International Academy of Science,
Engineering and Technology
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FACETS OF ORGANIZATIONAL TRANSFORMATION: AN UPDATE

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ABSTRACT

This paper makes an update of contributions to the concept of organizational transformation by making a review of its meaning and facets. This objective is achieved through a review and analysis of academic literature concerning organizational transformation. Importantly, the continued construction of organizational transformation as a change between significantly different states in relation to strategy and structure was found to dominate the literature. Additionally, the study uncovered the ongoing use of strategic intent, physical setting, business process re-engineering, organizational and employee culture transformation – as dominant factors critical to the pursuit of a successful organizational transformation exercise.

KEYWORDS: Organizational Transformation, Employee Culture Transformation

INTRODUCTION

Academic work contributing to organizational transformation is increasing by the day. A number of recent studies (Lee and Yi, 2012; Zietsma and Lawrence, 2010; Stebbings and Braganza, 2009) which appear in some decent academic journals support this view. However, in recent times, only a few of these have given an update of what is known so far with reference to the meaning (see for instance Thomas et al, 2011) and types of organizational transformation (see Dixon, 2010). As such there is an urgent need to raise the volume of academic literature on this subject to create a deeper understanding of the concept. Against this backdrop, this paper strengthens existing literature by providing an update of what is known about the facets of organizational transformation. The paper opens with a brief discussion on the meaning of organizational transformation, followed by an analysis of the dominant facets of the concept. The paper ends with an analysis of the issues discussed.

THE MEANING OF ORGANIZATIONAL TRANSFORMATION

Organizational transformation is a change between significantly different states in relation to strategy and structure (Wischnevsky and Damanpour, 2006). It aims to change structures and behavioural systems from one form to another. Similarly, Newman (2000) observed that transformation is a change that leaves organizations better able to compete effectively in the marketplace. Transformation is a deliberate planned process of transition focusing primarily on the formation and establishment of new organizational vision (French et al. 2000).

FACETS OF TRANSFORMATION

The obliteration of the components that make up the transformation of organizational facets from one state to another is one of the most crucial and fundamental responsibilities of management. When organizations pursue transformational programmes, they do so by re-engineering or redesigning issues appertaining to organizational facets, all

of which constitute critical components of a firm's personality. The redesign of these facets is critical because it resides within all organizational transformation programmes. No transformation programme can succeed without the redesign of these facets. The transformation of these facets does not permanently separate them from one another. The separation gives the opportunity to address transformation in different ways and allows managers in business organizations to approach the challenge of transformation from vantage points of choice. The summation of these facets gives a global viewpoint of each corresponding challenge (Vollmann, 1996) given the nature of problems facing different business organizations. In the paragraphs that follow, the author makes a review of facets that lead towards full organizational transformation.

Strategic intent: Hamel and Prahalad (1989) defined strategic intent as the sustainable obsession to win at all levels in the organization over the long term, regardless of the proportionality of the organizational resources to its capabilities. In other words, strategic intent envisions market leadership position founded on a code of behaviour to aid the successful achievement of the set goal. Hamel and Prahalad (1989) argued that in order to revitalize performance, organizations must go beyond the point of imaginative thoughts and drive employees to win, communicate the values of winning to employees and encourage employee contribution. They must motivate employees, sustain enthusiasm by providing new operational definitions as market circumstances change and emphasise the strategic intent consistently to guide resource allocations. Given these arguments, Hamel and Prahalad (1989) proposed three characteristic assumptions. First, that strategic intent captures the essence of time, second *that it is stable over time* and third it sets targets that deserve personal effort and commitment. Many transforming business organizations of today act correspondingly with the tenets of their mission statements and the core values that propel them. Second, the pursuit of these statements has, in recent times, gathered momentum.

Transformation challenges non-strategic and non-goal-oriented practices by specifying unit, departmental and overall organizational objectives, setting targets for employees as well as evaluating, directing and co-ordinating these achievements. Transformation requires the development of strategic commitments, an explicit statement of intent together with the destination of the organization. Third, strategic intent must be meaningful to employees and most especially the team leaders. Talents in the transforming business organization must believe in it to influence others and encourage a speedy change in attitude and behaviour.

Physical Setting: Physical designs (Oldham, 1988) including interior designs, work spacing, house styles etc. constitute one of the strongest means through which corporate identity is projected to stakeholders. The physical setting constitutes one of the major components of organizational features and it is also one of the basis on which employee perceptions of a firm's personality, including corporate culture are revealed. While a good physical working environment encourages productivity, an ugly working environment on the other hand causes dissatisfaction and stress at work. In addition, it is also believed that poor workplace designs create poor business performance and higher levels of stress among employees. In short, a good design contributes to better business performance and good return on investment. Change in the business environment coupled with the rising desire to shift towards competitive positions, have motivated organizations pursuing transformation programmes to seek more appealing internal and external architectural designs that facilitate change, communicate the character of the organization and create distinct identity (Olins, 1989) for organizations.

Given the rise in the number of organizations seeking change, the physical business environment has witnessed the emergence of new internal and external architectural designs that have never seen before. Increasingly, business

organizations proposing transformation programmes have come to recognize that it is difficult to compete effectively by running their businesses from old and non-inspiring (Nadler and Tushman, 1997) monstrous, transistor-looking architectural designs (Olins, 1989). Organizations that take transformation seriously are investing huge capital into internal and external architectural designs. As such, in today's business environment, there has been a gradual movement towards open plan office design style iconised by the coffee bar (Levin, 2005). The transformation of work place designs has gone beyond the idea of ordinary designs into the construction of befitting identity designs for business organizations.

Business Processes Re-Engineering: until the 1980s, business processes were confined to the logical organization of human and material resources for the production of desired products (Burke, 2004). It was conceived as 'the logical organization of people, materials, energy, equipment and procedures into work activities designed to produce a specified end result' (Davenport and Short, 1990) and was subsumed as a never ending cycle of industrial operations which ends in the production of a final product (Hawkins, 1984). A host of problems plagued business processes. Customer order fulfilment had error rates; customer orders went on for weeks unanswered; work was organized in a sequence of separate tasks; and complex mechanisms were employed to monitor production processes. These conditions were made even worse with the development of policies founded on obsolete technologies, outdated demography and human capital policies. In short, production processes were cumbersome, lacked creativity and in many cases created unnecessary delays. However, given the drive towards freer market competition, greater productivity and demand for greater buyer value, a new wave of thinking described as business process re-engineering emerged.

Re-engineering was first put forward in literature by Hammer (1990). It advocates 'total break-away' from obsolete policies, philosophies and operations that impinge smoother and more efficient business operations. Re-engineering challenges business and operations philosophies founded on old business assumptions that bring about gross inefficiencies. Re-engineering champions the development of new policies that enhance greater efficiency, productivity and performance breakthroughs. It demands that business organizations break loose from obsolete, cumbersome and inefficient business operations and processes to create new ones. Re-engineering requires managers to take a second but critical look at fundamental processes from a cross functional perspective. This is accomplished by putting together teams that represent core functional units within core business operations and charging them with the responsibility of analysing and scrutinizing processes, determine steps that add real value to business operations and proposing new ways of achieving results (Hammer, 1990).

Organizational and Employee Culture Transformation: Organizational culture is a way of life for people belonging to an organization. It is the unique quality and style and practices of members of an organization (Kilman et al., 1985) and the way things are done in organizations (Deal and Kennedy, 1982). Put another way, it is the expressive non-rational qualities of an organization. Organizational culture is a very strong phenomenon dominating the beliefs and attitudes of people in organizations. It is commonly shared among employees (Siew Kim Jean Lee, Kelvin Yu, 2004) and it is a self-reinforcing set of beliefs, attitudes and behaviours. Given its dominance over organizational practices and its resistant nature, it is extremely difficult to change (Campbell and Kleiner, 2001) in the short run. Many organizations that have pursued cultural transformation programmes committed long hours of operations to this subject. Cultural transformation programmes have been pursued by many organizations consistently re-enforcing new cultures among employees over a long period with motivational messages and the right reward system. Cultural changes in organizations often begin with a thorough re-examination of existing cultural practices, beliefs and norms. Consequently, culturally

coded messages about business priorities and organizational values sent from management to employees are thoroughly re-examined.

Specifically issues relating to training, performance evaluation, and compensation packages are re-addressed and initiatives are taken to ensure that messages communicated conform completely to newly propagated cultural values. Cultural change is hugely dependent on the extent to which management convey new cultural messages to employees. The messages communicated, either verbally or by the action of management, provide the yardstick towards predicting the outcome of acceptable and non acceptable patterns of behaviour. New cultural messages must fit new organizational processes. It must ensure that the human element adjusts to reward. Hence the new desired culture will emerge with time (Campbell and Kleiner, 2001).

CONCLUSIONS

This paper makes a review of existing literature on organizational transformation in order to give an update on the dominant issues constituting the facets and meaning of this concept. Essentially, the paper uncovered the continued representation of organizational transformation in academic literature as a change between significantly different states in relation to strategy and structure. Similarly, the paper highlighted the ongoing use of strategic intent, physical setting, business process re-engineering, organizational and employee culture transformation. The paper argues that these facets represent factors that are crucial to the pursuit of successful organizational transformation exercise. The paper is valuable given the firsthand insight it gives to the academic literature of organizational transformation.

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BIODATA

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