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Research Article

THE PROCESS AND IMPLEMENTATION OF STRATEGIC CHANGE

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Abstract

To understand the implementation of change is to place the management (and in the extreme, perhaps, the manipulation) of individuals at centre stage. This means implementing preconceived models of change, all with the aim of achieving a particular set of expected, predetermined and desired outcomes. To understand the process of change is to examine critically the context, the antecedent and the movement and history of change, keeping at the same time an analytical eye on the organization theories-in-use which inform such on analysis. Many authors attempt to span both process and implementation in their work (see Pettigrew 1985, Pettigrew *et al.,* 1989, for example). Their argument is broadly that implementation is not solely the logical and point of a process of formulation, but rather the interplay of many iterative and discontinuous factors including management decision processes, environmental and business sector characteristics, as well as human agency. It is, nevertheless, the case that empirical data from such contextualist approach-es are, as yet, the results of analyzing and examining the more processual nature of change and to a lesser extent reflect implementation. This is not surprising, since the examination of context is a huge undertaking which requires a synthesis of understanding of the environment, the understanding and characterization of strategic decision-making processes (see Hickson *et al.,* 1986) and the characterization of transformation and change in specific organizations. This leaves something of a conceptual gap in which contextualists seek the meaning and characterization of process, which those interested in implementation pursue the path of developing "appropriate" management roles, competences, skills and techniques geared to achieving predetermined objectives. Current work which falls somewhere in between these areas is rare. One exception can be found in Mangham's (1986) metaphor of the management process as a dama, in which managers play out scenes. This "dramas" illustrate to some extent how roles are contextually derived, yet emphasize that performance (implementation) in the outcome of the learning and the interplay of roles in the current setting. Mintzberg's attention has refocused in the 1990s on a revisitation of the nature of managerial work (Mintzberg 1973), again in an attempt to link current managerial action with past history. At the time of writing, published work is not available. To understand why the implementation-process gap has occurred, it is necessary to consider (albeit briefly) the role o organi-f zation theories in explaining strategic change and the limitations they have on the field generally.

Keywords: Process, implementation, strategic, change, irrationality, division, labor, finances, system, consideration, etc.

INTRODUCTION

Whilst the majority of approaches to strategic change find their intellectual roots within the broad church of organization theory, it has not always proved a very fruitful or helpful association. The dominant religion of organization theory (to stretch the metaphor) is that of structural functionalism. The search for general leave of organization in the social science corresponding to around fifty or sixty years. The emergence of criticism within the discipline only began to gather a heard of steam some sixty years after the publication of Taylor's *Principles of Scientific Management* in 1911. The orthodoxy of structural functionalism, or the analysis, paralysis and reduction of organizational life to a myriad of variables (Clegg and Dunkerley, 1977), has formed the dominant pattern of studies in strategic change. The search for generalized laws of change still pervades the discipline. Yet other theories of organization offer alternative explanations. The dominant paradigm of structural functionalism led inevitably towards viewing organizations as self-contained entities within which the variables of managerial behavior could be isolated and identified. Once identified, the variable effects of such varieties of behavior upon achieving (or failing to achieve) change could be mapped out. Other theories of organization questioned first the orthodoxy of structural functionalism and, second, whether the management of change could be assembled into a toolkit variables.

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There is insufficient space here to recount the emergence of a critique of organization theory, but the impact of viewing organizations as political systems, as the mobilization of political and economic bases, as cultural and symbolic institutions, or as system of social and economic domination, has brought with it different and conflicting views of strategic change. Burrell and Morgan (1979) Maped out the explicit and implicit assumptions of theories-in-use by employing the notion of dominant paradigms. They not only showed the predominance of structural functionalism, but also revealed that some paradigms (largely the interpretive, humanistic approaches) had relatively very little representation in the constituency of organizational research. In a recent analysis of the field, Gioia and Pitre (1990) redraw the Burrell and Morgan four-cell diagram (which allocated each of their four paradigms equal space) in an attempt to show figuratively the predominance of functionalism (Sl.1.). Giogia and Pitre go further in their analysis by arguing that the divisions between paradigms are virtually watertight. The implications of these arguments for dealing with strategic change are fundamental. Underpinned by biased, particularistic scientific mode of functionalists logic and analysis, the theory and practice of change have become recipe-driven at best. In the worst case, theories of change rest upon few theoretical foundations, rely as much upon emotional feel as upon rigorous analysis and are characterized by a lack of empirical research. These allegations are also made explicitly in relation to organizational development techniques by Stauss (1976); Kahn (1974) and Alderfer (1977). The emergence of irrationality into organization theory, and with it recognition of the innate impracticability of designing planned change programmes, took place some thirty years ago, when a number of authors pointed out that not only were individuals largely incapable of acting wholly rationally, but also that organizations themselves were institutionally capable of acting irrationally (Cyret and Much 1963; March and Simon 1958).

Radical humanist	Radical structuralist
Interpretive	Functionalist

Figure 1. The four-cell model of Burrell and Morhan (1979) as redrawm by Gioia and Pitre (1990:585) to show the dominance of functionalism

Much irrational behavior was argued to stem from two sources – uncertainty and political behavior.

Change, irrationality and organizational political

Many of the change models discussed so far are characterized by their relative focus on outcomes and their apparent certainty. For example, the force field model of Lewin (1951), which has informed many subsequent theories, rests upon the certainty that given an ambulance between restraining and driving forces for change, desired out comes can be achieved and reconsolidated by rebalancing the forces for and against once the change has occurred. This implies not only rationality on the part of individuals in achieving change, it also necessities individuals being able to articulate unambiguously a finite list of driving and restraining forces in any particular set circumstances. As Marrch and Simon (1958) pointed out, individuals are severely limited in their ability to look beyond a restricted number of possible alternatives, let alone compile a de-tailed and complete list of driving and restraining forces for change. Lindblom (1959) al-so demonstrated that individuals tend to seek inspiration from the past in order to guide future action in an attempt to provide some level of certainty. People stick generally to what they know and to use it as a template for future decisions (Braybrooke and Lindblom 1963). Lindbolom's instrumentalism represents what he terms a "real world" description of how organizational transitions are made through the decision-making process. The strategy of change here is one of evolution, continually building out from the current situation in small steps and by small degrees. Intellectually, incrementalism is justified by the need to match strategic changes to the limited cognitive capacities of individual decision – makers (March and Simon 1958).

Internationalism has a strong theme of normative rationality running through it –which argues that the more change takes an organization away from existing policies the higher are its unpredictable consequences, resulting in a basic strategy of maximizing security in making change. As Johnson and Scholes (1988:25 state, "the result is that fundamental changes in strategy in organizations are relatively rare" Just concentrating on managing the implementation of change may reveal incrementalism in outcomes but says little about the incrementality (o otherwise) of the process itself. Placing political behavior in the frame of reference appears to help explain the rather depoliticized accounts of anarchy by March and Olsem (1978). The study of power and political processes in organizations has, of course, generated a wide and varied literature. It is a field of study in its own right, yet I hope devotes of the political models of organization will bear with me in the following attempt to relate political perspectives of organization to the topic of strategic change. The importance of understanding power in organizations lies in its potential for explaining how, particular outcomes were achieved, not just arguing that organizations are institutionalized collections of ready-made solutions, or that outcomes are hampered by the cognitive and information-processing limitations of individuals. At some risk of oversimplification, it is possible to distinguish between three approaches to political models of organization – overt, covert and contextual. Despite their seeming mutual exclusivity, all three are useful, since they remind us that the outcomes of change cannot be considered independently of the processes by which they were achieved. Furthermore, all three approaches to power in organizations remind us that there is more to understanding strategic change than the cognitive and information- processing aspects of organizations and individuals. Implicit in March and Simon's (1958) ok is that strategic change processes could become more linear and more "rational" if better information technology were available. The political perspective argues that, even were the knowledge base to be optimized, processes of strategic change would still be predominantly shaped, and outcomes largely determined, by the exercise of power and influence.

Overt power will be readily understood by all who work in any type of organization. The complexity of strategic tasks and the division of labor mean that localized influence attempts arise over preferred processes and outcomes. Cyert and March (1963) call this process "local rationality" and it can arise from individuals, departments and functions as well as from organizations defending their part of a larger interorganizational network (see Benson 1975; Evan 1971; Aldrich 1979). Theoretically, developed and empirically researched by a number of scholars, the manner in which localized interests battle it out to secure their own interests in the processes of change has been well documented (see Crozier 1964; Hicksonet *et al.,* 1971; Hinnings *et al.,*1974, for example).

Covert power is to rather more invisible face of influence. Here, power is exercised through "non-decision-making" rather than by means of influence attempts on readily identifiable (and commonly known) decision topics (Bachrach and Baratz 1970). Its exercise can take many forms, such as agenda setting, limiting participation in decisions to a select few individuals and/or defining the parameters of what is and what is not open to decision for others in the organization. The result is the same as far as the analysis of strategic change is concerned. The outcomes of change can covert power are acknowledged and recognized. Of course, non-decisions can occur in a number of ways. One lies in the literature which critically examine structural functionalism as the dominant paradigm of organization theory. The exercise of power in this case is argued to be synonymous with the structure of capitalism. As Salaman (1981:230) argues," the design of work, the distribution of work rewards, the process of organizational control and legitimate on ……. reflect the class relations of the wider society…." He goes on the argue that without this perspective" our understanding of organizational process and structures can at best be partial, at works hopelessly unreal. The outcomes of strategic change are thus the result of manipulated and biased power okays, firmly based in the exploitative logic of capitalism. The precise way in which exploitation by capital and the managerial classes is achieved is open to a number of interpretations, although organizational structure and technology would seem to be two key factors (Burawoy 1985; Blau and Schoenherr 1971; Clegg and Dunkerley 1980; and see Scarbrought and Corbett 1992, in this series on the role of technology). At its most stark, organizational structure is argued to be a tool for the domination of labor by capital: encouraging the pursuit of self-interest or sectional interest among the managerial "clsses" and replicating social divisions whereby class status and position on the organizational hierarchy become comparable.

Contextual power moves the focus of analysis towards the relations between societal processes and structures and organizational factors. There is more than a hint of determinism in some work at this level of analysis. In their dileneation of "radical structuralism" Burrell and Morgan (1979) argue that organizational processes and power imbalances are largely determined by the economic structure of society. The outcomes of strategic change are thus not the direct result of the actions of individual managers in individual organizations. From this analysis, if you want to explain the "what" of change (i.e., its outcomes), argument should focus upon how outcomes are mediated by the deterministic forces of social economics. Arguments would run parallel to Marx's much cited dictum that individuals make their own history, but not of their own choosing. On the other hand, context could still used to explain the outcomes of strategic change but in a less deterministic way. Benson (1977), for example, argues that whilst economic structure impose a level of determinism upon individual organizational action, there are forces and pressures for change which do emerge from individuals and organizations which eit-her sustain or destroy societal forces. There exists a "dialectic" between individual action and economic (or contextual determinism). Examples of the potency of language in endorsing preferred solutions and world view can be found both in organizations and wider society. Consider the following terminology used during the Gulf War of 1991. ("We" refers to UN forces).

We have Army, Navy and Air Force Reporting guidelines Press briefing	*They have* A war machine Censorship Propaganda
We Suppress Eliminate Neutralize Decapitate	*They* Destroy Kill Kill Kill
We launch First strikes Preemptively	*They launch* Sneak missile attacks Without provocation
Our nen are Boys, Lads	Theirs are Troops, hordes

So what has all this to do with organizations and change? The answer is almost everything. To understand change fully is to view both outcomes and process as interwoven; themselves both the product and the producer of the context in which they take place the language games above will be familiar to most managers who have been involved in organizational change. At the surface level, the "us" and "them" vocabulary will be familiar as protagonists and antagonists in the organization fight out the battles of change. At a deeper level, the vocabulary represents an implicit, unseen moral orthodoxy against which the success or failure of change outcomes will be valued Deconstruction of the language of change reveals a position similar to that "groupthink" (Janis 1972), in which members of organizational teams and groups feel their group is "right" and those outside it who deviate from their views are "wrong" The process of change thus becomes one of negotiation and persuasion between groups who assume automatically that they are in the right and reflect this both in actions and in words. Many studies have been conducted to show the intense psychological pressure placed upon individual members of a group (groupthink). Those who view the prevailing consensus as open to question are treated as troublemakers or deviants and are subjected to a range of behaviors to engender conformity *see Asch 1955; Leavitt 197). The outcomes of change are likely to be marked by the following characteristics (Wilson and Rosenfeld 1990);

1. Information is not actively sought beyond that which is to hand, or information is only partial or biased.
2. Only a handful of alternatives are considered.
3. Those alternatives which are considered are then evaluated only partially and some are not really evaluated at all.
4. There is a strong tendency among the group members to keep things as they Are and not to seek or recommended change.
5. Once an outcome is reached, there is little or no consideration of planning for any other future contingencies which might occur.

The institutionalized face of power paradoxically encourages both analysis and managers to focus predominantly on the outcomes of change and to examine the processes by which they were achieved. Institutionalized power here refers to a blend of covert power (the taken for granteds and the non-decisions) and contextual power (legitimation of outcomes via language, symbols, etc.). Examples can be found in a wide range of organizational practices, some of which have been described above. Others "sedimental" aspects of institutionalized power can be revealed through structural and cultural analysis of the organization. Two aspects of change are often overlooked by authors in either the contextualist or the cultural analyses of change are gender and the sexual division of labor and the role of accounting and financial systems in shaping strategic change outcomes (and processes). *Intellectual* justification for dealing with these factors separately comes partly from their relative absence in what might be termed the "general literature on organizational change" from the management writers. *Second,* the intellectual development of accounting practice parallels closely that of organization theory. Because of this, the pervasive nature of financial systems in organizations is often overlooked, yet it too can be important part of justifying, legitimating or inhibiting change.

Gendere: The sexual division of labour and strategic change

Current concern with the sexual division of labor focuses very much upon equal opportunities and career development for woman and men. Phrases such as the "glass ceiling", which describes how women can progess to senior positions in organizations yet fall consistently to be appointed to the top jobs are much in vogue. So, too, are demographic predictions, which shows that we are soon to approach an era where organizations will be forced to cater for a labor force proportionately more female than ever before and that traditional sexual attitudes and stereotypes will have to be explicitly addressed and broken down. Whether or not such demographic productions are accurate, the sexual division of labor has a long history in the story of organizational change. So much so, that analyses of the impact of organizational change upon the individual almost invariably need untangling by gender. How one views, accepts, struggles against or whet-her is a woman or a man. Equally, homo sexuality and lesbianism are subject to their own set of discriminatory organizational practices, mostly aimed at suppression. Most business organizations do not advertise any "gay|" areas their labor force. It is something to be covered up or ignored. The prevailing current against change in these cases seems to be heterosexual. Corporate strategy appears at best a sexually neutral world, at worst a virtually all-male world of managerial and executive action. Indeed, female leaders of organizations or of strategic change are usually singled out for special media attention, such is their rarity. An obvious example is Anita Roddick, who founded thr Body Shop in 1976 on a budget of Lstg 4,000 and with fifteen products in bottles with hand-written labels. Today, there are in excess of 300 products sold through some 340 shops (some company-owned, the majority franchises). In 1985 she was proclaimed Business woman of the Year, in 1099 was Communicator of the Year, and she recently received the OBE. Anita Roddick has featured consistently in both the general media and the business press as something of a phenomenon, not least because of her gender. Among other areas, the relatively poor representation (and hence inability to influence the outcome of strategic change) of women in senior can be found in many of the professions as well as in the boardrooms of business. In a recent report (department of Health 1988) it was pointed out that whilst half medical school students were women, only 15 per cent held positions as consultants; only 3 per cent of consultant surgeons were women and less than 1 per cent were general surgeons (eleven women in England and Wales from a total of 1,217 positions). Recently, government initiatives have been launched to overcome obstacles to women (overt and covert), and among them the allocation of Lstg 1,5 million to help swell the numbers of part-time posts for women as registrars and an initiative to avoid discrimination in appointment procedures.

Of course, such examples are only the visible tip of the iceberg. It is easy to go gather data showing the extremely low levels of representation of women in senior positions both in public-sector and private organizations. Lack of representation will necessarily reduce the influence of women in decisions concerning strategic change. More covert is the implication that a lack of change (preservation of the *status quo*) may be a function of witting or unwitting male decisions. The notion of the family as a necessary adjunct to capitalism has afforded it primacy of place in ensuring that complex organizations are male-dominated (Gardiner 1976), Males work in the labor market whilst women provide the labor of being wives and mothers inside the family. This argument allows males the time (and energy) to perticipate in full-time work. Equally, this societal model is often uncritically accepted throughout the education system, with traditional male- female roles replicated especially at the primary and secondary school levels (Shaw 1976). The dual labor market is a concept in which women are argued to form the secondary source of labor and in which men are the primary source (see Barker and Allen 1976). Important consequences of this analysis are that disparities occur in payment levels between primary and cecondary labor markets, with the latter being relatively poorly paid (sometimes for the same job). Little career transition or progression is possible between the two labor markets, and the primary market is characterized by structural career routes and opportunities. The secondary labor market has virtually no career structure, employment being seen as something of luxury for those who wish to earn a bit more income, feeling at the same time a little guilty about the opportunity cost of not being able to look after the family full-time. Even where males and females work together doing the same job, differentials other than pay disparity exist. Walsh,(1989:112), for example, shows how in a Britush textile mill the transformation from a previously female-dominated labor force to one which was predominantly male (during the 1960s) was argued to be justified, since the advent of shift work-ing was held to be inappropriate for woman because of their "domestic responsibilities". She also shows how further technical changes involved in textile manufacture systemtically favoured male employees, since they were "less adversely affected by technical change.

Organizational structures and processes, the very foundations of organizational change, are again apparently male-biased. To talk of change is predominantly to talk the language of a single sex. Kanter (1977) argues that the exclusion of women from the language of organizational power is largely due to a desire on the part of males to maintain the *statsquo* and to retain security and certainty in the uncertain world of strategic decision making. Because strategic decisions are uncertain and their trajectory is full of discontinuity and interrupts (see Hicjson *et al.,* 1986), male executives create a niche of security by working with other males and selecting junior executives from the male ranks to continue the tradition. By selecting what they know they preserve at least one element of certainty. The gender arguments for organizational structure are ones we have visited earlier in this chapter – namely that organizational structure reflects the elitist elements of the wider society of which it is part. Taking this politicized view of organizations, Offe (1976) agrues that discrimination against women occurs because of the tendency for (male) elites to maintain the *status quo* by rewarding. and advancing those most like themselves. Finally, the arguments at the societal level of analysis suggests that changes here are also likely to be male-biased, since differential expectations are built into the societal system. At least, in western industrial societies, males expect relative independence and full-time employment away from the home and are encouraged in their view women primarily as managers of the home (Wolf, 1977).

The points raise serious questions about change in organizations, for it depends very much upon one's perception of organization whether or not gender enters the debate. Mills (1988) identifies the extremes of the positions taken towards gender. On the one hand, much organizational analysis views firms as gender-free places in the sense that males and females are treated alike. (The Hawthorne studies are a good examples of this, as was much of scientific management, so too, are many studies which explicitly examine organizational culture). On the other hand, an analysis which distinguished gender as a central factor in creating and sustaining organizational processes will start the position that gender is central to "the development of internal organizational dynamics" *Hearn and Parking 1983:228). Describing how employment rules specify that women are not to be employed in certain types of work (e.g, have physical jobs), she graphically illustrated how "local" pressure in the surrounding a textile mill supported the role of women in being assigned physically heavy and demanding work. It was the "expected" role of women, irrespective of national legislation which advised to the country. Finally, image, language and symbolic behavior in organizations (again the very stuff of organizational culture) have an impact upon the question of gender in organizational change. For women who do break through the glass ceiling, the decisions they make are far more open to questioning of their judgment by male staff if the decisions had been made by a man. Rosen and Jerdee (1974) shows this in a study of supervisors; Brorverman, (1972) shows that when women adopt roles and exhibit behavior normative-ly encouraged in male managers, their behavior is viewed as suspicious and open to question. Organizational language, such as that of leadership and teambuilding, is often couched in both male and militaristic language. Leaders are naturally assumed to be made and to be aggressive role models for other males to follow (Riley 1983). Less well studied, are with no systematic empirical examples known to the author, are the ambivalent attitudes adopted towards female and male organizational leaders in wider society. Male leaders who become widely known through the media often "suffer" investigations into their sexual activities, especially in the tabloid press. Revelations of extra-marital affairs are relatively common. Yet for the male executive these are not necessarily viewed as cause for moral outrage or perhaps removal from office. Often, the reverse seems the case. Sexual adventures are described in language which amplifies a macho and aggresively successful image. Conquests in the sexual arena seem to imply a similar ability to achieve business conquest and deals in the board-room. For the few women who occupy such senior positions, such media revelations would be unlikely to take the same perspective or allow the same ambivalence between organizational and social life.

The role of accounting and financial systems

It is remarkable how many texts in the field of organizational change not emphasize the outcomes of change but also concentrate almost exclusively upon the behavioral aspects of achieved those ends. Very few scholars have chosen to concentrate their studies upon the impact of the more quantitative aspects of management accounting upon org-anizational change. Yet the field of accounting itself is beginning to develop a critical edge, much of which reveals the institutionalized potency of financial systems for shaping strategic change. Much of the debate, which tends to be restricted to academics in the financial disciplines, has direct relevance to understanding both the outcomes and the pr-ocesses of change (see, for example, Hopwood 1978, 1983); Burchell *et al*., 1980; Otley 1984). The basis thesis underlying the critique in accounting theory and practice is that both financial theory and practice are shaped by and shape the organizational context in which they operate. Accounting theories may appear to be objective, aimed at providing information and guidelines for decision-making, yet they are also a pervasive force in shaping organizational change. Whilst organization theory was charting its course from scientific management to postmodern concerns, so too the theories of accounting were beginning to become reflexive. It is possible to see a number of similarities between the development of knowledge in both fields, organization theory and accounting, and to show how the one supports, guides and sustains the other. Based on the neoclassical theory of the firm, early accounting theories were derived direct from cost accounting practice. The main aim of such quantitative practice was to control production and to monitor/reduce factory costs. Immediate parallels can be drawn here between cost accounting and scientific management. The organization is view-ed in terms of its costs, which, like bricklaying or manufacturing, can be managed toward greater efficiency. The assumptions both of accounting and of organization theory are of rational individuals operating in a closed, rational system of organization. Management accounting was thus a means of effecting organizational change through providing seemingly unambiguous data which could guide managers towards making greater saving and rationalizing efficiency. Financial data were routinely generated (a natural part of organizational life), were easily quantifiable (and thus tangible, unlike human behavior) were a powerful set of argument for organizational change (divisions and departments could be monitored financially and their viability could be questioned).

Just as in organization theory, management accounting progressed from this appa- rent certainty and rationality towards models and theories which allowed uncertainty, ambiguity and human behavior to be included. Consideration of uncertainty led down one path towards contingency models of management accounting, information economics, games theory and transaction cost analysis (see Jaedicke and Robichek 1984; Demiski 1972; Otley 198o; Robert and Scapens 1985). Consideration of human behavior led down another path towards management accounting theories accommodating the interplay between individuals and accounting systems, especially looking at the influence of individuals and groups on the design of accounting systems (see Lowe and Shaw 1968; Schiff and Lewin 1970; Burchell *et al*, 1980". The importance of these development for understanding organizational chang lies in a number of areas. First, management accounting originally developed in relative isolation from complex organizations. It was the product of academia and professional institutes. Placing management accounting in the context of economic organization paved the way for accounting being both the engine of change and its rationalization. Mayer and Rowan (1977), for example, argue that, whilst management accounting is usually seen as a rather neutral, technical aspect of organization, it can usually seen as a rather than a purely technical sense. The myrrh and ceremony of organizational life are themselves geared more to achieving symbolic ands than to sustaining the purely economic activity of organization. Following the same theme, Pettigrew (1985) argues that, far from being neutral information, management accounting provides a very convenient source of interpretive meaning for individuals (including *post hoc* rationalization of decisions already taken). Managers can attribute a variety of meaning to accounts and financial systems, according to their disposition. Depending upon the desired outcome of change, managers can interpret and reinterpret their rationales, using management accounting as a political device. On the same theme, Wildavsky (1979) shows that the overall analysis of organization- al "intelligence" requires budgeting financial planning and accounting systems to be viewed as inextricably interwoven with organizational politics and power games. Those political interests which can seek to sway the outcome of decisions by the exercise of power will often use financial "data" to support their cause or to refute the countervailing claims of others (see Hickson *et al.,* 1986). A further consistent theme, particularly in the mainstream literature of accounting, has been that of optimism. Increasingly sensitive and sophisticated accounting systems were going to make things better, through reforming what was already in place, exercising financial control where none previously existed, or by a steady process of constant improvement. Change bolstered by new or improved financial systems was always going to be for the better. Recent work in the disciplines of finance and accounting questions both the role of and the optimism inherent in accounting practice. Summarizing the main themes of this theoretical work, the role of accounting in organizational change comprises:

1. An increasing pressure upon managers and organizations to foreshorten time horizons. This puts immense pressure to reduce or depress investment in intangibles such as research and development or new product development.
2. Some business sectors suffer more from this pressure than others. Pharmaceutical organizations in UK, for example, manage relatively high levels of R&D and mew product investment. Conversely, mechanical engineering concerns and vehicle manufacturers are typical examples in the UK where accounting pressure have helped to suppress innovation (see Whpp and Clark 1986; Taukby and Whiston 1989).
3. Middle managers face constraints on their decision-making autonomy through management accounting performance measures. The need to demonstrate tangible performance in the short term, often coupled with relatively short career sans in one organization leads to managers becoming selfish about what they promote in organizations. A reinforcement of local rationality takes place (Cyert and March 1963).
4. Senior managers are constrained in a different way. Auditing measures of performance set powerful boundaries around strategic action. Stock market evaluation in directly affected by auditing performance measures, and many senior managers find themselves defending the organization against take-over threats as result of "poor" evaluation. If change requires investment in new capital, then auditing measures of performance will again be a major influence, since it is chapter to raise equity capital in "better" performing organizations than in "average" or "poorer" performers.

Implications of a NACTO interdisciplinary analysis of change

Change is a phenomenon which cannot be restricted solely to the "behavioral" aspect of management learning. It needs a perspective which can blend the behavioural with the economic, the historical with future-oriented decision making, and the political with the social and economic factors of change. Unfortunately, current development in the analysis of change have developed along the either/or path of skills versus context. For virtually every management discipline currently taught, the implications of this spin are far reaching. Again, the implications extend beyond the academic to land squarely at the feet of the practioner. Depending upon which perspective is taken, the practioner will be guided or will turn towards a particular set of solutions to effect change. Consider, for example, the familiar problem in corporate strategy where the range of products and services offered by an organization does not align exactly with the vision of the strategic planners (or those responsible for planning). The pressure for change is acute, to try and change either the strategic plan or the range of products and services to achieve some state of congruence. On the one hand, one could argue that the solution for change might lie with the strategic planners, for it is they who have the "vision". Along the way, this vision may have become subject to the politics of organizational change, in which the smooth transition of strategic planning becomes clouded by internal politics and conflict or by fiscal and regulatory pressures in the operating environment of the organization. Thus those products or services which do emerge are unlikely to be in line with the vision of strategic planners. Product and services range no longer match the articulated corporate strategy. The solution for change would thus be to keep the strategic vision constant, but try to reduce resistence and preassuress from other sources during implementation. This could involve building teams in which planners and implementers worked together on the same problem, possibly in parallel teams (very like the Japanese process of product development). Or it could involve negotiating directly or indirectly with those who resist the strategy, perhaps co-opting them into the early stages of product development. The change solution is likely to be rooted in behaviouralism, trying to persuade others to accept new ideas. Curently, this is akin to internal selling, which occurs in very decentralized firms or in organizations which are split up into strategic business units. New ideas generated by one part of the organization have to be "sold" to other parts (e.g., development teams have to convince the marketing function that a proposed product will sell). The process of persuasion could take a number of forms. Beyond co-option, attention to management style, negotiating techniques and influencing skills might appear to be fruitful solutions to achieving change. On the other hand, the solution for change might be found by analyzing the political power balance in an organization (Hickson *et al.,* 1986) rather than trying to persuade others to accept any predetermined strategic plan. Here the analysis of change wou-ld be less overtly behavioral, taking the view that result of the achieving change would appear to lie with the institutional features of organization, such as its structure, culture, context, technology or history. Increased persuasion by those who plan would seem pointless, since the organizational context will torpedo the visiob. The key to handling strategic change is to understand the context and thus be able to predict the likely outcome of any action taken. Thus the system of organization itself allows change through the institutionalized context allows variation and experimentation to take place. But it need not inv-olve management development, the creation of terms, the decentralization of structures, the creation of strategic business units, or the intervention of an organizational developm-ent practitioners

The above distinction is, however, only one dimension of a complex problem, even though, on this dimensions alone, individuals would be tempted to take very differ-ent routes towards achieving change. What if the task were not just to align emergent out-comes with intended strategies, but was also to achieve greater innovation and creativity in products and services, something marketing analysts such as Kotler (1988) hold central to achieving competitive advantage? According to Etzioni (1988), reliance on strategic planning (held dear by neoclassical economists) can place limits on innovation and can ration creative effort by individuals throughout the organization. A range of products and services emerges, but they are characterized by their similarity to what went before. Alternatively, non-economic analyses which the range of accord primacy to the emergent and processual aspect of organization mean that change processes increase the level of organizational mean the change processes increase the level of organizational politics, but decrease the amount of cooperation and co ordination. Creativity and innovation might be fostered, but the range of products and services which do emerge is likely to be the outcome of intuitive or political decisions. They may or may not be successful in achieving and sustaining comparative advantage. The implications for the "management" of change are fundamental. The essential is either to achieve greater creativity in formal strategic planning, or to abandon the idea of rational economic decisions altogether and instead focus attention upon analyzing and managing the conflict and politics inside and outside the organization. But which way is the practicioner to jump? The current vogue for more behavioural solutions may be tempting, but are they likely to achieve strategic change in the long time? The answer from the available empirical evidence would seem to indicate that solutions based broad-ly upon behavioralism and/or organizational development are relatively shortterm. Those based upon more macro analyses of culture, structure and power are more difficult to achieve, but are more likely to be sustained in the longer term (Cummings and Huse, 1989). The reasons for this can be found in much earlier words (*e.g.,* Blake and Mouton, 1964). Achieving short term change in behavioral aspects such as management style is relatively easy in comparison to making it a permanent feature of the organization. That is what Cummings and Huse (1989) call "institutionalizing an organization development intervention". In order words, making it part of the organizational culture. The same authors note that, often, change efforts based on organization development become reliant on a single individual (the sponsor) and that when the sponsor leaves (or is transferred to a position of less influence or direct power) the programme of change collapses abtuptly (p.480). In Lewin's (1951) terms, there is an unfreezing, a change but no refree-zing of the new state.

The above would seem to advocate against using Organization Development techniques totally. That is not the intention. Organization Development is a valuable app-roach provided it is viewed within the wider context of organization. Too often, OD and other change programmes such as Quality of Working Life and Socio Technical Systems have been seen an end in themselves without reference to the context in which they operate. Both programmes make similar assumptions to more individually based intervention (such as changing management style). That is, increased worker autonomy and participation in work-related decisions leads to a more satisfied and therefore more productive work force. Like the other programmes for change, they can also be baset with problems, proffer short terms solutions, and can be viewed as a way of keeping workers happy by apparently democratizing the workplace but at the same time retaining ultimate managerial control. Yet some of the most carefully conducted experiments in organizational change also fall under the banner of OD. Whilst the results of many studies are largely in-conclusive, we should be careful not to dismiss such approaches too readily and should recognize that many alternative approaches to change (such as creating excellent cultures; designing matrix, organizational structures) are to have even less empirical support and are unlikely to have been subjected to the same intellectual rigours in research design. The search for more macro solutions to organizational change leads straight back to some of the ideas outlined at the beginning. Fostering innovation in formal planning can be achieved by a number of apparently "managed" routes. Where organizational structures are bureaucratic and hierarchical, for example, they can be decentralized, blurring the differentiation between functions and thus engaging individuals in the spirit of the whole enterprise rather than in just their part of it. Yet we know that purely structural solutions are unlikely to achieve this without the supporting ideologies (or cultures) in which organizational change and learning take place (Argyris 1977; Argyris and Schon 1978). The amount of such institutional support that can achieved may vary according to the amount of uncertainty facing the organization. The level of uncertainty can, itself, change with time, requiring organizations to develop different learning strategies, drawing on the work of Argyris and Schon (1978), Butler (1991) distinguishes between inner-loop and outer-loop learning. Inner-loop learning take place when organizations face a relatively stable and benign operating environment. Their macro context is stable. The prime goal of change becomes one of increasing efficiency. Outer-loop learning refers to changes which can no longer be handled by increasing efficiency but require deep, ideological changes to take place. The macro context is highly uncertain. It is worth noting at this stage that highly efficient organizations are only definable as such by their context. The term "efficient" means they cope well with the current level of uncertainty in their operating environment. A major change in the operating environment means that such organizations can become progressively less effective and slide efficiently out of business in further learning does not place. A macro analysis of change requires that the rate and level of change in the operating environment are monitored and counted in the overall equation. Yet other common themes appear to emerge on global scale among a mix of both manufacturing and service organizations. Britain may have its special problems in deciding the balance between manufacturing and services (compounded by the relative lack of availability of low-cost capital) but continental European and North American organizations share some striking similarities at the contextual level of analysis (Barlett *et al.,* 1990). These include acquisitions and joint venture (single operators are beginning to recognize the limits to going it alone); the globalization of business (saupported by the rrationalizam of production, improved quality, the adoption of new technology and marketing); the achievement of a strong corporate identity (occasionally termed culture) and the support for a strong research and development focus.

These macro-level changes will determine to a large extent the efficiency of more micro strategies of change (such as OD), since they will influence the extent to which behavioral and structural change in work design can be sustained. Equally, programmes for change such as Total Quality of Working Lufe, packages will be subject to the wider forces of determinism. Training managers to handle change through the learning of specific competences may achieve little more than enabling them to scope with change more easily (see opposed to being able to manage it). Joint ventures and acquisitions, for example, often involve organizations of very different cultures working together for the first time. Should the first step towards resolving the inevitable tension thus created be to try and create and manage a new super ordinate culture. The excellence tradition would have us believe this is the first step, but empirical evidence weights heavily against tacking corporate culture head-on.(Cummings and Huse, 1989). The globalization of business brings with it similar problems. Organizations must seek some way of adapting to operating as global players, yet the impact different nation-al cultures and of economics which are in different stages of advance or decline will be major factors in the change equation (Tayeb, 1989). Placing more emphasis on research and development will inevitably make these functions more "strategically continent" and allow them the potential to exist greater influence over strategic decisions, both in their planning and in their outcomes (Hickson *et al.,* 1971, 1986). It is a debatable point whet-her other stakeholders in the organizations will let this change happen willingly. Wilson *et al.,* (1986) provide empirical evidence of the inflexibility of organizations from both public and private sectors when a substantial shift in the power balance seems a likely outcome. Stakeholders defend their political position resolutely. This is what Wilson *et al.,* (1996) term the "bounding" of strategic decision-making. The institutionalized fabric of organizations resists change until something out of the ordinary ha[[ens. Four out-of-the-ordinary conditions are:

1. The advent of new data or technology in a form to which the organization is unaccustomed.
2. A significant increase in conflict between powerful stakeholders (both inside and outside the organization).
3. A novel topic for decision *(i .e*., one which the firm has never previously encunted in that form, although other firms may have taken similar decisions).
4. An unusual or unexpected source of new ideas which break through the traditional information channels and open up discussion.

Pettigrew (1985) adds the onset of crisis to the above list, arguing that a common perception among individuals that the organization in threatened with extinction also acts as a spur to "unbound" the institutionalized context of the organization and overcome the inertia against change. Yet the analysis of change can never be wholly deterministic. The degree, scope, pace and immediacy of change will all influence the extent to which the management of change is a proactive or largely deterministic exercise. Scar brought and Corbett (1992) illustrate this point regard to the impact of new technologies and organizational design. Technology can be viewed as something "neutral" which organizations choose to use or not. On the other hand, technology can be interpreted as both a social and a political force in the face of which organizations undergo often quite radical changes to incorporate or to reject the "new" technology. This duality or dialectic is inherent in the study of organizational change. Its analysis gains potency from the tensions between voluntarism and determinism, and thus the knowledge base can be extended and developed. The danger lies in assuming change to be a simple phenomenon, attached as a finite list of behavioral recipes and managerial competences. The study of organizational change requires an interdisciplinary focus which allows an appreciation of the contexts in which strategies for change are conceived and enacted. As empirical evidence grows, such a view is likely to gain greater support. Until that time it is to be hoped that the field of study does not fragment, or worse still, refuse itself to change from its current unsatisfactory position. This text makes a pleas for a mo-re general integration of approaches to the subject of organizational change, in particular not forgetting the intellectual traditions, contradictions and roots of analysis in our haste to try and solve the pressing problems of today's organizations.

Summary

The focus solely on outcomes, therefore, would seem untenable in the study of strategic change. Yet this is belied by the weight of literature which adopts the goal directed model of a preconceived vision. Some of the processes which shape and fashion the direction and nature of change have been outlined in this chapter. The focus has been up-on the institutionalized weight of vested interests, the importance of context and the hidden rules of the game which lend an air of rationality to decision making. (Gender and financial systems were selected for special attention, given their relative neglect in much of the literature). However, the chapter also began by emphasizing the analytical complexities in assuming too neat a distinction between process and outcome. Nowhere is the blurring between the two more pronounced than in the studies which have sprung from the cultural and structural approaches to organizations. Yet the notion of planned change should not simply be dismissed on the ground of its apparent academic paucity. It has immense potency drawn from practice. The dominant theory in use in British and American organizations is the achievement of planned change through managers trained in specific techniques who can develop specific skills to see the change through. This despite a growing weight of empirical evidence which indicates that the analysis of change is best understood in terms of its context and of political processes in organizations (Hickson *et al.,* 1986; Pettigrew and Whipp, 1991). This analysis explore some of the tensions created by this apparent paradox.

Notes

1. The sociology of power and particularly its relevance to complex organizations can be found in a wide range of literature. Some of the key debates can be fouding Clegg (1974, 1979, 1990), Lukes (1974), Daudi (1986) and Pfeffer (1981) essentially, the same framework of analysis that are used in the rext here to examine change can be put to work in the analysis of power. There is a mainstream of theorizing, backed up by empirical evidence which examines power as a relational phenomenon in organizations. This perspective argues that power can be observed via the exercise of influence over decisions, for example. Those individuals, or parts of the organizations, which are more "powerful" than others gain their potency from the inequality of contingencies facing organizations. Power accrues to those who can handle the inherent uncertainty created by these contingencies. On the other hand, power can be viewed through the conceptual lens of agenda setting and manipulation. Strategic choices which are not open to the influence of individuals and groups tell us much about the power of those who keep such issues away from the formal agenda. Power has also been subjected to deconstruction, to the extent that Daudi (1986) states, "Really one could say that power, as such, does not exist. The concept seems to be used to denote "existing" mechanism in society. Power may be seen as an imminent phenomenon in social relations between groups and individuals." The logical fallacy of this argument *in extremis* is that analysis cannot be aimed at something which does not exist, since we impute power from social interaction. Yet to study power, Daudi argues, we should study and observe social action. The same debates, of course, can should study and observe social action/ The same debates, of course, can be applied to the concept of strategic change, but in that case there are at least two different "existences" before and after change. I suspect that even the most extreme form or reductionism in the study of change would result in the study of others. It is

here that the study of strategic change diverges from the study of power. At best, the analysis of power san yield only a partial explanation of phenomenon of change.
2. Adopted from the guardian, 23 January 1991, p. 21.
3. The last decide has been an enormous increase in critical thinking and theorizing in financial disciplines. For those interested in the details of the debates as they relate both to understanding the epistemology of accounting and to the processes of strategic change, the work of Richard Laughlin and Anthony Lowe at School of Management and Economic Studies, University of Sheffield, is a well argued position statement.

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