Tactical*
	4 Changes in organisational performance.	
High	5 Changes in the wider contribution the organisation now makes.	*Strategic*

Fig. 10.5 Hamblin's five levels of training evaluation

Source: Developed from Hamblin, 1974.

Evaluation and action research approaches: Action research and evaluation research methodologies are commonly distinguished in applied research (see Fig.

10.4). Evaluation research is concerned with determining the degree to which the goals of a certain action or activity—for example, introducing a new training intervention—have been met; put another way, it is concerned with assessing the activity's efficacy (Zikmund, 1997). Data on what is happening or has happened (monitoring) must be gathered and analysed as part of this review. This can be done in several ways, such as through surveys, experiments, and longitudinal studies; additionally, it can be done by several methods, like questionnaires, interviews, and observation. Results derived from the examination of these data are then returned to the sponsor.

Lewin coined the phrase "action research" for the first time in 1946. The same methods and tools used in evaluation research are also used in action research. There are three recurring elements in the literature, even though management researchers have interpreted them in several ways since then.

- The first highlights and concentrates on the goal of the study, such as managing a change like organisational downsizing (Cunningham, 1995).
- The second is about practitioners participating in the study, specifically close practitioner-researcher collaboration. This can involve academics, other practitioners, internal or external consultants, or practitioners. The conclusions of action research, according to Eden and Huxham (1996: 75), are the outcome of "involvement with members of an organisation over a matter which is of genuine concern to them." As a result, the researcher works for the organisation that is conducting the research and implementing the change (Zuber-Skerritt, 1996).
- The final theme proposes that action research should have ramifications beyond the immediate project; in other words, it must be obvious how the findings may be relevant to other situations. Eden and Huxham (1996) relate this to an explicit focus on theory formation for academics conducting action research. They do, however, emphasise that this is more likely to centre on the following transfer of knowledge acquired from one particular setting to another for both internal and external consultants. Practitioners and other people conducting action research can also benefit from this kind of knowledge-based perspective in other contexts.

As a result, action research is distinct from other applied research methods like evaluation research since it has a clear emphasis on taking action, especially encouraging organisational transformation (Marsick and Watkins, 1997). Additionally, the researcher is actively participating in this change-making process and the eventual application of the knowledge acquired elsewhere. We now turn to the significance of these distinctions for assessing and fostering change.

9.2.1 From Evaluating to Promoting Change

Evaluation research: Evaluation research begins with a clear grasp of the action or activity that is to be evaluated by the person doing the evaluation (see Fig. 10.6).

Recently, the senior management team of an organization hired Adrian and Mark as outside consultants to find out what the staff thought of the management of a recent management buyout (Thornhill and Saunders, 1998). As part of this "change initiative," the organisation underwent downsizing, and a new private-sector organisation was established. Together with the organisation's senior managers, the evaluation's exact goals were established regarding the change. The senior management's commitment to the changes, communication procedures, the organisation's future orientation, and the employees' commitment to the organisation were among them. Employees' thoughts regarding the styles and abilities of their line managers were also solicited. Although there was no consensus that the senior management team would act upon the evaluation's conclusions, the fact that they were interested in doing so showed that they would be prepared to do so if issues were to arise.

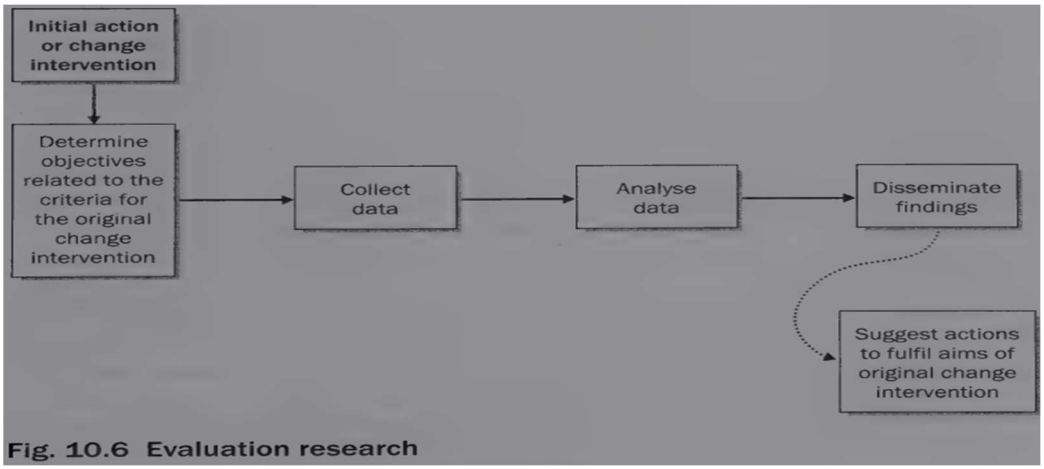


Fig. 10.6 Evaluation research

Adrian and Mark employed several methods to gather data, such as conducting interviews with a sample of the workforce and distributing a questionnaire to every employee. Employee knowledge of the problems mentioned in the preceding paragraph, as well as top managers' concerns, was increased by this procedure. The expectation that something would be done to address concerns brought up by employees was also introduced via data collection. Stated differently, it fostered the anticipation of additional modifications. The data were analysed, and the results were presented in a report to the sponsors, in this instance, the organisation's senior management team. Senior executives considered the results carefully. They shared the main conclusions with the staff and created an action plan around them. Senior management then implemented additional change interventions to address the issues brought up by the evaluation. Adrian and Mark have nothing to do with this. As a result, even while assessment research does not specifically call for action, Adrian and Mark's work highlights how the results may encourage change. Since

their senior managers were prepared to commit time and money, the research procedure initially emphasised the significance of the evaluation to the staff. The concepts, aims, and practices of the change that was being assessed were reiterated to employees as they participated in the data-gathering process, which in this case involved filling out questionnaires and, for some, being interviewed. According to Randell's (1994) research, employees are likely to take these investments as indicating that the transformation was successful.

9.2.2 Action research: The process of action research, in contrast, explicitly promotes transformation. Winter(1996:23) emphasises this and draws attention to the connection between researchers, practitioners, and change. She contends that people who use an action research approach are not consultants in the conventional sense of the word, saying, "[We] are not consultants, advising others how to change, nor unchanging catalysts of others' development." We are a component of the evolving circumstance. As a result, their objective is to determine what change is required, implement the change, monitor and assess the results, and then, as appropriate, modify the change intervention. An initial concept for a change intervention is the starting point of the action research process (Fig. 10.7, cycle 1). This is likely an aim (Robson, 1993). To create an overall plan and decide on the initial measures to be performed, recognition (fact-finding and analysis) regarding the change intervention is conducted. Implementing this strategy, keeping an eye on it, and assessing it takes up the remaining portion of the first cycle. Using data from the monitoring and evaluation process, the change intervention is revised in subsequent cycles to make sure it still serves the needs of the organisation. Unexpected changes are accounted for in the revision and execution of planned action steps. Further adjustments are performed when their effects are assessed and tracked (Fig. 10.7, cycles 2 and 3). The basic concept for change in the Barclays Edotech case study was a shift to a market-driven service centred on clients' demands. Actions were prepared following the gathering of information and analysis. These led to the establishment of Edotech and the consolidation of print and postal production facilities at a single location, as well as a significant investment in new technology (Fig. 10.7, cycle 1).

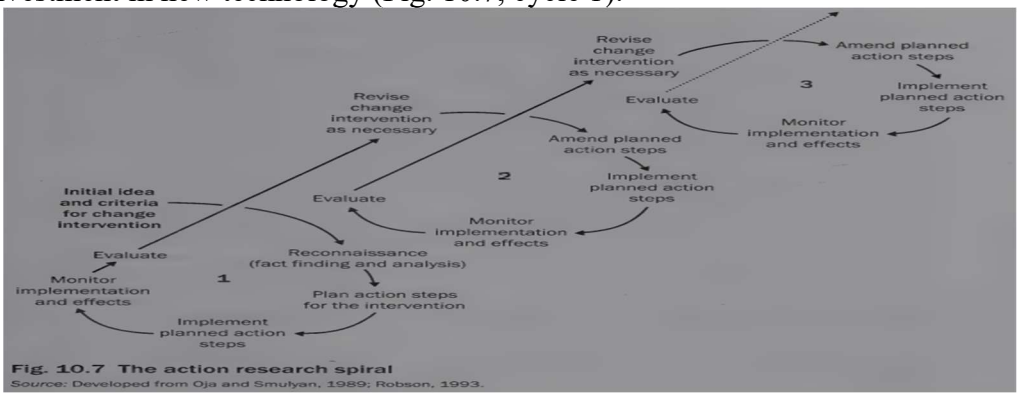


Fig. 10.7 The action research spiral

Source: Developed from Oja and Smulyan, 1989; Robson, 1993.

The Group Planning Operations and Technology (GPOT) annual staff attitude survey and the local staff survey were used to evaluate the modifications, and the results showed that revisions were needed to the change interventions. As a result, some modifications were made to the intended action steps. Among these was a review of salary grade bandings to ensure that employees were compensated for the abilities and duties specified in the case. A variety of methods were employed to track and assess the changes, such as the Business Excellence Model (BEM) self-assessment process and the yearly staff attitude survey (Fig. 10.7, cycle 2). A subsequent cycle of modifying plans, executing, overseeing, and assessing change interventions was then carried out. As a result, print and mail production facilities and Edotech were combined (Fig. 10.7, cycle 3).

The additional strengths of action research are therefore:

- an emphasis on change;
- the recognition that inspection, monitoring, and evaluation need time;
- Employee (practitioner) involvement at every stage of the procedure.

Schein (1995) highlights the significance of involving employees at every stage of the process since they are more inclined to carry out changes they have contributed to. It becomes harder to deny an employee's desire for change once they have recognised it and made it generally known, and internal pressure to make the change occurs. Therefore, action research incorporates both data collection and change facilitation. Employees frequently perceive the reconnaissance phase as their acceptance of the need for change (Cunningham, 1995). By incorporating people in the changes, planning can promote group ownership and motivate individuals to get together and discuss the best course of action. Then, these plans are put into action. You must use the results of monitoring and evaluation to make any necessary revisions to the intervention.

Action research can have two distinct foci (Schein, 1995).

- The first of these attempts, though involving participants of the investigation, is to further the goals of the researchers rather than those of the sponsor. However, this does not mean that the sponsor cannot gain from the improvements that the research process brings about as well.
- The second focus starts with the demands made by the sponsor and involves the researchers examining the sponsor's issues rather than their own.

Schein (1988) refers to these consultant actions as "process consultation." To enhance the situation as the customer sees it, the consultant, he claims, helps the client see, comprehend, and act upon the process events in their environment. The term "client," as used in this definition, refers to the individual or individuals, frequently senior managers, who sponsor the research. The sponsor involves the consultant (researcher) in the diagnosis (action research), which is motivated by the sponsor's needs, using Schein's analogy of a physician and clinical inquiry. It follows that the consultant and the sponsor, who are involved at every step, own

subsequent interventions jointly. Thus, the process consultant assists the sponsor in learning how to identify and address organisational issues so that they can carry on enhancing the organisation independently.

According to Schein (1995), the process consultation method to action research is more suitable since it more closely aligns with the practicalities of organisational life and has a higher probability of illuminating significant organisational dynamics. It still depends on acquiring data that are relevant to the change evaluation's goal and are of high enough quality to support causal inferences. Numerous writers (like Randell, 1994) have emphasised how challenging it is to get such data. For example, the low response rates in the Edotech yearly worker attitude survey from 1996 raise doubts about the validity of the data gathered. We now discuss the need to define the specific goal of the research as well as data collection methods.

9.3 Clarity of Purpose and Strategies

The need for clarity of purpose: Techniques Coming to a clear grasp of what is being evaluated and why—that is, the specific purpose and objectives—is probably the most challenging part of any evaluation (Saunders et al., 1997). Nevertheless, the assessment procedure frequently ignores this problem. Traditional corporate metrics, such as profit, production levels, return on investment, and maybe customer happiness, are frequently used to assess the performance of a redundancy program. If these metrics decline numerically, it may be a sign that the redundancies were unsuccessful and may have had a detrimental effect on employee loyalty. They do not, however, genuinely gauge workers' dedication to the company or the relationship between dedication and layoffs. In a similar vein, rather than focusing on how training affects the participants' observable behaviour at work, evaluations of the courses frequently take into account how much the participants enjoyed them and how helpful they thought the intervention was (see Chapter 6). Unless developing enjoyment is one of the goals, simply liking a training intervention does not necessarily suggest that it is beneficial! (In 1997, Rushmer).

Devoting time to defining and reaching an agreement on the purpose and objectives with the sponsor is one method to contribute to their clarity. This will take a lot of time and is likely not as simple as it sounds. It's crucial to make sure the sponsor and the individual conducting the review are on the same page throughout the process. Ensuring clarity of purpose also involves ensuring that the individual doing the review has the necessary understanding and insight into the change situation. Although her prior experience is likely to be significant, she is also likely to draw knowledge from reading about others' experiences in comparable circumstances—a process more often known as examining the literature. The premise underlying your reading of this book is that you will be able to adapt to the conditions you are managing or will have to manage using some of the theories, conceptual frameworks, and ideas we have discussed.

9.3.2 Strategies: Once a clear purpose has been established, a range of strategies may be adopted. We divide these into five categories (Saunders et al., 1997), namely:

- survey
- case study
- experimental
- longitudinal
- cross-sectional.

These approaches shouldn't be seen as mutually exclusive; for instance, gathering information for an organisational case study may require the use of a survey (see Fig. 10.8). Similar to this, an experimental method such as comparing the effects of several interventions would frequently be carried out longitudinally over some time. Nevertheless, these categories offer a helpful means of summarising the primary tactics despite this overlap.

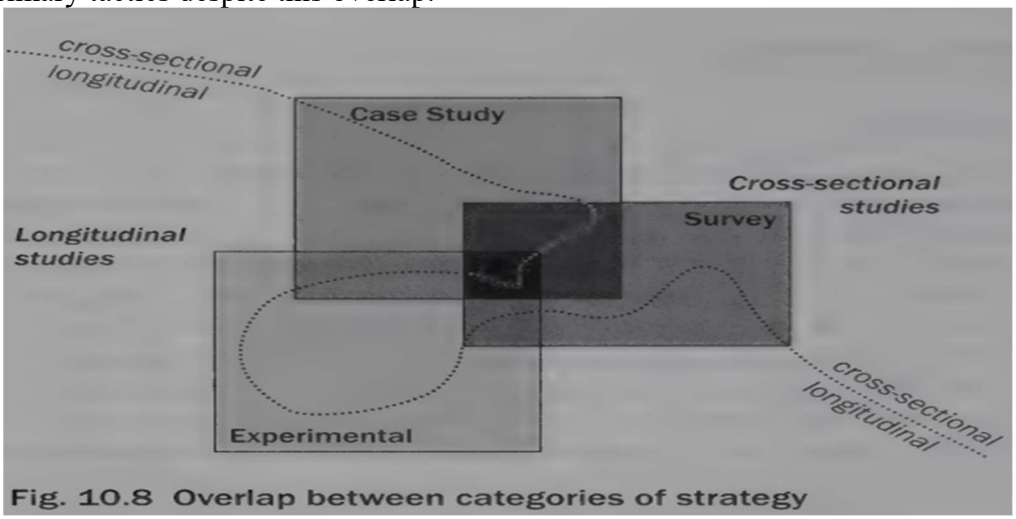


Fig. 10.8 Overlap between categories of strategy

Using a survey to evaluate change: The most common method for gathering information to assess change is through surveys. This method allows for the economical collection of a sizable population's worth of data (Saunders et al., 1997). The quarterly customer survey from Midland Main Line (see Case Study 7.1) serves as an example of how the strategy is frequently centred around a questionnaire. With the help of questionnaires, standardised data can be gathered, making comparisons simple. Additionally, most people find them to be rather simple to understand and regard them as authoritative. There are other methods of gathering data that can be used in a survey plan besides the questionnaire. It is also possible to use structured observations, such as those usually related to organisation and methods (O&M) research, and structured interviews with predetermined questions.

One can ask survey questions to both individuals and groups of people. The selection of the groups to interview will require considerable consideration. To choose each group, we suggest cutting a horizontal swath through the organisation. By doing this, every interviewee in the group will have a comparable status. On the other hand, utilising a vertical slice would present ideas regarding disparities in status within every group (Saunders et al., 1997).

Using a case study to evaluate change: A case study is "the creation of thorough, extensive information about a single "case" or a limited number of "related instances," according to Robson (1993: 40). When studying change within an organization or, as in the Barclays Edotech case study, a portion of an organization, this approach is frequently employed. As with the survey strategy, various data collection techniques can be employed, such as questionnaires, interviews, observation, and analysis of previously published documents. To put a case study in a larger organisational, industrial, or national context, benchmarking or comparative work is still important. Secondary data that is already available and has been gathered for another purpose could help achieve this.

Using an experiment to evaluate change: An experimental approach has much to do with natural science research, but it also has much to do with the natural sciences, especially psychology (Saunders et al., 1997). Typically, it will involve

- Definition of a well-defined hypothesis
- sample selection from existing populations;
- assigning these samples to several experimental condition groups;
- the implementation of a planned modification for one or more of the sample groups;
- control over most of the other aspects;
- contrast between the various groups.

This approach is illustrated clearly in the evaluation of computer-based training in Case Study 10.2.

Longitudinal and cross-sectional perspectives: The final two strategies, longitudinal and cross-sectional, offer two mutually exclusive time perspectives for the other strategies.

- A longitudinal perspective's primary advantage is its capacity to assess change across time. For instance, one of the main goals of Group Planning Operations and Technology's (GPOT) yearly staff attitude survey was to make it possible to compare the opinions of current and former employees. Adams and Schvaneveldt (1991) suggest that data on individuals or events collected over time may offer a sign of how interventions change the variables most likely to cause the change.
- A cross-sectional approach, in contrast, aims to describe the prevalence of a certain occurrence, such as the information technology skills held by managers at a single organisation at a specific moment.

9.3.1 Gathering Data for Analysis

The methods utilised to collect the data must be directly tied to the evaluation's goal. Data that seems reliable and accurately depicts the situation are essential for any change evaluations. Raimond (1993: 55) refers to this problem as the "How do I know?" test, which can be resolved by carefully considering the methods used to collect data. This is crucial for longitudinal evaluation in particular (Golembiewski et al., 1976) since methods and initial questions in a change process may not be applicable if transformational change has already taken place. Techniques and questions are much less likely to become inappropriate for gradual transformation. For example, depending on the objective of the analysis, the impact of a management development program might be assessed using data acquired by one or more distinct approaches. These could be longitudinal attitude surveys and psychological tests conducted both before and after the event, or they could be cross-sectional, such as questionnaires completed during and after the course and observations made by trainers and others. There's also a chance to leverage data collected by existing appraisal systems. Secondary data is known as information that was already collected for another reason (Hakim, 1982).

9.4.1 Secondary data: Most individuals naturally think of gathering new (primary) data, especially for that purpose, when considering data for analysing change. Nevertheless, secondary data might still be a helpful starting point for evaluating a change initiative. Secondary data can be gathered outside or internally within the organisation, comprising both published summaries and raw data (see Fig. 10.9). Most organisations gather and preserve a variety of data to facilitate their operations, including payroll information, correspondence copies, meeting minutes, and records of goods or services sold. This data is being kept in an electronic format more and more; in the case of human resource data, this is frequently done as part of an automated personnel information system. Despite having been gathered with a certain goal in mind, data might also be utilised for other objectives. Data on abilities for career management or succession planning may be integrated with data gathered as part of performance and development appraisals. For instance, reports that match employee profiles to job requirements for upcoming retirements within the company might be generated, stressing the need for particular training (Kingsbury, 1997).

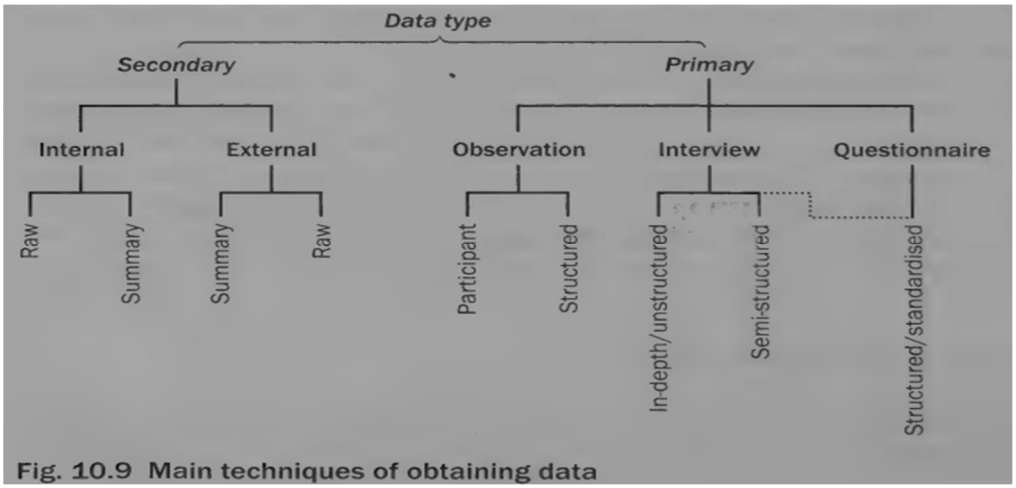


Fig. 10.9 Main techniques of obtaining data

Secondary data from outside sources typically offers summaries rather than raw information. Good daily newspapers, surveys conducted by government agencies, and officially released data on social, demographic, and economic issues are some of the sources. A broad spectrum of human resource subjects, including pay based on performance and transfer packages, are covered in publications from research and trade organisations, including Income Data Services Ltd. and the Institute for Employment Studies at Sussex University.

By contrasting certain HR procedures with those used by other organisations, potential enhancements for some change study initiatives will be looked after. According to Bendell et al. (1993), process benchmarking encompasses not just performance measurement but also investigating the reasons for variations, assessing the comparability of data across various contexts, and exploring avenues for potential optimisation. However, primary data will need to be gathered, especially when there isn't enough suitable secondary data accessible.

9.4.2 Primary data:

Using observation to obtain data: Seeing individuals in action is a clear method to gather data when the focus is on behaviour, such as how they react to a specific training intervention. This is basically what observation entails: methodically observing people, documenting their behaviour, and analysing and interpreting it (Saunders et al., 1997). Two primary categories of observation exist (Fig. 10.9). Participant observation is a qualitative method that was developed earlier this century by social anthropologists. It is extensively employed in the study of evolving social phenomena. To do this, the researcher makes an effort to thoroughly immerse themselves in the lives and activities of the subjects of their study, sharing their experiences both viscerally and emotionally (Gill & Johnson, 1997).

Structured observation, on the other hand, is quantitative and contains a great deal of preset structure, as the name implies. It tends to be fact-finding oriented and is focused on the frequency of actions, such as in time and motion studies. This is a

far cry from our opening chapter's talk on assessing and encouraging change. Re-examining the assessment and action research procedures, however, becomes clear that this is not the case (see Figs. 10.6 and 10.7). Before evaluation and, in the case of action research, the promotion of change, both of these research methodologies involve the collection of facts (data) or the conduct of reconnaissance or monitoring.

We strongly advise against using any one observational methodology, or even just one technique, as your main means of data collection to assess change. The site management in the Edotech case study had assumed the position of full participant during observation, which at least partially supported their suspicion that the new grading system was the source of their unhappiness. However, the management team needed more evidence from participant observation alone. To triangulate (verify) the results, it is frequently required to combine observation with other data collection techniques like interviews and surveys, as was the case in this case study. Now, let us talk about the first of these.

Using interviews to obtain data: "A conversation between interviewer and respondent to elicit certain information" is how interviews have been defined (Moser and Kalton, 1986: 271). They may be casual, unstructured talks, or they could be very formal, employing standardised questions for each response. The middle ground lies between these two extremes and is commonly known as semi-structured interviews. Interviews that are semi-structured or unstructured need to be standardised. Unstructured interviews, often known as "in-depth" interviews, are used to delve deeply into the changing scenario. The interviewer should be well-prepared with a clear understanding of the components of the change they want to discuss, but there needs to be a set list of questions. These are frequently written out as a checklist before the interview. According to Easterby-Smith et al. (1991), interviewees are encouraged to speak candidly about events, behaviours, and beliefs related to the changes, and their perceptions guide the interview.

The interviewer will receive a list of themes and questions to address in semi-structured interviews, like the ones used in the Edotech case study as part of the BEM assessment. As in these interviews, the questions may change from interview to interview to reflect the knowledge and comprehension of the respondents in those areas. This implies that some interview questions might need to be revised. As part of the BEM evaluation, the interviewer will be given a set of themes and inquiries to cover in semi-structured interviews similar to the ones used in the Edotech case study. As with these interviews, the questions might alter from interview to interview to reflect the respondents' level of familiarity with and understanding of those topics. This suggests that it could be necessary to change a few interview questions.

Using questionnaires to obtain data: Structured interviews are a type of questionnaire. This is so that the responder can answer the same set of questions in

the same order as with other questionnaire administration methods (de Vaus, 1991). Because of this, we have a form of questionnaire in Fig. 10.9 that is structured interview. The most popular method for gathering data is the use of questionnaires. Before analysis, a questionnaire offers an effective way to collect data from a large sample because every responder is asked an identical set of questions to answer.

Because questionnaire responses depend on a preset and prescribed set of questions, recording them is simpler. Face-to-face interaction occurs during structured interviews as the interviewer reads aloud each question from an interview schedule and documents the answer, typically on a particular timetable. Similar to questionnaires, answers are frequently pre-coded (see Fig. 10.3). The interviewer and the respondent have little opportunity for social interaction, such as when comments are given, and the query must be read aloud in an even voice to avoid seeming biased.

In addition, questionnaires can be delivered and collected, answered over the phone, or sent by mail, as is the case with the Group Planning Operations and Technology yearly staff opinion survey. But before using surveys, we would want to provide a word of warning. Many authors (Oppenheim, 1992; Bell, 1993, for example) contend that creating a questionnaire that gathers the necessary data is significantly more difficult than one might imagine. Every question must be phrased precisely, and in the case of closed questions, potential answers must be noted. The questionnaire will need to be pilot-tested and adjusted as appropriate, just like other data collection methods. Since there won't likely be another opportunity to gather data, the piloting procedure is crucial. People are unlikely to be willing to supply more answers, even if funding were available for another survey.

9.3.2 Analysing and Feeding Back

In both action research and evaluation research, analysis and feedback are crucial. The results of the analysis are often presented to the sponsor to wrap up evaluation research. On the other hand, a researcher working on an action research project—possibly in the capacity of a process consultant—is probably going to be involved in creating actions as well as modifying the change intervention as needed.

9.5.1 Analysis: Feedback is preceded by data analysis. Although a comprehensive examination of the available methods is outside the purview of this chapter, several important insights may be drawn from it. The most crucial of them is to make sure the analysis compares the change to the predetermined goals. To meet the goals, data collection was a key component of both the Edotech case study questionnaires and the BEM quality assessment. These goals were examined in further studies, which sought to identify both the organisation's strong points and potential areas for increased efficiency. The introduction to the Headline Results document for the 1996 annual staff attitude survey (Garrard, 1997: 1) emphasises this:

Presenting the findings is the aim of this briefing. They come in two sections. The first displays those areas where your experience appears to be very favourable. The second displays those instances where you have not had a positive experience and, as a result, you believe there are clear areas in need of improvement.

Using a computer is necessary for any analysis of vast volumes of data, whether quantitative or qualitative. Nearly without exception, personnel conducting this analysis should be familiar with the necessary statistical or qualitative procedures. However, individuals who will analyse the data must also be involved in the evaluation's planning stages. People without experience tend to think it's a straightforward, step-by-step procedure where they gather the data first and then someone with computer software skills shows them what analysis to do. It's false, and as some of our students may attest, it is extremely easy to wind up with data that can only be partially analysed. Data analysis would have been easy if objectives, strategy, data gathering methods, and analysis had been better integrated. Another problem is that it is considerably simpler to produce what Robson (1993: 310) succinctly puts as "elegantly presented rubbish" thanks to the abundance of software accessible for data analysis.

9.5.2 Feeding back: The sponsor receives the results of the data analysis in the form of a document and sometimes a presentation. Problems arise if the report provides conclusions interpreted as negatively biased against the organisation. But rather than being filtered to avoid offending anyone, these findings must be returned to maximise value. Generally, an organisation's senior management summarises the comments, particularly when big groups are engaged. One way to do this is to utilise already-established communication channels like team briefings, notice boards, and newsletters. On the other hand, more newsletters and team discussions might be used if rapid response is necessary. The sponsor of the research initially sees the full report of the findings. After that, an overview might be given to all staff members. Every managerial level will likely view its data throughout the team briefing process and must communicate the results to lower-level managers. After that, managers at all levels are supposed to report on the steps they plan to take in response to any issues that have been detected.

According to Schein (1990, 1995), a top-down strategy like this could make managing change more difficult because it increases reliance on the organisation's structure to resolve problems. Employee morale may suffer if some of the evaluation's concerns are disregarded. Additionally, it puts managers in a challenging position because, in essence, they are disclosing to their subordinates information that the subordinates believe to be significant. After that, they inform them of the managers' plan of action. On the other hand, Schein advocates bottom-up input, which he claims also aids in internal change.

Data are initially shared with the particular group that created them in a bottom-up feedback process. This procedure focuses on comprehending the information and addressing any uncertainties. As a result, rather than restructuring the entire organisation, the focus is on the area that needs change (Zuber-Skerritt, 1996). The data-related issues are separated into those that the group can handle and those that must be forwarded to the organisation. As a result, top managers give the workgroup additional authority to handle issues rather than relying on the organisational structure. Feedback keeps coming back to each group in an upward cascade manner. As a result, only information about their own and higher levels is received by each organisational level. Every level needs to consider problems, be accountable for what they will work on, and advance up the hierarchy. According to Schein (1990), doing so demonstrates management's intention to address the problems and fosters a sense of ownership, responsibility, and commitment. It also emphasises that information about matters, specifically their responsibility to handle, should only be shared with higher levels of the organisation. While delivering data to the highest levels can take longer, Schein thinks acting on the research findings can happen more quickly with this method.

A top-down approach for sharing research results can thus enable comparatively quick interaction. Additionally, it enables the administration to continue to be in charge of the process and determine the type of communication, who gets it, and what steps will be taken. In contrast, a bottom-up method entails workers considering concerns, making decisions, accepting accountability for their actions, and choosing topics to bring up with their line supervisors. Although this approach takes more time, it will only be effective when management can give employees the freedom to own the changes because of the organisational culture. It would be incorrect to believe that these two strategies are mutually exclusive. Instead, the evaluation process as a whole and the method of feedback, in particular, must be customised to the unique needs of the organisation and the specific change intervention within the change process.

Self-Assessment Questions	
1.	What is evaluating change?
2.	How do you promote change?
3.	What are the methods used to evaluate change?
4.	How do you evaluate the success of change?

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