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I am submitting herewith a dissertation written by G. H. Carothers, Jr. entitled "Managing the Managers of Competitive Strategic Change: An Exploratory Study of Variables of Organizational Context and Individual Managerial Personnel in Four American Manufacturing Business Units." I have examined the final copy of this dissertation for form and content and recommend that it be accepted in partial fulfillment of the requirements for the degree of Doctor of Philosophy, with a major in Business Administration.

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MANAGING THE MANAGERS OF COMPETITIVE STRATEGIC CHANGE: AN EXPLORATORY STUDY OF VARIABLES OF ORGANIZATIONAL CONTEXT AND INDIVIDUAL MANAGERIAL PERSONNEL IN FOUR AMERICAN MANUFACTURING BUSINESS UNITS

A Dissertation
Presented for the
Doctor of Philosophy
Degree
The University of Tennessee, Knoxville

by
G. H. Carothers, Jr.
May, 1989

DEDICATION

This dissertation is dedicated to my grandchildren and their childrens' children. I owe a great deal to many. To my parents, my wife, and my children, my heartfelt appreciation and love. But what I have chosen to do is in the interest and concern for future generations. I hope that they will come to recognize and appreciate that I care deeply about them and their right to a high standard of life. Such expectations demand sacrifice. Sacrifice demands courage and conviction.

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To O. Swallow, my special friend, my gratitude, for without his mentorship I am certain much of my life would have gone undone.

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Lastly, I know of no other who has given more than my wife Fay. She made this possible by being the person she is and providing her strength and love. I am in great part what she has always been. With sincerity...

ABSTRACT

This study intended the following:

(1) To construct and refine an "integrated model" of independent variables relating to the management of competitive strategic change actions, and (2) to test relevant propositions.

Field studies were conducted with seventy American managers from of four types of manufacturing business units (privately-held consumer goods and industrial goods; publicly-held consumer goods and industrial goods). Results supported the existence of initially selected organizational contextual and personnel independent variables which were: organizational culture, organizational design, individual role perception, and individual competence. Through the course of this research, other direct and/or moderating variables were identified. These were: general environmental, specific environmental, unit context, and individual managers' context. On the basis of this study's findings, an "integrated" model of independent variables was developed. These are the variables believed to affect the management of strategic change actions within American manufacturing business units.

It is anticipated results of this study will contribute to an increased understanding of the management of competitive strategic change and guide further research. Pertinent education, practitioner and researcher implications are formulated using the results. Numerous research propositions and hypotheses bear further investigation.

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CHAPTER I

INTRODUCTION

1.1 Background and problem statement

At no time in its history has the United States of America faced an industrial challenge like that of the present. The worldwide industrial environment has become extremely volatile as the tempo of change quickened. Henderson (1979) described the situation as follows:

> The accelerating rate of change is producing a business world in which customary managerial habits and organizations are increasingly inadequate. Experience was an adequate guide when changes could be made in small increments. But intuitive and experience-based management philosophies are grossly inadequate when decisions are strategic and have irreversible consequences (p.6).

Technological, social, political, and economic shifts and adaptations have made past strategic and tactical business paradigms increasingly suspect, if not obsolete (Ansoff, 1979; Wortman, 1983). The future has grown increasingly uncertain and harder to predict. Both the rate and the severity of change in the industrial environment demand the strategic response of corporations and their business units. These circumstances necessitate more effective organizational strategies which in turn require more effective management of strategic change and change actions. But effective management of competitive strategic change and change actions appears to be lacking in U.S. industry.

Despite the demanding circumstances and situation, appropriate strategic change responses have not occurred. But why not? Important questions remain unanswered: (1) Why have the responses not been appropriate? (2) What might explain why the appropriate responses have not occurred? (3) How do business units manage such responses? The

research conclusion must be that an understanding of the phenomenon does not exist (Wallace, 1983). Therefore, this study focused on clarifying and answering pertinent research questions of this phenomenon, by modelling potential explanations, testing potential explanations, and correcting and/or refining them where necessary.

What might explain the lack of appropriate competitive strategic change within American industry? Perhaps what the American manufacturing industry has been missing is the management of managers of competitive strategic change. The result is that significant performance differences exist among corporations of the same industry. Sayles asked: "Given the relatively equal access to technical and managerial knowledge, what makes for such extraordinary differences in performance?" (Sayles, 1979, p.2). His answer: "Managerial skill!" Evidence suggests that American managers lack the skills to develop and align their organizations' capabilities to meet the present, much less the future.

Bower was even more specific in 1978:

> The interdependent world may seem to have come about rather quickly, but it was forecast in 1943 by Wendell L. Wilkie, Republican Presidential candidate, in his book <u>One World</u>. Wilkie pointed out that America was 'now changing completely from a young nation of domestic concerns to an adult nation of international interests and world outlook' and that 'men and women all throughout the world are...beginning to know that man's welfare throughout the world is interdependent.' Again, alertly managed corporations had ample time to adjust. Some made poor decisions in adjusting. Some did not detect the trend in time and made unsound acquisitions to catch up. But lack of time was not the problem--it was <u>lack of strategic capability of their leaders</u> (p.46).

For over three decades, authors in long-range planning, strategic planning, and strategic management have worked to define and refine the discipline of strategic management (Ansoff, 1979; Wortman, 1983). Managers of strategy have been instructed to consider two relevant environments: the business unit's operating environment (Dill, 1958, 1962; Chandler, 1962; Child, 1972; Porter, 1980) with its parts consisting of competitors, creditors, customers, labor market, and suppliers; and the business unit's and/or corporation's remote environments (Ansoff, 1965; Chandler, 1962; Andrews, 1971; Child, 1972; Miles and Snow, 1984; Fahey and Narayanan, 1986). Characteristics of the remote environment include economics, politics, social systems, and technologies. These environments have been viewed as factors which must be dealt when formulating and implementing effective business strategy.

The implications of this paradigm have been straightforward. Organizations which encounter performance difficulties must have either misinterpreted their environment, devised ineffective strategies, and/or failed in implementing the correctly chosen strategy. Indictments of American managers for such shortcomings might well be legitimate. Reduced profits, growth shortfalls, plant closings, and corporate bankruptcies are evidence of these failures, which have continued to mount across America.

Yet, it is also possible that they might only be merely symptoms of a more pervasive fundamental deficiency--the lack of management of competitive strategic change actions and the managers thereof. Success and/or failure in the management of both affect strategic capability and competitive advantage (Bower,1978; Ansoff,1979; Porter,1985).

In general, American managers appear to be ignorant of strategic management and the management of competitive strategic change actions. The fact that they do not know what they should does not come as a surprise (Davis, 1982).

The discipline of strategic management is still in its infancy (Schendel and Hofer, 1979). A review of its literature has demonstrated continual disagreement, even among its proponents, about the definition of the subject (Bracker, 1980). Authors in the discipline struggle with integrating economics, industrial economics, marketing, organizational theory, policy science, organizational behavior, and social psychology (Wortman, 1983). Academics and researchers have yet to agree upon the boundaries of this new field of study (Wortman, 1987). Subtle but significant distinctions have been made among long-range planning, strategic planning, and strategic management. Recently, even the formulation and implementation sequence of the strategic management process has been questioned (Hayes, 1985). While the clarification of these concepts served to redefine strategic management, at the same time, it has increased complexity and has not necessarily helped understanding.

The conceptualization of the management of strategic change has occurred only recently (Ansoff, 1979; Tichy, 1983). However, strategy implementation remains ill-defined and subsequently, poorly described. Most of the strategic management and strategic change management literature has been published in the last fifteen years, which leaves little wonder as to why most American managers have limited knowledge of the discipline. Most of the current managers graduated from college before the discipline existed as a subject, much less a curriculum of study. Is it possible that most American managers know very little about what they need to know about, much less be responsible for? Many American managers appear to have too little sense of their role and responsibility for their participation in the competitive strategic change process. Perhaps they have not yet been held accountable for demonstrating strategic change and improved competitive advantage, and they do not perceive it as their responsibility (Porter, 1985). For the purpose

of this study, the management of competitive strategic change actions for a business unit is defined as:

> Managers making changes in the organizational systems, procedures, policies, practices, personnel, personnel skills, equipments, facilities, technologies and etc., such as to improve continuously and/or discontinuously improving the competitive strategic posture of a business unit relative to its competition.

The senior management of most American organizations may have worried little about the future of their corporations until the mid 1970s. In the post-war period of the fifties and sixties, remote and operating environments were beginning to change, but they were generally judged to be relatively benign.

In the seventies, critical issues came up in the forms of foreign competition, economic instability, social responsibility, governmental regulation, product quality, and labor cost escalations. In the wake of these environmental deterrents, the performance shortfalls of corporations and business units became glaringly apparent. Questions of organizational leadership and managerial skills arose.

By the late seventies and early eighties, what had been first thought to be passing environmental volatility had become the environment. Having never encountered such a situation, senior managers may have been ill-equipped to diagnose and direct appropriate organizational and subordinate managers' responses. Pressed for improved performance, they typically reacted by demanding more control over the subordinate levels (Khandwalla, 1973). New demands were met with old skills, resulting in only minor improvements. Due to the deficiency in their own personal skills in the management of competitive strategic change, senior managers could do little to help the juniors. In the eyes of the senior managers, the subordinate managers'

performance and abilities became suspect. As a result of their doubt in their subordinates' competence, many senior level managers may have regressed, sliding backward into lower level managerial activities. If so, managers and managerial abilities have rightfully become suspect.

One wonders whether American managers lack the knowledge and skill to implement successfully competitive strategic change actions. Needless to say, national concerns indicate the need for knowledge, decisive action, and experience in the management of competitive strategic change. Deteriorating gross national product, decline of product quality, loss of productivity, and inadequacies of national competitiveness continue.

Perhaps American managers need to become aware of the following considerations:

(1) the value of the concept of strategic management,
(2) the importance of managing competitive strategic change actions and the reason why competitive strategic change actions are imperative,
(3) the managers' personal roles and responsibilities for managing competitive strategic change actions,
(4) the difference between classical management concepts (Fayol, 1916) and the concept of management of competitive strategic change while coincidentally managing the current strategy and operations (Ansoff, Declerk, and Hayes, 1976),
(5) the organizational necessity for managing competitive strategic change actions,
(6) methods for implementing competitive strategic change actions and assuring the managerial personnel's competence in their use.

American industry continues to deteriorate, and our society's standard of living may continue to be at risk until these deficiencies are remedied. The situation may have been

these deficiencies are remedied. The situation may have been best summarized by Lester Thurow (1985) in his book The Zero-Sum Solution:

> America faces a problem that is simply put. The huge technological edge enjoyed by Americans in the 1950s and 1960s has disappeared. Whereas America once had effortless economic superiority, it is now faced with competitors who matched its economic achievements and may be in the process of moving ahead of it. If present trends continue, America's standard of living will fall relative to those of the world's new industrial leaders, and it will become simply another country--Egypt, Greece, Rome, Portugal, Spain, England--that once led the world economically but no longer does. What is worse, at precisely the moment when America's effortless superiority has vanished, the American economy has been absorbed into a world economy. For most goods there is now a world market, not just an American market. Competition is worldwide, not just American. As a result America faces the difficult task of learning how to compete in a new world economy just at the point when America's relative economic strength is weaker than it has been at any time since World War II (p.47).

1.2 Purpose

This study had two purposes: to construct "a model" of independent variables affecting competitive strategic change actions and to test a set of preliminary propositions concerning the relationship between certain independent speculated variables and competitive strategic change actions.

1.3 Significance of the study

Many may be affected by the results of this study: theorists, researchers, organizational leaders, students, practicing managers. Yin (1984) suggested the characteristics of exemplary case studies:

> However, where choice exists, the exemplary case study is likely to be one in which
> -the individual case or cases are unusual and of general public interest;
> -the underlying issues are nationally important--either in theoretical terms or in policy or practical terms; or
> -both of the preceding (p.140).

Needless to say, this study satisfied all of these criteria.

Theorists concerned with strategic management, microeconomics, organizational behavior, general management and decision sciences can expand their theoretical knowledge on the basis of this study's findings.

Academics in the numerous fields of business and business management stand to gain new insights into the subjects, models, and propositions taught in educational institutions. This is in keeping with some who think it is time to reconsider the curricula of business schools: "Now is the time to begin the process of creating an academic field for creative and innovative management" (Kozmetsky, 1985, p. 153). Researchers in the academic community can use the knowledge gained from this study, thereby advancing the investigation of organizational theory and organizational behavior, individual development, and individual behavior.

Business students in the United States have perhaps the most to gain, particularly those who are just about to enter the practical world of management where new modes of behavior for organizations, managers, and managerial leaders are becoming more important. Their professional survival will depend on their pursuit in understanding the management of strategic change and its processes. Commenting on the needs of industry in the year 2000, Marvin Bower (1978) stated:

> Chances are that the individual business in the year 2000 will need leaders who:
> 1. Are conceptual thinkers.
> 2. Have the capacity to cope with social forces.

3. Have the understanding of government and government regulation and some capacity to influence governmental forces in the interest of the public good.
4. Have the capacity to cope with internal forces in the managing of human resources (p.44).

Although the current practicing management and subordinate managers must not be disregarded, the profession of management is undergoing change in a period of transition (Ansoff, Declerk, Hayes, 1976; Wortman, 1983).

Lastly, there are generations of the American society and other societies who could gain from this study. If the present American standard of living is to provide for the future of new generations of offsprings, Americans must ensure the nation's ability to grow, progress, and prosper. To not further our understanding of the means required to attain such progress and growth is to deny future generations of their birthright.

CHAPTER II

LITERATURE REVIEW

2.1 Introduction

A scan of the literature supports intuitive thoughts that the independent variables of organizational culture, organizational design, individual manager's role perception, and individual manager's competence influence a business corporation's strategies and strategic change (Lawrence and Lorsch, 1967; Thompson, 1967; Fouraker and Stopford, 1968; Lorsch and Allen, 1973; Scott, 1970; Rumelt, 1974; Galbraith and Nathanson, 1978; Miles and Snow, 1984; Peters, 1980; Kerr, 1982; Hambrick and Mason, 1984; Schein, 1985). A diagram (Figure 2.1) suggests potential relationships among these variables as well as offering a framework for categorizing literature.

But it is not clear whether the dependent variable--strategic change--in the literature is the same as that of concern in this study (Gupta and Govindarajan, 1984).

Although Chandler's 1962 definition of strategy was predated by Von Neumann and Morgenstein in 1947 and Drucker in 1954, it was perhaps the most popular ever offered. He defined strategy as "the determination of the basic long-term goals and objectives of an enterprise, and the adoption of courses of action and the allocation of resources necessary for carrying out these goals" (p.16). The processes of managing strategy were thought to consist of formulation and implementation, as shown in Figure 2.2 (Hofer, 1986, p.xiv). Initial concepts, definitions, and observations relating to strategic management of Chandler (1962), Andrews (Learned, Christensen, Andrews, and Guth, 1965) and others were made using the context of the behavior of business corporations. This study considered the behavior of business units as its context. The business unit's strategy, and in

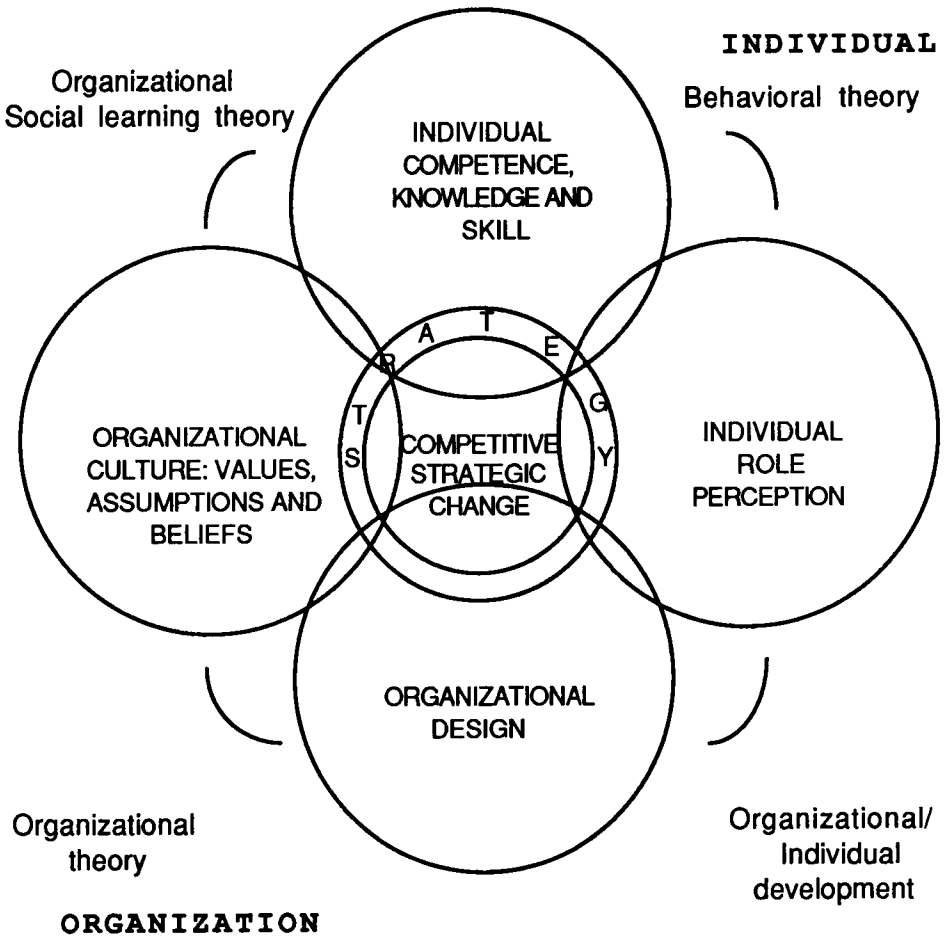


FIGURE 2.1
INDEPENDENT VARIABLES
RELATING TO
THE MANAGEMENT OF BUSINESS UNIT STRATEGY
AND
COMPETITIVE STRATEGIC CHANGE

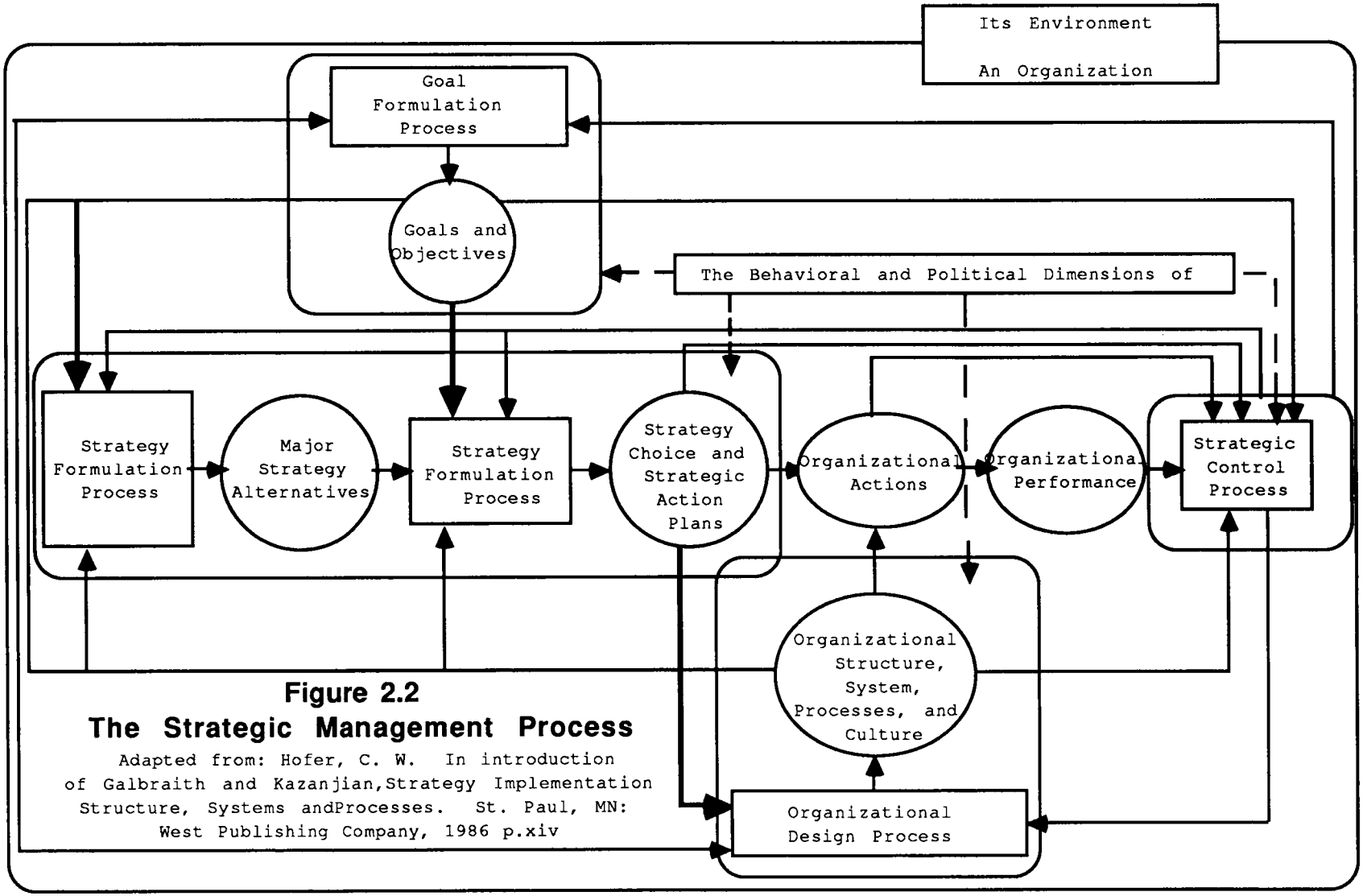


Figure 2.2

The Strategic Management Process

Adapted from: Hofer, C. W. In introduction of Galbraith and Kazanjian,Strategy Implementation Structure, Systems andProcesses. St. Paul, MN: West Publishing Company, 1986 p.xiv

particular, the management of the business unit's competitive strategic change actions were the chosen concerns. Literature on business unit strategic change proved to be paltry when compared to that of business corporations (Gupta and Govindarajan, 1984). As a result, many questions arose.

Authors in strategic management recognize that are three strata of organization (Lorange and Vancil, 1977; Hambrick, 1980; Beard and Dess, 1981; Hofer, 1986): (1) the corporate stratum, (2) the business unit stratum, and (3) the functional organizational stratum. Much literature addresses the first of these three strata. Various alternative corporate strategies are available: mergers, acquisitions, divestitures, concentration, etc. However, business unit strategies are much more limited. They are restrained by the choice of corporate strategies and the basic "generic" strategies available to a business unit. Unlike the corporation's options, the business unit's options are minimal (Chamberlin, 1935; Bain, 1956; Porter, 1980).

Perhaps as important as the strata strategy differences are the differences between strategic purpose for the corporation and the business unit. A corporation's strategies appears to have many purposes. In contrast, the sole purpose of a business unit is, without equivocation, to develop and sustain competitive advantage (Hambrick, 1980; Porter, 1985; Amit,1986). In this study, this singularity of business unit purpose is what leads to the development of the term "competitive strategic change" and the derivation of the operational dependent variable, competitive strategic change action.

Competitive strategic change and its management by business unit managers is distinct from the "strategic change" defined for a corporation (Ansoff, 1976; Tichy, 1983). Tichy described the latter as "nonroutine, nonincremental, and discontinuous change which alters the overall organization and/or the components of the

organization" (Tichy, 1983, p.17). Ansoff's earlier concept of strategic change was similar to that defined by Tichy.

Figure 2.1 indicates that a business unit's competitive strategic change is embedded within its unit strategy. If the business unit resides within a corporation, its strategy and its management of competitive strategic change are also embedded within that of the corporation. Similarly, management of competitive strategic change is thought to be influenced by (1) the own culture of the business unit and that of the corporation, (2) organizational design of the business unit and that of the corporation, (3) manager role perception in the management of competitive strategic change actions in the business unit and that in the corporation, and (4) manager competence in the management of competitive strategic change actions in business units and that in the corporation.

The network of relationships among independent variables provided a structure within which it was possible to categorize literature.

The scope of the literature review was narrowed down to just the interrelationships among the particular variables of interest as shown by the overlapping sections of Figure 2.1. With the exception of the need to define business unit strategy and the management of competitive strategic change, no attempt was made to examine or discuss the general and broad contributing fields. Therefore, no general overview was made for organizational culture, organizational systems, managerial knowledge/skills, and managerial experience. The objective of this study was to find and report on the primary publications pertaining to the selected relationships.

The diagram, Figure 2.3, depicts a sequence in which the independent variables are presented for discussion. While this sequence implied by the chosen diagram was not the only one possible, it is logical and orderly.

However, this does not preclude the recognition of other

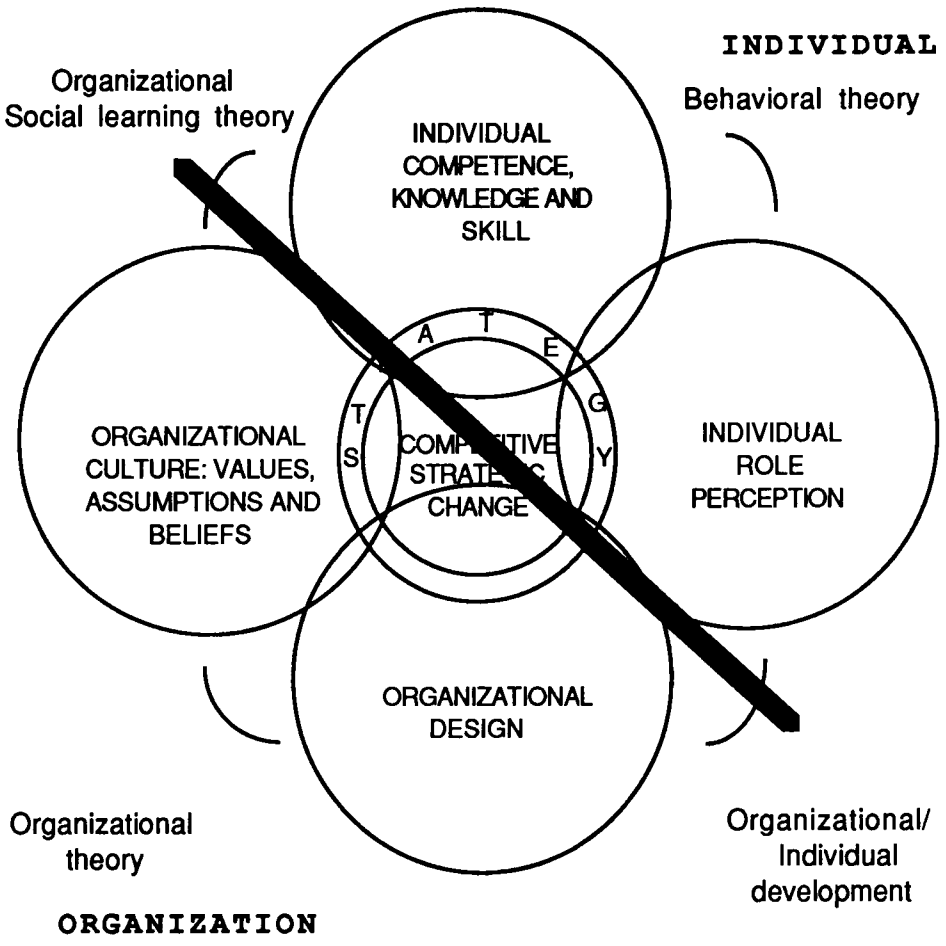


FIGURE 2.3
INDEPENDENT VARIABLES
RELATING TO
THE MANAGEMENT OF BUSINESS UNIT STRATEGY
AND
COMPETITIVE STRATEGIC CHANGE

interactions should they be found to exist. Additionally, the diagram further distinguishes the duality of potential organizational and individual variables. Although diagrammatically distinct, there is no reason to believe that they are not mutually interdependent.

2.2 Business unit strategy and competitive strategic change

Business unit strategy is clearly not corporate strategy (Hambrick, 1980). Early authors wrote of long-range planning in corporate strategy (Ewing, 1958; Koontz and O'Donnell, 1964; Henry, 1967). Others later wrote of strategic planning (Learned, Christensen, Andrews, and Guth, 1965). Most recently, evolutionary writings in strategic management have begun to influence the thinking of management practices (Ansoff, 1976; Schendel and Hofer, 1979; Wortman, 1983). Throughout this progressive evolution, there was the tendency to study and promote the effectiveness of managing strategy for business corporations. This focus on the corporation and its growth was natural. The focus of American corporations during the first sixty years of the twentieth century was mostly on the issue of how to grow (Chandler, 1962; Gutmann, 1961; Fouraker and Stopford, 1968; Scott, 1970; Rumelt, 1974; Grinyer and Yasai-Ardekani, 1980). During this period, competition was minimal and constrained. The quality of competitors and the severity of competition was limited. National legislation (i.e., Sherman Anti-Trust Act) prohibited many competitor elimination strategies. Early empirical studies concluded that corporations which used strategic planning outperformed those that did not (Thune and House, 1970; Herold, 1972; Fulmer and Rue, 1974; Schoeffler, Buzzell and Heany, 1974; Karger and Malik, 1975; Rhyne, 1986).

Early concepts of business corporation strategic formulation consisted of matching organizational strengths and weaknesses with the threats and/or opportunities of

remote organizational environments (Schendel and Hofer, 1979). This perspective promoted the identification of organizational "distinctive competence" (Selznick, 1952), which was seen as the differentiated competitive edge for the corporation. Competencies and strategies varied with the form of the corporation. The forms of corporations consisted of: simple, holding companies, centralized functional, global holding companies, global functional, multidivisional, and global multinational (Galbraith and Kazanjian, 1978).

The portfolio of corporate strategies grew and became more complex as time passed and forms increased. For instance, in 1962, Chandler suggested simple expansionary strategies: (1) volume expansion, (2) geographic expansion, and (3) vertical integration. By 1985, the list of corporate grand strategies for business corporations included the options of: (1) concentration, (2) market development, (3) product development, (4) innovation, (5) horizontal integration, (6) vertical integration, (7) joint venture, (8) concentric diversification, (9) conglomerate diversification, (10) retrenchment/turn around, (11) divestiture, and (12) liquidation. The alternatives since then have grown considerably (Pearce and Robinson, 1985).

As time progressed, the original reactive-adaptive matching model of strategic formulation and implementation was conceptually challenged. Ansoff (1976) suggested that the corporation was to manage its affairs within the constraints of the existing strategy while simultaneously realigning its strategic capability. The new capabilities were to posture the unit for its projected success in the projected environments of the future. Such a complex and comprehensive concept is still beyond the abilities of many corporations. The performance shortcomings of many American corporations provide evidence of their inability to project, prepare, and align themselves for a confident future.

With the early emphasis on organizational growth and corporate strategies, what was studied, conceptualized, and published in the majority of the literature pertained mostly to business corporations, not business units. The amount of literature pertaining to the business units was limited. Despite the fact that the concepts of business unit strategy predated most corporate strategy literature (Chamberlin, 1935), the deficiency in business unit literature on business unit strategic change continues. Only the field of microeconomics contains the most relevant literature in business unit strategy.

Microeconomists and industrial/organizational economists conceptualized and studied the nature of business unit competition throughout the past fifty years (Commons, 1934; Chamberlin, 1935; Bain, 1956; Porter, 1980). From the early thirties to the present, the typology of business unit strategies has changed very little. The agreement on strategic content remained remarkably consistent. That is to say, given that a business unit has selected a market segment and made its choices of product(s)/service(s), the venue of strategies consist of cost and/or differentiation (Chamberlin, 1935; Bain, 1956). Porter added a third strategy, "focus," in 1980. "Focus" is the choice of either narrow or broad markets. Even with Porter's addition, the length and breadth of competing still mandated the improvement in relative cost and/or differentiation, which led to the increase in real and/or perceived value of product(s)/service(s).

It was the constancy and consistency of the microeconomists' arguments which helped define the management of competitive strategic change of business units for this present study. That is to say, managing competitive strategic change is defined as **managers making changes in organizational systems, procedures, policies, practices, personnel, personnel skills, equipments, faci-**

lities, and technologies such as to continuously and/or discontinuously improving the competitive posture of a business unit relative to its competitors.

This definition has two principal parts. Part 1 deals with "how" managers manage competitive strategic change. Part 2 deals with "what" is to result from these changes; namely, improvements in the business unit's product(s)/ service(s) cost and/or differentiation posture relative to the unit's competitors. To Porter, Part 2 would be the means through which a unit "sustains" its competitive advantage (Porter, 1985).

Therefore, the strategies and the nature of strategic change for corporations and business units are distinctively different. However, the effort to clarify these distinctions, while imperative to implementors, is sometimes lacking and most often not even attempted (Miller and Friesen, 1977; Galbraith and Schendel, 1983; Foster, 1985).

2.3 Organizational culture, business unit strategy, and business unit competitive strategic change

2.3.1 Organizational culture

The analysis of relationships between independent variables, business unit strategy, and business unit competitive strategic change begins with the independent variable organizational culture.

The discussion of each variable and its relationship to business unit strategy and competitive strategic change begins at the left quadrant of the diagram in Figure 2.3 and shifts counterclockwise.

The discussion will first define organizational culture as it was presented in the current literature, then proceed to analyze its relationship to business unit strategy and competitive strategic change actions.

Schein (1985) defined organizational culture as follows:

> To summarize, at any of these structural levels. I will mean by "culture": a pattern of basic assumptions--invented, discovered, or developed by a given group as it learns to cope with its problems of external adaptation and internal integration--that has worked well enough to be considered valid and, therefore, to be taught to new members as the correct way to perceive, think, and feel in relation to these problems (p.8).

Diagrammatically, organizational culture falls into three levels labeled as (1) artifacts, (2) values, and (3) beliefs and assumptions (see Figure 2.4).

The elements of the first level were typified as: the physical layout of the organization's offices, rules of interaction taught to newcomers, basic values that come to seen as the organizational ideology or philosophy, and the underlying conceptual categories and assumptions that enable people to communicate, interpret and determine appropriate responses.

To Schein, the first of these levels, "artifacts and creations," was the most salient. It consisted of the constructed arrangements of organizations. The communicative, physical, social, informational, technological, and political organization systems exist and are interrelated. Organizational artifacts and creations provide the first of the guides for everyday practices.

Schein's other levels are representative of the system's value and adopted assumptions. Although the elements are easily recognized and even easily classified, it is often difficult to interpret their meanings to the organizational members (Spardley, 1980).

"Values," which comprise Schein's second level, are seen as the perspective and preference of the organization. They bias the organizational sense toward what "ought" to be and away from what is. March and Simon (1959) thought that values were principles for ordering consequences or alternatives according to preference.

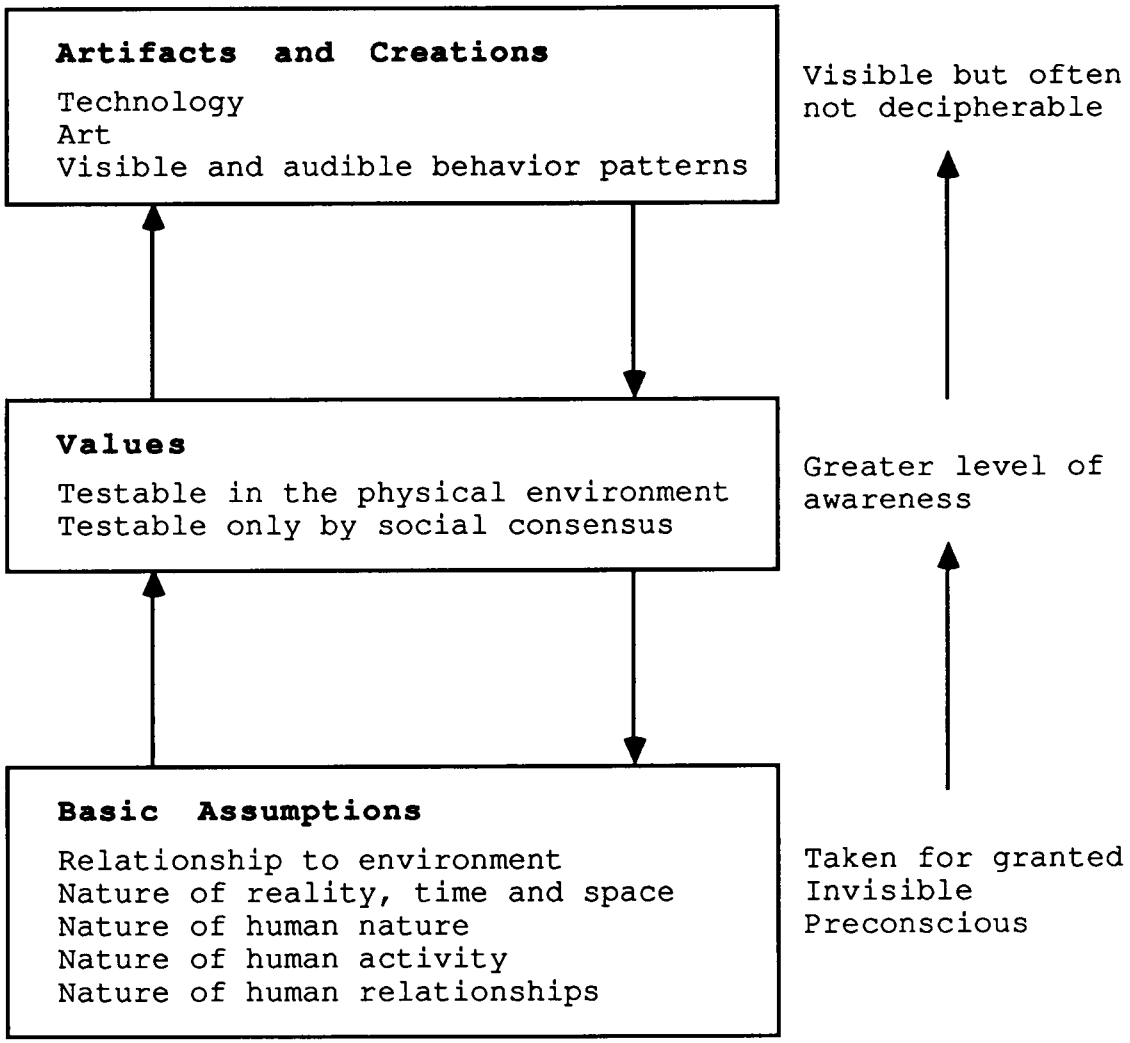


FIGURE 2.4
LEVELS OF CULTURE AND THEIR INTERACTION
Source: Schein, E. H. Organizational Culture and Leadership. San Francisco: Jossey-Bass Publishers, 1985, p.4.

Schein's third level, "beliefs and assumptions," results from the successful repetitive interpretation and resolution of situations and problems. This repetitiveness continues to the point where the appropriate patterns of response are taken for granted. The potential for repetitive fixation suggests to some that organizations function better when they consciously manage culture (Davis, 1984). The implication of Schein's and others' work on organizational culture is that culture is learned behavior.

Argyris (1978) discussed the nature of organizational learning. He noted the influence that feedback has on the choice of behavior. He also recognized the patterning of behavior that results from repetitive successful selection. Patterns over time become institutionalized and establish the rituals, ceremonies, and activities of the organization. The ritual and ceremonies, values, heroes, and communicative networks are only a few of the corporate characteristics (corporate patterns) seen as influencing the short- and long-term success of a corporation (Deal and Kennedy, 1982).

Argyris' view of organizational culture was predated by Rokeach (1970). He believed that organizations develop deeply embedded "core" values that are often difficult to discern and even more difficult to change. Schein's reflection on this embedment led to the conclusion that "one of the main reasons for pushing to the deeper levels of the culture is to decipher at those levels the paradigm that provides the "gestalt" (Schein, 1985, p.47). These "gestalts"--closely-held values, beliefs, and assumptions--can create "incongruencies" between the members of the organization when faced with rapid external and internal environments (Tichy, 1983). Because of the significance placed upon the impact of organizational culture in response to change, it was suggested that it is best to gain control of the culture, i.e., manage it! (Davis, 1984; Kilmann, Saxton, Serpa, and Associates, 1985).

2.3.2 Organizational culture and business unit strategy

What has been written on the relationship between organizational culture and business unit strategy describes the corporation as an unit of analysis. Davis (1984) provided a simple model which shows the influence that organizational culture has upon organizational strategy, systems, and performance (see Figure 2.5). As suggested by the diagram, "guiding beliefs" moderated the strategy selection of the organization. Additionally, "daily beliefs" moderated the organizational responses. It was the first of these guiding beliefs that first drew attention of authors and researchers in organizational theory. Beckhard and Harris (1977), Peters (1980), Schwartz and Davis (1981), Allen and Kraft (1982), Peters and Waterman (1982), and Stonich (1982) recognized the constraints placed upon strategy by organizational culture. The early writings suggested that the culture of the organization must be analyzed, and the organization's strategy managed within the boundaries of that culture. More recent views reflect the option of managing the culture and thereby reducing any future boundary constraints (Davis, 1984). These views are found in the concept of transformational management of culture, suggesting a more proactive alternative (Davis, 1982).

Most concepts of business strategy have posited the need for organizational adaptation to the environments (Von Neumann and Morgenstern, 1947; Drucker, 1954; Chandler, 1962; Newman and Logan, 1971; Schendel and Hatten, 1972; McCarthy, Minichiello and Curran, 1975; Steiner and Miner, 1977;Mintzberg, 1979; Schendel and Hofer, 1979). Chakravarthy (1982), expanding on the thoughts of Ansoff (1979), suggested that "adaptation" was the most promising metaphor for strategic management. Implicit in their conclusion is the concept of continuous strategic change. This argument was furthered by the view of Bourgeois (1982), who contended that strategic

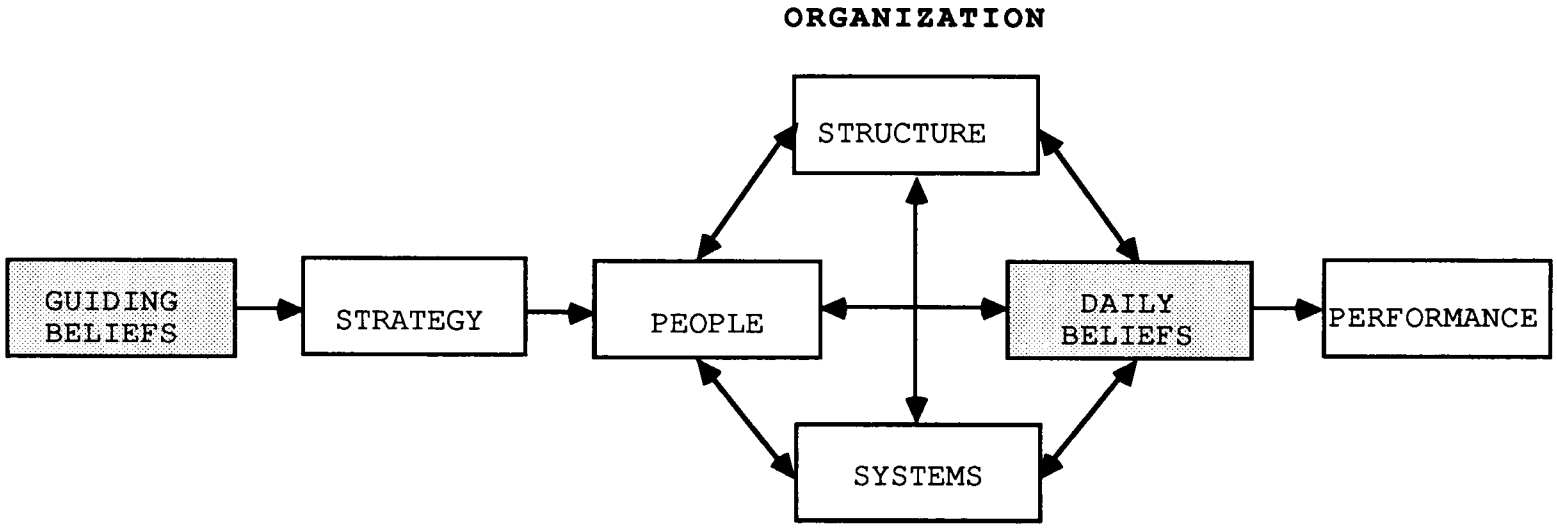


FIGURE 2.5
TWO DIMENSIONS OF CULTURE:
GUIDING BELIEFS AND DAILY BELIEFS.
Source: Davis, S.M. Managing Corporate Culture, Cambridge Mass.: Ballinger Publishing Company, 1984, p.6.

management was a creative activity, a far cry from "determinism"--the early orientation.

The realization of this need to adapt may have been the reason why organizational consultants began to suggest that organizational culture might constrain strategy (Beckhard and Harris, 1977; Schwartz and Davis, 1981; Peters, 1980; Allen and Kraft, 1982; Peters and Waterman, 1982; Stonich,1982) and strategic change (Tichy, 1983). Beckhard and Harris (1977) accused organizational leaders of "'losing control' over the organizations they manage." They saw the dynamics of internal and external environments as requiring change. Schwartz and Davis (1981) noted that change was not occurring and viewed "corporate culture as imposing powerful influences on the behavior of managers" (p.31). They specifically stated that "a business that is shifting its strategic direction may find its culture a source of strength or weakness" (Schwartz and Davis, 1981, p.31). The position asserting culture as a strength was later supported by Barney (1986) in a review which viewed organizational culture as a source of sustained competitive advantage. Additionally, Weick (1987) provided further affirmation that organizational culture was a source of reliability.

The potential of culture as a weakness was addressed by Lorsch (1985). Schwartz and Davis generally agreed with Schein's concept of culture. They suggested that culture is "a pattern of beliefs and expectations shared by the organizational members" (p.33). They considered business' strategy to be at risk if it was incompatible with the culture. This necessity for compatibility may have possibly contributed to the difference between "intended" and "realized" strategy as conceptualized by Mintzberg (1987).

In summary, literature on culture and strategy exists largely on corporations, and little can be found on business units and its impact on strategy. Despite this deficiency it

seems reasonable to assume that what holds for corporations might also hold true for the business units.

2.3.3 Organizational culture and business unit competitive strategic change

As mentioned earlier, research on organizational culture and strategic change focuses primarily on the corporation, as contrasted with business unit (Emshoff, 1980; Ansoff, Bosman, and Storm, 1982; Tichy, 1983; Lorsch, 1985). What is offered is normative in nature, describing what ought to be as opposed to what is. In the corporate paradigm, "strategic change" was typically viewed as a discontinuous change process.

In contradiction, Ansoff (1979) believed in the necessity for the management of a corporation to operate in the present while changing in preparation for the future. He promoted the re-alignment of the corporation and its capabilities in anticipation of the projected future environment. His concept suggested an active adaptation of the organization.

Tichy's contribution (1983) was considerably different from that of Ansoff. He conceptualized the need to manage the cultural, political, and technological "components" of organization to achieve strategic change. It was his contention that the alignment of these components was critical. If a reasonable degree of alignment was not maintained between the three components, the organization's effectiveness and efficiency may be seriously affected. Each of Tichy's three components may either be a strength or weakness, depending on the selected strategy.

Although Ansoff's view may have been regarded as strategically macro-organizational while Tichy's perspective was tactically micro-organizational, both were behavioral. The first dealt with "what" was to be done; the second dealt with "how" to go about it.

Others developed perceptions of the organizational strategic change process and how the change takes place. Lindblom (1959) suggested that corporations simply "muddle

through." Quinn (1980) refuted this position as irrational and promoted the logic of "incrementalism." Both Lindblom's and Quinn's position contradicted the belief that corporations could and did conduct a rational formulation and implementation process of strategic planning and strategic change.

Lorsch (1985) spoke about the relationship between organizational culture and strategic change:

> Strategic change required a basic rethinking of the beliefs by which the company defines and carries on its business"(p.87)....At the core of each [organizational] system of beliefs is top management's particular vision of its companies' distinctive competence"(p.88)....These beliefs can inhibit strategic change in two ways. First, they can produce a strategic myopia. Because managers hold a set of beliefs, they see events through this prism. Frequently, they miss the significance of changing conditions because they are blinded by strongly held beliefs(p.90)....Even when managers can overcome such myopia, they respond to changing events in terms of their culture. Because their beliefs have been effective guides in the past, their natural response is to stick to them (p.90).

Here again, the culture and strategic change focused on the corporation as opposed to the business unit, which is the subject of interest in this study. As suggested earlier, it is reasonable to believe that the relationship between business unit's competitive strategic change and its culture is much the same as that of the corporate strategic change and its culture.

2.3.4 Organizational culture and organizational design

The most familiar concept of an organizational design system was developed by McKinsey et al. (Waterman, 1982). (See Figure 2.6.) It illustrates the bridge between organizational culture and organizational design. At the center of the framework is a component labeled "shared values." The component of shared values is also one of the central

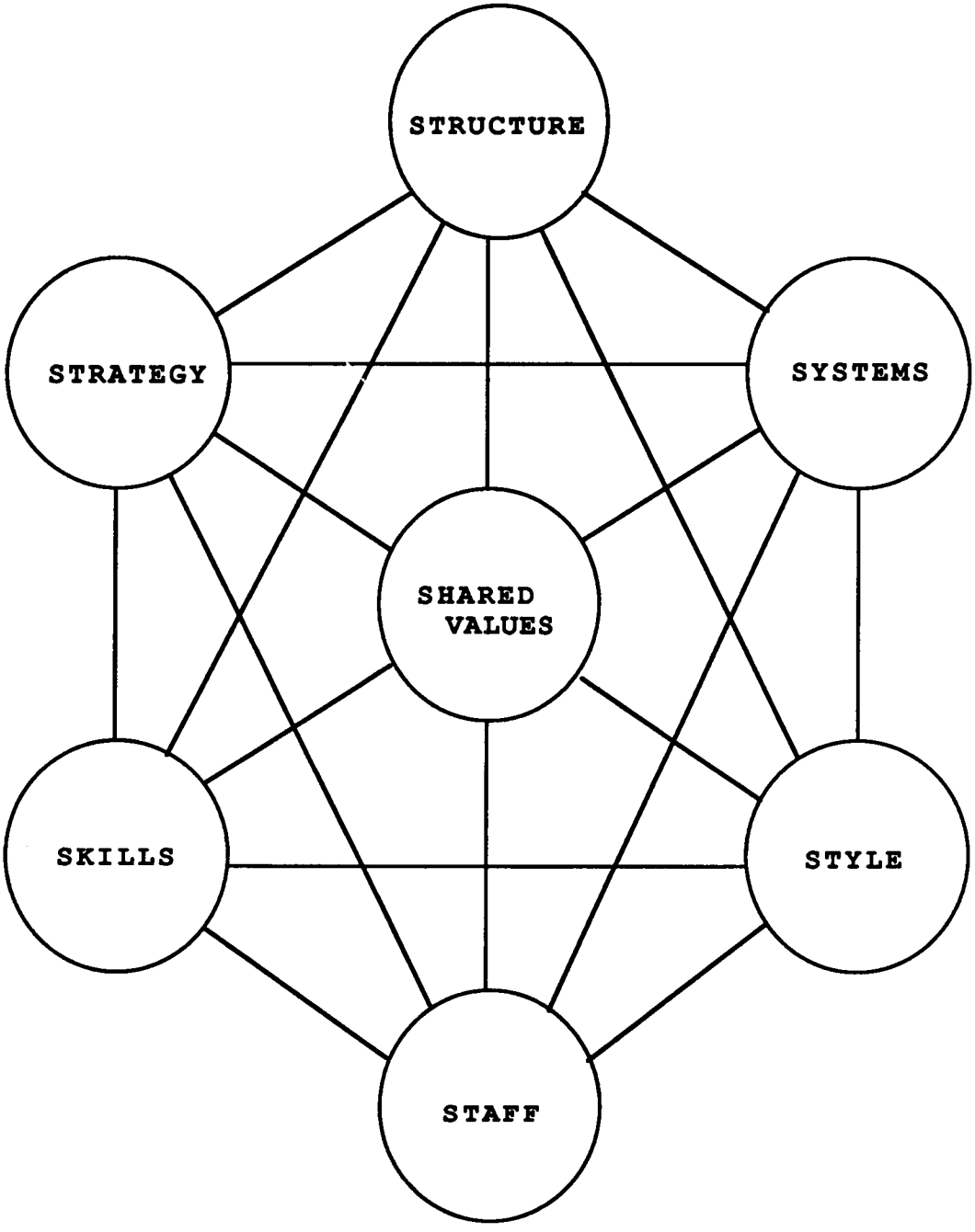


FIGURE 2.6
McKINSEY 7-S FRAMEWORK
Source: Peter's and Waterman,
In Search of Excellence, New York:
Warner Books, 1982, p.10.

elements in Schein's cultural concept. The other six components combine behavioral and structural facets of organization. Managerial style, skills, and staff components interact with the structural organizational components of structure, strategy, and systems. Implied in the diagram is the interdependency among the components. Reminiscent of the "open systems" theory (Katz and Kahn, 1966), the interactive and interdependent nature of the components suggests that congruence is required. Although there is the possibility of "equifinality" (i.e., many arrangements would work), any arrangement demands attention to the congruence of the selected parts. Many of the linkages in the framework have been researched (e.g., strategy-structure, structure-strategy, skills-strategy, style-strategy, etc.). Yet, not until 1984 was a conceptual model and a congruence perspective of organizational design presented (Randolph and Dess, 1984).

While the relationships of this model's peripheral elements have received attention, the relationships of human values to each of the other components have previously received little attention (Connor and Becker, 1975).

This "instrumentality" characteristic implies that organizations can be influenced by their members and/or leaders (i.e., use the organization for personal ends).

Thompson (1967) provided the concept of a systems approach to organization. He presented the idea of organizations as instrumentalities which acquire resources from the external environment, transform these input resources into output goods and/or services, and dispose of the outputs in such a way as to facilitate the continual acquisition of additional inputs.

Child (1972, 1974) observed that managers have and exercise considerable latitude (depending upon the characteristics of the individual environmental niches selected by the organizational strategist). Figure 2.7 offered by Connor

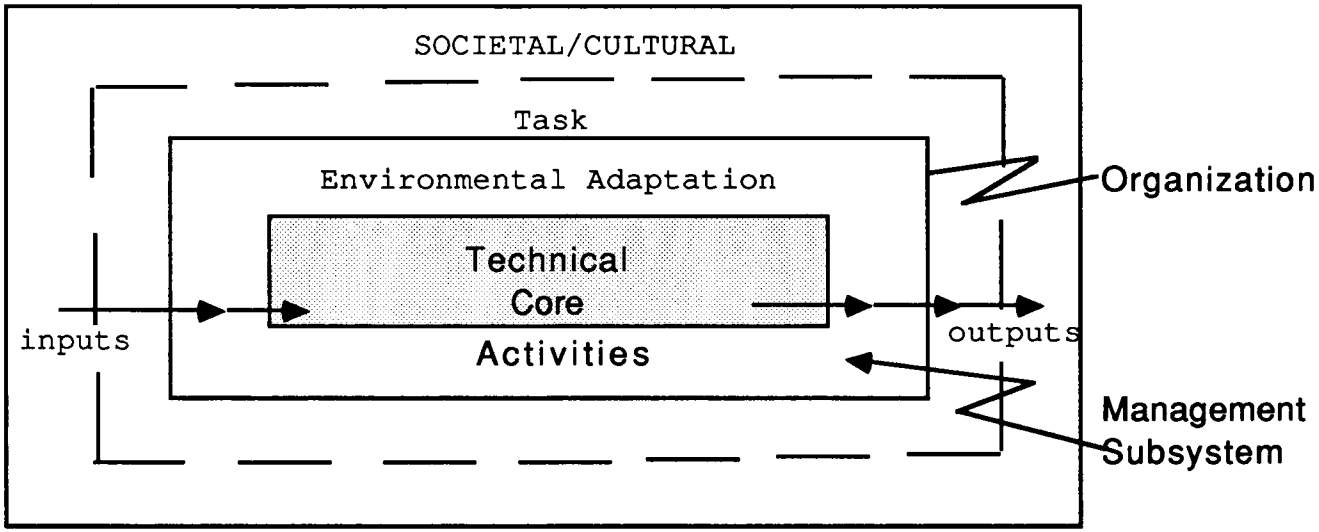


FIGURE 2.7
COMPLEX SYSTEMIC REPRESENTATION OF THE ORGANIZATION
Source: Connor, P. E. and Becker, B. W. American Management Journal, 1975, Vol. 18, No.3, p.553

and Becker attempts to capture the "instrumentality" concept of Thompson and others (Katz and Kahn, 1966). It infers a set of relationships between the values of society and the values of organizational management, as reflected in organizational activities. The implications might be that human values and societal values influence the inputs and outputs of organization. As an example, Sullivan (1986) recently advanced the theory that managers' perceptions of human nature influence managerial behavior and organization responses. He believed that the theories of Democratic Man, Modern Man, Totalitarian Man and Hermeneutical Man affect the practices of those who design organizations.

Although the thesis of organizations as reflections of individual member's values is rational, it is not the only theory put forth. Daft and Weick (1984) proposed that organizations be considered as "interpretation" systems. Their contention was that members of organizations (1) scan the remote environment (collect data), (2) interpret (give the data meaning), and (3) learn (learn from the actions taken). This conceptual model suggested adaptation based upon organizational learning, similar to the conceptualization of Argyris (1978).

2.4 Organizational design, business unit strategy, and business unit competitive strategic change

2.4.1 Organizational design

The best representation of the critical variables of business units was that of Galbraith and Kazanjian (1978) (see Figure 2.8). It is most appropriate to this study since product/market strategies of most business units are assumed to have been selected. Additionally, while influenced by the organizational culture, the model addressed the other organizational design variables. Again, Galbraith and Kazanjian relied on the research conducted at the corporate stratum, using the congruence (fit) required between the variables in explaining their model. Three works which

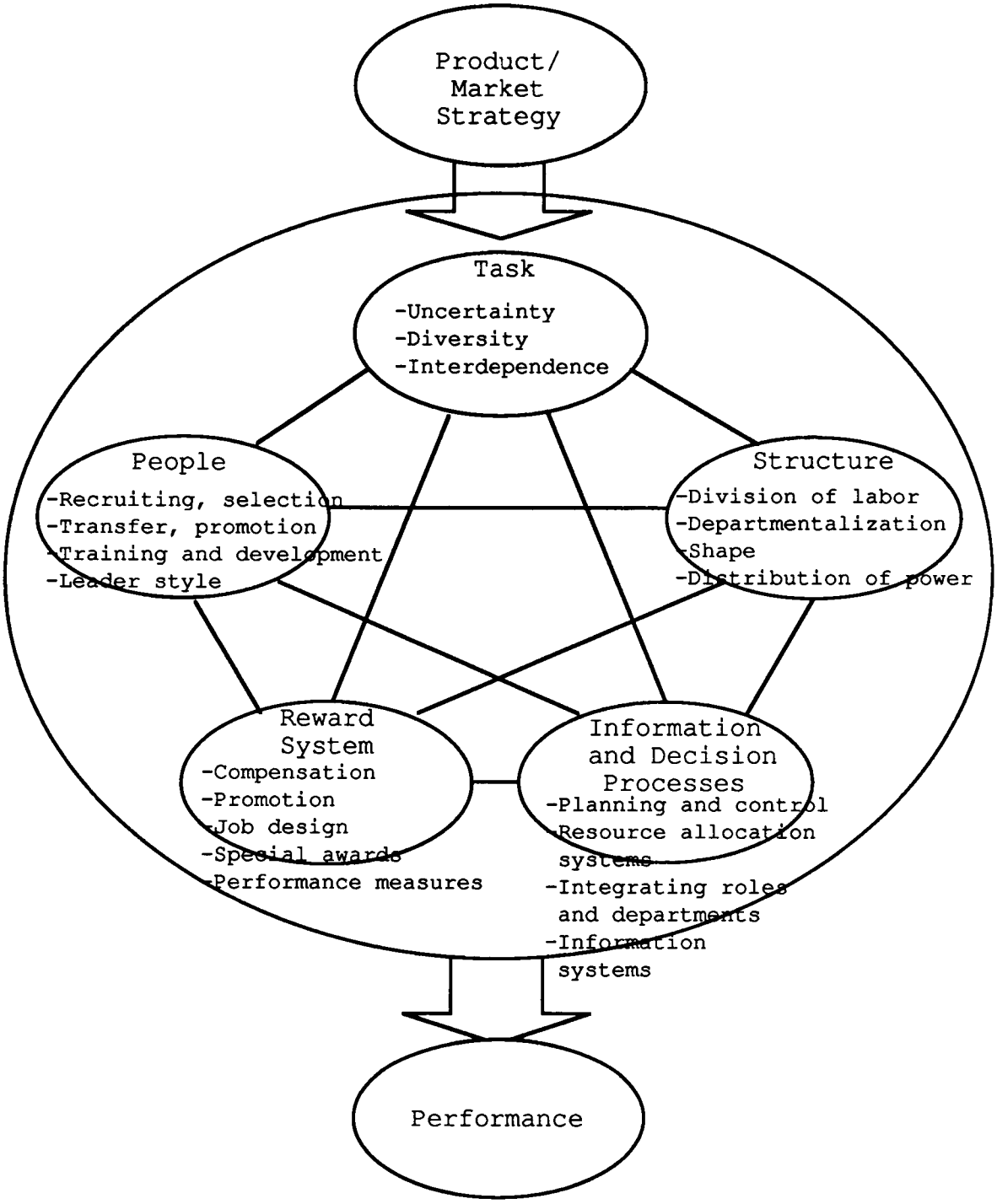


FIGURE 2.8
SCHEMATIC SHOWING FIT AMONG
MAJOR ORGANIZATIONAL DESIGN VARIABLES
Source: Galbraith, J.R. and Kazanjian, R.K. Strategy Implementation, St. Paul: West Publishing Company, 1978, p.115.

typified the significance of organizational design as it relates to organization performance were those of Bowers (1976), Peters (1980), and Galbraith (1982).

Bowers (1976) called attention to the significance of organizational design in the motivation of organizational personnel:

> An organization that wishes to provide a climate which is encouraging, rather than discouraging, must so structure its policies, tasks, procedures, and conditions that two things are done. First, the organization must make it highly likely that it will be a success in the market place, that it will receive from the buying or supporting public those resources which will make it possible to meet its members' economic and social needs. Second, it must reach that end-state by a route which provides to its members a sense of accomplishment, fulfillment, satisfaction, and pleasure in their attainment (p.29).

Peters (1980) believed that management systems was the language of organizational character and competence. He observed:

> Left to themselves, management systems slowly calcify--and the organization they feed moves ponderously if at all when strategic moves are called for. But those that benefit from the persistent attention can give an organization the shape and substance it needs in order to flourish (p.3).

This belief in the influence of management systems was presented in the comments of Galbraith (1982):

> Innovating organizations--those that are designed to do something for the first time--call for unique structures, information and decision processes, and reward and people-selection systems (p.5).

Implied by these authors is the importance to be placed on the management of organizational design. Strategy and

strategic change appears to be affected by the organizational design.

2.4.2 Organizational design and business unit strategy

What literature that is available on organizational systems and strategy concerns business corporations, not business units (Gupta and Govindarajan, 1984). Here again, this does not limit the understanding of the potential influence that a business unit's organizational design might have upon a business unit's strategy.

For instance, Chandler (1962) found that there was a relationship between organizational strategy and the structure for a corporation. One could presume that a similar relationship existed for a business unit. Hall and Saias (1980) also confirmed the relationship between strategy and structure, although unlike Chandler, they claimed that structure influences strategy.

The work of Woodward (1965) suggested a relationship between organizational technology (i.e., manufacturing technology) and organizational structure. The technology of an organization was considered to be one of the many facets of the "task" of the organization. One would expect the same to be true for the task technology of business units and their organizational structure (Thompson, 1967; Perrow, 1970).

Mullen and Strumpf (1987) posited that corporate strategic planning was affected by the style of management of the organization. This would also apply for business units.

It seems reasonable to expect the seminal works of Lawrence and Lorsch (1967) and Burns and Stalker (1961) to be equally applicable to the context of the business unit.

2.4.3 Organizational design and business unit competitive strategic change

There is a lack of conceptual or empirical literature on the relationship between organizational design systems and

business unit competitive strategic change. The work of Lorange et al.(1986) provides the most comprehensive literature in business unit competitive strategic change. He and some of his associates wrote on the concept of strategic control (Lorange, Morton, and Ghoshal, 1986).

These authors proposed the idea of organizational adaptation and organizational learning. They recognized the observations of Cyert and March (1963) and Terreberry (1968). They also recognized the specific position of March and Olsen (1976), which stated that "adaptive organizations are those in which the members have the capacity to learn to predict changes in their environments, search for alternative sources of sustenance, and develop and maintain a mechanism for storing information about possible interchangeable input-output components" (Lorange et al., 1986, p.28).

In addition, they suggested that Duncan and Weiss (1978) had drawn from this proposition and defined organizational learning as "that process in the organization through which the members of the dominant coalition develop, over time, the ability to discover when organizational changes are required and what changes can be undertaken which they believe will succeed" (p.78). If success is defined as sustaining "competitive advantage" (Porter, 1985), then adaptations would result in the modification of the organizational design. Logically, this implies that change would be made to the design components which includes rewards, task, people, structure, systems, and information and decision processes (Galbraith and Kazanjian, 1978). These types of changes were specifically those described as the management of competitive strategic change.

This realization led to the belief that the literature which addressed organizational adaptation reflected the result of competitive strategic change. Lorange went on to state that: "Learning is therefore an essential prerequisite for organizations to adapt. Adaptive organizations are those

that have the capacity to learn" (Lorange et al., 1986, p.28). He failed, however, to comment upon what should or could be used to determine evidence of an organization's capacity to learn--the amount and/or significance of competitive strategic change taking place.

The adaptive learning arguments become particularly pertinent when considered in the light of recent conceptual works by Banks and Wheelwright (1979). They suggested new operational and strategic perspectives and repudiated the classic beliefs that promoted the separation of strategy and tactics. The classic concept viewed the organization and its design as a means to short-term tactical success. The new view defined the organization and its design as the means of strategic short- and long-term objectives. It implied the possibility that the classic approach might lead to short-term optimization and long-term suboptimization.

Hayes (1985) elaborated on the ideas of Banks and Wheelwright. He argued the logic of approaching organizational performance via "ends-ways and means" management versus "means and ways-ends" management:

> When managers in strategic planning demand that ends should precede ways and both should precede means, they make certain assumptions about the environment and the nature of competition.
>
> First, they assume that the world of competition is predictable and that clear paths can be charted across it, much like a highway system across a road map.
>
> Equally important, they assume that reasonable objectives, arrived at by thoughtful people, can be achieved through purposeful activity and that progress toward those objectives is both measurable and controllable.
>
> The managerial logic of the ends-ways-means also attributes a certain stability to the company itself. There is an expectation that the company's values and needs will not change over the planning horizon and that the objectives it sets will seem as desirable up close as they do from afar.
>
> Managers can, therefore, concern themselves with "static optimization"--that is, with making a few key decisions and then holding corporation.

> There is a further expectation that, once these objectives and the strategies for achieving them are in place, managers can assemble the necessary resources in the required time frame and convert them into the appropriate form....
>
> My point is not to disparage the relevance of all logic to planning but to suggest that there may be alternative logics worth exploring. One of them, in fact, is to turn the ends-ways-means paradigm on its head: means-ways-ends (p.117).

Considering the concepts of Hayes on strategy and tactics, questions of purpose of organization and managerial role perception come to mind. Could the management of operations, policies, procedures and practices, organizational design, equipment and tools, facilities, and personnel be the foundations for ensuring strategic capability for the future? (Ansoff, 1979) Could the organizational design and development, managerial role perception, and managerial task require re-direction?

2.4.4 Organizational design and managerial role perception

Varney (1976) viewed management development as organization development. His conclusion was that managerial development should not be considered as (1) "an abstract process that can be infused into any organization disregarding its task, its people, methods, and organizational structure;" and (2) "[something which] must be tailored to where the organization is as well as where it wants to be" (p.51). His comments implied that management development was the critical part of the strategic organizational process. Moreover, it might also be the essence of organizational strategy. This idea suggested that the role managers play and their competence relating to that role bear upon the strategic success of the enterprise. In keeping with the theses of Banks and Wheelwright(1979), Wheelwright (1981), and Hayes (1985), Varney (1976) stated that "[managerial] development programs must deal with here-and-now organization

issues rather than prepare people to enter managerial elite of the future" (p.52). This was an indictment of organizational designs which failed to describe, structure, develop, and reward appropriate roles, competence, knowledge and skills for managers.

The need to teach managerial skills has been well recognized (Livingston, 1971; Mintzberg, 1973; Sayles, 1979). The question was what skills were needed for which paradigm, i.e., was it to be ends-ways-means or means-ways-ends (Hayes, 1985). Despite the observations of McKenney and Keen (1974), Mintzberg (1973), Kotter (1982), and Isenberg (1982) on managerial activities and ways of thinking, a question remains: "Given that managers are doing different things from the normative classic model, which is ends-way and means, are they doing and thinking about the appropriate things?" (Hayes, 1985) The performance results of many organizations would make one doubt it.

Hurst (1984) noted that managers "facing crisis" discovered that the hard factual elements of organizational design (i.e., Galbraith and Kazanjian's model) were insufficient considerations. He suggested that attention be given to the soft "intuitive" aspects of organization. Following such guidance, the implications for managerial development are far-reaching. This suggests that managers study "individuals as members of organizations" (Graen, 1976; McGrath, 1976). The more current argument maintains that management development must address and equip individuals in order to support the implementation of short- and long-term strategy. This concept has been endorsed and implemented by some major American corporations (Bolt, 1985).

The applied works of Deming (in Walton, 1986), Juran (1964), and Imai (1986) all directed attention to the need for managers to take responsibility in improving organizational systems, and thereby, organizational performance. Improvements in organizational systems would result in

enhanced product quality and reduced cost (achieved through increased organizational productivity), which would lead to improved competitive position and/or competitive advantage. Each of these authors offered extraordinarily similar methodology, managerial roles, and responsibilities.

Ironically, these authors appeared to believe that organizational competitiveness was limited by the managerial performance of the systems. The implications were surprisingly consistent with the concept and new logic of Hayes (1985)--"means-ways-ends." This raised the question "What should the content of managerial development activities consist of?" Put in another way, "Are the classical management functions useful in describing managerial work?" (Carroll and Gillen, 1987, p.38) The ultimate questions are (1) "What role should managers play in organizations?" and (2) "Are managers equipped with appropriate knowledge and skills for the required role?"

2.5 Managerial role perception, business unit strategy, and business unit competitive strategic change

2.5.1 Managerial role perception

Graen (1976) defined "role-making" processes within complex organizations as follows:

> Role-making systems are those processes whereby the participant in the organization: (a) acquires knowledge about the content of the constraints and demands placed upon his behavior and the sources of those constraints and demands, (b) receives and sends persuasive communications regarding his behavior in the role, (c) accepts a particular pattern of behavior, and (d) modifies this pattern over time (p.1201).

Graen's observations are particularly important in attempting to explain the constraints (real or imaginary) within which an individual manager might live. He argued for the existence of physical-technological systems, social-

cultural systems, and person systems. All of these interact in describing the boundaries of personal behavior. For an individual within any social organization, the physical-technological system and social-cultural system of that organization influence the individual's perception and selection of his/her role. Organizational task descriptions, structures, operating systems, reward systems, and information and decision systems (Galbraith and Kazanjian, 1978) represent the physical-technological and social-cultural surroundings of the individual. To these surroundings the individual brings his/her own perceptions of his/her competence, knowledge, skills, and values.

McGrath (1976) depicts these highly interactive and interdependent components in Figure 2.9. Here again, interrelationships are found between the individual and the setting of the organization. The origin of McGrath's and Graen's thoughts can be traced to early ideas of Kurt Lewin (1951). Lewin formulated the relationship B = f(P, E) which depicts behavior as a function of the person and the environment. These theoretical concepts suggests that part of the focus of this study considers the organizational physical-technological, social-cultural, and/or individual self-perception.

2.5.2 Managerial role perception and business unit strategy

What is written on the managerial role perception is traceable to the early 1930s. Writing on managerial functions, Fayol (1919) and others defined activities as planning, organizing, directing, staffing, controlling, and evaluating. This conceptualization was institutionalized in text and management educational institutions.

Miner (1971, 1982) surveyed textbooks to determine how the textual content related to the classical managerial functions first introduced by Fayol (1919) and expanded by the

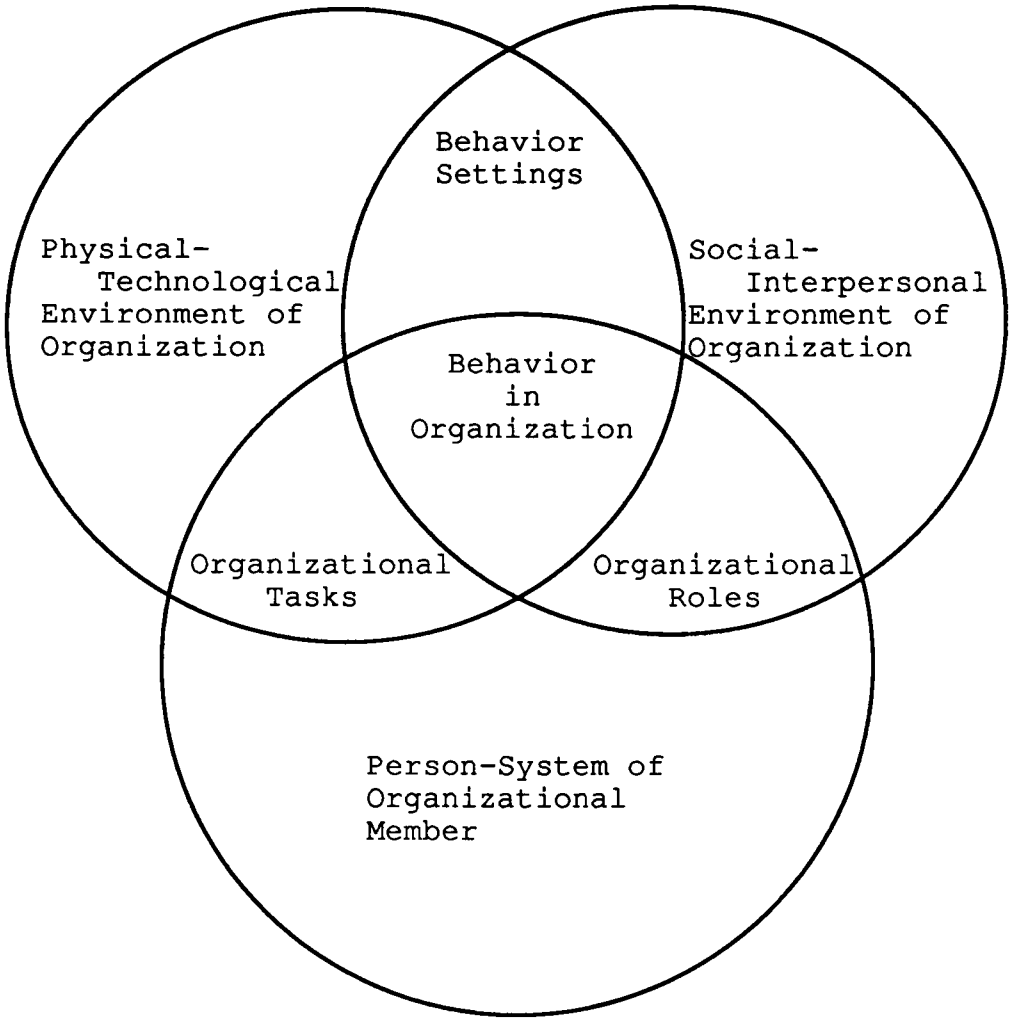


FIGURE 2.9
THREE EMBEDDING SYSTEMS
FOR
BEHAVIOR IN ORGANIZATIONS
Source: Adapted from McGrath, J.E.,
"Stress and Behavior in Organization"
In Dunnette's (Ed.)
Handbook of Industrial and Organizational Psychology
Chicago: Rand McNally College Publishing Company
1976, p. 1368

works of Urwick (1952). He found that the contents conformed highly with the classic Fayol concepts. Carroll and Gillen (1987) replicated the work of Miner. They found that out of twenty-one books published between 1983 and 1986, seventeen used at least three of the classic Fayol functions.

The classical function of planning facilitated long-range planning (Ewing, 1958; Koontz and O'Donnell, 1964; Henry, 1967). Long-range planning was the forerunner of strategic planning and strategic management (Ansoff, 1979). While the other functions described how to enact strategy, it was planning which linked managerial role perception first to corporation strategy, then to business unit and functional unit level strategy (Lorange and Vancil, 1977; Schendel and Hofer, 1978).

Planning was the bridge to strategy and strategy making, but many other organizational design components like structure, task description, policy and procedure systems, job descriptions, reward systems and performance review systems further reinforced the role of the manager as strategist.

Research has shown a relationship between strategy and the characteristics of general managers in strategic business unit (Galbraith and Nathanson, 1978; Kerr, 1982; Gupta and Govindaranjan, 1984). These findings were supported by the works of Griffin (1980), Lorsch and Morse (1974), and O'Reilly (1977), who addressed the issue of the congruence between personality and task characteristics. They saw this relationship as affecting organizational effectiveness.

The implications of the research on managerial characteristics necessitated the need to match the strategy with managerial character (Fielder, 1965; Lawler, 1974). "Managers make strategy and strategy determines business success or failure. That's why it is so important to select the right manager for your company" (Leontiades, 1982, p.58). This statement represents one current contingent thought of business and industry. It falls back upon the concept of

"the right man for the job." This position might conveniently eliminate the necessity for organizations to concern themselves with managerial knowledge and skills development.

Despite decades of reinforcement of the classical functions of managers, Mintzberg (1973, 1975) discovered the actual practices of manager to be quite different. Davis and Luthans (1980) summarized the findings as follows: "Mintzberg, for example, concludes from his observational studies that managers are 'adaptive information manipulators' in an 'environment of stimulus-response.'" Mintzberg's finding was not the only one to suggest that a closer look needed to be taken at the perceived and practiced role of managers (Stewart, 1979; Kotter, 1982). Stewart found that many managers seemed to work without specific planned agenda, albeit that those with a plan would appear to be more effective.

The explanation can perhaps be found in the work of Bandura (1977) on social learning systems. He recognized the interactive-reciprocal relationship between the individual and his/her environment and postulated the effect of individual competence upon the individual's response to the environment. Furthermore, his theory implies that the individual's personally selected role, which was based upon his/her knowledge and skill, may have a potential influence on the choice of competitive strategic change actions.

2.5.3 Managerial role perception and business unit competitive strategic change

No empirical research directly relating to managerial role perception, competence, and business unit competitive strategic change was found. Normative (Tichy, 1983, Ansoff, 1979) and anecdotal (Ansoff, 1982; Kanter, 1983) writings concerning corporate level strategic change were judged as being irrelevant to this study.

2.5.4 Managerial role perception and managerial competence

Lorsch (1976) viewed job satisfaction as a pleasurable or positive emotional state resulting from the appraisal of one's own job or job experiences. This statement implied the reinforcement realized as a result of positive experiences, which has long been appreciated by "reinforcement" theorists. Korman (1970) concluded that "self-perceived competence for a task seems to facilitate performance of the task, particularly if the task provides one knowledge of how close/far he/she is to goal achievement" (p.39).

Bandura (1978) conceptualized a "three-way reciprocal determinism" (see Figure 2.10). This suggested a highly interactive and interdependent relationship between the individual, the behavior of the individual, and the external environment. Brief and Aldag (1981) maintained that individual competency operated through the individual's "self-efficacy" expectations, goal setting, and self-evaluation reactions. They recognized the relationship between precondition, self-reinforcement, and task outcomes. Such precondition included the individual's personal ability assessment.

The perceived "self-efficacy" was a function of "cognitive and other internal events that can affect perception and actions" (Bandura, 1978). In light of its potential influence on actions (choice of strategy and strategic change actions), individual managerial competency or "self-efficacy" became a variable for this study.

2.6 Managerial competence, business unit strategy, and business unit competitive strategic change

2.6.1 Managerial competence

Bandura (1977) suggested that:

> The strength of people's convictions in their own effectiveness determines whether they will even try to cope with difficult situations. People fear and avoid threatening situations they believe

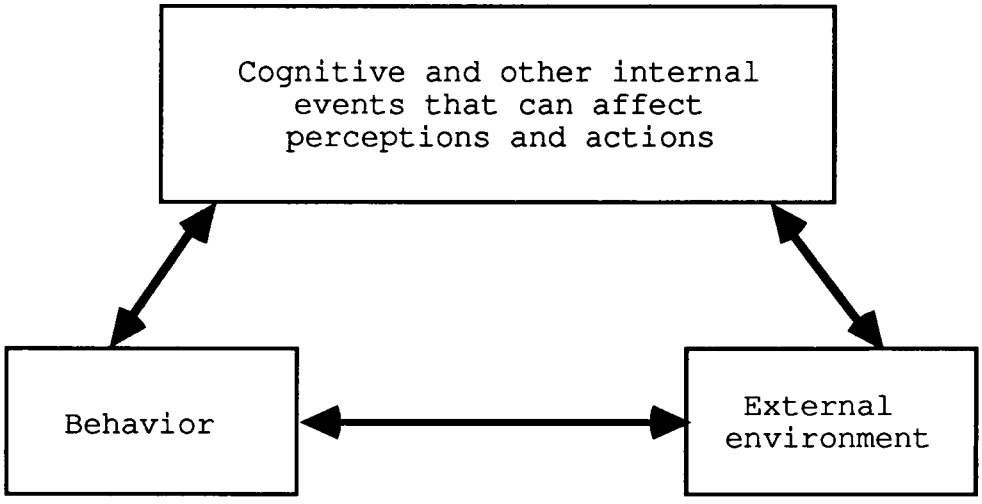


FIGURE 2.10
THREE-WAY RECIPROCAL DETERMINISM
Source: Bandura, A. "The self system in reciprocal determinism". American Psychologist, 1978, 33, p.345.

> themselves unable to handle, whereas they behave affirmatively when they judge themselves capable of handling successfully situations that would otherwise intimidate them (p.79).

The implication was that an individual's behavior was based on judgements of the "expected" outcome and the individual's ability. Figure 2.11 shows diagrammatically the difference between "efficacy expectations" and "outcome expectations." As observed by Bandura (1977), people function as active agents in their own self-motivation.

2.6.2 Managerial competence and business unit strategy

Among the research in managerial competence and strategy response was the work of Anderson and Paine (1975) which established a relationship between managerial perception and strategic behavior. They studied the relationships between: (1) perceived need for internal change and (2) perceived environmental uncertainty. They found that depending upon the combination of these two variables, different organizational strategies can be found.

Miller, Kets De Vries, and Toulouse (1982) studied the "locus of control" orientation of top executive and its relationship to strategy making, structure, and environment. Among their findings was the conclusion that "more internal [locus of control-internal] chief executives tended to pursue more product/market innovation, undertake greater risks, and lead rather than follow competitors" (p.237).

Sturdivant, Ginter, and Sawyer (1985) posited a relationship between the conservatism of managers and corporate performance. They concluded that "empirical results were consistent with the hypotheses that conservatism among senior management teams is negatively associated with the corporation's social responsiveness as well as certain aspects of financial performance" (p.17).

These and other contingency linkages suggested that

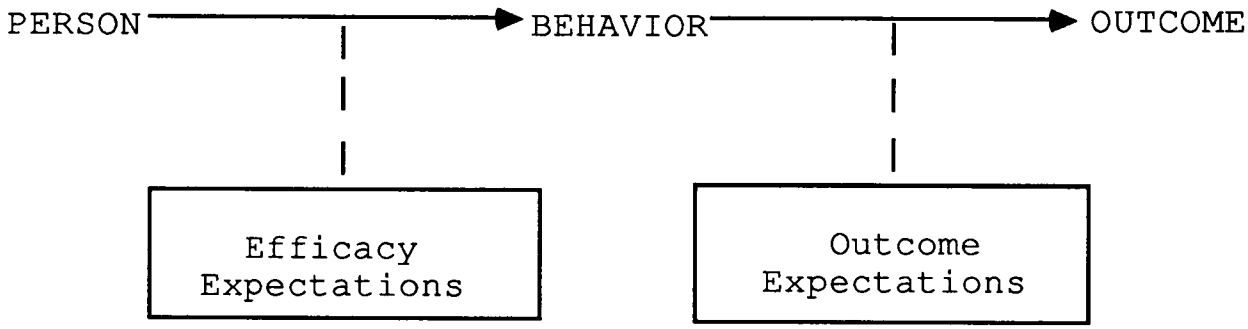


FIGURE 2.11
DIAGRAMMATIC REPRESENTATION OF THE DIFFERENCE BETWEEN EFFICACY EXPECTATIONS AND OUTCOME EXPECTATIONS
Source: Bandura, A. Social Learning Theory, Englewood cliffs, NJ: Prentice-Hall, 1977

managerial characteristics and perceived competencies affected the selection of strategy. But even more relevant was the possibility that these strategic choices might ultimately be determined by personal competency.

2.6.3 Managerial competence and business unit competitive strategic change

No specific conceptual nor empirical literature was found specifically on the relationship between managerial competency and strategic change actions. The work of Arnold (1985) was indirectly related. Arnold investigated the relationships among task performance, perceived competence, and attributed causes of performance as determinants of intrinsic motivation. His findings: "(1) The level of task performance was significantly related to perceived competence and attributions, which were in turn significantly related to measures of intrinsic motivation; and (2) the locus of control was significantly related to external attribution of the causes of task performance" (Arnold, 1985, p.867).

This work demonstrated that individuals who perceived themselves as competent returned to participate further, while those who did not realize their competence did not return. One may infer that perceived competence resulting from personal experience with change actions affected the sustenance of organizational competitive strategic change actions.

2.6.4 Managerial competence and organizational culture

The diagram in Figure 2.1 suggested that there was a potentially closed relationship between independent variables. A quick look at the diagram shows a relationship between managerial competence and organizational culture. Argyris and Schon's concept of "double-loop learning" (1978) is the means through which an organization can learn and be self-correcting. It was pointed out by Arygis that it was

possible for the organizational norms (values, assumptions, beliefs, practices, and procedures) to either permit or reject organizational learning. Organizational learning is the process through which organizational culture, artifacts, assumptions and beliefs, values, and organizational designs are modified.

Manz and Sims (1980) pointed to the criticality of managerial behavioral modeling as a means of influencing to organizational behavior. Without the organizational self-correcting feature (i.e.,"second level double-loop learning"), managers within organizations would continue to model inappropriate behaviors. The organizational symbols--aspects of an organization that its members use to reveal or make comprehensible the unconscious feelings, images, and values of that organization--become distorted (Dandridge, Mitroff, and Joyce, 1980).

2.7 Summary

2.7.1 Applicable primary theories

March and Simon's work provided the foundation for the theoretical framework for this study. March and Simon (1958) won the Nobel prize for their advancement of the theory of "bounded rationality." In 1959, they wrote about organizational decision making processes:

> The classical organizational theory described in Chapter 2 [March and Simon, Organization. 1959], like classical economic theory, failed to make explicit this subjective and relative character of rationality, and in so doing, failed to examine some of its crucial premises. The organizational and social environment in which the decision maker finds himself determines what consequences he will anticipate, what ones he will not; what alternatives he will consider, what ones he will ignore. In a theory of organization these variables cannot be treated as unexplained independent factors, but must themselves be determined and predicted by the theory.

> The theory of rational choice put forth here incorporates two fundamental characteristics: (1) Choice is always exercised with respect to a limited, approximate, simplified "model" of the real situation (A-6.1). We call the chooser's model his "description of the situation." (2) The elements of the definition of the situation are not "given" -- that is, we do not take these as data of our theory -- but are themselves the outcome of psychological and sociological processes, including the chooser's own activities and the activities of others in his environment (A-6.2) (Simon, 1947, 1955; March, 1955a; Cyert and March, 1955, 1956; Newell, Sloan and Simon, 1958) (March and Simon, 1959, p.139).

The second characteristic led management consultants to observe the organizational culture's impact upon choice of strategy (Beckhard and Harris, 1977; Schwarz and Davis, 1981; Peters, 1980; Allen and Kraft, 1982; Peters and Waterman, 1982; Stonich, 1982). This characteristic also helped organizational theorists to describe organizational culture, its facets, and its relationships to organizational behavior (Deal and Kennedy, 1982; Davis, 1984; Schein, 1985). Perhaps it was March and Simon's concepts of "psychological and sociological processes" which led authors to describe the nature of culture. Organizational artifacts, myths, rites and rituals, values, beliefs, and assumptions have become ways and means by which the underlying subconscious nature of the organization is represented. "The loftier guiding beliefs provide the context for the practical, nitty-gritty beliefs of everyday life, i.e., guiding beliefs give direction to daily beliefs" (Davis, 1984, p.3). Perhaps drawing from the studies of the human mind, Schein (1985) described culture in terms of levels--perhaps analogous to the levels of human consciousness.

The field of organizational theory offers another theory. Organizational theorists believed that organizational design affected organizational strategy. The seminal work of Chandler (1962) was among the first of a long line of

organizational design contingency theories. Frameworks of organizational design, like those of Galbraith and Nathanson (1978) and Galbraith and Kazanjian (1978), identified other contingency components.

Within the organizational design components was the individual (people) component. This implied a bi-directional relationship between organizational strategy and the organizational personnel. Social psychologists speak of this relationship, first from a determinative perspective (Lewin, 1951; Skinner, 1971), then from a interactive-reciprocal perspective (Graen, 1976; McGrath, 1976).

The interactive-reciprocal perspective suggested the effect of the individual's personal characteristics upon the environment and the behavior of the individual. Bandura (1977) contributed the concept of personal competency and its effect upon behavior of the individual. This contingency theory implied the potential moderation of personal constraints upon behaviors despite the environment.

Argyris and Schon's organizational learning theory (1978) closed the loop of theoretical constructs which influenced the individual's behaviors and interactions. Argyris and Schon suggested that organizational learning, although influenced by the learnings of the individual, was in fact distinctive in its development, persistence, and influence upon organizational behavior. Such distinctive characteristics constitute the constructs of organizational culture described by Schein and others.

The most recent applicable theory was that of S. Davis (1982). Davis theorized that a linkage existed between selected strategy and context. Initially, it appeared that this theory was an extension of March and Simon's notion of human "simplification modeling." But Davis suggested something much more significant. His concept of context, defined as one's view of the world, implied that one's choice was affected by one's orientation. He argued that "content"

was derived from "context." For instance, Einstein's theory of relativity could not have evolved from the classical physics of his time. Einstein had to create a new context (e.g., break with Newtonian mechanics and allow for the consideration of electromagnetic field theory) to derive his formula $E=mc^2$. Davis (1982) suggested the risk of being victimized by not knowing what one does not know. The relevance of this idea supported the thought that perhaps organizations were restrained by the lack of knowledge, skills, and competence of their members (Bandura, 1977). In addition to the lack of knowledge of the new context, there was also the lack of content within that new context (i.e., the lack of knowledge of how to go about managing strategic change managers). Also missing was individual managerial confidence and competence realized through the attainment of personal experience.

When combined, these theoretical bases guided the design and conduct of the present exploratory investigation.

2.8 An initial "integrated" model

This exploratory study was based on an initial model which framed and directed the investigation. The model was conceptualized and organized by a review of the general literature.

The initial model was shaped by the thoughts of many. Hambrick and Mason (1984) were interested in the cognitive functioning of managerial leaders in strategic decisions. Their work capitalized upon the "bounded rationality" concepts advanced by March and Simon (1958). Hambrick and Mason speculated:

> If strategic choices have a large behavioral component, then to some extent they reflect the idiosyncrasies of the decision makers. As March and Simon (1958) argued, each decisionmaker brings his or her own set of "givens" to an administrative situation. These givens reflect the decision maker's cognitive base:

> 1. knowledge or assumptions about future events,
> 2. knowledge of alternatives, and
> 3. knowledge of consequences to alternatives
>
> They also reflect his or her values: Principles for ordering consequences or alternatives according to preference (p.195)

Based upon the implications of March and Simon, Hambrick and Mason concerned themselves with the way by which top management's cognitive functioning influenced strategic decisions. They developed a conceptual model which provided the framework for this research.

A modified version of Hambrick's and Mason's model is shown in Figure 2.12. It defines the scope of this study, the variables chosen, and the potential relationships of the variables.

The study examined the relationship between the contextual and individual factors shown in Figure 2.12 and the management of competitive strategic change actions of the organization. It also aided the selection of appropriate units of analysis. The present study involved multiple units of analysis. Individual managers, groups of managers in various strata of the organizations, and the group of organizational managers, within and across the organization, were studied.

The disciplines of organizational theory, social psychology, economic, industrial economics, organizational behavior, individual behavior, and strategic management contributed to the concepts depicted by the model (Wortman, 1983).

2.8.1 Discussion of the model

Organizational and social psychology theorists, industrial economists, and academics in the field of

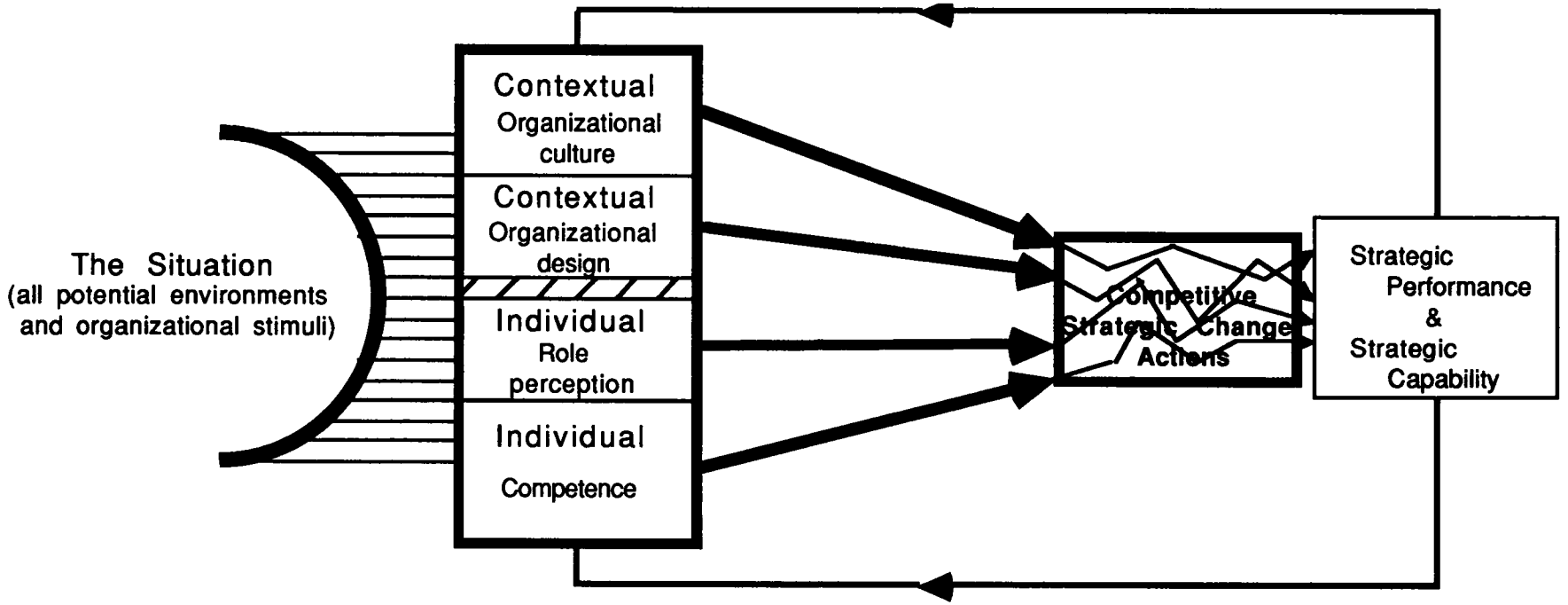


FIGURE 2.12

AN
INITIAL
"INTEGRATED" MODEL
FOR
MANAGING THE MANAGERS OF COMPETITIVE STRATEGIC CHANGE

Adapted from: Hambrick, D. C. and Mason, P. A. "Upper Echelons:
The organization as a reflection of its top management,"
Academy of Management Review, 1984 , Vol. 9, No. 2, p.191.

strategic management have posited and confirmed the contingent relationship between organizational effectiveness, strategy, and environments. Environments consist of (1) task environment (Dill, 1958, 1962), (2) industry environment (Porter, 1980), and (3) remote environment (Chandler, 1962; Ansoff, 1965; Andrews, 1971; Child, 1972; Miles and Snow, 1978; Fahey and Narayanan, 1986). It is these environments which provide the stimulus to which the business must respond. Conceptually, these environments and their factors represented the business unit's situations. For an organization that is in business within society, this may be considered analogous to Simon's individual cognitive problem(s), i.e., what must be taken into account.

The dependent variable in this study was *competitive strategic change actions* as reflected in the reported behaviors and practices of organizational managers. The conjectured primary independent variables studied included two organizational and two individual variables.

The two principle types of independent variables were believed to affect the management of strategic change. The first type is referred to as the *organizational contextual variables*. This category was further broken up into two subcategories. One subcategory was referred to as *organizational cultural*, i.e., "the way the organization views the world." The second was *organizational design*. Both of these were characterized through the use of documents and perceived behavioral reports of managers within organizations.

The second type of independent variable was best described as *individualistic*. This type is also divided into two categories. *Individual role perception in the management of competitive strategic change actions* comprises the first of this category, while the *individual manager's competence, knowledge, and skills in managing competitive strategic change actions* make up the second.

In summary, the initial integrated model suggested that four major variables--namely, organizational culture, organizational design, individual manager's role perception, and individual manager's competence, knowledge and skills--influenced organizational competitive strategic change actions.

A close examination of both Figure 2.1 and 2.12 verified the similarity between the diagram and the conceptual "integrated model" elements. Figure 2.12 illustrates the contextual variables of organizational culture and organizational design as well as the individualistic variables of managerial role perception, and managerial competence. These correspond to the duality which results by splitting the diagram as indicated in Figure 2.3.

CHAPTER III

METHODOLOGY

3.1 Definitions of terms

Some terms used in this study were new and/or needed clarification. The following were used in the study.

Definition of business unit:

Business unit as defined by Buzzell and Gale (1987) is:

> A business unit, according to the PIMS definition, is a division, product line, or other profit center of a company that:
>
> - produces and markets a well-defined set of related products and/or services;
> - serves a clearly defined set of customers, in a reasonably self-contained geographic area; and
> - competes with a well-defined set of competitors (p.32).

All subjects in this study were members of the management of one of the four American manufacturing business units. All subjects belonged to either a division, product line, or profit center of a company that: (a) produced and marketed a well-defined set of related products and/or services, (b) served a clearly defined set of customers in a self-contained geographic area, and (c) competed with a well-defined set of competitors.

Definition of management of competitive strategic change:

For the purpose of this study, the management of competitive strategic change actions for a business unit is defined as:

> Managers making changes in the organizational systems, procedures, policies, practices, personnel, personnel skills, equipments, facilities, technologies and etc., such as to improve continuously and/or discontinuously the competitive

> strategic posture of a business unit relative to its competition.

This concept and definition was used to gain the perspective of respondents concerning factors which may have influenced managerial behaviors by managers within the four American manufacturing business units.

3.2 Concepts and measures

Concept of organizational culture:

Organizational culture was defined by Schein (1985) in his statement:

> To summarize, at any of these structural levels, I will mean by "culture": a pattern of basic assumptions--invented, discovered, or developed by a given group as it learns to cope with its problems of external adaptation and internal integration--that has worked well enough to be considered valid and, therefore, to be taught to new members as the correct way to perceive, think, and feel in relation to those problems (p.8).

Measure of organizational culture:

The measure of organizational culture consists of any word(s), phrases, and/or ideas relating to the pattern of basic assumptions developed and judged as relevant to the culture by the organizational group (business unit). They are "learnings" that (1) are considered effective in coping with the problems of external adaptation and internal integration, (2) had worked well enough to be valid, and (3) are therefore appropriate to be taught to new members. The new members then use these newly acquired values in handling the problems of external adaptation and internal integration.

Concept of organizational values:

Organizational values are defined by Simon (1976) as:

> The values and objectives that guide individual decisions in organization are

> largely the organizational objectives--the service and conservation goals of the organization itself. Initially, these are usually imposed on the individual by the exercise of authority over him; but to a large extent the values gradually become "internalized" and are incorporated into the psychology and attitudes of the individual participant (p.198).

Implicit in this idea is the concept of organizational values being the principle for ordering consequences or alternatives according to preference.

Measure of organizational values:

To help operationalize the organizational culture described by Schein, Simon's concept of organizational values was used. Therefore, any words, phrases, and/or ideas of the respondents relating to the "ordering of consequences or alternatives according to preference" were judged to be relevant to the organization and the culture of the organization.

Concept of organizational design:

Organizational design was defined by Bedeian (1980):

> Organizational design, the particular arrangement or composition of organization's structure, is a key management decision (p.54).

In this study, the term "structure" includes the components of organizational design displayed and described by Peters and Waterman (1982) in the McKinsey et al. "7-S" model of organizational design. For specific classification, the organizational design description conceptualized by Galbraith and Kazanjian (1978) in Figure 2.8 was used.

Measure of organizational design:

The general concepts of organizational design described by Galbraith and Kazanjian (1978) and identified in Figure 2.8 were used in classifying the words, phrases, and/or ideas

of respondents relating to the organizational design factors which influence the management of competitive strategic change by managers within the four American business units.

Concept of role perception:

Role perception is defined as the resultant of the organizational process described by Graen (1976):

> Organizational members accomplish their work through roles; these roles are sets of behaviors that persons expect of the occupants of a position (p.1201).

Measure of role perception:

Words, phrases, and/or ideas of respondents relating to their work, job descriptions, job perceptions, and/or set behaviors were thought to influence role perception upon the management of competitive strategic change by managers within the four American manufacturing business units.

Concept of individual competence:

Competency is defined as synonymous with the concept of "efficacy expectation" described by Bandura (1977):

> An efficacy expectation is the conviction that one can successfully execute the behavior required to produce the outcomes (p.79).

Measure of individual competence:

Any words, phrases, and/or ideas of the respondents that confirmed their conviction that they could be successful in executing the behavior required to produce the desired outcome. These were also judged to be relevant to the factors which influence the management of competitive strategic change within the business units. The same follows for the respondents' personal knowledge and/or skills.

3.3 A review of purpose

This study had two purposes: to construct a model of independent variables affecting competitive strategic change actions and to test a set of preliminary propositions relating to the relationship of certain independent variables and competitive strategic change actions.

These purposes guided the methodology used. The criticality that Wallace (1983) placed upon first understanding the phenomenon before the structured testing of specific hypothesis led to a decision to limit the depth of this study, thereby making any set of propositions preliminary. Since these propositions would be based on the proposed model, firm conclusions about the specific significance of these relationships may not be appropriate.

3.4 Research propositions

The following presents a set of propositions pertaining to this study.

Proposition 1

An American manufacturing business unit's culture influences its managers' management of competitive strategic change actions.

Proposition 2

An American manufacturing business unit's organizational design influences its managers' management of strategic change actions.

Proposition 3

An American manufacturing business unit's managerial role perception influences the management of competitive strategic change actions.

Proposition 4

An American manufacturing business unit's managerial competence influences the management of competitive strategic change actions.

3.5 Analytical design and methods

The choice of analytical design was guided and justified by the work of Wallace (1983). He recommended that the design be based on the depth of knowledge of the phenomenon being studied. The extreme is the case study where there is a general lack of knowledge, as opposed to experimental design where knowledge is extensive. The dearth of knowledge concerning the subject of this study directed the design to the use of case studies.

Case study design methodology was formulated and described by Yin (1984). According to Yin, the research questions of interest were of the "how" and "what" types. Questions of these types pertaining to this study are: "What affects American manufacturing business unit managers' management of competitive strategic change?" and "How influential are the initial model variables in affecting American manufacturing business unit managers' management of competitive strategic change?"

Four major types of case study designs identified by Yin are shown in Figure 3.1. For purposes of this study, Yin's TYPE 4 was selected. It involves multiple cases with embedded (multiple) sampling units of analysis. Figure 3.2 depicts a 2x2 matrix of the types of business units included in the multiple cases for this study.

Typologically, the business unit cases included (1) a privately-held manufacturing business unit producing industrial goods; (2) a publicly-held manufacturing business unit producing industrial goods; (3) a privately-held manufacturing business unit producing consumer goods; and (4) a publicly-held manufacturing business unit producing consumer goods. The corporations, from which the business units were selected, ranged in size from those with very large annual sales (i.e., over 8 billion) to small (i.e., approximately 25 million). Additionally, the industries' technologies ranged from "smoke stack" (i.e., foundry business) to "high tech" (i.e., semiconductor business).

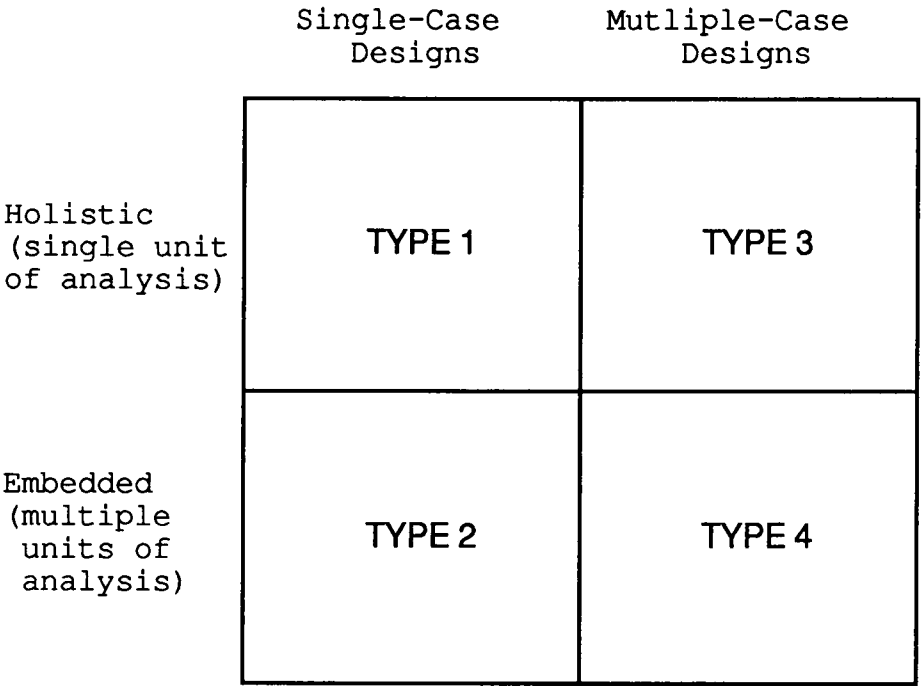


FIGURE 3.1
BASIC TYPES OF DESIGNS FOR CASE STUDIES
Source: Yin, R. K. Case Study Research: Design and Methods, Beverly Hills: Sage Publications, 1985, p. 41.

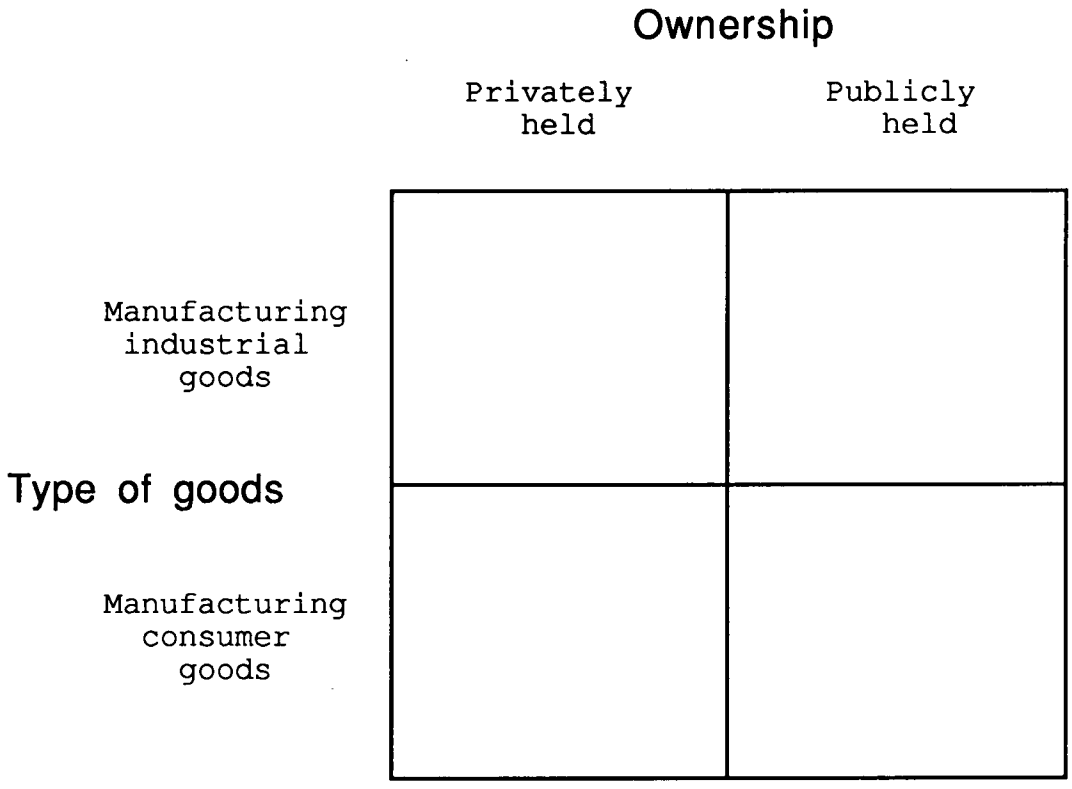


FIGURE 3.2
2x2 MATRIX OF TYPES OF BUSINESS UNITS INCLUDED IN THE CASES SELECTED

The research case method was organized by Yin (1984) (see Figure 3.3). The establishment of relevant theory was followed by the selection of research questions, the development of a tentative model, the development of testable propositions, and the intent of explanation. Case selection criteria were decided and the data collection protocol was designed. The design data collection protocol (Appendix A) describes the investigatory processes and procedures in conducting the data collection, analysis, and results. Instructions for conducting data collection included the gathering of information from relevant organizational contextual information and contents of unstructured question and open-ended discussions with organizational management respondents.

Because the purpose of this study was exploratory, data collection instructions were rigorous yet cautiously tempered by the need to remain receptive to potentially new explanatory inputs.

3.5.1 Sampling units

The units of analyses as described and operationalized in this study followed the definitions and methodology of Krippendorff (1980). The "sampling units" consisted of four American business units from the manufacturing sector. Within these sampling units, a stratified sample of personnel with the title "manager" was selected. There were three strata: (1) policy making managers (consisting of the top unit manager and some of his/her direct subordinates), (2) middle level managers who reported to the second level managers, and (3) fourth level managers who reported to the third level managers. The selection of specific managers in all cases was left to the policy level managers. In general, they selected the respondents on the basis of availability, minimum business disruption, and representative of organizational managerial staff membership.

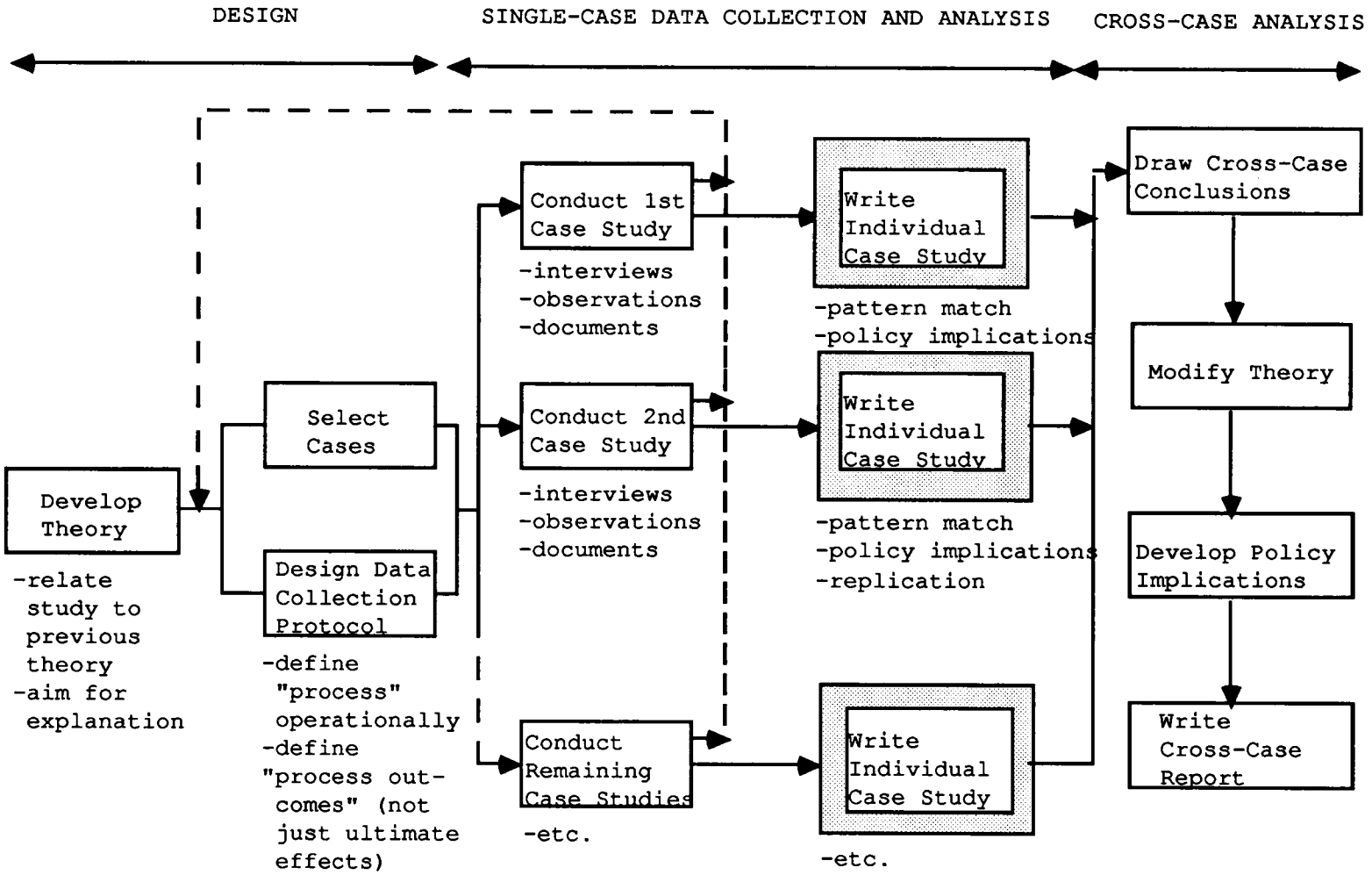


FIGURE 3.3
YIN'S CASE STUDY METHOD
Source: Yin R. K. Case Study Research: Design and Methods, Beverly Hills: Sage Publications, 1984, p.51.

3.5.2 Recording units

The recording unit (Krippendorff, 1980, p.58) consisted of thirty-minute taped interviews with selected managers. The content of the interview was made up of answers to questions from an unstructured interview:

> **For purposes of this study, managing competitive strategic change is defined as:**
>
> **Managers making changes in organizational systems, procedure, policies, practices, personnel, personnel skills, equipments, facilities, technologies, and etc., such as to improve continuously and/or discontinuously the competitive strategic posture of a business unit relative to its competitors.**

Questions:

What characteristics of this organization help such change efforts?

What characteristics of this organization hurt such change efforts?

What characteristics of this organization's managers help such change efforts?

What characteristics of this organization's managers hurt such change efforts?

What other things affect such change efforts?

What do you believe the managers of this organization perceive their jobs to be?

The limiting structure and scope of the interview questions required respondents to focus only on factors which they thought had an effect upon managers taking competitive strategic change actions. Further questions were limited to those of clarification and elaboration.

3.5.3 Context units

The context units (Krippendorff, 1980) chosen for this study were words, phrases, and/or ideas relating to the

variables of the initial model. Also included are any words, phrases, and/or ideas that suggested the existence of other variables which might suggest the influence the management of competitive strategic change on managers.

3.5.4 Data collection, processing, and analysis

Seventy managers from the four selected business units were interviewed beginning in the last week of May 1988 and ending in mid August 1988. The complement of managers consisted of:

PRIIG - 4 policy managers
7 middle managers
7 supervisory managers
PRICG - 4 policy managers
8 middle managers
9 supervisory managers
PUBCG - 5 policy managers
6 middle managers
7 supervisory managers
PUBIG - 4 policy managers
5 middle managers
4 supervisory managers

A week was spent at each business unit during which the interviews were conducted. The short time span of the interviewing process reduced the chance of organizational/ subject history affects.

Each tape recorded interview was transcribed. The written text was then studied to determine portions that suggested variables which managers thought affected the management of business unit competitive strategic change. These portions, consisting of words, phrases, and/or ideas, were then highlighted in colored pen. Every highlighted portion of text was coded according to whether its contents referred to one of the initial model variables, i.e., organizational culture, organizational design, individual

role perception, individual competence. No attempt was made to separate the frequencies of occurrence of the "other" variables (i.e., those not classified as one of the four variables in the model); their collective frequency was simply recorded.

The total occurrences of words, phrases, and/or ideas of variables in the seventy transcripts were determined, except in the case of the other variables, which were treated collectively as a group. These totals were used in calculating the relative frequency of the initial "integrated" model variables as well as the cumulative relative frequency of "other" variables.

Raw data sheets and calculations were recorded. See Figure 3.4 as an example of how interview transcripts are recorded, studied, and highlighted. Out of the 51 selected portions of text (in the case of PM2), 12 were judged to pertain to organizational culture, 17 to organizational design, 9 to individual role perception, 9 to individual competence, and 4 to other variables. Dividing these frequencies of occurrence by 51, relative frequencies of .23, .33, .17, .18 and .08, respectively, were calculated.

The calculation of relative frequencies provided a method for normalization. It was useful in controlling differences in the number of items mentioned by managers (i.e., not all managers talked for 30 minutes, some managers spoke more rapidly than others, others were pensive and slow, others were intimidated and hesitant).

These relative frequencies were the basic data used in the statistical analyses in comparing specific variables response frequencies across organizational ownership types (private/public), type of good (consumer/industrial), and across aggregated managerial levels (i.e., all policy managers from the four business units, all middle managers from the four business units, and all supervisory managers from the four business units).

PRIIG

N=18: PM=4
MM=7
SM=7

REL. FREQ. OF OCCURENCE
BY
VARIABLE

	CULTURE	ORG.DESGN.	ROLE PRCPT.	COMP.	OTHER	TOTAL OCCURENCES
POLICY MANAGER 1	.32	.45	.06	.06	.10	31
POLICY MANAGER 2	.23	.33	.17	.18	.08	51
POLICY MANAGER 3	.23	.56	.04	.13		
POLICY MANAGER 4						
MEAN REL.FREQ.	.25					
MIDDLE MANAGER 1						
MIDDLE MANAGER 2						
MIDDLE MANAGER 3						
MIDDLE MANAGER 4						
MIDDLE MANAGER 5						
MIDDLE MANAGER 6						
MIDDLE MANAGER 7						
MEAN REL.FREQ.	.16					
SUPR. MANAGER 1						
SUPR. MANAGER 2						
SUPR. MANAGER 3						
SUPR. MANAGER 4						
SUPR. MANAGER 5						
SUPR. MANAGER 6						
SUPR. MANAGER 7						
MEAN REL.FREQ.	.15					
GRAND MEAN REL.FREQ	.19					

PUBCG

PRICG

PUBIG

FIGURE 3.4
RAW DATA SHEET SAMPLE

To reduce bias, interrater reliability tests were conducted. Two raters who had working knowledge of strategic management, organizational theory, and general management were selected. They were individually instructed for approximately 20 minutes, then each one was given identical copies of the subjects' transcripts, which were highlighted. These raters were asked to classify the highlighted portions into organizational culture, organizational design, individual role perception, individual competence, or other variables. Kappa analyses were conducted with results ranging from .65 to .72.

The content analysis also provided a basis in testing the preliminary propositions. The relative frequencies of words, phrases, and/or ideas referring to the categories of initial independent were recorded across all respondents in each of the three management groups. This was done for all four of the business units (the larger sampling unit) as well. Statistical tests (MANOVA) were conducted across business units by types of ownership and goods or between levels of managers (ANOVA) to determine if there were differences in the relative frequencies of the variables. The latter was accomplished by using all responses of all respondents by levels in order to achieve as large a sample as possible.

3.6 Delimitations

To contribute to the understanding of the phenomenon and gain familiarity with it, certain research design decisions were made that represented shortcomings and limitations:

- Business units were not selected at random.
- Subjects (managers) were not randomly selected within the business units.
- Because the managers used were a stratified sample from the four units, the ability to generalize results was limited.
- The subject sample size was reasonable, but the

context and the business units' profiles limited the variable of the degree of ownership and type of good.

- All units were manufacturing units.
- All units were American.
- The operational descriptions of constructs used needed further refinement.

The design selected considered each of these factors. The final selection was justified on the basis of the dearth of any prior research. With so little knowledge, it was very premature to legitimize any inference. As Wallace (1983) suggested, any hypothesis testing would be premature.

The choice of design placed priority on understanding the aspects of the phenomenon within four settings. This mandated the stratification sampling of managers of only a limited number of units rather than a stratified sample across a random selection of units. The selected stratified sample of managers within the selected units was targeted to capture significant policy, middle, and supervisory managers as subjects. This was done in order to gain an appreciation for the consistency or inconsistency of views across management levels. Managerial groups within the three levels of the units were roughly equivalent in responsibilities. This design scheme allowed reasonable cross-case qualitative and quantitative comparisons. Qualitative comments and commentary provided reasonable insight into issues and perceived influential variables.

CHAPTER IV

CASE REPORTS

4.1 Introduction

The objectives of this chapter were fourfold:

- To analyze and present the frequencies of occurrence of words, phrases and/or ideas of managers relating to factors(variables) which might influence the management of competitive strategic change actions.
- To identify any potential variables in building and clarifying an "integrated model" of independent variables which might affect the management of competitive strategic change actions.
- To share selected responses pertaining to these variables to give the reader a feel for managers' views, attitudes, perceptions, issues, apprehensions, observations, and perspectives.
- To share patterns (similarities and differences) observed: (1) within the business units types across management strata; and (2) across the four sets of organizational managers.

This chapter contains individual case reports of respondents in four American manufacturing business units. Excerpts from respondents' comments were quoted as closely to the actual comments as clarity would permit. In integrating and presenting the sorted comments and assisting the transitions between managers, managerial levels and/or various facets of the selected topics, a minimum of commentary was included. Where necessary, bracketed [ ] supplements were added to assist the ease of understanding and/or protect the anonymity of the managers and their organizations.

The selected comments were neither comprehensive nor exhaustive. Those chosen were screened on the basis of a criterion, which was to present dominant themes and typical

reflections pertaining to those themes across the three levels of organizational managers within the four organizations.

Lastly, the lack of specificity of some operational differentiations and the resulting ambiguities across categorized variables may cause reviewers to question whether specific comments are relevant to only a single variable. This is just one of the many pieces of evidence which highlights the lack of understanding of the phenomenon being studied.

4.2 CASE A: A Privately-Held Industrial Goods Manufacturer (PRIIG)

4.2.1 Context

Established by a family at the beginning of the century, this business unit has remained a family-owned company. Its products are mainly derived from raw metal which is cast processed, formed, and in some cases, machined into mechanical parts. These parts and other materials are assembled into finished goods, which service both consumer and industrial markets.

Located in a "steel" town, the company has taken on much of the same characteristics of mining corporations. Described as "paternal" by its managers, the company has instilled in its people an extraordinary sense of loyalty. "You take care of the company and the company takes care of you" was a common thought. The company had always taken pride in the quality of its products and the craftsmen who produced them. Until recently, no salaried person had ever been laid off.

Until the beginning of the eighties, growth and profitability were sufficient to support the corporation and it people. The late seventies and early eighties brought threats to the corporation and its business unit. No longer the "small business" of the thirties, forties, and fifties, the company found new challenges and challengers. Domestic

competition grew; foreign competitors posed the threat of imported products; inflation accelerated; governmental regulation and social legislation increased; markets softened; sales dropped; cost rose, profits waxed, waned, then vanished.

In the early eighties, the organizational leaders decided that they had to reduce costs. To do so, they had to streamline operations. Cost reduction efforts inevitably led to the release of people, including salaried employees. Hard times had to be met with tough management decisions. Though necessary, these decisions and actions were viewed as an unpleasant and negative beginning of a new organizational era. Jobs were no longer secure. Standards of performance were changing. Values, philosophies, past assumptions, practices and leadership of the business began to change. The so-called culture, which had been stable for so long, began to change gradually.

By the mid eighties, significant operational changes appeared. More information was shared with personnel throughout the organization. This was a dramatic change because information concerning the economic performance of the business had been closely held by the owners for the first seventy years of its existence. New views on decision making and decision levels in the organization were developed. Profit sharing was introduced to managerial members. The idea was that this would provide an incentive to managers, hopefully leading to improvement in operational performance.

In the last two years the company has recovered its financial stability. With the upswing in the U.S. economy, the weakening of the U.S. dollar, legal actions to prevent foreign competitors from "dumping" in the U.S. market, and an increase in sales resulting from a long strike at a competitors plant, the company has returned to profitability. It is currently considering expansion. With increased

orders, rising sales, and heavy demands upon production, the management is pressing for production volume. Ironically, managers who are currently preoccupied with production output volume and short-term income (driven by profit sharing incentives) find it hard to turn their attention to strategic improvement.

4.3 Case statistics

A group of eighteen managers were interviewed at PRIIG. Four were policy managers, seven were middle managers, and seven were supervisory managers The data shown in Table 4.1 includes the absolute frequency and the relative frequency of the four initial variables and those classified as "other". Figure 4.1 depicts the mean relative frequencies of managerial respondents' words, phrases, and/or ideas as a percentage of all PRIIG responses relating to potential factors which might affect the management of competitive strategic change. The mean relative frequencies were .17 for organizational culture; .52 for organizational design; .12 for individual manager role perception; .13 for individual manager competence; and .06 for all other variables mentioned.

4.4 DISCUSSION: Organizational culture: Comments and commentary

4.4.1 Introduction

Organizational culture conceptualized by Schein (1985) consisted of:

> The pattern of basic assumptions--invented, discovered, or developed by a given group as it learns to cope with its problems of external adaptations and internal integration that has worked well enough, therefore, to be taught to new members as the correct way to perceive, think, and feel in relation to these problems (p.8).

TABLE 4.1
PRIIG RAW DATA

PRIIG
N=18: PM=4
MM=7
SM=7

RELATIVE FREQUENCY
BY VARIABLE BY SUBJECT

	CULTURE	ORG.DESGN.	ROLEPRCPT.	COMP.	OTHER	TOTAL OCCUR.
PM1	.32	.45	.06	.06	.10	31
PM2	.23	.33	.17	.18	.08	51
PM3	23	.56	.04	.13	.04	23
PM4	.24	.48	.09	.15	.03	33
MEAN REL.FREQ.	.25	.45	.10	.13	.06	--
MM1	.25	.31	.31	.13	.00	16
MM2	.05	.84	.05	.00	.05	19
MM3	.24	.57	.10	.10	.00	21
MM4	.21	.52	.11	.05	.11	19
MM5	.13	.75	.08	.00	.04	24
MM6	.23	.46	.23	.23	.00	13
MM7	.00	.42	.05	.36	.16	19
MEAN REL.FREQ.	.16	.55	.13	.10	.06	--
SM1	.23	.61	.08	.08	.00	13
SM2	.16	.60	.12	.04	.08	25
SM3	.19	.31	.19	.19	.13	16
SM4	.12	.47	.12	.29	.00	17
SM5	.13	.61	.09	.13	.04	23
SM6	.11	.61	.12	.15	.08	26
SM7	.14	.43	.14	.24	.05	21
MEAN REL.FREQ.	.15	.52	.12	.16	.05	
GRAND MEAN REL. FREQ.	.17	.52	.12	.13	.06	

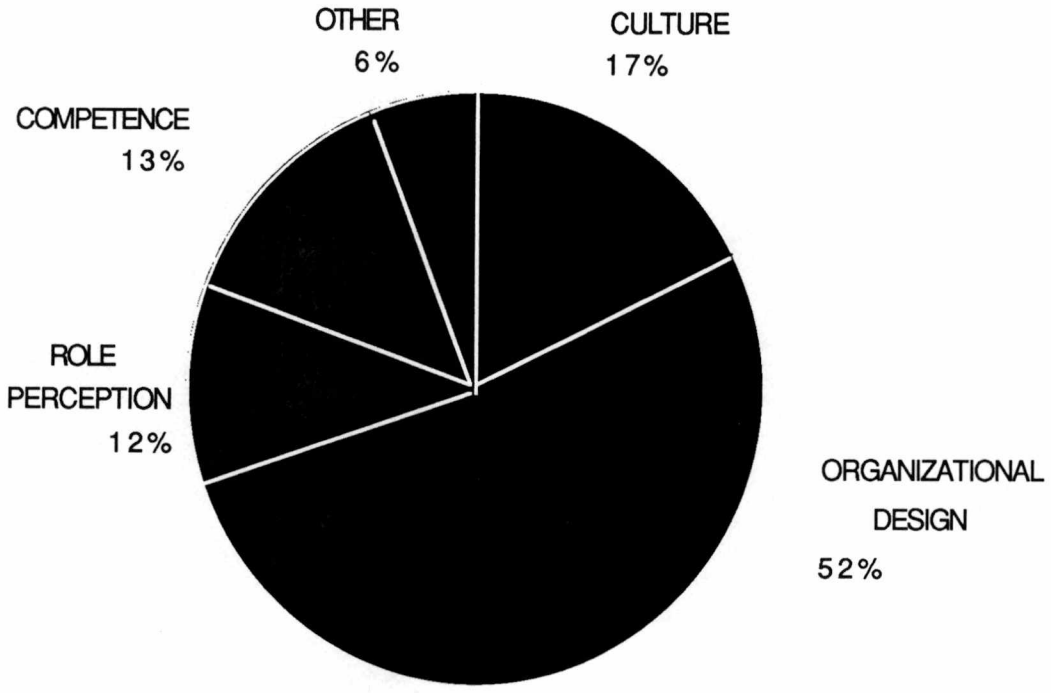


FIGURE 4.1
MEAN RELATIVE FREQUENCY
OF ALL VARIABLES
AS A PERCENTAGE OF ALL
PRIIG MANAGERIAL RESPONSES
N=18

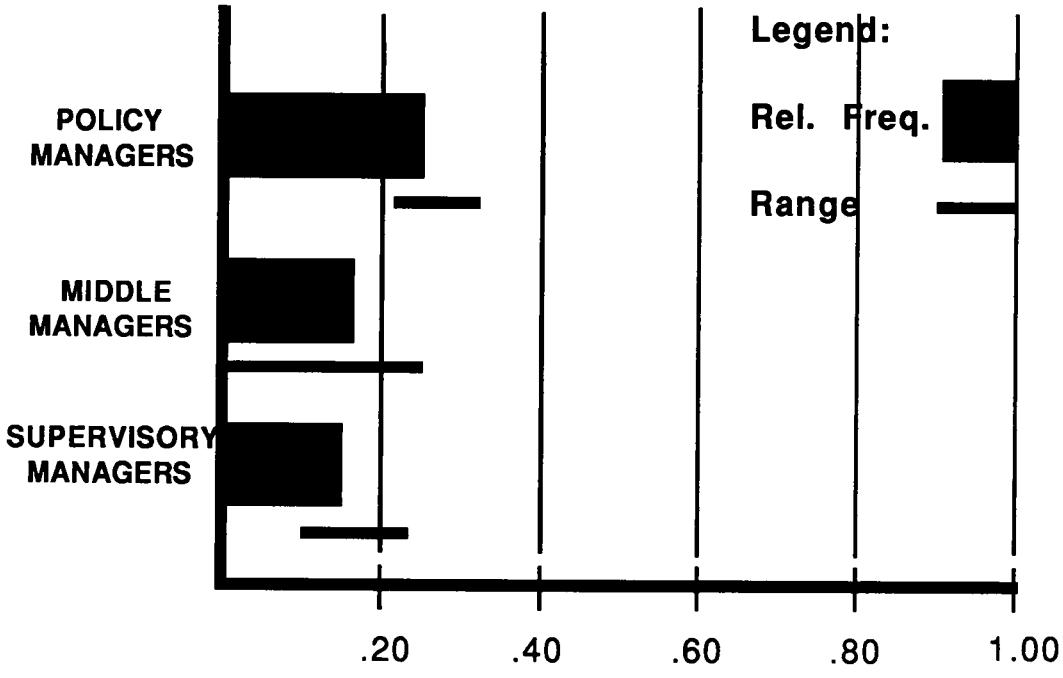


FIGURE 4.2
PRIIG
ORGANIZATIONAL CULTURE

Figure 4.2 depicts the mean relative frequencies of words, phrases and/or ideas relating to organizational culture. The graph shows the mean frequency and range by level of management within PRIIG. The averages of policy managers' organizational culture words, phrases, and/or ideas consisted of .25 (range .22-.32); middle managers' consisted of .16 (range 0-.25); supervisory managers' were .15 (range .11-.23).

The following comments and commentary describe the patterns developed by PRIIG to cope successfully with external adaptation and internal integration. According to the comments, some "tried and true" past patterns have become suspect in light of the recent changes in business, social, economic, political, and technological environments. The business unit has been struggling with the selection of new patterns and the adjustment and/or elimination of old patterns.

4.4.2 Policy managers

> Traditionally, over the years, [PRIIG] has been a paternalistic organization, like a company store. There are a lot of store companies in [the area]. It is like a textile mill town, or has been, and the deal is that you come to work for PRIIG and you take care of them and they take care of you.

This typified the attitude of submissiveness of most managers toward their organizational leadership. One policy manager's comments provided a clue of historical organizational power and control characteristics:

> We are a little laid back. We call it conservatism, but I think that maybe it is somewhat of a habit or an excuse for not getting off our rear ends as managers and doing. It is the way we operate around here. If they [referring to top management] really want something done, they will tell us: 'Big daddy! Big daddy! We have always had big daddy!' During most of the history of the company, [it] must have carried down from

> grandfather to the grandson. It is all the way through. There is no question about who runs the company.

Business success reinforced the pattern of continued centralization of authority which might affect the management of competitive strategic change.

> In our organization, we come from a closely-held group [referring to the senior management of the business], who were fortunate over the years to have done well. Some of it has been luck, some of it has been hard work, and they persevered. Their strong suit is preserving and hanging tough; their strong suit is not inventing a new something.

Success seemed to have promoted a concentration of organizational power in a very select group of senior managers.

> Those who are in the rank and file are maybe the victims of [those] who preceded them. Oh, yes, I think there is no doubt of that. The boss had a definite way of doing things.

In characterizing the "bosses," one policy manager stated:

> We have had folks in the [senior managers positions] who dictated, 'You do this and you do that,' who would stay on the floor all day long and point out people's shortcomings, rather than say, 'Hey [middle managers], you've got a problem--fix it! Make the decisions [yourselves].' In return, we expected our people to work everyday and be here. We [senior managers] expected our people [subordinate managers] to be friendly and nice and smile. [Our attitude was] you don't have to do your job, no responsibility, just run your unit down there, be happy-go-lucky. We didn't hold them accountable.
>
> For years the focus of the senior management has been production. Make a good product. Produce and sell what is produced. I think we have been just like a public company. We have been short-term oriented. Really short-term oriented. God knows, we have got to know where we were last month. We beat these numbers to death.

The new upper management view of subordinate managers disclosed new expectations--expectations which were not necessarily those of previous senior managers who "came up in a different generation." The new view was:

> They [the subordinate managers] are so brilliantly conservative. Part of this has to do with our culture, in the past, and us keeping these guys and saying: 'Hey, fellow you're doing just what we want you to. I'm rating you a 4, [on a scale of 1 to 4 where 4 is the highest], I'm going to give you a big raise. I want you to perform next year just like you did this year, which was mediocre [if the truth be known]. He didn't make waves.
>
> I think our culture has really nailed us in the past. We have made money in spite of it. We didn't have to use initiative [managerial initiative]....we have taken care of these guys [managers at all levels] and we have patted them on the back every time they burped and every time they got their feelings hurt; we had someone from human resources, we had a patriarch who would go around and say: 'Cool it now, everything is going to be all right. I'll take care of these problems;' and darn if our folks [managers] don't expect that still. In our day when we [policy management] say: 'Look fellow, you have a job to do, get out there and figure out how to cut your cost and do this [and that] and they [the subordinate managers] say: 'Looky here, I've been here for 25 years, I can hold on for another few years [without doing anything different].'

Foreign competition and national economics in the late seventies and early eighties dampened the success of the business. The culture began to change. Consistent with the new view was the the theme of dealing with the sharing of business performance information:

> In this [family-owned organization] up until, I'd say about 5 years ago, everything was kept right here [gesture: close to chest]. So if [in the past, as a manager in the old culture] I didn't know what is going on--'How the hell can I...what can I do?'...And I guess we [this organization] started the process of loosening up in the early

> eighties. But it is a very gradual thing. I'm sure the last generation of [owners] are probably rolling over [in their graves] because of the way things are done now.

The difficulty of managing cultural change was perhaps best described by one policy manager's comment:

> Someone has said that what you always have done is always an impediment to change. Many people get comfortable with the way things are and they don't want to change. And of course, there is another thing too, there just aren't a lot of people that are going to take off and create change. Unless they are driven to it.

But change has begun:

> I think the organization has come one hell of a long way from an absolute authoritarian-type situation. Some people think we have gone too far. [They say]: 'Hell, the only way of getting something done is to have somebody say something and get it done, period!'
>
> But one person ain't going to get it done, that's all there is to it. You've got to get everybody to follow you. It's that simple.

4.4.3 Middle managers

Middle managers confirmed the influence of past organizational assumptions, values, and operations on manager's behaviors:

> I think this thing of privately-owned companies makes it real difficult because so much of our information in the past has been super confidential. But in the last few years, I'd say in the last 4 years, we [management] started providing pertinent information down to the line level and I think that has been so helpful. That way they [subordinate managers] know exactly how we are doing and can say, 'Oh, yes, we're in trouble.' Whereas before, they would see the movement of goods only, and as long as a certain number of goods were going through, they would think that the company was making money, hand over fist; therefore, they were not as bent on making improvements. Now that certain information is being disseminated down through the middle manager's and supervisor's level, they can truly

> say that the ox is in the ditch and say 'I've got to do something.'

New information is now being passed on to lower level managers. The senior managers are soliciting participation from subordinate managers:

> ...[the senior management is saying]: 'Please do something on your own for God's sake! This is heaven, brother! If you make a mistake, well, o.k. but let's learn from the mistakes, but let's don't just leave the damn thing [alone]--let's go on!'

Despite these exhortations, at least one middle manager's perception of participation was cynical:

> I don't know if there's anything one can do, even if they really wanted to. I don't think we have constraints on them organizationally, I don't know--maybe the culture is too conservative. The managers may be sticking their necks out too far [attempting] to make some productivity gains. I don't know whether [that characteristic] is theirs as individuals or due to certain cultures. But that is pretty much the reaction. Very few managers start much on their own--that is really different--that is going in a new direction.
>
> We still have a lot of managers internally who say: 'I'll do whatever you say,' They'll do whatever comes down from above, whatever that is, rather than decide what they need [to do] for themselves and do it.

4.4.4 Supervisory managers

Although change was occurring in the organizational culture, the inertia of the past remained:

> Our corporate culture, as such, is that we are an old manufacturer. I think each company has its own culture; what it does for the community and how it looks out for its managers and employees.

It appeared that in some cases, a rigid fixed culture bred comfort:

> The lack of wanting to change, in some managers, may be [that] they had to fit in their niche and say: 'Well, if I leave well enough alone,

> I've got my retirement, I'm secure, because we are a very secure company as far as security is concerned. And, ah, like I say, they're afraid to manage change.
>
> We changed our whole management philosophy here, quite a few years ago, and I'm trying to relate that to what is going on here and in doing that we find that there are a lot of managers here who came up in manufacturing. We're in the family. We're in the manufacturing business...and [then] there was an old boss theory. We had some people who had been under that [old boss theory] for 20 or 30 years and it was very hard for them to change to a different type of philosophy in the work place.

The amount of inertia was best described by the comment of one supervisor:

> Our corporate culture is such that we as managers by and large think alike.

Some supervisory managers still perceived and/or struggled with the residual culture inertia of managers to whom they reported:

> There's only so much he [a supervisory manager] can do to influence those people [policy managers] especially those above them. Those people in high positions have to realize the changes that they've got to make as well as others. They've got to see that there is value in advice, in other's expertise and get on with it because, here again, they're the leaders. They're the ones who are up there. They're the ones that have to make that happen. We can only go so far at our level and it runs into "buts;" [or] into one of these old conventions, and [runs into] the old ways of doing things here; that's still coming from [policy managers]....That has repercussions all the way through. It's a real dilemma.

A first line supervisor remarked in discussing budget performance:

> If you're making money on budget, you're making money for the man.

4.4.5 Within case conclusions: Culture

There were a set of cultural themes which appeared to be consistent within PRIIG managers' comments. These were considered as factors of culture. They may be classified as:

- Business history
- Organizational member relations
- Power/Authority
- Submission/Subservience
- Proactive/Reactive

Business history

Because they have managed to cope with various situations in the past, mature business units with a history of survival and success may hold a false sense of invincibility and security. Such complacency may contribute to organizational inertia, which may deter strategic change.

Organizational member relations

The tacit or explicit relations within a business unit may influence managerial behavior and strategic change. Managers of PRIIG describe their relationship to their unit as one of child and parent. The unit's leadership culture is seen as paternalistic. "Father knows best" and "I do what I'm told" are predominant attitudes in personnel relations. History and organizational practice has demonstrated the "company" takes care of its people.

Power/Authority

Distribution of power and authority affect strategic change. PRIIG was characterized as a closely-held company. Decisions were made by a small group at the top, and lower level managers believed that their seniors saw little value in the thoughts and advice of subordinates.

Submission/Subservience

The combination of societal relations and distribution of power and authority may result in an attitude of submission and subservience on the part of some

organizational management members. Managers reported a reluctance to initiate; they saw risk in acting beyond what they considered was their bound of duty. The more resigned choose to do only what they were told.

Proactive/Reactive

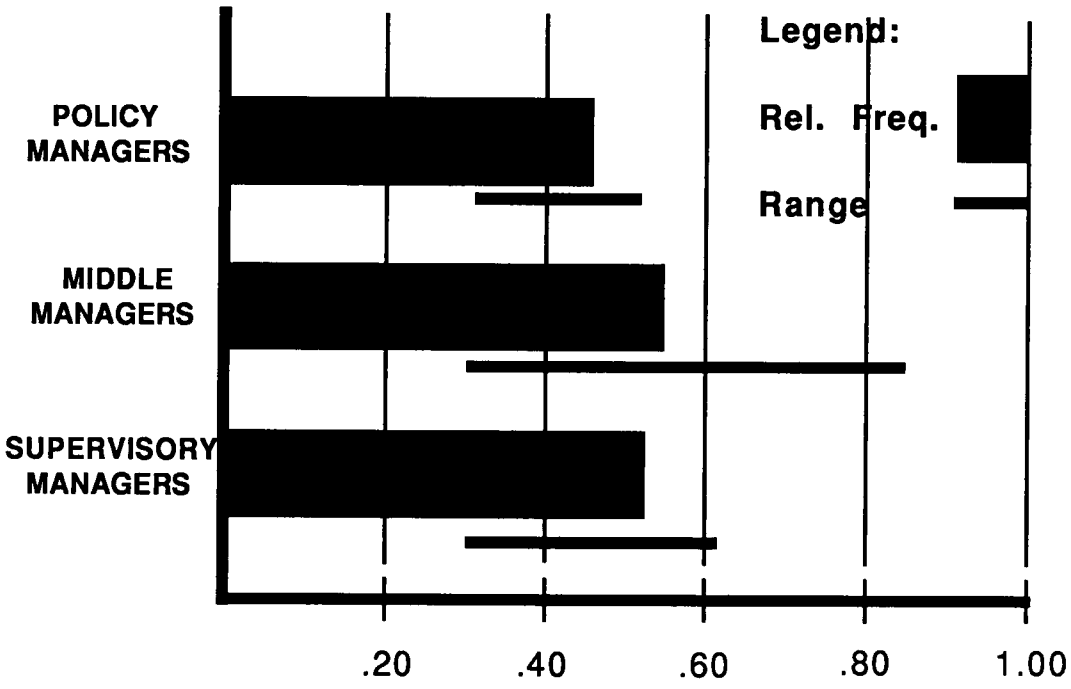
Complacency appeared to have resulted from prior organizational success: "The old ways have faired us well, so why change?" In general, there was neither the desire nor inclination to initiate change. The tendencies tend to make the organizational delayed reactive as compared to anticipatorily proactive. Each of these factors may play a part in enhancing or inhibiting the management of competitive strategic change.

4.5 DISCUSSION: Organizational design: Comments and commentary

4.5.1 Introduction

It was not surprising that all the elements of Galbraith's and Kazanjian's (1978) model of organizational design were mentioned, in one form or another, in the managerial responses. A review of the mean frequencies of responses in the category of organization design for the three levels of managers within PRIIG approached 50 percent. Although organizational design rates much higher on the average than the other influential variables, it may be an artifact. This could have resulted from the popular descriptions of design organizational elements by Peters (1982), Galbraith and Kazanjian (1978), and others. Similar elaborations do not exist for organizational culture, individual role perception, individual competence, and other variables.

Figure 4.3 indicates the mean relative frequencies of occurrence of words, phrases, and/or ideas by manageriallevel relating to organizational design. The graph shows the mean



MEAN RELATIVE FREQUENCY AS A PERCENTAGE OF ALL OCCURRENCES AND RANGE

FIGURE 4.3
PRIIG
ORGANIZATIONAL DESIGN

frequencies by level of management within PRIIG. It depicts mean relative frequencies of .45 (range .33-.56), .55 (range .31-.61) and .52 (range .09-.19) for policy, middle, and supervisory managers, respectively.

Comments pertaining to any one element of the Galbraith and Kazanjian model justified consideration of organizational design as an independent variable worthy of inclusion in an integrated model. Table 4.2 depicts the frequencies of occurrence for the five primary elements--task, structure, information/decision processes, reward and people--of the Galbraith and Kazanjian model across the three levels of management. Three elements with the highest frequencies of occurrence were (1) people (approximately .15), (2) reward (approximately .18), and (3) decision/information processing (approximately .10).

Although it may at first appear contradictory, the element with the lowest frequency, organizational information and decision processing, was chosen for the PRIIG organizational design discussion. The rationale backing this selection was that this element was considered particularly pertinent in light of the cultural power and control characteristics currently under consideration and adjusted by the business unit's management.

4.5.2 Policy managers

The frustration of policy managers in delegating responsibility and authority to lower level managers for business decisions are reflected in the comments of one policy manager:

> They all need to get in there and decide. I have been through two guys, expecting them to be my successor, neither which I could break out of this [attitude]: 'Whatever you want, that's what you'll get.'

TABLE 4.2
PRIIG
RELATIVE FREQUENCY OF OCCURRENCE OF ORGANIZATION DESIGN BY MANAGEMENT LEVEL

Managerial Levels	Galbraith and Kazanjian's Organizational Design elements					
	TASK	**PEOPLE**	**REWARD**	**DEC./INFO.**	**STRUCT.**	**TOTAL**
POLICY MANAGERS	.02	.14	.15	.11	.01	.43
MIDDLE MANAGERS	.11	.14	.21	.10	.01	.57
SUPERVISORY MANAGERS	.06	.17	.18	.10	.01	.52
AVERAGE REL. FREQ. INCLUDING ALL LEVELS	.06	.15	.18	.10	.01	.50

An organizational history of closely-held information and decision processes caused the middle and supervisory managers to still feel the need of including their seniors in the decision-making process. As reported by one policy manager, the subordinates felt compelled to have senior participation:

> ...Well, you need to come and get informed. With the response of the senior [who is] attempting to delegate [decision making], 'And so, I'll get there, get informed and [then] I'll just get up and leave. As I say, it has almost gotten to the point of my shirking my responsibility sometimes in an effort to force it [the decision making] down.'

In the past, the majority of the organization's decisions were made and drafted by the top management. For decades, this had been the typical behavior. Because the middle management was not experienced in using business information to make business decisions, attempts in delegating decision making met with organizational deficiencies.

> We try to espouse a philosophy of delegating it down to where a guy's got the facts, to where he can make a decision. The thing that I find that is missing in most people--is the understanding of financial return, return on investment, the accounting, the normal functions upon which you make [base] a decision. A business decision! So, we have not had managers who were trained to make business decisions. They make personal decisions more than business decisions and dump the business decisions up to the top.

The senior manager here may be a victim of predecessors who drafted or grabbed the decisions and decision making process from subordinate managers. The subordinates' ability to decide may have atrophied or never developed as a result.

> The information and decision-making process is in transition:
>
> ...and one of our problems is that we got to get our information in such a shape that the people [managers] are competent to use them and do what it

says instead of what the initial reaction normally is.

Despite the gradual shift in the last 5 years from withholding information to desiring the subordinate manager's participation, the subordinate's weakness in decision making could well be the foundation for the frustration exhibited by some policy managers:

> We have babied our people and treated our managers as first line supervisors. We have not expected them to make decisions.

The change in process could well be considered dramatic. Listen to this perspective:

> I think the profession of management has changed from when, for 20 years, the first line supervisor did exactly as he was told. Not all of what we called our middle managers were far removed from that ["that," being having been told what to do] either. The only thing they had to worry about was to get the product out.

4.5.3 Middle managers

The change in the information system is recognized by the middle managers:

> This company was a guarded, closed-door type of operation, and they did not give out very much information. Now you almost could say that they've turned it backwards and they really are trying to make people aware of things.

It is one thing to provide information, it is quite another to change behaviors. It sometimes takes years to reconstitute an organization's culture or design. This is best illustrated by a middle manager's comment:

> ...we have said here that we are big supporters of participative management. Bullshit, this is [still] a very centralized organization, in my opinion. So really, it is just the reverse of that; we say we want decisions made at the lowest level, I don't believe that is necessarily so.

It will take time, education, and consistent new behaviors to convince these doubters. Even after years of working at changing the decision system, the attitude of subservience remains.

> We still have a lot of managers of a mind: 'I'll do whatever you [senior management] say.' They'll do whatever comes down from above, whatever it is, rather than decide what they need to do for themselves and do it.

The views of middle managers varied according to personal organizational experience. A younger manager with only a few years with the business offered:

> A lot of people, for 20 to 25 years, have been told exactly what to do. They stood by the whole time [waiting to be told]. But now you're [middle managers] getting responsibility to do things and you've got [to personally accept] that responsibility.

4.5.4 Supervisory managers

Information represents inclusion for many:

> We're getting more information--you know, corporate information. I can remember when I started. I had no idea what sales were per week. That was something that wasn't shared. We're [supervisory managers] becoming more a part of the corporation, we feel more important as an important part of the corporation, and it's up to us as managers to communicate this to the supervisors so they might think that they're a vital part of the corporation [too].

But even at this level, there remained residuals from the past. Information without the potential to enforce action may be of limited value:

> You had too many managers [higher managers] making decisions, getting involved in things that were actually first line level. In many cases, our first line line supervisors have been looked on as technicians or the [as] best machine operators. We had them down there solving those little problems on the machines and really the manager was running into problems going from a management to being a

> problem solver. So, therefore, the managers were operating at too low a level. Your first line supervisor was operating at too low a level and everyone from the vice president on down was actually operating at too low a level and that is something we still have a problem with and many people are struggling.
>
> But that has been too much of a norm throughout the years, supervisors felt like, to get anything done, they had to get their managers involved, and really, it shouldn't have been that way. But that's the way, the way they were brought up in this organization.

There can be no question that organizational design, established implicitly or explicitly, influenced the behavior of managers.

4.5.5 Within case conclusions: Organizational design

Views of PRIIG managers concerning the decision/ information process showed both differences and similarities. There was agreement that more information was being provided to all managerial levels than ever before. That was considered to be positive. However, it was not seen as having neither the appropriate nor similar impact and purpose.

Policy managers desired increased participation by subordinate managers in decision-making and organizational performance improvement actions. Middle managers doubted the real desire of their seniors based on their perceptions of the continuing behaviors of the seniors. Lastly, although the supervisory managers felt that it was nice to be informed and saw this new information as an expression of inclusion, how they were to use the information remained a question.

4.6 DISCUSSION: Individual role perception: Comments and commentary

4.6.1 Introduction

Graen (1976) defined role-making processes within complex organizations:

> Role-making systems are those processes whereby participants in the organization:
> (a) acquire knowledge about the content of the constraints and demands placed upon his behavior and the sources of these constraints and demands,
> (b) receives and sends persuasive communications regarding his behavior in the role,
> (c) accepts a particular pattern of behavior, and
> (d) modifies this pattern over time (p.1201).

Therefore, role perception is the result of an interactive organizational process which is resolved through bilateral communications. Particular patterns of behavior determine what constitutes one's role perception. The reported perceptions of the PRIIG manager's role, particularly in light of the management of strategic competitive change, prove to be worth consideration.

Figure 4.4 depicts the mean frequencies of words, phrases, and/or ideas relating to managerial role perception, and the graph shows the mean frequency of role perception in the three levels of management within PRIIG. Policy manager's, middle manager's and supervisory manager's frequencies of occurrence of words, phrases, and /or ideas, relating to role perception were .10 (range .04-.17), .125 (range 0-.31), and .12 (range .08-.19), respectively.

4.6.2 Policy managers

When asked "What do managers within PRIIG perceived their jobs to be?" one policy manager responded:

> We have been discussing this of late. We found that we really don't know. I think a lot of managers really don't know what their job is. They say they're here to make thousands of [units]. They don't say they're here to cut costs, to be competitive, to cut production change over time. They don't speak in those terms. Well, [I think] we're here to be profitable. [Forget]: 'I'm here to get tons (of units) out.' Screw tons--that don't have anything to do with it, we're too tons-oriented here...I don't think there is a clear definition [of managers jobs].

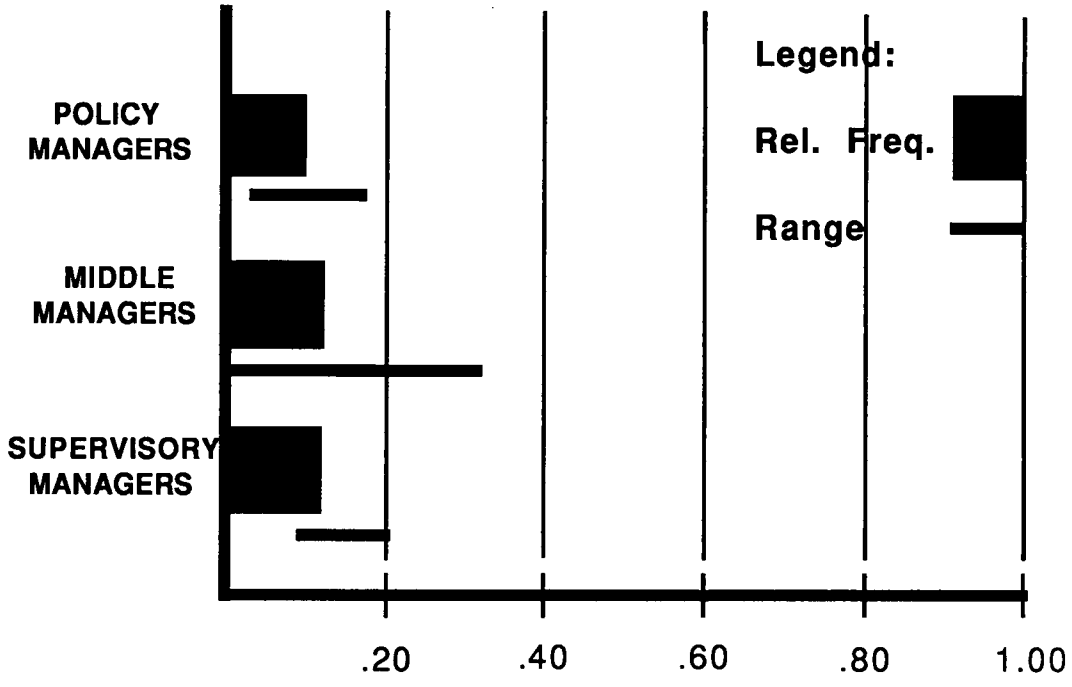


FIGURE 4.4
PRIIG
INDIVIDUAL ROLE PERCEPTION

In keeping with this production [tons]-orientation, another policy manager said:

> I think production people [managers] still view it as getting out [product on] the schedule. Some way, somehow, get it out the door. I think we're just beginning to reach the point where we are
>
> trying to tie in, what we really need to do--deliver on time and make customers happy.

Still another policy manager expressed exasperation when recalling the story of an equipment breakdown:

> Something broke down. Well, [the unit manager] got into his car and drove all the way to Tennessee, somewhere, to get a part, and drove all the way down here to get that machine going. The only problem was nobody was running the show while he was gone. And he got the purple heart for going beyond the call of duty. But anybody could have done that. Anybody could have gotten the part. The supervisor should have been here on the job, not staying up all night to get the part and the next day not being any good. Nobody was running the department. But he got more recognition and, ah, "bull ladle" and all the people talked about it [his deed].

In summary, it was believed:

> ...they [managers] get their recognition in getting it [machinery] running again. They haven't got their recognition from preventing it from breaking down.

These diverse perspectives showed the discrepancy between what has been the managers' jobs for decades and what is currently desired to be the managers' jobs.

4.6.3 Middle managers

The middle managers' perceptions of what they either had communicated to them and/or what they patterned their jobs to be was found in many statements:

> You know, we've all got our jobs to do, day-to-day, to keep things running. A foundry man [manager]

> would say, 'I'm supposed to make molds and pour metal.' [A manager of machining] is going to tell you his job is to take castings we make here and we also purchase, and through various operations, transform these into finished parts,that are within certain tolerances, certain qualities, and that will go together readily.

Summing up this view, one middle manager said:

> I think that's basically what we get upstairs.

Yet, there was a view of one middle manager that complemented the new views of managers' jobs. It was quite different:

> Well, I think, in the last couple of years, we're trying to change ourselves from 'fire fighters and the fighting of fires' and handling crises to being planners and innovators. We need to find better ways to do what the customer wants done, instead of saying what we want or have to have. That's a big change that I see...

While some managers saw the recent reorientation as a big change, others who were younger and aggressive could not seem to reconcile what took place in the past:

> [I] can't believe that they [older organizational managers] could be satisfied with just 'fire fighting' and maintaining the status quo. I think a lot of people lack luster. They can't really mean that you just come in and just put in your hours and that's a good day's work! You just come in and maintain everything? I just have to maintain where you were and that's a good day's work. [Mockingly he said]: Well, asking me to improve something, whoa, that might be a big thing! I'd have to start using my head and stop doing all those all other things.

The old patterns were still active among the activities of the middle managers despite the changes desired by the policy group. But, these patterns are beginning to be challenged. Clarification and descriptions of the decision process appeared to be necessary if new behavior was desired.

4.6.4 Supervisory managers

If the middle managers' perceptions were diverse, those of the supervisory group were at best vague. When asked about the manager's job perception, one manager responded:

> Probably to, uh, do the best job that you can. Ah, make as good a quality product [as possible] in their respective area, that they are responsible for...ah, watching such things as safety, ah, scrap rates, things of this nature, on time meeting of schedules, ah, being up-to-date with the people that work in that department, knowing them, ah, having a little comradery with them.

Another responded:

> Well, I guess probably since we're talking about managers, one of the basic jobs is to meet people, manage people, manage company resources. Then of course we know the basic functions of a manager: that is to plan, direct, control and so forth. Beyond that, of course, it depends on how you fit into the organization, the assignment you have in terms of that particular function that you're in charge of.

Still another:

> There are many problems right now. For instance, I face what other managers face on a daily basis and we face today. We faced it this morning at 8:15. We could have corrected it by looking at improving performance of the area, but we didn't. We fill in, we take a little Dutch Boy approach with a hole in the dyke and we stick our thumb in there until the problem kind of goes away, a little bit, then we move on to the next problem. We don't really concentrate on any one single area that may require it, yet all of them require it. Sometimes I think we enjoy operating on a crises basis. We kind of--I don't know--if we get a thrill out of it, or maybe it's the only way we know to manage.

Not surprisingly, there were managers who had ideas of what was needed. Suggestions included:

> Talking out what one's role as a manager would be a definite help. Maybe taking a cross-section

> of 8 or 10 or 12 of the managers we have and implementing a program whereby we found out what our tasks are in the corporation, define our tasks, write your job description. What is your job description? What should you be doing? How does this benefit the company? What could benefit the company more? Then, getting us off-site, in about a week-long seminar, pumping up seminar, whatever it might be, a motivational seminar. If someone hasn't been challenged or motivated we tend to stagnate. I think we're individuals, we're humans. We all need to be challenged, we all need to be stimulated and we all need to be told that we're worth something.

What is significant about this recommendation is not necessarily its contents, but what might be missing organizationally. Perhaps the most progressive suggestion came as:

> I think the biggest thing that prevents us from taking action [strategic change action] is just ourselves. We don't have a sense of ownership or a sense of management identity or management responsibility and that prevents us from taking action. I think if we had this ownership idea, like this is mine and I'm supposed to do with it what is necessary to make the best contribution that I can; then we'd do it and say that is the management's responsibility; meaning not somebody higher. We tend to act only upon those things that filter down to us instead of making something [happen] at our level and making it go up.

There should be no question as to whether managerial role perception influences the management of competitive change actions.

4.5.5 Within case conclusions: Role perception

Three prime factors appeared in the role perception comments of PRIIG managers. They were identified as:

- Role ambiguity
- Role preference
- Required roles

Each may require attention in managing the managers of competitive strategic change.

Role ambiguity

"We don't know what our job is."

"It isn't clear."

"We need to meet to talk about it."

These comments were typical of managers, which suggested that their roles lack clarity and definition.

More modest were those who suggested "Do the best you can" and "most people, manage people and manage resources."

Role preference

Some managers' comments offered specifically what they thought should not be their roles and/or role limitations. Still others described what would be appropriate roles. In frustration, one manager suggested: "It's got to be more than just maintaining the status quo."

Required roles

Still other managers appeared to know and even willingly accept roles which included: (1) fighting fires (fixing what is broke), (2) solving problem, (3) doing the job, (4) keeping things running, (5) acting on what is filtered down, and (6) getting tons out.

The range of these factors suggested that role making, role taking and role management may not be well understood. These might require attention if the management of competitive strategic change is desired.

4.7 DISCUSSION: Individual competence: Comments and commentary

4.7.1 Introduction

Bandura (1977) defined efficacy (taken as synonymous with competency for purposes of this study) as "the conviction that one can successfully execute the behavior required to produce the outcomes." Comments by respondents dealing with ability, apprehension, confidence, lack of

knowledge, lack of skill, lack of experience, lack of education, and so forth were judged as relevant to managerial competence.

Figure 4.5 depicts the mean frequencies of occurrences of comments in competency. Across the three levels of management, responses of policy managers rated .13 (range .06-.18), middle managers .10 (range 0-.36), and supervisory managers .16 (range .08-.29).

4.7.2 Policy managers

> They don't act the way they should, and I think part of that is just a lack of intelligence or lack of management skills.

This comment came from one policy manager when he speculated on what helps or hinders the making of competitive strategic change. Speculation as to what was lacking in managers included:

> Missing in most of our people is the understanding of financial return, return on investment, the accounting, the normal functions upon which you make a decision. A business decision! [For some], "they have been through good engineering schools and they are good engineers, are doggone good foundry men, but if you try to delegate to them decisions based upon the return investment, or whether it's going to make a profit, or whatnot, they just don't have the necessary training.

Business management disciplines (e.g., accounting and finance) are not the only deficiencies. There are those who believe business education to be necessary, but not necessarily sufficient for organizational managers:

> There is one thing that affects people, that we don't have a lot of here but I see it, that's MBAs! It don't train you to get the job done. It don't do it. I know. I just spent the summer at Stanford, I learned a lot about finance and various things that are really helpful to me. But there ain't a S.O.B. there that told me how to get [a

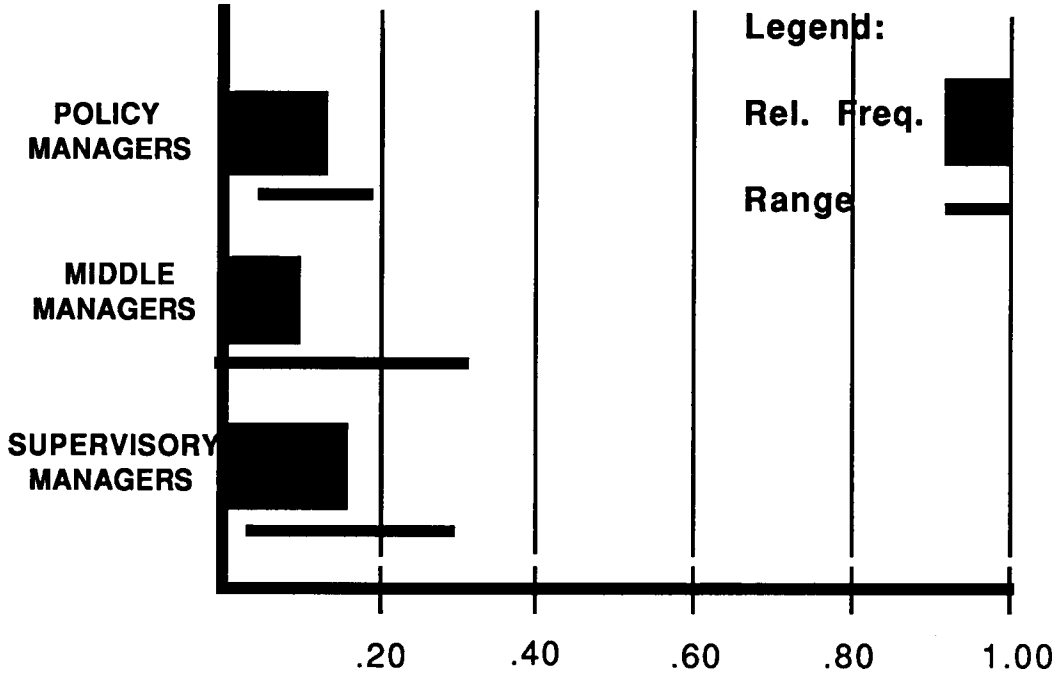


FIGURE 4.5
PRIIG
INDIVIDUAL COMPETENCE

> person] to work on Monday morning. You need to teach people skills and what this company has lacked is good people skills.

The specific competencies were buried in broad generalities:

> I think that the primary thing, I think, they need is intelligence, management, and leadership skills, whichever comes first or maybe they are the same thing, I don't know. And they need some technical ability also. We've got a lot of guys that have the technical ability because they have done the job.

There is little agreement among the policy managers on what portfolio of specific competencies managers need. But there is sufficient evidence to suggest that the competency of individual managers influence managerial behavior.

4.7.3 Middle managers

Policy managers concerned with their subordinates' competency can be recognized in a middle manager's comments:

> We are encouraged to attend seminars, educate ourselves, read, and stay current. So there's a lots of things that we're encouraged to do to improve ourselves.

But personal confidence remains an issue for some:

> How do I make the transition in thinking within the organization? You know it [managing strategic change] sounds great and I believe in it but I'm struggling with how to accomplish it. This [organization] is [like] a big barge and it's slow to turn. I've been doing the same thing for 30 years, 35 years, whatever. So I'm slowly trying to change, I don't care how fast you want to do something, you don't always have the knowledge and skill to work with or to do it.

However, questions of competence do not imply a lack of willingness to learn and thereby become skilled. One middle manager reflected on the new use of statistical process control within this organization:

> ...we're just getting to the point, I think, of knowing what we have to learn and understand what is involved. We just have to keep working at it, to bring people along the way. We have to just keep working at it in our own way.

4.7.4 Supervisory managers

A supervisor shared what he believed to be a major concern to managers at all levels:

> Afraid of failure, that's the thing maybe that frightens us all, afraid of failure or rejection. Probably those are the two things a person fears [most]. Especially in management, because often times we [managers] think that we're infallible, we can't make mistakes...but we all fail...we all have shortcomings, but recognizing these and dealing with them is a good part of managing and learning to manage.

The reasons why fear or failure may exist might be found in one supervisor's remarks:

> If we are to go back through the [organizational] processes, learn our processes, improve those the way they should have been, it means that we've got to train and educate. The technology level that we have among some levels of management is too low. While they [policy management] were expending all their efforts to produce all this tonnage for all these years, by whatever they could do and whatever means they had to, technology passed them by and they're not up to date.

As to where to begin, one supervisor suggested:

> I would start with the first line supervisors and management training. I think we have a reluctance on the part of some of our managers to train the new managers coming up. I think that's a mistake. I think that the managers need the continued exposure to ideas in our particular area of responsibilities through other [outside this organization's] plant visits, through seminars, selective readings, any number of ways.

4.7.5 Within case conclusions: Competence

Three prime factors appeared in PRIIG's managers' comments concerning competence. They were identified as:

- Knowledge and skill
- Experience deficiency
- Conviction

Knowledge and skill

The factor knowledge and skill appeared in remarks concerning the basic intelligence of managers to the question of whether the managers understand business decision making. Some questioned whether some managers could be educated: "They don't act the way they should." Some managers thought it was only a question of not knowing what was required or how to go about the task of managing competitive strategic change. "We don't always have the knowledge and skills to work with and do it."

Ironically, there were even those who questioned whether current business school education and knowledge was sufficient or even worse, applicable.

Experience deficiency

The lack of personal experience in managing change, much less competitive strategic change, concerned some managers: "I was struggling with how to accomplish it" or "We're just now getting to the point of knowing what we have to learn and understand what is involved."

To make matters worse, old managers who also are deficient in experience cannot and in some cases will not help the young managers gain experience.

Conviction

A fear of failure pervaded the comments of managers, especially by the middle and supervisory managers. As Bandura suggested, a concern existed over the possible outcome of attempts. Not knowing the outcome, managers appeared reluctant to begin: "We're afraid of failure, afraid of rejection" or "We in management--we think we need to be

seen as infallible--we can't make mistakes." Their bottom line: we can't risk mistakes.

4.8 DISCUSSION: Other : Comments and commentary

4.8.1 Introduction

The speculated independent variables of the initial integrated model could be easily confirmed. But comprehensiveness and completeness of the revised model could only be realized through the discovery of "other" variables. This was of primary importance.

Figure 4.6 depicts the the mean relative frequencies of occurrence of words, phrases, and/or ideas verbalized by respondent managers, which implied the existence of other variables other than those suggested in the initial model. This figure depicts the mean relative frequency by level of management. The relative frequencies of occurrence for policy managers were.06 (range .03-.10), for middle managers .06 (0-.16), and for supervisory managers .05 (range 0-.125).

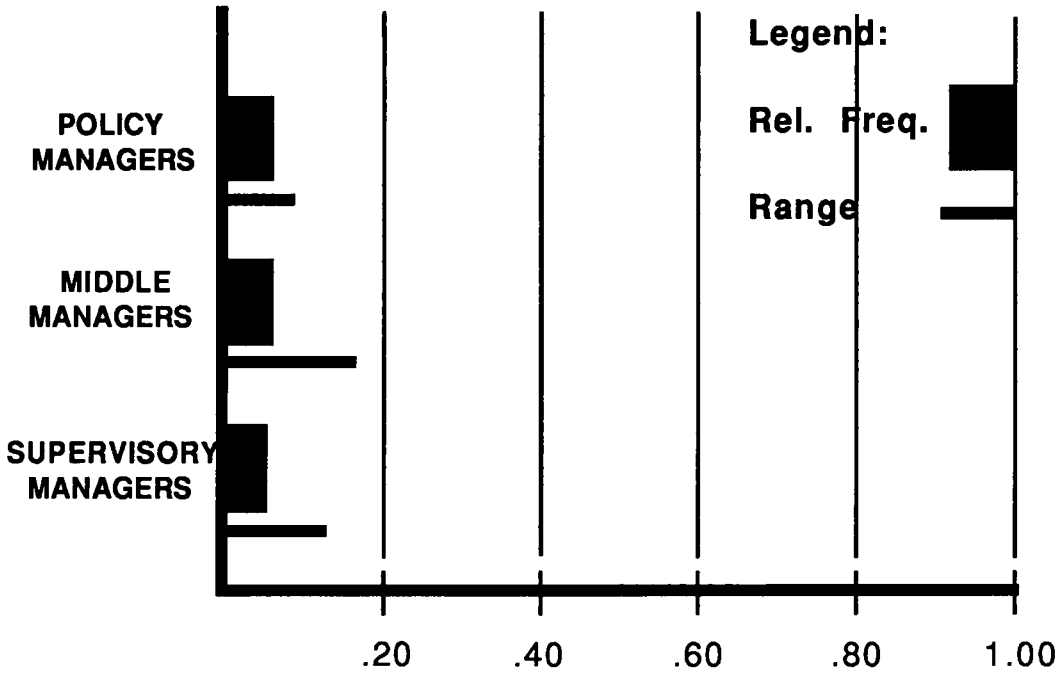
4.8.2 Policy managers

External environmental influential variables were reflected in the following:

> Some of these outside influences have been devastating to us. We've got pollution control problems and OSHA problems. We kind of just don't have time to keep up with all of it.

> We spend an enormous amount of time dealing with OSHA and EPA; these sorts of things which are counter productive to making [units].

Perhaps his assumptions about the Japanese were wrong, but one manager's thought was:



MEAN RELATIVE FREQUENCY
AS A PERCENTAGE OF
ALL OCCURRENCES
AND RANGE

FIGURE 4.6
PRIIG
OTHER VARIABLES

> The Japanese don't have any EEOC, Koreans don't, the Germans don't, I'm not saying that it's all bad. I'm just saying it may make some people timid in making decisions that need to be made.

Business unit organizational control is caught up in ideas expressed in statements like:

> I think labor unions used to be a big detractor, I think they are, as we will have them be. Hopefully in the last 20 years, we've improved on that. But that [union involvement] certainly affects what we can do and whether a person has any pride, the individual worker and what he does and the quality of work he does and so forth.

References to the economics of business units were also made:

> I think one of the things, it is this internal reality.. we have had a lack of capital, we haven't infused any capital and the guys are saying, 'Look, if I had some equipment, some modern equipment, boy I could...'

4.8.3 Middle managers

In discussing why some individuals reject the opportunity to manage, one manager put it this way:

> It's not glamorous, you have to contend with a lot of bureaucracy from the EPA and from OSHA requirements and I think in many cases people have said, 'Well, I don't want any part of this.'

Governmental restrictions are perceived by one middle manager to discourage initiative. When the investigator of this study asked:

> You know there are some people who say, 'You can't do nothing,' you know you've got government regulations.

The manager responded:

> I don't even count that, you just deal with it and go on. That's just part of the environment you're in. You don't give up!

However, one man's constraints are another man's challenges. Why? Reflecting on the business unit's internal organizational constraints, an individual commented:

> I think that there are certain policies that are possibly imposed in our case from the union standpoint...contractual standpoint, that says we've got to do things a certain way. We can't utilize our people just like we'd like to utilize them at a particular time.

Another manager suggested the possibility of internal economic factors controlling business units. But unlike the policy managers' view that lack of capital restricted change, he remarked:

> ...we have facilities to do things with, we have capital and we're not in debt.

4.8.4 Supervisory managers

No specific governmental regulations were mentioned by the supervisory mangers. But one manager did refer to governmental policy as follows:

> We can compete with anybody in the world, quality-wise, production-wise, piece-wise, knowledge-wise, on an equal basis as long as they're [referring to foreign competitors] not subsidized.

The belief was that Japanese, Korean, and Taiwanese businesses were receiving governmental assistance.

The influence of internal organizational control which received attention from policy managers and middle managers was not commented upon by supervisory managers.

Instead, business unit economics were discussed:

> I think the problems of recent years that we've had are just financial, and they [the financial problems] have been restrictive. And it made me be somewhat, no...not just somewhat...it made me be stingy with a buck as far as allowing expenditures for anything other than necessary

items for continued operations. I watch capital expenditures.

It is not clear as to the significance of any of these "other" variables. But their exclusion from consideration in any integrated model would not be representing a true model.

4.8.5 Within case conclusions: Other

The general other factors which appeared in the comments of PRIIG managers were:

- Unit general environmental
- Unit specific environmental
- Unit context

Unit general environmental

The three managerial groups agreed that governmental policy and regulations affected businesses' management of strategic change (e.g., OSHA, EPA, EEOC).

Unit specific environmental

All groups acknowledged the fact that foreign competition influenced organizational and managerial behavior, but ironically, the supervisory level seemed most concerned.

Unit context

Managers at all levels shared the view that businesses have financial constraints. The need to change sometimes met with financial deficiencies.

4.9 CASE B: A Publicly-Held Consumer Goods Manufacturer (PUBCG)

4.9.1 Context

In 1969, this business unit was the modern-day outgrowth of a corporation established in the late 1800s. The original corporation was established by two enterprising entrepreneurs. Their influence has carried down for over a century. Initial products consisted of household goods. Over the years, the portfolio of product complements and the markets served have both increased. Having developed a reputation for high-quality commodity goods, the corporation succeeded in becoming a household word.

The PUBCG business unit is one of a number located in the United States. There are also units located worldwide. Each unit carries the characteristic of the founders--their philosophies, practices, and principles. The initial relationship between the corporation and its employees was paternal. Coincidentally, management was top-down: "Managers are paid to think, and everybody is paid to get the work done." The founders' concepts clashed against the social demands of society during the first half of the twentieth century. Adaptation was slow, and residuals of the past remained.

Profitability, opportunity, and growth were the normal expectations during the first eight decades of the corporation's existence. New products, new markets, and new plants--the shine of success. What was a small beginning grew into a multi-billion dollar industrial corporation. PUBCG was one of the results of the corporation's success; the evolution of PUBCG was due to the expansion and new technology of the corporation. But PUBCG was one in a long line of additions to the corporation. In fact, some of the earlier additions were in fact producing the same products as PUBCG. They were already serving the markets with product and service. PUBCG had two competitors: business units of other corporations and those within its own. Internal units

competed for the setting of standards of performance. As long as markets grew, there was room for all. But the environment began to change in the seventies and eighties.

PUBCG was placed in a small community in a southern state. Almost immediately, it became immersed in the traditional power structure of the local area, i.e., management and labor had been engaged in struggle with each other for years. Struggle is perhaps an understatement, considering the past history of the locality. The southern plantation owner and servant model evolved through the land baron and servant model in which trust and working relationships were drawn. This tradition was carried over in the modern-day corporation culture. Almost before it opened its doors, the management of PUBCG was challenged with unionization. In the early seventies, the management suffered a loss of control when the union gained a stronghold in the balance of power. Although the management managed to subsequently regain control, it remains unionized to this day.

Despite the internal power struggles and the competition for production volume from inside and outside the corporation, the unit gained competitiveness in the seventies. As with other U.S. manufacturing businesses, this business felt the effects of worldwide competition, social changes, national economic deterioration, and technological challenge. But PUBCG survived, while others producing the same did not. The key survival factors were that the business unit was technologically advanced and demonstrated competitiveness. Competitiveness demanded the meeting of tough standards of performance while satisfying governmental regulation and social legislation.

In the last few year, PUBCG has solidified its viability. But new demands for competitiveness leave little time to relax.

4.10 Case statistics

Eighteen PUBCG managers, consisting of five policy managers, six middle managers, and seven supervisory mangers were interviewed. PUBCG managers participated in the study to discover the factors that influenced the management of competitive strategic change (raw data is shown in Table 4.3). Figure 4.7 depicts the mean relative frequencies of words, phrases, and/or ideas of the manager's relating to the management of such change actions. The average relative frequency of were (1) 18 percent for organizational culture, (2) 46 percent for organizational design, (3) 17.5 percent for individual managerial role perception, (4) 15 percent for individual managerial competence, and (5) other variables.

4.11 DISCUSSION: Organizational culture: Comments and commentary

4.11.1 Introduction

Figure 4.8 shows the mean relative frequency of occurrence of words, phrases, and/or ideas relating to organizational culture. These were offered by respondent managers from the three levels of management in the business unit. Policy manager's comments relating to organizational culture constituted .14 (range .06-.15); middle manager's included .20 (range .15-.24); and supervisory manager's included .18 (range .04-.45).

These comments were responses to open-ended questions about variables which might influence the managers of the organization in making competitive strategic change.

The following comments and commentary clearly described some of the "patterns" referred to by Schein (1985) in his definition of culture.

4.11.2 Policy managers

The comments covered many facets of the organizational culture and the potential influence on the management of competitive change.

TABLE 4.3
PUBCG RAW DATA

PUBCG
N=18: PM=5
MM=6
SM=7

RELATIVE FREQUENCY
BY VARIABLE, BY SUBJECT

	CULTURE	ORG.DESGN	ROLEPRCPT.	COMP.	OTHER	TOTAL OCCUR.
PM1	.11	.33	.33	.05	.17	18
PM2	.15	.63	.11	.07	.04	27
PM3	.10	.51	.15	.22	.02	41
PM4	.06	.50	.18	.26	.00	34
PM5	.30	.37	.10	.10	.13	30
MEAN REL.FREQ.	.14	.47	.17	.14	.07	
MM1	.15	.53	.18	.15	.00	34
MM2	.19	.50	.12	.19	.00	26
MM3	.18	.46	.21	.15	.08	30
MM4	.24	.32	.20	.24	.00	25
MM5	.23	.38	.19	.19	.00	26
MM6	.23	.38	.19	.11	.08	26
MEAN REL.FREQ.	.20	.42	.18	.17	.03	
SM1	.18	.46	.18	.18	.00	28
SM2	.10	.50	.21	.16	.03	38
SM3	.28	.44	.11	.17	.00	18
SM4	.19	.48	.24	.05	.05	21
SM5	.04	.60	.20	.16	.04	25
SM6	.04	.48	.12	.32	.04	25
SM7	.45	.41	.14	.00	.00	22
MEAN REL.FREQ.	.18	.48	.17	.15	.02	
GRAND MEAN REL. FREQ.	.18	.46	.18	.15	.04	

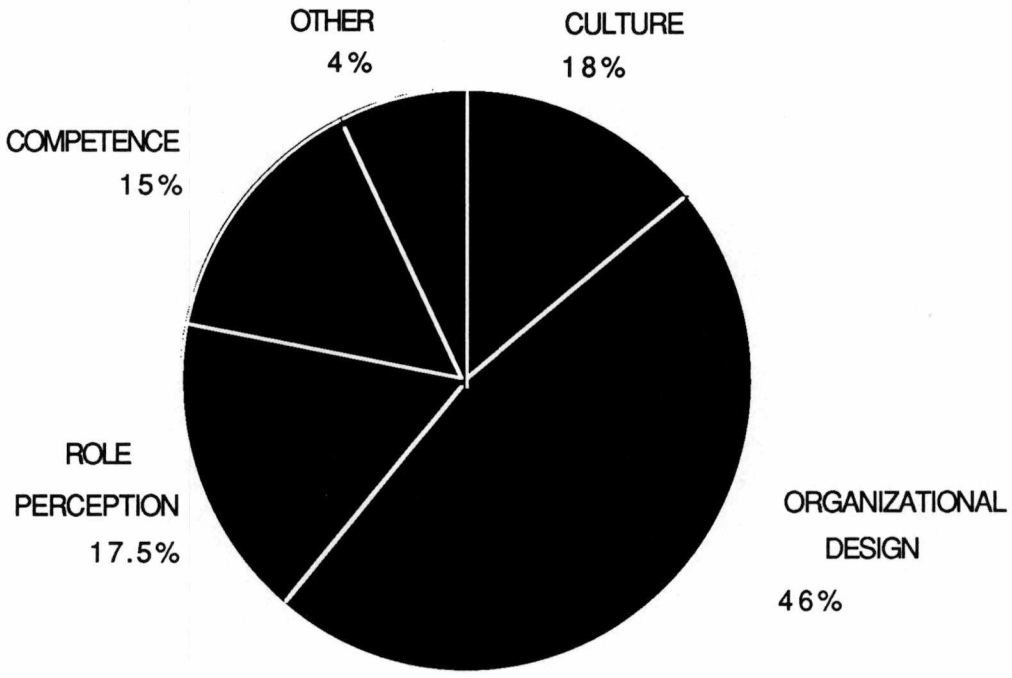


FIGURE 4.7
MEAN RELATIVE FREQUENCY
OF ALL VARIABLES
AS A PERCENTAGE OF ALL
PUBCG MANAGERIAL RESPONSES
N=19

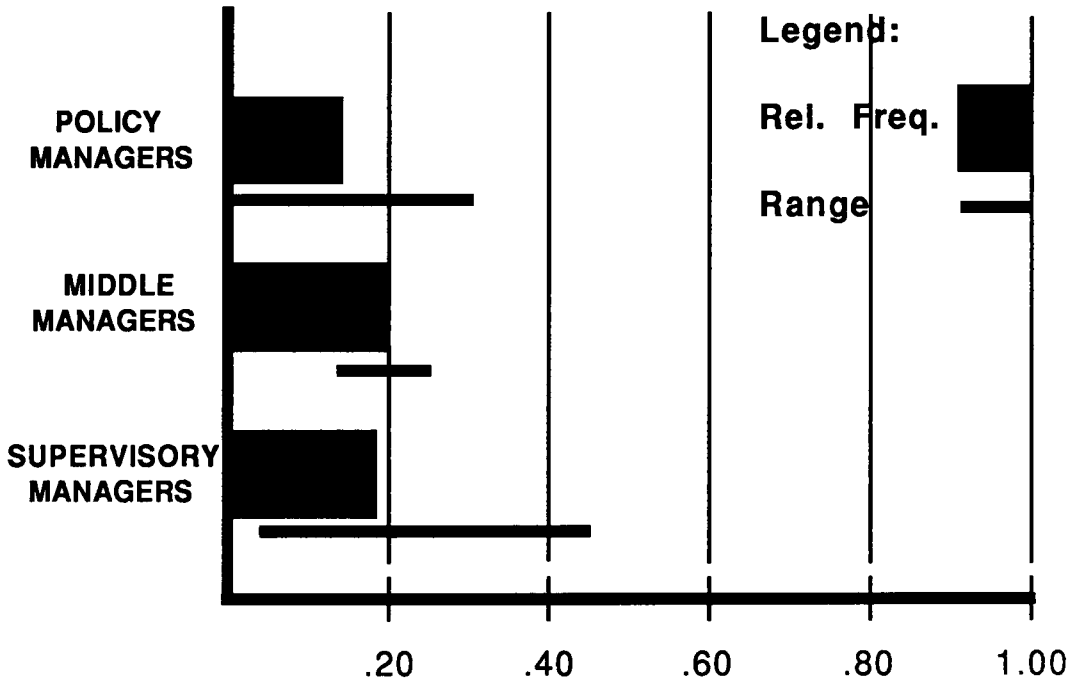


FIGURE 4.8
PUBCG
ORGANIZATIONAL CULTURE

I think [that among] the characteristics of the organization is the fact that we are a part of a big successful company. There is an abundance of fear or insecurity. That sometimes gets in the way. There is an assumption that we've always been successful. Therefore why change? 'I'm comfortable in doing what I'm doing.' I'm kinda speaking to the subconscious--what is going on with me as a manager.

But I think that the aspect of the organization has been for years; we've only talked of good news and didn't confront sometimes, reality--economic reality. So we kind of set ourselves up to have that kind of atmosphere or feeling. I think that another characteristic of the organization [which] we're a part of is a reluctance to stray very far from traditional or safe boundaries. Where does all this come from? I think it comes from a heritage of a company that has high standards and prides itself on being smart, well managed. So there is a high premium associated with looking smart.

But sometimes if you change something, or you experiment, you're gonna look dumb, or you're gonna fail and failing [means being] really persecuted. I mean people feel threatened by failure. They really do. I keep coming back to how does the individual feel, but I think the whole system sort of determines what kind of culture we're living in. What's acceptable and what's normal; what's okay to do and what's not okay to do. The organization has a way of kind of keeping people in line, keeping people from bucking the system.

Another characteristic I would associate [with influencing the management of strategic change] is still that we still are very power conscious in the upper levels, even in a small [business unit] like this. I think that there is a tendency for us to really worry about turning over to folks the project or objective, saying: 'you get it done your way and I'm not gonna question.'

There's been a tendency for us, in the past, to overcontrol and work from a top down, heavy reliance on the plant manager. The plant manager is working in terms of decision making--calling the shots and that conditions the whole organization to sort of respond to that kind of management and that kind of leadership. They kind of expect if and [would] kind of be uncomfortable if, all of a sudden, somebody else comes along and says: 'take

> some risk, get out there and be an initiator, don't check with me about everything. Just tell me what you did! I think people are very insecure if they've grown up for 20 years in an organization where they didn't have to worry about checking with the boss because the boss was always checking with them.

Although these excerpts were not exhaustive, they typified remarks of policy managers. Artifacts, assumptions and values that developed over decades are apparent in these comments.

4.11.3 Middle managers

Middle managers echoed some of the same perspectives of their superiors:

> I think our image, our 150 years of the past, hurts in some ways. We've always been very successful and so there maybe is too much tendency to trust that things are going to be all right. I think that the big business, the company has maybe gotten too big, too much diversity in the company to make things happen fast. We've gotten [to where] we believe in cross-functional teams and everything, and teams don't move the same. You've got one [team] that's at a certain level and another organization at a certain level. You get all these organizations together, then that adds confusion to what we're all about.

> I guess the other thing that we, as leaders, do that restricts [the management of competitive strategic change] is some assumptions about our people. You know, we hire good old boys in our organization. That's how we find them, we base them, we expect them to be good old boys and to be subservient. We'll provide the direction and everything, even though we say the words like: 'pass responsibility down in the organization'.

> You know we haven't done the job of training and developing them [managers] to think on their own. Because we've always done that for them. You know we pride ourselves on hiring good people. But our image of good people tends to be the 'good old boys'. You know, they have their heads screwed on straight, their attitudes are right, and they're going to listen to what I say. They're going to believe and trust in me and they're not going to execute against [my] desires.

> So that's our image of what constitutes the model employees and that was fine for 25 years. And you want that now in your people, but you want a lot more to meet today's challenges.

Patterns of organization do not take 150 years to develop. Consider the observations of this middle manager:

> I think one of the things [that influences the management of competitive strategic change], right now, is that we've changed since the plant started in 1969. Then [managers] were, more or less, doing the day-to-day activity kind of things. As we grew, as the plant got older, and as the people were more trained, they [the employees] became more knowledgeable. They began to take over these day-to-day activities. That causes some problems because youngsters come in here; let me tell you what--they're full of energy, I mean they want to get in here and they want to work. But they've been stifled because of some of the older technicians and some of the older managers that push back--that don't like this new era.

Cultural conformance and control appeared to be managed by the top, bottom and middle of the organization.

4.11.4 Supervisory managers

The views of the supervisors sounded familiar, echoing those of policy and middle managers:

> In this particular [case], it [what influences the making of strategic change] is our being as old as we are [as an organization]. There is an amount or measure of contradiction. One, we have always done it [managed] that way. We have been doing it for 15 or 20 or 100 years. It's always worked. Why should we change now? That's one part, in my mind, that hinders it. It is just the thing, that we have always done it a certain way and why should we change it
>
> So you have got to first do a bit of convincing and tell'em: 'Hey, this needs to be changed and [this is] why you change it.'

And finally the haunting words of policy managers concerning past power and decision within top management affected others down the line:

> I guess the biggest thing I see [which influences strategic change actions] is that about a third of the managers [here] are people, like myself, who have done things for 19 years in a certain way. And we have [in the past] asked when we needed some kind of guidance: 'How do we go about this? Making these changes? Looking for things and looking for better ways?'. This one-third of the managers in this plant that I am talking about are the ones that the people, the operators, and the people out there look to for leadership.

4.11.5 Within case conclusions: Culture

The following are primary themes found within the managers' response which suggest factors believed to affect the management of competitive strategic change:

- Business history
- Organizational member relations
- Power/Authority
- Submissive/Subservience
- Reactive/Proactive

Business history

PUBCG is part of a 150-year old corporation with a history of success. It has grown in size to the point that its size and diversity provide for its future. But these same factors appear to influence its rate of change and adaptation. The size and success of a corporation may lead to complacency and lethargy. Tradition also may affect transition. One manager reported the tendency of only going forward with good news; myopic insulation appears to affect the rate of change.

Organizational member relations

Senior corporation managers provide direction and everything from the top rules. Members are kept in line by the organization. "We old members push back on new youngsters and their new ways."

Power/Authority

The senior management provide direction: "We are very power conscious at the top; power and politic pervade the organization. In the past, the management has been guilty of over-control."

Submissive/Subservience

Our image of good people tends to be the "good old boys." You know they have their heads screwed on straight, their attitudes are right and they're going to listen to what I say .....they're not going to execute against (my desire.) Older managers push back on youngsters who come in full of energy.

Reactive/Proactive

Traditional ways of doing things have led to success. "It always worked." Change must be justified. There is comfort in doing things the same old way. The natural inertia of 150 years of success slowed the tendency to react and frustrated attempts to be proactive.

4.12 DISCUSSION: Organizational design: Comments and commentary

4.12.1 Introduction

Looking at Figure 4.9, one sees the mean relative frequency of occurrence of words, phrases, and/or ideas having to do with organizational design and its influence upon the management of strategic change. Shown are the means for (1) policy managers .47 (range .33-.63); (2) middle managers .42 (range .32-.53) and (3) supervisory managers .48 (range .41-.6).

These resulted from the use of Galbraith and Kazanjian's (1985) model of organizational design. Table 4.4 shows that the Galbraith and Kazanjian elements of people, reward and decision/information processing are the highest referred to elements by the managerial respondents of PUBCG (Task .04, People .12, Reward .13, Decision/Information Processing .09,

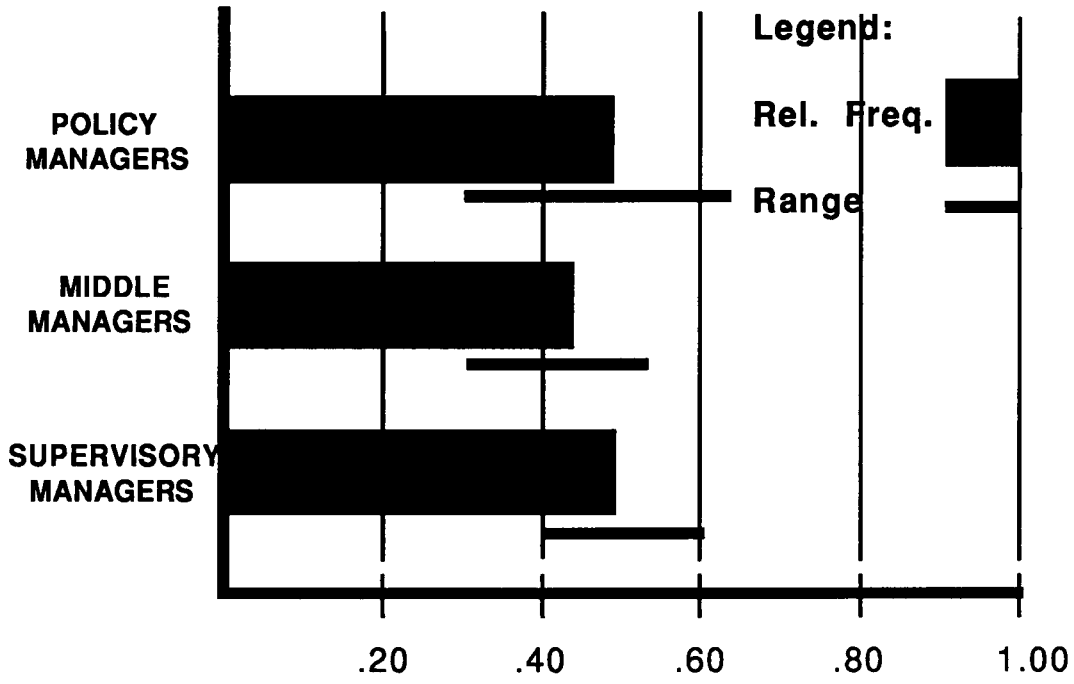


FIGURE 4.9
PUBCG
ORGANIZATIONAL DESIGN

TABLE 4.4
PUBCG
RELATIVE FREQUENCY OF OCCURRENCE OF ORGANIZATION DESIGN BY MANAGEMENT LEVEL

Managerial Levels	Galbraith and Kazanjian's Organizational Design elements					
	TASK	**PEOPLE**	**REWARD**	**DEC./INFO.**	**STRUCT.**	**TOTAL**
POLICY MANAGERS	.04	.11	.17	.11	.02	.45
MIDDLE MANAGERS	.02	.15	.10	.10	.05	.42
SUPERVISORY MANAGERS	.06	.14	.13	.06	.08	.47
AVERAGE REL. FREQ. INCLUDING ALL LEVELS	.04	.12	.13	.09	.04	.42

Structure .05). In the case of PUBCG, the Galbraith and Kazanjian element which proved the most interesting was reward. A close examination of the reward element led to the realization of the complexity of reward systems for business units within large corporations. Such complexity might have an affect on the management of competitive strategic change.

4.12.2 Policy managers

Rewards and reward systems appeared to be complex. This complexity might well influence the management of competitive strategic change within manufacturing units. The study of PUBCG provided the opportunity to consider the rewards and reward system of one such unit located within a large corporation. The following selected comments and commentary exhibited the complexity of the reward systems and implied the potential influence of these systems on strategic change. The framework of reward systems appeared to be in part responsive to its corporation's focus. The corporation's focus guided appreciation, criticism, recognition, promotion, and financial rewards.

Consider the comments of policy managers which manifested organizational values and perhaps helped define appropriate behaviors. They suggested that a business unit, like PUBCG, must be thought of as existing within a context.

> I think we tend to focus on the short-term tasks and we don't spend a whole lot of time worrying about what's coming next month or next quarter, certainly not next year or three years down the road. We tend to assume that somebody is gonna figure that [the long term] out. We will be given direction. So that's just a kind of self-perpetuating thing.

A historical emphasis on the short term permeated the business unit's expectations. Although it was changing slowly, this business unit was rewarded for demonstrating its ability to successfully outperform other units. This appeared to pit units against one another:

> I think that basically [PUBCG] has a broader vision. The managers have a broader vision of what we are out here for than we did 10 to 15 years ago when we tended to be pretty parochial. [Back then] we tended [as an organization] to look, not just to other [internal business units of the corporation] as the enemy but maybe to the next department in our own unit [as the enemy] also.

This tone of internal competition between business and functional units throughout the corporation underpinned the appreciation and reward systems of the units. To some degree, the fact that PUBCG belonged to a successful 150-year old corporation made it a victim of its own success. For many years, the corporation's business products competed among only themselves for market share; there were no other significant external competitors.

But PUBCG's current environment included a growing number of external competitors. A growing base of competitors necessitated improvements in organizational execution and strategic change. Unit operational managers were caught in transition:

> ...in the transition one of the difficult things to do is to keep your [personal] motivation at this level and to keep persisting [in the management of strategic change] and going on. [Particularly] when you see things occurring out there [referring to the corporation] with people [corporate management] who are supposedly supporting [strategic change] and things like total quality. Their decisions are short-term, they are based on the fact that they want to be promoted and they [personally hope] they aren't gonna be there [in their current position] a year from now. Yeah, they will say the words [meaning: promote strategic change] but when it comes to you [the corporation manager] have gotta to deliver [product, sales, profit] to be promoted or maybe you don't get any incentive pay; they do the opposite [i.e., they do not support strategic change].

Short-term emphasis was even reinforced by the structure of the reward system:

> We still have not established an annual performance rating for managers. We have [performance reviews] every six months which increases the variability and thereby makes performance go up and down faster. Its common knowledge that our department managers participate in performance of our team managers thereby [reinforcing] the rewarding of short term efforts; not [supporting] the putting of these [long-term changes] things in place.

Later, this same manager went on to say:

> This is gonna seem redundant but when you get a group of people [managers] that are dedicated to be achievers [looking for promotion and financial reward], they are gonna look around and identify what's [made] important. What is the reward system? They are going to respond to what the reward system is. So what will keep them from doing that [referring to the management of strategic change] is that they look around and say: 'What the reward system is telling me that I'm suppose to do is to get units shipped on the first of the month, the reward system is telling me that I'm suppose to be figuring out how to deliver on this initiative, because initiatives [short-term efforts] are the things people [managers] are noticed by.'

A similar set of observations were heard in the remarks of another policy manager:

> I am looking for change on a slower basis than what the organization above me is willing to accept. As we go in and try to draw [describe] our systems, to seek knowledge and try to understand our systems. We have the support of the hierarchy [referring to managers and the business unit policy manager]. You have [that support] at least in my mind for about three months. Then it's back again to the old things of: 'Well, where are the [profits, sales] dollars, where are the results [shipments, sales, profits]?' This [is the attitude] rather than 'Goddamn, you spent a lot of time doing this [managing strategic change], you trained these people and got them started and that's gonna pay off for you in the long term'. There's not that recognition in the hierarchy that is needed; that we should go this way. That these type changes are right whether it's called total quality or the latest in Japanese [principles or processes].

Perhaps summarizing the current situation and implying the need for consistency between reward system and organizational expectations was the observation:

> ...right now the big thing is that the reward system does not support [the management of strategic change] and the decisions on short-term goals and objectives don't ensure the long-term success; and you [the policy manager] get frustrated.

4.12.3 Middle managers

A selected group of comments reflected the thoughts of most middle managers. The themes of PUBCG policy managers' opinions were present in the remarks of middle managers.

One middle manager was quick to refer to the organizational culture manifested in the reward system:

> ...[what] is maybe the culture or the nature of the organization and how people are rewarded here. Most of the rewards around here are for day-to-day type of things. The super stars are the people that put out the fires. The people that prevent the fires don't get noticed, ah, there is really no reward. I think of instances of managers here that are in staff types of roles--that don't get rewarded maybe like they should. There's really no value in the [corporation] for these kinds of people. If you're in a staff role as a team manager, well, you're trying to get into the operating role so you can get recognized, rewarded, and moved up.

> The message we give [from the top of the corporation] is different from what we say: [which is] 'Continual improvement takes time.' It's not always as noticeable as 'We doubled our production in the last six months.' People don't get rewarded for setting up the organization for improvement later, they get rewarded for: 'What did you do for me now?' You know if you went and asked our vice presidents: 'What did you get rewarded for?' It's what did they deliver today. Not what are you doing to get us ready for five to ten years from now. And it's the same way here [at the business unit]: 'We believe in total quality, but man, you guys didn't run [production] last night, what happened? You know, and what they should have been asking is 'What can I do to help and what caused

> you to do to prevent it?' And 'How do you know you're not going to have the same problem in the future?'

Apparently, the reward/recognition system can even affect the degree to which individual managers feel included in the organization:

> We do things because we're motivated to do it and normally what motivates us is our reward system, whether that's monetary or a pat on the back. Our reward system is still short-term oriented. We do what is fastest for our shipments. When I came to this company six years ago I was in a staff level and I felt like I was in a staff level cause I wasn't there helping to make units. I didn't feel like I was part of the world.

> ...the fact that we don't value people who are making long-term changes or changes in the system, whether or not that it's holding them [production] up, their contribution is not [judged as] equal to the one [individual] who just made ten thousands [units].

4.12.4 Supervisory managers

PUBCG supervisory managers' comments on the reward and recognition systems were fewer and more cryptic than those of the two other management levels.

The history of internal competition among business units and the nature of the competition revealed the nature of the reward system:

> We [PUBCG] happen to be the newest [type] plant in the country. You know we are in second place all the time to [our sister] plant in production and in meeting the goals that we have established. But I'd put our people up against their people any time as far as getting the job done when we have to.

> When we started this plant up in '69 there was this big thing up on the panel board there that said 'Beat [sister plant]'. Okay, but we didn't have the production ability to beat the [sister plant]--then it wasn't long before we PUBCG started meeting our goals.

The statements of two supervisory managers expressed the expectations of supervisors and reflected their interpretation of what was perceived of others and themselves if they were to be rewarded:

> People, in general, tend to do a lot better if there is a lot of expectation, you know, if what we're expected to do is to run well--well, we will do it! If I know that my boss is coming out to ask why we're getting better, well, I'll be up-to-date on operations. A lot of our strength is in that we've got some people and we deal with the people that need to be dealt with. That either means rewarding them with a permanent record card entered in their file that says they caught this [referring to a potential problem] and/or saved this amount of dollars, recognize them, pay attention to the people.

Another suggested:

> All I know is what affects me and that's just pressure--getting [production] results.

Reflecting on what manager in PUBCG consider as reward, he offered:

> They are going to tell you 'Do as many units as you can and do it safely and in good quality.' That's what people [managers] think. I don't think that very many of them are going to tell you that my job is to improve this organization and improve this plant and really go out and use total quality and get things done right where we don't have to fix things any more.

4.12.5 Within case conclusions: Organizational design

There existed an amazing amount of consistency among the three levels of managers' comments regarding the reward component of organizational design.

They reported extreme emphasis on the short-term production. Those who got products of reasonable quality shipped on schedule safely were rewarded. The recognized superstars those who made or saved shipment schedules day in

and day out. There did not seem to be value placed on long-term changes.

4.13 DISCUSSION: Role perception: Comments and commentary

4.13.1 Introduction

Figure 4.10 depicts the mean relative frequencies of occurrences of words, phrases, an/or ideas offered by respondent managers of PUBCG which relate to the individual organizational manager's role perception and its influence upon their management of competitive strategic change actions. Data shows that (1) policy manager's mean relative frequency of occurrence was .17 (range .10-.33); (2) middle manager's mean relative frequency of occurrence was .18 (range .12-.20); and (3) supervisory manager's mean relative frequency of occurrence was .17 (range 0-.32).

Role perceptions described by PUBCG managers were most revealing when considering the significance placed upon managers managing the improvement of organizational systems for competitiveness.

4.13.2 Policy managers

A series of comments offered by policy managers framed the perception limits of most PUBCG managers. The difference between the managers' perspectives of their jobs and the suggested need for them to manage organizational systems was dramatic.

Setting aside the questions of whether their perception was a result of organizational culture or organizational design, most managers in PUBCG characterized their job as follows:

> Managers tend to be very task-oriented, they tend to really identify and hook up with the short-term objectives, like 'What I'm going to do this month!' I think that can be a strength, if you've got something real important you're trying to get done [that is] short term. The Achilles' heel around here is , we don't have a very good way of

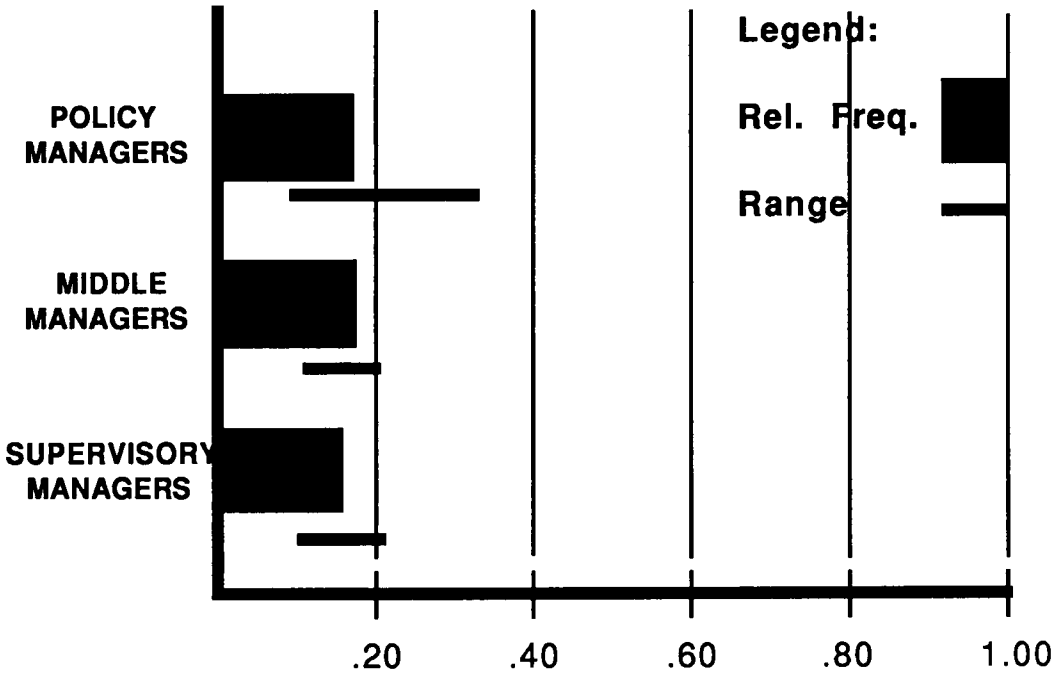


FIGURE 4.10
PUBCG
INDIVIDUAL ROLE PERCEPTION

> dealing with further out. We just don't have that much enthusiasm to worry about our three-year plan.

This perception, while narrow, was still more broad in scope than that representative of the majority of respondents. Most typical was the view that the manager's job was:

> To make [products], most of them would tell you that their job is to make [products], figure out how to get [units of product] out the door today and tomorrow. The department managers, the folks we put in charge of the departments, would say a little bit about, probably about, developing some management staff in organizations for next year and the following year, but most of the [PUBCG] managers would say ['to make product], [units today']. Unfortunately, I think you wouldn't have a lot of [PUBCG] managers saying: 'build the organization for the future.' They'd say they've gotta make [product].

4.13.3 Middle managers

Middle managers' thoughts concerning managers' job perceptions were weaker in clarity than those of policy managers:

> They [meaning PUBCG managers] don't know. Their job is to suck it up and do whatever the boss tells you to do. Role clarity is very bad, they're confused. The structure, first of all, is a problem. But to be able to go out and have a manager define what his or her job is--'my job includes everything.' That is typical of the responses you'd get.

> ...valuing making [units]--[if] I'm not making [units], I'm not doing my job.

> I need to work long hours...do whatever it takes...attack whatever is in front of me. And then I would say 'Well, what's of prime importance to you?' And that's where people would start saying, 'I'm not really sure!'

> I think the perception for most people is 'I'm not really sure what my role is'. That's good because you have a lot of discretion. You can do what you want, but it's bad cause you get a lot of

frustration 'cause I don't [know] what I've accomplished.

I think everybody will say, especially now, my role is to help us deliver [units] through the door. Philosophically, I think what we ought to be saying is 'I'm here to make change, to make a difference in the way in which we do things. Personally, [I believe] most of our people will come from a position of 'I'm here to help us do what we've currently doing in the best way we can.

The superstars are the people that put out fires. The people that prevent fires don't get noticed. There is really no reward.

The comments of middle managers reflected little to no recognition of the need for managers to manage competitive strategic change.

4.13.4 Supervisory managers

The supervisory levels thoughts were:

We are out on the front line, out there fighting these things--time, not enough people, things like that.

[With] most people, a lot of it is trying to maintain the status quo, so to speak, keep everything running along like it has been. When you try to make changes, to improve something, as I mentioned before, you meet a fair amount of skepticism. "What are you trying to do and who are you? Who are you trying to get in good with? Who are you trying to brown nose? What are you trying to do with your career? Are you trying to climb up the ladder here?' or something like that.

Any desire or need to make competitive strategic change would encounter these role perceptions which explains perhaps, to some degree, the difficulties of implementation.

4.13.5 Within case conclusion: Role perception

PUBCG's manager count on role perception suggested certain factors. They were labeled as:

- Role ambiguity
- Required roles
- Role orientation

Role ambiguity

"They don't know what their role is or should be."

"You can do what you want."

"Suck it up and do what the boss says."

These type comments pointed to the existence of role ambiguity. As one manager put it: "Role clarity is bad - they're confused."

Required roles

There were those who quickly identified their perceived appropriate roles. "Make units," "maintain status quo - keep things running along as it has been." "Work long hours." "Make product - units out," "Deliver units through the door."

Role preference

Some subjects suggested that this unit's managers, being personally task-oriented, did what they prefer--accomplish task. These appeared to use the short-term demands of the organizational unit to justify their selected participation.

4.14 DISCUSSION
Competence: Comments and commentary

4.14.1 Introduction

The mean relative frequencies of occurrence of words, phrases, and/or ideas relating to individual manager's competence to manage competitive strategic change is shown in Figure 4.11. The scores .14 (range 0-.17), .17 (range .11-.24) and .15 (range 0-.18) represent the relative frequencies of the policy managers, middle managers, and supervisory managers, respectively.

Suggested in the responses was the question of whether managers of the organization have the competence to successfully manage competitive strategic change. Such competence and its resulting confidence might influence managerial conviction. Conceptually, this seemed to be consistent with the theory of self-efficacy (Bandura, 1977). Also interesting was the idea that these same convictions may

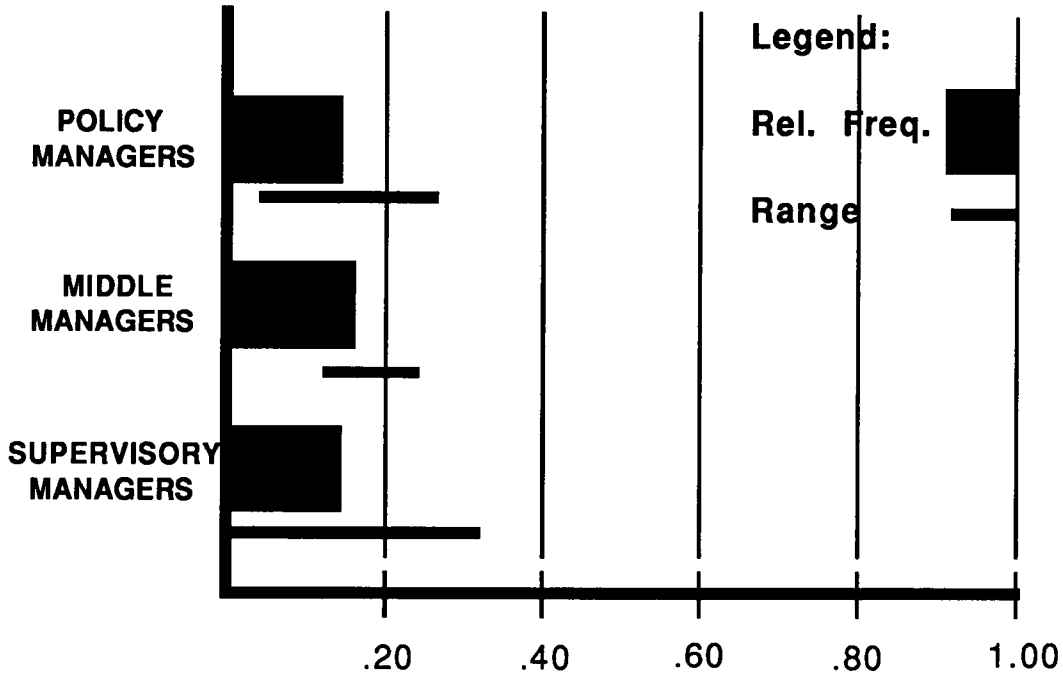


FIGURE 4.11
PUBCG
INDIVIDUAL COMPETENCE

be the fundamental determinants for the patterns of behavior sometime referred to as the culture.

4.14.2 Policy managers

The comments of a PUBCG policy manager set the tone of concern of other managers:

> I think, organizationally, the thing we lack in our management group is that we've got a lot [of managers] that know how to make [product] and a lot that don't. So we've got some people who grew up and know how to make [product] but lack the management kind of skill that we need to teach them and we got some people that got management skill but don't know how to make [product].

Speaking more specifically about the management of competitive strategic change, one policy manager said:

> ...one characteristic this organization [has] that is an obstacle is that we don't understand, we don't understand what 'working on the system' means. So it's a matter of really internalizing that and understanding the implications. I think that's an obstacle because we're accountable for results, the ends of the systems--what the systems deliver--what the processes deliver.

The result of such deficiencies might be found in the observation:

> I think most of us [managers] impose our own self-limitations. I think that most of us don't have enough self-confidence, don't have enough self esteem, maybe enough courage to really believe that we can accomplish greater things. We tend to condition ourselves to accept less or not to get our hopes up, as individuals, to participate in a culture that says, 'Hey, we're not as good as we could be because we really don't believe strongly enough in our potential--you know if we believe some major things about ourselves' Therefore we're always fighting for sanity. We live those beliefs out.

4.14.3 Middle managers

Reflecting on the disposition of managers within PUBCG, a middle manager mocked what he believed would be their perspective:

> I can't do something else, cause I've never been trained on it. I've never done it successfully. So rather than do it, I'm going to criticize it or not do it at all.

He went on to suggest the result of such attitudes:

> ...so [we have] limited [personal] comfort zones, and not driving them to do things and providing training and successes--that's what keeps our managers and our people from wanting to do this [management of competitive strategic change].

Considering his own predicament, another middle manager volunteered:

> I don't have the personal confidence, personal experience to support what I want to do. If I could see it, like a book, I'd remember it when I see it. If I could see it then I would have a lot more confidence to go and do it. I think that's where most of our managers are. If I can see it done by somebody I value, somebody I respect, somebody I look up to, then I'd understand that's important. Secondarily, I'd see it works. Going to class, going to school, going to seminars is all nice, good, but they're always talking about shooting craps or they talk about marbles. they talk about red and white beads. We don't have a lot of those here.

The question arose as to whether it was personal managerial and organizational development that was most needed to help initiate appropriate managerial behavior.

4.14.4 Supervisory managers

A selection of supervisory managers' comments pointed to the issues of personal managerial competence and confidence:

> If you get everybody into this thing and everybody feels confident and they know what their job is, and they get these trainings and know so

much about it--then they'd know exactly what they want to do. Then I think they're going to feel better about taking the time to do it.

You've got to have the successes to get it going and we haven't had too many successes with it yet. So we are kind of like a dog chasing its tail right now, in the effort we're doing. I guess you're [any given manager] out of your comfort zone. I think it's something everybody faces. There is some reluctance until you really understand and appreciate. So [there is] just the fear of the unknown, of the fear of the untread water, is out there.

We don't know how to handle it and we don't know how to get these people to do it either. We [managers] don't know how ourselves, as managers, because we have not had the training to go forward. That's a big hindrance.

There's no role model. There's no clipbook that says here's the ten things you need to go out and do, to make this thing happen. So I think that lends itself to some confusion and some insecurity about the change. 'Can I really do what is being asked of me, when I haven't done it before, and I don't know how to do it now?'

Although not exhaustive, these responses would appear to justify the consideration of individual manager's competence as an influential variable which might affect their behavior --behavior which could help or hinder the management of competitive strategic change.

4.14.5 Within case conclusions: Competence

Comments of PUBCG managers concerning role perception fell in three general factors or themes included:

- Knowledge and skills
- Experience deficiency
- Conviction

Knowledge and skills

"We don't understand what's managing a system means."
"Some of us know how to make product, others know how to manage people."
"I can't do something else (new) - I've never been trained on it." "It is outside of our comfort zone."

Experience deficiency

"If I could see it (done) then I would have a lot more confidence to go and do it."
"We don't know how to handle it."
"I don't have personal confidence, personal experience to support what I what to do."

Conviction

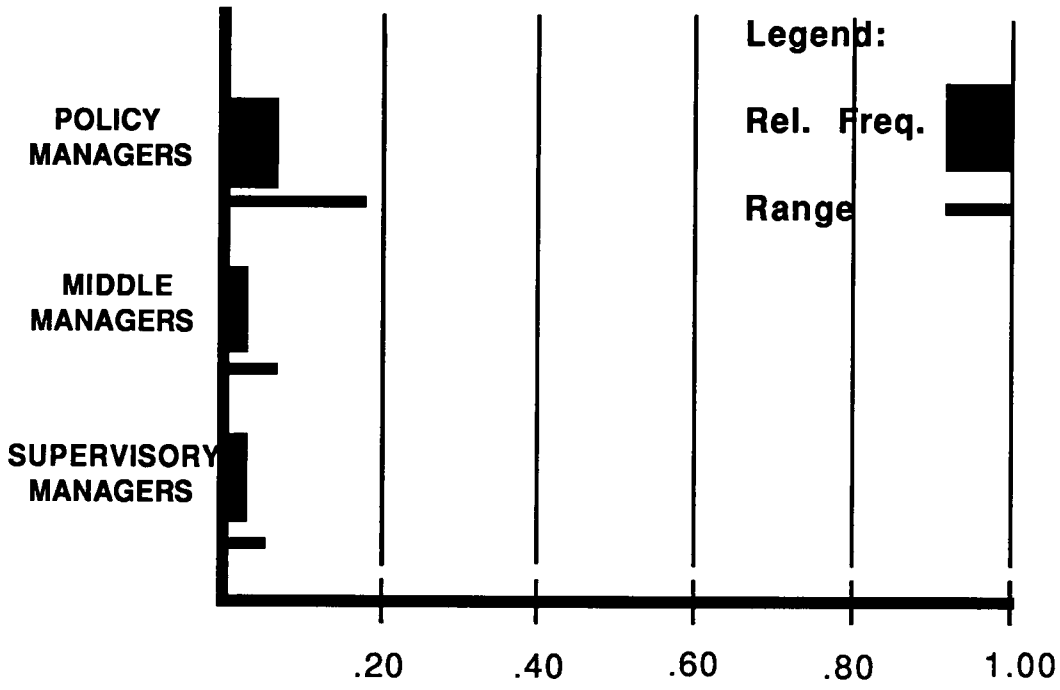
"We've got to have successes to get the point."
"We don't have enough self-confidence, we don't have enough self-esteem, maybe enough courage to really believe.

4.15 DISCUSSION: Other: Comments and commentary

4.15.1 Introduction

As shown in Figure 4.12, the mean frequency of words, phrases, and/or ideas of policy management respondents which suggested other variables was .07 (range 0-.17), middle management responses .025 (range 0-.08), and supervisory management .02 (range 0-.05).

As mentioned previously, any suggested variables must be considered significant when attempting to build an "integrated model". Although the "other" variables varied by level of management, they were all worthy of consideration. While some of the "other" variables brought up by PUBCG managers may be unique to PUBCG, others may be duplicates of those suggested by the managers of other organizations who contributed to this study.



MEAN RELATIVE FREQUENCY
AS A PERCENTAGE OF
ALL OCCURRENCES
AND RANGE

FIGURE 4.12
PUBCG
OTHER VARIABLES

4.15.2 Policy managers

Two "other" variables were mentioned by policy managers. Considering their parent corporation as part of PUBCG's environment, policy managers made comments such as:

> We [meaning the corporation] limit the amount of resources that we are willing to apply against this [making of strategic change] because we are not able to, in finality, define the return.

Another manager commented:

> ...I mean there are things, like equipment and technology in some cases. I think that there is certainly a bigger organization, outside of this manufacturing organization, that is a part of how we accomplish the results that we accomplish.
>
> Sometimes the environment [meaning the corporation] gives us resources. Just recently the environment's been giving us resources to do a lot of the projects we've got going on here, right now.

Even more broadly, one policy manager recognized the potential influence of the community and society on the selection of which managerial personnel for the business unit staff:

> ...so we've got an environmental factor. We're [located in] a large metropolitan area. We don't have a lot of cultural advantages. We don't have a lot of other things like [other cities] or some places like that have to offer. On the other hand, this style of living [speaking of the community in which the business is located] and the ability to get to work in less than 30 minutes really suits some. So, I'd say this would be a balanced factor, but we do have a community factor.
>
> I think people in this state don't have a good self-image. I think the whole state suffers from a poor self-image, and so there may be in some way that that invades the personality of the organization and the personality of the people that work here.

4.15.3 Middle managers

The focus of middle managers' comments was more external-oriented. In some cases, it went beyond the busi-

ness unit or the corporation. Two of these comments summarized this focus:

> I think one of the big things in this company and this division, that makes us different from other divisions, is that we have not had the competition for the past twenty years or so. So, competition--probably the lack of competition--is probably one of the biggest things that allows organizations to stagnate or not to get on with some of these painful changes. Or apparently painful changes. So now, as the competition starts to heat up, we see all kinds of change occurring.

Another manager elaborated this view:

> I don't know if it affects [PUBCG] so much as the company as a whole, then trickles down to the [PUBCG]. It's our competition in the market place. For years, we owned the [product] business. We almost created it. Really, I mean 30 or 40 years ago, if you'd go into a store, 6 or 8 of the [products lines] were [this corporations]. As a matter of fact, the company ran the [product lines] as separate businesses. And so, internally, we competed. Competed for the same dollars, the same resources. And [now] we've got to change that.
>
> If we're not competing with each other any more, there's other guys out there. Foreign competitors are buying [our] domestic competitors. [Buying up competitor facilities in Europe] to attack our corporation. The [foreign] presidents have come out and said: 'we're coming to get you'. And 'you're Enemy Number 1'.
>
> When I first came with the company in '84, the big deal was to beat [other internal business units]--beat their [unit] cost. You know they were Number 1--go after them! But, that's not our competition. We shouldn't be worried about them. What I might worry about is how [another competitor] is making a new [product] this summer. Worry about [still another competitor], who is kicking our tail in [a certain market area] for a while. That's our super territory! Let's worry about guys and how [our other business units] can help us to run better. We need to do more of that.

4.15.4 Supervisory managers

The "other" variables comments made by the supervisors appeared to echo those of middle managers, but were more conservative:

> When it gets right down to the nitty gritty, it's going to be when we see the threat, we are going to react.
>
> ...I know the competition is moving ahead. But I think you have to move at a pace that your outfit or organization is capable of moving.

4.15.5 Within case conclusions: Other

PUBCG managers remarks contained several other factors which might affect the management of competitive strategic change. They fell generally in the categories including:

- Unit specific environmental
- Unit context
- Individual context

Unit specific environmental

Middle managers suggested that many years of having to only compete with other internal units of the corporation has had an affect on the unit's competitive efforts. To them, the new foreign competition was in part unbelievable and appropriate responses were unclear. The supervisors believed only the new external threat will create the willingness to change.

Unit context

Policy mangers considered the internal corporation environment as an influence upon resources for the business unit. They also recognized the potential impact that the local community/society may have on the business unit and its managers.

Individual context

There were managers who suggested that an inhibiter to the management of competitive strategic was the fact that an individual life style or life situation, out side of the work

place, would affect the individuals' personal decision as to whether the risk or effort was justified.

4.16 CASE C: A Privately-Held Consumer Goods Manufacturer (PRICG)

4.16 Context

PRICG is a small business with annual sales of approximately 25 million dollars per year. Established in the 1920s as a partnership, the business struggled into the 1930s producing wood products (predominantly lumber). The original owners sold out the company in the latter part of the thirties. Just after the sale, a major fire nearly destroyed everything. As the new owners started over from almost nothing, they began to change the product. Today, the business produces paper and paper products which are manufactured from recovered and recycled wood fiber.

The present owner's father was hired as the resident manager. Although he had no ownership, he brought a reputation to the industry. Together with the owner, he began the establishment of business. Growth was slow and steady.

During the thirties, forties, and into the early fifties, the growth of the company inched forward, developing its product, providing the product to a reasonably small local consumer audience, and making money. Although conservative in nature, the present owner challenged his father and the owner. His challenges consisted mostly of questioning whether better ways could not be found with which to do things. Despite caution from his elders, he experimented occasionally, and the business progressed. When the father died, the owner asked the son to stay on. He did as resident manager. Describing himself as aggressively conservative, he did what made sense: "Be sure that you cover all bases and that when you plan ahead, be sure that you plan everything that you can possibly think of." He advanced to corporate secretary and then to corporate president. The owner, who had aged, gave the son his endorsement. The

company took on the younger man's personality. Under his innovative leadership, the business succeeded.

In 1971, he bought out the previous owner. Employees participated in the financial success of the business. Individuals sought out the corporation for employment. Many preferred the family atmosphere of the corporation.

Customers were, and still are, most important to the corporation:

> We might go into a town and only have one customer and the next call was 250 miles away. In the early days, I not only ran the mill but did the calling too and handled sales. So as a consequence when I was on the road I was in contact with the office all the time; changing schedules by phone; and all this sort of thing. But this is the very thing that has helped. We have tried to develop personal relationships with our customers as opposed to just customer/supplier relationships....We want our customers to be our friends.

In 1983, the business acquired another plant. This purchase increased the volume of product and sales significantly. Although the acquisition was from a much larger company, the smaller company's focused product line interest and responsible conservative planning allowed it to quickly recover its investment. It took an under-managed peripheral business unit of a larger corporation, cleaned up its liabilities, put in new management, and returned the failing business to its present viability.

The future of the company looks bright. Recovery of the national economy has pushed it to its full capacity. A healthy backlog and increasing demand has caused the management to consider further expansion. Guided by a new energetic president, the business--composed of a viable combination of seasoned, experienced managers and employees and a new group of young but highly educated managers--reinforced its attention on product quality, process efficiency, and customer relations.

4.17 Case statistics

The number of PRICG managers interviewed totaled twenty-one. It was comprised of four policy managers, eight middle managers, and nine supervisory managers.

As shown in Figure 4.13, the average relative frequencies of occurrences of words, phrases, and/or ideas of PRICG (derived from raw data in Table 4.5) managers in organizational culture are .13, organizational design .52, individual manager's role .13, individual manager's competence .16, and other factors .05.

In general, these responses supported the initial "integrated model" of independent variables, which are assumed to have an effect upon the management of competitive strategic change actions. Other independent variables were implied in the manager's responses to open-ended discussion questions.

4.18 DISCUSSION
Organizational culture: Comments and commentary

4.18.1 Introduction

Figure 4.14 shows .17 (range 0-.29); .09 (range 0-.19); and .13 (range 0-.3) as the averages of the relative frequencies of occurrences of words, phrases, and/or ideas of PRICG managers relating to organizational culture which might influence the management of strategic change actions. In general, these responses supported the initial "integrated model" of independent variables assumed to have an affect upon the management of competitive strategic change.

These comments referred to components of organizational culture conceptualized by authors in this field.

4.18.2 Policy managers

PRICG has been and continues to be a relatively small business. It was basically established by two men until the present owner, who is an entrepreneur in a PRICG, acquired it. He was the backbone of the current PRICG culture--a

TABLE 4.5
PRICG RAW DATA

PRICG N=21: PM=4 MM=8 SM=9	RELATIVE FREQUENCY BY VARIABLE BY SUBJECT					
	CULTURE	ORG.DESGN.	ROLEPRCPT.	COMP.	OTHER	TOTAL OCCUR.
PM1	.29	.50	.14	.04	.04	28
PM2	.17	.67	.11	.05	.00	18
PM3	.21	.40	.04	.29	.07	28
PM4	.00	.54	.15	.15	.15	13
MEAN REL.FREQ.	.17	.53	.11	.13	.07	
MM1	.09	.45	.06	.21	.09	33
MM2	.19	.52	.14	.14	.00	21
MM3	.12	.52	.16	.16	.16	25
MM4	.13	.54	.08	.21	.04	24
MM5	.13	.62	.13	.06	.06	16
MM6	.00	.67	.11	.22	.00	11
MM7	.00	.60	.20	.10	.10	10
MM8	.08	.46	.15	.23	.08	13
MEAN REL.FREQ.	.09	.53	.13	.16	.05	
SM1	.07	.57	.07	.21	.07	14
SM2	.06	.53	.24	.12	.06	17
SM3	.20	.33	.07	.33	.07	15
SM4	.00	.43	.14	.43	.00	14
SM5	.23	.41	.18	.14	.04	22
SM6	.18	.36	,09	.27	.09	11
SM7	.08	.75	.08	.08	.00	12
SM8	.09	.64	.18	.09	.00	11
SM9	.30	.36	.21	.07	.07	14
MEAN REL.FREQ.	.13	.49	.14	.19	.04	
GRAND MEAN REL. FREQ.	.13	.52	.13	.16	.05	

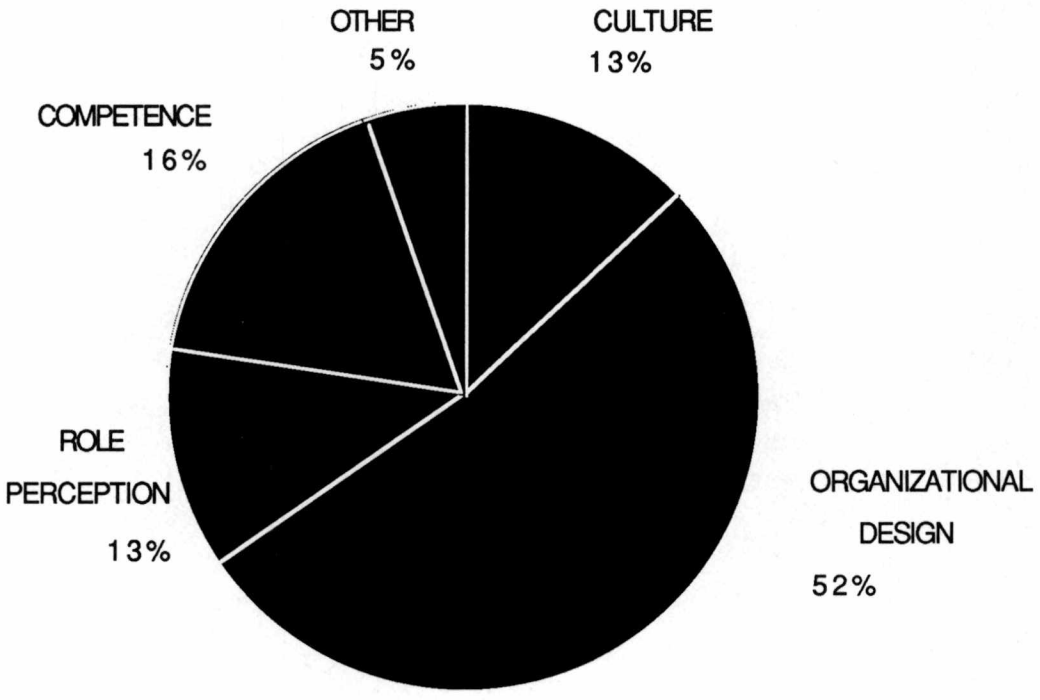


FIGURE 4.13
MEAN RELATIVE FREQUENCY
OF ALL VARIABLES
AS A PERCENTAGE OF ALL
PRICG MANAGERIAL RESPONSES
N=21

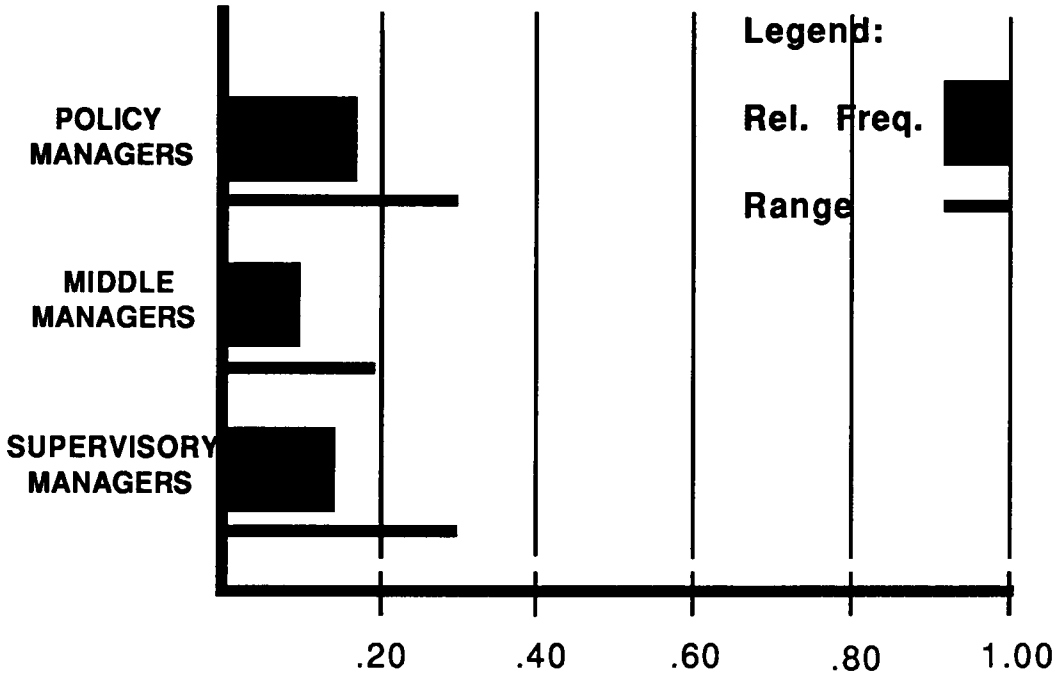


FIGURE 4.14
PRICG
ORGANIZATIONAL CULTURE

culture which was held in good standing for the past four to five decades. This culture influenced the management of strategic change actions.

The recently chosen successor freely admits and admires the work of his predecessor:

> I think the organization has been centered on one man, Mr. A, and rightfully so, given the size of the organization until recent years. [That is] until 1983 when we increased our business over one hundred percent. I think Mr. A, with his 50 years of background, knew the business part of it, knew the manufacturing part of it, the sales part of it, he knew all parts of it [meaning the business].

Mr. A directed the values and assumptions of the organization. Typical were these statements:

> One of the premises that PRICG has used (again I'm leading from Mr. A) has been the relationship with customers. Through the years we have been extremely close to the customers, from the higher-ups in our organization, down through the people who received the product and the men who ultimately used it. I think that closeness to the customer helps us because with these relationships as friends--our customers being friends--we have or we should hear about changes in the organization that we should be able to pick up on and adjust our business accordingly.
>
> ...I think the organization has a history of being fair. I think that certainly centered around Mr. A. He is an individual. I know we're going to talk about that later, but for all practical purposes the organization has been a reflection of [him] for a number of years and still is. I think that the fairness has been there through him. And that doesn't necessarily mean that everybody is always happy and think they're getting everything they want, but I believe most every employee would have to say that Mr. A has been fair and buy it. So fairness is something that is tremendously important.

The personal influence of Mr. A has had some subtle but lasting effects on the organization:

> For thirty years, he did most of the thinking and there wasn't a lot of interplay--thought-wise. A couple of key people that he had next to him were pretty much 'What do we do Mr. A?'-type people. And the organization would go off and do that [what they had been told by Mr. A].
>
> Personally, I think that for a lot of years I believe Mr. A said, 'Here's where we're going,' and if somebody stood up in the front ranks and said, "I got a different idea!' that it wasn't well received. I think that's changing, but I think you've got pretty strong feelings in the company which are 'You know, I'm going to sit and be quiet and not say what I really believe.'

Mr. A was praised for managing PRICG to an optimistic future:

> I think what Mr. A has tried to do what he calls 'positioning the company for the future.' [He is] bringing in people such as [identified individuals] and some others. With the combination of people we have perhaps as good or equal--maybe a better chance of picking up all the things [Mr. A knows] and acting on all the things that are necessary to keep the organization healthy.
>
> I think Mr. A would probably acknowledge that in today's competition, maybe even his coming in [to manage] wouldn't be able to do the kind of things he did for many years.

4.18.3 Middle managers

> I think that one thing that hurts is that we're in the process of changing the organization from kind of a real anarchy, not anarchy [he meant to say autocracy], but from a very strongly controlled, from one central person-type situation [where] levels of hierarchy were very defined and people were waiting for somebody at a certain level to say:, 'Do this,' and they did it.

The organization was in a transitional stage. Values, organizational assumptions, and even organizational artifacts were shifting from the hands of Mr. A to his personally selected group of younger managers:

> I think we have made a pretty drastic change, in size, structure, and hierarchy of our company. People are still trying to understand. And I also believe that a number of the people that reported directly to those folks, don't necessarily get direction or are [they] held accountable.

The subtleness of leadership changes were often missed. Consider another middle manager's comments concerning accountability:

> A positive aspect of this organization is essentially Mr. A. I think his presence and the nature of how he ran the business and his trust that he had on his employees is something that motivates you and holds you accountable even though he is not physically here holding you accountable.
>
> I don't know if that makes sense. But it is a driving force, I believe, for the managers because he is counting on us and that he has put his trust in us and he has built this company on that. And that he wants people to succeed.

But the underlying allegiance can restrict organizational self-criticism and even organizational strategic change initiatives:

> This organization has been going on for umpteen years, I don't know how many years, but in the past there has been the head of this organization, and he's pretty much told people when, where, and how to do it [make change] and expected it to get done. I think when you've worked under that structure for years and years and years, you don't know how not to adopt it and how you know. Rather than saying it kills creativity, it just fosters roboticism, if you will. I'm not saying that's right, wrong, or indifferent, I'm just saying that's the way it was and I know myself again.

An implication of the comments of policy and middle managers was that strategic change actions were chosen and directed by Mr. A, and the subordinate managers did mostly as they were told or taught. The thought of all managers being

responsible for the management of strategic change created new stress on an old culture.

4.18.4 Supervisory managers

> I was taught from the old ways, if you want to call it. And coming from, say schooling [referring to younger managers], after a period of time it's easier to make changes [yourself]. You don't know the old ways. So it's easier to learn the new ways or be able to do the new ways a lot simpler than it is to get an old horse to do new tricks, I guess.

Another experienced supervisor remarked:

> ...It depends on when you were born or when you were trained. Who did the training and what was the concept at the time. That's true, but for most of these kids [referring to younger, formally educated, managers], this may be their first or second job. And the rest of us, hell, it may be the same job [we've had for years], but we learned it from a lot of different people that we've worked for over the years. I think that has a hell of an influence on us.

A younger supervisor observed the tendency of organizational managers to fall back on past practices and preferences:

> I think we still rely on the older barometers of our business that people still fall back on. Maybe we don't necessarily manage by [them], but they're things that people want to check against. Because that is historically the way that we have checked them. We talk about tonnage [of product] in our business means money supposedly. And I think we need to understand if that isn't true. Then we need to understand why it is not [true]. Then start to find out the things that we do need to check.
>
> Because it is easy for people to say, 'Well obviously the reason we are making money is [that a specific product parameter] is lower'. Without really digging into that [relationship] out and finding out that that is really happening, it is an easy thing to grab --it is out there in the open to say, 'Yeah, this is it.'

Unlearning old habits and revising old patterns may affect attempts to have managers at all levels of the organization initiate strategic change actions.

4.18.5 Within case conclusions: Culture

The themes of organizational culture within the PRICG managers' comments suggested factors which might influence the management of competitive strategic change.

- Organizational member relations
- Power/authority
- Submission/subservience
- Reactive/proactive

Organizational member relations

PRICG had revolved around one man for decades. He thought, decided, and directed the members. It was said that the organization was a reflection of this leader. He gained the respect of the people by asking no more from them than he would from himself. His people thought of themselves as members of his family.

Power/authority

Authority was in the hands of a central figure; he told people when, where, and how to do things. Such structured control was seen by some to kill creativity and generate roboticism.

Submission/subservience

Individual members suggested that new ideas were not always welcome. After rejection, individuals would tend to "sit, be quiet and not say what they really believed."

Reactive/proactive

Comments of managers suggested two different groups of managers. There were those with little formal education who had learned the ways to succeed, ways which had been tried and proven. Then there were those with higher degrees of formal education who seemed to want to try new ways which had

not been tried nor proven. The organization struggled with balancing the two.

4.19 DISCUSSION: Organizational design: Comments and commentary

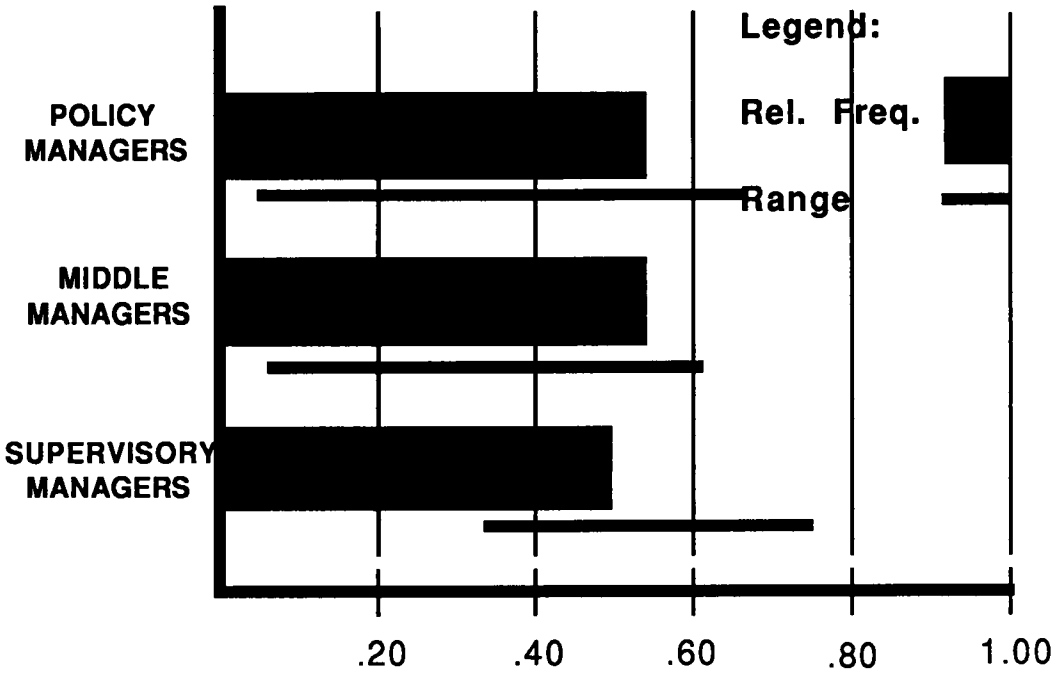
4.19.1 Introduction

Elements of Galbraith and Kazanjian's organizational design model elements were referred to frequently in the responses of all levels of PRICG managers. The relative frequencies of occurrences of words, phrases, and/or ideas pertaining to the five organizational elements--task, structure, people, reward, and decision/information processing--were .53 (range 0.4 - .67), .53 (range .45 - .62), and .49 (range .41 - .75) (see Figure 4.15). By far, the most frequently mentioned element of these was the people element, which was selected for discussion in PRICG. Data recorded in Table 4.6 show the average relative frequency for the five elements.

4.19.2 Policy managers

Personnel recruiting and selection are considered by PRICG policy management to be critical in short- and long-term organizational change and success:

> I think if you look at [one part of our business organization], we've got a core group of four managers who all happen to be engineers. I can't condemn them for that [laughter], but they are talented as hell. They have good education backgrounds. They're right now at a point in their careers where there are probably some good experience to back up their education. I think they want, more than anything else, to have this change and to manage the change well. I think if you get those four particular individuals, you'll see the enthusiasm and energy that they bring.
>
> I think that in [a different part of the business] we have a little different story. Our top management [there] came up through the ranks, they don't have the educational background, and have more under the influence of Mr. A's dominant



MEAN RELATIVE FREQUENCY
AS A PERCENTAGE OF
ALL OCCURRENCES
AND RANGE

FIGURE 4.15
PRICG
ORGANIZATIONAL DESIGN

TABLE 4.6
PRICG
RELATIVE FREQUENCY OF OCCURRENCE OF ORGANIZATION DESIGN BY MANAGEMENT LEVEL

Managerial Levels	Galbraith and Kazanjian's Organizational Design elements					
	TASK	**PEOPLE**	**REWARD**	**DEC./INFO.**	**STRUCT.**	**TOTAL**
POLICY MANAGERS	.00	.28	.07	.065	.10	.51
MIDDLE MANAGERS	.005	.26	.12	.10	.06	.54
SUPERVISORY MANAGERS	.03	.31	.06	.02	.06	.48
AVERAGE REL. FREQ. INCLUDING ALL LEVELS	.03	.28	.08	.06	.07	.52

> character. It's more difficult for them to make the change.

PRICG's policy managers recognized that the mixture of managerial backgrounds in their company was a positive attribute:

> We have a pretty diverse management group. I think most companies do. I have a limited background, but I think most companies have the group that has worked their way up through the ranks and don't have the formal education and others who have education but little experience.

The unifying factor for such groups of personnel may be found in the past and present leadership style. Leadership style was one of the subfactors included in Galbraith and Kazanjian's model:

> I think our [PRICG's] style, the way we do business, that style is the level of commitment we expect from our people....The level of commitment that Mr. A asks for and gives to the company facilitates a lot of that--people that aren't committed don't stick around long or they find themselves on the outside looking in and they generally will leave. When that type of commitment is there, it's nurtured by whatever means.

Speaking of the depth of commitment, a manager suggested:

> I think all of our managers bleed red, white and blue [referring to the company colors]. And when you have that at whatever stage, that helps because, you know when push comes to shove and machines go down and everything else, they're there. And that helps any change.

4.19.3 Middle managers

Leadership style was thought to be very important to the management of strategic change. There was a view that without the appropriate top management behavior, little would occur:

> If we didn't have support of the top, right down the line, this would never work.
>
> The number one driving force of the managers [at all levels] is the desire to get things accomplished and be valued. To feel that they are doing the right thing and see some results in what they are doing.
>
> The perspective or the feeling that they are not going to give up and that it can be done. Not only do we have to continue, but you have to continue to improve. Understanding the fact that it is possible. That it isn't something that somebody else is going to do [referring to the need for management participation in making strategic change] but rather something that each person [manager] needs to do and have to make it happen.

Yet, ironically, managers of this level questioned organizational development and training skills:

> I don't think we're good at coaching people or helping people grow particularly well sometimes. We don't have a plan or a thought [about personnel development]. We don't sit down with a person that works for us on a regular basis, and work through some things on how to handle issues: 'Here are some things that I want you to do over the next six months; I think you ought to be working this way; and I think there are some things I think you need to be doing'. I think that if we could do that more effectively, then we could help some of those [managers] that I don't think are intentionally blocking things [referring to strategic changes]. People in some cases are trying very, very hard, but they really don't know what to do.

This organizational deficiency was not seen as serious by some managers:

> Some of them [managers] are just plain stubborn, some of them, it's just their age. They feel they have been appointed to be a manager so that [therefore] they have all the solutions and they've been there a long enough time so that they do have all the solutions and they don't want somebody else to tell them [how or what to change].

Change will not come easily. An extraordinarily honest middle manager commented:

> First of all, truthfully, most of the managers are in the middle age, and you change [only] for a sense of security. I mean their is no lie about that. Take myself--personally, it was tough to change. It was tough to give up the strict supervision of labor involvement. And you are going to give up a certain amount of that when you get into this....What I am trying to stress is that a lot of people have their own niches.

4.19.4 Supervisory managers

Comments of leadership style and personal management characteristics made by supervisory managers was noteworthy when discussing strategic change initiatives:

> ...we've got so many invaluable people. Starting right at the top--Mr. A. What he knows such an intelligent man. Mr. B is also an invaluable resource. Mr. C and Mr. D--everybody has a little bit something different to contribute. It is a different group of people, but we can all learn something else from the other person.

> ...and too, I think it's some of the people--types of people and the age groups we have. It makes it [strategic change] a lot easier; especially [with] relatively [if you have] a young group, they interact well and are very excited about this whole idea of change.

> ...Generally speaking, the managers as a group are young. They are in their thirties or early forties. I don't know what the average age is but, I know what the average age is but, I would say that it is some where around forty; it maybe even lower than that. Which kind of lends itself to the fact that these people are relatively new and out of school and some of which are going back through Masters degrees or MBAs. Which kind of gets them into the whole new philosophy on managing business.

Crediting the leadership of the organization, one manager said:

> Probably the biggest thing in [the business unit] is the straightforward and positive attitude [of managers] and the schooling [organizational development schooling] that justifies that we need the changes. Understanding that the changes are going to help us will help. The positive attitude is the best thing that is going to help. You know it is the positive attitude of all the managers: the positive attitude of all the employees; in general it is the positive attitude of everybody involved. It is going to help us and it is going to help the business.

Yet, there were reports of groups of managers whose attitudes still presented problems in the implementation of strategic change:

> There is a certain group of managers who tend to think 'Well, we have done this before and why should we do it again?' It is a kind of apathy that may have developed out of some hard knocks in the past. Personally, I don't have that problem. [They may have experienced] some unreceptiveness years or ago or something that just didn't work or they just got burnt or whatever.

Another manager commented:

> Some of our people in the company, I shouldn't say, won't accept change, but it's awfully hard for them to do so cause they are coming from the old school.

Perhaps elaborating on the same group, the observation of another manager was:

> It is just that they rebel against change, perhaps they are into life with PRICG [meaning: they have been with the business their whole working life and intend to stay until the end of their career]. They feel they are going to live it out a few more years: 'I'm almost done anyway. So I'm not really going to get involved.' And even though they may even be some of the younger ones [managers], they are just like a robot. [They] do their job [the younger managers]: 'I do what you tell me to do. I'm not really going to get in there and grasp it [the making of change] one on one.' Some people are satisfied with it [the status quo]. I guess that is probably just human

> nature. They sit down and go day after day [through the same routine] and they are just satisfied.

These and other remarks of PRICG managers seemed to suggest the importance of personnel selection, leadership style, and organizational training and development as factors which influence change efforts.

4.19.5 Within case conclusions: Organizational design

The issues relating to organizational design [i.e., Galbraith and Kazanjian's people element of organizational design] were quite different for each level of managers.

Personnel recruiting and selection seemed to be the chief concern of policy managers. The characteristics of the core management group appeared to be important to the management of change. The diversity of managers' backgrounds was suggested as a valuable attribute to be sought. The strength of commitment to the organization and its success was also considered to be valuable.

Middle managers also pointed to the importance of managerial commitment, but added the significance of management style in influencing change. In addition, they recognized the part that organizational development and training played in managerial behavior.

Supervisory managers were much more individual-oriented. Much of what they said addressed the basic personality and character traits of managers.

4.20 DISCUSSION
Role perception: Comments and commentary

4.20.1 Introduction

Figure 4.16 depicts the relative frequency of occurrence of words, phrases, and/or ideas of PRICG managers which related to managerial role perception as an influencing factor upon the management of strategic change actions. The responses were .11 (range .4-.67), .13 (range .06-.16), and

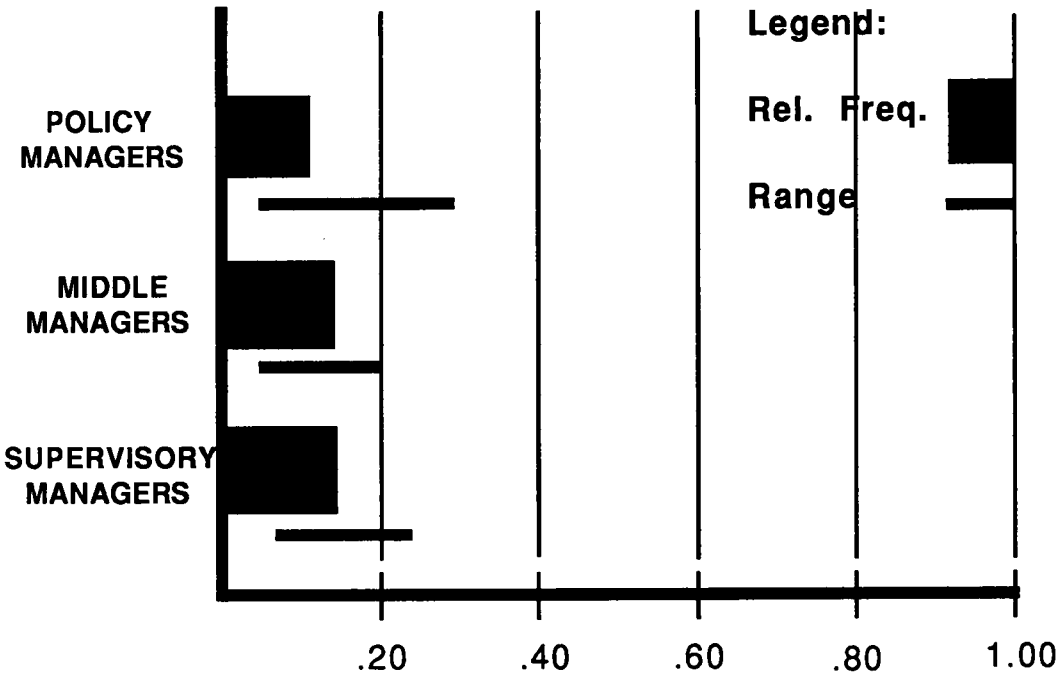


FIGURE 4.16
PRICG
INDIVIDUAL ROLE PERCEPTION

.14 (.07-.24) for policy managers, middle managers, and supervisory managers, respectively.

4.20.2 Policy managers

The policy managers' views demonstrated the instability of managers' roles and role perceptions. These ranged from well-defined classical concepts of functional supervision to ill-described organizational participation. In general, the managers' role in managing strategic change was wanting in clarification.

In discussing the role perceptions of managers within PRICG, one policy manager suggested:

> Well, they'll give [i.e., managers will say they are responsible for] the tasks they do day to day. They'll say [they are] to improve, in their classifications [jobs they are presently in]; to get more productivity out of what they already have [resources, people, machines, material].

Another policy manager commented:

> I would think that they would say that [their role/job] is to manage whatever department you [as a manager] are in--to improve it. That [in doing that], all [managers will] look out for the bottom line. With a common sense attitude; you [as a manager] don't just go in and change just to make change.

Another said:

> So many of them, I think just go through their day-to-day routine.

And still another commented:

> I think a lot of the production managers would probably say that their job is to get production out if they can, in terms of volume of production. And to keep the machines running. I think the [solving of] day to day kind of problems would come out in many managers [responses].

But managers were forced to step out of their bound of duty to meet the demands and expectations of organizational needs and/or strategies. These demands appeared to impose upon classical supervisory roles:

> We expect our managers to do a tremendous amount on a day-to-day basis. Then, in addition, we throw in expansion projects, like a new machine [being installed presently]. We [upper management] throw in other things as circumstances come up....Being able to keep the thing going [operation of the business] and having the time [to do new things] is difficult and is possibly a limiting factor [in the implementation of strategic changes].

The increased complexity of managers' roles caused some to be skeptical of the managers' understanding of their changing roles:

> I think there are some people [managers] in the business [PRICG] that don't know what their job is, bullshit, I think they've got no idea what they're about.

4.20.3 Middle managers

The pattern of responses of middle managers paralleled those of policy managers. Their comments further detailed and clarified managers' perceptions:

> I think most of them [PRICG] managers' [views] would be: 'My job is to manage my particular area.' That means that 'my folks know what they're supposed to do and get it done.'

The boundaries of the managers' perception and their activities appeared to be limited:

> ... for most managers of my peer group, it is that we are mainly in little boxes. So I think [if PRICG managers discuss role perception] what you would get back is everybody saying specifically what their individual jobs are, not necessarily that we are here as a company.

Reinforcing this narrowness is this comment:

> I think that the majority would say that they basically are supervised. Despite attempts to suggest otherwise, that's still true. And I think we're pretty forward looking.
>
> They [the managers] are there to ensure that the department runs as it's suppose to. That's why they're there. They are there to answer questions, to handle discipline. More of that 'supervisional and departmental.' I think you'd find the majority of them [the managers], even with small departments, are compartmentalized.

As one honest and open middle manager suggested, the reign of the supervisory role will be given up reluctantly:

> You know, it was kind of tough to give up the strict supervisor role, which I don't think I ever was...if you are afraid to give up what you had, for years and years, that is the wrong way to get into it [it being management of strategic change].

The new demands on the managers created ambivalence in the managers' reflections upon their role:

> Well, there would probably be a couple of different classes of responses [to the question of the role of managers]. I would say that the majority of them would [see their role] to be: to maintain and improve the day-to-day operations. They're probably two or maybe four [out of approximately twenty six] that would say [their job] is to improve the business. And they would be looking along the full range [meaning the whole of the business operations]. The ones looking along the full range don't always have experience of the past to put to use. But I think generally speaking they [the majority of the PRICG managers] would be focusing around: 'My job is to watch the piece of the operation or this part of the business; to make sure that it runs along smoothly.'

Hinting at the possibility of confusion over how to implement change, one middle manager offered:

> I don't think we have a clear picture of, i.e., some upper levels [of management], what it is people [managers] ought to be about--to keep moving the organization [successfully]. What ought the

> role [of managers] to be? Is there just [the need] to come in today [any day] and say, 'I've got to go to this meeting and I'll see what happens. I'll, when it comes down to action, I'll be around.'

4.20.4 Supervisory managers

The prevailing pattern of managers' role perception persisted at the supervisory level. The narrowness of views was supported by this manager:

> I think whether or not you say that we [managers] should no longer be trouble shooters, I think every damn one of us are trouble shooters and we'll always be trouble shooters.
>
> As managers, I think that they [the managers] would perceive that they are responsible for their areas; that their title would imply [that]. I think they would say that as a general rule they are reporting to senior managers and keeping them informed.

But the subtle changing of managers' role was expressed by this manager:

> I believe that there are some groups of managers that believe their job is to offer people the opportunity to grow as individuals--as managers, as engineers, or technicians, or whatever. There are other groups of people [managers] that believe that their job as managers is to make sure that everybody does what they tell them to do. We still have some managers who believe that their job is to make sure that their process runs smoothly and to make sure that the people, that work for them, are doing everything they possibly can to make it run that way.

Yet, the question of clarity of managerial roles existed even at the most operational level of management:

> I'm sure that there is another group somewhere that would be a little bit unclear as to what they are to be doing as managers. Is it being the person who knows the most about the process they are trying to manage?

The new roles and responsibilities may require clarification and discussion with managers if managers are to manage strategic change.

4.20.5 Within case conclusions: Role perception

PRICG role perception themes suggested factors which potentially affect the management of competitive strategic change. They were identified as:

- Role ambiguity
- Required role

Role Ambiguity

"They don't know what their job is, bullshit, I think they've got no idea what they're about."

"I don't think we have a clear picture of what managers ought to be about what the roles ought to be."

"...there is another group who would be a little bit unclear."

These comments cut across the three levels of managers.

Required role

"Trouble shooting, we'll always be trouble shooters."

"Get production out."

"We do what is in our little box--supervise our departments."

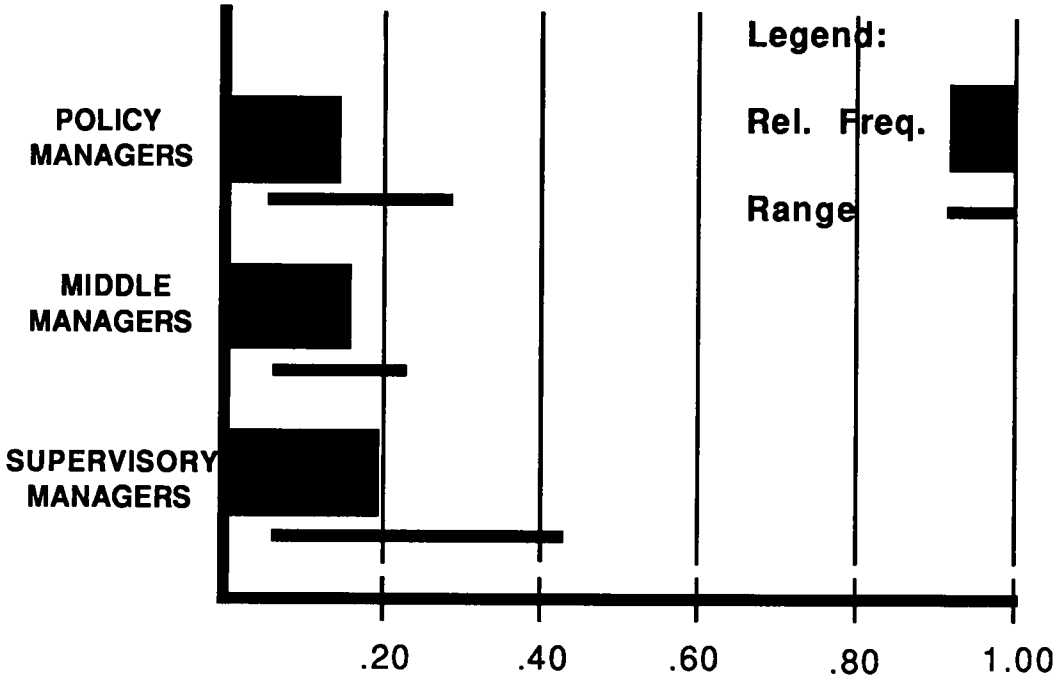
"Manage departmental jobs."

"Some see their job as watching the pieces of the operation they are responsible for."

4.21 DISCUSSION
Competence: Comments and commentary

4.21.1 Introduction

Interviews with PRICG managers produced the results shown in Figure 4.17. The relative frequencies of occurrences of words, phrases, and/or ideas pertaining to managerial competence of policy managers was .13 (range .04-.29); middle



MEAN RELATIVE FREQUENCY
AS A PERCENTAGE OF
ALL OCCURRENCES
AND RANGE

FIGURE 4.17
PRICG
INDIVIDUAL COMPETENCE

managers .16 (range .06-.23); and supervisory managers .19 (range .07-.43).

4.21.2 Policy managers

A remark by a policy manager pointed to the significant influence managerial competence may have on managers' strategic change actions:

> Where their [managers'] fear is, that's really where you [an organization] live. Because what you [the organization] get of me [the manager], that's where you're [the organization] performing.

Fears arose from different concerns. Consider the differences in these comments:

> ...if people [managers] can understand how they fit into change and have some confidence that change isn't going to exclude them or destroy some of the basic structure of their work life that they've grown to appreciate, I think that most people will, with a little education on where they are going, are more willing to change that in general people are given credit for.

Then there was the uneasy concern of personal inability or incompetencies:

> We're putting a lot of energy into training people [managers] so they understand how to do things rather than being thrown in the jobs and you [as a manager] walk around feeling terrible because you know you're not doing a good job. That's one of the things that has gotten in the way [referring to managements' acceptance of responsibility for strategic change].

4.21.3 Middle managers

The concern of managers over their competence and the potential repercussions of attempted strategic change was found in the comments of PRICG middle managers as well:

> Change [referring to strategic change] is a little more slippery. Particularly so if that is not a required attitude in my life, if I [as a

> manager] have never been forced to start it [initiate a change action] and see [by experience] the rewards of it. The odds are I am not going to pick it up on my own. That is something that I'm just not going to bother to say [to myself]: 'Let me suffer the pain over here because I know the result is good.' I don't think I would do it on my own. And I think that [attitude] reflects a heritage of the company [PRICG].
>
> The person who instituted change [in the past], did the change, drove things to completion, was Mr. A. I am not sure how much change was instituted from the bottom up. I think as long as the daily things get done, people [managers] were okay. So their [personal] development for those seventeen years was [limited by the fact] that change has not been a required part of their [managers] life and has not been picked up, as a self initiative, which I would expect it to be. So that is a change to folks [managers]. They need to see that the reward is there as a valued part of your [managerial] participation in this company. They need to understand that [managing strategic change] is now a part of their job.

The lack of experience with initiating change appeared to immobilize change efforts:

> Another characteristic of other individuals [managers] I would say is not being able to understand or at least agree to methods [change methods] to get at the questions [organizational questions]. It's just easier [for some managers] not to do anything, [just kind] of sit there and say, 'Fine, fine, fine' versus saying, 'OK, we can't agree on this, let's try to test this, or let's try to find out.' They [the opposing managers] say, 'Well, but I don't see any reason to test. You know, there's a mode [for the opponents] where they say, 'I don't see [that] there's a reason to do that [test]. I understand you do, but I don't care' versus [what could be a more appropriate response] 'I don't understand that, I understand you really think we ought to try that--so let's try it and see what we get. And let's see what it did for us and what if didn't do for us.'

Inexperience over potential results and/or personal ability may not be the only reasons for inactivity. Apathy

might result from the sense of risk to one's personal competence acquired through years of trial-and-error experiences. One middle manager suggested this in the comment:

> One [factor affecting strategic change actions] is just [managers'] comfort level. They've done their job. They're comfortable in doing it. And so to make changes, they're going to have to work harder, dig harder, and they may just want to float along.
>
> Some people look at a job or do the job in a way to get the job done, just to get by and get it done; other people [managers] want to get it done but yet improve upon it.

Another manager observed:

> ...about the only thing I can think of as to why someone wouldn't do it [make strategic change] is that they have fallen into a particular niche where they have become comfortable and they have been able to get away with what they have been doing for a long time. It hasn't been required to make any type of changes and so if it is not required...[therefore] you get yourself [as a manager] into that mode.

4.21.4 Supervisory managers

Comments of PRICG supervisory managers may have reflected the history of organizational practices--practices which have and still continue to affect the management made by strategic change. The same was found in the remarks of both the policy and middle managers.

There were sentiments of refusal which may indicate personal insecurities:

> We have some people [managers] out here who are very unacceptable [perhaps meant to say 'unreceptive'] to change. You know, 'We did it this way before...it worked before. Let's stick with it--why change?'
>
> ... [It] might be inexperience. We have a lot of our managers who came up through the ranks--they

know how to make a product, but managing people is another story.

> I think a lot of it is their [managers'] attitude. It's the fact that 'I have never done it this way before, why should I now? Prove to me that it [strategic change] works!'

One supervisory manager volunteered what may be an underlying concern for all managers:

> For me, personally, it is just my lack of education, my lack of being able to grasp some of these things, you know, just understanding it or maybe a fear which I guess is personal. Not that [the education] is going to hurt me, but maybe it is going to try to hold me back a little bit.

4.21.5 Within case conclusions: Competence

Three themes were suggested in the comments of PRICG managers which implied the existence of factors to be considered when considering competence and its influence on competitive strategic change. The factors were:

- Knowledge and skills
- Experience deficiency
- Conviction

Knowledge and skills

"We need to put in a lot of training."

"With me it is a lack of education, my lack of being able to grasp some things."

Comments like this suggested the need for managers education, personal development and organizational development.

Experience deficiency

"It might be inexperience."

This direct quote perhaps best summarized this factor.

There were others which were more elaborate.

"We did it this way before - it worked before; let's stick with it--why change?

Conviction

Managers of PRICG openly discussed what may eventually be the most pertinent factor in the management of competitive strategic change.

"Where there is fear, is really where you live."
The implication was that fear limits humans.

"If people cannot understand how they fit in a change and have some confidence that it is not going to exclude them or their jobs they won't try it."

"It's the fact that I have never done it this way before, why should I now? Prove to me that it works!"
One can hear the concern for success. Another even more demanding response was:

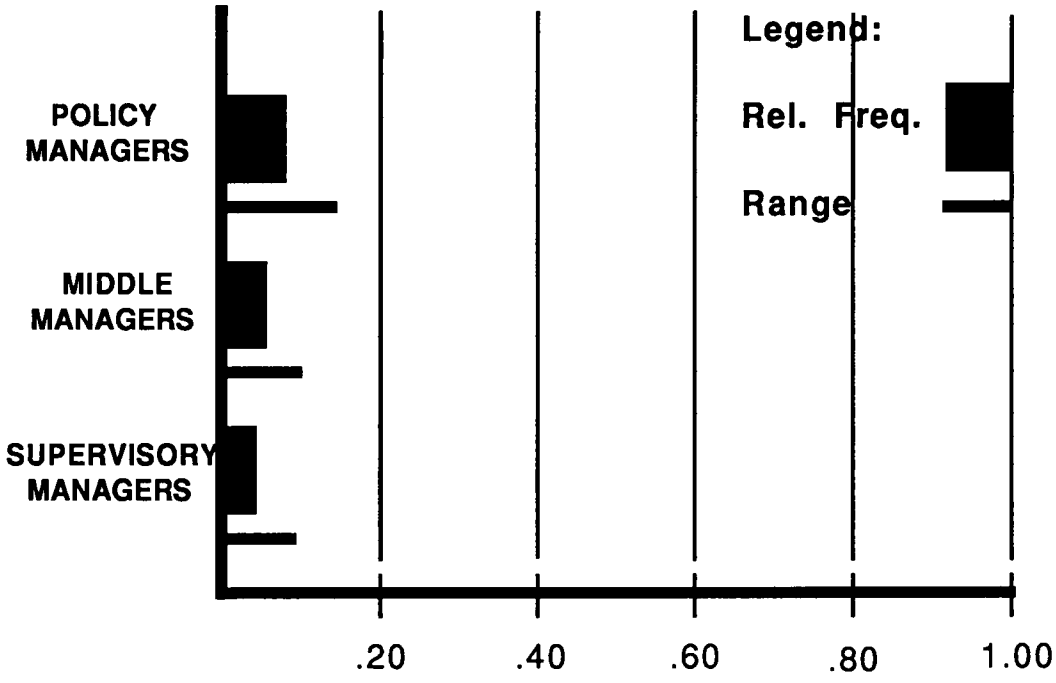
"They need to see that there is a reward." Perhaps implying that unless reward is guaranteed nothing will be attempted.

4.22 DISCUSSION: Other: Comments and commentary

4.22.1 Introduction:

The responses of PRICG managers to open-ended questions concerning the management of competitive strategic change contained words, phrases, and/or ideas which implied the existence of variables other than those included in the initial "integrated" model. The relative frequencies of these words, phrases, and/or ideas are shown in Figure 4.18. Although the frequencies were generally lower than those for the initial set of of influencing variable, they should not to be overlooked or left out of further investigations. It might well be that some of them were among the significant influences contributing to the successful implementation of strategic change actions.

The average relative frequency for PRICG policy managers was .07 (range 0-,15); for middle managers, it was .05 (range 0-.1); and for supervisory managers, it was .04 (range 0-.09).



MEAN RELATIVE FREQUENCY
AS A PERCENTAGE OF
ALL OCCURRENCES
AND RANGE

FIGURE 4.18
PRICG
OTHER VARIABLES

4.22.2 Policy managers

The comments of PRICG managers referring to other potential variables which might influence strategic change actions were few. But their range and content supported the perspectives mentioned by managers of the other organizations studied.

While considering other factors, one PRICG manager suggested:

> The demands of our customer certainly [affect our response].
>
> ... Hey, you've got to pay attention to some things that are going on [around your business].It doesn't take too much awareness to know that all of American industry is tremendously concerned about quality. I think that some of the concerns about quality comes from the customers and leaves those companies floundering more than perhaps we [PRICG] are.

The lack of sensitivity to external demands may result in experiences which subsequently motivate change:

> I think a big driving force to change is the need to change [in order] to be competitive--to stay alive. I think the, ah, starting at the work force end of it, ah, this group of people has been through a lot of rough years where they saw themselves not changing, not modernizing, not improving. We've eliminated a number of jobs in the mill via retirement.
>
> [Others], they've come close to losing their jobs and that concept of [a] 'significant emotional event' does a tremendous amount for saying, 'Yeah, maybe I don't like all change, but I'd rather change than lose out all together.'

One policy manager did mention the potential influence of unionization, but was quick to point out the cooperation enjoyed by PRICG with its union personnel:

> There are still some [managers] in the organization that are union-oriented. They never stepped over [referring to their allegiance to the union]. They are kind of middle of the line and

> leaning towards the union....As a manager you still have to direct the people that are under you even through you worked with them years ago, yesterday or whatever the case.

4.22.3 Middle managers

PRICG middle managers' comments were not as global as those of policy managers and tended to be much more operational. For instance, the potential union influence was mentioned, but only specifically in terms of how it might affect operations:

> In other words, we are not structured. Yes, we have a union in the plant, but I specifically--I am not tied to a very structured, rigorous union rule that says, 'This is my craft, this is my trade; I won't help this [other] person!' Or 'I won't do this--it's electrical; it is not mechanical.' We have a group of mechanics and our task is to maintain the mill.

On the other hand, another manager pointed to the possible impact of union association upon managers' behavior:

> We had a supervisor who was terminated a couple of years ago, and he just wasn't going to change. And we tried to help him. I, personally, and some of the other foremen--we knew he was getting into trouble--he just fought it. The reason I think that happened was because he was very strong union-oriented before he became part of management. When he got on as part of management he played the role as strong as he did when he was union vice president. He didn't want to give up his 'bars' per se and he is gone. I know now he would have never have made it with the attitude he had.

A different comment from a middle manager implied the potential influence of managers' personal life situations and/or circumstances on their actions:

> ...I think of periods in my life where I've had some personal problems that have really interfered with my job. And I guess I've known of others who've had, if you will, the same problems. Those types of things will totally get in the way

> of your performance. If your supervisor doesn't understand that then he may come down on you or he may ignore you. Who knows what might happen?

4.22.4 Supervisory managers

There were two themes of PRICG supervisory managers' comments: the influence of unionization and the availability of financial resources.

Regarding unionization, one manager observed:

> The first thing I can think of [as an external influence] would be the fact that we are union-oriented. I think that very much limits us in a lot of things we would do, because we are so restricted by our contract. We have to follow a certain guideline, per say. So that limits us in the different way we could be using the employees.

The thoughts of PRICG managers regarding financial resources varied greatly:

> ...as far as resources, I think that there are monetary resources, given the opportunity to do something. I don't think we are strapped financially.

The other extreme was suggested:

> I think that we are financially restrained. That is a big thing, all the time. There are a lot of things that we would like to do but because of the smallness of the company we are not able to do it. It has to be taken in steps.

4.22.5 Within case conclusions: Other

The comments of managers from PRICG included factors relating to other variables, which fell into categories labeled:

- Unit specific environmental
- Unit context

Unit specific environmental

The pressure of customers' demands for improved quality of product and increased competition were uniquely the considerations of the policy managers.

Unit context

Unionization or third-party participation in the organization was a common factor which policy, middle, and supervisory managers shared as a consideration.

Middle managers highlighted the effects of unions and prior union participation of managers on the behavior of some managers.

Supervisory managers also expressed concern about the effects of unions, but in addition, pointed to the potential constraint of financial resources and other resource allocations.

4.23 CASE D: A Publicly-Held Industrial Goods Manufacturer (PUBIG)

4.23.1 Context

PUBIG is a business profit center within a corporation which developed as an outgrowth of a company founded in the late 1940s. Two entrepreneurs split off from an electronics manufacturer and established their own company. Pioneering a new communications technology, they built the business by selling custom communication equipments. Initially, these equipments were designed according to conventional technology. As time passed, they were able to convince users to adopt more advanced technologies. The technical strength of the corporation grew, becoming the business' differential advantage. Strong personalities with engineering competencies made up the majority of the formal organizational leadership.

With the advent of the space age, the small company blossomed. Expanding into the fifties and sixties, the company developed a reputation for extraordinary design and development of communications electronics. Finally, the company decided to develop its own electronic components. In the beginning, a small group was put together to fabricate and design custom components for internal use in custom communications equipment. Over time, the superior quality of the components provided a competitive edge to the company. The technical strength of the original company solidified, the market demands for its products increased, and an independent business appeared possible. A business unit was formed, out of which PUBIG eventually evolved.

The mid sixties brought on a series of events. The original company, which was founded in the forties, was sold to a larger corporation. This was during a period in the United States when mergers and acquisitions were on the increase. Ironically, in this case, the turn of events enhanced the position of the leaders in the original company

appreciably. Their corporation was acquired to bolster the technology and managerial leadership of the larger acquiring corporation. By the mid seventies, the leadership of the larger corporation was made up of mostly managers from the smaller corporation. This is significant in that there was a continuing interest in the technologies and business which were to be the underpinnings of PUBIG.

Since the company was technology-based, the leaders of the business unit were highly-opinionated, autocratic technologists. These historical leadership characteristics set the style of the management and created the culture for the unit, internally and externally. Using their detailed working knowledge of the technology, the unit leaders were capable of managing the most minute issues and/or minutiae.

PUBIG was established as a business profit center in the early 1980s. Markets, products, and personnel were derived from the original business unit. The culture, procedures, and practice were a legacy of forerunner business units. The company has, in the last five years, suffered from the foreign competitive threat and market decline of most American corporations. It had to downsize its operations to compete while at the same time improve operational performance. These requirements stressed the performance of all personnel. The last two years have seen a dramatic improvement in the financial stability of the unit. The success of the company was attributed to the decisions of another strategic business unit, which was acquired to expand business capacity. The strategic business unit acquired this unit from another corporation. This purchase offered new opportunity to PUBIG management and technical personnel. The business environment remained highly competitive. The managerial and technological challenges are as great today as they have ever been in the history of the business.

4.24 Case statistics

The sample of managers interviewed at PUBIG consisted of four policy managers, five middle managers, and four supervisory managers.

The PUBIG managers interviewed provided words, phrases, and/or ideas which related to the concept of organizational culture and design, individual managers' role perceptions and competence, and other factors which might affect the management of competitive strategic change (see Table 4.7). Figure 4.19 reflects the mean relative frequencies of occurrence of all the variables suggested in the interviews as a percentage of all PUBIG managerial responses. In general, these responses supported the initial "integrated model" and its speculated independent variables. Like those made by managers of the other business units, the responses of PUBIG managers implied the existence of other variables.

4.25 DISCUSSION
Organizational culture: Comments and commentary

4.25.1 Introduction

Figure 4.20 shows the average relative frequencies of occurrences and ranges of words, phrases, and/or ideas of PUBIG managers. The scores .11 (range 0-.2); .16 (range .07-.26) and .15 (range .09-.2) represent the organizational culture responses of policy, middle, and supervisory managers, respectively.

4.25.2 Policy managers

The combination of its historical character and recent market situations would appear to affect the willingness and rate of change within PUBIG:

> I think the characteristic of our organization [that affects the management of strategic change] is that we have a pretty mature organization. The reason we are mature is because we're all survivors of all the cutbacks we've had over the last couple of years. So the fact is that the organization has

TABLE 4.7
PUBIG RAW DATA

PUBIG
N=13: PM=4
MM=5
SM=4

RELATIVE FREQUENCY
BY VARIABLE, BY SUBJECT

	CULTURE	ORG.DESGN.	ROLEPRCPT.	COMP.	OTHER	TOTAL OCCUR.
PM1	.20	.27	.20	.20	.13	15
PM2	.14	.42	.00	.42	.00	7
PM3	.09	.48	.19	.14	.09	21
PM4	.00	.58	.08	.25	.08	12
MEAN REL.FREQ.	.11	.44	.12	.26	.08	
MM1	.13	.47	.07	.20	.13	15
MM2	.26	.35	.09	.26	.04	23
MM3	.18	.36	.18	.27	.00	11
MM4	.14	.36	.21	.11	.18	28
MM5	.07	.57	.07	.21	.07	14
MEAN REL.FREQ.	.16	.42	.12	.21	.08	
SM1	.20	.40	.20	.07	.13	15
SM2	.16	.48	.12	.20	.04	25
SM3	.14	.57	.07	.14	.07	14
SM4	.09	.36	.18	.27	.09	11
MEAN REL.FREQ.	.15	.44	.14	.17	.08	
GRAND MEAN REL. FREQ.	.14	.44	.13	.21	.08	

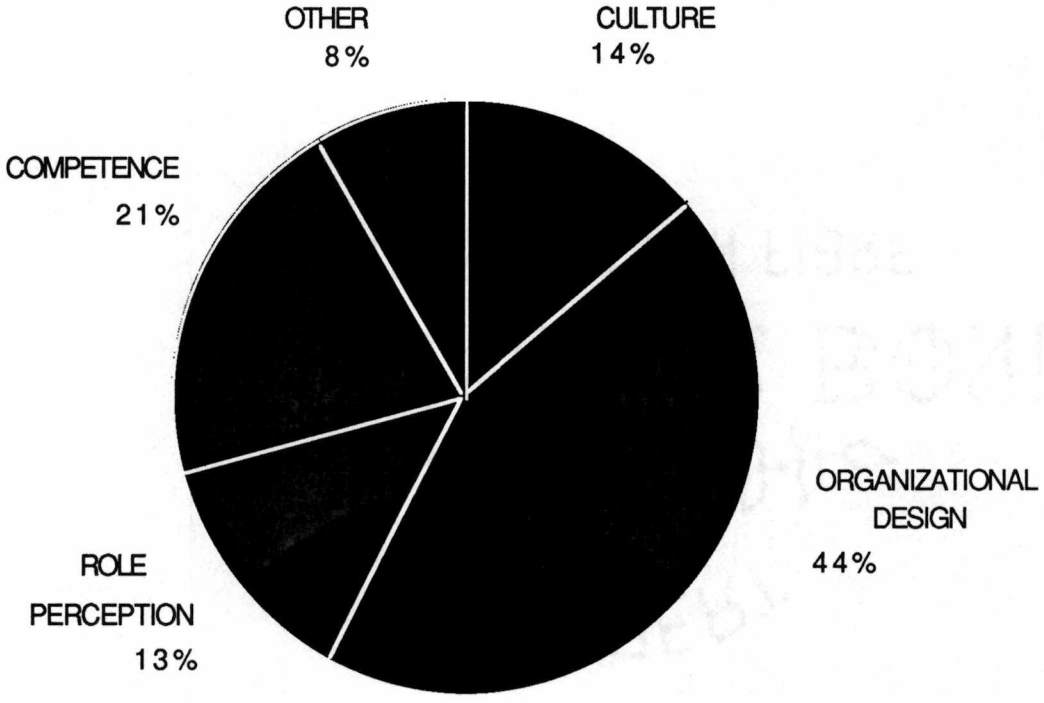


FIGURE 4.19
MEAN RELATIVE FREQUENCY
OF ALL VARIABLES
AS A PERCENTAGE OF ALL
PUBIG MANAGERIAL RESPONSES
N=13

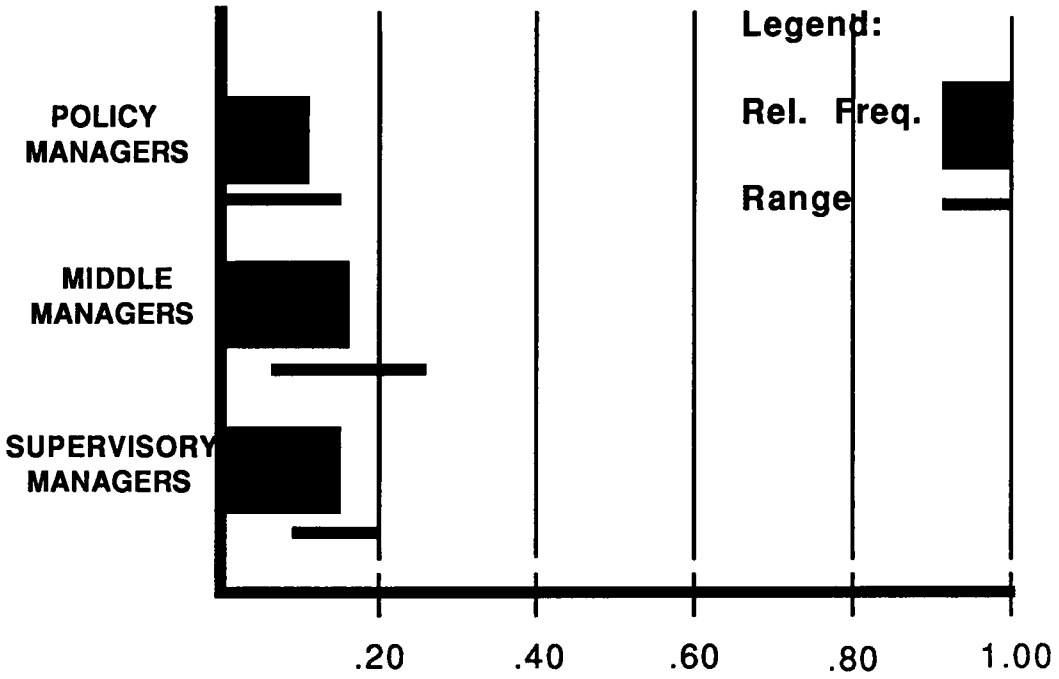


FIGURE 4.20
PUBIG
ORGANIZATIONAL CULTURE

> experienced real bad times. I think they're [managers] more mature about things. They're more in line [ready] to recognize the need for change--for significant changes in our [organizational] culture--in our [managerial] behavior.
>
> Now that [willingness to change] is somehow upset by the fact that those in management maybe have a tendency of becoming more micro managers [involved directly in details at the lowest levels]. Some of us are concerned that that [over involvement] could happen again. So we have those power types [of managers] in here or this kind of a problem in the organization. We have a mature organization which has experienced pretty bad times and has survived. At the same time, we have a mature management which as a result of experiencing those bad times it is going to be a little bit more cautious and have a tendency to micro manage and inhibit the cultural changes.

The dilemma of previous practices concerned policy managers:

> ...the way we lead in management [provides] the example we give our managers [through the organization]. Our [subordinate] managers' reflect our [managerial] behavior. If we happen to micro manage or not be a team player, that's the way that our [subordinate] managers are going to behave.
>
> We [policy managers] tend to maybe over-manage and what we are [currently] trying to do is to get more, seek more inputs out of our lower level work force on how to improve.

Some managers viewed the organization as having quite a lot of flexibility. Statements and positions relating to organizational inflexibility were rebuked and rejected:

> I don't believe that we have policies and procedures which inhibit or even slow us down, culturally or behaviorally, from making step-function improvement. As a matter of fact, I think it's a lot of bullshit from an organizational development point of view. So it's [a matter of] getting people to think more and more.

Frustrated with idle excuses, some managers assumed the blame for the lack of progress:

> ...it's not going fast enough and a large percentage of it [strategic change] is taking place even though management doesn't recognize it. We management recognize that we must make the [organizational] functions changes and it must happen in a hurry. We [the management] are the people who are slowing down progress.

Cultural considerations which might affect the management of strategic change went beyond the organization. Some believed there were societal and cultural influences which affected the efforts of industrial managers to manage change:

> You see, in our culture, in the American [societal] culture we just cannot accomplish step-function improvement with a steady type of continuous improvement. We're [PUBIG] a steady type of an organization. [Yet] we have to change. But you know what we're doing. Often, when we change, we're really keeping the same organization in place and just rotate the job descriptions. You know it happens; it's happened everywhere I've worked. There has to be continuous change simply because we [Americans] get bored if things stay the same.

> I believe that [this need for change] reflects the difference between our culture and the Far Eastern cultures. I believe they [the Westerners believe] themselves to be buried from a manufacturing point of view. They [the Easterners] don't worry about doing things over and over repeatedly. In the American culture people have to be thinking about something because [they] get bored after a little while of doing the same thing.

4.25.3 Middle managers

> I think that we still do have a philosophy within [the corporation within which PUBIG resides] that affects us within the division. You know, the engineering arrogance if you will. The strong direction from the top attitude that doesn't necessarily say,'We work smarter,' but rather '[we work] harder.' Not necessarily change or improve

> things but just work harder. You prove yourself and you are accepted if you work harder than the next guy--not necessarily smarter but harder!
>
> I think we have created an environment, not just within this organization [referring to the strategic business unit of which PUBIG is a part], but others I've worked in, where the supervisors see themselves as having superior knowledge, in terms of what it is that the task is that needs to be done, and therefore creating an environment where they [the subordinates] think there's not any value at all to doing anything else other than just exactly what they're being told.

The theme of upper managers being deeply involved and highly directive appeared in the responses of middle managers. The secondary theme of the middle and supervisory managers' thoughts was reflected in the these comments:

> ...we have sort of fooled ourselves [subordinate managers] into a situation where sustaining is more important than establishing new ideas in new areas. We need to recognize that the people who are really making a contribution are often people who are looking at uniquely different ways of looking at how they manage their business.
>
> In fact, if you look at--I'm sure a number of managers that are my peers--if you look at their work plans, they'll look much like they did last year, like the year before, and so forth. There's little innovation, little imaginative thought and that sort of thing. Somehow we need to encourage people [managers] to do things different; look at things fundamentally differently than they have historically.
>
> I mean, we can't keep talking about incrementalism, small incremental change, and yet we keep setting objectives in which we are very careful to make sure that we can achieve them without having to strain too hard to do them. Somehow we have to break out of that environment and I'm not quite sure how we do that.

Yet, there remained an air of optimism about the potential for increasing the participation of managers in the subordinate levels:

> I think one of the things [organizationally] that helps us is that they [policy managers] who have been most successful have been guys who could really get involvement from their staffs and from the people doing the work. [Involvement] in looking at different ways to manage the business. Those guys [policy managers] can get their folks involved in a process rather than trying to drive it all and manage it all, from their own positions. You know, in orchestrating it in finite detail. Those are guys that aren't so hung up with concerns about not playing [major parts themselves]. That's the sort of guys that are most successful.

Perhaps to provide the rationale for the history of micro management among the managers, a middle manager offered:

> You know, we are having a hard time breaking out out of the culture of success, of getting product out every month. There's more to success than that! You know [what I mean], the concept [which says] that being successful in every aspect of our business is one that needs more attention. I think we're too focused on those sort of things....we're in the midst of trying to cause some major cultural changes [in the interest of improving competitive change] here [at PUBIG]. We're just at the tip of the iceberg.

4.25.4 Supervisory managers

Supervisory managers' responses suggested some of the same themes as those of policy and middle managers. The cultural attributes are well-known and recognized:

> The thing that hurts the [making of strategic] change is that a lot of times managers [senior to supervisors] come to people [subordinate managers] like myself, [they are] upper managers [who already have] the answer to the questions they are going to ask me. They really don't want my answer. They want me to agree with what they are going to tell me. And so the bottom line of it is we have to do what they want to do, what they plan on doing already. Therefore, it inhibits me from wanting to make more suggestions; [it makes me] throw more ideas out. That's one thing that inhibits it [the making of competitive strategic change].

> Another thing I have seen at [the corporation to which PUBIG belongs] that scares me is a lot of people [managers] are throwing smoke bombs. They put on this facade across the organization that they want things to change. When you get down to it, it is all a bunch of smoke. When you go through the thing, you realize they don't want change. They like the status quo as it is right now. They really don't want to change. Deep down, they internally do not want to change, but they are telling the whole world they are changing things. So they are giving the hand waving and the smoke bombs are being thrown, but nothing is really changing.

> Most managers [at PUBIG] are fearful of making decisions because the positive rewards are minimal and the negative reward is to get beat up [career-wise]. So what you [as a manager] tend to do is to avoid the risk. Let's say that people are rewarded for taking risks if it works. But on stock, the odds are against them if it doesn't work. I think the [the corporation to which PUBIG belongs] is changing that. I think that is slowly changing, but I've seen that in the past. People took risk and it didn't work, and whenever you take risk, there is a percentage that may not work. The people get hurt for it, and so the people, they disappear. The next person along the line is not going to take the same risk, so they may not make the decisions [to make strategic change]. They may go to their boss and say, 'I want to talk to you about this before I make any decision.' Get you to 'buy-in' on it, when really they should have made the decision on their own and gone for it.

> What you have somewhat throughout [the corporation] management-wise is the fact--God, I shouldn't be telling this to you--you have a very strong political structure. One of the things the political structure requires from a lot of people is that they kiss rear ends in some cases. Or at least they are in part 'yes' men.

4.25.5 Within case conclusions: Culture

Primary factors derived from the cultural themes of PUBIG managers were:

- Business history
- Organizational member relations

• Power/authority

Business history

PUBIG was categorized as a mature business unit that has experienced some good but mostly bad times. Hard times forced the company to change and helped justify that change can lead to improved conditions.

Organizational member relations

PUBIG was a high-technology unit which was managed mainly by technologists. The technological skills of the managers reinforced the belief that they were smarter than most subordinates. They were guilty, at times, of believing that they should or did have all the answers. This was referred to as "micro-managing." As a result, lower level managers viewed this as subjugating their roles and discouraging participation. Some resigned themselves to "do only what they were told." The stronger ones challenged the upper managers for respect. Successful challengers were held in high regard.

Power/authority

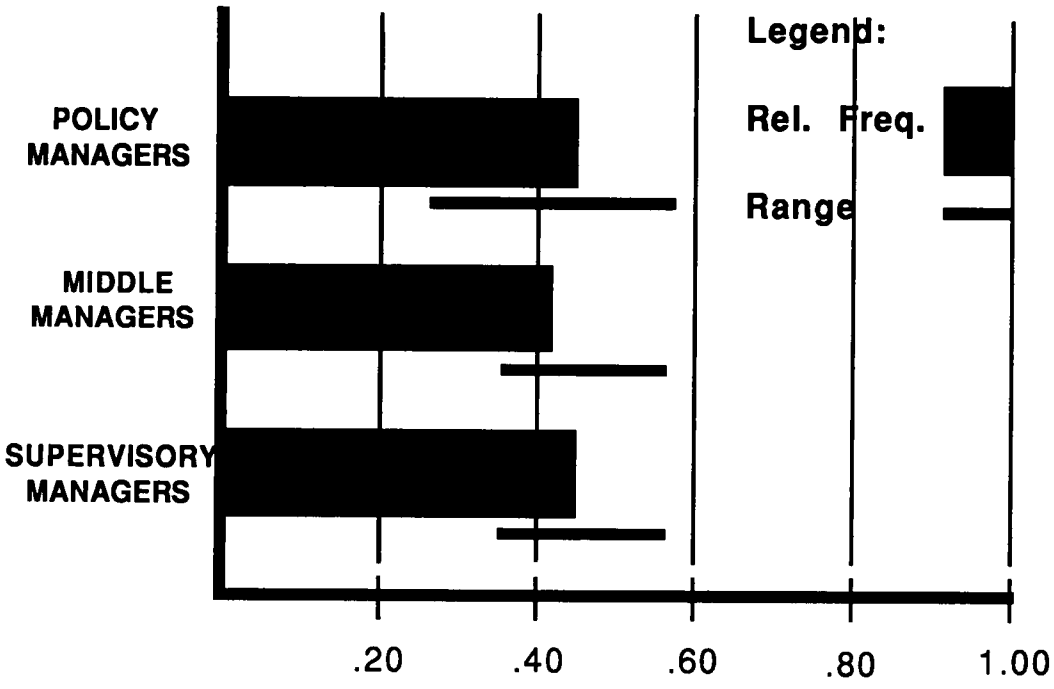
Having a succession of strong technically qualified leaders, senior managers of PUBIG were characterized as over-involved, micro-managing, and highly critical of failure. Yet, some thought saw no problem with exercising independent authority as long as there was a willingness to accept the associated risk.

4.26 DISCUSSION

Organizational design: Comments and commentary

4.26.1 Introduction:

Responses of PUBIG managers suggested that organizational design elements influenced the management of competitive strategic change. The Galbraith and Kazanjian organizational design model's elements appeared throughout the dialogues and discussions. Figure 4.21 shows the



MEAN RELATIVE FREQUENCY AS A PERCENTAGE OF ALL OCCURRENCES AND RANGE

FIGURE 4.21
PUBIG
ORGANIZATIONAL DESIGN

frequencies of occurrences of words, phrases, and ideas relating to organizational design elements which may influence the management of competitive strategic change. Policy managers' frequency was .44 (range .27-.58), middle managers' .42 (range .35-.57), and supervisory managers' .45 (range .36-.57).

Data shown in Table 4.4 displays the average relative frequency for the five Galbraith and Kazanjian elements. The recurrence of the "people" design element justified its selection for discussion for this case study.

4.26.2 Policy managers

The varying degree of initiation of change between individual managers was not surprising. Since this attribute may play a significant part in the management of competitive strategic change actions of managers, it is worth focusing on in this discussion.

> There are people [managers] who are absolutely fearless of implementing change and accommodating to whatever changes they're faced with and have little concern about failure, in the sense that they believe that they are not going to fail, and that's one extreme.
>
> The other extreme are people [managers] who have grown accustomed to a certain way of doing things and changes, and new challenges are fear-inducing; along the line perhaps they think that if a change is implemented they may lose their jobs. If failure occurs, then they have no way out, no way to escape.
>
> In between those two extremes there are people who pretty much move with the current, depending on the forces around them.

One of the so-called "fearless" managers offered this observation:

> There are more than a few who are lazy. They want to come in, go through the routine and go

TABLE 4.8
PUBIG
RELATIVE FREQUENCY OF OCCURRENCE OF ORGANIZATION DESIGN BY MANAGEMENT LEVEL

Managerial Levels	Galbraith and Kazanjian's Organizational Design elements					
	TASK	**PEOPLE**	**REWARD**	**DEC./INFO.**	**STRUCT.**	**TOTAL**
POLICY MANAGERS	.00	.25	.12	.00	.05	.42
MIDDLE MANAGERS	.00	.25	.10	.03	.05	.43
SUPERVISORY MANAGERS	.00	.23	.10	.06	.06	.45
AVERAGE REL. FREQ. INCLUDING ALL LEVELS	.00	.24	.11	.03	.05	.43

> home. They don't last long. I mean, there are some who are very good politicians and they succeed in the organization. You always got a flock of them to deal with.

He went on to rationalize the behavior of the so-called "lazy" people:

> Fear of ridicule, fear of criticism, fear of getting fired. But I've never seen anybody around here fired for taking action, but it is on everybody's mind: 'I'm not going to do this because there's risk.' Maybe that's it; there is a low-risk propensity in a lot of people [managers] to try stuff. If it don't work, okay, I learned something.

Another policy manager reflected:

> You know, there are those people [managers] who are in there who lead that type of change [strategic change]. You know, not everybody leads change. There are sometimes just one or two who are, you know the word I want to use, who are evangelists of change. They often serve as the catalyst to change.

4.26.3 Middle managers

Change-initiating groups of managers also existed at the middle manager level:

> My sense is that only 20 to 30 percent of the [PUBIG] managers are proactive in this area [the management of strategic change]. I mean that they are consistently proactive and that their people really know that they [the subordinate managers] are working in those kind of things.
>
> Most people tend to deal in areas where they're comfortable in measuring against specific objectives. That sort of thing is the area wherein they are most comfortable. Getting beyond that, you know most folks are engineers, and engineers like to do everything by the numbers. That means that they don't necessarily put a lot of attention to how to really modify behavior, how [to] change the way people respond and how to continue to learn.

Referring to the change-initiating group of managers, one middle manager suggested:

> I think that on an individual basis, their [the aggressive change managers] own desire for individual success has a great deal to do with it. As I mentioned earlier, [they have] a strong desire to see the organization succeed. With the organization succeeding, obviously that reflects well on them as individuals.
>
> ...It gets down to the individual level. I don't think that that has a large reflection on the organization [meaning it is not necessarily caused by the organization]. [It's] their personalities, they seem more self-confident, they seem to like the challenge, they're high-achiever types.
>
> I think they are the movers and shakers in the company. They're the ones that are going and making some of the many changes that we're making while [the majority of managers] are keeping our customers happy.
>
> I think the people [managers] who are real successful around here, I think that they have an internal motivation. They're achievement-motivated. I think it's just their personalities. No matter whether they're in the work force, in society, or are at home, they have this need to achieve. They're putting into the environment as long as the goals are clearly defined and readily attainable. They thrive on that environment.

A different manager added:

> ...I also think that the twenty percenters [change managers] are--I hesitate to use the term--somewhat dreamers, in that I think they are always looking for change and I dare say not just in their work life. I think they have a variety of interests and they see different things and it causes them to see things in a different perspectives.. And so I think that's also a characteristic that differentiates these two groups [the progressive versus the lackadaisical].

A description of the less aggressive group was given in one middle manager's comments:

> ...we have 10 percent of the people [managers] around here who have never been motivated, who have always been with the company, who tend to kind of take all the [change] programs down. They're part of the story, but they're not really participating and being an integral part of our goal achievement around here.

4.26.4 Supervisory managers

The frequency of comments of supervisory managers which dealt with the desired characteristics of managers was limited even at this level:

> You gotta be willing to take the risk [of making change], realizing that you are in an environment which may hurt you for taking the risk. I think we need that maybe. I think you need some of that entrepreneur-type spirit with the organization. You need that person who wants to try something new---try something different.
>
> I think there are certain individuals who put into place the things that need to be changed.
> It takes a real strong person to go against what's going on and stand up if they really think that something should be changed.
>
> ...They get some self-satisfaction by making things happen and doing things differently. That's the way they see to get to the top: is to do these kinds of things [make strategic change].

4.26.5 Within case conclusions: Organizational design

All three levels of managers suggested that there were distinct groups of people within the managerial group who were progressive and/or who were expected to manage organizational change.

Three groups were identifiable from the policy managers' comments: (1) the change agents, characterized as fearless and lacking concern about personal failure; (2) the majority, who just went along doing things in accustomed ways and labeled by others as either lazy or routinized; and (3) the fearful, fearing ridicule, criticism, risk, or jeopardy to job or status.

Middle managers observations reinforced those of the policy managers. They suggested that no more than 20 to 30 percent of managers were proactive change agents. They saw the change agents as desiring the organization to succeed, and thereby they would succeed. They were described as "self-confident" or "dreamers." The majority of middle managers went comfortably along, making and meeting objectives they were given or managed to negotiate. They were generally long-termers who have never been active and showed no sign that they would ever be.

Supervisory managers were not as clear in their classifications. They indicated that they knew that there were "certain people [managers] who put the things in place that needed changing." But they noted that one had to be very strong to go up against the organization.

4.27 DISCUSSION
Role Perception: Comments and commentary

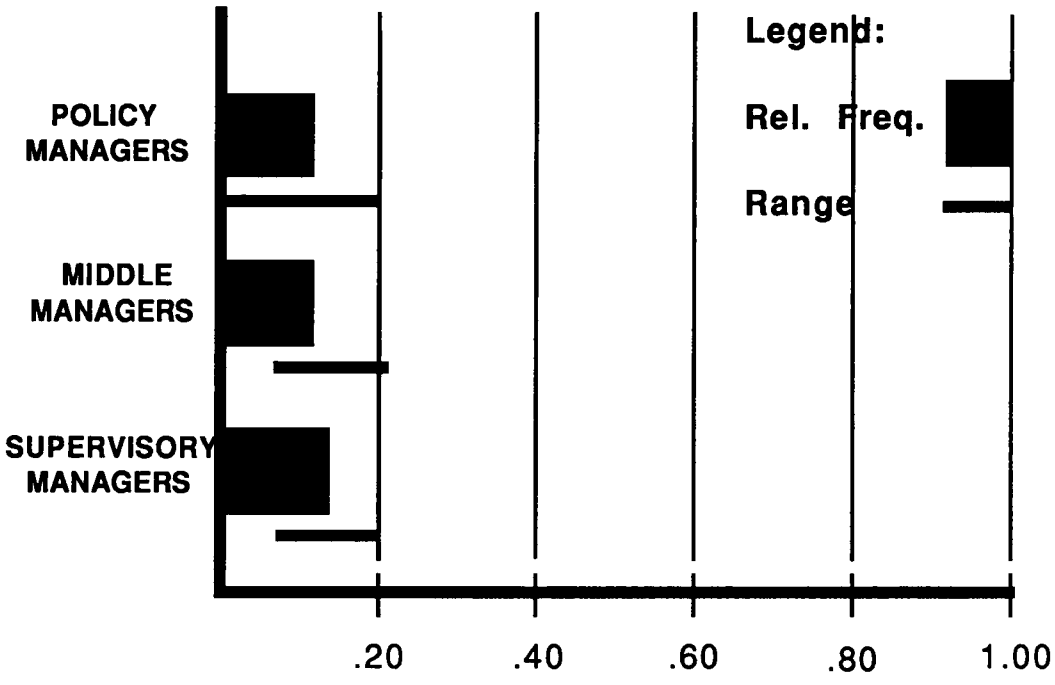
4.27.1 Introduction

Figure 4.22 shows the frequencies of occurrences of the words, phrases, and/or ideas of PUBIG managers which referred to the concept of role perception. The average frequencies of occurrence and the ranges were .12 (range 0-.2) for policy managers, .12 (range .07-.21) for middle managers, and .14 (range .07-.20) for supervisory managers.

4.27.2 Policy managers

PUBIG policy managers' role perception statements generally reinforced the existence of short-term narrow-mindedness. This may prove to be a significant influence upon managers' behaviors and organizational progress:

> Most of the managers that I would have talked to--at least a couple of years ago, that may have changed now--would have told me their [management], especially in manufacturing, was to make this month's or short-term responsibilities; to make this month's schedule [for production units, sales, profits]; to make this quarter's budget; to achieve



MEAN RELATIVE FREQUENCY AS A PERCENTAGE OF ALL OCCURRENCES AND RANGE

FIGURE 4.22
PUBIG
INDIVIDUAL ROLE PERCEPTION

this month's or this quarter's yields [product production yields]; to man [staff] their head count, such-and-such operational details geared toward the short term. Most of our managers are still short-term thinkers, which is what the environment promotes as our reward.

I'm now going to speak of what I believe the organization believes of itself. We believe that we have time to make change. We are not living with our backs against the wall. We can go about our business. First of all, we recognize that to survive we must improve and that is pretty much an accepted value, but we also believe that we've got time to do that and as a result, we put together programs of systematic change and system improvement and so forth. But they do not take precedence over managing the weekly, daily, and monthly results. And so with an attachment to the short-term activities we proceed, of course while saying 'Oh, by the way, we've got to improve everywhere!'

Another manager remarked:

I think they [managers] would tell me they perceive their job to be, you know, according to their job description--a functional job. You know, a marketing guy is a marketing guy, an R&D guy is an R&D guy. I think we do not stress that our job is the creation of systems. I think that our jobs [as manager] would be [best considered as] a little bit higher level than a design engineer or a test engineer--with a little bit more experience as opposed to managers of organization looking for changes.

...we're so bogged down with the day-to-day, you know, issues and problems. And that is true at all levels. A perfect example was yesterday, I spent the whole day on the test floor [where product is tested after manufacture], acting as a first line supervisor because I wanted to get a first-hand feel for why we were not getting the output that I was expecting. That's the kind of thing that happens quite often. So in other words, we are bogged in the day-to-day.

4.27.3 Middle managers

Narrowmindedness reappeared within the remarks of PUBIG middle managers:

> People [managers] see themselves as managing a [specific manufacturing activity unit] rather than controlling resources and establishing strategic objectives in the company and that sort of thing. I think that people [managers] tend to sort of see themselves as 'specialists' in particular areas. I think what needs to happen is they [managers] need a more global perspective of what we are doing when managing the business. How we manage resources. How we manage behavior.

Another manager commented:

> I think that we have rewarded individual contributions as opposed to change, improvement or management skills and therefore I think a lot of individuals have a focus of 'Here is my job; I need to get it done; do it twice as much' rather than saying 'My job is different or involves something bigger.' I think there is the pressure of the day-to-day; and therefore, not enough time to go and make change.
>
> So I think, from a managers' point of view, I think there are some narrow perspectives, based on the inbred organization. I think there is a very heavy concentration on carrying 20 tons [of work, meant figuratively], rather than doing things right. So I think that impacts some of our personal change [actions]. It's make the numbers; don't worry about the quality of the product.' It's not how you deal with the people; how you can implement change. Even if you're going to recognize [as a manager] the need for change, you're too busy making the numbers to see if the changes make sense. I think that's a mental set that we have that can inhibit our ability to change [make strategic change].

What existed met with what was thought to be needed:

> I would hope [that for] the majority of them [managers] at the managerial level, the [personal job] description would be to manage the changes from [the position as managers] where we are directing the people to [a new position for managers] where we're getting everyone involved. We are trying to get to a system where everybody shares in the successes and everybody shares in the failure. I think the management's change [action] should be a key part of the [job] description because that's where we're heading over the next few years. We're going to have to change the whole

environment. If they don't perceive that as a part of their job description, I think we'll have a real problem.

4.27.4 Supervisory managers

Supervisors are perhaps closest to the emphasis on management:

> There are so many daily or short-term priorities; people are consumed with that [short-term priorities]. Change which is a longer term process gets neglected. If people [managers] decide things need to be changed when they are focusing on changes, or identifying them and their efforts are in that direction [the direction of change], they must make it a full-time job to make the change happen. But when they get back into the working environment it [the long-term change] doesn't demand their attention, because it is long-term. Short-term changes that are necessary for survival at the end of the month or the end of the quarter or end of this fiscal year, happen a lot more efficiently.

Perhaps one supervisor's terse response captured the present managerial perception, if not orientation:

> Get product out!

4.27.5 Within case conclusions: Role perception

PUBIG managers role perception comments fell into factors which were identified as:

- Required role
- Role preference

Required role

The functional structure of business units reinforced the perspective of some managers that their role was participation in their functional task to become "specialists." This was viewed by some as a narrow perspective.

Role preference

Many suggested that their role was to respond to short-term priorities. It was not clear as to whether this was the

result of organizational demands on individual managers preference. They were characterized by some as short-term thinkers.

4.28 DISCUSSION
Competence: Comments and commentary

4.28.1 Introduction

Open-ended interviews with PUBIG managers at the three different levels produced the relative frequencies of occurrences shown in Figure 4.23. They were .26 (range .14-.43); .21 (range .11-.27) and .17 (range .07-.27) for policy, middle, and supervisory managers, respectively.

4.28.2 Policy managers

Competence, confidence, and conflicting agendas represent issues to be dealt with.

> We management recognize that we must make the [organizational] functions change and that what needs to happen needs to happen in a hurry. We [managers] are the people who are slowing down progress.

This statement by a PUBIG policy manager was the preface to a set of observations which implied that the slowdown was in part due to managerial incompetence and/or inability:

> ...I don't mean this to be over-condemnation but I'm talking about our folks [managers] throughout the line [line of managers]. They are having trouble [with] thinking about, sorting, and figuring out how to get their arms around it [the making of strategic change]. These are kind of the issues: How to find a systems issue or try to find behavior issue or figure it out. [Do] you think it's something that's missing in middle and lower managers?

Discussing what might be needed for the managers who are initiating change, one manager remarked:

> Well, success with change [actions] helps them. Trying something that works encourages. You

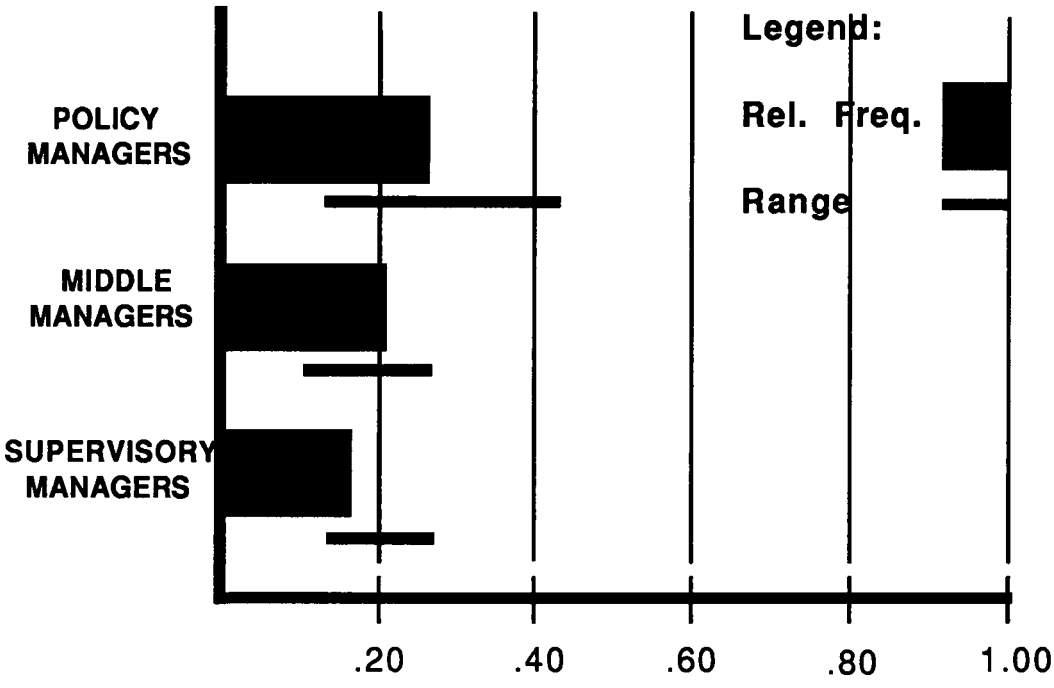


FIGURE 4.23
PUBIG
INDIVIDUAL COMPETENCE

> know that there's nothing like success to lead you on to bigger and better things like those first time successes. Those are the kinds of things that these leaders of change do that promotes change in the people who are less inclined because they see it [successful change actions] going on around, then they're more likely to initiate it also.

Referring to the less-initiating type of managers, he continued:

> Now, on the other hand, you have a manager Mr. B over there. I think he questions his own competence and capability. You know they [this type manager] are capable of learning to change. That may be the situation with Mr. B who knows he has to change, wants to change, but just can't--doesn't know how.

Yet another policy manager reflected on the group of managers who find it easier to manage strategic change actions:

> The other issue was like: 'How come these people [the group of progressive change managers], in my perception, had no fear [of initiating change]?' What may be the key ingredient? And the key ingredient that I saw at the time and still see is one of knowledge and competence. In other words, those are the people who, by whatever means have the tools--the theoretical tools--have know-how and so on to fall back into a new mode where those tools can be applied. Where those people who may be fearful are not necessarily without tools, but perhaps are not as sharp as the other people.

More harsh was the retort:

> Another aspect of the organization is, in a way, that there are always pockets of stupidity, people who just either refuse to participate because they're used to the old ways of doing things, or they know a better way and they're not going to play....there are always individuals within an organization that don't sign up, that don't get involved.

4.28.3 Middle managers

One middle manager considered competence to be the most significant constraint to the management of competitive strategic change:

> I think that the number one [constraint] that I see at times is displayed as a lack of competence in the personnel and organization.
>
> I think what that tends to [create], at times, becomes the number one reason for lack of progress when people, managers, employees, whatever, want to initiate change or go for something. If [that initiative] is thought by them to display to them or to others a lack of competence, that cuts that [initiative] off.
>
> I think a big portion of [PUBIG] managers do not have total confidence in what their people are doing to manage change, and they [the managers] are trying--instead of managing the change and making that happen--they may be trying to manage what's going on specifically.

Thinking of what might be needed, a middle manager mused:

> There's a lot of development programs going on. I don't know if they're being directed in the right manner. Managing change is a lot different than what a lot of people have had to go though in the past; say the past ten or twenty years. You know we talked a lot about managing change but I'm sure there's a lot of people [managers] that really don't know what additional skills they need to have to do it [manage change]. And that's probably a development program that we should be looking at. How do you teach people to manage change? Like I said, there's a lot of things we just kind of throw out and say we are going to do it without giving adequate information on it.

4.28.4 Supervisory managers

The following comments summarize the observations of PUBIG supervisory managers on managerial competence in handling change:

> I think that deep down, they [upper management] really don't want the changes or they don't

understand how to do it. So I think they are almost inhibiting it to some respect. They want people to open up to them. But the people--it depends on the organization you are talking about--but in this organization, I don't think it is positive to be overly open. Because if you are overly open, I think you are cutting your own throat. They don't want to hear what is negative. They don't want you to come to them and say, 'We can't do this because...' They want you to say, 'How you are gonna get there.' And if you come to them and say, 'We can't get there because of this and this and this.' They don't want to hear that. That's not what they want to hear. It's just what they won't hear, and so a wall goes up--they are not listening anymore.

4.28.5 Within case conclusions: Competence

Factors relating to managerial competence were:

- Knowledge and skills
- Experience deficiency
- Conviction

Knowledge and skills

Concerns of managers ranged from:

"We don't know what we don't know to about personnel development needs."

"We don't know what additional skills they need to have to do it."

"Managing change is a lot different than what a lot of people have had to go through in the past". "You know they are capable of learning."

"They are having trouble thinking about sorting and figuring out how to get their arms around it".

Experience deficiency

"We lack demonstrated competence in our personnel and organization."

"Success helps with change."

These comments represent the dilemma that an organization without experience appears to be reluctant to risk changes. Yet experience can only come from trying.

Conviction

The subtlety of resistance is heard in the words of one manager:

> "If the new initiative is thought by managers to display to them and to others a lack of competence, that cuts that initiative off."

Still others say:

> "Managers seemed to need assurance of success."
>
> "There is nothing like success to bring on bigger and bigger things."
>
> "If we're too open - we may get our throats cut".

4.29 DISCUSSION: Other: Comments and commentary

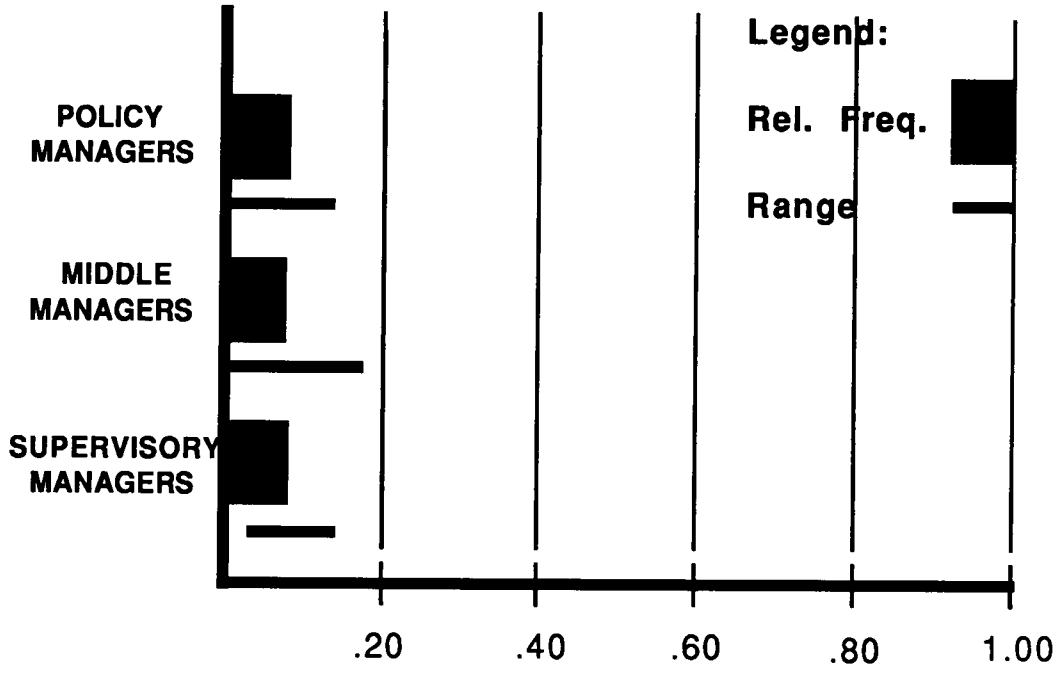
4.29.1 Introduction

Figure 4.24 depicts the relative frequencies of occurrences of the words, phrases, and/or ideas of PUBIG managers which implied the existence of other potential variables. Policy managers responses constituted a mean relative frequency of .08 (range 0-.13), middle managers .08 (range 0-.18), and supervisory managers .08 (.04-.13).

4.29.2 Policy managers

Comments of policy managers of PUBIG pointed to the volatile nature of the corporation. However, in retrospect, this should not be surprising. PUBIG is a high-technology-based business unit participating in a very dynamic market. Its recent experiences have been more volatile than usual, but not atypical of businesses within the industry:

> This might come under the category of other things [which influence the management of strategic change], but we are in the industry that is predicated on change and consequently the organization is growing up in an environment where change is necessary, an essential element for the business. It has been [that way] from the inception of the business. You start with the [early electronic components] rapidly changing to the [more advanced], changing technologies,



MEAN RELATIVE FREQUENCY
AS A PERCENTAGE OF
ALL OCCURENCES
AND RANGE

FIGURE 4.24
PUBIG
OTHER VARIABLES

> changing practically every aspect of the business. I think that environment would produce a change-oriented mentality and create a lot of change management in the business. It's a relatively young industry. I mean the [advanced electronic component] business has been really an active business since what--1956, '57--maybe a little earlier than that.

The volatility showed in the reflection:

> The fact that the organization has experienced bad times [meaning economic bad times] they[managers] have become more mature.

Recently, the strategic business unit to which PUBIG belonged was thought to be susceptible to acquisition by other corporations. Additionally, it has been rumored that the strategic business unit is planning a significant expansion. The expansion would involve the acquisition of additional product lines in new markets with varying technologies. This would create instability surrounding any attempts to manage strategic change:

> Well, right now I think other factors would influence the behavior of organizations toward things [strategic changes] like that when nobody likes to forage and do a lot of work for nothing. Right now a perfect example is our [PUBIG's strategic business units] proposed acquisition of [company XYZ's product line]. There is so much uncertainty. There are uncertainties, not because of the people in the organization have not been told [of the potential acquisition], but it's because it's a certainty that we don't know what is appropriate to do. You just say, well, we're going to make you make a decision to go ahead and do something. [That is good and well] but you don't know how you are going to do it [make the decision on what to do]. So right now there is so much uncertainty associated with this [acquisition] issue. That doesn't help the organization [mobilize] change at all.

Participating in industrial and governmental markets, some policy managers recognized their influence of on the business unit:

> The outside factors, you know there are those kind of things outside the organization. Things like the marketplace that, for instance, the government kinds of market that we play in who's rules and regulations are so strict they they don't necessarily stifle change but that makes change come awful slow with the people.

4.29.3 Middle managers

The comments of middle managers were more cryptic than those of policy manager. They did agree in part with the upper level while adding other considerations:

> I think one of them [other factors which might influence the management of strategic change] is the industry that we have been in. It has been such a quick reaction industry that in the past I think there has been a lot of straight out direction from the top [management]: 'Don't think [as a middle manager], don't give me your opinion [as a middle manager] just do what I [as the top manager] tell you.' So I think there has been a condition that has taken place that says, 'Don't think about change--wait for the direction and then march to them quickly.'

> I think the industry we're in has a history of rapid change and so I think there is a receptivity or an awareness that if you don't change you'll be in trouble.

Fortunately, the industrial situation has been received with an organizational attitude:

> Well, it appears from my vantage point that the organization, as a whole, has a desire to survive: there's a survival instinct. Obviously there's a strong desire to satisfy the customer, give the customer exactly what they want.

But some remarks of middle managers implied that there may be other considerations:

> There are so many different factors. I mean I'm sure that some of it [the restraining of change] has to do with outside of work. You know their [managers] personal life. They have problem at home. We're starting to initiate more programs

> around here to help people deal with problems that are outside the work place. I think that's going to be a strong motivator 'cause we tend to just look at people at work. When you go home, 'good-bye' type of thing. I think other people may be in jobs that do not fit, either their talents or what they really want to do with their careers.

Reinforcing the latter point was this supporting observation of another manager:

> There is an arbitrary belief that you can take a guy with one set of skills and move him into another area, and that guy will look at that [new] set of problems in that environment entirely differently.

4.29.4 Supervisory managers

The scope of the other factors was considered global, even for the supervisory mangers. In discussing the factors which might encourage the initiative of competitive strategic change, one policy manager said:

> It is just the market we're in. We have to be changing in order to stay up with technology and with the things going on outside of the organization.

Besides the market selected, there was also the consideration of the condition of the selected market:

> If you are in a very down market where you can't make a sale and can't fill your factory with products that need to be built and sold, that environment promotes a lot of types of changes. They can be organizational types of changes, head-rolling types of changes, personnel changes, philosophy changes, market style changes that you want to address; it can even cause you to expand. So that to me, it is a climate that is right for changes of some types, good or bad.

Other thoughts were:

> Technical success or failure will affect the change efforts. If suddenly a new 'wizbang' invention appears that can promote change, it will open up different markets or something. So it still becomes an external thing [that affects

> change], but certainly technical failure can do the same thing.
>
> I also think that the general national or world economy as it affects the people and their attitude will generally, again in the extreme sense either way, will promote change and, in the mediocre sense, will probably stifle change.

Finally, in summary, one supervisory manager stated:

> It's just the markets we're in, that we have to be changing in order to stay up with technology and with the things going on outside of the organization.

4.29.5 Within case conclusions: Other

The remarks of PUBIG's managers suggested additional variables. These fell under the general headings:

- Unit general environmental
- Unit specific environmental
- Individual context

Unit general environmental

Among the three levels of managers was the belief that the combination of rapidly changing high technology and volatile product markets affect strategic change and change processes.

Unit specific environmental

New competitors was a factor managers thought might influence competitive strategic change.

Individual context

Personal factors of the managers' life styles, life situations, etc., were noted as other potential factors.

CHAPTER V

CROSS CASE ANALYSES

5.1 Introduction

The primary purpose of this study was twofold: (1) to construct a model of variables affecting competitive strategic change, and (2) to test of a set of preliminary propositions about the relationships of certain independent variables and competitive strategic change actions. The order in which these variables was presented was vital.

Phenomena which are not well understood need to be described in an elementary model. The management of business unit competitive strategic change, as defined in this study, had never been modeled as a phenomenon. General qualitative knowledge appeared to be a prerequisite in the testing of what might otherwise have been highly suspect initial theoretical hypotheses (Wallace, 1983). This logical rationale framed the cross-case analysis of this study.

Qualitative generalities were of primary importance. These were pertinent to the construction of a model. Next important was the testing of a very preliminary set of propositions. These propositions required much qualification based upon the study design and its potential findings.

5.2 Qualitative analyses

Repeated evidence of the influence of organizational culture and organizational design on the management of competitive strategic change existed within the recorded responses of the four business units. The same was found to be true concerning individual managers' role perceptions and competence.

Furthermore, managers' remarks included variables other than those suggested in the initial model. Differences among these variables were apparent in the remarks of managers across businesses. The following is a set of observations resulting from the comparison of unit managers' responses.

TABLE 5.1
ORGANIZATIONAL CULTURE FACTORS

	PRIIG	PUBCG	PRICG	PUBIG
BUSINESS HISTORY	X	X		X
ORG. MEMBER RELATIONS	X	X	X	X
POWER/AUTHORITY	X	X	X	X
SUBMISSION/SUBSERVIENCE	X	X	X	
REACTIVE/PROACTIVE	X	X	X	

5.2.1 Cross-case conclusions: culture

Table 5.1 depicts the occurrence of cultural factors implied in the comments, which suggested also that the factors existed in varying degrees.

Business history

Business history was mentioned by managers in all business units, with the exception of PRICG. Managers listed both the pros and cons of the business history. For instance, the successful survival of one business unit have altered the management of competitive strategic change negatively, slowing the desire and/or willingness to change: unit managers became complacent, its adaptation lethargic and its view of its environment myopic. Thus, success can breed a false sense of security.

Although unsuccessful periods of performance in a unit's history can bring about traumatic effects, dramatic changes are instrumental in forcing managers to recognize the need to manage change and value in the organization.

Differences among another factor, organizational member relations, appeared in the four manufacturing business unit.

They were best characterized as PUBIG, a loose federation of professional technical managers; PRIIG, a paternalistic family-driven group; PRICG, a family-type organization led by an entrepreneur and PUBCG, a professionally managed, result-oriented affiliation.

Various characterizations suggested an evolution of organizational leadership. Many businesses started as small, personally led organizations. One individual ran the business; others who joined the organization were considered as family since the business was created for the purpose of ensuring the prosperity of the owner's family. As time past and business opportunities grew, this model changed. Profiteers/entrepreneurs, motivated by self-interest and personal wealth, increased also. Still later evolved the era of professional management. Management became a "profession," which meant that business owners could hire these professional to manage the business. Of course, these professional had different motives: toprogress professionally and protect their careers. Most recently, a newer model has developed: some technology oriented organizations have decided that it is best to be managed by technologists.

Power/Authority

All four organizations appeared to have centralized power and authority. In some cases, decision making and direction were controlled by a small group.

Submission/Subservience

With the power and authority concentrated at the top, the degree of submission/subservience appeared to be relative to the style of the top managers. Authoritarianism or dictatorship appeared to lead to resignation and total subjugation. The more moderate and prevalent power structure was best characterized as "do what you are told and respond only when asked." Although there were those who fearlessly

challenged for their right to participate, there was risk involved, and thus, these individuals were in the minority.

Reactive/Proactive

The comments of manager in three of the four units implied that units were more likely to be reactive in nature. Many of their managers were reluctant to change what had been found to work.

It was speculated that PUBIG managers did not discuss this factor because of the volatility of the markets and the high rates of technical change.

All five of the factors of culture represent considerations to be investigated. Each factor appears to be a leverage point in the management of business unit competitive strategic change.

5.2.2 Cross-case conclusions: organizational design

TABLE 5.2
AVERAGE RELATIVE FREQUENCY
FOR
GALBRAITH AND KAZANJIAN FACTORS
INCLUDING ALL MANAGERS WITHIN A UNIT

UNIT	TASK	PEOPLE	REWARD	DEC./INFO	STRUCTURE
PRIIG	.06	.15	.18	.10	.01
PUBCG	.04	.12	.13	.09	.04
PRICG	.03	.28	.08	.06	.07
PUBIG	.00	.24	.11	.03	.05

Table 5.2 displays the frequencies of occurrences of words, phrases, and/or ideas relating to organizational design. A review of these frequencies seems to strongly support the conclusion that business unit managers perceived the elements of organizational design as influencing the management of competitive strategic change. If perception can be regarded as reality, then these perceptions can be believed to affect managers strategic change actions until proven otherwise.

Bedeian (1980) defined organizational design as "the particular arrangement or composition of an organization's structure." This study also used the elements of the Galbraith and Kazanjian (1978) model as the substructural components of Bedeian's "organization structure." These were components to be considered in any "particular arrangement or composition." They consisted of task, people, reward, decision/information processing, and structure.

All five components were mentioned in the responses of managers from the four business units. However, as depicted in the figures, frequencies of occurrences varied. Generally, the task and structure components were hardly mentioned, while the people and reward components were the most prevalent. Decision/information processing remark frequencies of occurrences were moderate, and questions of how to interpret this data and its implications remained. For instance, one might presume that structure has become so ingrained into the system that it was taken for granted. Because Galbraith and Kazanjian's conceptualization of task is a rather new and fairly abstract concept which might not be familiar to industrial practitioners, one should not expect the frequency to be too high. In addition, one should keep in mind that the frequencies of occurrences may have little to do with the significance of influence of the components upon the dependent variable.

Despite the decision to select only a single organizational design component for discussion in the within-

case analyses, it is worth discussing cross-case observations for all five components. Because these observations come from the collective review of all the data (managers' interviews and comments) of the business units, it may not be possible to trace these cross-case observations to the selected excerpts presented in the within-case discussions. To have done otherwise would have made this document voluminous and contributed little to the appreciation and understanding of the reader.

Task

In retrospect, it was recognized that all the selected business units were fundamentally batch-process manufacturers with limited diversity. The batch sizes, technology, and complexity varied greatly. PUBIG was at one end of the spectrum while PRICG was at the other. PUBIG produced short-runs of numerous devices, which were perceived as technologically sophisticated; PRICG produced long-runs of a few commodities, perceived as involving lessor technical sophistication, that had been produced for hundreds of years. This is not to suggest that the manufacturing technology of PRICG was not complex--on the contrary, it was indeed quite complex.

The fact that all these manufacturers were all batch-process products accentuated the need for intra-organizational and inter-organizational cooperation. None of these units was completely vertically integrated. These factors implied critical interdependencies. Tasks of these organizations were generally not independent. Outcomes resulted from the contribution of the many different parts of the organizations. Functional parts of the organizational units contributed differently from other units to the outcomes; the outcomes were representations of how well or poorly these contributions were integrated. This need flew in the face of managers who implied functional insulation, distinct functional contribution boundaries, poor handoffs from

function to function, poor handoffs from task to task, and suboptimization of unit outcomes compromised by optimization of functional outcomes. Recent organizational efforts to reconstitute the internal and external supplier and customer cooperation have highlighted the extent to which organizations have receded into functionalization, perhaps at the expense of unit performance. Reflections of managers included:

"We don't work well together."

"There are still functional battles."

"The right hand doesn't work well with the left hand."

"The opportunity is at the organizational interfaces."

"Sometimes we don't act like we belong to the same company."

These kinds of responses might allude to the symptoms of unit task breakdown and functional subunit incohesion.

Symptoms of organizational unit task breakdown existed despite the fact that all of the units had some form of trust fund/profit-sharing and/or stock participation plan for managers and even employees in most cases. Long-term, overarching incentives do not necessarily offset short-term, day-in/day-out subunit affiliations and reward and appreciation systems.

Unit task problems seemed to be exacerbated by unit size and corporate size. For instance, PRICG (the smallest corporation studied) appeared to have closer unit cohesion than PUBIG (the largest firm).

People

All four sets of managers recognized the potential influence of people and their personal differences. In particular, wide differences in behavior existed among managers. Characterization included "the initiators," "the fearless," "the lazy," "the reluctant," and "the stupid." The natural question was "Is there something different about these people?" All unit managers suggested that certain

individuals just wanted to do things differently. The rare high achievers (usually reported to be less than five percent of the managerial population) seemed to find time, energy, and personal commitment, regardless of the organizational design or organizational climate. Nothing seemed to deter them; what others saw as risky or unnecessary, they took as opportunity. It was as though they lived above the organizational influence and did what they personally judged to make sense. In their view, there seemed to be no overwhelming barriers, no conflict of interest between their doing their jobs and initiating change. Some thought of initiation as a way of getting recognized.

Managers who had fallen into their own "comfort zone" were characterized as lazy. Years of organizational experience was suggested by younger managers to lead to this. The classical personal defenses included:

"If it ain't broke, don't fix it!"

"When am I supposed to find time to do this?"

"We already got too much to do."

"We're too comfortable with the old ways."

Fear and reluctance were also expressed:

"I don't know how."

"If we could only see it done one time."

"I never have had to do it the new way."

"I don't have the education."

"These new 'young ones' have the education; I'm too old to start over."

"How can we be sure it's going to work?"

Recalcitrance was subtle.

"That's not the way we do it around here!"

Between the lines was:

"...and what's more, it's not the way we're going to do it around here!!"

"This is just another program, it'll go away too."

"How can we be sure that the competitors are doing this?"

Despite these characterizations, there appeared to be general concurrence across the four units that managers needed to be more participative, communicative, cooperative, and encouraging, as well as being better listeners and helper/facilitators. Although these opinions were expressed, there was no indication that these styles were being put into practice: "They [upper management] say they want change, but its only talked about" or "They need to walk the talk." Many questioned whether all the talk about changing management styles was not just all talk with no real intent to change. There remains the open question as to whether the subordinate group really wanted the senior managers' styles and behavior to change in light of the associated shifts in the subordinates' responsibilities and accountabilities.

There was some evidence that the managerial personnel selection criteria was shifting. Older organizations, like PRIIG and PRICG, have started to recruit and integrate a new breed of individuals in with the old. Many of their managers came from the ranks. A subtle shift was beginning: new, young, formally educated, diversely experienced people were being sought. This influx brought new sources of stress to the organizations, but it seemed to be a departure from the polarity of "promotion from within." However, companies avoided seeking unimaginative people who were educated merely for education's sake. There is also less reference to the belief: "The young ones don't know how to make the product. This stuff is art." The more progressive units saw the need to integrate old and new knowledge, skills, and abilities.

Reward

Reward systems showed an amazing consistency across the business units. Managers generally agreed that most were rewarded for the short-term performance of the unit. There appeared to be an extraordinary emphasis on tons, units,

cases, items shipped. Those who directly contributed to these accomplishments were most appreciated. So much so that managers who went to heroic extremes to maintain output or recover faulty or failed output systems were publicly celebrated. One gets the impression that the balance of short- and long-term objectives yielded to the short-term. It is easy to understand how this might occur in an American publicly-held corporation with the need to attend to quarterly dividends, but interestingly, it also existed in the case of the privately-held units.

Managers seemed to think that those who worked on long-term organizational systems are ignored or under-appreciated. Successful crisis managers, project engineers, project managers, and task managers have gained the respect, recognition, and attention of upper management.

Comments of PUBCG managers disclosed the growing complexity of reward systems. They identified the existence of an elaborate system put into place to provide incentives to a number of subgroups of managers. In its simplest form, units like PRICG and PRIIG might have two groups of managers. One group consisted of those who grew up within the organization and learned the business through the "school of hard knocks." Many of these individuals may have earned rewards based on their loyalty, hard work, extraordinary efforts, peer acceptance, and process knowledge. The other group consisted of newer managers in the unit with limited experience and higher formal education, who demanded recognition status and rewards also if they were to join or stay with the units. Sophisticated adaptations of the reward system and reward criteria were constructed and/or rationalized to accommodate this dilemma.

PUBCG and PUBIG have constructed reward systems to handle as many as five to seven unique subgroups of managers. These derivatives proliferated subcultures with distinct values, beliefs, and assumptions.

Decision/information processing

Information dissemination varies across units and management levels. One example is PRIIG which had a history of holding information very closely within the circle of selected managers. Until recently, many managers had no idea as to how well or poorly the unit was performing. With downturns in recent economic performance, the dissemination of information was liberalized. On the other hand, PRICG leaders had a history of sharing information with subordinate managers. Historically, PUBCG and PUBIG held summary unit performance reviews where the managers were made privy to confidential performance data.

Information sharing had varying purposes. Some units limited the purpose to no more than informing, some hoped to motivate, still others expected decisions to be made at all levels of the organization based on such information.

However, the mere act of informing is insufficient if the unit expected only top managers to participate in the decision processing. Comments of PRIIG policy managers pointed to the fact that some managers were not knowledgeable in how the information was to be used in making business decisions. Some managers could not interpret business reports into appropriate operational actions. They lacked the understanding of what affected what, and even more specifically, of how their decisions affected business unit results.

Years of "top management only" involvement in the decision processes of units may have left a significant deficiency in knowledge and skill with the balance of managers. Managers' participation in the decision processes may be paced by inability.

PUBIG managers reported an additional dilemma in the decision process. When many of the senior managers came up through the ranks, they tended to not only make the appropriate "senior management decisions" but they also

tended to get involved in and/or impose themselves in low level decisions and information processes. This was referred to as "micro managing." It was as though the seniors refused to give up what they used to do or know. Even worse was their presumption that the current lower level issues were the same as those they had once encountered. Ironically, they may not take appropriate factors into account when making those lower level decisions,an oversight which looks like the same shortcoming in business decisions that they accused subordinated managers of having.

Structure

The fact that managers hardly mentioned structure in their comments may suggest that they took it for granted or discounted its effects. They may have been so immersed in the structure or vested in it that they were not able to discern its impact on the management of competitive strategic change. Despite the fact that the frequencies of occurrences of structure were very small, there are observations worth mentioning.

All four units have chosen to create functional structural subunits. Whether this was consciously decided is not known. It may have been the natural outgrowth of the concept of division of labor. That is to say, with certain kinds of work to be done, subunits were partitioned by work types. Examples were purchasing, manufacturing, accounting, receiving, shipping, product development, and sales.

Differentiation of task and functional structure invariably demanded organizational integration. The need for integration contributed to the amount of hierarchy in the organizational superstructure. PUBCG and PUBIG managers expressed concern over the number of layers of hierarchy in their organizational structure. PRICG and PRIIG were both much smaller; therefore, they had fewer layers and their managers did not seem to be as concerned.

5.2.3 Cross-case conclusions: role perception

TABLE 5.3
ROLE PERCEPTION FACTORS

	PRIIG	PUBCG	PRICG	PUBIG
ROLE AMBIGUITY	X	X	X	
REQUIRED ROLE	X	X	X	X
ROLE PERFERENCE		X	X	X

Role perception comments across the four organizations exhibited three primary factors which may need to be dealt with in the management of business unit competitive strategic change. Role ambiguity, required role, and role preference appeared as facets of role perception.

These represent three distinctive dispositions:

- Role ambiguity

  "My role is not clear."

- Required role

  "My role requires certain things of me."

- Role perception

  "I choose to make my role what I believe it should be."

Role ambiguity

The comments of some managers across the four organization suggested that they were confused, unsure, and/or uncertain about their roles. This was heard in the remarks like:

"I don't think they know what they are to do."

"I just do what I'm told!"

"They [meaning policy managers] make all the decisions, their the boss, we simply suck it up and do what we're told."

Another perspective was represented by the observation:

"I'm not what my role is any more."

Required role

"Most people [managers] would say that they are responsible for their little box. If it is manufacturing thing, they manage that. If it is marketing, they do that, etc.."

"Each [manager] will tell you that he is responsible for the area he is in. Supervising the work there."

These simplistic responses provided some idea of the narrowness and functionality with which some managers view their job and role in the organization.

Role perception

"I can't believe that my job is to maintain the status quo. I refuse to just do that!"

"I have the freedom to do what I believe is right."

"I don't think we have any constraints on us as managers if we want to take the risk."

"Some [managers] just make up excuses, we pretty much can do what we want."

The perceived latitude and/or personal decisions reflected indicate that there are those who determine their own role despite the organization.

The factors appeared in the comments of managers across four business units. Table 5.3 highlights those most frequently reflected within each business unit. The management of competitive strategic change would appear to be moderated by managers' dispositions and perceptions of their roles. However, role clarity and appropriateness of role need more attention.

5.2.4 Cross-case conclusions: competence

TABLE 5.4
COMPETENCE FACTORS

	PRIIG	PUBCG	PRICG	PUBIG
KNOWLEDGE AND SKILL	X	X	X	X
EXPERIENCE DEFICIENCY	X	X	X	X
CONVICTION	X	X	X	X

Comments of the four sets of managers consistently contained factors of competence. However, beyond the Bandura (1979) issue of efficacy expectations were the dilemmas of knowledge and skill, experience deficiency, and conviction.

Knowledge and skill

"I don't know how to do this."

"I don't know what is involved."

"We'll need more training before we know how to make this happen."

"We do an awful lot of training here, but I'm not sure it is the right stuff."

"If I could just see it done one time..."

Reflections of managers pointed to there need for new knowledge and assistance.

Experience deficiency

"The old ways have worked, why do we have to change?"

"We are not experienced in this, it will take time."

"We'll need success if we are to gain confidence in it

[meaning the management of competitive strategic change."

"Somebody is going to have to show me so I can be sure that it will work first."

Confidence derived in old experience and/or inexperience with new ways may constrain the implementation of strategic change.

Conviction

This factor took two forms: those who doubted whether they could succeed in the management of change, and those who were concerned with the possible outcomes of attempts to introduce change. The first group seemed to question their know-how and/or skills and abilities; the second appeared to worried about the risk of failure.

Without knowledge as a foundation for practice, little would occur. Without experience, managers gained no base of security. Without confirmation through practice, conviction waned, and doubt as to successful outcome remained as a constraint. More attention needs to be focused if any effort to initiate continuous improvement (i.e., continuous strategic change) is to occur.

5.2.5 Cross-case conclusions: other

TABLE 5.5
OTHER VARIABLES

	PRIIG	PUBCG	PRICG	PUBIG
Unit general environmental	X			X
Unit specific environmental	X	X	X	X
Unit context	X	X	X	
Individual context		X		X

Four general classes of other variables were suggested by comments of managers. Table 5.5 indicates which unit managers discussed these variables. Although all four classes were not mentioned by all groups of managers, each bears further investigation.

Unit general environmental

It was not surprising that economics, politics, social systems, and technologies were thought to constitute the typical environmental factors. The general environment of a business has been thought to affect it for some time. It did appear that different manager's viewed the environmental factor quite differently when they considered them as constraints. Some thought them to be very limiting on a unit, others just something that a unit had to live with.

Unit specific environmental

This factor was mentioned in a set of comments that dealt with the more specific environment of the business units. Detailed references to competitors, customers, creditors, labor market, and suppliers were made.

Unit context

This included the business unit intra-organizational context within which a business unit might exist. PUBCG, for instance, exists within a larger corpo-ration. Its policies, procedures, practices, strategies, and resource allocations might be affected by those of the larger corporation. A business unit like PRICG, being self- contained and therefore less dependent/interdependent, might be affected differently.

Individual context

This factor was thought to be individually idiosyncratic peculiar to the individual manager. He/she may be affected by age, lifestyle, family, community, religion, education, professional associations, experience, locus of control, etc. Though not as obvious as the other three classes of variables, individual context may prove to be the

most significant. It may influence the behaviors of managers and thereby the management of competitive strategic change.

5.3 Quantitative analyses

Two sets of statistical tests were used to determine if there were significant differences in the frequencies across organizations and between management levels within organizations. Tested hypotheses are shown in Figure 5.1. The first set was concerned with the consistency of frequencies of occurrences of words, phrases, and/or ideas of managers relating to (1) organizational culture, (2) organizational design,(3) individual role perception, and (4) individual competence across manufacturing units with varying ownership and varying types of goods.
The means used in this test were calculated using the means shown in Table 5.6. The means of each independent variable were calculated used by ownership type and type of good.

Test hypotheses were:

$H_O = u_{PRI} = u_{PUB}$

$H_O = u_{DG} = u_{CG}$

H_O = no interaction effects exist.

The second set considered the consistency of frequencies of occurrences of words, phrases and/or ideas of managers relating to (1) organizational culture, (2) organizational design, (3) individual role perception, and (4) individual competence by managerial level (i.e., policy, middle, and supervisory levels). The responses of each of the three management levels were combined across business units in order to create this data set. The means used in this test are shown in Table 4.5 for all business units by level of management.

Design of two factor (Ownership,Type of Goods) matrix : For test of first set of hypotheses.

Type of Goods \ Ownership	Privately held	Publicly held
Manufacturing industrial goods	**PRIIG** n=18	**PUBIG** n=13
Manufacturing consumer goods	**PRICG** n=21	**PUBCG** n=18

Response variables: Relative frequencies of words, phrases, idea of managers relating to: (a) culture, (b) organizational design, (c) role perception, and (d) competence.

Design of single factor (Level of managers): For test of second set of hypotheses.

Policy managers all business units n=17	Middle managers all business units n=26	Supervisory managers all business units n=27

Response variables: Relative frequencies of words, phrases, idea of managers relating to: (a) culture, (b) organizational design, (c) role perception, and (d) competence.

FIGURE 5.1
DESIGN LAYOUTS FOR STATISTICAL TEST

TABLE 5.6
MEAN FREQUENCIES OF OCCURRENCE

BUSINESS UNIT	MANAGERIAL LEVEL	CULT.	ORG.DSGN	ROLE	PRCPT.COMP.
PRIIG	POLICY	.25	.45	.10	.13
	MIDDLE	.16	.55	.12	.10
	SUPERVISE	.15	.52	.12	.16
PRIIG AVERAGE		.19	.51	.11	.13
PRICG	POLICY	.17	.53	.11	.13
	MIDDLE	.09	.53	.13	.16
	SUPERVISE	.13	.49	.14	.19
PRICG AVERAGE		.13	.52	.13	.16
PUBIG	POLICY	.11	.44	.12	.26
	MIDDLE	.16	.42	.12	.21
	SUPERVISE	.15	.45	.14	.17
PUBIG AVERAGE		.14	.44	.13	.21
PUBCG	POLICY	.14	.47	.17	.14
	MIDDLE	.20	.42	.18	.17
	SUPERVISE	.18	.48	.17	.15
PUBCG AVERAGE		.17	.46	.17	.15
ALL BUSINESS UNITS	POLICY	.17	.47	.12	.16
	MIDDLE	.15	.48	.14	.16
	SUPERVISE	.15	.48	.14	.17

Test hypotheses were:

H_o = u Policy culture = u Middle culture = u Supervisory culture

H_o = u Policy orgdesgn = u Middle orgdesgn = u Supervisory orgdesgn

H_o = u Policy rolepcpt = u Middle rolepcpt = u Supervisory rolepcpt

H_o = u Policy comp = u Middle comp = u Supervisory comp

A two-by-two fixed effects Manova was run to test the first set of hypotheses. Wilkes' multivariate test statistics were .07, .09 and .04. Based upon the comparison of these test statistics with the minimum family alpha value (.05/3 = .0167) required for testing significance, there was no detectable reason to reject the null hypotheses. However, because each test in the set of three was near a significant level, it is clear that had hypotheses been more selective (as could be the case in anything but an exploratory analysis), a significant difference could be said to exist.

A single factor multivariate fixed effects Manova was conducted on the second set of hypotheses. A Wilkes' multivariate test statistic of .81 was reported. Using a p value of .05, there was no justification for rejecting the second set of null hypotheses.

These results indicated the general consistency of responses across units which varied across type of ownership and goods produced and managerial levels. The fact that business units were not selected at random precludes the inference to firms in general.

5.4 Modification of theory and model

The initial integrated model and its associated theory of this study suggested that the management of competitive strategic change actions was a function of organizational culture, organizational design, individual managers' role perception and managers' competence. These constituted the initial independent variables which influence managers' strategic change actions. An initial model was constructed (see Figure 2.12). A diagram was used to describe potentially influential relationships (See Figure 2.1).

Findings of the study provided support for the initial model variables, but also suggested modifications. Other variables, implied in the interviews with managers, fell into four general classifications: (1) unit general environmental, (2) unit specific environmental, (3) unit context, and (4) individual context.

Organizational unit context of business units and individual context of individual managers may be viewed as moderating variables. The consideration of managers as moderators does not suggest that they are of lesser significance. The significance of all variables is yet to be determined. Organizational unit context of business units subsumes (1) the units potentially existing within a corporation and its associated culture, (2) the units resources being constrained by the larger organization, (3) the centralization of control by the larger organization, and (4) the participation of third parties in the structure and management of organization.

Individual personal context of managers would include (1) the managers' lifestyle, (2) the manager's career aspiration, (3) the manager's life situation, and (4) local community and societal impact on manager's behavior.

The unit's external general and specific competitive environmental variables include (1) political, economic, social and technological attributes and (2) the unit

specific competitive constituency. All these were considered to be parts of the "situation." While much attention has been given to these external factors in the past, it appears that the significance of some situations causes more reaction in the form of the management of change than others. Unit financial performance deterioration as a result of increased competition, national economic decline, competitive technological breakthroughs, and competitor demise appeared to influence the responsiveness of business unit managers.

Figure 5.2 is a revised model which takes into consideration the findings of this study. Its revisions consisted of the recognition of an *Internal Unit Context* which may exist if a unit is a part of a larger firm, the recognition of the potential influence that the *Individual Manager's Context* might have in affecting the managers of competitive strategic change, and situational partitioning into *General* environmental factors and *Unit Specific* environmental factors.

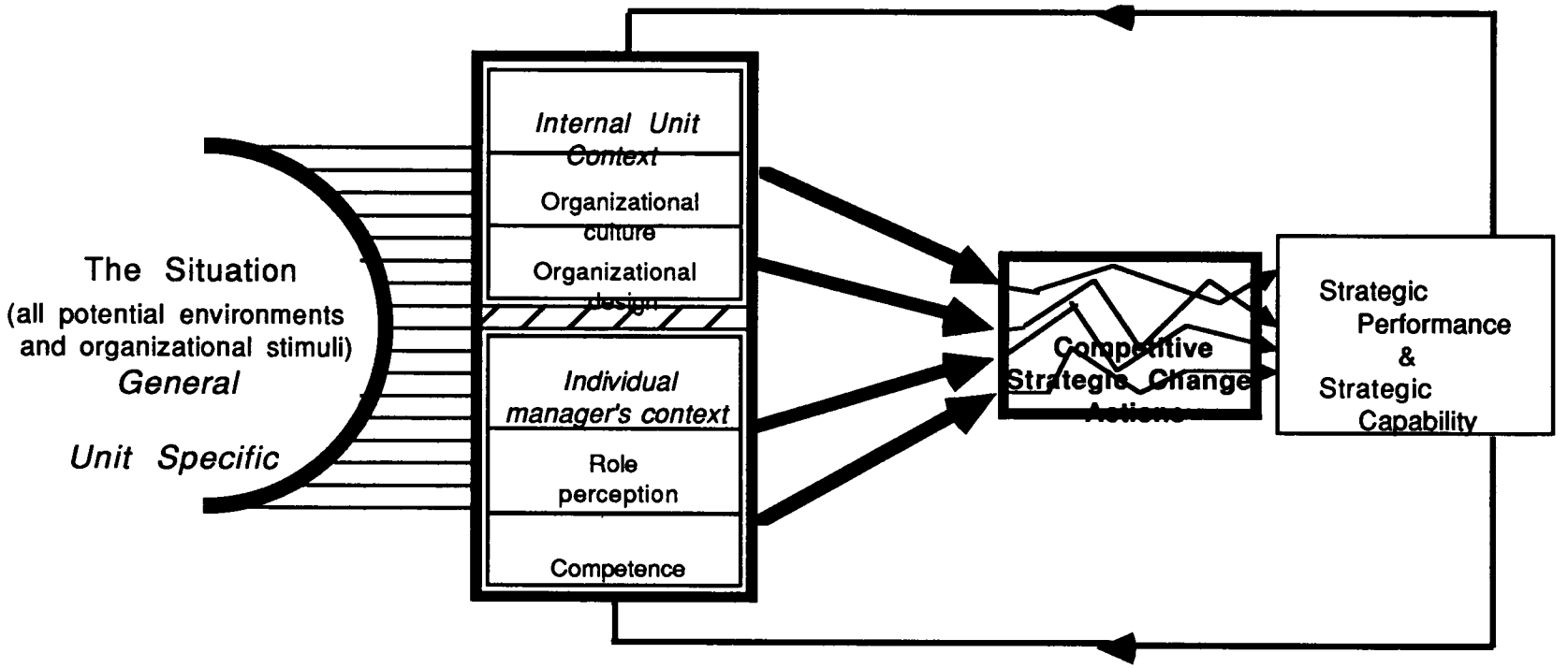


FIGURE 5.2

A REVISED
"INTEGRATED" MODEL
FOR
MANAGING THE MANAGERS OF COMPETITIVE STRATEGIC CHANGE

Adapted from: Hambrick, D. C. and Mason, P. A. "Upper Echelons: The organization as a reflection of its top management," Academy of Management Review, 1984 , Vol. 9, No. 2, p.191.

CHAPTER VI

SUMMARY

6.1 Overview

Declining competitiveness of American business units and continued criticism of their management provoked this study. The recent performance of many businesses suggested that either the rate or the appropriateness of organizational adaptations to an increasingly competitive environment was lacking.

The adaptation of organizations to external environments has been classically labeled as strategic planning and, most recently, strategic management. Strategic management and the management of strategic change are primary functions of business managers. But American managers may have little sense of their roles and responsibilities in the management of competitive strategic change. Furthermore, they may lack the knowledge and skill to successfully implement these change actions. The dearth of appropriate managerial responses to the growing dilemma gives rise to two questions addressed in this study: (1) What affects the management of strategic change in business units? and (2) What affects the management of managers of strategic change actions within business units?

An initial review of literature concerning strategic management revealed that the topic under investigation was neither well-defined, well-studied, well-modeled, well-researched nor well-understood. The investigation of potentially applicable research methodologically led to the conclusion that what was needed was a general qualitative model of the phenomenon (Wallace, 1983). The model attempts to identify factors which influence the management of strategic change based on applicable concepts and theories. Various fields of study provided concepts and theories from which it was possible to distill an initial set of

independent variables thought to affect the management of managers of competitive strategic change action.

The amount of specifically applicable literature pertaining to the business of the management of strategic change was paltry. The dependent variable had not been defined precisely. Strategic management authors and researchers have focused most of their efforts and energies on the corporation rather than on the business unit.

An in-depth review of literature led to the development of an integrated model. The model is specifically labeled "integrated" to indicate that factors from various fields--organizational culture, organizational design, individual managers' role perception, and individual managers' competence--conjointly influence managers of strategic change actions.

The initial integrated model was tested by unstructured interviews with managers. Seventy managers from four manufacturing business units with varying types of ownerships (private and public) and products (industrial and consumer goods) participated in the interviews. Interviewees consisted of managers from the (1) policy level of the business unit, (2) middle level, and (3) supervisory level.

Each was asked to respond to a set of unstructured open-ended questions derived from the initial model. The purpose of these questions was to discover which factors (variables) managers believed affected the management of competitive strategic change.

Each interview, approximately thirty minutes in duration, was recorded for subsequent content analysis. This analysis was designed to identify and classify factors affecting strategic change. In addition to the factors included in the original model, new "other" variables were identified in the content analysis. These factors accounted for a minority of the variables. Once the comments were classified, relative frequencies of factors were calculated

by managerial group. Summary data of these relative frequencies were presented by organization and by management level.

Excerpts of managers' interviews were reported and presented by variables across management levels and business units. They were presented to provide an appreciation for the context and content of managers' remarks.

Analyses of the relative frequencies of variables and interpretation of the interview contents led to the following observations.

6.2 Shortcomings and limitations

Certain limitations developed during the course of this study.

Business unit managers appeared generally unfamiliar with the concepts of culture, role perception, and competence (self-efficacy). The results could be biased for semantic reasons. Managers may have discussed only those concepts familiar to them. Further study may include the option of pretest education in concepts and constraints.

The variable classification system used was not as reliable as desired. Kappas of .65 to .72 were calculated. However, they were acceptable considering the exploratory nature of the study. Any firm conclusions about the differences between business unit or management levels within organizations must be made with this in mind.

6.3 Significant findings

> Managers making changes in the organizational systems, procedures, policies, practices, personnel, personnel skills, equipments, facilities, technologies, and etc., such as to improve continuously and/or discontinuously the competitive strategic posture of a business unit relative to its competitors.

is the definition of the management of business unit strategic change actions used in this study and in noting the following significant findings.

- Business unit competitive strategic change and its management appear to be complex. This study has explored and found variables and factors taken into consideration (e.g.,organizational culture, organizational design, individual role perception, individual competence, business unit context, and individual context).
- The types of change within different organizational context (i.e., corporation, strategic business unit, business unit, department, section, group) are recognized but poorly described and differentiated. Because the types of change are poorly understood, their significance, independency, and interdependency, much less the implementation differences, are little understood.
- Managers appeared to be unfamiliar with their role and responsibility as relates to the management of competitive strategic change. For many,the concept was new.
- As a result of the literature search, the current knowledge on the management of business unit strategic change and business unit managers in strategic change appears to be minuscule. The mere fact that they both had to be defined in this study suggests how little work has been done.

6.4 Interpretations

Questions arise as to what might have brought about the current situation. Why did these findings occur? How did they come to evolve? Speculation might include:

- The general lack of competition within the United States in the first part of the century contributed to a lack of attention to competitive change strategies.

There was little need to investigate what was not required. Necessity may be the mother of investigation as well as invention.

- Strategic planning (at the corporate level) developed in the late forties, fifties, and early sixties. Strategic planning was sufficient in high-growth/low-competition markets. Early strategic management theorists tended to separate strategy and tactics. Business unit competitive strategic change may have been viewed as tactics. Strategic management is still in its infancy as a topic of study, and its content is in the process of clarification.
- Many have tried to prescribe the management of corporations and business units with simplified, popularized, and invalidated models. Practitioners may have sought the easy-to-grasp, simple quick fix, in deference to the complex and valid approach. For example, Lewin developed "Action Research" methods, but the world adopted his "Unfreeze-change-refreeze" concept. The naivete of practitioners and the shallowness of accepted concepts, constructs, and confirmation may have contributed to the current findings.
- The rate of change may have accelerated beyond the ability of units to adapt.

This list of explanations, and others similar to it, is of little value without a discussion of what might be done about the situation.

6.5 Implications

Results of this study suggested the need for greater understanding of the management of business unit competitive strategic change. There is a growing belief that organizations must be committed to a process of continuous improvement. However, sufficient commitment and/or actions appear to

be lacking in some corporations and/or businesses. Managements have become suspect.

America's stagnation has become a threat to the country's standard of living and its position among the nations of the world.

The silver lining to this crisis is that the present condition of American industry and management has instigated a need for this kind of change. Out of this crisis has evolved an opportunity for change spurred by the felt need for greater knowledge in managing such change. There are therefore urgent implications for educators, practicing managers, and researchers which are described in the following discussion.

6.5.1 Implications for educators

New generations of industrial managers will not be aware of, informed of, nor educated in such matters if educators (institutional and industrial) and educational materials are not developed and introduced into academic and industrial organizations. There are implications for educational curricula, content, and delivery.

There will be those who counter that this effort cannot begin with educators. They will suggest that more research is needed before the subjects can be taught. Prevalent in the opinions of opponents is the adage: "Those that can do, those that cannot teach." However, there is also the saying: "One learns by doing." Many instructors have suggested that it was not until they started teaching that they began to learn. Perhaps the argument should be made that until we begin to teach, it is unlikely that we will learn what needs to be done and, subsequently, taught.

1. Business school curricula at the undergraduate and graduate levels should include courses which address the strategy, strategic capability, and strategic change. These courses should clearly differentiate business unit

strategy and strategic change from corporate strategy and strategic change. In addition, faculty members should be trained to understand the differences between the corporate and business unit strategies and strategic change processes so that they can help students differentiate the subject matter as well as the specific managerial behavioral differences.

2. To be effective, courses in the management of competitive strategic change in business units should provide hands-on experience. Students would experience first hand the differences and difficulties of assessing competitive position to decide upon appropriate action in implementing such actions (Kozmetsky, 1985; Kuhn, 1985).
3. Specifically tailored supporting courses in operations research, statistically based organizational assessment, organizational design, organizational systems management, and competitive analysis should be offered.
4. Business policy currently taught in educational institutions appears to include a mixture of corporate and business unit strategy, policy, and practice. The distinctions between corporation and business unit may be made earlier than the last year of an undergraduate program. Perhaps there is a need for the two perspectives (corporation versus business unit) to be taught in the junior year, and an integration of these perspectives presented in a new course in the senior year.

6.5.2 Implications for practitioners

For managerial practitioners, a major problem exists: there is an urgent need to accelerate the pace of business unit strategic change if national industrial competitiveness is to improve.

There will be those who argue that this effort should not be in business units on the justification that "there is already too much to do." It is doubtful that we will ever know what needs to be done in order to manage competitive strategic change if we does not begin where it must take place.

1. Business unit policy managers should decide on a strategy of continuous improvement and accept the challenge of managing competitive strategic change (Hambrick, 1981; Davis and Schwartz, 1981).
2. Policy managers should present these decisions to the total managerial group, explaining why these decisions were made, the implications of not making such a set of decisions, and the behavioral implications for the managers of the business unit (Anderson and Paine, 1975; Ansoff, 1984).
3. Business unit individual managers' abilities to manage competitive strategic change should be assessed. Congruence and consistency of current organizational culture and organizational design with the management of competitive strategic change should also be assessed. New roles and responsibilities of managers should be described (Graen, 1976; McGrath, 1976).
4. Managers must be equipped with the tools, techniques, and information with which to manage strategic change actions. Change management education for managers should be provided. Managers should lead by personal example, asking nothing of others that they do not ask of themselves, following the adage "practice what you preach" (Pfeffer, 1981). Since there is limited knowledge and availability of methods, organizational development should use of developmental education in the management of strategic change efforts (Duncan and Weiss, 1978). Internal business educational materials

and educators should be developed in conjunction with institutional educational faculties.

5. Behaviors and performance of managers should be expected and inspected for demonstrable quantitative evidence of managed competitive strategic change. An organizational culture and design should be constructed wherein the management of competitive strategic change is the only acceptable behavior for managers (Galbraith, 1982). All rewards and recognition should reinforce this behavior.
6. Organizations should establish anticipatory baselines (fiscal, physical and behavioral) before change efforts are initiated so that they can determine of the effectiveness of different interventions.
7. Businesses should collaborate with educational institutions in the development of educational material. Businesses should collaborate with applied researchers and theorists in the advancement of understanding.

6.5.3 Implications for researchers

For researchers, this is an opportunity. There is an urgent need for new knowledge. This knowledge appears to be critical to the continued welfare of our society as well as others. Time is essential; confirmed validity is imperative. Instruction in educational institutions and within industry is planned. Ultimately, the instruction is to lead to applied practice.

There may be an academic perspective that suggests research and researchers must remain separated from practitioners in order to be objective and untainted. However, it was the directed institutional research efforts of this country in the early part of the century that has helped to feed this and many other nations. The combined technology of many countries that made it possible for man to go to the moon. Past researchers have made it possible for

the current cadre of researchers to have the freedom to do research today. The next generation may not have the opportunity to continue the of progress if new knowledge is not provided.

1. Further study of business unit and corporate strategy and change should be viewed as a worthwhile contribution to society by researchers. Educational institutions will view this research as academically credible if researchers view it as such. This work might be viewed as advancing the intellectual capital of the institutions and the society. Tenure criteria should not be at odds with accomplishing this research. Although this research occurs in the real world setting, researchers must not view this setting and its people as less intelligent. Formal education is not the only source of intelligence and knowledge.
2. Affiliations should be developed between researchers and businesses in order to provide applied research settings. Researchers should use their professional power to induce educators and educational administrators in providing cooperative industrial settings for research in order to validate concepts, theories, and the advancement of knowledge. Researcher should seek long-term industrial sponsors, thereby making longitudinal research possible. Knowledge should be validated in successful application. New theories should be tested more rapidly. Concepts and models might be developed through affiliation. Researchers might be given their just recognition and research viewed as attractive as a profession by more members of society.
3. Applied researchers should work with theoreticians in understanding integrated theoretical frameworks and operational constructs. Instruments should be designed to assess culture, organizational design, role

perception, and knowledge/skill of organizations to assist in the differentiation, organizational and individual assessment, dissemination of concepts, and description and operationalization of behaviors involved in the management of managers of competitive strategic change within business units and corporations. Investigatory instruments might be validated by applied testing. Based upon this study, testable propositions and hypotheses should be developed and further research advanced.

4. Researchers should join their educational administrators and industrial affiliates in making new journals for significant research which may be limited by the current journals and/or their associated referees criteria.

6.6 Future research

As with any new concept and theory, the potential for research is enormous. Listed are those streams of research which would appear to be most urgently required:

- Refinement of concepts and operational definitions relevant to the management of business unit competitive strategic change is required. The significance of the independent variables determined by this study must be assessed by testing these variables against successful progress in implementing strategic change. Further confirmation of affecting variables and the continued search for new ones are necessary.
- There is the need to determine the relationship between competitive strategic change and:
  - business unit performance
  - strategic implementation
  - organizational leadership attribution
  - new demands and descriptors of managerial work
  - autonomous work groups

  - organizational climate
  - competitive positioning
  - authority
- What is the relationship between competitive strategic change management and:
  - rights and responsibilities of managers and employees
  - innovation
  - managerial breakthrough
  - intrapreneurship
  - classical educational dissemination systems
  - national economic solvency
  - organizational decision/information processes
  - social responsibility of business unit
  - stakeholder values
  - technology infusion
- What does the paradigm of competitive strategic change management require as managerial behavior?
- What does the paradigm of competitive strategic change management require of organizational developers?
- How does an organization transition from classic management to the management of competitive strategic change?
- How does an organization integrate competitive strategic change and on-going operations?
- What does competitive strategic change management represent as a competitive tool?
- What does the management of competitive strategic change represent as international competitive strategy?
- How might assessment centers be used to accelerate the selection of managers of competitive strategic change?
- What behavioral confirmation strategies will prove useful in managing the managers of a competitive strategic change?

Continuing organizational research, advanced management development, and educational transitional studies are currently in process at the University of Tennessee, Knoxville.

6.7 Final summation

The best summary of this study may be found in the summation of a book Frontiers in Creative and Innovative Management edited by Robert Kuhn (1986). His last paragraph reads:

> One might believe, by reading erudite arguments and counter arguments in the press that industrial revival in America is linked to some new economic policy whether monetary and supply side on one hand, or increased taxes and government spending on the other. A cardinal mistake here--and it permeates contemporary thought--is the notion that economic solutions to industrial problems will yield business success and competitive advantage. Macroeconomics surely has its place, but, please not the whole place. To treat the economy only by macroeconomics is to treat the sick only by epidemiology. Macroeconomics should and can modulate the pace and proportions of the economy, but it cannot make marketable products nor produce positive financial returns. It is like trying to coach a basketball team by planning the theoretically proper mix of heights, weights, and talents of players without teaching any of them how to pass, dribble, or shoot. What we need, coach, is creative and innovative management (p.370).

One might add: Would it not be sad if in our preoccupation with creativity and innovation we forgot to teach how to manage the business unit managers of competitive strategic change; and it made all the difference?

The management of managers of competitive strategic change has proven to be a much more complex phenomenon than was originally thought. Wallace's (1983) methodological observations proved themselves as good guidance. There is

now some knowledge, albeit limited and qualified, about the phenomenon. It remains for others to advance this beginning.

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APPENDIX

APPENDIX
Plan for Conducting Case Studies of American Manufacturing Business Units

Purpose

For purposes of this study, managing competitive strategic change is defined as:

> Mangers making changes in organizational systems, procedures,policies, practices, personnel, personnel skills, equipments, facilities, technologies, and etc., such as to improve continuously and/or discontinuously the competitive strategic posture of a business unit relative to its competitors.

This study had two purposes: to construct "a model" of independent variables affecting competitive strategic change actions and to test a set of preliminary propositions concerning the relationship between certain independent speculated variables and competitive change actions.

Relevant propositions included:

Proposition 1

An American manufacturing business unit's culture influences its managers' management of competitive strategic change.

Proposition 2

An American manufacturing business unit's organizational design influences its managers' management of competitive strategic change.

Proposition 3

An American manufacturing business unit's managers' role perception influences the management of competitive strategic change.

Proposition 4

An American manufacturing business unit's managers' competence influences the management of competitive strategic change.

Key features of the case study method

Wallace (1983) argued that "the methodological issue is that the choice of specific design should be dictated by the level of knowledge about the phenomenon under investigation" (p.7). There was definitely a lack of knowledge concerning the management of competitive strategic change actions and its constraints. Wallace recommended the case study as the most appropriate methodology where there exist a basic lack of knowledge of the phenomenon. He argued that the purpose of the case study is "confirm ideas about major features of a phenomenon through analysis and the documentation of specific instances."

Yin (1981) defined the primary characteristics of the case study method:

> A case study is an empirical inquiry that investigates a contemporary phenomenon within its real-life context, when the boundaries between phenomenon and context are not clearly evident and in which multiple sources of evidence are used (p.23).

Elements of this characterization were particularly applicable to the present study. Its primary purpose was to address two research questions. These questions directed the investigation of a single contemporary organizational issue--the management of competitive strategic change actions. The management of competitive strategic change actions, the selected phenomenon to be studied, was to be found within the context of contemporary organizations. Therefore, it was particularly difficult to separate the phenomenon to be studied and its context, as Yin (1981) suggested. Moreover, the phenomenon appeared to be affected by various complex, perhaps interacting, organizational variables. This last

feature demanded attention to a variety of sources of information within organizations and across organizations.

Initial modeling and pre-investigatory propositions were references to begin the exploratory field studies. They also framed the types of necessary investigatory evidence and interview questions.

I. Organization of the Plan

The primary parts of this plan consisted of:

Procedure

Criteria for case "site" selection:

There were some pragmatic criteria to be used in the selection of case "sites."

(1) Obviously, it was mandatory that the investigator be given access. Access to organizational documents and selected managers was required. These are described in the data collection section of this plan.

(2) The organization must have existed for at least ten years in order to have adequate time to develop a cultural set of artifacts, values, beliefs and assumptions.

(3) Qualitative data were to be used in the selection of units that satisfy the business unit typological constraints.

(4) Ideally, there existed a working rapport between the investigator and the Level 1 management of the units selected. It would have been even more beneficial if the relationship had existed with the Level 2 and 3 managers as well. To facilitate the actual investigation, the investigator attempted to make the respondents feel comfortable and attempted to gain the trust of the

organization and its people. A good relationship promoted open easy access.
(5) Organizations must feel that they are benefitting from the information gained from the study. It is one thing for the investigator to need the results, but quite another if the respondent's organizational leadership has a vested interest in the findings. Organizations' need for information enhanced both their cooperation and investigatory effort.

Review of business typology, organizational structure and applicability:

As previously mentioned, the organizations were American business units producing either consumer or industrial goods. American business units were defined as those owned and managed by Americans. A unit of a foreign corporation located in America did not qualify.

The business unit must have existed for a period of time preferably ten years. This was critical for the control and examination of organizational contextual variables. The selected multiple case design used embedded units of analysis. In addition, organizations with levels of management above the employee (operative) level were required. Ideally, there must be four levels above the first line supervision.

Review of appropriate unit(s) of analysis:

A close examination of the organization chart (reporting levels) was conducted to ensure that any cross-case analysis did not

become confounded. Discussion of organization level, roles and responsibilities of the managers to be interviewed was conducted with the Level 1 management. This helped clarify appropriate classification.

Review of implementability:

The investigator reviewed the protocol and had a discussion of the study needs with the organizational leader before conducting the case study. A check list of the data required was helpful in confirming understanding and access. This a priori discussion prevented misunderstandings and confusion once the data gathering had begun.

Verification of organizational access:.

This investigation was conducted over a one-week contiguous period to minimize "history" effects. Therefore, timing was critical. It was imperative that the Level 1 organizational manager and the investigator agree on the schedule for the data collection. Organizational managers selected for the study were present to make the data collection successful. Coordination of schedules was necessary. Since a previous rapport existed between the investigator and the organizational management, then these matters could be reviewed by telephone. If rapport had not existed, a visit would have been required.

Verification of result publication:

A discussion of publication of results was imperative. There needed to be an understanding that the results would be published. Such publication were to be within

the guidelines of the confidentiality agreement reached between the organization and the investigator.

Special confidentiality agreement:

A letter of confidentiality helped frame the understanding of both parties. The investigator assumed full responsibility for its development and assure its signing. This was to set the tone for all published results and reinforce the likelihood of access to all relevant data. This also framed the guidelines for legal and ethical completion of the study. In addition to organizational confidentiality, all interviewed respondents were assured of confidentiality. Assurance came from both the investigator and the organizations' senior management.

Initial scheduling of field visits

Contact protocol:

Initial organizational contact was made at Level 1. It was recognized that lower levels could assist in making initial contact possible, but there could be no question as to whom the investigator was reporting. While coordination was organized by lower level management, the investigator was guided by Level 1 management. This was not considered optional. A conflict between the study and organizational purpose, and/or organizational operations, organizational personnel moral was always to be resolved in deference to the organization's best interest. Without such understanding at the highest level, the risk to the study's success would have been

always to be resolved in deference to the organization's best interest. Without such understanding at the highest level, the risk to the study's success would have been extraordinary.

Review of study purpose and what is to be provided by the organization being studied and by the investigator:

A review of the study, its content needs, and its implementation requirements with the Level 1 manager was mandatory at the outset.

Confirm benefits by organizational managerial leadership:

After the initial study review just mentioned, it was advisable to have the organizational management describe their views and objectives relating to the study. These were written down. They were to be attended to when the post-study organizational interview was conducted.

Discussion of sampling strategy:

The managers to be interviewed were selected by a specific process. In all cases a minimum of four Level 1 managers were interviewed. In the remaining levels, a minimum of five were interviewed.

Signed confidentiality agreement:

The confidentiality agreement were signed before the document gathering process began.

Scheduling and history effect considerations:

The schedule of interviews and data collection was to followed as described in

this plan. This schedule was reviewed and agreed upon before going to the organization for the of data gathering.

Organizational coordination:

An organizational coordinator was selected by the investigator and the Level 1 manager. This was necessary to ensure easy introduction of the investigator into the organization. The coordinator also was helpful in clarifying the roles, relationships and interactions of managers at various levels to the investigator.

Pre-investigatory data required:

The only pre-investigatory data which was required was a copy of the current organization chart to assist in clarifying the exemplary organization chart used in the structured questionnaire.

Case study database

The items listed below were considered as data sources to be sought. This was not an exhaustive list. Further guidance should be was each case study Level 1 manager and organizational coordinator. The investigator should defined all possible relevant sources of background data:

(a) Organizational charts
(b) Reporting structures
(c) Incentive systems
(d) Organizations mission statement
(e) Organizational managers performance review system
(f) Organizational archival information
(g) Organization management development methodology (i.e., typical management courses, scheduling,

content, attendees, organizational expectations, selection process, etc.)

(f) Past organizational strategic plans - from at least past three years

(g) Organizational goals/objectives

(h) Organizational priorities

(i) Organizational myths

(j) Organizational policies and procedures relating to product quality, organizational productivity and customer relations

(k) Organizational credos

(l) Organizational principles/value statements

(m) Organizational mottos

(n) Job descriptions

(o) Performance appraisal contents

(p) Promotion criteria

(q) Personnel selection criteria

II. Case study protocol and questions

The following open-ended questions were constructed to seek out, with minimum investigatory bias, the perceived variables which affect the management of competitive strategic change actions.

For the purpose of this study, management of competitive strategic change actions for a business unit was defined as:

Managers making changes in the organizational systems, procedures, policies, practices, personnel, personnel skills, equipments, facilities, technologies and etc., such as to improve continuously and/or discontinuously the competitive strategic posture of a business unit relative to its competition.

Interview questions:

What characteristics of this organization help such change efforts?

What characteristics of this organization hurt such change efforts?

What characteristics of this organization's managers help such change efforts?

What characteristics of this organization's managers hurt such change efforts?

What other things affect such change efforts?

Data Gathering and Interview Implementation Plan

Case Study General Interview Schedule:

Day 1 (morning)

Artifacts gathering

Day 1 (afternoon)

Level 1 Interviews.....(1 individual)

Day 2 (morning)

Level 1 Interviews.....(2 individuals)

Day 2 (afternoon)

Level 1 Interviews.....(2 individuals)

Day 3 (morning)

Level 2 Interviews.....(2 individuals)

Day 3 (afternoon)

Level 2 Interviews.....(2 individuals)

Day 4 (morning)

Level 2 Interviews.....(2 individuals)

Day 4 (afternoon)

Level 3 Interviews.....(2 individuals)

Day 5 (morning)

Level 3 Interviews.....(4 individuals)

Day 5 (afternoon)

Level 3 Interviews.....(4 individuals)

Post interview debriefing

A brief discussion was held with the top Level 1 manager following the completion of the interviews.

III. Analysis plan and case study outlines

Individual case studies analysis:

- Descriptive information
- Explanatory information
- General results
- Specific results
- Pertinent empirical analyses and results
- Pertinent propositional implications
- Limitations and shortcomings
- Significance of results

Cross-Case Analyses:

- Descriptive information
- Explanatory information
- General results
- Limitations and shortcomings

VITA

Granville Harlan Carothers, Jr. was born in Lake Charles, Louisiana on September 13, 1936. He attended elementary schools in Texas and Louisiana. In May 1954, he graduated from St. Peter's College, a Catholic high school as salutorian of his class. In August 1957, he graduated with distinction from Southwestern Louisiana Institute, Lafayette, Louisiana with a bachelor's degree in Physics (Physics and Mathematics major with a minor in Chemistry). In 1980, the University of Oklahoma granted him a Master of Arts degree in Human Relations. He was accepted by the University of Tennessee, Knoxville, College of Business in January, 1985. This was the beginning of his pursuit of his Ph.D. in Business Administration with a concentration in Strategic Management. This degree was conferred on May 12, 1989.

Upon completion of his bachelor's degree, he began his work career. This career paralleled his educational pursuits. He progressed over twenty-six years from an entry level junior engineer to Vice President and General Manager of a division of Harris Corporation, a large information and communication firm, by 1980. In 1980, he was made Corporate Vice President of Productivity, where he remained until entering graduate school

He has consulted with a large number of American managers and is currently employed as a senior lecturer at the University of Tennessee.