Organisations, Transformability and the Dynamics of Strategy.

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Published in ‘Management Decision’,
volume 43, issue 1, pp 6-12.
INTRODUCTION
Organisations, transformability and the dynamics of strategy

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Abstract
Purpose – The purpose of this paper is to demonstrate the relationship between three concepts: organisations, transformability and the dynamics of strategy. These three concepts together with their interrelationships are central in explaining the life cycle of organisations, their survival and renewal.

Design/methodology/approach – The development of this explanation has been based on bringing together a diversity of perspectives. Each perspective provides a horizon of understanding by directing attention in a particular way. The benefits of this approach are that it avoids the pitfalls of one-dimensionalism. This approach more accurately reflects the multi-faceted reality within which organisations operate.

Findings – Discusses, compares and contextualises the findings and approaches of the papers in this special issue.

Originality/value – The perspectives considered represent a small sample of the diversity that exists. However, this sample as a starting-point in developing a wider, more holistic debate that aims to bring theory and practice together.

Keywords Organizational change, Corporate strategy, Organizational restructuring

Paper type General review

Change alone is unchanging.
The same road goes both up and down.
The beginning of a circle is also its end.
Not I, but the world says it: all is one.
And yet everything comes in season.
(Heraclitus of Ephesus)

There is a possibly apocryphal story that, in his later years, Pablo Picasso was never allowed to wander around art galleries alone because he had previously been discovered in the act of improving on one of his existing works. For the artist in his dotage, change was not just inevitable but something to be welcomed – not even one of his own priceless masterpieces was beyond enhancement. This recognition of the necessity for constant improvement is paralleled in the practice of management, where there is a realisation that organisations, no matter how successful they may appear to be, need to change constantly. This recognition is also reflected in the management literature, with over 4,000 new articles a year added to the Library of Congress’s collection on change, revolution and transformation in and of organisations. Volume, in
this case at least, suggests diversity and it is with this diversity on transformation that this special issue deals. Here, diversity is treated not as a product of an unstructured and disorganised debate but rather, as Jerome Nathanson argues, “as the essence of a rich and rewarding human experience”.

Every generation looks back to previous generations and believes, hardly ever with a sense of irony, that its time is more revolutionary. The present generation is no different. The symbols of the latest revolution, however, are very different. In the twentieth century, the symbol of revolution was the hammer and sickle. Before that it was emancipation and earlier, the guillotine. The present day revolution is symbolised by information and communication technology. The modern day revolutionaries create organisations out of technological advance, make products faster, smaller, more functional, and, in the process, fundamentally disrupt the nature of competition between organisations.

In this information rich and time poor world, language has become inflated and disconnected from the activity it is describing. What was once a policy or a tactic becomes a strategy. What used to be an alteration or and adaptation becomes a transformation. Words which used to mean big things become things with big meanings. Where every action is strategic, every change is transformational, every trigger is a revolution, words are used to represent more and more but can ultimately mean less and less. The ethos of this special issue runs counter to this description. The intention behind it is to provide a series of intellectually and scholastically rigorous illustrations of transformation: how it is viewed from diverse perspectives, why it might occur and the constraints faced by organisations who wish to transform or who are forced to transform.

The emphasis here is on three concepts that are central to this special issue and the contributions within it: organisations, transformability and the dynamics of strategy. This is based on the recognition that there is a funambulist line to walk between finding hard and fast definitions of a concept, which provide specificity but limit investigation, and opening up a concept to a wider explanation, which creates new avenues for investigation but diminishes the value of the concept. In discussing these concepts, therefore, an attempt is made to walk this tightrope and focus more on discussion of concepts and the relationship between concepts than on presenting a specific lexicographers view of the world.

As this special issue focuses on the activity of the strategic dynamics of organisational transformation, its treatment of organisations concentrates on the aspect of something that is done, something that needs to be described and analysed. This raises some interesting ideas that many of the contributions refer to and enlighten. Thought of in this way, the emphasis is on what it means to be an organisation and organised, disorganisation and how this is different and reorganisation as a process that links the two together. In management, as in nature, organisation refers to a tendency of apparently disordered and random behaviour to take a more highly ordered state and disorganisation refers to the opposite. For scholars the interesting questions are how and why.

Like much scholarly investigation, the starting point is an assumption: organisations have a life cycle, which cannot be avoided. Success is not a gift for life but is an outcome that has to be worked at and is the result of change over time. When organisations have it, they are organised and when they do not, they are
disorganised. Metaphors often help. Organisation delivers solidity and everything associated with it: comfort, security, familiarity and so on. Fluidity, however, is the outcome of disorganisation and creates a fundamentally different set of outcomes whether the fluidity comes from proactivity or reactivity, prescription or emergence, accident or design. Reorganisation is important because it explains the process through which solids become liquids, and then liquids become solids again. Reorganisation as a fundamental change of state can be considered as transformation.

Within the context of reorganisation, it is helpful to consider transformability in terms of two different, yet complementary concepts of resilience and adaptability. This is because resilience and adaptability are central concepts that underpin and are closely related to the process of transformation. In order to explain the complementarities of these concepts a useful metaphor is that of elasticity. To develop this metaphor it is necessary to define the concepts and demonstrate their mutually supportive nature, as it is only through this that the impact on the process and dynamics of strategy and transformational change can be fully appreciated. At its simplest, resilience is a property that allows an organisation to retain its original function, structure and identity despite changing environments. In management terminology, therefore, resilience relates to those capacities and capabilities which are built into an organisation’s design that allows it to survive and thrive, regardless of the adverse external pressures and forces exerted upon it. In the context of elasticity, this implies that resilience is an ability organisations possess where changes can be absorbed, and, as long as the organisation does not reach its elastic limits, it is not required to transform dramatically. Once an organisation achieves an outcome of resilience, the process of adaptability comes to the fore. Adaptability encapsulates a capacity to change or be changed in order to provide fitness to changing circumstances. Thus, whilst resilience is an outcome, it is never a steady-state outcome. When an organisation is stretched towards its elastic limits, a process of incremental adaptation comes to the fore. As in Darwinian biology, those organisations that survive in changing circumstances go through a slow process of adaptation. This process itself is built on the foundation of resilience and is reflected in an innate capacity to alter function, structure and identity, and, whether spontaneous or planned, prepares an organisation for the world they face.

As with resilience, adaptability works up to a point. However, when the stresses and strains imposed by highly turbulent, dynamic environments push an organisation beyond its elastic limits, something has to give. In these conditions, transformation becomes the only viable option. Unlike adaptation, which is about changes of degree, transformation represents a metamorphosis, a qualitative change in kind. However, without the precursors of resilience and adaptability being in place, it can be contended that organisations that go for transformational change are unprepared for this and the likelihood of this high-risk strategy working are limited. Thus, unlike the general management literature on transformational change, the contention here is that this is not the first port of call for organisations, but the last stage of a preparatory process that is only likely to succeed if it is mutually supported by the building blocks of resilience and adaptability.

Thus, whilst resilience and adaptability relate to the dynamics of an organisation in terms of remaining essentially the same in the light of environmental changes, transformability is concerned with a fundamental change in the nature of the
organisation, in particular the assumptions upon which the organisation is built and run which determine its behaviour, dictate its decisions and define what it considers to be meaningful results. In other words transformability is the capacity to create a new way of organising because those assumptions that once led to growth and success are untenable as they are no longer in harmony with the reality of the changing environment. Thus transformability implies a willingness to be open to new understanding and changing to become a different organisation. When viewed from the perspectives of resilience or adaptability, change is something that can be anticipated and controlled to a predictable outcome where “change management” can apply predetermined, step-by-step, structured methodologies as tools of change. Transformation on the other hand entails a non-linear process that requires a creative as oppose to a designing mind. Transformation, therefore, represents a “metamorphosis” that produces radical change. Transformation is thus different to alteration and adaptation.

This special issue is concerned with transformation and the question of whether and how organisations transform. Can they really turn their backs on their history, traditions and culture and become something completely different? If transformation means metamorphosis from one state to another, why can some do it and others cannot? Organisations rarely operate in a black and white world of right and wrong or yes and no. One of the problems is that of quantifying the difference between alteration and adaptation, and, adaptation and transformation. Organisations probably know it when they see it but maybe it is just a matter of strategy. In terms of the connection between strategy and transformation, strategy matters because it provides the context for organisations, what they are to achieve, how they will win in the competitive race. Strategy matters because it notes, defines and drives the process of organisation, disorganisation and reorganisation. Strategy matters because it can make it difficult to transform, after all, no-one wants to dump a winning formula. Strategy is combining both art and science in delivering desired performance. Strategy is dynamic.

In discussing and developing these concepts, and the relationship between them, this special issue offers an eclectic mix of contributions. The contributions range from conceptual and theoretical to empirical and scientific, from knowledge to learning, from models to constraints on transformation. The intention is not to create a management toolkit for transformation nor is it to provide a collection of contributions of interest to a limited academic audience. The intention is to contribute to an appreciation and understanding of the nature of strategy and transformation and the relationship between the two, an understanding that is grounded in organisations and not dealt with in an abstract manner. If anything, this special issue is intended to open up space for new debates rather than close existing ones.

The selected contributions for this special issue deal with some major issues and some serious debates. Although these issues and debates are hardly new, each contribution has something new to say and their originality is not based on a new sound bite or an original oversimplification but rather aimed at serious, inquisitive and open minded intellectuals. For the social scientist, for example, the contributions offer perspectives from the natural sciences and, in an age where history is supposedly at an end, they offer some historical lessons that may show that whilst the language of management may be a contemporary phenomenon, the activity of management is much less modern. Thus, the contributions have been organised into two broad themes.
The first of these themes is transformation itself where transformation is not treated as a word in search of a definition but as a concept that is open to a number of equally valid perspectives. The second theme moves from concept to illustration, some instalments or episodes in a longer social scientific and management narrative.

Within the first theme, two of the key questions that are considered are what does it mean to be in a process of transformation and why does it happen? Drawing on theories of Darwinian and Lamarckian evolutionary processes, the contribution by Colin Jones develops the central argument that, in understanding transformation, it is vital to clarify the identity and role of mechanisms of replication and interaction within firms and their operating environments. Within this context of operating environments, Wyn Jenkins combines elements of traditional micro-economics with market positioning and resource based theories to propose a revolution-evolution framework for understanding the nature of markets during periods of change. On the issue of change, Backhaus and Muehlfield note fundamental changes in market offerings in industries such as automotives, information technology and chemicals and create a systematic framework through which such changes can be mapped and analysed. By drawing on theories of transaction cost economics, they argue for the centrality of asset specificity as a choice variable in understanding this type of market transformation.

Having opened up the concept of transformation to discussion and analysis, this special issue then offers a series of illustrations as to what it means to be in a process of transformation and raises some important and interesting issues for management as an activity that is investigated and as an activity that undertaken. Offering a historical insight into transformation, George Bailey draws parallels with modern project management speak and the transformation of the British Expeditionary Force during the First World War. In a much more contemporary context, Julie Verity examines and interprets the successful transformation of the advertising activity of Shell and suggests that success was built on the Shell’s dynamic capabilities. Whilst these offer two specific examples of transformation in action, this special issue also deals with a whole range of other organisational issues. For example, Alex Wright’s contribution suggests that transformational change is more likely to occur at the periphery of organisations and challenges the assumption that change is driven by deductive strategy formulation at the centre of organisations. Jasimuddin et al. discuss the notion of the knowledge strategy of an organisation and contrast tacit and explicit knowledge within the literature on organisations. This paper proposes the concept of symbiosis strategy as a means of developing both understanding and action. This raises the issue of models of transformation and their usefulness. In this context, Phil Walsh considers the role and function of strategy within uncertain environments and proposes that scenario planning can play a useful role, not in predicting the future, but in assessing the possible consequences of future changes in an operating environment. Finally, Todeva and Knocke draw attention to the importance of strategic alliances and other forms of collaboration in the attaining of organisational objectives. Their contribution focuses on the issues of formulation, implementation and performance of strategic alliances.

This special issue therefore presents a number of different perspectives on the nature and character of organisational transformation and just as Thomas Jefferson saw differences in opinion as being helpful in religion, so too are they in management
research. The contention is that diversity is a sign of healthy debate and intellectual development, especially when that diversity is built on some common foundations. What is common across all of the contributions is that the perspective on transformation taken is determined by the assumptions made by the contributors whether these assumptions determine the a priori starting point for the research or the variables which are be investigated. The selection of contributions in this special issue suggests that the assumptions made are shaped and determined by two factors. First, the perspective on transformation is determined by the context in which it takes place. For example, practitioners will view the concept differently to academics, industry transformation will differ across different industries and all organisations will have a perspective and perception that is unique to them. The second determinant of what transformation may mean are the constraints faced by the organisation being transformed. For example, in the public sector the constraints may be determined by the imposition of requirements as to which services must be delivered rather than in how they are delivered and this contrasts with other types of organisation where the transformation is constrained by unwillingness to change what seems like a winning formula.

If it is this combination of assumptions, contexts and constraints that determine the interpretation and perspective of transformation, then it is probably logical to argue that this combination also impacts on the type of change that takes place. From the contributions in this special issue, two general types of change can be determined. On the one hand is change by degree where change is more evolutionary and gradual and, for example, can be seen in changes to the mode of delivery of existing services or products. On the other hand there is transformation or change by kind where the change is much more dramatic and intense: change that is closely related to the concept of metamorphosis. No assumptions of generalisability are proffered in this special issue but attention is drawn to the fact that, in the majority of cases, change is by degree much more than kind. However, whilst change is characterised in this way, it is worth noting that this is not always reflected in the language used to describe the transformation.

There is a close relationship between organisational change and language. Language plays a central role in both the provision of the motivation to change and in the management of that change process. Language and rhetoric matter because they provide and describe the crisis that provokes a process of transformation and can contribute to the development of momentum in pushing through the process of change. This is whether the change is by degree or in kind and, in any case, provided they are sustained over time, changes in degree necessarily deliver changes in kind. The, sometimes, inflated language of change is crucial especially when the reason for transformation is not necessarily apparent; as Alan Cohen argues “it takes a lot of courage to release the familiar and seemingly secure, to embrace the new”. If the existing assumptions, contexts and constraints faced by an organisation deliver success today, it is easy to avoid the need to change the purpose and identity of any organisation. Whilst none of the contributions in this special issue provide a toolkit or magic formula for transformation, many do highlight the central role of people in determining the reason and scope of change. This raises another common theme of the articles: the centrality of people in any understanding of the nature and process of organisational change. In this area, again, more questions than answers are raised. The
reason for this is to open rather than close debates around this issue; as Gloria Steinmen suggests “the first problem for all of us, men and women, is not to learn, but to unlearn”.

In her diary, Anne Frank proposed that “we all live with the same objective of being happy; our lives are all different and yet the same”. In management research it is often too easy to lose sight of the common ground that supports the diversity of opinion formed on the basis of intellectual investigation: non-prescriptive; eclectic; rigorous; grounded. These are the characteristics of the contributions in this special issue of Management Decision. The diversity that they represent is a product of different approaches and contexts and, whilst all being different, many share common themes.