Strategic change and organisational restructuring: How managers negotiate change initiatives☆

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Abstract

This study examines the organizational changes and varied response amongst managers to those changes in seven subsidiaries of multinational apparel firms. Because of intensified competition from low wage economies, such firms have been forced to restructure production processes to heighten both their productive efficiency and attain greater flexibility at the plant level. Much of this change has involved the introduction of high performance work practices (HPWP), a central focus of much recent scholarship on post-Fordism. Drawing from several qualitative strategies, this paper focuses on the role of managers as agents of strategy implementation and discusses how they negotiate, accept or resist such changes. We describe the failure to implement HPWP as some firms seek efficiency gains from work restructuring rather than broader effectiveness goals that would have deepened employee participation. In doing so we theorise about structural impediments to organisational innovation, the operational constraints that render some managers change recipients rather than change agents, and what this might tell us about micro-political strategies within large organisations as key actors negotiate a new organisational reality.

Keywords: High performance work systems; Organisation change; Management resistance; Restructured work; Negotiating change

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As multi-national corporations (MNCs) in the manufacturing sector have faced increased market volatility, uncertainty and heightened competition since the 1980s, they have often come under pressure to restructure production facilities to improve operational performance. Ensuring organizational capabilities are appropriate to their strategic needs, many have changed, or attempted to change their internal operating structures to enhance quality and production flexibility. One set of recent changes has been the adoption of activities such as lean production, just-in-time techniques, TQM, and more collaborative links with suppliers and buyers; often referred to collectively as ‘high performance work practices’ (HPWP).

Central to HPWP is the more efficient use of labour, accomplished through devolving greater decision-making power to line workers for creative problem solving. Such processes are increasingly seen as necessary if firms are to maintain a manufacturing presence in the face of sustained foreign competition, and in some industries, changes in supply chains relations that confer greater power to buyers (Wright and Lund, 2003). The extent to which these changes have been implemented and in what form are part of a broader debate on emerging forms of post-Fordist work organization (Appelbaum et al., 2000; Piore and Sabel, 1984; Osterman, 1994, 2000; Vallas, 1999). Clearly potentially global in nature, the new work structures not only reflect strategic changes by MNCs as they cope with dramatic changes in the competitive environment (Dicken, 1998), but also the extent to which differences in strategy implementation are a product of local plant specific conditions and contingencies.

For many MNCs, changing operating structures can be fraught with implementation difficulties because of local environmental influences such as country-specific labour market practices, traditional work systems and cultural norms that solidify managerial prerogatives. For example, emphasizing the productive benefits of teamwork in a setting where worker individualism is pervasive and managers are reluctant to concede discretionary authority to workers can be a challenging experience. Nonetheless the underlying benefits of such new organization forms, and their strategic pre-eminence, has forced MNCs to press changes at the plant level. But as with many innovations, resistance to change often occurs when incumbents feel their positional authority within an organization is being challenged, especially if such changes are mandated by corporate headquarters that are distant from manufacturing sites. By examining what happens in MNC plants that are embedded in a specific industrial sector in one country setting, we can better understand how local managers accept, negotiate or resist the implementation of change strategies. Furthermore, when the change mandates might be ambiguously communicated or the principal actors (in this case senior managers) are given interpretation and implementation discretion, we can see what patterns of variation emerge and gain a better understanding of the micro-politics of organizational change.

Previous research on change initiatives in manufacturing firms has shown how new work practices often remain temporary, or have been partially introduced, or done so within the framework of old operating principles (Appelbaum et al., 2000; Godard, 2004; Ichniowski et al., 1996)). For example, instead of organisational innovations designed to improve operational effectiveness (of the type for example implied by HPWP), some firms seek mere efficiency gains that involve little systemic change. Effectiveness is here defined as procedures designed to sustain long-term operational performance in a wide range of activities (flexibility, productivity, quality and speed of throughout) and which can entail indirect cost savings. Efficiency meanwhile refers typically to (direct) cost lowering organisational changes that are often short term oriented and generally involve direct attempts to improve labour productivity.
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