

Recent organisational changes in the virgin group



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These assignments discuss the organisational changes that the Virgin Group has been during the last few years, and how they are adapting to the changes in the operating environment. This will be in the context of the employees' perception of the changes, and how the Virgin Group can lower their resistance to change. This is a natural feeling from employees, when faced with uncertainty, and this needs to be managed. The assignment focuses on the Virgin Group airline operation, Virgin Atlantic.

Virgin Atlantic Airways was founded in 1984, and it is the UK's second largest carrier. The company is based at Gatwick, Heathrow and Manchester airport; Virgin Atlantic operates long haul services to over thirty destinations globally. The organisation has been recognised through awards from top business, consumer and trade (www.virgin.com).

2. 0 THEORETICAL FRAMEWORK

2. 1 Meaning of Change management

Change management is not a distant discipline with rigid and clearly defined boundaries. Rather, the theory and practice of change management draws on a number of social science disciplines and traditions. Three schools of thought form the central plank on which change management theory stands. This includes:

The Individual perspective school: This school is split into Behaviourist and Gestalt-Field theory. The Gestalt-Field theorists believed that behaviour is not just a product of external stimuli; rather it arises from how the individual uses reasons to interpret the stimuli. The behaviourists, on the other hand

seek to achieve organisational change solely by modifying the external stimuli acting upon the individual.

The Group Dynamics school: This originated from the work of Kurt Lewin. According to Lewin (1974) people in organisations work in groups, and individual behaviour must be seen, modified or change in the light of groups' prevailing practices and norms. HENCE the focus of change must be at the group level and should concentrate on influencing and changing the group's norms, roles and values (Cummings and Huse, 1989).

The Open Systems school: The school is concerned with understanding organisations in their entirety. It attempts to take a holistic rather than a particularistic perspective. This is reflected in its approach to organisational change.

Change management can be defined as a systematic approach to dealing with change, both from the perspective of an organization and on the individual level. A somewhat ambiguous term, change management has at least three different aspects, including: adapting to change, controlling change, and effecting change. A proactive approach to dealing with change is at the core of all three aspects. For an organization, change management means defining and implementing procedures and/or technologies to deal with changes in the business environment and to profit from changing opportunities.

Daft (2000) states that change is a necessary evil and all organisation undergo change at one time or another if not continuously. Organisations usually change in response to political, economical, social, technological and <https://assignbuster.com/recent-organisational-changes-in-the-virgin-group/>

legal forces. There are four different types of change that an organisation can undertake, they are technological change, new product based change, structural change, and cultural change.

According to Bass (1985) successful adaptation to change is as crucial within an organisation as it is in the natural world. Just like plants and animals, organisations and the individuals in them inevitably encounter changing conditions that they are powerless to control. The more effectively you deal with change, the more likely you are to thrive. Adaptation might involve establishing a structured methodology for responding to changes in the business environment (such as a fluctuation in the economy, or a threat from a competitor) or establishing coping mechanisms for responding to changes in the workplace (such as new policies, or technologies).

2. 2 RESISTANCE FOR CHANGE

Many authors (Lawrence, 1954; Maurer, 1996; Strebels, 1994; Waddell and Sohal, 1998, among others) stress that the reasons for the failure of many change initiatives can be found in resistance to change. Resistance to change introduces costs and delays into the change process (Ansoff's, 1990) that are difficult to anticipate (Lorenzo, 2000) but must be taken into consideration. Resistance has also been considered as a source of information, being useful in learning how to develop a more successful change process (Beer and Eisenstat, 1996; Goldstein, 1988; Lawrence, 1954; Piderit, 2000; Waddell and Sohal, 1998). Undoubtedly, resistance to change is a key topic in change management and should be seriously considered to help the organisation to achieve the advantages of the transformation. To manage resistance change effectively, the following methods could be used:

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Communication and Education: This is by far one of the most effective implementation tactics that can be used by an organisation. Communication is used when solid information is required to ensure that employees buy into the process and education should always be used when the change pertains to the introduction of a new technology or product or service (Bunker and Alban, 1992).

Participation: This will help with the smooth transition from the pre change phase to the post change phase and if employees were encouraged to participate in the change initiation phase then most of the problems that can occur when the change is implemented could be eliminated as the issues and problems may have been identified and solved in the initiation process (Buller, 1988).

Negotiation: This can be used when there is severe resistance and management needs to sell the idea to the employees.

Top Management: The visible support of top management to the change process can help reduce and eliminate resistance (Daft, 1982).

3. 0 IMPLEMENTING CHANGE IN VIRGIN GROUP

One of the largest internal change moves by the Virgin Group, was when Sir Richard Branson, became disillusioned by the public listings, obligations and corporate bureaucracy of a publically listed organisation, he sought after to taking the organisation back to private ownership (Johnson, G & Scholes J 2004). This was from the philosophy that forgoing short-term profits for long-term expansion is the way forward ([www. virgin. com](http://www.virgin.com)).

This contingency approach of the Virgin Group is formed from the business requirements, and the structure (which will take the shape of what is needed to operate within the change environment) as this has a considerable direction on the overall organisational performance (Burnes, B. 2000). The structure of the Virgin Group and its accomplishments, are contingent the environmental influences. As a result by changing the structure, this is an internal driver of change in reaction to the external markets (Mullins, L 2005).

With the change in the listing of the organisation, came the reduction in organisational bureaucracy. The need for bureaucracy and a hierarchical structure in the Virgin Group was reduced greatly (Johnson, G & Scholes J 2004). As a result Sir Richard Branson assumed a “ hands-off” stance, with the managers, encouraging them to use their initiative, skills and experiences (www. virgin. com).

This change to the organisational structure has led to a separation of the employees, through now working in specific groups or parts of the business. The variety in locations that the Virgin Group operates, and the wide range of services and goods they offer has led to divisions in the work force. Therefore they are not a centralised team; some divisions could operate in an “ insular” manner, which is easier said than done to change, without altering the structure (Burnes, B. 2000).

Some of the internal drives of change the Virgin Group faced with, were the several layers of managers, which can slow down the management reporting systems and their reaction to situations they are faced with. With the

contemporary environment, this is negative to change and will slow down the internal management process (Burnes, B. 2000).

There have been internal issues since the structural change, with communication across the group and this was particularly noticeable in the middle and lower levels of employees. They were not receiving enough information on the proposed changes, leaving them unable to instruct employees on the organisational changes (Johnson, G & Scholes J 2004).

The organisational structure of the Virgin Group is a group de-centralised; this could encourage silo behaviour, from the different business teams and the different locations in which they operate. There is a natural competitiveness between groups, and operating under this structure can encourage competitive behaviour between them (Johnson, G & Scholes J 2004).

To encourage the Virgin organisation working as a group, and to reduce silo behaviour caused by the structural change they started using a single web address, Virgin. com, for the whole of the organisation customers has entrance to all the Virgin services under a solo portal. These strategies assist in supporting the organisational parenting strategy and improve the synergies already imitative from the organisational branding of the Virgin Group (www. virgin. com).

Virgin Atlantic service is very much customer focused with a prominence on value for money, quality, fun and innovation. The organisation is 51% owned by the Virgin Group and 49% owned by Singapore Airlines, and employees

over 9000 people (www. virgin. com). This change has led to two internal parent organisations, but with Virgin retaining the majority share.

Changes to organisations are almost at an epidemic status, reducing the organisation's control of the external environment. All organisations are faced with incessant change; this is in their operational environment and the organisational context. In the modern-day organisational situation, there is enormous attention and spotlight on the human resource. The drivers from this change can be both internal and external to the organisation (Coram, R & Burnes B 2001).

The “ human resource” is not excluded from this change process, and is a significant part of the organisational context (Frank F et al 2004).

Contemporary theorists advocate that if organisations want to be effectual, in both their current and future operating environment, they must focus on the composition and motivation of their human resource (Beardwell, I. et al. 2004).

Virgin Atlantic values their employees and trains them to maintain the high service levels and to be able to remain effective (www. virgin. com). As a result of the change it is vital to manage the human resource fairly. When organisations use human resource management as a tool, it will assist them to encourage and motivated their employees to adapt to the proposed changes. The future prospects for all organisations are unpredictable and it is difficult to confirm what is required from the human resource, when an organisation is changing (Bratton, J & Gold J 2003).

An internal driver of change is the HR responses to market forces. The HR function should mix the current issues of their human resource with the wider financial and business requirements, that change will force upon them (Bratton, J & Gold J 2003). The Virgin Group including Virgin Atlantic focus on their employees, as they see the value in managing the resource. Employees are recruited who fit within the culture and support the Virgin ethos.

Internal change is driven by an organisation's strategy (Bellin, B & Pham C 2007). The strategy is a consciously created plan, which will include the methods and actions, to achieve the desired result. An organisation mission statement is normally a non monetary realisation. This mission is the future direction of the organisation (Johnson, G & Scholes J 2004). The internal forces for change includes making the organisational structure more effective, reducing diversification through streamlining the portfolio and identifying new and emerging markets. This change has realigned the organisation on their mission, focusing employees to assist in the transformation (Groucutt, J. et al 2004).

Virgin Atlantic is reliant on their branding, this is recognisable when they enter new markets, and this has been an internal driver of change (Groucutt, J. et al 2004). The Virgin brand name is the most significant benefit and asset to the organisation. This “ brand” of Virgin and Sir Richard Branson was capitalised on, when an adverts for Apple Computers, Sir Richard Branson was connected to Einstein and Ghandi, as a “ shaper of the 20th century” (www. virgin. com).

The management of Virgin Atlantic has been very strong, during the changes over the past five years. This strong leadership of the organisation will focus the employees during periods of change. An organisation's efficiency and survival during periods of change, is dependent on the ability of their management and leadership team. (Bailey, J. 2009). Gupta (2004) concluded that " the ideal world of vision, the leadership transfers this to the real world, making it happen" (Gupta, S 2004).

The virgin group is a good parent to Virgin Atlantic, with Richard Branson as an effectual leader (Bailey, J 2009). This will assist in the stabilisation of the organisation during times of change, and reduce employee resistance. The success of the organisation is, in addition, dependant on clear-cut communication and management of the behaviours that motivate employees' performance to be an effective organisation (Gupta, S 2004).

Through proving freedom of decision making to the managers with Virgin Atlantic, encourage a responsibility of their actions and ownership of the organisation. This provided an organisational culture that encouraged growth with the managers. When recruiting new management, potential employees are shortlisted for innovation, abilities and competitive nature (www. virgin. com).

In addition, Virgin Atlantic is capable to cope with the possible downsides of this autonomy and decentralisation. To prevent the failing of communication links and the potential threat of single business units chasing their own strategies, the Virgin Charter sets out a management system and internet

business strategy that takes gains from the of information technology, further extending the Virgin brand (www.virgin.com).

External forces have led the separate business within the Virgin Group to move towards the tactically “ five pillar” realm. The core strategy is “ the heart of Virgin’s core strategy to develop the five pillars of the business empire: travel, leisure, mobile phones, entertainment retailing and personal finance” (www.virgin.com). This during periods of change keeps employee’s focused on the organisational goals, and unites the organisation (Groucutt, J. et al 2004).

The accomplishments of the Virgin Group are reliant on their “ corporate parenting” strategy, and the competitive advantage is dependent on the culture (Groucutt, J. et al 2004). The Virgin Group’s strategy is executed through the decentralisation of the businesses and the unified branding. In the short run, the strategy looks very strongly constructed, and some commentators believe it is near enough “ unstoppable” (Johnson, G & Scholes J 2004).

On the other hand, in the long term, they need to be a succession plan, to replace the natural wastage of management, with individuals that believe in Virgin Charter. They will need to continue the legacy of the Virgin Groups corporate ethos, through successful execution of the Virgin Charter (Groucutt, J. et al 2004). Virgin Atlantic must also carefully consider the new markets they plan to enter. One solitary slip-up can blemish or even destroy the Virgin Brand, and this could be disastrous for the group (Johnson, G & Scholes J 2004).

Diversifying too much could weaken the Virgin brand, especially when a service or product does not meet the expected Virgin standard. The news on a loss of reputation will travel faster than the success of a product or service. Therefore the association of a single Virgin brand can also have a negative effect on the group (Kotler, P et al 2005).

As previously discussed, organisational change is an existing and inevitable aspect of organisational life. The environment surrounding the organisation in the operational and market context is in a continuous situation of change, this through the worldwide economy and the speed and change of technology. As a result, organisations should take action to reduce the impact of forced change, through predicting and assessing the possibilities (Groucutt, J. et al 2004).

There are numerous external factors, which will have an effect on the Virgin Atlantic, and how they manage their operations. The external political environment includes the administrative and legal systems, which govern the organisation where they operate. The external operational environment for the Virgin Group will influence the internal procedures and ultimately the organisational effectiveness. These external political influences can be drivers of change, which manage over the organisation. For example an unfavourable political environment can prevent expansion into the location (Klein, L 2008).

The national financial trends will also be a driver of change, for example a down turn on the economy will impact on an organisations expansion plan. This driver of change can reduce the economic stability of the finances of the

organisation; as a result, less investment will be attracted. The state-run legal systems are made up from the policy, laws, and regulations of the host country. As a result the organisation must survive within this legal framework, and audit their systems to ensure compliance to local regulations (Baldry, C et al, 2007).

This economic stability is vital for organisational survival. This is achievable through re-evaluating their present market position, and tactically plan where they want to be. This is the organisations “ strategic fit”, aligning their strategy with the environment, through matching their core competencies and skills, to the required strategy. This is a simple process that some organisations overlook (Kotler, P et al 2005).

This continuous organisational change has an effect on the employees; this can impact the workplace, these changes can leave the workforce unsettled and can leave individuals uncertain of their role, and how this fits in with the organisation’s strategy. Change is unsettling for employees, and in times of economic downturn, they can become fearful of their job security (Hunter, D 2006).

The very structure of an organisation can add to employees’ uncertainty in periods of change. The organisation hierarchical structure can put off the workforce from acquiring the details of the planned change. This is a basic change process, which is regularly overlooked, to the detriment of the strategy (Hesketh, A & Fleetwood S 2006).

Consequently, the workforce is not aware of the full extent of the organisational change strategy, or their role within it. The structure of the <https://assignbuster.com/recent-organisational-changes-in-the-virgin-group/>

organisation is capable of covering up what is really is occurring, frequently with just the summit of the management team being conscious of the full strategic intent of the organisation (Groucutt, J. et al 2004).

The constant change in the Virgin Atlantic can lead to uncertainty with some employees. This uncertainty can lead to resistance to the change. This resistance is not malicious, and is not intended to disrupt, but some employees feel more secure through holding on to the way things are, and not changing working patterns and behaviours. When the employee relationship is not as strong as it should be, then any change to the working environment will be met with resistance (Beardwell, I. 2002).

The most important tool that the management has during periods of organisational change is communication. Through setting up formal and informal communication channels, the employees can be given the information on the changes, leading to them understanding the rationale and the benefits to the organisation. The employee voice is a fundamental human right, for "free speech", which should be encouraged in the workplace (Hunter, D 2006).

These employee forums can be used as a platform for the Virgin Atlantic to discuss organisational changes that will affect the employees' working lives. This will give the employees a voice, to openly discuss their concerns. Prosser (2001) concluded that 'the collective voice of the employees achieves what the lone voice could never do: it humanises and civilises the workplace' (Prosser, M 2001). Therefore, it is vital to give employees a collective voice.

The Virgin Group can also measure the employees' feelings, fears and attitude to the proposed change, through employee surveys. This is 'good' human resource management practice. This method of gauge the employee attitudes is only of assistance to the organisation when they are surveyed on a regular basis, to be used as benchmarks of the progress of the organisation in the employee relationship (Marchington, M et al, 2001).

There are arbitrating factors when employee's attitudes are surveyed, and this is further enhanced to benefit the organisation, when they are used with other forms of listening to the employee, for example discussion and communication (Hesketh, A & Fleetwood, S 2006). When concerns are discussed it is imperative to pay attention to the motivational factors, which will maintain the employee interaction with the employer (Parker, S (2000) cited in Dorenbosch, L et al 2005).

Not all theorists agree that employee attitude surveys are the way forward in industrial relations. When they have the results from the surveys employers do not have to respond to the conclusion from them, sometimes it is just lip service (Blyton, P & Turnbull, P 2004). Union representation in organisations is frequently viewed as 'ideal' in employee's voice, and there is support that there is considerably more to the employees' voice, than any survey can reveal (Dundon, T 2003).

Virgin Atlantic has successfully managed organisational change through changing the structure of the organisation. This is in reaction to the different markets they operate in and the changes individually to their environment.

This has led to an insular culture; this can be addressed through communication across the group.

One of the major issues the organisation has faced is the employees' resistance to the changes, sparked by uncertainty of their current and future working environments. Employees as individuals enjoy security, and when this becomes uncertain, there is a natural reaction to resist the change.

4.0 CONCLUSION

The objectives of the assignment is the implementation of change in an organisation through understanding of the theoretical aspects of change management and the best way change management can be effectively implemented. It is absolutely clear that the support of senior management staff need to be sorted, development of effective strategies, tackling staff resistance to change, and implementing plans for accomplishing each goal stated need to be taken serious during implementation process to gaining comparative advantage over competitors. Virgin Group, are successful and encourage innovation. They must now ensure that all employees are committed to organisational strategy, and will through the knowledge accept the change.