

**TOWARDS A RELATIONAL-
CONSTRUCTIONIST PERSPECTIVE
OF ORGANISATIONAL CHANGE
PROCESSES**



M. JOHANNES RÜEGG-STÜRM

Ladies and Gentlemen

It is a great honour to be awarded the Latsis Prize and to receive the opportunity of presenting a brief outline of my research results and my ongoing research efforts. On this occasion, I would like to thank the Latsis family and Foundation for their most generous acknowledgement of my past, and support of my present, research activities.

1. Introduction

Today, none of us can imagine modern life without complex organisations such as hospitals, global firms or strategic networks. They form the *central driving force* and *accelerator* of our social and cultural development. By contrast, what modern organisations achieve is also what confronts them with their greatest challenge: the ever-growing pressure of *innovation* requires permanent self-renewal. Skilful *Management of Change* – or, to put it more generally: the development of organisational ‘designs’ helpful to learning and continuous innovation – has therefore more than ever become the corner-stone of success.

Unfortunately, corporate practice shows that surprisingly many of such change initiatives, whether they are dedicated to Total Quality Management, to re-engineering, restructuring or merging, produce unexpected and undesirable side-effects such as demotivation and brain-drain, or they even fail completely, because they do not pay enough attention to the legitimate needs and expectations of such vital stakeholders as employees, shareholders or customers. One fundamental reason may well be that our present stock of *background or orientation knowledge* (Mittelstrass 1988) of *how organisations “function”* may be inadequate to deal with current developments. In other words: we need additional, alternative “Theories of the Firm” and “Theories of Change”.

It is therefore fortunate that the Latsis Foundation has previously rewarded at least two prize-winners who have likewise devoted their habilitation theses to this kind of fundamental issue. Gilbert Probst addressed the topic “Self-Organisation” from a system-theoretical perspective (Probst 1987), and Uwe Schneidewind last year proposed an understanding of firms as structural-political agents (Schneidewind 1998). At the core of my own habilitation thesis (1999a, 1999b) is an

attempt to understand organisational change processes from a systemic, relational-constructionist perspective (1999c). What does that mean?

2. Taken-for-granted, hidden basic assumptions determine what we see and what we do not see

Let us have a short look at approaches, concepts and management tools which are normally used to initiate and support organisational change. All these approaches and concepts are based on a set of specific, taken-for-granted, fundamental assumptions with respect to questions such as: What is an organisation? What is leadership? What are structure, culture, technology? What is Man? And last but not least: *How* are all these phenomena interrelated? These closely interconnected, hidden assumptions are implicitly regarded as justified, true and valid. They form the *background or orientation knowledge* when we start thinking about any large change initiative, and they therefore have a strong impact on the creation of concepts, plans, measures, etc. to achieve the targets and expectations of this initiative.

Unfortunately, however, these implicit assumptions also have the fatal effect of becoming *self-fulfilling prophecies* (Watzlawick 1981) because they control our habitual attention. If we regard – as we are going to see, for instance – *relationships* exclusively as *subject-object relationships*, we should not be surprised to meet overt or covert resistance to change processes. And this reluctance to change confirms the outstanding role of heroic leadership behaviour in breaking down such reluctance.

3. From the traditional entitative-individualistic perspective...

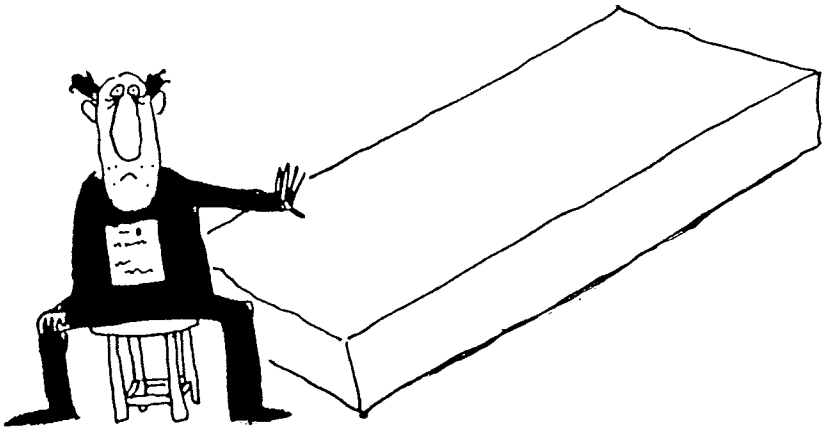
Let me therefore briefly address two assumptions which appear to be unquestionably valid and true, but have become more and more problematic if we have to learn to collaborate in an increasingly *multicultural context*, with many different but equally valid perspectives, local theories (Elden 1983) and world views.

First of all, a number of approaches and concepts in the field of organisational change are based on the supposition that change initiatives have to be planned and at least partly implemented by a *managerial elite*, be it the top management or any internal or even external experts.

The success of change processes is thus systematically attributed to the leadership qualities and to the professional competence of this elite (e.g. Tichy/Devanna 1986). But this leads to the fundamental issue of adequately *communicating* the well-prepared visions, concepts and plans (see Arnold 1997). The managerial elite therefore feels the necessity to ‘package’ the concepts as attractively as possible, and to sell them to the rest of the organisation in a broad marketing campaign.

On the other hand, we find the *unwilling recipients*, who, fearing disadvantages for themselves, put up resistance because they do not (or do not want to) understand what is going on. Such resistance can be overcome only by better communication – more of the same (Watzlawick et al. 1974) – and political pressure; at least, this is a view very often held.

All these concepts are ultimately based on the assumption – and we can recognise this assumption if we carefully listen to spontaneous conversations among managers: *we up here* on the top floor are in control and know what needs to be done; and *those people out there* should understand what we want to be done and should finally get on with it.



On the one hand, therefore, we have *active agents*, who formulate a vision and a plan to translate it into reality (e.g. Hammer/Champy 1993; Kotter 1996). On the other hand are the *passive recipients* who must be persuaded of the validity and attractiveness of the vision and motivated to adapt to the ‘new world’, whatever that might mean for them.

Relationships are in this way – *without any malicious intent*, of course – systematically interpreted as *subject-object relationships*, and this habitual mode of thinking is also reflected in a major part of Management literature, which customarily talks in terms of leaders and subordinates, managers and employees, etc.

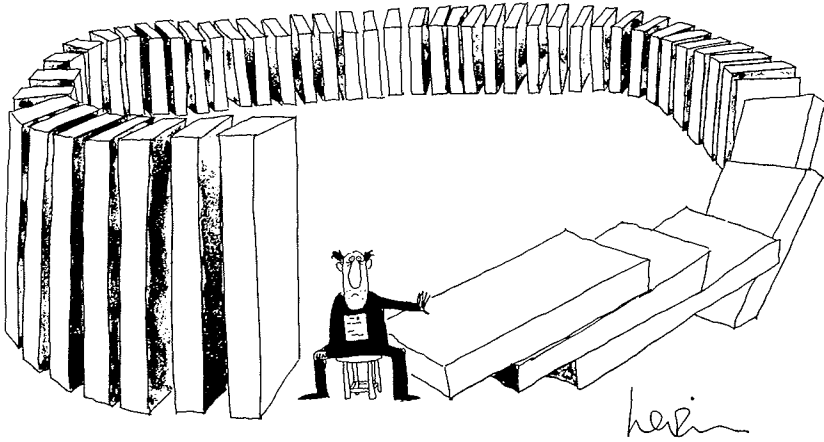
This subject-object way of regarding relationships is encouraged and strengthened by the structure of our European languages (see Weick 1979), with the emphasis on Subject, Predicate and Object, or subject (mind) versus object (matter). And it therefore also plays an important role in an *instrumental* respect: technologies, organisations, incentive systems, personal skills and to some extent even corporate culture are regarded as *objects*, as *instruments* to attain certain goals. They are regarded – and this represents a second important basic assumption – as *things*, as given *entities* apart, which are at our disposal to achieve certain aims.

4. ... to a relational-constructionist alternative

However, all of these ‘starting points’ of change are *not* realities in their ‘objective’ so-being, as if customer needs, work processes, structure, corporate culture, personal skills, etc. were ‘things’ with a preordained set of attributes or action potentials. These ‘things’ do not have meaning, i.e. they are *not* real, independent of the *social processes* through which all of these understandings and concepts are *socially constructed to be understood as something* real and meaningful (Dachler 1992, Dachler/Hosking 1995).

Customer needs, structures and even leaders in an organisation are not given things or entities, they are *created, enacted, shaped* and *negotiated* in *multiple discursive and relational* processes (see Kieser 1998, 1999). For example, customer needs do not just need to be articulated, they often *emerge* for the first time in the course of discussion. The leading principle therefore is (see Weick 1979): *How can we know what we think and feel before we hear what we say?*

Therefore, structures or individual behaviour do not need to be understood as something to be changed in its so-being, by some initiator from the ‘outside’ through some causal-linear influence processes.



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Rather, fundamental processes of organisational change involve a *complex interdependence* among a large variety of *social-communicative relationships* that constantly, usually in a very subtle manner, *change* what is understood to be ‘the case’, i.e., what gives *facticity, relevance or meaning* to such taken-for-granted concepts as strategy, structure, personal skills, leadership behaviour, etc.

Therefore, in a practical sense, any separation of subject and object in an organisational change process is not very helpful. We ourselves, our habitual thinking, perceiving, behaving, are always part of and embedded in the world to be changed. This must lead to the inevitable question for everybody involved in a change process: What is my own contribution to the existence of this or that problem – and not to the finger-pointing habit: they should..., and those people over there should... as if there were in fact a world ‘out there’.

An understanding of relationships in terms of causal and mutual influence processes is a *disabling reduction* of the complexity of relationships in general, and in the context of organisational change in particular. Equally, social processes of organising and change cannot be reduced to individuals in general or individual executives in particular. All these reductive strategies can lead to the failure of well-meant change efforts.

5. Conclusions and Outlook

Therefore, we need to *redirect* the focus of change management: away from exclusive concentration on content issues and away from stories of heroic leadership towards a much higher *awareness* of complex social processes (Hosking/Dachler/Gergen 1995), of communicative-relational processes bringing forth the world we live in and are responsible for, and of the *social architecture* and the *social ecology* (Willi 1989, 1994) which form the foundations of change processes in particular and of social life in general.

We should therefore, especially on the current way to the so-called digital economy, address a number of questions which have hitherto had little relevance, for instance (see also Dachler/Rüegg 1999; Rüegg-Stürm 1999c): What could be helpful ways to *collectively explore* and *reconstruct* the social architecture of a complex organisation? How can we assess the *quality of organisational communication* in a *systemic* sense? How can we seek out the value potentials and deficiencies of such a social architecture and work out options for improvement?

This is precisely the focus and intent of my latest research project entitled “Learning Dynamics”, in which we investigate the basic *capabilities* of complex organisations to *change, learn* and *innovate* successfully. If change has (paradoxically!) become a constant in the life of modern societies, we must ask ourselves how complex organisations can be ‘designed’ to become more amenable to change, learning and innovation. What *persistent* constants in terms of *structural and cultural determinants* or *configurations* enable us to cope successfully with organisational change processes time and again?

I started by thanking the Latsis family and Foundation for their generous support of these research activities. And I have talked a great deal about the importance of communicative-relational processes in bringing forth our world and, above all, the *supportive network* which allows us to actualise what we are to become. Let me therefore finish by most cordially thanking *my wife* Gabriela for her invaluable care of and love for me and our three children.

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