

What are the strengths and limitations of a rational, strategic approach to organisational change?

Introduction

Following the brief introduction of a model-ideal conceptualisation of Organisational Goal-Directed-Activity, and the definition within the perspective defined by this model of such terms like ‘rational (organisational) action system’, ‘strategy’, and ‘organisational change’, the first part of this essay presents a non-evaluative summary of a selection of distinct approaches to organisational change. Various approaches to strategy are similarly addressed in an attempt to register and explore some of the links that have been identified by a number of authors between positions on strategy reviewed and corresponding approaches to organisational change.

The second part, bypassing the rather common practice of partitioning the set of organisational change approaches into largely non-overlapping rational and nonrational, strategic and nonstrategic, subsets, identifies a number of distinct Rational and/or Strategic Modes, associates them with the approaches to organisational change reviewed in the first part, and attempts an integrated appraisal of the distinctive strengths and limitations such diverse Modes confer to the approaches to change that invoke and utilise them.

1. A Model-Ideal Conceptualisation of Organisational Goal-Directed-Activity, Rationality, Strategicality, and Organisational Change

When planned and goal-directed, fully rational organisational action, like any other ideal form of goal-directed-action, relies on activity generated by the decomposition of a goal-structure, a term that has been defined as follows: “The goal-structure is a principled construction with a clear semantics. That is, subgoals are asserted as necessary and sufficient conditions for achieving the goal” (Anderson, 1983:33). By implementing all the necessary action-steps in a principled manner, means indispensable to the attainment of the pursued goal are not left out. In its reliance on such a goal-structure the action-system is effective. Not exceeding some sufficiency standard, on the other hand, makes the action-system efficient. An organisation’s reliance on the recursive application of the means-ends relational thinking that defines goal-structures capable of conferring effectiveness and efficiency to the action-system that uses them, establishes that action system as a rational action-system.

In one form or another, the type of rationality involved here is commonly referred to as instrumental rationality, and is by far the most common in discussions of goal-directed-action. Elster, for example, defines rationality as “roughly speaking the instrumentally efficient pursuit of given ends” (1999:102). For Simon “a system is rational to the extent that its behaviour is well adapted to reaching its goals without excess time and effort” (1996:166).

Strategy may be defined 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 those goals” (Chandler 1962:13). You act strategically, in an organisational setting, to the extent you derive and implement a strategic change goal-structure which asserts a number of pre-planned courses of action as means necessary to securing the long-term objectives specified. So viewed, “strategy is a plan, or something equivalent-a direction, a guide or course of action into the future, a path to get from here to there” (Mintzberg et al, 1998:9).

Defining organisational change of the rational/strategic type requires specifying courses of activity at two closely interacting levels: An organisational action level at which changes are

effected in a largely goal-directed manner on relevant inputs in order to transform them into the pre-specified outputs that define the organisations products. And an organisational metalevel where activity aiming at changing prevailing defaults regarding the ways organisational inputs are transformed into outputs takes place.

2. Approaches to Strategy and Organisational Change

2.1. Classical Strategy and Planned Organisational Change

The Planned approach to change relates to the so-called Classical approach to strategy (Whittington 2001). Classicists (like, for instance, Chandler, 1962; Ansoff, 1965) view strategy as an essential rational process of long-term and comprehensive planning, formulated at top managerial levels. Only when the strategy is fully formulated is it made available to be implemented by operational managers.

Related to the Classical approach to strategy, the so-called Planned Approach to change, originating with Lewin's (1958) all too well-known Three-Stage Model, has dominated for a long period the field of organisational change. As Burnes puts it: "[T]he Planned approach to change has been, and still is, highly influential... it is still far and away the best developed, documented and supported approach to change" (Burnes, 2000:281).

OD may be described as follows: "[A]ll OD programs are identifiable flows of interrelated events moving over time toward the goals of organisational improvement and individual development. Major events in the process include sensing something is wrong and should be corrected; diagnosing the situation to determine what is happening; planning and taking actions to change the problematic conditions; evaluating the effects of the actions; making adjustments as necessary; and repeating the sequence" (French & Bell, 1999:3).

OD theorists and practitioners alike rely on the instrumental rationality of means-ends relational thinking and the prescriptions of the Classical approach to strategy to device change-effecting tools, typically multi-stage models of the change and change management processes (e.g., Burke 1994; Porras & Robertson, 1992; both cited in French & Bell, 1999). Processes commonly targeted, by OD's essentially person-oriented and humanistically-inspired interventions, include problem solving and decision-making, strategic management, exercise of authority, resource and reward allocation, communication, and continuous learning.

2.3. Emergent Strategy/Organisational Change

According to Processual positions on strategy, associated with the Emergent approach to organisational change, the Classical faith in rationality in strategy formulation is wrong as "strategies form out of a mixture of analysis and instinct, routine and spontaneity, top and bottom, fortune and error" (Whittington 2001:57). Humans are simply too limited in their rational powers to deal with the future in the manner that Classical conceptions of, and reliance on, rationality reflected. They, at best, exhibit what Simon termed bounded rationality, a type of rationality that aspires to nothing higher than 'the good enough', Simon's (1957) satisficing, rather than 'the best possible' of the maximising perfect rationality of *homo economicus*. Moreover, rather than being unitary and pursuing the maximisation of some single utility, organisations are constituted instead as coalitions of individuals with varying and often conflicting objectives. Talk of multiple action-systems operating on the basis of different and possibly conflictual goals should replace, according to this approach, the unitary view of the organisation developed earlier.

Organisational change itself involves the iterative application of an essentially political rather than analytical change process. The application of this “emergent, informal, messy [process]”, in ways involving multiple organisational levels in a “middle-up-down incremental process”(Mintzberg et al, 1998:357) may lead to conclusions that no rationality of any kind is possible when change takes place in such contexts. Not necessarily so! It may simply mean that the emergent approach to strategy has its own rationality, what Quinn (1980:89) calls logical incrementalism, a form of adaptive local applications of rationality where “honest about his or her limits, the logical incrementalist is committed to a process of experimentation and learning” (Whittington 2001:23-4).

2.4. A Critical Theoretical (CT) Perspective on Strategy and Organisational Change

Habermas (1971) counters positivist claims about the possibility of objective and neutral accounts of reality with his assertion that reality is knowable only through interest-laden and power-asymmetrical practices. Contaminating interest-based and power-induced ideological influences on knowledge production can be avoided, according to Habermas (1987), only in the type of communicative setting he calls ‘ideal-speech situations’, that is settings free of power differentials and therefore capable to facilitate more equitable opportunities for participants to perform the speech acts necessary for them to register their versions of reality. In ideal-speech situations, Habermas claims, a discursively produced rational consensus becomes possible.

Regarding strategic and change preferences CT theorists examine “how particular interest-laden discursive practices sustain...particular strategic preferences and change manoeuvres” (Darwin et al 2002:138). CT-based accounts of management practices in the domains of strategy and organisational change, address the issue of how such practices are developed and legitimised within the context of asymmetrical power relations among the multiple and often conflicting interests of the differentially powerful parties.

Socio-rational knowledge in discourse about strategy and organisational change becomes possible only in situations where all possible stakeholders participate in the manner descriptive of an ideal-speech situation. What Habermas has in mind here is, of course, far removed from the façade of a notionally democratic communication “where the more powerful deploy a rhetoric of democracy to impose their own... preferences upon, and silence or marginalize the less powerful” (Darwin et al 2002:136).

2. 5. Postmodernism and Strategy/Organisational Change

According to influential Postmodern accounts, nothing exists beyond or outside the socio-linguistic processes and the arbitrary signs they articulate (Rorty, 1979). It is all ‘simulacra’, that is self-referential images composing a ‘hyper-reality’ totally detached from anything extra-linguistic. In the context defined by such bold statements it is very difficult to envision how somebody (anybody) could be rational or strategic (however one wished to define these terms) in any domain whatsoever (including that of organisational change) or indeed have anything of much interest to say about such organisational phenomena. Yet, although Postmodernists would refrain from prescribing specific types of organisational change they would seek to promote “the search for instabilities” (Lyotard 1984:54; cited in Darwin et al 2002), as part of a project undertaken to destroy the epistemic hegemony of discourses supportive of some organisational status quo. In a world where language does not so much represent reality as it rhetorically generates it, one may opt, the postmodernist would suggest, to stimulate and welcome a polyphony of incommensurable discourses (Rorty 1982), about matters of strategy, change, or any other organisational matter. Having managed to move so far, the postmodernist has no further plans to preferentially sanction some or any of the discourses so generated.

Based on Foucault's (1980) notion of genealogy, Knights & Morgan (1991) claim that strategy can be reduced to a patterning of social relations capable to generate the discursive activity that manufactures the very organisational phenomena it purportedly describes. It contributes to the very creation of the subjects it relates to by moulding their self-understanding in ways consistent with their intended positioning as 'strategic actors', 'strategic objects', and the like (see Hendry, 2000, for a similar approach from a non-Foucauldian perspective)

The 'unavoidable empirical realities' so often invoked by managers are all viewed as rhetorical ploys in the manager's arsenal of rationality-constituting rhetorical devices. Other theoretical primitives such as 'organisational structure', 'competences', 'environment', 'organisation' itself (Cooper (1990), do not survive deconstruction (informed by Derrida's notion/process of 'différance'). They simply emerge as indeterminate linguistic constructs. Following all this, the rejection of the view that 'the truth' can somehow be revealed through the rationalist or empiricist methods of positivist science is inevitable.

3. The Strengths and Limitations of Classical, Emergent, Social-Rational, and Postmodern Rational/Strategic Modes in Organizational Change?

It would be rather easy at this stage to claim that the Planned and related approaches to change represent an exemplary form of a rational/strategic approach to organisational change and attempt to evaluate such approaches both on their own terms, as well as in the context of the strengths and limitations characterising the rest (presumably non rational and/or strategic) of the approaches outlined here. Resisting such an option, it is argued that there are multiple ways to be rational, and this makes it possible to define what we shall call Rational Modes corresponding to the various approaches discussed in this essay and characterised by long lists of strengths and weakness reflecting, not so much inherent limitations of the Modes themselves but rather the extent to which they are being applied within the range defined by their specific strengths. Moreover, it is claimed that combinations of the Modes delineated (indeed a *much* greater variety of such Modes that space limitations do not allow us to even briefly outline exists) are not only possible but in fact virtually always evident in actual practice, despite the unacknowledged or even wilfully denied character of corresponding publicly declared positions.

Crucially, the Rational Modes *themselves* are viewed here as means to be used towards the end of selecting the most efficient and effective way to be rational and/or strategic in particular settings of organisational change. It may be interesting to note that, terminological differences and some perhaps more substantial differences in emphasis, notwithstanding, the approach taken here does not deviate considerably from those of major reviewers of the organisational change and strategy literature (see in particular Burnes 2000:chapter 13 and Mintzberg et al 1998).

It will be argued that all approaches when deployed within their regions of prototypical utilisation, that is in settings maximising their characteristic advantages, confer to the application those characteristic advantages. Their limitations, on the other hand, manifest themselves whenever these same approaches are used outside their prototypicality range, what we shall term nonprototypical utilisation of the Rational Modes.

When evaluating approaches in applied settings critical 'overkill' should be avoided (it will be here). Although aware of major limitations at theoretical and conceptual levels, one should perhaps be stopping short of extracting all of the problematic epistemological and ontological implications of the approaches considered. Assuming a more pragmatic stance may well pay dividend as indeed it has in other domains of human activity. Let us not forget that we can still navigate ships and build roads perfectly well on the basis of a flat earth

‘scientific’ theory.

The move towards eclecticism is also motivated by the realisation that what may permeate organisational thinking and practice are a number of powerful metaphors of varying degrees of pragmatic usefulness, rather than crispy clear theories with neat epistemological and ontological credentials (see Morgan, 1997; for a discussion of the risks that reliance on metaphor in such contexts may involve see Grant & Osrick, 1996). As it will become evident in what follows the present author is less enthusiastic than most in espousing the view (articulated by, among others, Kuhn) that different and incommensurable ‘paradigms’ underlie at least some of the approaches discussed here. Although there is no space to explain the reasons for this position in any detail suffice it to note at least two relevant points: First, the notion of a paradigm may be more problematic than most authors appear to realise. Second, it is far more likely that Kuhn would have described the field of organisational theory as pre- rather than as multi-paradigmatic!”

3.1. The Classical Mode:

As the Classical Mode depends crucially on the ability to predict environmental change, much use has been made of claims that environments nowadays are more unpredictable than they have ever been to criticise the Planned approach to change (see Stacey 2000). However, as Burnes puts it, “environmental instability is not uniform; it varies from industry to industry and organisation to organisation” (2000:289). Moreover, as regards the issue of the boundedness of human rationality one should be reminded that, as Lupia et al (2000) argue, Simon’s notion of bounded rationality, does not license claims about human irrationality. Simon himself, after all, states unequivocally that “virtually all human behaviour is rational” (1995:45). This does not, of course, completely remove the need to establish the extent to which the courses of action taken in organisational change settings are efficient and effective in the way our model-theoretic definition of rational action systems requires.

It would follow from the above that it is only rational to exploit the rationality of the Classical Mode in predictable and relatively simple environments where it manifests its greatest strengths and in settings that do not tax the boundedness of its rationality. When applied nonprototypically the Classical Mode cannot of course deliver as well and it may well show evident (despite attempts to conceal them) signs of ‘transmutation’ into a Rhetorical Mode (to be discussed later).

It goes without saying that extant models utilising the Classical Mode involve much more than our rather minimalist portrayal of this mode here. However, we are not so much concerned here with the specific strengths and weaknesses of individual approaches other than to use them as examples to highlight some of the limitations of this particular rational/strategic Mode.

Addressing the fragmenting effects of the political in ways other than superficial non-zero-sum approaches, or anodyne variations of the same, may be virtually impossible by approaches using the rather single-stop application of some totalising conception of rationality (but see French & Bell 1999:chapter 16). OD’s claim to be (at least partly) a valid application of the behavioural sciences is not entirely consistent with the view of those at least who find little empirical support either for its theoretical claims or its effectiveness (e.g., Worren et al 199; see also French and Bell, 1999:chapter 17). It is interesting to note that other types of Planned change of much more recent origin do not always seem to be more effective than traditional OD. Failure rates in the region of 80 and 90 per cent for TQM (Crosby, 1979; Zairi et al 1994), and around 70 per cent for Business Process Re-Engineering (Stickland, 1998), for example, are not at all exceptional (citations on TQM and BPR from Burnes 2000)

3.2. The Emergent Mode

The prototypicality range of this Mode is defined by the set of circumstances for which logical incrementalism, rather than single-step wholesale 'in your face' rationality is the most appropriate choice. The Emergent Mode would, therefore, represent a Mode of choice in politicised organisations. What one should not perhaps do, though, is equate the political with the irrational. As whole textbooks bear witness to (eg., Buchanan & Badham 1999), the political can both be explored rationally as well as its aims being pursuable by means of instrumental (and other forms of) rationality. Machiavelli was an exceptionally rational man!

Generally, in settings where change is multi-causal and non-linear it is only rational to adopt a 'complex analytical, political, and cultural process of challenging and changing the core beliefs, structure and strategy of the firm' (Pettigrew 1987:650). And to derive at least one important corollary from this, it may be non-rational to rely on the logical incrementalism of the Emergent Mode in settings where dramatic and swift change is required for the organisation's survival.

3.3. The Socio-Rational Mode

Recall that according to Habermas ideal-speech situations enable a discursively produced 'rational' consensus. A Socio-Rational Mode can be defined in terms of the operations, processes etc. required to produce socio-rational actionable knowledge from ever-closer approximations to the ideal-speech situation.

Genuinely democratic organisations would, obviously, constitute the natural niche for prototypical utilisations of the Socio-Rational Mode. More realistically, the Socio-Rational Mode should be considered for utilisation in organisations at the edge of democracy. Although not its ideal niche, given the emancipatory character of CT, this may well be this Mode's most natural environment. More democracy than this and the Socio-Rational Mode is a 'choice' by default. Less democracy and the radical perspective of this mode may crash in dramatic and typically unwelcome ways with the organisational status quo.

CT seems to be suffering from epistemological contradictions of its own. As many have commented Habermas appears to restore the very epistemic privilege of the positivists he so forcefully repudiates and seems to exclude CT itself escape from the contaminating effects of relations of power, interests and ideology (Darwin et al 2002).

3.4. The Postmodern (Rhetorical) Mode

Is there any sense in defining a Postmodern Mode given this approach's hostility towards the very notion of Rationality, not to mention its notoriously radical ontology and unusual epistemological positions? The answer is a very pragmatic, resounding 'yes', as such a move would benefit from some aspects of this approach's radicalism without necessarily importing everything Postmodernism stands for. It may not be necessary, for example, to deny that the notion of rationality does have a determinate meaning or set of related meanings, in order to accept the possibility, indeed endemic incidence, of rhetorical uses of rationality (hence the use of Rhetorical Mode as another term for this Mode; for a discussion of rhetorical uses of rationality in organisational change see Finstad, 1998).

The range of the prototypical utilisation, regarding this Mode, may well be some computer screen in a well-known European capital! More limited uses, possibly combined with the Socio-Rational Mode, would be in settings where a modicum of deconstruction may be

needed to become aware of silenced discourses on which a challenge to some ‘uncomfortable’ ideological position could be based. The suspicion of grand narratives that goes with it can provide some healthy antidote to the worse of the totalising discourses available

Postmodern positions have, *of course*, been criticised. Darwin et al, for example, comment that this approach’s bold critical statements of rival positions are equally valid when Postmodernism itself provides the target. However, Postmodernists seem to insulate their own positions from the worst excesses of Postmodern critique giving the impression of “an anti-totalising relativistic metanarrative which imperialistically seeks to ban all other metanarratives but its own discursive totalisations” (2002; 170).

4. Some (additional?) Conclusions

If we were to allow the battered but still largely intact model-ideal conceptualisation of instrumental rationality that this essay started with to go on dispensing its regulative potential we can reach the following conclusions: The perfect rationality of *homo economicus* is an ideal to be used only in settings where a deviation from such standards is both relevant and necessary. In most applied settings of organisational practice bounded rationality is enough although, of course, the issue of where the bounds are placed may well often prove problematic (see, for instance, Mellers 1998, Shapira, 1997). Although technologies may be devised to extend those bounds, organisational theorists should perhaps be more wary of faddism in this area. One often wonders what the latest in complex adaptive systems theory, chaos theory (see Stacy, 2000), or indeed crystal-gazing (no irony intended) can offer the perplexed strategist.

The present essay chose a different route. While not daring any substantial departure from instrumental rationality it aspired (within the limitations of the present authors very limited expertise...as well as punishing space limitations) to enrich this rationality so as to make it reflective of issues of individual and group differences in outlook and goals, power relations, as well as remedying at least some of the ideological hubris in the field of organisational change by allowing radical perspectives to remove some of the scale that aeons of tendentious thinking and prejudicial practice have been depositing for a very long time. In doing so it discussed the various advantages and disadvantages of using this ‘enriched’ conception of rationality/strategicality in settings where distinctive approaches or combinations thereof to change are being employed.

Let us finish with what has been this author’s *motto* while preparing this essay:

Were we to associate rationality with specific models we would in effect be associating a pearl with its (in all likelihood) unworthy wearer. The demise of the wearer would inevitably lead to the loss of the pearl...

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