THE NEED FOR A BESPOKE MODEL OF ORGANISATIONAL CHANGE

Lucy Johnstone

MSt, Social Innovation, Cambridge 2018

Edited by **Dr Michelle Fava**

Research supervised by **Dr Neil Stott**

UNIVERSITY OF
CAMBRIDGE
Judge Business School

Contents

This case study of the restructuring of Cambridge Philanthropy observes that organisational change is ongoing and influenced by organisational culture. Longstanding and decentralised institutions such as this, respond unpredictably to top-down change initiatives.

Key findings

Organisational change processes often have fixed objectives. They are usually defined top-down, often with the intention of mirroring the characteristics of competing organisations. However, organisational change is not mechanical; it involves relationships, and the way individuals construe their roles. Changes are influenced by employees' prior experiences, and the history of the organisation, which can create unforeseen knock-on effects. In practice, organisational change is organic, unpredictable and complex, unfolding from the 'ground-up'. In this sense, change is not bound by a beginning or end, but remains ongoing: in a 'liminal' state.

This case study observes the restructuring of philanthropy services at the University of Cambridge. It concludes that a decentralised organisation, such as the University, requires a bespoke model of change. Mimicking the characteristics of competitor institutions can bring unintended consequences, influenced by the organisations structure and culture – which is deeply rooted in older institutions.

This study highlights the need for bespoke models of change. Rather than seeking to mimic competitors, a bespoke model of change would draw from an organisation's own unique heritage, composition and culture, with more sustainable results.

Background

The need for UK Universities to diversify their income has increased with the recent decline in state funding, which has also led to increased competition with peer institutions in fundraising. In 2012, a restructure of the University of Cambridge, intended to double philanthropic funding for research, was implemented by a new management team. The new managerial approach adopted during the restructure was based on a North American model. It involved centralising the structure, standardising processes, and introducing more layers of accountability.

Whilst the structural changes succeeded in increasing philanthropic revenue, the way that change unfolded across the University created internal conflict between facets of this highly complex organisation. Competition was introduced, between individual fundraisers and also between two facets of the institution - the University and Collegiate systems - as well as between Cambridge's 31 Colleges, which, while part of the wider University, are autonomous and independently governed entities with their own organisational cultures, and separate fundraising campaigns.

This research sought to understand how this top-down strategic change played out across different facets of the institution. 17 interviews were conducted over six weeks in 2018, with interviewees working in a range of fundraising related roles across University and College settings. The researcher was an employee of the University during the research - as well as a former employee of a Cambridge College - which facilitated access and understanding of the context.

Emerging themes

As organisations adapt to an ever-shifting world they also alter their identity (Gioia et al., 2000). They must be adaptable, while remaining stable. Within the context of the University of Cambridge, the changing funding landscape has been a distinct challenge. The new fundraising strategy sought to mirror the successful characteristics of American competitor institutions. Such mirroring has been described as institutional 'isomorphism' (Di Maggio and Powell, 1983). However, the institution - its context, structure and organisational history - differed significantly from its American competitors. It had a longer history and a decentralised structure, with multi-faceted and long-established institutional cultures. The strategic changes played out differently in different parts of the institution, creating ambiguity for staff members around their purpose and organisational identity. They needed to interpret and make sense of the new strategy in light of their own contexts.

Episodic change leads to continuous change

Anthropologists have coined the term 'liminal state' (Van Gennep, 1909), which refers to the ambiguity of change during ritual processes. Whilst many theories of organisational change consider the liminal phase to be temporary, an *ongoing* state of liminality, defined as the 'liminoid state' (Turner, 1982), can be a more apt concept when considering the unfolding chains of cause and effect within organisations.

Change is often planned within a set time frame, but the process actually extends beyond that (Weick and Quinn, 1999). While many authors have distinguished between episodic and continuous change - with or without discrete start and end points - in this case, there seemed to be no clear separation between the two. The planned episodic change led to many small knock-on-effects, causing unpredicted changes to unfold across the institution. One of the most significant of these unpredicted effects was a period of high staff turnover. One interviewee described the office before and after the restructure:

> "very few people have been here that long. In part it's been the vast turnover in staff. It feels as though I've worked in three different offices".

The newness of the staff team created the need for additional training, in which the new, standardised strategies were learned. A new approach to external relationship management was rolled out. However, while the new approach was embedded, many old processes also remained:

> "We want the staff to be flexible, yet a lot of the processes are archaic, there are rigid formal processes. You have to be extremely flexible because the priorities change on a daily basis".

Many of these processes involved established relationships with alumni, which needed to be started afresh when new staff were involved. Internally, relationships between older and newer staff also required navigation. This caused further ambiguity regarding the identity and purpose of the fundraisers as a group, which is being redefined across the many aspects of the organisation.

We can acknowledge that, in practice, the organisational change had no discrete end point. The ambiguity created by the change continues to play out.

The need for a bespoke model

The new strategy affected University and Collegiate systems differently. Each had its own established approach and organisational identity. The newly centralised structure was felt to compromise the

Colleges' separate institutional identities, of which their long, independent and consistent heritage is a strong foundation. One interviewee contended that:

> "we actually have quite a bifurcated structure that's divided. Our current structure, which is a source of strength in so many regards, is [also] the challenge for us to figure out how we can operationally work [under the new system]".

Fundamentally, the differences in approaches to external engagement reflected differing concepts of the wider organisation's identity. Engagement with alumni and other stakeholders has traditionally been about more than fundraising alone, especially in the Collegiate system. Alumni relationships form an integral part of Colleges' identities and their extended communities. The biggest challenges to this was the heightened competition between University and Collegiate fundraisers, who were sometimes approaching the same Alumni (who identify with both their College and their department) for donations.

> "Fundraisers are pitched against each other to hit their targets and there is too much competition. Instead there should be shared goals"

The new imperatives to standardise the fundraising model did not allow for these internal differences in organisational identity. Instead they created a need for renewed relationship management, internally and externally, as well as sensemaking regarding the identity of the organisation the fundraisers were representing.

In sum, these effects highlight the importance of a bespoke approach - rather than an isomorphic one - to organisational change in decentralised institutions, especially when there is a rich history grounding the organisations identity.

Implications and future research

The case highlights the need to anticipate the knock-on effects of change in complex organisations, by recognising the complexity of their heritage. While isomorphism is prevalent in the education sector, this research indicates that institutions may not benefit from such an approach. They all have unique identities, shaped by their history, and existing structures, relationships and communities, which cannot be recreated. Cambridge's unique heritage may, in fact, be what attracts external engagement and philanthropy.

A number of pressing issues remain in better understanding organisational change:

- How do experiences of structural change vary at different levels of an organisation?
- How can organisations design bespoke models of change?
- How do organisations retain their identity whilst adapting and innovate?

Future research could explore incremental change management that builds on employee knowledge, culture and experience, ground-up.

References

Di Maggio, P. J. & Powell, W. W. (1983). 'The Iron Cage Revisited: Institutional Isomorphism and Collective Rationality in Organizational Fields'. *American Sociological Review*, 48, 147 – 160.

Weick, K. E. & Quinn, R. E. (1999). 'Organizational Change and Development', *Annual Review of Psychology*, 50, 361 – 386.

About the project

This research is based on the analysis of organisational change in the University of Cambridge. It was carried out with the support of the Cambridge Centre for Social Innovation.

It was designed and conducted by graduates of the MSt Social Innovation, with the support of faculty and fellows of the programme. The Centre is committed to ensuring wide access to our research findings. We welcome your feedback and ongoing support. The views of the authors do not represent those of their employers or CJBS. If you wish to discuss this research or access the full report, please contact the Centre at: socialinnovation@jbs.cam.ac.uk.

The Cambridge Centre for Social Innovation builds best practices across business, civil society, policy and academia for a more equitable, inclusive and sustainable world.