ORGANIZATION DESIGN AND AGILE CONCEPTS: IMPLICATIONS FOR MANAGEMENT AND CHANGE

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ABSTRACT

This paper reviews and discusses the concept of organizational agility. It reports on the results of a recent major study focusing on the implementation of change. The study reports on the actual experiences of managers implementing major organizational change. The ability to implement successful change is one of the fundamental definitions of Organizational Agility.

Agility has a long history within the Organization Development and Organization Theory and Design fields. This paper reviews the historical roots of Agility grounded in work involving organization theory and design from the 1950s and 1960s. The paper reviews the foundational work represented by Woodward in the UK, and Burns and Stalker in Scotland.

The paper also addresses the most recent work on agility as it relates to organization design including the work at ISEOR and SEAM, recent work on scenario planning in the financial industry, and a study of the role of management as it relates to Agile and organization change initiatives. Implications for management and change are discussed.

Keywords: Agile Organizations - Organization Design - Middle Managers

INTRODUCTION: THE AGILITY FACTOR AND STRATEGIC CHANGE

This paper reviews and discusses the concept of organizational agility. It reports on the results of a recent major study focusing on the implementation of change. The study reports on the actual experiences of managers implementing major organizational change. The ability to implement successful change is one of the fundamental definitions of Organizational Agility. Although the concept of organizational agility has recently become a popular and fashionable concept in reality, it has a long history within the discipline of organizational theory. Although the recent history of the popularity of the concept can be traced to the field of information technology, the earlier

organization theory terms defining the ability to respond to environmental change, and the concepts of organic and mechanistic have all seen renewed interest. For example, a recent article by McKinsey & Company sites the following "The old paradigm: Organizations as machines", followed by "Disruptive trends challenging the old paradigm," and then "The new paradigm: Organization as living organisms". The new paradigm, in fact, has its origin in the field of organization theory of the 1950s and 60s, namely the work of Woodward in England, Burns and Stalker in Scotland followed by work at Harvard by Litwin and Stringer. The most recent work on Agility is the work of Worley, Williams and Lawler (2014) at the Center for Effective Organizations at University of Southern California (USC), and more recently the work of Worley and his colleagues and the University of Lyon.

While the recent work at the Center for Effective Organizations and the work at the University of Lyon focus on and report empirical work related to organizational characteristics defining organizational Agility, this paper focuses on and reports findings related to the ability to implement change.

In the work at USC stemming from their study of high performance organizations Agility is defined as:

> "…a system of routines that allows a company to make repeated organizational changes when necessary. These consistently high-performing companies do a better job for revising their strategy, perceiving and interpreting environmental trends and disruptions, testing potential responses, and implementing the most promising changes. Agility of this type cannot be developed overnight, and it is not likely to emerge by accident. An agile organization must be built on an integrated foundation of management practices that create an adaptive organization."

Compare the above to Burns and Stalker's definition of organic systems (1961):
"…are adapted to unstable conditions when new and unfamiliar problems and requirements continually arise."

Worley and colleagues at the University of Southern California (2014) define Agility in terms "The Routines of Agility" which consist of strategizing, perceiving, testing and implementing. This study reports on the last of these four routines, the implementation of strategic change the implementation of top management strategies, the implementation of strategic change by those who implement, in this case, the middle managers. This study reports on the experiences of middle managers in the process of attempting the implementation of change, change experiences as documented through their own voice through interviews. These experiences are then drawn together and integrated in terms of the concept of organization culture and the relationship of origination culture to organization agility.

METHODOLOGY

This research was approached as a qualitative study of existing research with middle managers and strategic change as its primary focus. Qualitative research is solidly grounded in the social construction philosophy (Bloomberg &

Volpe, 2016), which is "constructed" from the perceptions of those involved in the phenomenon: the context.

Qualitative research uses a variety of empirical materials that "describe" routine and problematic moments and meanings in individuals' lives. A wide variety of interconnected interpretive practices is used to achieve better understanding, and triangulation. Therefore, the use of dissertations as a source for data was a deliberate choice because dissertations are vetted as meeting accepted research criteria by their doctorate-granting institutions; moreover, published dissertations provide wide-ranging sources of quotes from middle managers. Given the qualitative nature of this research, the context within the dissertations was considered. The original researchers' definitions of middle managers criteria for inclusion as the subjects in their studies were accepted for this research, as were the methods used in those publications in capturing quotations.

Hence, a search of pre-existing research (dissertations) was accomplished through a library search of the ProQuest Dissertations & Theses Global database with the search terms: middle manag*, strategic change, dialogue, discourse, quotes, and qualitative.

First, titles were reviewed, and a quick scan of the abstract was made; and all dissertations were selected if they were even remotely likely to include "dialogue," "communication," or "quotes" from the 100 dissertations. This updated selection resulted in 50 dissertations for deeper review.

This next review phase involved using the Tables of Contents to ascertain the possible locations of quotes. At this time, the abstract, purpose, or results were not reviewed. A total of 33 dissertations remained as possible sources for data for analysis after this review based on the criteria of containing quotes and having been published within the past 20 years.

Twenty years was used as the timeframe for this research based on the perception the environment of organizations is now one of continuous, complex change. This timeframe began with a strong U.S. economy despite global financial turbulence due to "fragility of financial systems and their international connectedness" (*World Economic and Social Survey 1999: Trends & Policies in the World Economy*, 1999) and immediately prior to the period of the dot-com bubble burst of 2000. Additionally, it encompasses the worldwide recession of 2007–2009 (declared ending) /2011 (positive economic picture emerged). These economic events evidenced the complexity of globalization and the velocity at which these events impacted organizations and, therefore, created environments of strategic change for those organizations.

The third phase of the review for suitability for inclusion in this research involved a deeper review of the quantity of quotes, sufficiency of context from which the quotes were captured, and confirmation that the methodology for each study was either qualitative or mixed methods and involved change and middle managers. During the second and third phases, it became evident that the research focus of this work was focused on middle managers and their insights into strategic change. After Phase III of this refining process, the viable source documents totaled 19.

Phase IV validation of these 19 dissertations for inclusion as data sources consisted of an initial reading of the quotes in each dissertation for verification of their appropriateness for the exploration middle managers and

organizational change initiatives (the individual researcher's findings were not reviewed in order to avoid influencing this researcher's interpretation and synthesis of the data). The 19 cases totaled more than 5,000 pages, of which 25% the sections contained quotes. This was the first in-depth reading of the quotes (data). It was done not to determine any themes, codes, or areas for organizing, but rather to determine whether there was enough data to continue this line of inquiry and whether there was the opportunity for new insight to be developed and/or verified with respect to middle managers and organization change.

Finally, prior to analyzing this data, the ProQuest Dissertations & Theses Global database was searched online once more using the previously identified search terms for any additional dissertations recently published, which resulted in four additional dissertations included as sources in the analysis. A total of 2,400 quotations formed the data set used for the analysis and development of a grounded theory related to middle managers and the impact of strategic change.

Two primary characteristics of grounded theory are "constant comparative," which is the ongoing comparison with emerging categories, and "theoretical sampling," which maximizes the similarities and differences of information. These allow for the integration of categories into a theoretical framework that specifies causes, conditions, and consequences. The coupling of the constant comparative and theoretical sampling helps ensure that the raw data is reflected (grounded) in the final theory produced (Corbin & Strauss, 2014).

FINDINGS

The analysis of the middle management interviews provided five dominant areas which related to the ability to effectively implement change initiatives. Each of these five factors have direct implications for the concept of organization agility and the organization's ability to respond to environmental change. The five factors included collaboration, internal discontinuity, situational awareness, human factors, and time. Two of these factors in particular, reflected the overall culture of the organization and the ability to implement change effectively. These factors included a) collaboration, and b) internal discontinuity. The other three factors (although they have implications for agility) were more reflective of the characteristics of the middle manager than the culture of the organization. This paper reports on the two major categories dealing with the characteristics of the organization -- culture and change.

Collaboration

The factor of collaboration consisted of eight sub-themes which included collaboration between departments, collaboration across hierarchical levels, building relationships, building consensus, building engagement, framing, challenges, and positive effects.

Stories of collaboration referred to creating alliances and understanding across the organization. These stories referred to coalition building and networking across businesses within an organization, across organizations and organizational types. Collaboration was expressed in terms of sharing information, more accurate data, better decision making, and a cohesive approach to the implementation of change. Stories of collaboration across hierarchy referred to sharing of information across organizational levels, the

active involvement in executive management with middle managers, open dialogue, and feedback. A sharing of common objectives and sense of being valued by the middle managers. This sharing lead to diversity of thought throughout the hierarchy, between executive leadership and middle managers and middle managers and employees. These stories of the role of collaboration were consistent over the 20 years of data collected.

Stories of building relationships referred were dominated by stories of relationships that were not limited to the specific change infinitive but relationships that had been built over time, relationships that had been built on prior experiences, relationships that were built on and characterized by the development of mutual trust.

Stories related to the theme of building consensus and building engagement and framing were characterized by a shared commitment and cohesive approach to the change initiatives, again referred to openness and the sharing of communications. Again, the openness to communications, to listening across all organizational levels was evidenced.

Stories related to challenges and positive outcomes presented two clearly different sets of experiences, one related to successful implementation and consisted of other failures. The stories of success referred to the nature of collaboration cited above. Stories of challenges or failed initiatives referred to "fake collaboration", a veneer of inclusion and collaboration.

The stories were consistent of a 20-year period of successful implementation of change, change built on collaboration, shared experiences and trust. Working relations which were built over time are clearly reflective of organizations which illustrate the characteristics of agile cultures, such as the ability to successfully respond to environmental change. On the other hand, stories of a manager's challenges reflected organization culture which was ineffective at implementing change, or cultures which lacked agility.

Internal Discontinuity

Stories related to the factor of discontinuity present an image of a very different culture, a culture of unsuccessful change efforts, or organizations that lack agility. Stories of internal discontinuity refer to the disconnectedness between senior leadership, middle managers and employees. These themes that appeared with this factor include excessive change, lack of openness, doing more with less, lack of organizational integration, lack of awareness of impact on people. Again, there is continuity in these stories which span 20 years. They are stories which focus on experiences with executive management, and again it is the leadership style and characteristics of executive management (leadership) which is a major determinant of organization culture and agility. Probably the most detrimental consequences of internal discontinuity are the lack of collaboration resulting in increased competition for resources, competing priorities, and agendas, all of which detract from successful resources to and implementation of change.

Stories of the expression of the experience of excessive change were associated with a lack of openness and transparency regarding change initiatives, stories that did not appear under stories regarding collaboration. Stories of too much change implied a sense of resistance, of fatigue, and lack of commitment. The perception of "too much change" is a critical concept in understanding the characteristics of agile. Although, it clearly appears that the stories associated

with collaboration and internal discontinuity are determined by two very different organizational cultures, it does not address the issue of objective rates of change, or the perception and interpretation of rates of change. It may well be that the agile organization is confronted with the same rate of change as non-agile culture but that the perception of similar or identical rates of change are quite different.

Lack of openness and lack of rationale. The most frequent stories related to internal discontinuity were stories of frustration. Frustration stemming from the lack of open and candid communication regarding the change initiative and an explanation of why these changes were being implemented. This frustration was compounded by the lack of opportunity to provide feedback and comments on the change initiatives.

Stories related to the perception of excessive change were related to doing more with less and lack of awareness on the impact on people. Doing more with less stories referred to being required to sustain ongoing daily tasks and objectives and at the same time being required to implement change initiatives that they did not understand, or were able to explain to their employees. The perception that change initiatives were determined and communicated unilaterally created the perception that executive management did not understand the complexities involved, the potential resistance of employees, or the increased level of employee frustration with middle management.

In general, many of the stories and identified trends are familiar and have become part of the literature pertaining to organization change. But here we see the stories, over time, of the experiences of those who are responsible for the actual implementation of change. These identify for us the successes experienced by middle managers, a sense of accomplishment with the successful implementation of change. On the other hand, the study provides the field with an increased understanding of the frustrations, a sense of failure related to unsuccessful change, the human factor in agility, or lack of agility.

IMPLICATIONS – THE AGILE CONTRIBUTION

This study contributes to Agile theory in a number of ways which include the size of the study, the time period covered, the nature of the study, the methodology, and connections with classical as well as more recent organization theory. It also adds to our understanding of why the most significant environmental scanning methods fail, and the implications for Agile theory in terms of implementation.

Size. The magnitude of the study in itself increases the potential contribution and relevance of the study. The study integrates over 20 independent studies, which were dissertations, as a major recognized academic source of new knowledge. In addition, the dissertations are from a number of universities. The study spans the boundaries of different types of organizations. It covers over 50 organizations and 100 interviews. These study characteristics alone add to the relevance and strength of the findings.

Time. The time period selected covers some of the most turbulent periods for organizations. This time period has, in a very real way, tested the concept of Organizational Agility. This time period experienced increasing rates

of change with changes stemming from changes in the economic environment, the political environment, global competition, and technological innovation, to mention a few.

      <u>Nature of the study.</u> The study is unique in that it reports the experiences of middle managers in various organizations. It reports on the experiences of middle managers through their own voice through interviews. It expresses first hand experiences of those who have the responsibility to implement change, those who report on, and experience support for, obstacles to overcome.

      <u>Connection with theory</u>. As a grounded theory method, the study was designed without preconceived ideas or models concerning the findings or outcome of the study. However, the background of the authors played a role in the interpretation and understanding of the finding, in a way parallel to Gummesson's concept of pre-knowledge. In alinement with Gummesson the background of the authors might be considered as post knowledge. Two of the authors serve as practitioners, senior executives in the service and the manufacturing industry. The other two authors are academics with experience as senior executives in a global manufacturing company and the other a Fortune 500 financial organization. In grounded theory, the theoretical contributions are reviewed after the data has been collected and analyzed, and themes or patterns are then identified.

      <u>Integration with theory</u>. The study lends itself to interpretation of early agile concepts such as mechanistic and organic. It also supports the early work of Litwin and Stringer, as well as Stringer's later work. The study adds to the Agile theory developed at the Center for Organizational Effectiveness and the work at the ISEOR in Lyon. France. In particular, it adds new insight into the implementation of change, the ability to actually change to meet changing environmental conditions. It also helps us understand why the most sophisticated method for sensing environmental change has, in fact, frequently failed to support the concept of Agile.

      <u>Scenario Planning</u>. Scenario planning is considered one of the most sophisticated means for sensing and predicting environmental change and as such is an important factor in Agile. However, in a recent study of the fourteen best known major corporations, scenario planning was reported to have effectively predicted the last major economic turndown. Only two of the fourteen were successful in implementing organization change in response to the predicted changes. The difference in organization culture was the determining factor. This study again supports the role of organization culture in successful Agile organizations.

CONCLUSION

      This study also provides the basis for support for a number of existing and emerging technologies in support of effective implementation of change. These technologies include large group interventions such as Future Search and the Appreciative Inquiry Summit, team building, Force Field Analysis, and high performance cultures, to name a few. These change implementation strategies have been used and developed in a number of organizations and industries as

illustrated by the early SAS turnaround and the recent turnaround at Delta Airlines.

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