IS FLATTER BETTER?: DELAYERING THE MANAGEMENT HIERARCHY

Other titles from IES:

Towing the Line: Helping Managers to Manage People
S Bevan, S Hayday
Report 254, 1994. ISBN 1-85184-177-6

The Role of Job Evaluation
J Hillage
Report 269, 1994. ISBN 1-85184-082-6

Measuring the Personnel Function
W Hirsh, S Bevan, L Barber
Report 286, 1995. ISBN 1-85184-212-8

A catalogue of these and over 100 other titles is available from IES.

IS FLATTER BETTER?: DELAYERING THE MANAGEMENT HIERARCHY

Polly Kettley

The Institute for Employment Studies

The Institute for Employment Studies is an independent, international centre of research and consultancy in human resource issues. It has close working contacts with employers in the manufacturing, service and public sectors, government departments, agencies, professional and employee bodies, and foundations. Since it was established 25 years ago the Institute has been a focus of knowledge and practical experience in employment and training policy, the operation of labour markets and human resource planning and development. IES is a not-for-profit organisation which has a multidisciplinary staff of over 50. IES expertise is available to all organisations through research, consultancy, training and publications.

IES aims to help bring about sustainable improvements in employment policy and human resource management. IES achieves this by increasing the understanding and improving the practice of key decision makers in policy bodies and employing organisations.

Formerly titled the Institute of Manpower Studies (IMS), the Institute changed its name to the *Institute for Employment Studies* (IES) in Autumn 1994, this name better reflecting the full range of the Institute's activities and involvement.

The IES Co-operative Research Programme

This report is the product of a study supported by the IES Co-operative Research Programme, through which a group of IES Subscribers finance, and often participate in, applied research on employment issues. The members of the CRP are:

Abbey National plc	National Westminster Bank plc
Barclays Bank plc	The Post Office
BAA plc	Prudential Corporation plc
British Steel plc	Rolls Royce plc
British Telecommunications plc	J Sainsbury plc
The Cabinet Office	Shell (UK) Ltd
Electricity Association Services Ltd	Social Security
Halifax Building Society	Unilever plc
HM Customs and Excise	The Wellcome Foundation
HM Treasury	W H Smith Group
Lloyds Bank plc	Woolwich Building Society
Marks & Spencer plc	

Acknowledgements

Contents

Executive Summary

Central to the new model of organisation in the 1990s is a flatter structure achieved by a reduction in the number of layers of management hierarchy. Such a structure is becoming synonymous in popular management theory with bureaucracy busting, faster decision making, shorter communication paths, stimulating local innovation and a high involvement style of management.

Despite their popular appeal, the fundamental claims made in the literature are largely unchallenged. Like many organisational design concepts there is some confusion as to what delayering means in practice, how such a change should be implemented and what support a shorter management hierarchy requires.

The study

Interest in the concept of the flatter organisation was widespread amongst the major employers who form the IES Co-operative Research Programme (CRP). They funded a small study, the objective of which was to examine the experience of a sample of employing organisations who had or were in the process of delayering their management structure.

Eight case study organisations were visited during the course of the study. They were spread across a number of sectors: chemicals, insurance, public sector, manufacturing, retail, telecommunications and brewing. The case studies were not selected to be representative of UK employers and are not presented in detail in this report. Rather, the findings of our discussions are used to inform an overall picture of the issues, and case study examples are used illustratively throughout.

What does flatter mean?

The majority of organisations contemplating delayering anticipate cost savings via a reduction in overheads. For some, the achievement of such savings is the primary objective of their restructuring initiative. For others, a flatter structure is the route to freedom from bureaucracy, speedier communication and the development of a customer focused culture in which team working and high involvement working practices will thrive.

A flatter organisation is achieved in several ways. First, by the elimination or automation of management activities and the subsequent redundancy of those posts performing them. Second, as the result of unnecessary and costly overlaps of accountability being identified and reallocated. The perception of a flatter structure is also created by widening the span of command of senior roles and/or reducing the number of pay grades and salary ranges. These different interpretations of what a flatter structure means in practice, both between and within organisations, suggests that delayering is a disparate and, potentially, a highly differentiated response to particular business needs likely to change over time.

The delayering process

As with any form of organisational change there is no single best way to delayer. Organisations have a number of options as to how to implement a flatter structure. The main factors influencing those choices are:

- the pace with which delayering is to be achieved

- the extent to which the revised management structure is imposed organisation wide or is targeted upon particular functions or units

- the degree of employee involvement

- the amount of organisational design and analysis.

Taken together, such choices are indicative of an underlying philosophy how organisations change and develop. A structure of fewer levels, predetermined as being better by the centre, can be imposed rapidly. Alternatively, delayering may emerge as a means for improvement through a longer term programme of change, enhancing both work organisation and behaviour. Those following the latter approach were more likely to: experiment as part of the process; establish measures to evaluate the impact of the revised structure; and realign HR policies during the diagnosis phase rather than reactively after restructuring.

Evaluating the impact

Employers are uncomfortable with attributing improvements in productivity, performance and employee motivation, to delayering. Ironically, given the absence of measurable criteria, delayering is often accompanied by an increase in the importance of monitoring performance.

Delayering on its own is unlikely to achieve very much. Components of HRM strategy which typically accompany the move to a flatter structure are:

- a greater emphasis upon team working

- cross functional working

- employee involvement or empowerment.

It would appear that the presence of one or more of the above are prerequisites for delayering to achieve an effective outcome, functioning as they do as replacements for the co-ordination and controlling role of hierarchy.

Nowhere is the move to a flatter structure free from potential contradictions and tensions. Most notable are those perceived by individual managers, for whom there have often been significant changes to what is expected of their managerial role and to the style or behaviour with which it is to be performed.

Implications for HR

The role of the HR function in the move to a flatter structure can appear marginalised at worst and simply ambiguous at best. The function has to reconcile the requirements of its different masters, balancing the needs of the organisation with those of individuals.

Recognising that any restructuring is going to be disruptive and difficult for many, steps can be taken to minimise the negative effects of poorly thought through change. The main areas in which the HR function is seeking to develop its contribution include:

- championing cultural and behavioural change via investment in management development

- enhancing systems for reward, career management and resourcing

- safeguarding performance through increased emphasis on staff attitudes as a measure of the impact of change.

Restructuring the management hierarchy with all the associated complexity of unsettling of skills, roles and relationships, will mean that HR has a continuing role to play in managing the adjustments over a number of years. Reducing the HR function to too small a core can prove to be a false economy as, resource starved, the function fails to develop itself and its ability to respond to these future issues.

Guidelines

This research is too small, and conducted over too short a period of time, to support or deny that flatter is better. The following points might be of value to HR practitioners looking to maximise, and sustain, any benefits of a delayering:

- Employers should avoid the seduction of simplistic goals that attribute business success to no more than five layers of management *etc.* Sustained improvements will be most easily achieved in those organisations which follow the precept that form should follow function.

- Delayering is unlikely to bring sustainable cost advantages on its own. Changing the way in which the work is done and removing unnecessary tasks that fail to add any value is as important, if not more so, than simply changing the levels of managers doing it.

- The hierarchy that served you well for many years cannot have been all bad and its loss may require replacement. Team working, cross-functional working and a high involvement management style will all need greater emphasis.

- New accountabilities must be clarified as soon as possible and relevant support systems be in place. Simply telling people they are empowered by a flatter structure will ring hollow unless they are equipped with the ability, resources and willingness to do things differently.

- There is no one best way to implement a flatter structure. What makes the most effective change process depends largely upon the prevailing culture and values. Involving employees and winning their commitment increases the odds of success.

- Costly mistakes and unnecessary disruption can be minimised by ensuring performance indicators are in place beforehand, and are monitored using local feedback via pilots and prototype structures.

- Line managers are both the object of delayering and related HRM inspired initiatives, as well as the designers and deliverers of their repercussions. As such, they will require additional support to deliver their people management responsibilities effectively during a period of change.

- The personal preferences, motivation and experience of senior management often dominate. The HR function must position itself to minimise the negative effects of poorly thought through change and establish the systems and culture which will support the necessary adjustments to skills, relationships *etc.*

1. Introduction

1.1 Background

To meet the challenges of the 1990s, it is widely believed that the conventional pyramidal structure must be dismantled and a new, more flexible, organisational shape be adopted. Organisations based on the traditional principles of 'command and control' are too costly, too slow to adapt, too unresponsive to customers, and too limited in creativity and initiative to respond effectively to change, say the experts. Those that do not alter their structures and management styles face extinction — a kind of 'structural Darwinism' (Zeffane, 1992).

In response, it is claimed, we are witnessing a transformation of the managerial hierarchy into an extraordinary array of 'new' organisations — all of them democratic in tone *eg* corporate hubs, symphony-orchestra type systems, groups that grow spontaneously around information flows and just as spontaneously dissolve.

Central to these new models of organisation is the flatter structure achieved by a reduction in the number of layers of management hierarchy. Such a structure is becoming synonymous in popular management theory with bureaucracy busting, faster decision making, shorter communication paths, stimulating local innovation and a high involvement style of management. Despite their popular appeal, the fundamental claims made in the literature are largely unchallenged.

Moreover, like many organisational design concepts, there is some confusion as to what delayering means in practice, how such a change should be implemented and what support a shorter management hierarchy requires.

1.2 The study

Interest in the concept of the flatter organisation was widespread amongst the major employers which form the IES Co-operative Research Programme (CRP). They funded a small study, the objective of which was to examine the experience of employing organisations which had or were in the process of delayering their management structure.

Finding the delayered organisations was, surprisingly, our biggest challenge. Initial invitations to participate identified too few employers comfortable with differentiating delayering from other organisational changes made in recent years. Many others, whilst hungry for advice, were only just embarking on such initiatives.

Eight case study organisations were visited during the course of the study. They were selected on the basis that senior management believed them to have become a flatter organisation. They were spread across a number of sectors: chemicals, insurance, public sector, manufacturing, retail, telecommunications and brewing. The case studies were not selected to be representative of UK employers and are not presented in detail in this report. Rather, the findings of our discussions are used to inform an overall picture of the issues and case study examples used illustratively throughout.

Following an initial workshop attended by members of the CRP, a structured discussion guide (Appendix 1) was developed and used in each of the case study visits. In addition, participating case studies were asked to supply other relevant information including data on staff turnover, morale, *etc.*

In each case study, IES researchers met with senior members of the Human Resource function. It was not possible in a study of this size to meet with a representative sample of individual employees. Wherever possible, however, senior managers involved in the delayering process were also interviewed. This report inevitably reflects the ways in which the employer (not the employee) interprets the flatter organisation and its implications.

Over the period of time during which this research was in progress, IES became increasingly involved in advising employers on aspects of organisational design and development. Two substantial advisory projects were commissioned, one by a participating case study in this research. In addition, a number of public and in-house workshops were run on moving toward a flatter management structure. These activities enabled discussions with a wider range of organisations at different stages in the delayering process and hence expanded the research.

1.3 The case studies

Case study A: Brewing

A company in the brewing industry employing some 5,500 people throughout the UK in two core businesses of brewing operations and distribution/trading. Over the period 1992/3 over 3,000 jobs were lost, largely as a result of productivity gains

realised via substantial investment in production technology. Many of those affected were first and second line managers. In 1993, 23 autonomous business units were established as part of a move to develop a market focused structure. The devolvement of accountability created further opportunities for reductions in head office management grades.

Case study B: Civil Service

A multi-functional, department of the Civil Service employing 27,000 staff, the majority of whom work in one of a network of 21 regional offices responsible for all Departmental functions in their geographical area. The remainder work in one of 31 executive units within Headquarters. The Department was one of the first to obtain 'delegated' pay determination and has introduced a new pay system which integrates pay arrangements for all staff previously covered by four national civil service agreements, with different review dates, separate pay spines and performance progression systems. Staffing levels are planned to reduce by over 5 per cent between 1992 and 1995. In 1993 an initiative was introduced to streamline the use of grades and facilitate greater use of operational teams comprised of mixed grades. Since that time the Board has made clear its intention that the organisation will move from the existing civil service grades to no more than five levels of hierarchy with four tiers of management. Whilst central policy units are devising options for pay and grading, the structures for units are being decided by local senior management.

Case study C: Chemicals company

A division of an international chemical materials company. One of five business groupings, the Division represents some 35 per cent of the Group's turnover and it alone has operations in 39 countries and employs 7,000 people. In recent years the company has concentrated on developing a strong international presence in highly specialised markets and meeting the customers' needs faster, better and more distinctively. A trial site for a new product has provided direction on the need for, and means for achieving, a restructuring of manufacturing management on a site by site basis as appropriate.

Case study D: Financial services company

A financial services company of some 10,000 full time equivalent (FTE) staff employed by the network of 720 branches (Retail) across four geographical regions in the UK plus a further 12,000 Group staff. In 1987 a merger with a major competitor led to the growth of an Area Management structure. In 1993 the retail division closed these Area offices which it perceived to be stifling local initiative and hindering effective communication. The former area offices were self sustaining, employing upwards

of 30 people, led by an Area Sales Director. Responsibility has been passed to just two Regional Managers who support branch management directly with minimal administrative support.

Case study E: Engineering company

A major British engineering group with two main divisions. Throughout the early 1990s the Group has been streamlining its management structure, as part of a wider package of efficiency measures that aimed to reduce the total workforce by more than 15 per cent — a loss of 20,000 jobs in five years. The total cost of restructuring has been estimated at some £180 million but necessary in order to retain position in increasingly competitive markets. In addition to redundancies, delayering has also involved questioning the managerial status of existing managers. All managerial posts have been job evaluated. A Group wide standard is being applied with any post not meeting the required criteria no longer judged as management. On one site, about half the current management group of 900 fall inside the new management definition.

Case study F: Retail company

A company in the retail sector employing 13,500 staff (8,500 FTE) in over 500 outlets across the UK and a further 1,200 in Head Office. Given little opportunity for further growth within the UK the company, like many of its retailing competitors, reviewed their management operations to stay profitable, placing greater emphasis on quality staff and good service. In 1993 the 'filter and funnel' of the regional management structure was removed with a revision of 22 to 16 area managers, each responsible for on average 25 branches. A subsequent year long review of the branch management structure itself has resulted in the creation of fewer but better branch management positions, fewer levels (from six to four) and an increased number of customer serving staff.

Case study G: Food manufacturing company

A food manufacturing business employing 800 people on two main sites in the UK. One of 24 businesses in the UK which form part of a multinational corporation with multiple business streams in food and chemicals. Six years ago the business employed around 2,200 people and dramatic productivity improvements have been attributed to the investment in capital equipment, re-organisation around business processes and moves towards a high involvement culture.

Case study H: Retail telecommunications company

A retail business employing approximately 4,000 staff in over 100 stores nation-wide. The business is part of the largest Division of

a major telecommunications group. The principal objective is to grow revenue from retail. Stores have been set progressively more demanding targets for the last three years. Throughout major restructuring elsewhere in the Division, the standard of no more then six levels was applied. Retail had consistently argued a special case. The eight tier management structure was in 1994, however, deemed no longer financially sustainable. Market research has revealed the need for differentiating store policy and practice, *eg* opening hours to meet local demand. In addition, many in store customer service functions have been automated via IT. Plans are now evolving for the delayering of the Regional management structure and greater investment in the development of fully accountable branch management.

1.4 Definitions

The term delayering is typically used to describe the process by which the number of layers of management hierarchy is reduced, the 'flatter organisation' being the outcome of this transformation. The main structural characteristics which distinguish flat from taller organisations include: spans of command, width of salary bands and pay grades, delegation of accountability, and co-ordination mechanisms. Becoming a flatter organisation does not simply involve changing the structure — culture, management behaviour and support systems are affected too. Furthermore, as is discussed in section 2.3, delayering itself is not a uniform process. For the sake of simplicity, however, and to distinguish the changes from downsizing, devolvement *etc.,* the terms 'flatter organisation' and 'delayering' are used interchangeably throughout this report.

1.5 Literature review

An exploration of the literature and empirical research on delayering revealed three main categories: studies which have attempted to quantify the extent of delayering *ie* how widespread the move to flatter structures is (including those which make predictions about the future size and shape of management); the work of organisational development academics and consultants (which argues the case for a new form of flatter organisation better able to respond to the challenges of the 1990s); and limited empirical evidence on whether fewer levels of management hierarchy are any more effective than tall structures.

The following sections summarise the main issues and conclusions organised around these themes.

1.6 How widespread is delayering?

Many organisations in the UK have elected to delayer the hierarchy *ie* reduce the number of layers of management. Unfortunately, there is no official source of information in the UK to quantify changes in the numbers of managers at different levels within organisations. As a result there are surprisingly few large studies. Around nine out of ten of participating organisations studied by the British Institute of Management (BIM) said they were creating a slimmer and flatter organisation (Coulson-Thomas *et al.*, 1991). More recently, another BIM survey of 150 companies showed the large majority (74%) had increased spans of control for middle managers (Wheatley, 1992). A survey by the consultancy Strategic People in March 1994, of Personnel Directors from 123 of the top 500 UK organisations, reported 64 per cent claiming to have undergone a delayering exercise (defined as a reduction in the number of job levels between the Chief Executive and the shop floor).

The disappearance of the middle manager is held to be indicative of the move to flatter structures. A study of 323 UK managers found three major influences threatening the future numbers and role of middle management: the reduction in organisational hierarchies; rationalisation and the decline in organisational growth; and the rejection of autocratic leadership styles (Goffee and Scase, 1986). A large number of mainly American writers have for some time made predictions that information technology will largely displace the middle management role, by providing routine information more reliably and quickly (Drucker, 1988). Dopson and Stewart (1993) have reviewed many of the claims that delayering has led to a decline in the numbers of middle management. They found that there is very little credible evidence to demonstrate that there are fewer middle managers. The overall conclusion of their own research is that far from middle managers becoming less important, evidence showed that a smaller number of middle managers had a greater responsibility for a wider range of duties for which they were now much more clearly accountable.

1.7 Emergence of a new model of organisations

The different schools of organisation theory provide a number of ways of analysing organisations from the point of view of their structure and the way they are organised. With few exceptions, most companies are organised largely according to the principles of scientific management (Taylorism) and Weber's concept of bureaucracy. The essence of these 'command and control' models is the separation of decision making and implementation: Senior managers make decisions; middle managers transmit and co-ordinate; workers implement (Dichter, 1991). The overriding features are:

- Specialisation: work is broken down along as natural a line as possible, to provide well defined areas of specialisation. Decisions are based on expert judgement and technical knowledge and compliance to rules and procedures.

- Co-ordination: the many different functions performed within an organisation must be co-ordinated and tied together so that they contribute jointly to the desired end result. Jobs are clearly defined in terms of the tasks to be done, privileges and boundaries.

- Authority: order and regularity must be achieved through authority, implemented through a defined hierarchy or chain of command. The levels of hierarchy are determined largely by the span of control, which relates to the number of subordinates an executive can manage.

The 'command and control' model was devised in response to relative stability in the market and demographic environment. As a way of managing, it is inadequate to deal with the competitive challenges of the 1990s. Specifically, theorists argue that a new ethos of organisation is required for the following reasons:

- Standardised procedures, together with inflexible roles and responsibilities, create an organisation that does not readily respond, or pre-empt, changes in market and customer needs (Porter, 1985; Peters, 1993). Organisations are required to refocus their operations closer to their customers. This involves a shift from functional to product based divisions, the creation of strategic business units, profit centres *etc.* (Handy, 1989) and the devolvement of responsibility and authority (Goold and Campbell, 1986). There is a requirement for a greater degree of interdisciplinary knowledge and an emphasis on the ability to co-ordinate activity laterally across functions as well as vertically (Thurley and Pecci, 1988). The effect, has been to erode the two traditional power bases of management: that based on position in the hierarchy and the expert power of a functional specialism (Kanter, 1989).

- Advances in technology, particularly Information Technology (IT), enable alternative ways of organising. Many writers have noted an increase in the amount of information or knowledge that the organisation can handle, so ensuring a speedier response across functions and departmental boundaries (Kanter, 1989, Rothwell and Whiston, 1990). IT, so the argument goes, enables information to be aggregated and transmitted, hence the need for the middle management role of processing and communicating information disappears (Drucker, 1988). Likewise, the development of flexible process control technology has brought with it a combination of economies of scale and customisation of products. The Tayloristic specification of the 'one best way' of carrying out a task has become problematic as processes have become more technologically sophisticated.

- Popular management writing also suggests that narrowly defined tasks do not fully tap the potential of today's knowledge workers (Kanter, 1989). The labour market has changed from one characterised by a predominantly male, blue collar workforce to one of a better educated, more highly skilled, more diverse and more demanding human resource. As organisations are required to develop innovative products and services at an ever increasing rate, so their dependence upon the skills and knowledge of individuals grows (Doz, 1989).

- In an attempt to secure employee commitment, a management philosophy of empowerment and employee involvement has overcome the old principles of compliance (Dichter, 1991). A new style of leadership will be needed that places more focus on developing employees' skills and requiring managers to trust and involve employees more (Zeffane, 1992). Lawler *et al.* (1992) describes employee involvement as the process of pushing power, information, knowledge and rewards down the organisation. A recent study confirms that since the mid-1980s the use of employee involvement (EI) initiatives has grown significantly (Nicholson, 1994).

- It is no coincidence that the interest in new and more effective organisational structures has coincided with recession and, for many, rationalisation and cost cutting. Layers of management and unnecessary staff functions to communicate and control top management directives can no longer be afforded. Reducing overheads by reducing the number of usually well paid management posts is a real outcome, despite the possible need to realign the salaries of remaining individuals in what may now be bigger jobs (Child, 1987).

According to much of the literature then, we can expect to see successful organisations responding to the above challenges by becoming flatter, with managers and the managed closer together and to the market.

1.8 Is flatter better?

The research is divided into two broad camps: that which is concerned with the relative effect of flat and tall hierarchies upon organisational performance, and studies which address the issue of employee satisfaction and commitment.

1.8.1 Length of hierarchy and performance

Mintzberg (1991) has outlined the trade-offs that have had to be made when organisations realise there is no single way to devise and sustain an effective structure over time. Structures that were too flat have led to problems with overloaded managers having to compromise on tasks they have to perform. Whilst those that

are too tall turned out to be more expensive and have tended to interfere with normal business flows (Zeffane, 1992).

Classical management theorists maintain that the optimum span of control is that a manager be responsible for five or six subordinates. Any more and there are problems of communication and co-ordination. In recent years it has become common to hear suggestions that three or four management layers will serve all but the largest companies. The search for an optimum number of management levels is generally held to be a futile search for a holy grail. The optimal span of control within organisations is contingent upon a whole range of circumstances and contexts including: the nature of the work, management style, congruence of goals, organisation size, employee capability and autonomy *etc.* (Hattrup, 1993).

Work with teams and group behaviour has shown that the quality of decisions can be enhanced by the re-evaluation received as the decision passes through the levels. At an organisational level Jacques (1990) claims that the concept of hierarchy is misunderstood and that removing layers runs the risk of frustrating the decision making process. Flat organisations are not necessary but layers of accountability and skill are. An organisation in which work is hierarchically ordered according to the distinctions between the true accountabilities of boss and subordinate (measured in time span and complexity) will be effective.

A much talked about benefit of reducing the number of levels of management is that communications will improve. In his book on organisational networking, Colin Hastings (1993) refers to the delusion of delayering, where the organisation ends up even more inflexible because some of the roles responsible for lateral communication, inefficient as they were, have been cut out.

1.8.2 Length of hierarchy and employee satisfaction

A central assertion of the argument for a shorter management hierarchy is the potential for improved levels of employee satisfaction, commitment and increased motivation, made possible by greater opportunities for ownership, involvement and responsibility.

An early study by Porter and Lawler (1964) found that the size of the organisation is a relevant factor in the degree of satisfaction in tall and flat management structures. The larger the organisation the greater the need for more layers. As the authors point out, however, there are difficulties in defining what satisfaction needs are being talked about such as security and reward, and with establishing the relationship between levels of satisfaction and position in the hierarchy.

More recently, the majority of managers interviewed by Dopson and Stewart (1993) were positive about the way in which a shorter hierarchy had affected their jobs. They felt they had more legitimacy, and freedom to take decisions, to take calculated risks and choose how to utilise resources within the area for which they were responsible and accountable.

However, the removal of hierarchy can be more costly for individuals. Under the 'old' model of organisation the hierarchy functioned not only as a co-ordination mechanism, but also a psychological defence against anxiety (Schein, 1989). Individuals in the new, networked organisations may be subject to higher levels of anxiety because they have higher levels of responsibility, and the boundaries of their roles are much more ambiguous and fluid. Those researchers who have identified the development of 'boundary spanning' roles in flatter organisation structures have, in the main, restricted their analysis to customer contact staff. The role conflict which arises as a result of feeling caught between the demands of legitimate authority (their boss, company procedures) and the demands of the external customer, can have an unwanted effect on both the behaviour of employees and the quality of service (Weatherly, 1992).

This raises the question of careers in flat and tall organisations. In particular in the absence of a hierarchical career structure what do management careers look like? Inkson and Coe (1994) have conducted a study of all the job changes experienced by a sample of 800 managers over a 13 year period. A comparison between the period 1983 to 1988 and the early 1990s shows the proportion of upward moves declined markedly, while the proportion of sideways and particularly downwards moves increased. Most significantly, job changes as a result of organisational restructuring climbed from under 10 percent in 1980 to 1988 to 15 percent in 1989 to 1991 and 25 percent in 1992.

Anecdotal evidence suggests that the flatter organisation structure is characterised by limited career progression, with fewer opportunities for the individual and riskier moves for the organisation as the size of the jump in responsibility becomes so much more significant. Andrew Mayo, Director of Personnel at ICL observes that decentralised management reduces the number of central staff positions which provide valuable overviews of the organisation. Narrowness and parochialism are strengthened while opportunities to gain strategic breadth are fewer (Mayo, 1991).

1.9 How to achieve a flatter structure?

Despite the almost universal agreement that organisations have fewer management levels, there is surprising little available research on how this form of restructuring is to be achieved. There are three emerging themes: delayering as an extension of downsizing or rightsizing; management restructuring as part of a

culture change programme; and flattening the reward or grading structure.

1.9.1 Delayering as downsizing

Several researchers argue that the positive gains of job cuts have been hard to realise because too much attention has been focused on eliminating unnecessary jobs, and too little on cutting unnecessary work. In a study of a 1,000 companies which had made significant reductions in headcount, less than half had achieved the reduction in expenses they had hoped and only 15 per cent realised the increases in the speed of decision making *etc.* they had expected (Tomasko, 1992).

Delayering, however, is an intervention more akin to organisational design than other, less targeted, forms of job cuts. One study of thirty organisations over a four year period found that the most successful did not rely on job cuts alone but implemented a downsizing strategy that involved the redesign of work processes, typically resulting in the elimination of quality control and maintenance tasks performed by managerial levels (Cameron *et al.*, 1991).

The 'rightsizing' movement has come to the fore and with it business process re-engineering (BPR). A composite definition of BPR is offered by Thomas (1994) as 'a radical scrutiny, questioning, redefinition and redesign of business processes with the aim of eliminating all activities not central to the process goals'. The majority of available case studies on BPR initiatives show a reduction in the number of management levels, reflecting the central assumption that functional hierarchies are ineffective (Hammer, 1990).

1.9.2 Delayering as part of culture change

We anticipated that the research on organisational culture change programmes would be helpful in determining the inter-relationship between structure and behaviour. Two themes emerged. The first was that culture change programmes rarely produce change without accompanying changes to the way in which work is structured and organised (Beer *et al,.* 1990). Secondly, that flattening the management structure will serve as a catalyst for cultural and behavioural change by exposing poor performers and forcing the desired change in management style (Pearson, 1987).

1.9.3 Delayering of pay grades

Hierarchy is not just defined by management reporting levels, but also expressed in terms of pay grades and titles. There are a number of references in the literature to the use of job evaluation and the revision of pay grades as a means for both designing a

flatter structure and realigning reward policy (O'Neil, 1993). The Hay organisational design tool 'gap analysis' is one method used to indicate potential anomalies between boss and subordinate jobs (Pritchard and Murlis, 1992). Rolls Royce Aerospace Group used a revised Hay job evaluation system to examine the relationship between management reporting levels, clarify lines of responsibility and accountability whilst reducing the total workforce by 15 per cent (IDS, 1991). Hillage (1994) found examples of job evaluation pointing the way to the elimination and/or combination of management layers.

Other writers contend that the job evaluation process systematically re-enforces hierarchy by ranking jobs according to the number of people supervised, financial or budget responsibility, decision making authority *etc.* The result is a vertical ladder of pay grades which sustains bureaucracy, resistance to change, competition and parochialism. Broad Banding is offered as an alternative option *ie* reducing the number of pay grades, widening salary ranges and expanding the scope and responsibilities of the remaining jobs (LeBlanc, 1992). Amongst the benefits cited by organisations such as Northern Telecom which have gone down this route are: increased flexibility and reduced barriers to lateral career development; increased vertical non-management career moves; a cheaper pay structure; and simplified administration of pay decisions (Donelly *et al.,* 1992).

1.10 Structure of the report

This introductory chapter has given the background to the research, outlined the approach taken and reviewed the main themes emerging from the literature. The remainder of the report is divided into five chapters. The first (Chapter 2) draws upon the experience of the case study organisations to illustrate the main reasons why they have delayered, and what it means to become a flatter organisation in practice. The following chapter (Chapter 3), again drawing upon discussions with the case studies, explores the different approaches to the design of a revised management structure and to its implementation. In Chapter 4 the attention is turned away from the process of delayering to its outcomes. By way of an evaluation of the impact of a flatter hierarchy, the experience and insights of participating employers are used in three ways: to explore the extent to which the effectiveness of restructuring is measured; to assess other less quantifiable outcomes or corollaries to a flatter structure; and to discuss the impact of fewer layers of management upon employee performance and motivation as perceived by employees themselves. Finally, the last substantive chapter (Chapter 5) focuses on implications for the HR Function and its role in the management of structural change.

2. What Does Flatter Mean in Practice: Case Studies' Experience

Having reviewed the theory behind the flatter organisation, what do we know about the reality of organisations' experience? Why, and in response to what pressures, have they pursued delayering? And what in practice does it mean to become flatter? The following chapter draws upon the experience of the case studies to illustrate two issues: the reasons why organisations opt to shorten the management hierarchy (as opposed to alternative structural solutions); and the forms which delayering can take.

2.1 Why delayer?

There appears to be a range of reasons for removing layers of the management hierarchy. They are not mutually exclusive. Indeed the majority of organisations can expect to be driven by two or more influences.

2.1.1 The pursuit of cost effectiveness

All of the organisations we spoke to anticipated cost savings as an outcome of management restructuring. Not surprisingly, given the relatively high level of managerial salaries, reducing the number of managers was perceived to present an opportunity to reduce overheads and improve returns.

All of the case studies said they had completed a financial appraisal which demonstrated significant savings in salaries, associated overheads and, in two cases, a substantial amount of property. As will be discussed in more detail in Chapter 4, it was not always clear on what basis, and using what criteria, the predicted savings had been calculated or by whom. A clear exception being Case Study B where, given the Government's pay freeze policy, any potential costs associated with the devolution of responsibility (including a fully delegated pay structure) will have to be paid for by increases in efficiency.

Where achieving cost savings appeared as the primary impetus to restructuring, it typically followed events such as poor financial results, a commercial crisis of some kind, *eg* severe fluctuation in demand, a take-over or merger, privatisation or the

deregulation of markets. All of these demanded short term productivity improvements. In two cases (A and E) cutting managerial jobs was just part of a wider package of efficiency measures to reduce the total workforce. For these companies, reducing management overheads was seen as the first step in becoming 'lean and fit enough to survive'. They shared an expectation that the subsequent flatter structure would help encourage employees to make further cost saving suggestions.

The experience of other case study organisations suggests that delayering the hierarchy follows on the tail of more widespread 'downsizing' and cost control initiatives. Having already taken out what costs they could, such employers were looking to maintain or enhance profitability through other means, including more fundamental restructuring of the business and/or cultural change.

2.1.2 Fundamental re-structuring

Reducing layers of management can be a more *ad hoc* consequence of other more fundamental re-structuring *ie* changes to the way in which management tasks, responsibilities and authority are assigned. Structural solutions to improve effectiveness attempted by the case study organisations included:

- decentralisation to newly created business units. Two years ago, Case Study A created over 20 autonomous business units with the help of a large management consultancy firm. The anticipated advantages were that it offered far greater opportunity for delegating responsibility for the achievement of results; that it would stimulate entrepreneurship and that the centre would be left free to concentrate upon strategy. The structure of the business units themselves was designed in order to restrict any costly duplication of service functions.

- the rationalisation of product divisions. In Case G, for example, a shift in both production and marketing activities has led to the rationalisation of former country based divisions into a single unit for the European market.

- the movement from a functional to a product/market structure. Almost all of the case studies had undergone some degree of what is referred to as 'tilting the organisation' from a functional to a product, geographic and/or market focus. For example, Case D is moving to a community distribution model, where formally separate distribution channels for products and services, each with their own management, are to report into a single geographical area manager. The research and product development function of Case C has been restructured away from functional and knowledge based hierarchy to market focused teams built around product areas.

- Similarly, in three of the case studies an account management structure had been introduced. This took the form of customer

oriented units which co-ordinated all activities regarding products and services for certain key clients.

All of the above forms of re-structuring offer scope for shortening the hierarchy as the co-ordination role of management moves downwards. None of them, however, necessarily result in fewer layers of management in their own right. Flatter organisations may have to take a conscious decision to become so.

In order to understand the part played by delayering in the context of a wider strategic re-orientation of the business, we need to understand what organisations believe the dismantling of the number of reporting levels offers, over and above other structural solutions.

The case studies which had pursued the opportunity to shorten the management hierarchy shared two assumptions: first that local accountability would liberate people from what they called unnecessary bureaucracy; and secondly that it would result in speedier and more effective communication.

In the financial services company (D), for example, the removal of the Area Directors Office structure was seen as an opportunity to remove a constraint on local entrepreneurial activity. Area managers who had either been dependent upon, or frustrated by, the 'hands on' controlling style of management would be 'empowered' to take forward new ideas in response to local needs. Similarly, in the manufacturing case studies (C) (E) and (G) the introduction of continuous process technology had enabled the rapid customisation of products. This in turn relied upon the speed and accuracy of communications, of corrective action being taken immediately to correct mistakes or avoid potential problems, and of rigorous quality assurance *etc.* Managers in Case C perceived initiating frequent changes and getting commitment to revised plans as having been difficult in the original structure because of the previous lack of ownership by production teams. The devolvement of marketing, purchasing, and production to individual product based plants, and the subsequent removal of shift management and delegation to team leaders, was intended to overcome such problems by placing responsibility for decision making where it was needed most.

2.1.3. Flexibility and customer responsiveness

Another reason organisations have for moving to a flatter structure is as a means for achieving greater responsiveness to changing customer/market needs. The structural adaptations discussed above had typically been implemented to better position the case study organisations to do this. However, there were additional characteristics of the systems, and especially the culture, of flat organisations which were felt to be necessary and

attractive. Delayering was seen to build opportunities to develop greater flexibility via supporting team working, multi-skilling, Total Quality or other employee involvement initiatives (see Section 4.2).

Typical of many organisations in the retail sector, Case F recognised that to maintain profitability it had to provide a high quality of service from a lower cost base. What was needed was a streamlining of bureaucratic systems designed for the company's convenience and not that of the customer, together with a cultural change which prized values of customer satisfaction. Reducing the levels of management in the area and branch structure would facilitate the devolvement of greater responsibilities to shop floor staff who are more highly trained, able to work with product knowledge of more than one department, and more motivated by the freedom from close supervision.

Interestingly, several of the case studies had attempted forms of cultural change before but had been frustrated by what they perceived to be the 'blocking' effect or lack of support from middle management. Consequently, they tended to view delayering as a means by which a change in management style could be enforced, by exposing those not willing or able to adopt the required values.

2.1.4 Continual re-generation

Flatter organisations are not only adapting the existing structure and refocusing the cultural behaviour and norms, but also conceivably re-designing the whole way in which activities are organised. To these employers, formalised and permanent structures had become a restriction. They talked of a 'virtual' organisation in which loosely defined networks, multiple reporting lines and reorganisation around processes and temporary projects would be required. Two of the case studies in particular (D) and (H), saw continual change and re-generation of management structures as characterising their foreseeable future. Both were engaged in significant Business Process Re-engineering initiatives. Whilst enthusiastic that process management was achieving incremental improvements, neither would claim to be anywhere near their 'vision' of a re-engineered business.

2.2 A progressive response?

Further research is required to establish whether the pursuit of a flatter organisation is a progressive response to pressures for change. In other words, is it the case, as illustrated in Figure 1, that the case studies' insights into the perceived benefits of delayering follow a pattern over time?

Figure 1: Why become flatter: a progressive response?

MEANER	LEANER
cost efficiency	reduce bureaucracy
productivity	local accountability
survival	faster decisions
VIRTUAL	MORE FLEXIBLE
cross-functional matrix	team working
loose networks	multi-skilling
continuous change	employee involvement
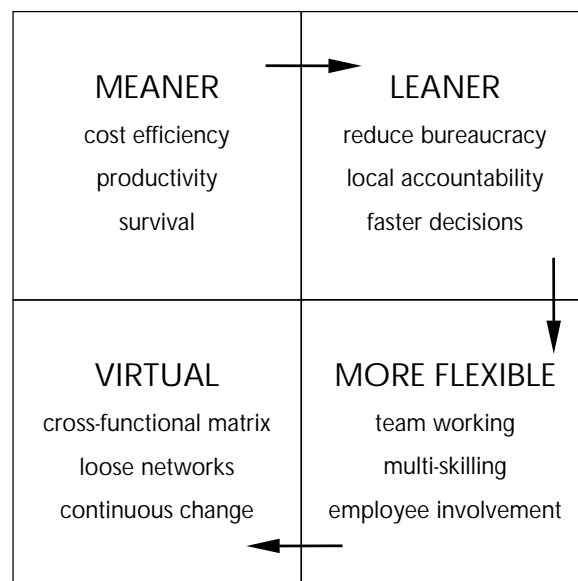
Source: IES

When an organisation's primary motive is to survive, delayering offers an opportunity to get meaner, *ie* to cut management overheads. As it emerges that cutting costs is no longer sufficient to significantly improve effectiveness, organisations seek to streamline co-ordination and control. Devolving accountability to a local level promises a leaner, less bureaucratic structure which can speed up communication and decision making. With the recognition that delayering can support cultural and behavioural change, the organisation seeks to emphasise other elements of the flatter structure — team working, flexibility, multi-skilling *etc*. Such is the pace of change challenging some organisations that they begin to think of themselves as a virtual structure to be continually changed and re-ordered.

Whatever the motivation, we need to understand what it is in practice to become a flatter organisation.

2.3 In what ways flatter?

Reading popular management texts suggests that achieving a flatter organisation is a relatively straightforward and universally applied process with the same outcome. Remove layers in the hierarchy that are not adding any value and reallocate responsibilities elsewhere, thereby increasing the size of remaining jobs. Amongst the employers we spoke to, however, there are a number of differing interpretations of what becoming a flatter structure means in practice.

The broad features that appear to distinguish organisations' delayering activities from one another, include the extent to which they have done the following:

2.3.1 Eliminated or automated activities

A layer of managerial posts can be removed because the tasks for which they were responsible have been eliminated altogether, or simplified by the implementation of Information Technology. For example, in retail (F and H) the introduction of Electronic Point of Sale (EPOS) has rendered the managerial role of collating and interpreting stock control information redundant. Similarly, in brewing operations (A) and manufacturing (C) the introduction of continuous process technology has largely removed the need for shift managers to supervise and co-ordinate batch changes, handovers *etc.*

Delayering in this context appears to place emphasis on process oriented information systems. In each of the cases illustrated above, relevant performance data was made available to branch and shop floor staff in a format that enabled them to make decisions and become more 'self managing'. The existence of automated and relatively sophisticated information systems was perceived to make it easier to control and co-ordinate via performance monitoring. Hence once the adequate information infrastructure was in place, senior management monitored performance indicators, without the information filtering role of middle management.

2.3.2 Re-allocated activities and combined management layers

A fundamental change to work activities is not always a prerequisite of management delayering. In a number of cases employers had chosen to combine what were identified as overlapping layer(s) of management (or managerial and non-managerial) tasks, to form a shorter hierarchy without any significant changes to the tasks themselves. Overlapping accountabilities were typically identified at two levels:

● First, between different parts of the organisation, *ie* between Head Office and business units, or areas and regions. The overlap might be identified as one of costly duplication of activities, as in an example cited by Case Study D of two departments consolidating the same financial data.

● Secondly, at the level of the boss-subordinate relationship. Here too, employers had identified unnecessary duplication. The retailer (F) for example, could no longer justify deputy branch manager roles as a duplicate of the branch manager. The former was required to be capable of performing, in the manager's absence, the same tasks with the same level of authority. A related outcome is the clarification of the difference between a 'technical' hierarchy and a 'reporting'

hierarchy. For example, in the government department (B) job analysis revealed considerable similarity in terms of the type of work undertaken by two adjoining levels or grades of staff. The main difference between the higher and lower grade is that the former is a more skilled operator and can hence take on work of the same type but of greater flexibility and weight. Given this seniority, the higher grade has some responsibility for the technical supervision and professional guidance of the lower grade, but no real management accountability. Subsequently, the two grades have been combined to encourage a greater degree of team working and to release the higher grade from unnecessary administration, enabling them to spend more time on the achievement of operational activities.

In both of these types of overlap, the failure of a layer to add value to that above or below it in the hierarchy is questioned. One senior manger described the process as asking who is best placed to make the real decisions and losing sleep over them, and why are the others not.

The outcome is to reallocate work elsewhere where it is assumed it can be performed more effectively. In the financial services company (D), for example, accountability for loan agreements and credit arrangements has been devolved from area management offices to branch management. In cases (C) and (E) team leaders are now required to demonstrate adherence to agreed targets and quality assurance procedures, previously the responsibility of first line management.

This reallocation of responsibility can be either up or down the hierarchy. Where responsibilities are pushed downwards in this way, managers talked of having empowered staff through wider range and scope of responsibilities. Where accountability is passed up the management hierarchy, they talked of having an increased span of command.

2.3.3 Widened the span of command

Given that all of the case studies had suffered some job cuts to varying degrees in recent years, there is clearly scope for historical staff/management ratios to have been changed. This may mean for senior managers an increase in the number of direct reports and/or newly found responsibility for other functions.

There are three observable features regarding spans of control and its use, either by default or design, in the delayering process.

● Where reduction in the numbers of staff and management posts has occurred randomly, or in different proportions at different levels, the number of staff reporting directly to any one manager has changed.

- Workforce numbers had grown in some areas but had not been met in turn by an increase in the number of supervisory and management posts.

- Finally, managers in two case organisations spoke of a policy to deliberately reduce the number of management posts at a particular level in order to encourage (or enforce) a new managerial style of leadership. The premise is that managers who suddenly find themselves with too many people to manage will have no choice but to quickly adapt their way of operating, away from 'handholding and dealing with the minutiae', to a style which equips others to take responsibility for their own actions and a focus on more 'important' issues.

2.3.4 Broadened bands of pay grades

Organisations can become flatter in the sense that they might reduce the number of tiers of pay grades and widen salary ranges. Amongst employers we have spoken to, there is some confusion on this issue. Clearly, reducing the number of grades does not necessarily result in the distance between the base and apex of the organisational pyramid being any shorter. The number of grades does not necessarily equate to the numbers of levels in a reporting structure.

Whilst there were clearly moves to address pay and grading structures in all eight of the case studies, this was normally in response to delayering. In two cases (B) and (E), however, the initial focus of the restructuring exercise was the revision of the grading structure, which in turn would support and facilitate changes to managerial roles and numbers. In both cases the previous grade structures were characterised by a relatively large number of fairly narrow grades, constructed with widths that represented a difference in job step that equated to a promotional interval. Banding was introduced to give a broader, coarser structure, with the emphasis shifted away from separating jobs from each other according to job size and onto managing progression within much wider pay ranges, according to the acquisition of new skills/competencies, higher levels of performance, more demanding situations *etc.*

2.4 Summary

The majority of organisations contemplating delayering, anticipate cost savings via the reduction in overheads. For some, the achievement of such savings is the primary objective of their restructuring initiative. For others, a flatter structure is synonymous with freedom from bureaucracy, speedier communication and the development of a customer focused culture, in which team working and high involvement working practices will thrive.

Flattening of the management hierarchy can be achieved in a number of ways, including the elimination or automation of management activities, and reallocation of overlapping accountabilities. The perception of a flatter structure is created by widening the span of command of senior roles and/or reducing the number of pay grades and salary ranges.

Not only does the interpretation of a flatter structure differ between organisations but also, within a single organisation, different areas have delayered in a variety of ways. Delayering is, therefore, a disparate and potentially a highly differentiated response to particular business needs. As such, the perceived benefits and means for achieving a shorter management hierarchy are likely to differ over time. Further research is needed to establish whether the pursuit of a flatter organisation is a progressive response to pressures for change.

3. Achieving the Change: Choices in the Delayering Process

The different interpretations of what becoming a flatter organisation means, suggest that the delayering process itself also may vary. The following chapter draws on the experience of the case studies to explore the different approaches to the design of a revised management structure and to its implementation. Is there one best way to change to a flatter structure? Or does delayering, in common with other forms of organisational change, depend upon a whole range of factors unique to the particular organisational context? What are the options for introducing a revised management structure and which are the main factors influencing that choice?

Organisations have a number of choices as to how to implement a flatter structure. The main differentiating features between the case studies appear to be:

- the pace with which delayering is to be achieved

- the extent to which the revised management structure is imposed organisation wide, or is targeted on particular functions or units

- the degree of employee involvement

- the degree of organisational design and analysis.

Together with the decision making process itself, these variables are indicative of the employer's underlying philosophy of how organisations develop and change.

3.1 Pace of change

In at least three of the case studies the restructuring of management levels was achieved relatively quickly, *ie* in less than six months. In the financial service company (D), for example, the removal of the area director posts and their associated area offices took three months to plan and a matter of weeks to implement.

For the remaining organisations, however, the transition to the revised structure was a far slower process. Senior management in the government department (B) initially expressed their desire to move to no more than five layers in 1993. Some time into a period of experimentation and re-evaluation of jobs, it is

envisaged that this will be achieved by mid 1996. Given a number of major changes, the full implications of which are as yet unclear, the flatter structure is ultimately being achieved via a gradual process both planned for and, in part, opportunistic.

For some of the case organisations, becoming flatter was almost an evolutionary sequence of events. Structural adaptations of one kind in one part of the organisation appeared to facilitate change elsewhere. Consequently, the speed with which the changes were made varied. In Case Study F the removal of a regional management structure was implemented in less than six months and involved the loss of less than 20 posts. Whilst it was the not the original intention to do so, the resulting direct management of stores exposed the need for more fundamental changes at store level. The subsequent reorganisation of branch management took over eighteen months to design and implement.

The case studies' experience suggests that the following factors influence the decision to proceed quickly or slowly:

- In several of the case studies, the impetus to change the management structure followed the **appointment of a new senior manager**. The appointment of known 'stirrers and shakers' was a clear signal that the old power base was shifting. Regardless of whether the appointment was an external one or from elsewhere within the organisation, the new managers frequently appeared to hold a different view of management to that which the organisation traditionally shared.

- Rapid re-structuring had often followed a **significant event** such as a merger or acquisition, the imposition of legislative policy, or a financial crisis and poor results, *etc.* In such a political and/or defensive environment it seems natural to want to achieve benefits quickly. The observations of managers in organisations where the change was to be implemented swiftly and cleanly, was that there was little option but to do otherwise and that to have relied on other attempts to improve effectiveness (*eg* cultural changes) would have taken too long.

- Another factor that influences the pace of change is the degree of acceptance and/or **support** for fewer layers of management. The desire to make the change quickly and decisively appeared stronger where: the prevailing organisational climate is one of mistrust (as it often is where delayering follows hot on the heels of job cuts); where senior management fears the cohesiveness and strength of influence of particular interest groups; and where there is a perception that delay will disrupt normal working life and adversely affect morale.

In those cases where the design and implementation took longer, those interviewed believed that time and investment in other initiatives had to be spent to secure commitment to making the changes work. As a result, the changes were more likely to be perceived as an inevitable consequence of a gradual process of improvement. Management were more likely to see the anticipated benefits of delayering as long rather than short term.

3.2 Partial or organisation wide

Another choice to be made is the extent to which the revised management structure is applied universally across large sections of the organisation or restricted to a single site, function or business unit at a time. As expected, the case studies varied in this respect.
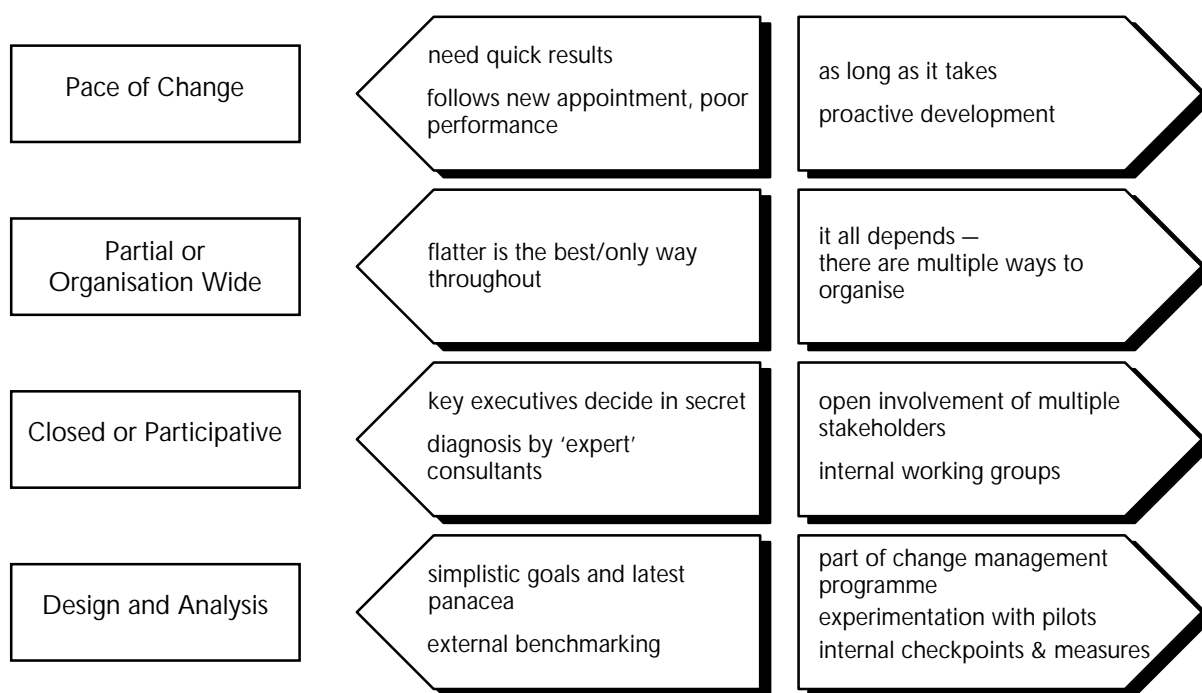
Where delayering was part of other more fundamental structural changes, shorter reporting lines was the intended organisation wide outcome. For example, the move to a business unit structure in Case A and the removal of regional management structures in Case D affected the whole organisation and the largest Division respectively.

Where a partial approach to delayering had been taken, the management needs of a particular area had been reviewed independently and with specific focus on that context. Any outcome perceived as positive in one plant, however, is likely to attract the attention of others who will be keen, or feel under pressure, to follow suit. For example, in Case C the production manager working with the management team of a restructured plant was encouraged to experiment with the principles adopted there on his return.

The potential advantage of a site by site approach was held to be the minimisation of risk, and ability to maintain control. This may in part be a reflection of an organisation's basic assumptions regarding the management of change. **In those organisations that had delayered only partially, senior management were more likely to follow the guide that form should follow function, and that there are multiple ways to organise work. In turn, they had rejected the assumption that flatter must be better or to pursue simplistic goals of, for example, no more than six levels.**

The chosen method of determining the need for, and design of a flatter hierarchy, will in turn influence the pace and extent of change. Initiatives that require managerial jobs to be re-evaluated to identify overlaps are clearly going to take some time.

Figure 2: Choices in the Change Process

Pace of Change	need quick results / follows new appointment, poor performance	as long as it takes / proactive development
Partial or Organisation Wide	flatter is the best/only way throughout	it all depends — there are multiple ways to organise
Closed or Participative	key executives decide in secret / diagnosis by 'expert' consultants	open involvement of multiple stakeholders / internal working groups
Design and Analysis	simplistic goals and latest panacea / external benchmarking	part of change management programme / experimentation with pilots / internal checkpoints & measures

Source: IES

3.3 A closed or participative process?

Again, each of the case studies varied in the degree of involvement of employees in the change.

The delayering initiatives in Cases A and D, for example, followed the basic assumption that the diagnosis should be made by selected senior management and involve as few people as possible. The management review was conducted in secret by the senior management team behind closed doors (or more likely in an exclusive hotel). In both cases the findings of external consultants were an important input to their decision making process.

Alternatively, organisations can adopt a more open and participative approach. Several of the case studies formed a working group to undertake a review of the management structure with a brief from the senior executive. A number of different stakeholders and interest groups were recognised and represented in the membership of such groups. In Case F for example, a multi-functional and multi-level working party was established early in the process, with a brief to review organisational performance and the appropriateness of the management structure. Details of the team's membership were made available to all staff shortly after its formation, with an invitation to contact them with questions. As time went by, further sub-groups were created to review and amend processes and procedures, *eg* pay and grading, job evaluation, training, *etc.*

Involvement of any Trade Union or Employee Association in the change process varied. In three cases a senior representative of the union/staff association was a member of the review team from day one. This partnership was recognised as being helpful in reassuring staff that changes were necessary and that the process for achieving them was fair and equitable. In others, either senior managers saw little advantage in involving the union until terms for negotiation were at an advanced stage, or few of the managerial posts had any formal representation.

In all cases, the delayering organisations used consultants in some capacity. In Case A for example, a major consultancy house was commissioned to fundamentally review the business structure and the subsequent move to business units. The 'expert' consultants, although requiring access to key people and information, worked largely unsupported by internal staff. The same consultancy team are still working within the business on the redesign of distribution systems. Elsewhere, as in Case B for example, external guidance was sought on an *ad hoc* basis to inform and/or 'sanity check' the internal working groups plan for achieving change. In Case E, where the job evaluation methodology used to implement the revised structure was the intellectual property of a consultancy, the latter had significant involvement.

Some forms of organisational design and development require a relatively high degree of involvement of employees from across the organisation. Process re-engineering and continuous improvement programmes are, for example, held to be both creative exercises and ones which depend upon a detailed understanding of tasks. The need for this in-depth knowledge of the work activities necessitates the involvement of those who perform them.

The prevailing cultural climate may dictate the approach to be undertaken. It may also be either undermined or supported by the adopted process. In other words, those organisations in which there was an established commitment to forms of employee involvement and participative management, seem more likely to adopt participative approaches to organisational development. In Case D for example, the decision to adopt an open programme of change was felt by senior management to be the only way in which commitment to the new forms of working could be won.

3.4 Degree of organisational design and analysis?

The case organisations also differed in the extent and detail of organisational design and analysis they undertook as part of the delayering process. Two broad scenarios emerge.

3.4.1 Rationalisation by panacea

There was often no definable approach or means of analysis by which the revised management structure was decided upon. It appeared predetermined by senior management that a flatter structure would prove to be a good thing. The objective was typically expressed as the achievement of a particular span of control or other management:staff ratio.

How these goals were arrived at was not always fully understood throughout the organisation. Not surprisingly, senior management had all been exposed to the work of popular management theorists who expound the virtues of, for example 'no more than six layers' and 'flat is flexible'. Indeed, in two of the case organisations, the directors responsible for initiating the change cited their recent attendance at Harvard Business School as being a major influence in their decision to pursue change. In others, the desired structure was arrived at via benchmarking with 'best practice' organisations and those who claimed to have found success with a flatter structure.

Senior management, faced with what appeared to be an insuperable task, admitted to finding the relative simplicity of such goals attractive. Although potentially wary that their pursuit might be ill founded, they vigorously defended them.

In this scenario, characterised by little detailed review of the current organisation, the rationale for delayering was a need for rationalisation. For senior management, the reality was one of a painful but inevitable decision that should not be delayed by study. Often, the financial investment required to undertake such analysis is not available. Alternatively, there is felt to be little advantage in looking for ways to improve until the organisation is at least lean enough to survive the short term.

3.4.2 Programme of change

In other case organisations it was evident that a more comprehensive review had been conducted, often as part of a programme of change. Such programmes tended to adopt one or both of the following broad themes:

● the need to somehow find a better fit between the way in which work is structured and the values, behaviours and culture articulated in mission statements

● to focus on a detailed review of the efficiency of work flows and processes.

In the former, case studies had introduced initiatives around 'customer service', 'results orientation' *etc.* at regular intervals. As one theme began to achieve results, a related one would be introduced. Throughout this programme of change, emphasis was placed upon management education, improvement projects

and exchanges. The financial services company Case D, for example, introduced what is called the best practice programme. Managers who have experienced a four week consultancy skills project are assigned to a branch other then their own, in order to highlight areas for improvement and share good practice.

In the latter case, studies such as C and F had revamped traditional job analysis and work study tools, to identify inefficiencies in scheduling staff hours, simplifying procedures *etc.* Others had embarked upon initiatives using one of the potentially more comprehensive design tools such as process re-engineering. Although they varied in approach, they typically involved an audit of tasks and processes that revealed how work is currently completed. The question is then asked 'are there any better ways to organise work that will achieve improved outcomes?'. Where they existed, these initiatives were only partially complete and typically involved substantial investment in information technology.

An important feature of all of those case organisations which had adopted a more programmatic approach to change, was that they had conducted some form of analytical review of management roles and tasks before finalising the restructuring. The outcome of this included:

- greater **scope for experimentation** as part of the process. There are several examples of where pilots were used to evaluate the revised working arrangements, and were subsequently revised in response to feedback *etc.* The retailer (F), for example, introduced 'shared' managers between large and small 'satellite' stores located close to each other. The year long trial structure gave the working group a better understanding of what could be achieved elsewhere. Originally, the smaller store replicated the structure of a larger branch in miniature. During the trial, departmental management roles were replaced with a sales manger and assistant, together with a refocused range of stock which took full account of the local situation. Many of the administrative and stocktaking functions were redesigned to be conducted by a distinct service function in the larger branches.

- greater opportunity for establishing **measures to evaluate** the impact of the revised structure. In the delayering initiatives which were implemented rapidly, there were fewer opportunities for checkpoints by which to evaluate the impact of the change. An unmeasurable process may be more easily subverted by political manoeuvring. An absence of early warning indicators was blamed in Case D for not having seen sooner that branch managers would need additional support to make informed decisions, without the support of the now defunct area offices.

- The same case studies are more likely to have **realigned HR policies** during the diagnosis phase rather than react after

restructuring. Provision being made, for example, for training and development, and changes to the performance management system, *etc.* The retailer (Case F) developed a comprehensive training programme, devised in advance of implementation of the new structure, ensuring that role specific training could begin on day one. Information about the programme was available to staff prior to their decision as to whether to reapply for their jobs *etc.* Case B is working to ensure that a new reward policy, supportive of less hierarchical way of working, is accepted prior to job cuts.

3.5 Summary

This chapter has drawn on the collective experience of the case study organisations to highlight the main choices and influences in implementing a flatter structure. As with any form of organisational change, there is no single best way to delayer. The desired outcome, degree of support and prevailing culture will always vary.

If the objective is less one of rationalisation and more integral to broader improvements, are advantages to delayering as a managed programme of change in which winning commitment of employees, evaluating effectiveness, and support other HRM initiatives are important components.

4. Evaluating the Impact of a Flatter Structure

In this chapter of the report we turn our attention away from the process of delayering to its outcomes. We draw on the experience of the case studies to illustrate the implications of a flatter structure for organisations and their employees. Discussion is organised around the following themes.

- In what ways do organisations evaluate the effectiveness of their delayering? What measures were established and do they show any benefits?

- Are there other less quantifiable outcomes or corollaries to a flatter structure? Have flatter organisations needed to adopt ways of organising, which have in some way replaced the need for hierarchy?

- What do the managers and employees perceive the impact of fewer layers to be upon their performance and their motivation? Are there potential tensions and contradictions in flatter organisations?

4.1 Measuring the impact

4.1.1 Expected measures of success

We expected employers to have used a variety of measures by which to evaluate the impact of fewer levels of management.

In those organisations where the impetus to delayer was primarily to achieve cost savings and/or short term productivity improvements, we expected the greatest importance to be attributed to quantitative data related to financial performance, and to staff and other **overhead reductions.**

We anticipated less tangible evidence or hard data where the objective for changing the structure was part of a wider realignment of ways of working with the mission and desired values. Given the anticipated benefits of the changes, relevant information to collect included both hard and softer, attitudinal data on **organisational performance**, *eg* quality of service improvements, customer satisfaction index, speed of product development, *etc.* Measures of **employee commitment and satisfaction** would also be relevant.

The actual evaluation criteria used by the case study organisations are explored below.

4.1.2 Reduction in management overheads

Analysis of the relationship between falling staff overheads and output was completed in the production companies (A, C, E & G). Typically, such analysis had been undertaken by the production function, often to review plans for further investment in new technology. They reported enhanced productivity in terms of the number of transactions processed and better cost/income ratios than their competitors. In two cases, a significant amount was realised from the sale of valuable estates and property from vacant regional offices and head office space.

Several of the managers we spoke to, however, expressed some doubt as to the potential of delayering for achieving sustained cost improvements. They referred to the 'great myth that lean is mean'. They shared two main concerns.

● The first was that the financial implications of effectively supporting the transition had not been fully taken into account. The hidden costs associated with management restructuring may be significant. These hidden elements included: the need to increase the reward of remaining staff now doing a larger job; the investment required in training and development to support both the changing nature of work tasks (*eg* greater product knowledge, or project management skills) but also the adoption of alternative styles of behaviour (*eg* team working or coaching); and the seemingly unquantifiable loss of experience.

● The sustainability of lower staff costs for any length of time was also questioned by those case studies that had identified layers 'creeping back in'. Where responsibility for resourcing had been devolved to business units and line management, there is little means for ensuring predetermined reporting levels are maintained other than through salary grades. Managers told us that the reality of the management hierarchy is sometimes hidden. In the financial service company, for example, where regional offices had been closed, it is understood that a number of area managers are building a variety of back up support roles. These jobs may not be declared on establishment but could, for example, be an existing position in a branch office, repeatedly pulled out for project work, or to clear an administrative backlog *etc*. The branch manager is often happy in such circumstances to facilitate this, given the special relationship it offers with his own boss. One HR manager exclaimed that 'it's like laying a new carpet. You just get one bit to lay smooth and a lump appears behind you.'

4.1.3 Performance improvements

The expectation of the case study organisations was that there would be greater opportunities for managers and staff to improve performance. Employees would act using a greater degree of initiative, whilst bounded by clearly defined performance objectives, customer requirements and shared values.

Following the restructuring, each of the case studies seemed confident that such expectations would be met in part. Speedier decision making was an outcome recognised by the retailer (Case F), for example. Temporary staff cover could be arranged by direct contact to other local stores in the network, rather than having to go through area management. Faster times to deliver bespoke products to customers were attributed by Case C to closer relationships between streamlined research and production management. Others gave examples of new ideas and improvements being implemented at local level, many of which would previously have been met with resistance.

There was surprisingly little demonstrable evidence of improved quality targets or quality of service indicators. It would be misleading, however, to conclude that the case studies had not realised such benefits or that they failed to measure them. It is more a consequence of measurable criteria not being in place prior to the restructuring exercise.

Ironically, delayering was accompanied by increased importance being attached to the ability to monitor performance. The case studies shared an expectation that by simplifying the management structure it would facilitate a greater sense of local ownership and responsibility. To avoid chaos and fragmentation, however, they were concerned to ensure that the corporate centre and/or senior management should receive information on results achieved, and that in turn individuals, teams and business units receive clear guidelines as to what it expected of whom. Consequently, all the flatter organisations we spoke to were redefining the performance criteria by which the organisation will be managed, and investing in the systems by which performance indicators can be monitored. At the same time the majority had, or were in the process of introducing, a new or enhanced system for appraising the performance of individuals.

In doing so they have typically attempted to:

- incorporate some 'soft' as well as hard measures. Several of the managers interviewed referred to the importance of incorporating criteria and objectives which reflect the style of management they are encouraged to display. In one case, for example, the assessment of area management performance had been restricted entirely to financial indicators. The new system emphasises the importance of the quality of support given to branch managers, indicated by subsequent

innovation and new ideas, improvement in sales figures *etc.* Two of the case studies make use of employee feedback on their managers' performance: one via a staff attitude survey for which analysis is available at departmental level, the other by a well established form of upward appraisal of the manager by their staff.

- introduce the use of customer satisfaction and feedback as an indicator of performance. The variety of methods included 'silent shopping' performed by staff from other parts of the organisation, customer surveys, and complaints received. In two cases, the internal relationships had been formalised in the form of contracts or service level agreements, creating the potential for the service provider to be appraised by the internal customers it serves.

- make explicit the links between individual objectives and those of the business as a whole. For example, in both Cases B and D in particular, a cascade system has been introduced whereby the objectives of everyone in the process are related.

Given that so many of the performance indicators were in this state of transition, none of the case organisations felt able to conclude what the impact of delayering upon performance had been.

4.1.4 Measures of employee satisfaction

Most of the case study organisations believed the impact of delayering upon staff satisfaction and morale to be largely unmeasurable and therefore had few means for monitoring it systematically.

Whilst almost all of the case studies used some form of **staff attitude survey** there was little evidence that they had used it explicitly to inform either the design of an improved management structure, or to evaluate its impact. Some managers appeared to distrust centrally managed surveys, whilst others simply had problems accessing data for the relevant level or area.

All of the case studies expressed some concern with the potential impact of restructuring upon their **ability to retain staff.** One manager expressed this as 'a question of whether or not the sky will be black with chickens coming home to roost — we simply do not know whether the managers we are asking more and more of will up and go when other jobs become available'. Three had plans to enhance their personnel information in order that changes in the profile of the management population could be monitored. In one organisation, individual branch managers were provided with comparable turnover data for their region and a workshop to help interpret the information and identify potential causes.

Employers generally anticipate that a flatter structure would support the development of multiple career paths and more lateral movement. The case studies all felt that it was too early for them to have evaluated whether these expectations had been met. Almost all of them expressed some dissatisfaction with existing data. Restructuring had frequently involved changes to job codes and to who was responsible for maintaining employment statistics. Consequently, it was not always possible to easily determine how many and what kind of moves had been made in recent months/years. In an attempt to establish better mobility information, at least three of the case studies were revising the kinds of information, they held on people and posts. Each case study identified greater reliance upon project working and a subsequent need for more easily accessible information on the 'skills' of individuals and their availability to join a project team.

As with any attempt to establish a causal relationship between an intervention involving human resources and the 'bottom line', measuring effectiveness is never straightforward. It is, for example, difficult to attribute an end date to the process of flattening. Even when the removal of management posts has been implemented, for how long afterwards could the remaining staff be said to be adjusting to the change? Measurement is also complicated by the fact that delayering rarely occurs on its own and is almost always related to other performance improvement initiatives.

All of the case studies claimed to be confident that once new working relationships *etc.* were established they would be popular. Senior management spoke in terms of 'those who were poor swimmers before are sinking first', or of 'a third finding things impossible, a third struggling and a third thriving'. However, the lack of objective information on employee attitudes is somewhat surprising, given the importance attached to achieving higher levels of commitment and staff involvement as a rationale for the change. The reluctance of management to canvas staff views, unfortunately suggests they anticipate a negative response where no response exists.

4.2 Replacements for hierarchy?

The previous section pointed to the limitations associated with the formal assessment of the benefits of a flatter structure. No evaluation of a new organisational form should ignore the less quantifiable outcomes and corollaries. Any structural change is likely to require the support of related developments in the cultural and behavioural makeup of the organisation, as well as changes to specific policies and procedures. The experience of the case study organisations will be used in the following pages to explore the main features which appear to be related to the move to flatter management structures, and the extent to which

there is a need in the flatter organisation to replace the role that hierarchy played.

Emerging characteristics of the 'flatter' case studies will be discussed under three sub headings:

- increased emphasis upon team working
- cross functional working and process management
- empowerment/high involvement management style

4.2.1 Increased emphasis of team working

All of the case studies said that they place more emphasis on team working in their flatter organisation. From the examples given of teamwork, it is clear that organisations can mean quite different things. The main distinctions were between:

- **autonomous or self managing teams**. These consisted of: groups of staff carrying out activities independently of each other and with a reduced need for the co-ordination and control of first line managers and supervisors. This model of teamwork is clearly present in the manufacturing environments of Cases A, C, E and G, where the shift to team based models of supervision had been facilitated by the introduction of new technology and subsequent need for less supervision and control. In all four cases, the use of continuous process technology and numerical control had virtually eliminated the role of shift manager. Responsibility had been passed to a team leader, who whilst working as part of the team, also makes decisions about task assignments, work methods and for some aspects of staff management.

- **multi-skilled/flexible task groups**. Here the emphasis is on all the skills required to achieve a particular set of outcomes being present within the group, hence there is less need for co-ordination inherent in the separation of tasks. Again, in the manufacturing environments this had meant team members taking responsibility for maintenance, quality assurance and purchasing activities, traditionally supplied by separate support functions. In the service sector case studies there were several similar examples where the intention was one of an expanded role for staff responsible for dealing directly with customer issues to make decisions, rather than have to get approval from managers or specialists. In Case F for example, this took the form of the dismantling of a department structure into teams able to work in any part of the store. Equipped with a higher degree of product knowledge and direct access to information, they are now able to offer services independent of managerial support, for example placing an order on customer request.

Both of the above definitions of teamwork in flatter structures involve predominantly highly structured or sequenced tasks, and affect first line supervisory management levels. There is,

however, a similarly high level of support for the notion of team working for more senior managers and professional staff in organisations moving to flatter structures. The experience of the case studies suggests that there are two particular instances where team working is important at this level.

- The capacity for managers to bring their functional expertise to temporary project teams or task forces that are disbanded when the objective is completed

- An ability to work closely with a smaller management team sharing greater accountability for the performance of the whole unit not solely their own department.

Both notions of team working highlight one differentiating factor between what is required of managers in a flatter as opposed to the tall organisation. That is the importance of their ability to influence others laterally as well as vertically through the line. Each of the case organisations gave examples of managers now having to obtain resources, for example, by having to persuade a potentially diverse range of people each of whom have control of some element, *eg* time, finance, staff, customer approval *etc.,* quite independently of having to push an idea for approval up the line. This idea was further emphasised in those case organisations which have formalised cross functional working around key business processes.

4.2.2 Cross functional working

The case studies agreed that a shorter reporting chain had facilitated more rapid communication up and down the line. They also shared a concern, however, with the quality of communication, particularly where there were fewer managers with less time to build and use lateral communication chains and forge relationships with other functions, suppliers or customers. Two of the case organisations referred to the loss of a number of central positions which had provided valuable overviews of the organisation. Subsequently, in an attempt to ensure that the new flatter structure did not in fact strengthen the functional myopia it was designed to prevent, all of the case organisations were looking for ways to encourage cross functional working.

In two cases this had been formalised in the form of a **matrix structure.** Support functions such as personnel, finance and IT, were accountable to their functional director and to the client division or area they were primarily supporting. In each case the effectiveness of the new arrangements were not yet clear. One senior manager told us that he did not anticipate new working relationships would develop overnight: 'we will have to grow into this, you can't plug in a matrix and expect success'.

Other case organisations anticipated more managers having **multiple reporting lines** through their involvement on more projects and programmes. The examples of multidisciplinary

projects differed in size and complexity. The larger initiatives were labelled as business process re-engineering. In Case A, for example, the entire distribution process from brewery to delivery vans was under scrutiny. Some initiatives removed managers from the line for a sustained period, as with a secondment. Generally, experience was of project work simply taking up a greater proportion of managers' functional roles.

Case studies' insights into the key considerations whilst undergoing the transition included: the importance of a culture which recognises the value of project work in order that senior managers release the most appropriate staff; the need for sufficient investment in the development of project leadership/management skills; and the challenges of rewarding people for their availability for temporary projects.

4.2.3 Empowerment programmes

All of the employers we spoke to believed that their use of employee involvement schemes had increased over the same period during which they were restructuring. Typically, these schemes have changed in emphasis away from team briefing and suggestion schemes, to participative management tools such as total quality, empowerment and other high involvement programmes. The latter were generally felt to be more congruent with post rationalisation and flatter structures. The principles which managers typically associated with such initiatives were:

● greater access to information from other departments, head office *etc.*

● greater opportunity to influence the allocation and use of resources

● clear and well communicated objectives.

The financial services case (D) believes it has learnt from the mistake of not supporting structural change with the above. Following the closure of area directorates and offices and devolvement of greater responsibilities to individual branches it identified from a range of performance indicators (*eg* volume of transactions, sales and customer complaints) that all was not well. Further investigation revealed that branch managers were not equipped with sufficient information on a daily basis to make effective decisions. Nor were the service teams confident enough with their own product knowledge to respond to customer enquires in the absence of assistance from the now defunct area office. As a result, a number of core activities, such as the authorisation of borrowing levels, were taken back to the centre. Following a major programme of training and development over the course of 18 months, and the continual enhancements to information systems, these responsibilities have now been returned to branches.

A flatter structure is perhaps unlikely, therefore, to be any more effective that the original structure, unless individuals are clear as to what is now expected of them, and that they are capable and have the resources to perform them. Where delayering has not been accompanied by 'empowerment', newly accountable teams and managers have not had the capability to carry out new responsibilities. Sometimes this has been due to their own lack of competence to perform differently. More often it is due to the lack of supporting infrastructure, *ie* information systems and access to resources.

4.3 Employee perceptions

What do managers themselves perceive to be the impact of a flatter structure? Are the outcomes of delayering consistent for individuals and their employing organisations, or are tensions and contradictions emerging?

It was not possible within this study to gather the views of more than a handful of managers from each of the case studies. Whilst this is clearly too small and subjective a sample from which to draw many conclusions, taken together with the views of others who have worked with the IES in recent months we can, however, see a remarkable similarity in the issues raised.

4.3.1 Changing expectations of the management role

There was a general consensus among managers we spoke to that following delayering they find more and more of their time **managing in a matrix**. Whilst only some formally reported to more than one 'boss', all were requested at cross functional meetings, task forces and projects teams. Managers also spoke of their growing awareness of the need to build alliances in order to accomplish work and 'make things happen'. Cross boundary relationships may not have previously been part of their role. Prioritising the needs of their own team and the task at hand, with the needs of the wider process, customer/supplier relationships, *etc.* had become a significant challenge. Few found the balancing act easy. One senior manager bemoaned the contradiction that some of those individuals with a high profile on high visibility projects, consistently failed to deliver in their own area.

The reduction of a vertical hierarchy and creation of smaller autonomous units increases the requirement of managers to manage laterally. In doing so many of those interviewed spoke of the need to somehow **influence without the same formal authority to command**. In other words, they no longer hold a position from which they can expect direct control and/or close supervision. Area managers in Cases D and F, for example, are encouraged to see their role as providing an advisory service to branch managers. The only way they can secure good

performance for all the stores/branches/offices they are ultimately accountable for, is through their ability to influence. For some managers, what they perceive to be a loss of 'power' and/or status is clearly uncomfortable.

The pressures upon surviving managers to **achieve more with less** are universal, it seems. Not only do the majority of managers believe that their achievement of results is expected to be higher, but in a flatter structure it is more visible. All of those interviewed claimed to have a wider span of command of both staff and, in some cases, functions after delayering. Likewise, after all said they were, or felt expected to, work longer hours. Anecdotal evidence and the resurgence of interest suggests that stress and stress related illness is increased in a flatter organisation. Two of the case studies had introduced the use of Employee Assistance Programmes whilst all offered stress management courses. Further research is required to establish whether increased pressures are restricted to the transition to the new structure, or are a permanent feature.

An additional aspect of the management role, given greater emphasis in our flatter case organisations, is that of the manager as **developer of others**. Even in those case studies which were investing in 'leadership' programmes and 'manager as coach', managers themselves appeared less than comfortable with what such concepts meant in terms of adapting their own behaviour.

4.3.2 A flatter management style?

In addition to changes in emphasis to what managers have **to do** in flatter organisations, so there are expectations about the **style** in which managers manage.

There is no certainty that someone will adopt a different way of behaving because the reporting line has changed. All of the case studies could name several examples of high performing managers who appeared to relish the greater accountability *etc.* that delayering offered. For every one, however, there may be another manager who felt unnatural about adopting the role of coach and facilitator.

Some managers believe there are aspects of management style that can be developed, and they were finding them easier over time. Others maintained that a 'disempowering' manager will never be able to change because the values and basic assumptions they hold are incompatible. Is a good manager a good manager anywhere, in flat or tall organisations alike?

They talked of the need to find out what makes subordinates and colleagues tick. In other words what motivates them, and what kind of pressures and demands they face. **Using the notion of mutual benefit and reciprocity — one good deed deserves another — some managers were finding that their 'power' lay in**

their ability to meet others' needs and that this could mean any number of things: approving a project, responding faster, expressing appreciation, giving personal and emotional backing. This notion of mutual benefit and trust was observed by several interviewees to be especially important during a period of change like delayering, when demands on people change and the number of non-routine requests increases, for example, working longer and later.

4.3.3 A flatter career?

Individuals differed in how they interpret the meaning of structural changes upon their own career and commitment to the organisation. Delayering is seen as having offered some surviving managers a welcome opportunity to widen or deepen their responsibilities and outlook. For other professionals and technical specialists, the requirement to take on responsibility for the co-ordination and integration of work with other areas is seen as a dilution of their functional excellence, and maybe even a threat to their employability. The implications of flatter structures for management motivation and careers is fertile ground for further research.

4.3.4 Emerging tensions

Managers in flatter organisations can perceive that their employees want on the one hand to be led, and on the other to lead themselves. Especially during periods of change and uncertainty, they feel responsible for giving reassurance that it is business as usual and for ensuring difficult decisions get made. In the aftermath of restructuring, they are then asked to be more supportive and less directive, to implement team working and other forms of high involvement management.

An overstretched manager, with a larger span of control of both staff and functions, may well find less time to develop or maintain any semblance of a one to one boss subordinate relationship. For some of the case studies this situation is exacerbated by the fact that the manager is no longer co-located with his team. Particularly during the transitional period, where newly acquired staff are not known to the manager it can be difficult for them to reach a sensible judgement as to the development needs of the individual. This can result in the manager failing to delegate all that they should, and becoming overloaded — or abdicating responsibility to staff who are not yet capable (or empowered) to take it on.

It is not surprising that some of the managers interviewed felt somewhat frustrated with the contradictions inherent **within** these roles. When they ask for clarification of their role they are typically told what not to do, *eg* 'don't control', 'don't tell them, coach them', 'don't manage, lead'. Consequently, managers told

us they can feel unsure as to when to take charge and when to give responsibility to others.

Managers may also be more likely to perceive conflicts and tensions **between** the multiples roles they are expected to fill in a flatter structure. At least two of the case studies had defined some roles deliberately ambiguously in order to maximise individual flexibility. Individual managers' tolerance of this level of uncertainty will vary. Amongst those who find it hardest, a tendency can develop to see new flat project based structures as a breeding ground for chaos. A manager who rationalises: 'I'm not in control, therefore the organisation isn't', will communicate this to others.

There are survivors of delayering whose commitment to the organisation has been adversely affected by the way in which the change process itself was handled. They remain fearful of 'raising their head above the parapet' and of their future job security. One personnel manager in Case D gave job insecurity among managers as the reason why they received so few internal applicants for posts.

Many others share an expectation that in return for their loyalty throughout the change, and for taking on the demands of a new role the organisation should give some reciprocal rights, *eg* additional financial reward, and opportunity for progression. Consequently, many managers were optimistic that they were imminent. Human Resources, however, seemed far more concerned that as these traditional rewards could not be reciprocated by the organisation, individuals will vote with their feet. Amidst the complexity of changes in most of the case organisations few of those interviewed related salary changes to delayering *per se*. The exceptions were those case studies where job evaluation had reclassified management job weightings. Further research is necessary to understand the impact of broader bands on individuals' perceptions of reward. Among the small number we spoke to, they were a source of confusion and/or irrelevance.

4.4 Summary

In this chapter we have discussed the difficulties organisations have had in attributing sustainable improvements in productivity, performance and employee motivation to delayering. Whilst researchers may bemoan this lack of 'before and after' evaluation, employers appear to have largely accepted it cannot be done.

We have outlined the predominant themes which appear to accompany the move to a flatter structure: team working, cross functional working and employee involvement or empowerment. The small scale of this study does not allow us to conclude whether or not these are: (a) prerequisites of delayering

achieving an effective outcome, by in some way acting as replacements for hierarchy (*ie* they perform the role that middle management did); or (b) necessary components of a responsive HRM strategy typical of most in the 1990s. For those employers contemplating the option of delayering their management hierarchy, the overriding message must be that, as with any form of structural change, its impact is inextricably linked with the culture and systems of their particular organisation. Delayering on its own is unlikely to achieve much.

Individual managers interpret the move to a flatter structure as having changed the emphasis of aspects of their role, and the style or behaviour with which they work with others. Inherent within and between these changes lie contradictions and tensions.

Becoming flatter has its own problems. Some of them are associated with the transition and choices made about the restructuring or change process. Others may be the result of the new structure being inappropriate as a response to changing business needs. It would seem that finding the optimum situation and handling the emerging tensions and trade off is an inevitable part of the challenge.

5. The Response of the HR Function

There are numerous studies into the changing role of the personnel/human resource (HR) function. Much has also been written about HRM and the management of change. This chapter focuses specifically on the implications for the HR function associated with the move to flatter management structures.

The experience and insights of HR professionals from the case studies, and other organisations IES has worked with, are drawn upon to explore the following:

● the role and contribution of the function to the delayering process itself

● the extent to which the HR function in flatter organisations has restructured and/or changed the portfolio of products and services it supplies

● challenges arising.

The chapter ends with lessons to be learned of interest to HR practitioners contemplating their own organisations' future structure.

5.1 What does HR contribute to the delayering process?

5.1.1. The role of HR

The rhetoric of HRM offers expanded opportunities for personnel managers to be, what Storey (1992) calls, the 'change maker'. Here the HR professional performs a crucial role in the area of strategic organisational development. The move to fewer levels of management hierarchy presents just such an opportunity.

One of the problems, however, of evaluating organisational change of any kind, is disentangling the claims of different groups and individuals to have been the prime mover. None of the case studies would claim that the initial impetus to delayer came from the HR function. In each case executive management appeared most influential in the decision. This was particularly evident where the impetus to delayer was primarily cost driven, or a consequence of more fundamental restructuring such as decentralisation to business units.

The opportunity for HR to identify the need for a revised management structure can be limited. Strategic initiatives such as process re-engineering and other forms of continuous improvement, rest with line management and local teams. Few of the HR practitioners we spoke to had any significant involvement in such initiatives. As a result, HR was somewhat marginalised from those activities which might highlight the need for structural change.

While the HR function may have played no direct role in the initial decision to delayer, it might still exert considerable influence on the process from an early stage. Those interviewed spoke of the importance of having a well established position within the organisation and of having to establish their legitimacy as experts in managing change. Many used their 'professional' external network to gain access to the latest thinking and good practice in 'change management'.

The case organisations were unanimous that the restructuring shouldn't be seen as a preserve of personnel. Plans were made in close collaboration with senior general management in order that they might be 'owned' by them. By their own admission, however, senior managers rarely had the time or internal networks to pursue the implementation of the change in detail. Furthermore, it is still left to HR to ensure senior managers recognise the importance of their role in change: in providing continuity through the change process, for example, and by demonstrating a visible commitment to the new style of management.

5.1.2 Key activities

The key, and most time consuming, activities undertaken by HR during delayering differed according to the objective and approach to change. Where the flatter structure was an outcome of cutting jobs, key responsibilities for HR included:

- the development of early release terms for displaced managers. Given the potentially expensive and damaging consequences of poorly managed redundancy *etc.*, such schemes were relatively complex and involved outplacement and other counselling services.

- the selection of 'surviving' managers. HR typically had full responsibility for putting in place instruments for selection, whilst the bulk of interviews fell to line management. HR were also responsible for the collation of information to support any decision, *eg* personnel records, performance appraisal data *etc.*

- in two of the case study organisations adopting an open programme of change (Cases B and F), HR established a telephone help line to answer employees' queries.

Where delayering involved the re-classification and banding of management, HR, in conjunction with external consultants:

- maintained considerable control over the job evaluation scheme

- developed the revised remuneration policy. In both Cases B and E, for example, a significant amount of time and effort was spent by the HR team on the creation of salary models and forecasts in order to better understand the changes to the grading structure.

- took the lead in maintaining appropriate consultation with trade unions and employee representatives.

Where restructuring management is seen as means for achieving more fundamental cultural changes, there may be greater scope for the proactive involvement of HR. In Case F, for example, HR led a programme of activities over eighteen months that included:

- analysis of existing job roles at branch management levels, in conjunction with an in-house work study team

- the design and development of pilots and prototypes of new working arrangements

- a range of communications and employee involvement initiatives, including three substantial newspapers published at regular intervals, from the announcement of the need for change, how it would be implemented, plus a progress review. In addition, a 'talkback' scheme was introduced and an in-house television show given.

- the development of a training strategy, to support staff at all levels in working effectively together in the revised structure. It was the most extensive training programme in the company's history and was completed within three months of the new structure coming into effect. Area management completed a business school programme to develop their commercial and marketing skills. In addition they were supported in the development of network groups. Branch management took part in a series of workshops on managing the change, together with an individually tailored development programme. Over 1,000 first line managers received a minimum of two days residential training on their new role and the importance of building successful team working. Team leaders received training as NVQ Level 2 assessors in merchandising and as staff coaches. The merchandising diploma itself was completely revised, to ensure all other shop staff could see how they could progress by gaining increased knowledge and qualifications. Full details of the training requirement was made available to staff prior to selection for the new roles.

5.2 Changes to the HR function

5.2.1 Is HR flatter too?

Has the HR function itself restructured or changed the portfolio of services it offers the flatter organisation?

All of the HR departments interviewed for this research were in the midst of changing the way in which they were organised. In over half of the case organisations, the HR function was perceived to be smaller. In Case D, for example, the training and development department has been fundamentally restructured. Previously there were some 25 personnel and training staff with four levels of hierarchy for each of the area offices. The lower graded training staff did most of the delivery while higher graded staff determined training needs. These highly differentiated roles proved too inflexible for the very different needs of individual branches as well as a lot of 're-inventing the wheel'. Consequently, the function has been reduced by a third and reorganised into just two grades. Every trainer is responsible for delivery, development of new materials and training needs analysis for the named branches they serve.

Elsewhere, the HR function had opted to become close to the business it serves by adopting a matrix structure. Here HR professionals hold responsibility for a particular professional specialism (*eg* employee relations, reward, HRD), and also for meeting the full range of needs of an area/division.

Others are re-thinking the profile of people to employ in the function. Three of the case study organisations are appointing a senior HR specialist for organisational change and development. The government department has a policy function at the centre, with little in the way of field personnel support. In order to reduce potential remoteness, project teams for the restructuring are led by senior line managers seconded to the function. External expertise is called upon as required.

Notable by their absence was the existence, in any of the case organisations, of plans for the development of the HR team and its ability to manage delayering and its aftermath.

5.2.2 Realignment of HR policy

We would expect any HR function responsive to the needs of the organisation it serves to periodically review and realign HR policy and practice. In HR, like every other discipline, fashions too will come and go. It is difficult, therefore, to attribute the existence of certain features of the case organisations HR policy to their adoption of a flatter management structure. The following aspects of HR's contribution, however, were consistently highlighted as being most important.

5.2.3 Champion of cultural and behavioural change

Surviving the transformation to a flatter structure can require an explicit, and for some a potentially dramatic, shift in management style. In the previous chapter we discussed managers' own perceptions of a lack of clarity about their new role. The HR practitioners interviewed confirmed the need for leaders who spend far less time on operational decision making and control, and far more on clarifying goals, shaping values and coaching others.

In response, the case organisations were developing a number of different management development initiatives. In Case C, for example, a significant initiative is being introduced to enable individual managers firstly to assess their own performance against a set of skills standards established across the Group; then to have an opportunity to compare and discuss their 'score' with an assessment made by their own manager; and finally to compare collated results of development needs across each of the businesses. Two cases studies had identified the potential for managers with far larger spans of command to become isolated from their peers. They have developed what they called learning networks for regional/area management to come together and share experiences, swap good practice and so on.

The management development programmes which flatter organisations adopt are not restricted to behavioural change. With more generalised and commercially oriented roles, management education in primary business disciplines such as marketing, finance and logistics becomes even more important. One Managing Director we interviewed believed that a lack of exposure to, and understanding of, the full range of commercial and interpersonal skills, would seriously undermine his area team's ability to thrive in the revised structure. All were enrolled on a business school programme prior to appointments being finalised.

Six of the case organisations were adopting a competency framework for management roles, largely in an attempt to develop a consistent language for articulating the kinds of behaviour and values expected, and for helping to determine development needs.

5.2.4 Developing HRD systems

Traditionally, effective resourcing meant having the right person in the right job at the right time. The case studies suggest this concept is under strain in the flatter organisation. The formal evaluation of the weight of a job does not appear to sit comfortably with the broadening and multi-skilling of team based roles. Several employers talked of the need for a more flexible system in which work is matched to the individual as

they build up their level of capability. In other words, the individual grows the job as they themselves develop.

The implications of such a principle are clearly significant. The following represent some of the specific challenges the flatter organisation appears to be wrestling with.

- There is a need to readjust reward strategies. In the government department, for example, the new pay and grading structure is being designed to make provision for individuals to progress financially, as they acquire new skills and apply them in more complex situations. Two of the case studies are introducing a reward scheme which acknowledges the importance of the team. All agreed that they would have to address the issue of rewarding people for taking lateral moves and for contributing to key projects or task forces over and above the requirements of their job.

- Several of the case organisations identified that, in the short to mid-term, they needed to develop their ability to resource more project teams effectively with diverse skills. In those cases where line managers' perceptions were of the same old faces appearing on the important project teams, HR spoke of attempting to build a project culture supportive of project work as a means of development. A longer term challenge they shared, was the identification and closure of any gap between the current and desired competency profile of employees. Both issues necessitate new and improved means for capturing and holding skills type information on individuals. The retailer (Case F) has introduced a Skills Directory for each area as a way of encouraging people to develop special interests and put them to use by sharing them with other branches.

- There are numerous challenges associated with the management of careers in flatter structures, all of which require further research. None of the case study organisations believed they had as yet sufficient experience to share. They agreed, however, on the inevitable difficulties of changing employee expectation of promotion as the reward for good performance. Likewise, some shared a concern about the development of future management, given the increased risk associated with progression (*ie* the size of the jump in responsibility from one level to another becomes more significant) and the likelihood of fewer development roles preceding it. At least two of the case studies saw lateral career paths as a threat to the development of functional expertise. If progression is expressed as adaptability and lateral development, a flat organisation can become skewed away from experts to generalists. Both Cases C and G are experimenting with dual career paths that enable specialists (or 'individual contributors') to obtain earnings growth through deepening their professionalism and technical expertise.

5.2.5 Safeguarding performance

Whilst not all of the case organisations may have recognised it, HR is potentially the best positioned function to safeguard both employee and employer interests. In those cases which have adopted a change management programme, of which delayering is a part, HR has attempted to ensure change is in some way balanced with stability. In other words, the means of evaluation are put in place so as to minimise the amount of uncertainty and sense of loss of control that might otherwise accompany major change. Among the case studies such interventions included the following.

● Increased emphasis upon the use of upward listening processes, to monitor the impact of changing management structures and relationships upon management style and corporate values. In Case C, for example, an annual staff attitude survey is analysed to determine norms against which individual businesses and departments are compared. The retailer (F) has a well established system of upward appraisal of branch managers by subordinates, which was enhanced and retained throughout restructuring.

● Experimental organisational design via pilots, which use local manager and employee feedback at the earliest stage to guide how the pace and shape of structures should vary, using lessons learnt from successes and failures. In Case C, for example, individual production sites were used to trial self managing teams. Production managers from other sites were seconded to work there for short periods, to determine the relevance to their own circumstances. The financial services company (Case D) has swapped senior managers from two functional areas to help determine the practical value of a planned future streamlining.

● The creation of standards for core HR procedures/processes that have been devolved to line management. In Case D (an Investor in People) a line manager who requests help from personnel to recruit a replacement for a member of staff, will be asked to demonstrate they have the necessary NVQ level training. If they do, they will be sent all the necessary guidance in a pack. If they do not, the manager will be requested to attend training.

5.3 Challenges and issues

There is the potential within the delayering organisation for significant contradictions between different aspects of HRM. In practice, organisations cannot follow one means for achieving change independently from others. Many flatter organisations, for example, are pursuing a deliberate strategy of upskilling — broadening the scope of roles and the variety within them. Few, however, have done so in the absence of more *ad hoc* processes of intensifying the volume of work of work to be done by fewer

people. Staff in the revised structure are to be available to perform new roles which extend beyond traditional skill and knowledge boundaries, while costs are to be minimised by blocking recruitment (or by job cuts) thereby intensifying the work pressures on surviving staff.

Although there may be alternative ways of achieving a flatter structure, in reality the alternatives are likely to co-exist. In such a context, the role of HR appears ambiguous. The function has to reconcile the needs of different masters, balancing the needs of the organisation with those of individuals. As such, those in HR have to be prepared to vary their roles from specialist adviser, to an extra pair of hands, and to monitor and controller of standards.

Despite the too frequent denial of senior line management, any structural change such as delayering is complex. An effective role for HR to adopt may be one of damage limitation. Recognising that any change is going to be disruptive and difficult for many, steps can be taken to minimise the negative effects of poorly thought through change. The insights of the case organisations suggest these are: **ensuring initiatives launched are understood, that their impact can be monitored and that supporting or corrective actions are made.**

Attempting to pre-empt the needs of the organisation as it changes form, and devising an HR strategy, is important. Even more crucial, however, maybe the function's ability to adapt to the evolving situation. Restructuring the management hierarchy with all the associated complexity of unsettling of skills, roles and relationships, will mean that HR has a continuing role to play in managing the adjustments over a number of years. Reducing the HR function to too small a core could prove to be a false economy as, resource starved, the function fails to develop itself and its ability to pre-empt future issues.

5.4 Guidelines for achieving sustained benefits from delayering

By way of conclusion, this research is too small in scale and conducted over too short a period of time to support or deny that flatter is better. The following points, however, might be of value to HR practitioners looking to maximise, and sustain, any benefits of a delayering.

● Employers should avoid the seduction of simplistic goals that attribute business success to no more than five layers of management *etc.* Sustained improvements will be most easily achieved in those organisations which follow the precept that form should follow function.

● Delayering is unlikely to bring sustainable cost advantages on its own. Changing the way in which the work is done and removing unnecessary tasks that fail to add any value is as

important, if not more so, than simply changing the levels of managers doing it.

- The hierarchy that served you well for many years cannot have been all bad and its loss may require replacement. Team working, cross-functional working and a high involvement management style will all need greater emphasis.

- New accountabilities must be clarified as soon as possible and relevant support systems be in place. Simply telling people they are empowered by a flatter structure will ring hollow unless they are equipped with the ability, resources and willingness to do things differently.

- There is no one best way to implement a flatter structure. What makes the most effective change process depends largely upon the prevailing culture and values. Involving employees and winning their commitment increases the odds of success.

- Costly mistakes and unnecessary disruption can be minimised by ensuring performance indicators are in place beforehand, and are monitored using local feedback via pilots and prototype structures.

- Line managers are both the object of delayering and related HRM inspired initiatives, as well as the designers and deliverers of their repercussions. As such, they will require additional support to deliver their people management responsibilities effectively during a period of change.

- The personal preferences, motivation and experience of senior management often dominate. The HR function must position itself to minimise the negative effects of poorly thought through change and establish the systems and culture which will support the necessary adjustments to skills, relationships *etc.*

Appendix A: Discussion Guide

Why have you become a flatter organisation?

1. What are the main drivers for change and reasons for the organisation needing to improve its effectiveness? (Prompt on factors in the internal and external environment *eg* competition, shorter product/service life cycles, mergers and acquisitions, IT, variability of demand, changes in employee skill/autonomy, *etc.*).

2. What structural solutions for achieving change have you used in recent years, *ie* how has the structure of the organisation changed? (Prompt on decentralisation, business unit management, tilting from function to product based and/or geographic to market structures, account management, process or workflow management, matrix management, *etc.*).

3. Have the number of layers in the management hierarchy changed? At what level — senior, middle, first line supervisory?

4. Have there been changes in headcount? Where in the organisation and at what level?

5. Why did you choose to delayer? (Prompt on self preservation, cost efficiency, external stakeholder, employee satisfaction, confused accountabilities, delays in decision making, policy making and execution too separate, bureaucratic role oriented culture, *etc.*).

6. What did you perceive delayering management could offer that is different from other initiatives to improve organisational effectiveness? Are these change initiatives related? In what ways?

How have you achieved a flatter structure?

7. When was the decision to delayer the management hierarchy taken? Who or what was the main impetus? Who else was involved and what role did they take? (Prompt on use of external consultants, strategic partners, key suppliers, other parts of the organisation, trade unions/consultative groups).

8. Was the implementation of the new, flatter structure gradual or immediate? Was it organisation wide or targeted on a function/department (integral or partial)? Why did you choose this implementation scenario?

9. How did you determine where delayering the management structure was necessary? What questions did you try and answer? (Prompt on questions around management style being in tune with the needs of the business, who is really accountable for what, satisfaction with responsiveness/communication/quality, balance of specialists and generalists, *etc.*).

10. Did you make use of any of the following formal methods — job evaluation, job analysis, criteria based selection, value added analysis, competencies, skill mix, *etc.*? At what stage in the restructuring and in what ways?

11. Please talk me through the process by which staff were allocated to the new structure. How and when were they informed? What involvement did they have? How were staff selected for re-designed roles? Ratio of internal/external appointments?

Managing the impact of a flatter structure

12. What do you believe to have been the main benefits of fewer layers of management hierarchy? What are the main costs/potentially negative outcomes? Prompt on the following:

    Career paths and mobility within the organisation
    Career expectations
    Reward and motivation
    Management style
    Performance/productivity
    Communication/employee involvement
    Cross functional working
    Innovation/creativity
    Role ambiguity/overload/stress
    Staff retention and turnover
    Employability/skills availability

13. What factors have supported the effectiveness of the new organisational structure and which have impeded it? (Prompt on total quality culture, receptiveness to change, capability to change, senior management example, information infrastructure, clarity of objective, *etc.*).

14. Where layers of management have been removed, how have these roles/ responsibilities been replaced? (Prompt on use of teamwork, organisation around processes, empowerment).

15. How have you evaluated the impact of the delayered structure? How will you know if the restructuring has been beneficial or not (a) for the organisation (b) for individuals?

16. What would you do differently next time?

Role and response of the HR function

17. What is the purpose and focus of the HR/Personnel function and has this changed with the move to a flatter structure? (Prompt on the portfolio of HR activities, skills and orientation of HR staff, involvement of line management, *etc.*).

18. Has the way in which the HR/Personnel function is structured changed in recent years or do you have plans to re-organise? (Prompt on profession specialisation, client group, centralised planning, decentralised implementation, *etc.*).

19. Could you please describe in what ways each of the following core HR processes and systems (a) have changed in support of the new flatter structure (b) will need to change in the future:

Resourcing including recruitment/selection and HR planning
Career planning/management
Training and development
Pay and reward
Performance management
Culture and values
Organisation development/change management

The Institute for Employment Studies

Bibliography

Beer M, (1992) 'Why Change Programs Don't Produce Change', *Harvard Business Review*, Nov./Dec., pp158-166

Cameron K, (1991) 'Best Practices in White Collar Downsizing: Managing Contradictions', *Academy of Management Executive*, Vol. 5, No. 3

Child J, (1987) *Organisation*, Harper and Row, London

Coulson-Thomas C, Coe T, (1991) *The Flat Organisation: Philosophy and Practice*, British Institute of Management Report

Dichter S F, (1991) 'The Organization of the '90s', *The McKinsey Quarterly*, No. 1, pp145-155

Donnelly K, *et al.* (1993) 'Career Banding', *Human Resource Management*, Vol. 31, Nos 1 & 2, pp35-43

Dopson S, Stewart R, (1993) 'Information Technology, Organizational Restructuring and the Future of Middle Management', *New Technology, Work and Employment*, Vol. 8, No. 1, pp10-20

Drucker P F, (1992) 'The Coming of the New Organization', *Harvard Business Review*, September, pp95-104

Goffee R, Scase R, (1986) 'Are the Rewards Worth the Effort? Changing Managerial Values in the 1980s', *Personnel Review*, 15(4), pp3-6

Goold M, Campbell A, (1989) *Strategies and Styles — The Role of the Centre in Managing Diversified Corporations*, Oxford, Blackwell

Hamel G S, Prahalad C K, (1994) *Competing for the Future,* Harvard Books

Hammer M, Champy J, (1993) *Re-engineering the Corporation,* Nicholas Brealey

Handy C, (1989) *The Age of Unreason,* London: Business Press

Hastings C, (1993) *The New Organization: Growing the Culture of Organizational Networking*, The IBM McGraw-Hill Series

Hattrup G, (1993) 'How to Establish the Proper Span of Control for Managers', *Total Quality Management Journal*, Nov/Dec, pp26-29

Hillage J, (1994) *The Role of Job Evaluation*, IES Report 269

Inkson and Coe (1994) 'Career Ladders', *British Institute of Management Report*

Jaques E, (1990) 'In Praise of Hierarchy', *Harvard Business Review*, pp127-133

Kanter *et al.*, (1992) *The Challenge of Organisational Change: How Companies Experience It and Leaders Guide It*, MacMillan

Lawler E E, (1990) 'The New Plant Revolution Revisited', *Organizational Dynamics*, Autumn, Vol. 19, No. 2, pp5-14

LeBlanc P V, (1992) 'Pay-Banding Can Help Align Pay with New Organizational Structures', *National Productivity Review*, Summer 1992, pp317-330

Mayo A, (1991) *Managing Careers: Strategies for Organizations*, IPM Publications

Mintzberg H, (1991) 'The Effective Organisation: Forces and Forms', *Sloan Management Review*, Vol. 32, No. 2, pp54-67

Moravec M, Tucker R, (1992) 'Job Descriptions for the 21st Century', *Personnel Journal*, June, pp37-44

Morgan G, (1989) *Bureaucracies to Networks: The Emergence of New Organisational Forms, Creative Organisation Theory*, Sage Publications

O'Creevy F, Nicholson N, (1994) *Middle Managers: Their Contribution to Employee Involvement*, Employment Department, Research Series No. 28

Ostroff F, Smith D, (1992) 'The Horizontal Organisation', *The McKinsey Quarterly*, No. 1, pp148-167

Pearson A E, (1987) 'Muscle-build the Organisation', *Harvard Business Review*, No. 4, p49

Peters T, (1993) 'Going Horizontal in your Career', *Industry Week*, 4 January, p23

Porter M, (1985) 'Competitive Advantage: Creating and Sustaining Superior Performance'

Porter L W, Lawler E E, (1964) 'The Effects of Tall vs Flat Organisational Structures on Managerial Job Satisfaction', *Personnel Psychology*, No. 17, pp135-148

Pritchard D, Murlis H, (1992) *'Jobs, Roles & People, The New World of Job Evaluation',* Nicholas Brealey Publishing

Rothwell R, Whiston T G, (1990) 'Design, innovation and corporate integration', *R&D Management*, Vol. 20, pp193-201

Schein E H, (1989) 'Corporate Teams and Totems', *Across the Board*, May, pp12-17

Strategic People (1994) *Staff Delayering in the UK: Summary Findings*, Chertsey

Thomas M, (1994) 'What you need to know about business process re-engineering', *Personnel Management*, January

Tomasko R, (1992) 'Restructuring: Getting it Right', *Management Review,* April, Vol. 81, No. 4, pp10-15

Wheatley M, (1992*) The Future of Middle Management,* British Institute of Management

Zeffane R, (1992) 'Organisational Structures: Design in the Nineties', *Leadership and Organisational Development Journal*, Vol. 13, No. 6