

An example of change management in gypsum industries

[Business](#), [Management](#)



The organisation chosen is Gypsum Industries. (see Appendix 4) A number of years ago Gypsum Industries (G. I.) typified what Mintzberg (1991) described as a machine bureaucracy with rules and regulations to maintain tight control of the entire operation. There was high formalisation and standardisation, centralised authority and functional departments. Morgan described this type of structure as rigid bureaucracy suited to a more stable industry, which indeed the building industry was in which G. I. operated in. G. I was a large, mature organisation at the end of Greiner's model (1972) (see appendix 5)

However, with increasing competition from abroad, rising production costs due to overtime shifts to meet the high growth Irish construction market, benchmarking with other firms in the group and the diverse needs of customers it was imperative that changes were required. This matches with a proactive organisation scanning its internal and external environments for potential triggers for change as described by Senior (2002).

The objective was to create a more flexible, or as Morgan describes " a more organic" organisation, that would be able to cater for the diverse needs of customers and of course exploit all cost advantages to remain competitive in the marketplace. There was no doubt that changes were being forced upon the organisation but G. I. were in fact taking proactive steps to ensure they maintained the position as market leader in their chosen market. The principal change agent in the programme was the Chief Executive (Mr Kieran Millar), with assistance from an outside consultant to facilitate in the change process.

It was recognised as a messy problem characterised by its complexity. To implement effective change in both the formal and informal aspects of the organisation it was fundamental that the change agent identified with the status quo as most individuals had satisfaction with it. Only by doing this would effective change be achieved. (Burnes, 1992) Focusing on the formal aspects of organisational life, such as structure, gives only part of the explanation of why and how organisations choose to change and if they do so what form that change might take.

French and Bell (1990) used the Iceberg Metaphor to illustrate the difference between the overt and covert aspects of organisational life. The more informal or covert aspects of organisational life must be addressed, that is the prevailing value, attributes and beliefs about what should be done and how - the culture which is part of and surrounds organisations, and the politics which are equally important in any examination of organisations and change.

(Senior, 2002; Dawson, 2003) Morgan (1997) argues that the culture and politics of many organisations constrain the degree of change and transformation in which they can successfully engage, even though such change may be highly desirable for meeting the challenges and demands of the wider environment. In other words regardless how well change is planned in terms of the formal aspects of the organisation it will be the informal aspects that will hinder it. Johnson and Scholes (1999) introduced the concept of the " Cultural Web" to illustrate how the different aspects of the organisation and its culture impacts upon the organisation paradigm.

It is thought that cultural risk should be assessed in order to ascertain where management are likely to meet resistance in terms of strategy and culture. Remembering that changing a culture can create several problems such as many people may not be as open to change and may display a degree of cynicism towards the new culture. Therefore management should assess the cultural risk and then decide whether they can ignore, change the culture or manage around it. Beer et al (1990) advocate that trying to change attitudes and beliefs directly are futile.

First bring about behavioural change and this will bring about desired changes in attitudes and values. Beer et al (1990) argue for changing organisational context (people's roles, responsibilities) first will result in the desired changes in attitudes. Gypsum Industries were at this time a power culture as described by Handy (1989) which were typical of bureaucratic structures. Rather than radically transform the culture the change agent believed the best way was to take the best aspects and add to it. In other words he wanted to manage around the current culture.

Mabey and Salaman (1995) consider a number of perceptions about the management of change that will affect reactions to it. Amongst these factors is whether change is perceived as "deviant or normal" and "threatening or desirable." (Mabey and Salaman, 1995: 73) Change judged as deviant will be perceived as imposed and outside prevailing cultural norms. This is likely to generate resistance at various levels. Change seen as threatening is also likely to meet resistance and this will require careful implementation to overcome the fear associated with the perception.

(Thornhill et al, 2000) Perceptions about the nature of change and the need for it will therefore affect reactions to it. The methods used to implement change will have an important role in affecting the nature and strengths of those reactions. By methods we refer to whether change is implemented as a top-down or bottom-up approach, whether its intention is transformational or incremental and whether it is a rapid or gradual process. There are clearly links between these facets of the implementation of change.

Choice between these approaches will affect perceptions about the degree to which change is accepted or resisted and whether it is seen as imposed or controlled or, to some extent, participative. . Top-down change is associated with the strategic planning approach designed and driven by the organisations senior management. Lupton (1971) argues that this approach is best used to bring about a radical change in an organisation. Mabey and Salaman (1995: 105) suggest another advantage of this approach linked to the provision of a " clear, sustained direction that is well resourced and coordinated.

" However where this approach is associated with a transformational approach to change its impact and effectiveness are frequently criticised. Beer (1980) and Pettigrew and Whipp (1991: 176) are amongst those who criticise this type of approach to change because they believe that its use is not effective. They do not believe that simply changing organisational structures and imposing new systems will generate intended change. The change that is realised will not be that which was intended. The bottom-up approach is associated with the emergent or processual approach.

(Dawson, 2003) It is bottom-up in the sense that, according to Beer et al (1990) the change process commences in an operational part of an organisation away from its corporate centre and is led by the operating of its general manager rather than the corporate management. This in turn spreads out to other functions creating a new learning organisation. This process is less likely to create resistance to change as it is created and driven by the actual operators of the new systems as well as developing commitment through ownership and involvement.

Quinn (1993) refers to incremental change as a continuous process, without any discernible beginning or end. Quinn also states that there is likely to be influences from the top in what is apparently a bottom-up and incremental approach to strategic change, in order to affect its direction. To implement change incrementally was viewed by the change agent as being too slow for Gypsum Industries in relation to the Celtic Tiger pace of activity. For this reason, a transformational approach was regarded as the only alternative to gain momentum

As we know individuals by their nature actively resist change, having a sense of belonging with what they are used to. There are many reasons why people resist major changes in organisations according to Connor (1995). (see appendix 7) In Gypsum Industries case the employees in the manufacturing plant were refusing to accept any change in their working patterns being supported by the unions. To create dissatisfaction and unrest (Lewin's unfreeze phase), the change agent decided to stop supplying the Northern

Ireland market with products from Cavan and began to service it from one of the plants in England.

This of course greatly reduced the level of demand for the Cavan plant that led to reduction in overtime and levels of staffing. Although this was a dramatic event it created the necessary unrest among employees that the organisation could in fact still function and service their markets. The fear factor caused by this action and the potential loss of the Southern market (which was never in mind) resulted in employees realising that they would have to accept some form of change.

Of course, from a top management perspective this was only the starting point on a continuous journey to ultimately creating a learning organisation, which was flexible to adapt to ongoing change. There were various symbolic events that took place such as relocation of the head office. The old offices were based in a large Victorian house in an upmarket area of Dublin. This was viewed as giving the wrong impression to customers and offices were moved to an Industrial Park more representative of an organisation in the building industry.

In addition reserved parking slots at the factory were removed and all levels of staff, from top management to floor operatives used the same canteen. The symbolic gestures spoke volumes, as individuals would interpret them differently without management actually stating anything formally. The results of the change process are continuing to surface but can be measured in certain aspects. Absenteeism in G. I has fallen dramatically from 16% in

1980 to now only 7%. The structure has moved to a more organic, fluid one with decentralised authority and empowerment with new pay and reward systems in place to recognise performance.

We have illustrated through the literature and a real-life organisational example that the management of change is a complex and dynamic concept. It is debateable that it is a practical tool given the extreme turbulence in today's business environment. (Bennis et al, 1974) It could well be argued that organisational change is a constant, continuous process that happens sub-consciously and deliberately trying to plan change is a futile exercise as organisations are already changing just by existing in their environments. Only if people and organisations learn from the experience of change, can effectiveness be achieved and sustained.

Only if transitions are managed effectively can learning and change occur. This also acts as a constructive constraint on the politics of change which can so easily run out of control. (Carnall, 1990) Hamlin et al (2001) argue that all too often, organisational change programmes fail " because management fails to rise to the challenge which change brings. " From the weight of evidence one must conclude that the process issues associated with organisational change and development are far more complex and difficult to manage successfully than is often supposed, and that managers are generally insufficiently skilled in change agency.

(Mento et al, 2002) That such a high proportion of organisational change programmes fail is somewhat surprising given the plethora of " best

practice" advice and guidance on the " how to" of change management available in the management literature. These range from straightforward, plainly written " practical guides" and handbooks written by consultants from their everyday practical experiences as practitioners, through to textbooks written by academics mainly for the education market. Bennis et al (1974) has contemplated that the reasons for this are reflected in the leadership of the organisation.

Managers are not trained to be leaders. Bennis et al (1974) states "... most organisations are under led and over managed..... " Due to the very complex nature of change, this is not enough. The ability to develop a new shared vision, to get it accepted and implemented takes leadership, not management. To be effective at planning organisational change, a leader must be able to draw others to them, not because they have a vision but because they can effectively communicate it and hold peoples attention.