10 Change and Innovation: New Organizational Forms

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Key concepts and learning objectives

By the end of this chapter you should understand:

● The terms ‘Fordism’ and ‘post-Fordism’ as key concepts for describing the rise and development of contemporary forms of production and work organization.
● How and why post-Fordist forms of production and organization have come to replace conventional Fordist forms.
● How new, post-Fordist organizational forms are conceived to release the creative and competitive potential of employees in organization.
● How new organizational forms are seen by critical organization and management theorists as subtle forms of power, control and surveillance.

Aims of the chapter

This chapter will:

● Examine the nature of organization innovation and change.
● Explain how mainstream thinking accounts for the rise and development of new organizational forms.
● Analyse how and why new forms of production and organization have come to replace previous forms.
● Demonstrate how new forms of production release the productive potential of employees in organizations in novel ways.
● Explain how new organizational forms are viewed from a critical perspective.

Overview and key points

During the last quarter of the 20th century the nature and organization of work in advanced industrial society is said to have undergone a radical transformation, resulting from the emergence of forms of organizational innovation that are both quantitatively and qualitatively different than those that existed at the beginning of the Century (Delbridge, 1998). These innovations are said to have brought about major changes not only in the way in which goods and services are produced, but also major changes in business practices, management control methods and management–labour relations.

Over the past two decades or so, this change has been widely celebrated in mainstream management literature in that both business organizations and their employees are said to have benefited considerably from these changes. The changes are said to provide businesses with the means to operate more flexibly to improve productivity, product quality and reliability, and therefore customer satisfaction, and to respond more rapidly to shifting economic and market conditions (Child, 2005). Employees benefit because change offers them an opportunity to be much more involved in the day-to-day planning and organization of production in ways that make their work much more interesting and rewarding.

According to the leading advocates of these new organizational forms, employees in organizations today no longer face a life at work governed by regimented working practices, simplified and repetitive work tasks, narrowly defined roles and responsibilities and ‘low-trust’ management control methods associated with bureaucracy and mass production (see Chapters 6 and 13). Instead, it is claimed, in both the public and private sector, employees at all levels can now enjoy a very different and much
improved lived-experience of work that is based on ‘high-trust’ ‘employee involvement’ practices rather than direct management control.

Critical organization and management theorists, on the other hand, have a rather different view of these developments. They acknowledge that the contemporary workplace has changed considerably in recent decades in terms of job design, the nature and organization and control of production, business practices and the management and control of employees. But, from their perspective, fundamentals have not changed. Today’s ostensibly progressive organizational forms are no less exploitative (the gap between a wealthy elite and the mass of people is not narrowing) or necessarily less alienating than those that existed before (Sewell, 1998). In the workplace, as many commentators, especially labour process theorists, have shown, innovative forms of organization, production methodologies and working practices comprise subtle forms of self-disciplinary managerial power, control and surveillance that lead to work intensification.

In this chapter you will become familiar with these two perspectives as we examine how mainstream and critical organizational and management theorists offer very different assessments of innovation in the contemporary workplace. Before we consider these two perspectives, let us first take a look at a case study as a way of gaining an insight into the nature and lived-experience of the various new forms of organization that this chapter examines (see Case study 10.1).

CASE STUDY 10.1 Northern Plant: ‘The factory that time forgot’

Coming here has been an absolute nightmare and a career disaster. Everyone talks about Northern Plant as being militant. But militancy is normally associated with formal trade union activity. Well it doesn’t mean that here. This is one of the most militant shops I’ve ever seen but none of it is union led.

This statement was made by Mike, a senior manager from Northern Plant’s North American Corporate Headquarters, who had been drafted in as a member of a human resource management ‘change’ team charged with facilitating the full introduction of an innovative approach to work production, called ‘lean production’ (see Box 10.1), at Northern Plant. Lean production was viewed by Northern Plant’s parent company as the most competitive form of manufacturing within the high-tech sector of the automotive industry in which the company operated. Prior to Mike’s arrival, Northern Plant had experimented for over a decade with a number of ‘new wave’ flexible manufacturing and production methodologies, including just-in-time, lean production, teamworking and total quality control, but with little success.

Workers at the plant resisted lean production because in their view it was designed not simply to improve productivity but to enable their managers to gain greater control over working practices, which they believed would lead to work intensification. The actual nature of their resistance, however, was not something that managers at the plant found easy to understand or to explain. As a long-standing senior human resource specialist, who had joined the plant some years earlier, explained to Mike’s change team, ‘When you join this plant you quickly come to realize that it’s not managed properly, that there are no basic rules and professional human resource standards in place that managers should be working to, which has resulted in workers becoming ill disciplined’. Senior managers at the plant attributed this problem to the poor man-management skills of first-line managers, which over time had led workers to become accustomed to ‘getting away with “murder” ’ in terms of their approach to their work and their attitude to authority. What frustrated managers at Northern Plant most, however, was that workers never actually openly challenged their authority. As long as managers left them to their own devices, they were in fact highly cooperative. It was only when managers interfered in the ‘informal’ organization of production and working

Box 10.1: Lean production

Lean production/manufacturing describes a system of production first used in Japan that is designed to maintain the smooth flow of production by using minimum resources to reduce cost, work in progress and other overheads. Lean production commends the reorganization of production into dedicated multi-skilled and multi-functional teams of workers who, wherever possible, operate high-tech multi-purpose machines and automated assembly operations that require less physical effort, less manufacturing and factory space, less machine hours, fewer tools and less inventory.