
Stability and change for sustainability

- Noel Burchell and Darl Kolb

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Understanding how an organisation's appetite for stability and change matches its environment may be the key to finding the sustainability zone - the balance that will enable the organisation to survive and thrive.



CHARLES TOLE, *Decoration 3*, 1971, oil on board (352 x 255mm).
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Staying in business is a goal for most new firms, whether it involves making the next payroll, hanging in there through the first annual sales cycle or creating a lasting legacy for generations to come. If the fledgling entrepreneurial organisation or family business makes it through the first cash flow crises, things often begin to settle down. Stability, at this stage, may be welcomed as a sign of viability, the potential to carry on into the future. Of course, the company will still encounter many changes, either by choice or force, as it grows and adapts to its environment if it is to survive and thrive. Indeed, lifecycle theory tells us that among those companies that do eventually reach their potential peak performance, the majority slide inevitably into decline and death, unless they undergo some form of change. Most corporate strategies are explicitly intended to bring about change in order to ensure the long-term success of the firm. But another equally important, though somewhat paradoxical and often implicit goal of any successful strategy is to ensure the long-term preservation of certain qualities of the organisation. While it is important for organisations to change, it is also important to retain aspects of their philosophies, learning, knowledge, systems and practices that contributed to their past success. In short, they need to change, but at the same time they need to maintain some of those stabilising elements that served them well in the past and may preserve them in the future.

The current strategic term for this dynamic tension is the notion of “sustainability”, that is to say responses to the present organisation environment with a view toward safeguarding both the organisation’s likelihood of success, but also the success of its operating environment for the future. Strategies that take sustainability into account include proactive responses to the natural environment (such as pollution, recycling, etc.) as well as the social environment (such as skill scarcity, community networks, etc.). This article is not about *strategies* of sustainability. There is no doubt much that could be said about whether such strategies make sense for our New Zealand organisations, and, if so, what makes a strategy “sustainable” or not. But, that is not our purpose. Our intent is to further explore the core dynamic tension between the need to change and the need for stability in organisations and the ramifications of what happens when either change or stability is predominant in an organisation.

We have made the point in previous work¹ that “change” has become a mantra or battle cry for managers to the point where any questioning of a change agenda is dismissed as “resistance to change”. Leadership qualities are highly associated with an ability to deal with change, particularly that of a transformational nature. Being associated with change can be viewed as career enhancing, whereas being associated with stability with its transactional nature might be considered career limiting. Change however, can be merely a corporate fad or fashion² that is usually more disruptive than it needs to be, and almost always generates short-term costs and losses for the organisation. On the other hand, practices associated with stability often underpin organisational efficiency and profitability - think “cash cow”. The point we hope to make here is that organisations need stability as well as change in most competitive environments, especially if we hope to create sustainable organisations for the future.

Organisational change is often associated with terms such as adaptiveness, continuous improvement, creativity, customisation, differentiation, diversity, flexibility, innovation, intrapreneurship, responsiveness and transformation. It represents a concern for the external world and a need to align the organisation with its current and future operating contexts. Change initiatives are linked to strategic direction and help a firm achieve organisational effectiveness and economic goals in order to survive in its competitive environments.³

Stability may be defined as maintaining the status quo in organisational features and processes, including all aspects of acquired learning and accepted practices. Stability can be associated with terms such as

centralisation, conflict reduction, conformity, consensus, consistency, continuity, control, formalisation, hierarchy, integration, maintenance, order, security, status quo and standardisation. Elements of stability can be found in ceremonies, control systems, formal practices, formal structure, identity, mission, policies, quality and information and operating systems, standard operating procedures, rituals and symbols. It should also be noted that any “change” initiative quickly becomes a stabilising (refreezing) force as soon as it replaces the “old” institutional behaviours and language. As mentioned above, stability should be recognised for its contribution to organising and managing enterprises, gaining efficiencies for profitability, consolidating gains made, providing regularity in organisational life, giving meaning and security to organisational members, providing uncertainty reduction, trust, knowledge accumulation, reliability and cooperation.⁴

Features of an organisation can simultaneously promote stability as well as change and do not have to exclusively promote one or the other. Factors such as trust underpin both stability as well as change, where, for example, interpersonal trust creates stable relationships that lead to subsequent flexible and adaptive behaviours.⁵ Similarly, high levels of concern for people can result in staff feeling more secure in their jobs and consequently more willing to undertake more risky endeavours such as change activities. These examples also show that stability and change are interrelated and in a dynamic relationship – a dialectical tension – existing between stability and change in any organisation. Essentially, stability and change can be viewed as being two key organisational dimensions and that they coexist as being interdependent and complementary by virtue of their interlinked nature.⁶ By way of example, a policy of continuous improvement (stability) could result in the adoption of new methods of doing the work (change), the success of which reinforces the policy (stability). Likewise the introduction of new products (change) can permit ongoing organisational viability (stability), which can then lead to more product innovation (change). Moreover, one might argue that the ability to fund costs incurred through organisational change ultimately depends on profitability, a by-product of stability. Certainly “organisations must simultaneously maintain the stability needed for members to be able to make sense of their experiences, yet also achieve fundamental change that is necessary for effectiveness.”⁷ It can also be stressed that “organisations continue to exist only to the degree that they are able to maintain a balance between flexibility [change] and stability.”⁸ There is, nonetheless, no magical way to determine the exact balance between the required level of stability and

Noel Burchell is the Associate Head of the School for Management and Entrepreneurship, and a Senior Lecturer at Unitec Institute of Technology. Darl Kolb is a Senior Lecturer and Group Leader of Organisational Change and Innovation at The University of Auckland Business School, and a Research Associate of the New Zealand Leadership Institute.

change in a firm, and levels of stability and change are likely to be very different between firms operating in different contexts, particularly where the environment is competitive and rapidly changing.

Balancing stability and change

In general, staff who are rewarded for maintaining quality and consistency are likely to develop mindsets and practices associated with stability, while staff who are rewarded for learning, risk taking and innovation will be more likely to develop mindsets and practices associated with change. Repeated patterns of stability and change actions in organisational life become part of the culture, which in turn influences future stability and change practices.⁹ Organisations can be profiled through the use of change-stability dimensions,¹⁰ and a number of authors¹¹ view stability and change as key dimensions in organisational studies. It has also been advocated that successful firms in competitive environments operate in a zone between structure and chaos to have both consistent execution [stability] and adaptive innovation [change].¹² As stability and change can be viewed as complementary and interdependent dimensions, differing levels of concern for stability and change can lead to distinctive patterns of behaviour in an organisation.¹³ These orientations are quite enduring and are likely to be embedded in the firm. This can be shown in Figure 1 where relatively enduring but differing levels of concerns for stability and change yield four organisation behavioural styles.

In the *Mature* quadrant, the organisation has a relatively high concern with both stability and change. Change

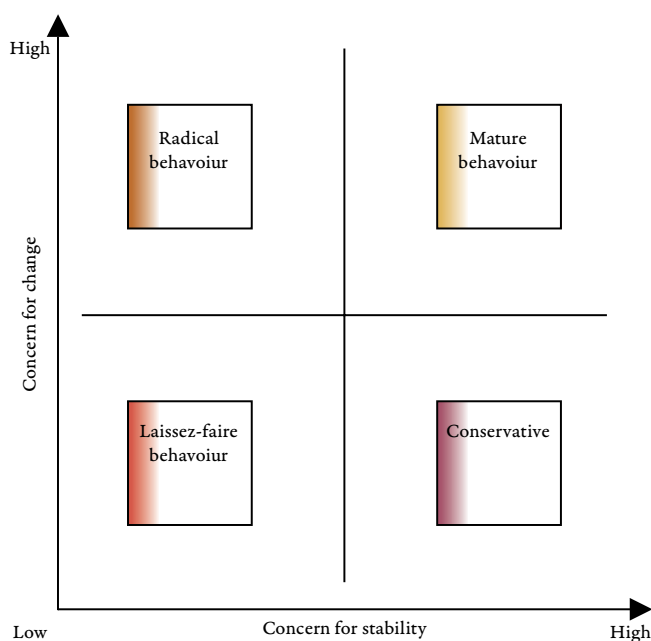
orientations help promote new process and product innovation. Stability orientations help promote aspects such as regularity in systems, practices and organisational mission. Ironically the institutionalisation of change promoting characteristics is an example of a stability orientation. Well established firms such as Fisher & Paykel and 3M likely reflect this quadrant whereby the firm achieves high levels of innovation in products and processes, yet also have an emphasis in areas such as quality practices, firm identity, HRM policies and production systems. In terms of lifecycle theory,¹⁴ they are likely to be at the top of the curve with high performance levels.

Organisations with a profile in the *Conservative* quadrant have a low concern for change and high concern for stability. They can be quite efficient and profitable providing they have few competitors and operate in a stable environment; unfortunately most firms do not have the luxury of such operating conditions. Organisations such as libraries, city councils and those with regulatory responsibilities often typify this quadrant. If two firms operating in the same industry within a competitive environment were profiled as having *Mature* and *Conservative* orientations respectively, then the latter would be more likely to struggle in the longer term due to being less responsive to environmental changes. In terms of lifecycle theory, firms in competitive environments with *Conservative* profiles may be in the decline phase, as their ability to facilitate necessary change has been stilted by factors causing them to stay essentially the same.

Firms operating in the *Radical* quadrant have a high concern for change and low concern for stability. Such firms more typically have short cycle times, high product obsolescence, face intense competition and operate in a rapidly changing environment. Examples might include the computer and IT industries, and firms making high technology electronic consumer products such as iPods. The work demands on their staff are often high, as they invariably need to accept continuous rapid change and high levels of uncertainty. This quadrant is better characterised by industry rather than a single firm in an industry, as external factors relating to the market and technology drive the characteristics of the industry. In terms of organisational lifecycle theory, the *Radical* quadrant may be more associated with the growth phase where the emphasis is on carving out a market share and refining product and business processes.

Firms in the *Laissez-faire* quadrant exhibit a low concern for both stability and change. Such firms more typically represent an organisation in either its start up phase where stability-change patterns have yet to be established, or when the firm is in significant decline, or where there is little concern

Figure 1: Organisation behaviours associated with stability and change.



for wealth generation and/or acceptable economic performance. Firms with conflicting or dysfunctional senior management teams can exhibit such characteristics and be in a state of drift with low adherence to previously set standards. The business is usually no longer developing or going forward. Small and family-run businesses with lifestyle rather than wealth generation goals or firms operating a retrenchment strategy can also find themselves in this quadrant. Within any given industry, firms in the *Laissez-faire* quadrant may find themselves candidates for takeovers or liquidation.

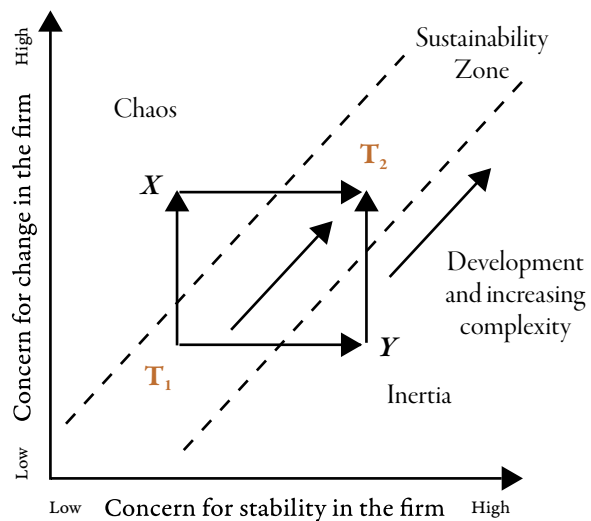
A recent study of a firm in the express delivery transport industry¹⁵ showed a profile more consistent with the *Mature* quadrant. Its stability orientation was high, but it also had a higher overall orientation towards change compared to stability, which was not surprising given the highly competitive environment. Change promoting aspects were more associated with their products and processes (primarily concerned with economic goals and the external environment). Stability-promoting aspects were more associated with their identity and purpose, systems, HR and managerial practices (primarily concerned with their reason for existing, and their internal environment). A similar study of a faculty in a tertiary academic¹⁶ institution showed it had a lower concern with both stability and change and its orientations to stability and change were relatively equal. The stability and change scores indicated that while it was still in the *Mature* quadrant, it was very close to the *Laissez-faire* quadrant. This suggests its staff members are more ambivalent about the status quo, but also are less inclined to initiate new ways of operating. Both studies also found that the same organisational practices could be simultaneously associated with promoting stability as well as change, a position echoed within the organisational literature.¹⁷ Interestingly, staff in the transport firm were able to more clearly distinguish how a given practice was associated with stability and/or change than the faculty staff members.

Stability and change over time

As organisations grow, their environments often become more complex, which brings on a need for simultaneously increasing levels of strategic differentiation and integration.¹⁸ Differentiation is generally more closely associated with change, while integration is more closely associated with stability. Increasing change without increasing stability often leads to chaos and disaster, while the reverse can lead to stagnation and inertia. This can be shown diagrammatically as in Figure 2. The arrows leading to positions X and Y in Figure 2 show a tendency toward chaos (X) or inertia (Y), as opposed to a more continuous evolution toward T2 within a more sustainable zone.

Viewed as an organisational dynamic, sustainability

Figure 2: Sustainability zone between stability/inertia and change/chaos

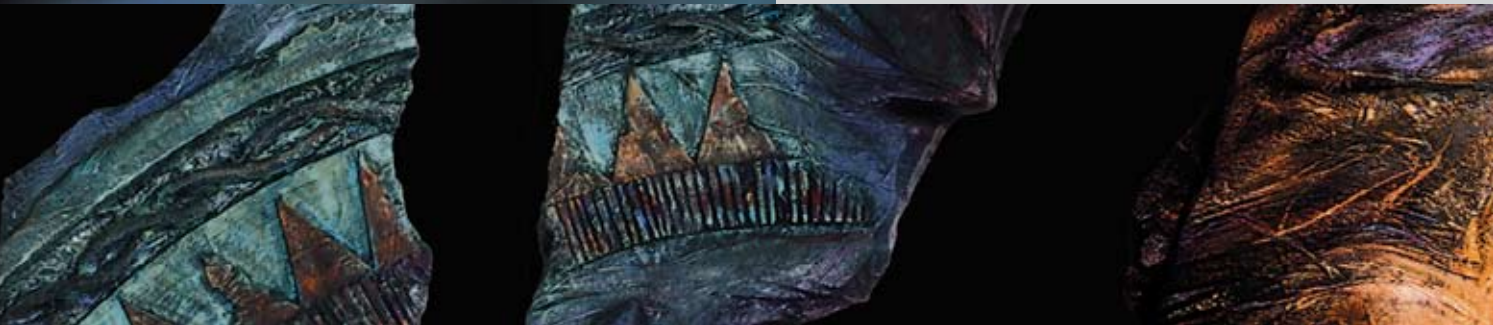


could be said to involve stability and change tendencies in balance. For example, a firm that undertakes a transformation, such as taking on a radically new market, may face chaos in the organisation unless this is balanced by integration practices in the form of systems and procedures to provide stability during the period of such a change. As a firm grows, its level of complexity also increases. In Figure 2, increasing levels of both stability and change activities allow the organisation to have growth and development, and adapt to increased complexity by staying within a “zone” of behaviours that is sustainable for the firm, a view consistent with the findings of Brown and Eisenhardt.¹⁹

Measuring stability and change

In their famous study of long-lived, high-performing companies, Collins and Porras²⁰ found that “visionary” companies all appeared to exhibit characteristics, which are also consistent with the *Mature* quadrant in Figure 1, that is they demonstrated high levels of both stability and change. By contrast, “non-visionary” companies were more conservative in nature, were more concerned with products and lacked any real sense of a central identity and purpose. These firms were more likely to fit on the *Laissez-faire* or *Conservative* quadrants of the typology. Given that more successful organisations appear to simultaneously promote both stability and change, the question arises as to what is an appropriate balance between stability and change orientations in a firm and how can it be measured?

While a comprehensive approach to such an analysis²¹ employed the use of Trochim’s²² Concept Mapping and Pattern Matching techniques²³, a simpler method can be employed. Here, managers could use their accumulated experiences and intuitions to profile aspects of their



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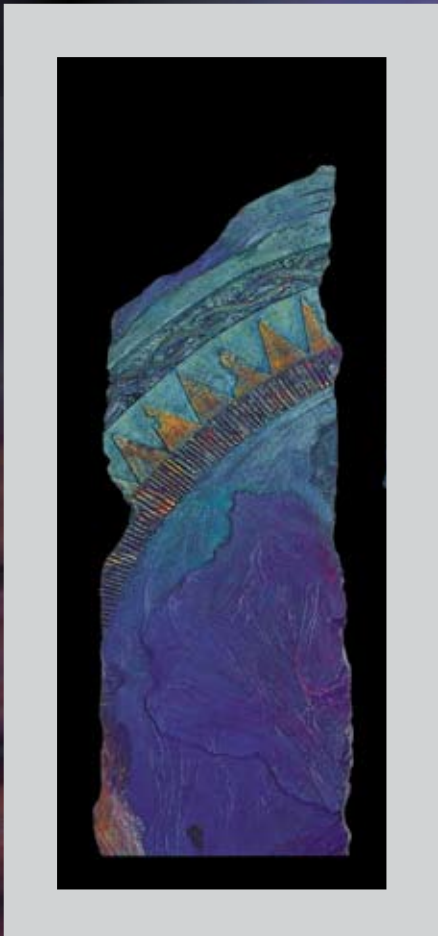
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organisation with respect to having a concern for stability and change by using a heuristic such as shown in Table 1. By placing an “X” in the boxes of the table, one can get a basic orientation of an organisation and its industry type towards having a relative concern for stability and/or change. Consensus among a small group of key representative managers regarding the completed table could approximate which quadrant a firm occupies in Figure 1 and whether it is commensurate with its operating context.

The first eight points represent the nature of the firm itself, while the last four points deal with the external operating environment. Remember, this table is based on how stability and change can exist independently and are treated as separate dimensions rather than being a single dimension where stability and change are two opposing polarities. In this way stability and change are not in conflict to reach a compromise point but can coexist to form a complementary and interdependent relationship

Table 1: Profiling stability and change in a firm and its operating environment

Orientation of your firm and industry	Concern	Low	High
1. Orientation of your firm’s identity, mission and strategy	Stability		X
	Change	X	
2. Orientation of your firm’s structure, systems, policies and procedures	Stability		X
	Change	X	
3. Orientation of your firm’s people	Stability		X
	Change	X	
4. Orientation of your firm’s human resource policies	Stability		X
	Change	X	
5. Orientation of your firm’s managers	Stability		X
	Change	X	
6. Orientation of your firm’s performance measures and standards	Stability		X
	Change	X	
7. Orientation of how your firm does its work (producing the goods/services)	Stability		X
	Change	X	
8. Orientation of your firm’s values and belief systems (culture)	Stability		X
	Change	X	
9. Orientation of your firm’s customers (their activities, direction and needs)	Stability		X
	Change		X
10. Orientation of your firm’s industry (competitors?)	Stability		X
	Change		X
11. Orientation of your firm’s operating environment (domestic and international)	Stability		X
	Change	X	
12. Orientation of your country’s industrial and commercial environment	Stability		X
	Change		X

producing distinct behaviours that hopefully match the context of the operating environment.

In the example in Table 1, the pattern of the X’s for the first eight points is the same, suggesting the firm has an internal focus and it is likely to fall within the *Conservative* quadrant. However, the levels of stability and change in the firm are not commensurate with its customers who would likely fit the *Mature* quadrant and nor does it fit with its industry type, operating environment or country’s industrial and commercial environment. In such a situation the firm’s sustainability would have to be in serious doubt. However, if the X’s in Table 1 for the twelve points showed the same pattern such as high stability and high change (*Mature* quadrant in Figure 1 and in the sustainability zone, Figure 2) then the firm is likely to be aligned with its operating environment and therefore at lower risk of failure. Firms such as Fisher and Paykel, Gallagher Electronics and Rakon may well fit this profile.

Misalignment in any one critical area can also cause problems. For example, when David Levene sold Levene’s in 1994 to a new operator, the previously successful firm folded as its key customers wanted stability in terms of how the stores operated. Instead, the stores moved to a new format and product range that did not meet their needs and these customers went elsewhere. The greater the inconsistency among the answers for the two dimensions in the table, then the greater is the likelihood of internal and external misalignment. A profiling tool of this type can be used to initiate conversations among managers about the impact on competitive performance and the need for the firm to take appropriate action in the future.

Implications for managers

Given the unpredictable and dynamic environment in which organisations operate, there is a natural expectation that managers should focus on the need for organisational change. This is a reasonable expectation. Indeed, the mark of a true leader may be his/her ability to initiate and drive change. Consequently, managers’ performance evaluations tend to focus on reaching the milestones of transformations rather than recognising the value of what has been maintained during this process. However, managers may be more effective in managing change if they better understand stability and change as a dynamic, complementary and interdependent relationship. In reality, staff that managers refer to as “resisting” change may actually be advocating the retention of key practices and features that are still necessary for



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PAT HANLY, *Joy* (from "The Seven Ages of Man" series), 1975, enamel on board. The University of Auckland Collection

the firm's overall success. Indeed, stability can provide the necessary platform upon which change can take place. Staff who feel secure are more likely to adopt innovative and more risky behaviours. The following ideas are worth considering when it comes to organisational orientations to stability and change:

1. Successful well-established organisations have orientations promoting high levels of stability as well as change.
2. Firms with an appropriate change-stability balance are

- more likely to endure over time.
3. There is no single ideal balance point between stability and change for all organisations; it depends on the operating context, industry niche, etc.
4. Aspects of a firm, such as "trust", can promote stability or change, or both.
5. Managers can enhance their ability to lead change by understanding and maintaining aspects of stability within their organisations.

The key idea here for managers is that stability and change are complementary and interdependent dynamics in organisational life. Both are required for organisational sustainability and acceptable performance in the long-term. Indeed, greater levels of change can be achieved when greater attention is paid to supporting stability-oriented mechanisms. Firms that support a balance of both stability and change can ultimately gain a "sustainable" advantage over firms that do not have such a profile. Therefore, managers should take into account the ideas and practices relating to stability – not just change – when initiating programmes of strategic change and/or innovation. Ultimately, the contemporary notion of sustainability in business practice means companies have to stay in the zone between chaos and inertia if they want to realise long-term viability and success.

Michael Myers was the accepting Editor for this article.

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