

# How to Introduce Changes in Management Practices: Lessons from Europe

**ERIC G. BRIGHTFORD**

How changes in management methods have been introduced into culturally diverse European companies can be instructive for managers everywhere.

**T**he ever-increasing avalanche of theories and concepts of human behavior leaves many managers confused and bewildered. This is particularly true in Europe, where such behavioral science techniques as sensitivity training and "System 4" participative management are often viewed as rather arcane imports from the United States.

Still, it is a fact that the social and economic changes of today do demand changes in human behavior. Most managers would probably agree that we are faced with expectations for change in leadership, in organization structure, and in distribution of power. These expectations arise from (1) improved standards of living, leading to lesser preoccupation with economic needs; (2) the challenging attitudes of younger people; (3) disillusionment with authoritarian structures, particularly in those countries where these have failed politically; and (4) changing value systems.

Therefore, organizations look for new theories, new techniques, new strategies. From across the sea, managers look to the United States, where, since the Hawthorne experiments of the 1920s, new behavioral science methods have been spawned, developed, and dis-

seminated. The trouble is, these people often fail to realize that the rate, speed, and method of introduction of change have to be substantially different in many European situations from in the United States. Too many European managers have, until recently, accepted almost any managerial technique, as long as it has crossed the Atlantic. When it has not fulfilled their expectations they have thrown it out because "We are different—it won't work here."

### **Why the confusion?**

To be sure, the variety of human behavior change techniques can be confusing to even the American manager. Many of the "new" approaches are not new at all but variations on the same theme. Also, far from being mutually exclusive, they are in fact interdependent. And for Europeans, two situational factors cause additional confusion:

- The level of managerial development and sophistication among Europeans is uneven and generally not quite so advanced as in the United States.
- The cultural environment and traditions of European corporations are significantly different from those operating in the United States. Application of new techniques is very much dependent on the cultural environment in which a company operates.

In the United States, much has been and is being done to improve the effectiveness of organizations in areas *other* than human behavior. Areas of management, which could be conveniently grouped under a heading called "the management process," include planning, organizing, leading, and controlling. When we emphasize job enrichment or organization development or management by objectives, it might be assumed that of the four functions of the management process, only the leadership function needs attention. This may be true for most U.S. companies, some Scandinavian firms, other Anglo-Saxon companies, and a few European multinationals, but it is certainly not true for an overwhelming number of European corporations—not to mention those in Asia and Africa (except for Japan).

From my own experience in several European countries and Australia, I can say that these nations' managers, as well as non-managerial personnel, are usually more frustrated by lack of sound management techniques for planning, control, delegation, and so forth than by the behavior of their bosses. With their innate common sense, both managers and workers rapidly discover that new behavioral ideas alone do not really help them solve their most pressing problems. Therefore, sophisticated behavior-oriented techniques are bound to fail if one does not first or concurrently improve the nuts and bolts of the management process.

Further, any change agent who ignores culture and tradition does

so at his own peril. This does not mean that those who have been brought up in an authoritarian environment cannot, or do not want to, embrace participative management. Nor does it mean that people from a backward agricultural environment would not react favorably to job enrichment. It does mean, however, that the rate, speed, and method of introduction of change have to be substantially different in many European situations from those in the United States.

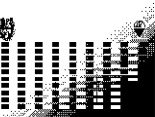
### **Ecological balance of the human organization**

Enough has been said and written to prove that when one upsets the balance of nature, there may be dire results. As an Australian, I can write with feeling about what happens when someone thoughtlessly lets loose a few rabbits or tries to introduce cacti from California. So also with our human organizations. These develop more or less naturally, given the cultural frameworks, hierarchical structures, and managerial patterns. As a result, role expectations and role behavior develop, and people adjust to living within their predetermined roles. Any change in the existing equilibrium of these role relations will create counterreactions that might outweigh the anticipated benefit, *unless* the change is effected within the framework of the total ecological system. A number of illustrations, involving different human-behavior techniques, come to mind:

- The *job enrichment* literature clearly indicates that the role of the supervisor changes as workers obtain more autonomy and responsibility for their tasks. In American industry this has not been a problem of major consequence, but I know of cases in Europe where supervisors, encased in rigid hierarchical structures, could not change their roles. They became insecure and fought tooth and nail against job enrichment. Only after the autonomy and position of the supervisors had been formally upgraded could they adjust to the new situation.

- *Management by objectives* has been popular in Britain, France, and Germany. But its popularity has not always been accompanied by success. MBO requires delegation and a certain amount of freedom to work towards mutually agreed-upon objectives. It also assumes that managers are motivated at the level of self-actualization, not from fear of punishment, and that there will be adequate control instruments available to measure the accomplishment of each objective. When—as is often the case in Europe—there is little delegation, the company is run in a Theory X (or 9,1 or System 1) manner, and there is no cost accounting or budgetary control system, is there any wonder that MBO fails?

- A European variation of *T-groups*, called “problem solving in small groups,” puts emphasis on interpersonal relations, teamwork,



and problem solving learned in a group experience. However, all too often the European managers have had little training in the basics of management, and top management has no intention of making any changes in existing systems or structures. In these cases, improved interpersonal relations can achieve few tangible benefits.

### **Things to watch out for**

Despite the many apparent roadblocks, there are some tested methods of effecting change in European organizations. First, when contemplating a new system or technique, the change agent needs to examine, in depth, both company and social history. Interviews and surveys are needed, as well as understanding of traditional behavior. One must avoid assuming that Europeans are a homogeneous group—there are, in fact, substantial differences even within countries. For example, one company moved from East to West Germany after World War II. In their home town the members of the company had basked in the glory of some 100 years' success, but to the West Germans, who had "younger" ideas, this meant nothing. They clashed violently with the "old guard," who would not recognize change.

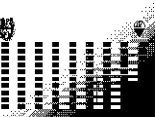
The different attitudes of different generations also need attention. In some cases it is impossible to rely on the initiative of a few young managers, because they will be blocked by their seniors. In other cases, much can be accomplished by obtaining the support of younger middle managers. Properly channeled, their enthusiasm can be an important catalyst to change.

Some ideas are easier to implement in Europe than others. For example, the European attitude of splitting everything into "technical" and "commercial" which, in Kiplingian tradition, shall never meet, creates major conflicts when attempting flexible, matrix-type organizations; a simple T-group is not enough to enable team-building. Also, there need to be clearly formulated and documented procedures on how changes are to be implemented. Organization development in the traditional, American sense has far less chance of succeeding than, for instance, MBO, which is a much more structured approach.

Finally, since Europeans invariably display a higher level of insecurity and lack of trust in top management than do Americans, the change agent needs to allow more time to achieve results. It takes a long time to convince people that top management really wants change.

### **Where to start with change**

Because there is usually a need to improve both leadership behavior and the rest of the management process, it is best to start with



both simultaneously. That way, change is seen as a total process and the individual changes are less likely to be perceived as criticism of past practices.

I find it is best to outline all the necessary changes, draw up a program based on gradual change, and openly discuss this with all those affected. The most important thing is to realize and demonstrate the interdependence between techniques of a behavioral nature and those based on the other functions of the management process. The following diagram illustrates a global approach to change—a method I call the “integrated management method.” It shows both interrelations and overlap, and demonstrates that change must be firmly rooted in sound management practices.

I believe that in most situations, but particularly in Europe, a behaviorally oriented MBO is the best starting point. That will allow us to expand forward into organization development and job enrichment, and backward to the management process. Such a starting point provides a much more credible approach in the Europe of the 1970s than either OD or job enrichment, which appear too sophisticated for the prevailing managerial climate. It is also a more convincing and motivating starting point than merely improving the management process—which could be interpreted as just another efficiency drive.

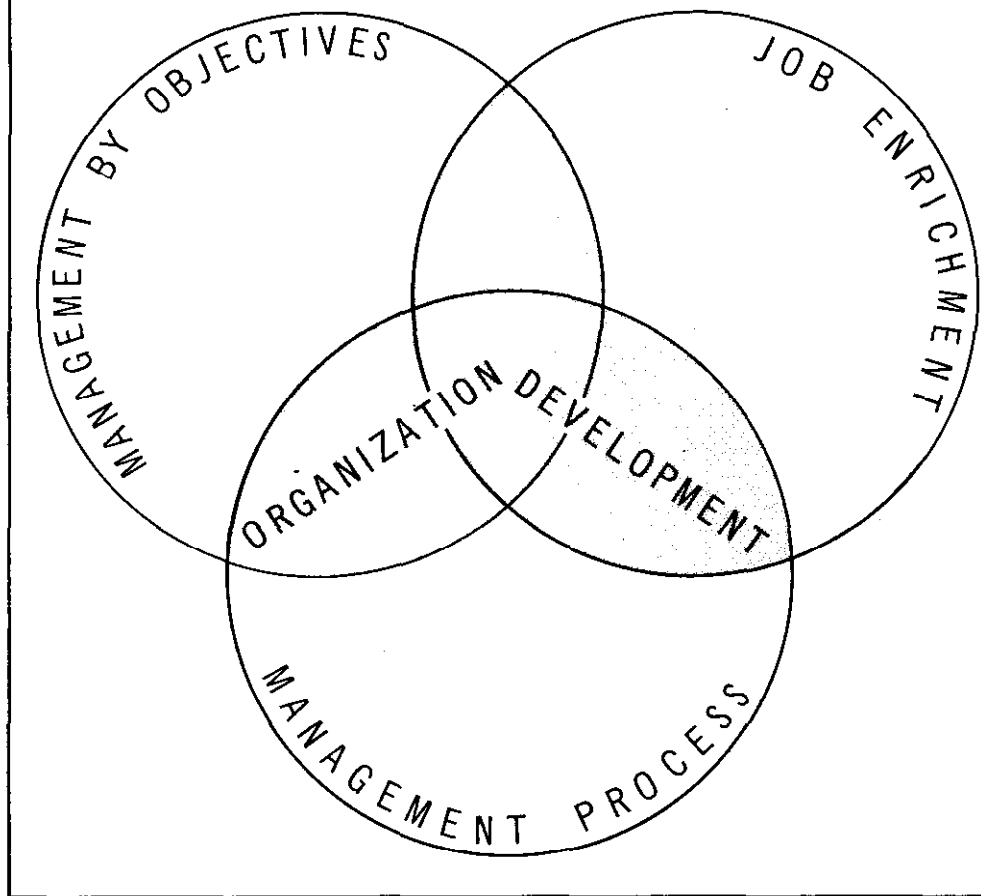
If MBO is the entry point of change, it will be important to point out that MBO has managerial prerequisites contained in the management process; that MBO has a parallel in job enrichment, but we should work from the top of the pyramid downwards; and that OD is essential to all the changes.

### **Introducing a change program**

So much for how to go about effecting changes in management practices. Let's look at a case where significant change was introduced into a typical European company. The company, a leading German automotive parts supplier, employs about 5000 workers. Owned by the same family for several generations, it has outstanding engineering know-how, modern plants, and good customer service, but it has been backward in terms of modern management techniques, particularly in areas of planning, organization, and cost control.

The chief executive officer was aware of these deficiencies, but action was finally prompted by union pressure. The 1972 contract provided for job evaluation for white collar workers, which required that job descriptions be prepared. As this project progressed, management became aware of the need to streamline the organization structure and improve delegation.

Figure 1  
The Integrated Management Method



As a first step in the change program, a series of in-plant management seminars was conducted for approximately 200 managers, including the CEO. These one-week seminars were behavior-oriented, highlighting MBO and OD, and had a strong motivating effect. It was, in fact, the pressure from middle management after the seminars that convinced top management to implement a major change program.

The entry point for this program was MBO, with initial emphasis on improving the process of management, particularly in areas of planning, organizing, and control. Management moved to complete the reorganization, establish a separate controller's department to introduce budgeting procedures, create improved feedback to managers regarding their production results, and improve sales forecasting as a start to medium-range planning.

To avoid slowing down the initial momentum—and because there were no corporate objectives—objective setting started with a “bot-

tom up" approach. Interviews were conducted with lower-level employees based on the newly established job descriptions, and from those interviews, objectives based on jobs rather than corporate plans were developed.

In one plant, which was particularly keen to move ahead more quickly with MBO, department heads jointly submitted a plant objective to top management dealing with improvement in production processes. Achievement of this objective resulted in savings after 10 months of nearly 2 percent of the value of the plant's annual production.

A number of personnel activities dealing with manpower and career planning, performance appraisal, and personnel policy were introduced during the second year of the program. Currently, company and divisional objectives, and associated control procedures, are being developed. Quantifiable individual objectives will follow.

During this year there were changes in the leadership styles of the company's managers as measured on the Likert questionnaire. The profile of the organization moved from System 2 (Benevolent-Authoritarian) to System 3 (Consultative-Participative) in the plant where the cost reduction was achieved. And other intangible effects of organization development are recognized throughout the company. Management states that (1) conflict between divisions has been reduced, (2) morale has improved considerably, and (3) there is evidence of much greater delegation than previously and (4) of improved individual initiative and performance.

A number of roadblocks have not yet been fully overcome. As in many family businesses, there is still a reluctance to disclose profit and loss figures, but some operating results are now being released to middle managers. The group of managers who helped to rebuild the company after World War II can't see any need for change; retirement has helped here. One authoritarian manager is a major roadblock to bottom up participation in objective setting. His department is still lagging behind, but the success of other departments, and objectives from the top, will help to resolve this. Efforts to weld the top team into an integrated unit have not been fully successful. Old conflicts and jealousy die slowly, but T-group type meetings with the consultant have proved beneficial.

The beginning of the third year of the program coincided with the 1974 slump in the European automotive industry. The CEO has stated that his company is weathering the storm better than many of his competitors because of the change program. Cost reduction is being carried out effectively as part of objective setting from below rather than on orders from above.

To date, little has been done at the blue collar level, but several

job enrichment programs currently are being investigated.

The change program has been supported at all levels, including the *Betriebsrat* (the factory works council), whose full-time members also attended the original management seminars.

So, this integrated approach to change in both management process and leadership style has proven effective. Success has been due to the realization at the top that change was needed and to motivation at the middle level to implement changes. It has been a fully participative effort involving managers from the foreman level up. The decisions to introduce changes gradually, to make special efforts to have the company's managers identify with the program, and to avoid using "off-the-shelf" models have proven effective. The measurable savings alone have far exceeded the costs incurred.

**ERIC G. BRIGHTFORD** established his own consulting company in 1951 in Melbourne, Australia. His specialties are personnel, organization development, and management by objectives. He has been living in West Germany since 1968, after establishing a second company, based in Geneva. He conducts management seminars regularly in German, Italian, and French. He is a graduate of Melbourne University in economics and psychology. He is a qualified accountant and a licensed industrial psychologist and the author of many articles that have appeared in Australia and Europe. This article reflects the concepts of his book, *Verhaltensorientiertes Management*, published in West Germany by Herder & Herder.