THREE PERSPECTIVES ON ORGANIZATIONAL CHANGE

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About John Van Maanen

• Professor Van Maanen has taught at MIT Sloan since 1972.
• Served as the Faculty Chair of the MIT Sloan Fellows Program and as the head of the Organization Studies Group within the Sloan School.
• He has been a Visiting Professor at Yale University, University of Surrey in the UK, INSEAD in France, and is an Honorary Fellow at Cambridge University.
• Works within the fields of organization behavior and theory and is an ethnographer of organizations ranging in type from police organizations to educational institutions, as well as a variety of business firms.
• Worked with numerous public and private organizations including BP, IBM, BMW, Siemens, the U.S. Internal Revenue Service, Lafarge, Mars, Warburg Dillon Read, Sabanci University, and the National University of Technology (Singapore).
• The author of numerous books and articles, most recently, *Tales of the Field*. He and Edgar Schein recently coauthored *Career Anchors*.
• Served on the editorial boards of a variety of journals, including *Administrative Science Quarterly; Human Organization; Journal of Contemporary Ethnography; Journal of Organizational Ethnography; Human Relations*; and *Studies in Cultures, Organizations, and Societies*.
• A member of the American Sociological Association, the American Anthropological Association, and a Fellow of the Society for Applied Anthropology.
• Van Maanen holds a BA in political science and sociology from California State University at Long Beach, and an MS and a PhD in social administration from the University of California, Irvine.
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Perspectives

*Perspectives are organized ideas (e.g., metaphors) that fundamentally shape our understanding of things and events.*

- They determine what data you see (hear, feel) in the organization
  - What questions you ask
  - Where your attention lies
- They determine how we interpret the data we see
  - They prioritize the data we receive and shape our actions
- No single perspective is adequate
  - It is easy to get locked into a single perspective, but difficult then to deal with complexity
Three Perspectives

Strategic Design
Organizations are **machines**
An organization is a mechanical system crafted to achieve a defined goal. Parts must fit well together and match the demands of the environment.
Action comes through planning.

Political
Organizations are **contests**
An organization is a social system encompassing diverse, and sometimes contradictory, interests and goals. Competition for resources is expected.
Action comes through power.

Cultural
Organizations are **institutions**
An organization is a symbolic system of meanings, artifacts, values, and routines. Informal norms and traditions exert a strong influence on behavior.
Action comes through habit.
Organization as **Strategic Design** ...

**Key Concepts:**
- Formal structure ("the boxes," business processes),
- Systems (info systems, human resource management systems, etc.)

**Key Processes:**
- Grouping (differentiating), Linking (integration),
- Aligning (internal: rewarding, selecting, information management, etc.) and "Fit" (external – with environment)

**View of Environment:**
- Opportunities & Threats

**Role of Leader:**
- Organizational “architect,” strategist (Sensemaking & Inventing)

**Stimuli for Change:**
- Lack of internal integration, lack of “fit” between organization and environment

**Barriers to Change:**
- Inadequate analysis, inadequate information
Strategic Design - Key Concepts

- Grouping
- Linking
- Alignment (internal)
- Fit (external - with environment)
Strategic design: Key Grouping Criteria

Drawing boundaries around clusters of the most closely interdependent activities; basic grouping categories are:

- Activity (function, process)
- Product (business)
- Market/Customer (geography, customer segment)

- Hybrids:
  - Matrix
  - Front end/Back end
Key Linking Mechanisms

Linking: ensuring that information reaches the groups that need it

- Formal Reporting Structures (e.g., “dotted line” reporting)
- Liaison Roles (information conduit - e.g., “community of practice leader”)
- Integrator Roles (ensuring information sharing - e.g., “core technology champion”)
- Permanent Cross-Unit Groups (e.g., Technology Councils)
- Temporary Cross-Unit Groups (e.g., project teams)
- Information Technology Systems (e.g., shared data bases, shared CAD tools)
- Planning & Budgeting Processes (e.g., scenario building)
Key Alignment Mechanisms

Aligning – ensuring that people have the resources and the motivation to carry out activities assigned to them in grouping and linking

- Performance Metrics
- Rewards and Incentives
- Resource Allocation
- Human Resource Policies (e.g., recruitment, training, tracking, promoting, planning)
- Informal Systems and Processes
Strategic Design Process

1. Establish the strategy *(Strategic Intent)*
2. Identify key activities *(Linking strategy & organization)*
3. Allocate activities to units *(Grouping)*
4. Ensure needed cross-unit coordination *(Linking)*
5. Ensure grouping & linking work *(Aligning)*
6. Ensure fit with environment
Organization as Political System ...

Key Concepts: Power and influence, social networks, interests, dominant coalition

Key Processes: Conflict, negotiation, forming (dissolving) relationships

View of Environment: Stakeholders

Role of Leader: Building coalitions, identifying and leveraging interests, negotiating and resolving conflicts (Relating)

Stimuli for Change: Shifts in dominant coalition, in power of stakeholders

Barriers to Change: “Entrenched interests”
Working with Political Lens

**Identifying Key Stakeholders** (internal and external groups with a “stake” – an interest or set of interests – in what the organization does)

**Discovering Interests** (includes concept of “latent interests” – those that people/groups may not be aware of or may not currently set as a priority)

**Negotiating** (leveraging interests to reach mutually acceptable outcomes)

**Influencing & Persuading** (bringing “on board” key stakeholders)
Sources of **Power** (personal)

**Role-Based**

- **Legitimacy**
  - Formal authority or decision rights
- **Ability to Reward**
  - Control over budgeting
- **Ability to Coerce**
  - Discretion over sanctions

**Personal**

- **“IQ” & Expertise**
  - Knowledge and recognized ability
- **Social**
  - Charisma
  - Emotional intelligence
  - Personal attraction
- **Physical Stamina**
  - The ability to outlast competitors

**Structural**

(**Networks**)

- **Your Own (Social Capital)**
  - The number, variety, and quality of resources you can access through your social relationships
- **Knowledge of the Landscape**
  - Knowing how social networks lie
Organization as Cultural System ...

Key Concepts: Habits, Identity, traditions, shared mental maps, cultural artifacts, values, and assumptions

Key Processes: Meaning and interpretation, legitimation, rhetoric, setting norms/rules of conduct

View of Environment: Social and cultural network, institution

Role of Leader: Articulating purpose, build & manage culture, symbol of culture (Visioning)

Stimuli for Change: Challenges to basic assumptions, contested interpretations

Barriers to Change: Dominant culture
What is Culture?

*Working Definition:* Shared assumptions a given group has developed to deal with the problems of external adaptation and internal integration.

- Historical (passed across cohorts and generations)
- Has moral force (normative, not utilitarian)
- “The way we do things around here” (cognitive dimension - taken for granted)
- Differentiating/identity device (relative to other groups)
- Associated with the intensity of common problems faced by the group
- Changes across time, but usually slow and small changes
What is Culture?

“What is Culture?

“Culture as a set of basic assumptions defines for us what to pay attention to, what things mean, how to react emotionally to what is going on, and what actions to take in various kinds of situations.”

Ed Schein
Working with the Cultural Lens: Identifying the Relevant Cultures in a Global Organization

A. Country Cultures - based on national & ethnic origins
B. Industry Cultures - based on technological and social histories of industries
C. Organizational Cultures - based on a given organization’s history

D. Organizational Subcultures:
   1. Based on occupational identities
   2. Based on sub-group histories (Functional groups, Geographically isolated groups, “Shared task or fate” groups such as a project)

Example:
   “Professional/Functional” Subcultures
   1. Managerial cultures (executive, operations, technical)
   2. Culture of “universal” functions e.g., finance, personnel, sales, production, etc.
How Does \textit{Culture} Change?

- Natural evolution

- “Managed evolution” (organizational learning and development)

- Challenges to Cultural Assumptions:
  - “Charismatic Leadership”
  - Scandals
  - Infusion of “Outsiders”
  - Mergers & Acquisitions
  - Coercive Persuasion (“turn-arounds”)
  - Self-Destruction & Reconstruction
Key Words and Concepts …

Strategic design: Grouping, Linking, Aligning, Fit

Political: Power, Conflict, Negotiation, Networks

Cultural: Habits, Identity, Mental Models, Values, Assumptions
Looking at the MIT Sloan Executive Programs from 3 Lenses

**Strategic Design**

*The goal is to deliver & learn explicit technical and organizational skills*

“make us smarter”

**Political**

*Education is both an empowering and legitimizing strategy. Also used to create and intensify social networks*

“make us stronger”

**Cultural**

*Education is to deepen or change habits, mental models, and values. About providing a professional identity*

“make us better”
Three Lenses on Organization

Organization as Strategic Design

Organization as Political System

Organization as Cultural System
THE THREE PERSPECTIVES …

● **Are you (only) BLUE?**
  - *Grouping, linking, aligning only?*
  - *Do you ignore the other levers?*
    - Missed opportunities

● **RED**
  - *Who do you need to bring along? Where are the possible allies?*
  - *Opposition? What can you offer them?*

● **WHITE**
  - *What cultural features can you appeal to? What habits and presumptions do you need to overcome?*
For Q&A

Please submit your questions through the webinar panel
Upcoming Programs that John Van Maanen Teaches in

Greater Boston Executive Program
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Implementing Industry 4.0: Leading Change in Manufacturing and Operations
• April 4-5, 2017 | July 11-12, 2017 | November 7-8, 2017

Leading Change in Complex Organizations
• May 14-19, 2017

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Additional Reading

By Deborah G. Ancona, Thomas A. Kochan, Maureen Scully, John Van Maanen, D. Eleanor Westney
Books by John Van Maanen

Tales of the Field on Writing Ethnography (2011)
by John Van Maanen

Career Anchors (2013)
by Edgar H. Schein and John Van Maanen
Thank You