The Practice of Organizational Restructuring: From Design to Reality

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Organizational restructurings are commonplace, put in place by many senior management teams as part of a wider strategic change to create alignment between ways of working and a new strategic intent. Yet we know little about how these restructurings are implemented and delivered by the middle managers often charged with making the senior manager blueprints a reality. This paper argues that for us to appreciate the way restructuring works in practice, we need to recognise that any shift in organisational form requires an accompanying cognitive orientation. The paper discusses the implications this raises for practice.

Introduction

Restructuring is a common phenomenon, undertaken by many organizations on a regular basis (Whittington, Pettigrew, Peck, Fenton, Martin, 1999; Mayer et al., 2003, 2004; Whittington et al., 2007; Whittington et al., 2004). This restructuring can be driven by a number of strategic considerations, such as a desire to adopt new, more flexible and modular organizational forms to respond to an increasingly dynamic business environment (Schilling and Steensma, 2001), or the need for more globally integrated ways of working (Rugman and Hodgetts, 2001), or just the need to improve business performance through cost reductions or productivity gains (Balogun and Hope Hailey, 2003). For these new structures to work, the structural blueprints designed by senior managers have to be put into practice by others, since new structures require not just a reorganization of individuals on a structure chart, but actual changes in ways of working for the design principles behind the new structure to become a reality (Porras and Robertson, 1992). Yet the focus on the role of senior managers in change research means we know little about the role of these “others” during re-structuring initiatives (Balogun, 2003; Balogun and Johnson, 2004, 2005). Middle managers in particular are likely to be key since they are often those tasked with making senior management plans happen (Floyd and Wooldridge, 1994, 1997) – although in imposed change these managers are as much recipients as they are implementers of senior manager wishes. They have to grasp something they did not design and negotiate the details with others equally removed from strategic decision making. The research reported here therefore examines the implementation of a shift in organizational structure from a traditional hierarchy to a more modular organizational form from the perspective of middle managers rather than senior managers to understand the issues involved in operationalizing a new structure in practice. Consistent with the growing field of strategy as practice (Balogun et al., 2007; Jarzabkowski, 2005; Jarzabkowski et al., 2007; Johnson et al., 2003; Whittington, 2006) the research seeks to understand the actual activities associated with restructuring initiatives and builds implications from this for managerial practice.
The research site was a recently privatized British Utility, Utilco, implementing strategic change involving a shift in structure to a more modular organizational form in response to increasing regulation. The research examines how middle managers interpret senior manager design and actions and why, and how these interpretations in turn shape the way the new structure actually operates. In other words, the research studies the middle manager “sensemaking”: how the middle managers build an understanding of what the new structure means for them, their work, roles and responsibilities. In order to achieve this it identifies the schemata, the mental maps or memory models individuals have about their organization and their world more generally, prior to the restructuring, and how these mental models develop and change during the restructuring. Whilst this research focuses on a particular example of restructuring, this example includes issues that many organizations encounter. The nature of the restructuring in which new divisions are created out of an older, established division with an intent for this structure to support a radically different way of working, and the way the restructuring is implemented, through the top-down imposition of a structural outline which requires those within the structure to complete the detail of the design as they work within in, are characteristic of many restructuring initiatives. The case study should therefore be seen as an illustration that reminds us of the problems and issues that commonly arise during restructuring and therefore the lessons we should extract. The key findings are that:

- Restructuring to new organizational forms requires an accompanying cognitive reorientation from middle managers.
- When introducing differentiation into a previously homogeneous structure, cognitive reorientation occurs through a shift from shared sensemaking accompanied by a “deidentification” from common goals and identities, to differentiated sensemaking with “reidentification” with new more interdependent goals and identities.
- During this cognitive orientation individuals pass through a phase of fractured sensemaking in which they edit senior manager designs through their interpretations.
- Particularly in decentralized organizations, such as the one studied here, middle manager interpretations are shaped as much by the more informal social processes of interaction occurring between themselves, as they are by senior manager communications and actions. This has implications for the degree of control senior managers can actually exercise over how change develops.
- Attention is, therefore, required to both formal and informal aspects of new structure design. This is particularly true in terms of interfaces between the different components of a new structure.

This paper first explains what we know about middle managers and change, and describes the research study. It then moves on to consider the key observations from the research and the implications these raise for practice. The paper concludes with a consideration of some of the design traps senior managers fall into when developing new organization structures.

Middle Managers and Change: Their Undervalued Contribution

Whilst there is a stream of research dating back to Bower (1970) looking at the strategic role of middle managers, most research on strategy and strategic change continues to focus more on upper echelons (Balogun et al., 2007; Jarzabkowski et al., 2007). Thus despite a growing volume of work (for example, Balogun and Johnson, 2004, 2005; Floyd and Wooldridge, 1994, 1997; Huy, 2001, 2002; Rouleau, 2006) arguing for a recognition of the strategic contribution middle managers can make, middle managers continue to be thought of in traditional terms; as “linking pins”, or a conduit, connecting senior managers with the rest of the organization and relaying senior manager orders in an unquestioning fashion. Middle managers are also still subject to much criticism as resistant, foot dragging, self seeking, saboteurs of change (Balogun, 2003). Thus although we know that these characterizations of middle managers are unfair, and that middle managers do indeed make an important contribution, their role and potential contributions remain undervalued. Given that these managers do indeed play a pivotal role, (something the notion of “linking pins” does at least capture), we need to understand more about the nature of their “work” in different types of strategic situations, such as different forms of change, and what, therefore, more senior managers can do to facilitate this activity given that it is likely to be critical to the change outcomes achieved.

Change as a Cognitive Reorientation

Whilst new structures might create cognitive order and alignment with strategic organizational goals and environmental shifts for top executives, it also creates a schism between top managers and their subordinates (McKinley and Scherer, 2000). It creates uncertainty for the subordinates in terms of how things are to be done in future, and presents managers outside of the top team with the conundrum of how to make the new structures “work”. In addition, the more radical a new structure, the more it will require a shift in the mental models, or schemata, of organizational members about “the way things are done around here”. Thus we cannot appreciate the true implications of restructuring unless we see it as a process of “cognitive reorientation”, requiring a shift in not just administrative mechanisms, but also the informal side of organizations, such as assumptions and beliefs about the nature of work.
Schemata are the mental models or frameworks in which learning from past events and experiences are stored in memory (Rumelhart and Ortony, 1977). They are data reduction devices which enable us as individuals to negotiate our complex world. Organizational schemata or interpretive schemes (Bartunek, 1984) are simply the frame of reference shared among members of an organization. Whilst individuals within a group may not have identical schemata, some level of shared understanding is likely to exist to enable coordinated activity. If an organisation is to change, the mental representations that individuals share about that organisation also need to change. The process of sensemaking is central to the creation and change of individuals’ schemata. When individuals experience change, to understand the implications of these changes for themselves and to make sense of it all, they exchange gossip, stories, rumors and past experiences, and take note of symbolic behaviors and actions (Gioia and Chittipeddi, 1991; Isabella, 1990; Labianca et al., 2000; Poole et al., 1989). Through these means, what is more commonly known as sensemaking behaviour, individuals then develop new understandings. Thus, when organizations are restructured, individuals engage in active sensemaking processes to understand the implications for themselves, their teams/departments, and their ways of working with others. Through these means they can come to some form of new, and where possible, shared understanding to enable cooperative working within the new structure and the delivery, where possible, of the new goals set for them. This in turn means that we need to understand the nature of the sensemaking processes and the schemata change process individuals go through if we are to understand how restructuring occurs.

The Restructuring Process

Following a strategic review of the core business of Utilco, the senior managers concluded that the business had to be radically reengineered if it was to remain profitable given the increasing tough regulatory environment and price reviews. Working with consultants, the senior managers developed a blueprint for a new structure and new ways of working. The core division was to become the business owner responsible for the strategic development of the business. Engineering was to be responsible for the development, maintenance and repair of Utilco’s network and Services was to be responsible for the delivery of customer services. Both business units were to provide these services on a contractual basis. This fundamental restructuring of the business therefore also involved the development of new working practices, procedures and systems to support the new contractual working environment. These new ways of working included more flexible working practices and the introduction of new technology. The business was therefore downsized as part of the re-structuring. Simultaneously there was an intent to shift from the relatively old fashioned technical, “blame/control” culture to a more customer service orientation.

The actual implementation started once the three business unit directors and their senior management teams had been appointed. In the following four to five months staff were moved into the new structure on a level-by-level basis. At the management levels all staff had to apply for the jobs they wanted in the new structure. The staff who were to be offered positions were selected and those to “take exit” also identified. However, the main transitional period was due to last a year, during which time the new working practices, systems and procedures were to be put into place. No contracts were to be issued until the end of the first year. The main co-ordination mechanism during this time was “business as usual.” This meant that staff and departments would continue to do the work they used to do until whichever department was to be responsible for that work.
in the new structure was ready to take it over. Middle managers were to work out the detail of new roles and responsibilities for their part of the new business units.

Much effort was put into communication early on to ensure staff understood the purpose of the changes. All staff attended roadshows explaining the changes, and received a detailed team brief on the progress of the changes to date. Regular monthly team briefs were issued from then on. All staff were also able to attend "vision workshops" providing more detail on the change rationale and plans.

Key Observations and Implications for Practice

The key observations from the research are captured in what follows under three headings: restructuring as a cognitive reorientation, balancing the content and process of restructuring and middle managers as editors of senior manager plans. In each section the key observations are recorded and the associated practical implications discussed.

Restructuring as a cognitive reorientation: from shared sensemaking to differentiated sensemaking

What happened at Utilco

Figure 1 shows that before change everyone within the old core divisions of Utilco worked together as one company, with equal status. When cooperation beyond the usual was needed it was done on the basis of goodwill. There was an unspoken expectation that the favour would be returned at some time, but there was no need to request that or demand something in return. However, tracking of the middle manager schemata showed that as the new structure was imposed and staff were assigned either to the Core Division or one of the service businesses, the middle managers move away from this shared sensemaking and into fractured sensemaking as the old common identity broke down. The Core started to move towards (and behave as) a business owner, and meanwhile the service businesses were metaphorically starting to equate themselves with contractors. As the individuals within each of the new divisions focussed internally on the establishment of their own bit of the new structure, there was little overlap between the different divisions in terms of the content of their schemata, and therefore the way they saw the new world. For example, the Core Division was busy establishing procedures that would enable them to issue and monitor work against contracts. Engineering in fact had three sub-divisions within it and had to work to set up three separate specialized streams of staff resourcing and working practices, but also coordination between these sub-divisions, as well as implementing new financial systems and flexible working practices to achieve cost savings. Services needed to facilitate downsizing through the introduction of new technology led working practices. Only as change progressed into the second year of implementation and the
contracts were issued did the divisions start to move to some common view of working together through contracts, establishing yet again some sense of shared, although now differentiated sensemaking. Whilst they had a shared perception of each others’ roles and the way they work together, there were considerable differences between the Core Division and the services businesses as they started to identify more with their different positions of business owner and contractual service providers.

However, the movement from shared to differentiated sensemaking was not smooth. When the changes were imposed, and everyone was separated into three different divisions, this fractured the one company mentality (captured in Figure 2 in the Utilco Schema) – particularly for those in Engineering and Services. They were now “contractors” working on a contractual basis for those who used to be their equals and colleagues. They were forced to reconsider their identity and their job security. As a result they went through a process of deidentification (Fiol, 2002).

“There was a lot of pride … they are now saying that the Core Division owns the system, and Engineering are purely contractors … there is an awful lot of people in Engineering who felt a real pride and ownership in their bit of the system … it wasn’t the company’s, it was theirs.” (Engineering)

At this point in time, there was little overlap in understanding between the managers of the three divisions about the working of the new structure, and the managers were therefore seeking to negotiate the boundaries to their new roles and responsibilities, and patterns of both intra and inter-business coordination, based on their different understandings. As Figure 2 shows, during the phase of fractured sensemaking, the new inter-business relationship was characterized by inter-business tensions with few people prepared to give anything without immediately receiving something of benefit in return:

“The major effect to me was the lack of people being prepared to compromise on what they thought was their, what the business was expecting of them … It was a case of I’ll give you something if I get … I’ll take something if you give me something in return.” (Core Division)

Figure 2 From Common Purpose to Multi-Business. Adapted from Balogun and Johnson (2004)
Whilst there were plans for the internal development of each of the businesses, there was no plan for how the interfaces were to work other than “business as usual” and the intention for middle managers to work out the details in practice. “Black holes”, work and responsibility overlooked and not assigned anywhere, exacerbated the task, as did the lack of contracts or knowledge about what was in the contracts. Not surprisingly, as individuals tried to work through the change in their relationship with the organization and their ex colleagues, the barriers came up. People defended their territory. There were arguments over who was responsible for what:

“The only problems I am directly encountering at the moment are peoples, and my own, lack of knowledge of responsibilities. The answer to these black holes of responsibility will be the definition of the work processes for each section and the implementation of the contracts. These black holes do not become a problem unless someone is reluctant to take ownership and solve the problem.” (Engineering)

“Some staff have been convinced of what they will and won’t do. For example . . . ‘we’re not getting paid for it, so we don’t need to do it any longer’ . . . taking a protective line to their duties.” (Core Division)

However, the issue of the contracts helped to smooth the tensions. They became a means of resolving disputes over black holes and who does what – and the Core Division had procedures for dealing with issues that couldn’t be resolved by the contracts as currently written. This led to a new working relationship between the Core and the service businesses. In addition, the members of the different businesses started to reidentify (Fiol, 2002) with their businesses and the nature of their work as new internal ways of working were completed. In some ways, this highlighted the differences between the three divisions as the Director of the Core Division was moving this business away from the blame/control culture to one of greater empowerment and more open communication through his management style. In the service businesses the blame/control culture remained as the senior managers continued to blame people for mistakes and countermand local decisions made by the middle managers.

Practical implications

As argued in the introduction, restructuring initiatives in different organisations will to some extent be unique. However, the Utilco example has certain similarities with many other restructurings. First, a blueprint is imposed in a top-down fashion leaving middle managers to work out the detail. Second it involves the creation of new organisational units from existing ones. Therefore in common with many other restructuring initiatives, the new Utilco structure automatically challenges existing identities and historically taken for granted ways of interacting, collaborating and coordinating to achieve particular organizational goals and outcomes. In common with other change efforts, for the restructuring goals to be achieved and individuals to change how they go about their work appropriately, they have to change the way they think of their organization and their identity. Here, a critical issue was the nature of the working relationships that developed between the divisions. These relationships need to be professional, contractual relationships, not antagonistic. In other restructurings the critical issue might be something else, such as individuals adopting a more European as opposed to country centric approach. However, the similarities mean we can extract lessons from Utilco that can be applied to other restructuring initiatives.

1. Structural design needs to pay equal attention to both the within business unit and across business unit roles, responsibilities, boundaries and liaison mechanisms. The across unit coordination mechanisms are particularly easy to overlook in terms of design as typically no-one is assigned particular responsibilities for these within a structure, yet these are critical.

2. As this case of restructuring highlights, there is a need for managers leading restructuring initiatives to recognize the dual sensemaking process that is likely to occur when new organizational units are created from existing ones. Members of each new organizational unit need to evolve internally within the unit to adapt to their new, more independent goals while simultaneously co-evolving externally with the members of other new units to bridge the sensemaking faultlines between these new units. Change leaders need to facilitate both to reduce the length and impact of the fractured sensemaking phase.

3. In addition, we can characterize work settings in terms of four components – organizing arrangements, physical setting, technology and social factors. As this case shows, physical change requires an accompanying change in the ways individuals think about their work identities, relationships and ways of coordinating. Explicit consideration needs to be given to how these social factors need to change to support the changes in the first three harder, more tangible components – and to put in place interventions to aid the development of these factors. Otherwise new structures become “rough hewn as we will” – shaped by bottom-up, evolved interpretations.

Balancing the content and process of restructuring

What happened at Utilco

The above section illustrates the tensions between staff in the new businesses as they tried to develop new ways of working appropriate to the new structure imposed on them. In fact, even after the introduction of the contracts, tensions remained. This was partly because the tensions over the content
of the new structure (contractual relationships) were heightened by the process for the implementation of the new structure. It has already been pointed out that there was little transition management (a process issue) put in place to facilitate the changes:

"People have been tied up that much with what they are doing in their own divisions that they have been very blinkered in their approach and that is part of the wall building bit of course that we have heard so much about."

Each division had an appointed change manager to help with the change process inside that division, but there were no resources or means assigned to aid the business interface development, other than the design of the contracts and "business as usual". On completion of the consultant/senior manager design team, they had "just closed the room up", leaving no team in place to take the design forward and oversee the implementation. This lack of inter-business transition management in the context of the tensions between the divisions, meant that any unresolved issues, such as who does what, responsibility for black holes, and other disputes had to be passed upwards, ultimately to the directors, for resolution, slowing decision making and heightening tensions. Disagreements over who does what were also extended by the lack of knowledge of what would be in the contracts (again a process issue – leaving the completion of contract details until the end of the first year of change):

"Contracts not being in place is causing problems. Staff are sometimes reluctant to carry out a task (eg, replying to a customer complaint) because they don't have a contract saying they should do so." (Core Division)

The lack of detailed output from the design team on roles and responsibilities created similar issues (again a process issue as the decision was taken to leave the details to others):

"You can't expect in re-engineering a huge division like this to get it right first time ... They then created a lot of black of holes, which really passed the buck on, which 12 months prior to that we would have just done. You know it is either x or y, and we'd have got on and done it, and then would have been the end of it. That caused real problems and an awful lot of hassle ... they are the things that we got out of bed over, which caused difficulty." (Engineering)

A Bigger Process Issue, however, was "Business as Usual."

"There is a feeling in the service businesses that contracts should be in place, nothing should be done unless there is an income stream resulting and arrangements under the "business as usual" agreement should be casing – an example of this is the reluctance of others to take responsibility for the collection and reporting of customer service data." (Core Division)

The Core Division needed "business as usual" when it was first established. The service businesses needed to continue to do the work that the Core Division had previously been doing. However, no end date was set for this transitional activity, and meanwhile the downsizing of the service divisions was continuing as planned and to schedule. Thus as long as the service divisions had to provide transitional cover, they were continuing to support a workload inconsistent with their new staffing levels. They were having to continue to do work they were no longer staffed to do:

"The feeling of there being a lot of pressure on others to reduce costs, staffing, etc. but that the similar pressure is not on Core Division." (Core Division)

The workload of the Core Division, in one key department in particular, meant that "business as usual" was still continuing at the end of the first year of change. Thus there were disagreements over this. The service businesses wanted this activity to end because it resulted in work overload for them, and they also thought it was being used as an excuse for the non take-up of new duties. The Core Division, on the other hand, wanted it to continue as they were not yet able to take on all of their new duties without taking on an impossible workload themselves:

"As I see it, the problem is that people in the other businesses are heavily committed to achieving the, well not only their objectives, but the Core Division's objectives for this financial year and beyond ... Our people are working very hard to achieve these targets, and I know it is difficult for Core Division people because they are having to set their outfit up, they are having to set the show up ... but it would be nice if they could do it without getting in the way of ours people..." (Engineering)

In addition, as the contracts came in, the Core Division were clear that the first year of contract operation was to be a parallel run of contracts and "business as usual" to provide cover for contractual oversights and issues. The service businesses disagreed about this, and thus inter-business tensions remained even with the contracts in place:

"There is a problem despite the general message expressed of business as usual ... although we haven't got a contract specifically to do it, I can assure you it is part of business as usual, but that doesn't help when the top guy says to me, I don't think it is business as usual, I want more money for doing the job. So my job is to go and try and convince him that it is business as usual, and then maybe he'll reconider what he has been told by his managers." (Core Division)

This also, of course, was symbolic of the wider restructuring. The service businesses were now working to contract – to some extent they were at the mercy of the parts of the Core Division that for reasons of self-interest wanted to maintain "business as usual."

"We need a clear vision for each division and not only ... the relationship in terms of talking to people is fine but the understanding of where we are going a few months from now, I think
I know and they think they know and I think it is a different opinion.” (Engineering)

**Practical implications**

A characteristic of the change process at Utilco is not just that it was imposed top down, but that it was done as a “big bang”. In other words, the new structure replaced the old structure: there was no coexistence of the old and the new other than the continuation, by some, of tasks that would ultimately be passed over to others. These two different ways of delivering structural change – a replacement of the old with the new, as opposed to coexistence and gradual transition of one to the other – lead to different patterns of schema change that the change process needs to be designed to facilitate. When radical structural change is imposed (as here) forcing a relatively sudden break from the past old schemata are destroyed virtually overnight, and replaced with some sort of experimental schemata/expectations. These new schemata then have to evolve incrementally from on the job learning, so there is likely to be a lot of confusion and experimentation.

Imposing change in a big-bang fashion does, of course, have advantages. There is no going back. However, senior managers need to consider the synchronization of change process and content schemata. Even when radical change is imposed in a big bang fashion there are still two design choices. Either it is necessary for those leading the changes to engage in extensive up-front design so a complete design can be imposed, or operationalization of a less detailed structural outline falls to middle managers. Typically the latter approach is taken as otherwise there are issues about the length of the design phase and the extent to which it is possible to design all of the detail. This choice, however, raises issues about how the business is kept going in the meantime as we see above. The change process needs to be designed to minimize the potential tensions. Again, there are generic lessons here that can be applied to other restructuring initiatives.

4. Once a new schema has been imposed, it is necessary to facilitate its subsequent negotiation and evolution. Furthermore, it is necessary to facilitate the development of both the change content and the process schemata, recognizing not only the interdependency of the two and the potential negative impact of one on the other, but also the way they evolve through on the ground experiences rather than senior manager exhortation.

5. Explicit transition management and transition management resources are needed to help facilitate this change process. As we see from the case of restructuring discussed here, to design a structure and then just “pass it over” to members of that structure to manage the changes ignores the realities of implementation, which involves considerable energy and effort to complete the detail of the design, and manage the negotiations over inevitable disagreements.

(highlighted by interests of self-preservation leading to protection of turf), black holes, and lack of clarity as to design intent in some areas. Specialist transition management can provide resources to (i) prevent overloading of line managers, (ii) provide continuity through design and implementation, and (iii) take responsibility for resolution of inter-unit issues through the facilitation of the intra- and inter-unit negotiation process.

6. Project management is also required as part of transition management. There is a need to project manage the timings of different intra and inter-divisional change activities, including the provision of milestones for the ending of temporary measures such as business as usual which will otherwise be exploited causing aggravation. This requires recognition of the critical inter-dependencies between the different change tasks. Here, for example, the three divisions could not move forward together, or co-evolve, until the contracts and the new contract management procedures were in place. Such activities should be considered to form a critical path and be planned, managed and resourced to shorten the fractured sensemaking phase as much as possible.

**Middle Managers as Editors of Senior Manager Restructuring Plans**

*What happened at Utilco*

So what informed how the middle manager schemata evolved at Utilco? How was the cognitive disorder created by the imposition of the new structure resolved? Certainly there were active attempts at communication about the change process from the business directors who attended the vision workshops and conferences when they were organized, and provided informative progress information in monthly team briefs. Yet although this official communication was appreciated, with many positive comments from the staff about the effort put into the communication, it appeared to ultimately have limited impact.

What also shaped the schemata of the middle managers were the behaviours they encountered in others in the course of their daily work when negotiating their job boundaries, the stories and gossip they exchanged with others as they tried to make sense of the changes, and their observations of their senior managers and others. Certainly the inter-business tensions were greatly fuelled by the experiences described above of a lack of co-operation and defence of turf, and disputes over who does what and business as usual. Yet there were also many stories, rumours and gossip circulating about the attitudes of the other divisions, and, for example, stories such as the senior managers not getting on:

“Engineering Director is not giving the same messages as Core Division Director – very aggressive at Engineering Briefing.” (Core Division)
Therefore these descriptions of change at Utilco reveal the extent to which middle manager interpretations arise as much from the horizontal and largely informal social processes of interaction occurring between themselves as from the vertical interactions between middle and senior managers – and how these interpretations in turn impact the way the new structure works in practice in comparison to the way intended. “the problems between Core Division and the service businesses has been just pure dysfunctional behaviour.” This also shows how new structures can in fact be created bottom-up through the interpretations people hold despite the fact that they are initially imposed top-down. It shows the need for a cognitive reorientation of those populating the new structure in line with the original intent of those who designed and imposed the structure.

Practical implications
Of course senior managers influence interpretations developing during restructuring initiatives, but as the case discussed here illustrates they typically influence more indirectly, through the presence of their actions in the stories, gossip and rumors shared by others. This indirect influence was heightened at Utilco. In common with other more modular and decentralized organizational structures, in which delaying has often removed hierarchical layers between middle managers and their seniors reducing opportunities for interaction up the management chain, and where middle managers are often geographically distant from their seniors, the influence of the senior managers over middle manager interpretations wanes. In addition, the temptation to use modern technology such as e-mail as the main medium of communication, reduces the effort vested in face-to-face, two-way communication, even though we know that such communication is the most powerful, particularly at times of uncertainty and ambiguity. Thus once again we can extract some generic lessons that can be applied to other restructuring initiatives.

7. Middle manager sensemaking has a significant impact on the way imposed structural blueprints work in practice. Senior managers need to recognize the significant role of middle managers during restructuring, and the corresponding significance of lateral inter middle manager processes of negotiation. The term change recipient, with its implications of passive acceptance, is inappropriate (Balogun and Johnson, 2004, 2005). Middle managers are more than a conduit of change. As such, efforts must be made to engage them in the intent of the design and to help them deliver against it, otherwise unintended design consequences as encountered here become more likely.

8. The informal nature of many of the lateral processes of negotiation occurring between middle managers, and the extent to which they are embedded in the every day work of the managers, puts them largely out of the control and influence of senior managers, raising in turn a question mark over the degree to which change is “manageable” or “controllable”. This suggests that the senior managers either need to take themselves to the sensemaking. They need to be present where the sensemaking is occurring by being more visible and available out in the organization whilst change is occurring, or bring the sensemaking to themselves by creating more shared sensemaking opportunities (Balogun, 2006).

Conclusions
The advice here may read like a list of common sense – yet it is surprising how frequently this common sense, such as equal attention to the design of interfaces and to the units, and equal attention to content and process, isn’t applied. Focus typically remains on within unit content. Similarly it is often argued that it is the job of line managers to implement change. This is indeed true – they have a leadership role in terms of helping their people through change. But as argued elsewhere (Balogun, 2003) the impact of having to simultaneously undertake personal change, help others through change and implement changes in working practices creates a heavy workload that often becomes unmanageable. This issue is compounded by the downsizing that often accompanies restructuring initiatives. We know that change creates additional work in the transitionary phase, even if ultimately workloads for some individuals should be reduced by whatever new ways of working are being implemented. Thus when restructuring is initiated not just for reasons of cost saving, to take resources out at the beginning makes little sense in terms of transition management. But yet again, organizations continue to do this and then wonder why those who are left in place stumble under the pressure of the change process, and often ultimately fail to deliver the new ways of working that were supposed to be the foundation of the new structure, or alternatively deliver what was expected, but at a much slower pace than expected. Whilst some organizations have no choice but to take costs out of a business quickly (Balogun and Hope Hailey, 2003), those that do have a choice should not confuse a cost cutting agenda with the implementation of new ways of working. If one (new ways of working) is being used to achieve the other (cost savings) then the new ways of working should be put in place first and then used to deliver the cost savings. Trying to do both simultaneously is more likely to deliver short-term cost savings in terms of head count at the expense of a longer time to deliver the new working practices. Even worse, organisations regularly find themselves having to take on temporary staff to manage the extra
workload associated with the changes having let their own staff go, reducing anticipated cost savings.

However, the failure of new structures to deliver is also due to the way top managers often conceive of restructuring – they neglect the need for the accompanying cognitive reorientation behaving as though giving individuals new job roles and responsibilities on its own will be enough. They treat restructuring a little like a chess game, or an intellectual exercise – assuming that a reorganisation of the pieces will be sufficient. We can see from the example provided here that this is not the case. In addition, restructuring is regularly imposed by top managers (McKinley and Scherer, 2000) with scant regard for the effort required by others to then make these neat, rational and attractive paper structures work in practice. Politics due to self-interest and defence of turf are realities of change. To design a process for implementing a structure that ignores this makes little sense. Clear direction from the top with clear messages that resistance will not be tolerated (for example, those that do resist are asked to leave or are demoted in some way) are one way round this, although this can also drive legitimate questioning about design flaws underground.

References


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