



**SWP 4/95 STAFFING AS A LEVER OF STRATEGIC
CHANGE - THE INFLUENCE OF MANAGERIAL
EXPERIENCE, BEHAVIOUR AND VALUES**

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"Staffing as a lever of strategic change – the influence of managerial experience, behaviour, and values"

Introduction

This paper is based on an interpretative study of an entire management team within a single company. It examines the factors such as the values, experience, and behaviours of new managers within the company which influenced their assimilation, and thus affected the effectiveness of the organisation at a particular moment in time. In this case the firm had a new chief executive who was attempting to re-focus the company's strategic position, and new staff were intended to be a major lever with which to effect change. However, it was widely perceived that some of the new managers were less successful in this than they might have been. This paper therefore reports on the factors which appeared to contribute to their relative failure.

Theoretical background

This study crosses a number of theoretical boundaries and draws upon a number of bodies of literature, including those which have examined the personalities and behaviour of managers and latterly related these to the strategic contingencies of the organisation.

Research in the area of management and leadership has a long and wide-ranging history. This can broadly be divided into that which identifies the personality characteristics of managers, (Kaish and Gilad 1991; Ginn and Sexton 1990; Miner 1990); to what managers actually do (Kotter 1982; Mintzberg 1973), or what behaviours lead to managerial success, often meaning the subsequent career success of the individual concerned (Cockerill 1989; Boyatzis 1982; Campbell et al 1970). However, there has been developing criticism of research which has looked at personality characteristics without taking account of the context in which particular characteristics may be helpful (Kraut et al 1989). Many of these characteristics, for example internal locus of control or need for achievement (Sexton and Bowman 1985), or intuition (Agor 1984) can be found across a wide variety of organisation settings or roles. Because of this gap it appears to be increasingly recommended that processes (Cornwall and Perlman 1990, Kanter 1989) or how behaviour influences performance (Sexton and Bowman 1985; Gibb and Davies 1990) should be the focus for research rather than managerial characteristics in isolation.

A large list of managerial tasks or behaviours has similarly been identified (Mintzberg 1973; Nystrom and Starbuck 1981; Kotter 1982). Some of this stream of research has also attempted to link such behaviours with managerial effectiveness (for example Campbell et al 1970). The ability to motivate staff, to build teams, to delegate, to plan and set direction, to evaluate, to take decisions, to communicate, to recognise and solve problems, to understand finance, to manage costs, and to work hard have all been cited as important managerial functions (Gibb 1987, Bird 1988, Olson 1987). This body of work has recently been developed into models of generic management competences, which combine both behavioural and personality elements. An example is provided by Elkin (1990), where such competences are gathered into four main groups (figure 1)

Insert figure 1 about here

However, such models pay little attention to the processes or context whereby such competences are effective, and as with personality characteristics, the attempt to identify generic skills without regard for situation has seen increasing criticism (Gibb and Davies 1990, Varadarajan And Ramanujam 1990). There appears to be a growing awareness that the context of the organisation's culture, and economic environment, as well as managerial level all have to be taken into account when identifying appropriate managerial characteristics or behaviour (Guthrie and Olian 1991; Kraut et al 1989).

These criticisms of the failure to take context into account when examining managerial effectiveness have been further developed by those who advocate contingent linkages between the strategic orientation of the organisation, and the required leadership or managerial characteristics or behaviour needed to successfully implement it. Many of these studies have concentrated on the relationship between demographic characteristics such as age or industry experience and strategic preferences, rather than behaviour or personality (Guthrie et al 1991; Gupta 1984; Child 1974), and few have attempted to look at the means whereby such characteristics influence strategic decision making. Pettigrew (1992) for example suggests that the stream of demography research has been weakened by the fact that "no-one has ever been near a top team in an organisational setting either to directly observe a team in action, or to interview the members about the links between their characteristics and structure, processes of communication and decision-making and their impact and performance". However, some research under the strategic contingency framework has looked at industry or company experience. Many have commented on the

benefits that "new blood" can bring to a company (Hofer 1982; Chaganti and Sambharya 1987; Sathe 1989; Allcorn 1990). A new chief executive from outside the company indicates that a change of strategy, of whatever nature, is likely to follow, often as the result of poor organisational performance prior to the change (Hofer 1982; Guthrie and Olian 1991). However, although the correlation between change of chief executive and strategy is comparatively well documented (for example Wiersema and Bantel 1992), fewer studies have looked at the mechanisms whereby particular attributes subsequently influence the implementation of strategy, particularly where this is new to the organisation. At this time, the organisation is likely to be in a state of considerable uncertainty identified in many of the company life-cycle models (for example Johnson 1992). Under these circumstances the required attributes of managers may be very different from those in companies which are in a state of strategic stability.

Many (for example Hassard and Sharifi 1989) have also commented on the difficulty of achieving cultural change. When new senior executives try to make modifications, they discover strong bonds within the organisation which reject new initiatives. Thus the use of power, by means of contingent behaviours such as the ruthless removal of un-supportive staff, and the substitute of sympathisers may be an important behaviour. Changing staff may have the effect of reinforcing the organisation's new ideology through the selection of personnel who will support the new direction. In addition the use of individuals who had been supporters of the old regimes and have converted become powerful symbols of change. Those who do not subscribe to the new ways must be removed or omitted from the decision-making processes (Johnson 1984). In this way recruitment, promotion, and dismissals become important symbolic actions of commitment to the strategy. However, although this aspect of managerial behaviour has intuitive appeal and has been documented previously (by for example Pfeffer 1982 and Mintzberg 1983), it has been subject to comparatively little research. For example, it is not known on what basis these individuals are selected, what makes such a policy effective, or the processes whereby such actions may influence change through the effect that it has on other organisation members.

One gap, for example, appears to be in our understanding of the selection of new staff according to their ability to develop relationships with others in order to allow the organisation to continue to operate as a team. The processes by which attributes, such as experience, behaviours or values, allow the assimilation of new members into the organisation are little understood. Studies into team processes, for example, have tended to concentrate on small task groups in artificial situations and not on organisations as a whole (Tjosvold 1991). Similarly, the large volume of research into recruitment has tended to focus on the techniques of recruitment (Herriot 1989) or the subsequent career success of the individual (Bergwerk 1988) rather than on the processes which facilitate the acceptance

of the newcomer into the specific organisational context, or the motives behind managerial selection decisions (Bergwerk 1988; Guthrie et al 1991; Guthrie and Olian 1991). For example, one way in which individuals may be chosen is if they are perceived to share the same value systems as their chief executive, thus allowing change to be introduced within a framework of trust (Starbuck and Milliken 1988). However, where such value systems are out of line with those already existing in the organisation, which is perhaps inevitable where change is being contemplated, particular care may need to be taken, a different outcome may result.

Methodological background

Research Objectives

Although there are clearly large, but in general segregated, bodies of literature on managerial characteristics, groups, the management of change, and staffing practices, there has been very little research which attempts to integrate these fields and examine how particular attributes of managers contribute to organisational performance under particular circumstances. The objective of this research therefore has been to understand and explain how the attributes of new managers influenced the implementation of an organisation's strategy at the time when it was attempting to achieve a significant change of direction. The aim was to understand and explore the issues which managers themselves viewed as important, and which they believed had influenced the effectiveness of their company, and to learn from the understanding and experiences of the managers themselves.

The nature of this question, and the desire to incorporate the complexity of a whole organisation, led to the choice of an interpretative study of a complete management team.

Methodology

The methodology selected was guided by the need to be able to cope with the complexity of organisational and economic contingencies, and surface the issues which were meaningful to the subjects themselves rather than the researcher. In addition, subjective matters such as relationships and perceptions as to a colleague's competence appeared to be inappropriate issues for the reductionist format of a questionnaire. As a result an interactive and interpretative methodology was chosen instead which examined a single organisation from a multi-source perspective. Given this framework, semi-structured interviews appeared to offer the best opportunity of exploring the core issues of interest to the

researcher, which was how particular managerial attributes were perceived to have contributed to the organisation's performance, whilst allowing the flexibility for additional aspects which were particularly important to the managers themselves to emerge. Certain information was obtained from all interviewees. This was:- a) personal details, including qualifications and work background; b) the interviewee's understanding of the organisation's strategic position, and if or how this had changed recently, and their role in contributing to this; c) the interviewee's understanding of who had been successful within the company and why, and vice versa; d) how the interviewee would go about obtaining and managing the type of person he or she believed would contribute to the organisation's success; and e) how the interviewee would deal with problem staff. In time, as particular people and particular situations emerged as especially important, these were explored in more detail.

Thirty managers from the main subject company were interviewed between November 1992 – July 1993, and contact has been maintained with several managers since that time. These individuals represented all the senior managers of the company. All the interviews were taped and transcribed. The interview data were supplemented by direct observation, as all meetings took place in the interviewees offices, and by documents, such as personnel records, in-house communications, and company reports and accounts, both internal and published. These data, in addition to data from the pilot study companies, were analysed and theoretical propositions derived by means of Gläser and Strauss' (1967) model of grounded theory development.

Organisation background

The company chosen, a British PLC, was selected because it had a comparatively straightforward organisation and ownership structure; it had a fairly conventional hierarchy of supervisors, middle and senior managers, and top team of directors, and it was in public ownership. The company had an average of about one thousand employees at the time of the research. In addition, it offered the opportunity to evaluate a programme of strategic change at the time it was happening, although one draw-back to this was that the performance outcome of the company was uncertain at the time of data-collection. The company had an unstable recent history. This included a merger with another equally-sized company by which means the product ranges of both companies were intended to be complemented and extended. The company's principal operations are the supply and installation of environmental quality-maintenance equipment which are sold mainly into the UK construction and manufacturing industries. More precise details cannot be given as they would identify the company which wishes to remain anonymous. Although its sales

are mainly UK based, it had a small number of operations abroad and has expanded into the former communist countries of Eastern Europe. Sales of most products are through a national network of depots.

In addition to the problems of the merger, many of the company's old products were believed to have reached the end of their life-cycles and had ceased to be appropriate for the new types of factories or offices which were being built. Over recent years replacement products had not been developed in enough time to compensate for their decline. A widespread belief of the managers interviewed that both the old companies independently would have struggled to compete during the early 1990s, even without the added complication of the merger. These problems were exacerbated by the severe economic recession which affected the markets in which the company operated. Virtually all commercial organisations within the construction and manufacturing industries suffered, and companies servicing these sectors, as the subject company did, were particularly badly affected.

As a result of perceived poor management decisions at the end of the 1980s, relating to the merger and the immediate post-merger period, the company had brought in a new chief executive. He had instigated a major programme of change across the whole organisation. Since his arrival he had instigated modifications to the company's structure, systems and strategy. He had also made new appointments to the positions of marketing, human resources, and operations directors, and had replaced a large number of other managers. At the start of the research period he was expressing the view that the company was now in a position to go forward, and was adopting objectives of growth through product and market development. These were to be measured in terms of profits, turnover and market positioning. The firm's relative performance proved impossible to judge and making comparisons was not feasible. No other firm operated in exactly the same range of markets or was affected by the same circumstances, a point made forcibly by McDonald (1982), who states that all organisations are unique. Nevertheless, in order to provide some comparative data, grouped figures are provided from other companies in similar markets (figure 2).

Insert figure 2 about here

However, most of the managers interviewed felt that the company had not done as well as it should have done, and internal factors contributed to its poor performance. These are the subject of the discussion below.

Development of grounded theory categories

In the very precise way laid out by Glaser and Strauss (1967) and particularly by Strauss and Corbin (1990), conceptual categories were developed, and linkages between the categories and the context under which such categories or linkages occurred were identified. This was done by means of a coding paradigm in which the conditions, context, strategies and actions undertaken in relation to the category, and resulting consequences were stated. Hence it was possible to establish the situation in which a particular managerial attribute or behaviour was effective; the context in which it was found, the ways in which managers or the company encouraged its use, and the consequences of its presence or absence. This process was undertaken on each category in turn and theoretical propositions developed.

The process of labelling categories began at an early stage in data collection, during which ideas about phenomena were developed. An initial analysis of the data yielded over 1500 categories. Over time, some of these began to emerge as more significant than others. These were then refined in an iterative process; some categories were discarded, and others re-defined, a process which Glaser and Strauss term saturation. This resulted in a total of forty categories and category groups (figure 3).

Insert figure 3 about here

A number of these categories were more central to the developing theory than others, and relationships between them were often highly complex. For example ruthlessness was not only a helpful behaviour in its own right leading to control, it was also an important factor in the relationships and coalitions category. Shared values concerning ruthlessness influenced the acceptability of the individual to his or her colleagues within the specific context of this organisation. This in its turn impacted on team development, all of which related to the organisation's effectiveness category. The staffing category group also emerged as an important one, which was linked to many others, and which highlighted the effects of the numbers of changes to staff which had taken place in the company recently. Recruitment related to learning curves and transferability of experience, and thus to the competence and credibility categories. Another important relationship was that between recruitment, competence, dismissal and ruthlessness, an important attribute when the previous experience of new recruits appeared not to be easily transferable. This was

perceived to be a major contributory factor to the firm's poor performance, particularly when such staff were allowed to remain in key roles.

It is a basic requirement of this methodology that single illustrations of phenomena are not accepted as theoretically significant; instead multiple examples have to be provided before a category can be considered meaningful. Negative cases are deliberately sought, in order to clarify and refine the central concepts of the category and to specify exceptions or contexts which might influence it. By these means, it is possible to specify the situations under which phenomena exist, a process which Glaser and Strauss term a conditional path. Theoretical propositions derived by such means can be posited to apply to other situations in which similar conditions are found and generalisability can thus be extended to a greater degree than in more conventional qualitative methodologies. However, the construction of such propositions, as with any research within the interpretivist perspective, can be considered no more than a personal, albeit empirically-derived, explanation of the circumstances as described by the managers themselves.

Summary of data

This section summarises the relevant case study data. No attempt is made to integrate this with findings from previous research at this stage; instead this is carried out in the subsequent section.

One of the contingencies underlying this company was a highly unsettled situation resulting from poor management prior to the arrival of the present senior management team. The previous directors were almost unanimously perceived to have failed to deal adequately with the integration of the merger several years previously, or to clearly define the strategic direction that the company should take. The circumstances facing the new team as a result were a disaffected, highly political staff, little consensus as to the company's future, considerable strategic uncertainty and high levels of anxiety throughout the organisation. Given this background, a major cultural and strategic change programme was considered necessary to remedy these problems. Much of this had been achieved prior to this study commencing. In this process a large number of managers had been dismissed, and replacements brought in from other companies including a high proportion from the chief executive's former company. New managers were considered to be a major lever with which to effect change by the chief executive:-

"Its a case of talent spotting, getting the right top team in place, getting key managers on board. Now that again results

in what I call the pecking order being altered and all sorts of sub-systems and values being tackled."

This view accords with those who suggest that increased innovation, fresh ideas, greater creativity and a general orientation towards growth and development will result from new management blood. In the case company, these views find mixed support. Some new managers certainly brought about change; the chief executive and human resources director had successfully implemented new structures and systems and were adopting an innovative strategic posture. However, a considerable proportion of new managers were perceived to have failed to successfully contribute to the company's performance. This resulted from several apparent mechanisms:- lack of competence due to inexperience and the unpredictability of recruitment; lack of common values with those already existing in the company; lack of time for co-operative relationships to have developed; and the need for particular competences given these specific contingencies. These four aspects emerged as key categories from analysis of the data and were central to a number of conditional paths or relationships between categories, and are dealt with below.

a) Experience and resulting competence

As a result of the perceptions of the new chief executive as to the quality of existing staff in the company, he had made a number of key managerial appointments. Many of these he had known of, or known personally in the past as they were colleagues from his former company. Although there were different views as to his motives for these appointments, such as the need to surround himself with trusted acolytes, others supported his own stated motives which were to bring in high quality people with previously successful track records. Despite these good intentions many of these appointments were unsuccessful. Lack of competence in those making the selection decisions, or a simple reflection of a normal failure rate in recruitment were both stated as potential explanations. Some managers were aware of this problem:-

"If you've got someone on board and in honesty feeling that you've got the right person for the job, its only when you get them in the damned position that you really find out what they're like."

Others, and this included the chief executive, appeared less aware of this potential problem and a large number of new appointments were made. Many managers thought that this problem applied at the most senior levels. The lack of industry knowledge of the chief

executive, and at least two of his fellow directors, was widely believed to have contributed to what many believed to be fundamental strategic mistakes. One of these was the decision to persist with a policy of making staff generalists across all product groups. The company's main products were in their own distinct markets, and sales and maintenance procedures were carried out in very different ways:-

"He came from an operation that sold boxes, it was moving boxes around. Our business is a very different animal and this is the thing that they were all caught by."

The finance director was also comparatively new to the company, although he believed that his skills were transferable across industries. By no means everyone agreed with this, and he had been criticised along with the chief executive for his lack of product and industry knowledge. For example, his lack of experience of the specific sales techniques of the company, which relied heavily on local knowledge and individually negotiated deals, was seen to have contributed to his insistence on centrally-controlled and rigid profitability levels. Field managers felt that this had undermined their ability to respond to individual customer need, and sales had been lost. In support of their views that these policies had been unhelpful, managers cited the fact that such policies had eventually been returned to their original positions. In the meantime, the company's performance suffered.

Lack of experience appeared to be crucial in other key roles too, for example marketing. Two senior executives in this area, including the director, were also new to the company. In addition to advertising and branding decisions which were widely criticised on the basis of their inappropriateness for the company's market characteristics, the marketing director's lack of experience appeared to affect his ability to assess the performance of staff within his control:-

"He had got a couple of guys over there, neither of them were very good and have since been removed or relocated, and he hadn't got enough experience or knowledge himself of the product to decide which one of them right so no decisions were ever made and the few that were made were wrongs. "

As many of those with least experience of the organisation and its products were in key roles, their previous experience in industries with very different characteristics appeared to lead to decisions which were critical to the organisation's performance and which were subsequently heavily criticised by those with more experience within the company. The lack of knowledge of the company's characteristics on the part of the chief executive appeared in itself to have contributed to the decision to bring in a large number of

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newcomers. One manager who was generally supportive nevertheless felt that the lack of experience had been a problem:—

"He took a lot of the expertise out. I think it was done before he spent enough time to understand what the function of these people actually was, and what happened was a hell of a lot of experienced people were removed in key positions."

This therefore highlights the paradox of new management and new experience being able to introduce change, whilst at the same time lacking the industry-specific knowledge which would make such change appropriate.

b) Common values

One of the reasons why there had been a large number of changes to staff was because of the perceived quality of the existing staff. Many were seen to be locked into inefficient or old-fashioned ways of working. Others appeared to be still at war with staff from the other side of the merged company a problem which the previous management had conspicuously failed to deal with. In an attempt to impose a new common purpose, and unite the disparate factions, those who were unwilling or unable to accept the changes were removed. Although competence was certainly a consideration in making staffing decisions, "fit" appeared to be emphasised more. Many of those who were dismissed or made redundant left because they had the wrong attitudes or values given the new direction that the company wished to take. However, the choice of selecting people principally for "fit" again had unhelpful consequences in terms of loss of product and market knowledge.

"A lot of the people who were chosen for redundancy actually went because they had the wrong attitudes but we threw out the baby with the bath water. We lost a lot of people with experience and skills."

One source of people with known common values were those with whom the chief executive had worked in the past, and a large proportion of the new management appointments, including the marketing director, came from his previous company. As suggested above, this was in part because they had a known track record, however, this policy also ensured that he was surrounded by people that he knew he could trust. Given the politics and lack of team spirit in the company that he inherited, this was seen by some to be an understandable response. However, it became problematic:—

"There was a huge wave of resistance to newcomers. Jealousy in my view. I've seen it before, but not to such a savage degree here actually."

Others thought that this resistance was justified:-

"I don't know but they all came on board at a time when the number of employees should have been decreasing and there were people coming in and there was questions asked well why did he need that person to do this particular job."

Many of these recruits were believed to be less competent than those they had replaced. As a result of this, and the apparent reluctance of the chief executive to deal with his former colleagues who were not as competent as they needed to be, this coalition was seen to be a favoured sub-group in which poor performance was not dealt with in the same way as in other cases. Resistance to the newcomers built up, and pressure was brought to bear to have many of them removed, adding to the instability which had characterised the company over recent times.

c) disruptions to relationships

One result of the staffing changes was the breaking of existing and well-established relationships, and the time taken for trust and liking to build up before new ones could be effective:-

"It's also inevitable that when you move into a different office or a different environment then it takes time to build your team up to get the team to understand how you work, how you want them to work, what work you expect them to do. It does take time to build it and trust very often only comes with time. You don't trust somebody straightaway."

This need to build teams and develop trust applied at the most senior level. The chief executive, on his arrival in the company, did not have an existing team around him. He had inherited a number of senior managers, none of whom he had known previously and none of whom had been appointed by him. On arrival he had made efforts to build around him a senior management team with the skills and characteristics which he believed were necessary at the time. However, with only the marketing director did the chief executive have a prior relationship on which mutual trust could be based. As this individual was at

the centre of subsequent criticisms for his lack of experience and resulting competence, this relationship proved problematic. Overall, the new top team in itself had no established sense of common purpose, or ability to discuss difficult or contentious issues within a basic framework of trust. This affected the chief executive's ability to hear criticisms of the performance of his colleague, and therefore take action on him.

The ability to deal with less than competent staff was another problem which resulted from the new managerial appointments. In recent times a considerable proportion of managers were making fresh assessments about the strengths and weaknesses of their own staff. This resulted in delays to problem people being dealt with:-

"Anyway what happened then is, he would have gone before now but things change. My opposite number in the south went, the structure changed and the areas were created, Martin was promoted to area manager. I flagged up my concerns to Martin about Tim and he said "I don't want to know I'll form my own opinion" which is fine, it's as it should be."

However, this resulted in problem members of staff remaining in place longer than if the managerial relationship had not been disrupted. If such individuals were in key roles, such as the product development managers, sales and profits were lost throughout the whole company. Product divisions were responsible for new product development, and also for training and support functions, such as the repair of existing products. Logistics problems in the supply of parts or complete products to the depots as a result of the low standards of these managers meant that sales were lost, or quality of service was lower than expected. Communication channels between those who were aware of customer needs and those responsible for product development was blocked, and real innovative activity in these product divisions was also blocked.

In addition, disruptions to relationships had also affected the company's commercial performance in a number of other ways. Knowledge of customer requirements, in-house communications channels and other systems, and the sharing of ideas about product applications had all been damaged whilst new relationships took time to develop. Co-operation across depots had also been a problem affecting stock usage and customer service levels, a situation which had only recently been resolved:-

"I think there were a lot of cases where depots were working against each other at times. They wouldn't let a product go because they might need it tomorrow. But the relationship of

the area managers together has been lifted. We all know we're on a common course. If I'm sitting in the same room as Steve and I'm in trouble on this call, he'll help me out. I'll say yes, by all means because I know the problem and the situation he's in and know if its the other way round, I could rely on him to help me out."

d) Contingent behaviours

It was apparent from this case that managers and staff within an organisation have to be acceptable to colleagues; liking or at least respect for other organisation members impacts on the trust that has to exist if strategy is to be achieved co-operatively. The newcomers, and particularly those from the chief executive's former company, that were able to overcome the problems of lack of trust appeared to be extremely sensitive to this issue. In order to overcome resentment of them they openly demonstrated their commitment to their new colleagues by challenging the chief executive, and were careful to avoid abusing their apparently privileged position. Those newcomers that were accepted also demonstrated an ability to listen and learn without assuming they already "knew it all". An example of where this did not occur was the marketing director:-

"He tended to speak down to people which is no use, not in a team situation."

This problem was variously explained as shyness, lack of confidence, innate arrogance, or poor communication ability, however, the outcome of his behaviour was that people stopped co-operating with him. A common belief was that the marketing expertise within the organisation was not used adequately, and branding, advertising, and pricing strategies were poorly implemented.

Another problematic behaviour in the circumstances of the time concerned the ability of managers to face up to others. Again, the marketing director and other new managers were seen as lacking in this area. The role which the marketing director had taken on, which not only encompassed marketing strategy, but also the management of product development and the interface between these and the sales network, was believed to be far too much for one person to cope with. It was believed that he had been unable to resist the pressure he was put under to take on such a wide range of responsibilities, although inexperience which blocked the realisation of the enormity of these tasks also appeared to play a part in this.

However, this inability to face up to people was a problem in other ways too. The marketing director was said to have failed to deal with two problem people, both employed in important roles. This was a criticism which was also levelled against other less successful new managers, including the chief executive who was seen to be resistant to personally dealing with his less competent former colleagues, particularly the marketing director. The general unpredictability of recruitment had led to comparatively high numbers of less than competent individuals being in post. This was exacerbated by the economic environment which required a considerable reduction in staff numbers. Under these circumstances, understanding the need to put the organisation before the needs of the individual meant that a certain ruthless disregard for the person was the result, which appeared beneficial in performance terms. The removal of ineffective staff who not only failed to carry out their own work but also hindered others from carrying out theirs, was an important part of team management, and was particularly crucial in senior roles.

- There were a number of underlying factors which contributed to this behaviour or its absence, for example, sensitivity to others' feelings appeared not to be a helpful characteristic. One of the new managers who was well-regarded deliberately kept personal feelings out of the process of staffing decisions:-

"You see, I'm not someone who gets close to my people, to be honest. Fairly close, but I always like to keep a distance."

This was aided by the separation of work and personal relationships, allowing the emotional detachment necessary to take difficult and stressful personal decisions. The number of prior relationships, particularly involving the chief executive and his former colleagues, appeared to inhibit the ability to take such difficult personal decisions.

Discussion and development of theoretical propositions, and areas where previous research is confirmed, rejected, or extended

The contextual environment of this company was an organisation which had experienced considerable change over recent years and which was beset by strategic uncertainty. A new chief executive had been appointed to "normalise" the company. His perceptions were that the quality of many of the staff that he inherited was inadequate for the future success of the company. This provided him with a number of problems:— a) what to do with staff who were unwilling or unable to accept the new management and strategic direction and thus were disruptive, but at the same time had necessary product or industry expertise; and b), how to increase the levels of competence of those responsible for developing product or marketing opportunities within the company. It could be argued that this situation was a no-win one. Keeping existing staff would perpetuate the low standards and would allow those individuals who were not supportive of the changes to perpetuate the strategic and cultural mistakes of recent times. On the other hand, dismissing these individuals and replacing them with higher quality staff recruited externally would remove the core expertise and experience which any organisation needs and which would not be immediately available from other sources.

This dilemma find support in previous theory, and is a paradox which has also been identified by Pfeffer:— "Ironically, the politics of succession that make change more likely with an outsider also make the choice of an outsider more problematic and resistance to the new outsider executive more intense" Pfeffer (1981 p 266). There are said to be considerable benefits of bringing new "blood" into an organisation. Past experience influences present decisions and behaviour (Pettigrew 1991), thus people with different experiences can introduce change because they bring with them different expectations and experiences and are not bound by the existing cultural and group beliefs and values. Guthrie and Olian (1991) Sathe 1989, Allcorn 1990, and Chaganti and Sambharya (1987) suggest that individuals with extra-organisational experience, who can bring new ideas, can be particularly effective in conditions of uncertainty such as changing economic or industrial circumstances. Similarly, where innovation is needed; Chaganti and Sambharya (1987) found that "prospector" companies had the highest level of outsiders in managerial roles.

On the other hand, Szilagyi and Schweiger (1984) suggest that a market growth strategy requires executives to have extensive external contacts and considerable knowledge of their industry. This was supported by Gupta (1986), who suggested that there are well-established associations between greater industry familiarity, and build or harvest strategies and Hambrick and D'Aveni (1992) who found that lack of core expertise was linked with

the subsequent failure of the firm. Kotter (1982) and Timmons (1989) similarly found that successful managers or entrepreneurs were highly experienced and knowledgeable about their company or industry and their specialist knowledge was transferable to new situations only with difficulty.

Although most people felt that the chief executive had achieved a great deal which had not been tackled prior to his arrival, Kotter's view that managerial skills are not easily transferable into new contexts found considerable support in this company. In an attempt to bring in people that he knew had successful track records, the chief executive had recruited a large number of managers from his previous firm. At one point, this group had comprised some 15 individuals, or 20% of the senior managers of the time. However, a large proportion of these were believed by their new colleagues to be less than competent, and they were eventually removed – leaving only four remaining.

Inexperience was a key element in their lack of competence. Their knowledge of the industry and product characteristics of the new company was inadequate, compounded by lack of knowledge of their colleagues or both formal and informal organisational systems, both of which slowed down appropriate action being taken. In addition, it was believed that lack of specific experience on the part of the chief executive and other directors had led to inappropriate decisions being taken relating to the organisation's strategic objectives and structure, as well as staffing. Expectations that the company's industry and market characteristics were the same as his former company exacerbated these problems, a phenomenon which appeared to be encouraged by the "strength in numbers" (Tjosvold 1991) support he received from some of his former colleagues who shared similarly mistaken beliefs.

The history, circumstances, and effects of the policy of importing new staff in order to bring about change as described above, is shown in figure 4. This conditional path graphically represents the sequence of events, and indicates linkages and consequences of this policy, as they could be traced within the subject company.

Insert figure 4 about here

Given the perceived need to increase the quality of existing staff and change the company's direction, this model illustrates the dilemma facing those attempting to introduce change. Retaining existing staff would have perpetuated the low standards and allowed inappropriate policies and beliefs to persist. In addition it would have allowed those

individuals who were disruptive or incompetent to affect performance by blocking communication between organisation sections, and preventing co-operation within the depots. On the other hand, dismissing these individuals and replacing them with higher quality staff recruited externally would remove these communication and relationship networks, and would risk importing people who would not be acceptable to existing staff by dint of their very different ways of viewing the world and their challenging of the status quo. However, in this case, it appears that the very different nature of the industry characteristics increased the problems. Although this would not have overcome the difficulty a new manager is likely to experience in not knowing the organisation's existing systems or power relationships (Mintzberg 1983), if the newcomers had come from a company with greater product or market similarities, change may have been introduced which was based on a truer understanding of the market and product characteristics and would therefore have had a greater chance of acceptance.

Another aspect of this dilemma concerned the resistance of existing staff to newcomers with different ways of viewing the world. This problem is reflected to some extent in the literature on the performance of homogeneous or heterogeneous groups. Although there has been some inconsistency of results (Pettigrew 1992), in general culturally or demographically heterogeneous groups are said to be more effective in unstable or dynamic environments; homogeneous ones in stable environments (Priem 1990). Homogeneity of values has been less researched, no doubt in part because of the contentious and difficult nature of their definition or measurement (McDonald and Gandz 1992). Hambrick and Brandon (1988) claim that it has not yet been established whether organisational performance is helped or hurt by homogenous values within a management team. They suggest that "there is some evidence that extreme homogeneity of values helps organisational performance by creating a unity of vision and smoothing communication. However, evidence also exists that homogeneity hurts performance by severely restricting information processing capabilities."

In the case company this commonality was fragmented, and homogeneity, both of values and demographic background, appeared to be both a hindrance and a help. Homogeneous beliefs appeared to be a necessary condition for the development of trusting relationships, given the extreme turbulence of the company's internal and external environment at the time. The decision to recruit a number of people from the same background is an indicator of the perceived need to impose a common way of viewing the world and work within a framework of trust. However, the homogeneity of background of this group gave problems, as it appeared to blinker its members from hearing dissenting outside opinions, and encouraged the continuation of mistaken beliefs concerning strategy and structure because of their failure to understand the very different product characteristics of the two firms.

This group sub-culture also provided a common "enemy" or scapegoat that polarised the larger management team and blocked communication and co-operation (Bettenhausen 1991). Those individuals who had prior relationships caused problems by the very fact that they were seen to be a separate group, with separate values and beliefs and separate privileged channels of communication.

Hambrick and Brandon (1988) suggest a way of overcoming the problems of accommodating different ways of viewing the world may be the selection of individuals with common values, but different cognitive experiences. In the subject company, despite the potentially beneficial effects of the demographic heterogeneity of the top team, major disagreements over policies and strategy emerged, and rather than this leading to a sufficiency of ideas and solutions, it led to conflict, lack of clarity throughout the organisation, and eventually to the disintegration of the top team. Johnson provides one answer to this dilemma and suggests that although there are likely to be differing views within an organisation, at some level there has to be a degree of commonality:- "Whilst individual managers may hold quite varying sets of beliefs about many different aspects of that organisational world, there is likely to exist at some level a core set of beliefs and assumptions held relatively commonly by the managers", in other words the paradigm, or culture (Johnson 1992). This was conspicuously lacking in this case, perhaps not surprisingly given the organisation's history and degree of change that it had gone through. However, the prior identification of commonality on key factors, particularly those relating to the organisation's strategy, may have been a useful tool in surfacing areas of potential conflict within the top team. However, as yet, this concept appears to be at a very early stage of development (McDonald and Gandz 1991, and Priem 1990). Current models take no account of differences in values that are likely to exist between different functional areas such as marketing and finance, although Szilagyi and Schweiger (1984) have noted the difficulties in managing the boundaries between such different areas.

In this company, the sheer newness of the top team and the large numbers of changes to other managers may have contributed to these problems and hindered the processes of team development. This problem is one which has already been identified in the case of high growth companies (for example Hambrick and Crozier 1985) in the problem of integration and acculturation of large numbers of staff at the same time. Given this fast-changing and turbulent environment certain behaviours were particularly important, exacerbated by the perception that a high proportion of new managers were "in the pocket" of the chief executive. The managers from this group that found acceptance appeared to be extremely sensitive to this issue, a behaviour known to increase the likely acceptance of innovations (Howell and Higgins 1990), or change (Kirton 1984). Successfully assimilated managers in the case company were careful to demonstrate their commitment to the new organisation,

and show their independence by standing up to their former colleague. In addition, they showed sensitivity about their own lack of experience or knowledge. As a result they were trusted, and accepted. Where such trust was lacking, and where the individual concerned was in a central role, the effect was believed to be critical to the performance of the company (figure 5).

Insert figure 5 about here

One important contingent behaviour was the ability to confront others. Its impact related principally to the dismissal of poorly performing staff, but also to the taking and implementing of decisions, "fighting" for what was believed to be right, and the gaining of respect and co-operation from staff. Self-confidence, which appeared to be a key underlying personality characteristic contributing to this behaviour, is identified within many of the managerial effectiveness or competence models (for example Campbell, Dunnette, Lawler, and Weick 1970; Elkin 1990). However, despite considerable anecdotal evidence about the ruthlessness of many successful executives, it seems to have been subject to remarkably little empirical examination, with the exception of those writers who identify the behaviours required to maintain power (for example Pettigrew 1973; Kotter 1982; Pfeffer 1982; and Mintzberg 1983). As dismissals are potentially extremely stressful and difficult processes, particularly where close colleagues are concerned, factors such as friendships or prior relationships and thus loyalties or the lack of ruthless detachment would make such decisions more difficult and act as a block to appropriate action being taken.

In the case of the subject company the absence of this type of behaviour, particularly in key individuals such as the chief executive, the marketing director, and a number of other managers, all of whom were perceived to have failed to tackle problematic staff quickly, was believed to have considerable impact on the performance of the organisation, particularly given that the competence of many of the large numbers of new recruits was seen to be low. As a result their colleagues started "working round" problem individuals, thus blocking the efficient exchange of information and ideas. Problems in the supply and development of products escalated, leading to poor service quality, and the loss of commercial opportunities. The credibility of the manager was also reduced, leading in most cases to the eventual departure of the individual concerned and yet more disruption due to personnel changes.

However, the ability to make accurate assessments about performance was blocked by a number of factors to do with the influx of new managers. In the first place it took time for those new managers who came from different industries to become aware of a colleague's lack of competence; assessments about the requirements of the role were based on mistaken assumptions. Similarly, the tendency to give a problem individual the benefit of the doubt, in the short term at least, also delayed the taking of dismissal decisions. This process is shown in Figure 6.

Insert figure 6 about here

Conclusion

This paper has outlined some of the factors which influenced the assimilation and thus effectiveness of new managers within an organisation that was attempting to change its strategic position. It has highlighted the complexity of the effects which large numbers of inexperienced staff, and resulting lack of industry knowledge or competence have on strategic decisions and thus the performance of the firm. It has also highlighted the need for commonality of values if new staff are to be accepted into the firm, and thereby form co-operative relationships, and the need for specific behaviours in these circumstances if managers who are inadequate are not to remain and damage the organisation's performance.

Although generalisations have to be made with some care from this study, the nature of the grounded methodology, in which theoretical propositions are tested within the data itself, suggests that some aspects of these findings may be applicable to other managerial situations. For example, even though the specific organisational circumstances may be unique, managerial tasks are similar across many organisational types. The management of change is frequently attempted, and the appointment of new staff with the intention of introducing change is also known to occur. Given the apparent uncertainty surrounding recruitment, the removal of poor staff may also be an important and regular managerial task, although the very extreme degree of transition and turmoil experienced in this firm may not be common. Thus although it is acknowledged that generalisability cannot be the same as that generated by other, more quantitative methodologies, it is hoped that the findings from this study will add to our understanding of the complexity that is involved in managing change in organisations.

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1.	Understanding what needs to be done reasoning; visioning; know-how; expertise
2.	Influencing and gaining support communications; inter-personal skills; personal impact; direct influencing; organisational influencing
3.	Producing the results directing; motivating; productivity
4.	Achieving against the odds a) enterprise self-motivation; initiative; tenacity; information-seeking b) confidence self-confidence; decisiveness c) achievement achievement drive; calculated risk-taking d) resilience self-control; flexibility; stress tolerance

Figure 1

Generic managerial competences (Source Elkin 1990)

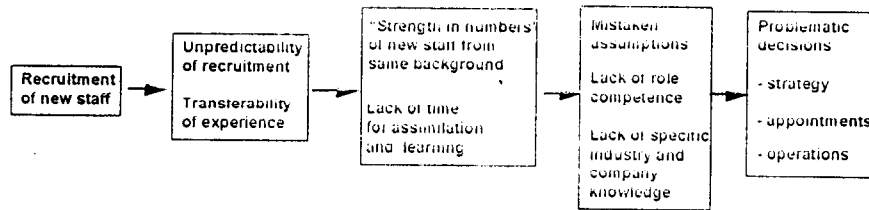
Subject	Companies in comparative product groups			
	Group A	Group B	Group C	
Turnover (Figures are in £000s.)				
1989	62	1808	25406	12699
1990	68	1884	28460	15566
1991	65	1951	28129	16792
1992	59	1747	29086	16575
1993	59	1867	33359	15728
Growth in period (1989 – 1993)	– 5%	+3%	31%	+ 24%
After tax profits (Figures are in £000s.)				
1989	5.6	112	1584	761374
1990	4.7	78	2024	550210
1991	3.6	60	2324	116061
1992	1.4	68	2024	–66221
1993	1.8	71	1984	129393
Growth in period 1989 – 1993	–66%	–33%	25%	–83%
ROCE (%)				
1989	29.7	23.5	19.87	19.59
1990	21.5	12.9	19.34	14.13
1991	15.6	12.13	18.78	7.1
1992	11.9	9.32	15	3.83
1993	13.3	10.4	12.74	6.82
Growth in period 1989 – 1992	–62%	–56%	–43%	–65%

UK company groups **Group A** = Industrial heaters, air conditioning, and venting
 Group B = Diversified industrials
 Group C = Building and construction

Figure 2
Comparative performance figures
 (Source: Datastream and FAME databases May 1994)

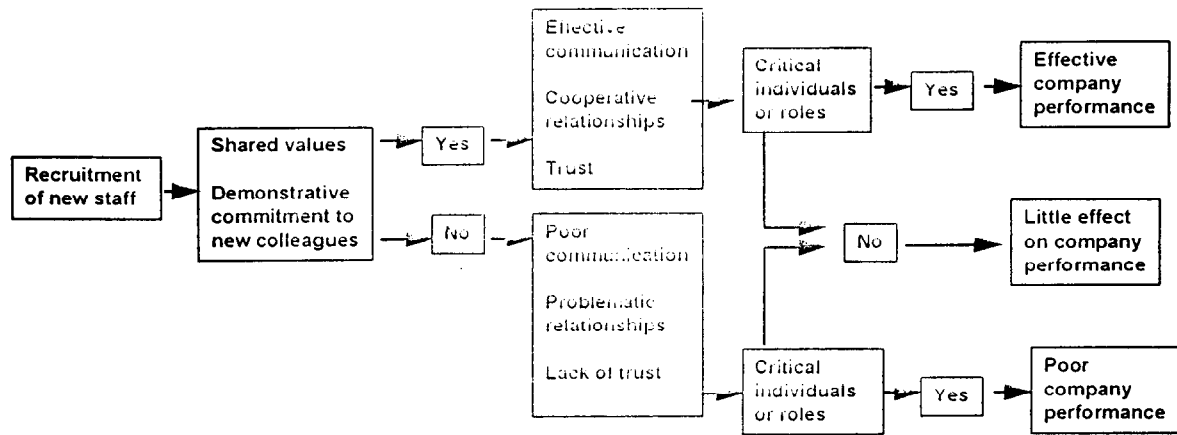
Category groups, categories (and <i>subsidiary-categories</i>)	
Strategy	Changes: Consensus and understanding; Products; Markets.
Organisation :- contingencies	History (<i>performance; product expertise; quality of staff</i>) Economic environment.
Staffing:	Recruitment; Dismissals; Role.
Personal Attributes:--	Experience (<i>transferability; learning curves</i>); Prior relationships; Shared values; ruthlessness (<i>emotional resilience; objectivity; confronting; authority; security; self-confidence</i>); Concern for others (<i>fairness; motivating</i>); Communicativeness (<i>seeing; hearing; speaking</i>)
Consequences:--	Control; Competence; Credibility; Motivation / de-motivation; Alliances; Performance
Team effectiveness:--	Team development; Power; Coalitions.

Figure 3
Categories and category groups



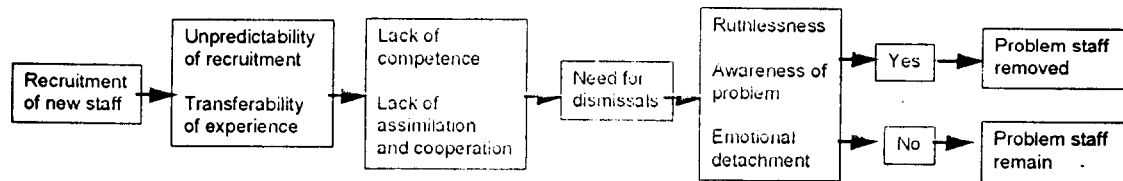
Conditional path for impact of recruitment policy

Figure 4



Conditional path for assimilation and impact of new recruit

Figure 5



Conditional path for dismissals

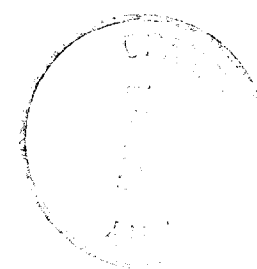
Figure 6

**"Staffing as a lever of strategic change – the influence of managerial experience,
behaviour and values"**

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"Staffing as a lever of strategic change – the influence of managerial experience, behaviour, and values"

Introduction

This paper is based on an interpretative study of an entire management team within a single company. It examines the factors such as the values, experience, and behaviours of new managers within the company which influenced their assimilation, and thus affected the effectiveness of the organisation at a particular moment in time. In this case the firm had a new chief executive who was attempting to re-focus the company's strategic position, and new staff were intended to be a major lever with which to effect change. However, it was widely perceived that some of the new managers were less successful in this than they might have been. This paper therefore reports on the factors which appeared to contribute to their relative failure.

Theoretical background

This study crosses a number of theoretical boundaries and draws upon a number of bodies of literature, including those which have examined the personalities and behaviour of managers and latterly related these to the strategic contingencies of the organisation.

Research in the area of management and leadership has a long and wide-ranging history. This can broadly be divided into that which identifies the personality characteristics of managers, (Kaish and Gilad 1991; Ginn and Sexton 1990; Miner 1990); to what managers actually do (Kotter 1982; Mintzberg 1973), or what behaviours lead to managerial success, often meaning the subsequent career success of the individual concerned (Cockerill 1989; Boyatzis 1982; Campbell et al 1970). However, there has been developing criticism of research which has looked at personality characteristics without taking account of the context in which particular characteristics may be helpful (Kraut et al 1989). Many of these characteristics, for example internal locus of control or need for achievement (Sexton and Bowman 1985), or intuition (Agor 1984) can be found across a wide variety of organisation settings or roles. Because of this gap it appears to be increasingly recommended that processes (Cornwall and Perlman 1990, Kanter 1989) or how behaviour influences performance (Sexton and Bowman 1985; Gibb and Davies 1990) should be the focus for research rather than managerial characteristics in isolation.

A large list of managerial tasks or behaviours has similarly been identified (Mintzberg 1973; Nystrom and Starbuck 1981; Kotter 1982). Some of this stream of research has also attempted to link such behaviours with managerial effectiveness (for example Campbell et al 1970). The ability to motivate staff, to build teams, to delegate, to plan and set direction, to evaluate, to take decisions, to communicate, to recognise and solve problems, to understand finance, to manage costs, and to work hard have all been cited as important managerial functions (Gibb 1987, Bird 1988, Olson 1987). This body of work has recently been developed into models of generic management competences, which combine both behavioural and personality elements. An example is provided by Elkin (1990), where such competences are gathered into four main groups (figure 1)

Insert figure 1 about here

However, such models pay little attention to the processes or context whereby such competences are effective, and as with personality characteristics, the attempt to identify generic skills without regard for situation has seen increasing criticism (Gibb and Davies 1990, Varadarajan And Ramanujam 1990). There appears to be a growing awareness that the context of the organisation's culture, and economic environment, as well as managerial level all have to be taken into account when identifying appropriate managerial characteristics or behaviour (Guthrie and Olian 1991; Kraut et al 1989).

These criticisms of the failure to take context into account when examining managerial effectiveness have been further developed by those who advocate contingent linkages between the strategic orientation of the organisation, and the required leadership or managerial characteristics or behaviour needed to successfully implement it. Many of these studies have concentrated on the relationship between demographic characteristics such as age or industry experience and strategic preferences, rather than behaviour or personality (Guthrie et al 1991; Gupta 1984; Child 1974), and few have attempted to look at the means whereby such characteristics influence strategic decision making. Pettigrew (1992) for example suggests that the stream of demography research has been weakened by the fact that "no-one has ever been near a top team in an organisational setting either to directly observe a team in action, or to interview the members about the links between their characteristics and structure, processes of communication and decision-making and their impact and performance". However, some research under the strategic contingency framework has looked at industry or company experience. Many have commented on the

benefits that "new blood" can bring to a company (Hofer 1982; Chaganti and Sambharya 1987; Sathe 1989; Allcorn 1990). A new chief executive from outside the company indicates that a change of strategy, of whatever nature, is likely to follow, often as the result of poor organisational performance prior to the change (Hofer 1982; Guthrie and Olian 1991). However, although the correlation between change of chief executive and strategy is comparatively well documented (for example Wiersema and Bantel 1992), fewer studies have looked at the mechanisms whereby particular attributes subsequently influence the implementation of strategy, particularly where this is new to the organisation. At this time, the organisation is likely to be in a state of considerable uncertainty identified in many of the company life-cycle models (for example Johnson 1992). Under these circumstances the required attributes of managers may be very different from those in companies which are in a state of strategic stability.

Many (for example Hassard and Sharifi 1989) have also commented on the difficulty of achieving cultural change. When new senior executives try to make modifications, they discover strong bonds within the organisation which reject new initiatives. Thus the use of power, by means of contingent behaviours such as the ruthless removal of un-supportive staff, and the substitute of sympathisers may be an important behaviour. Changing staff may have the effect of reinforcing the organisation's new ideology through the selection of personnel who will support the new direction. In addition the use of individuals who had been supporters of the old regimes and have converted become powerful symbols of change. Those who do not subscribe to the new ways must be removed or omitted from the decision-making processes (Johnson 1984). In this way recruitment, promotion, and dismissals become important symbolic actions of commitment to the strategy. However, although this aspect of managerial behaviour has intuitive appeal and has been documented previously (by for example Pfeffer 1982 and Mintzberg 1983), it has been subject to comparatively little research. For example, it is not known on what basis these individuals are selected, what makes such a policy effective, or the processes whereby such actions may influence change through the effect that it has on other organisation members.

One gap, for example, appears to be in our understanding of the selection of new staff according to their ability to develop relationships with others in order to allow the organisation to continue to operate as a team. The processes by which attributes, such as experience, behaviours or values, allow the assimilation of new members into the organisation are little understood. Studies into team processes, for example, have tended to concentrate on small task groups in artificial situations and not on organisations as a whole (Tjosvold 1991). Similarly, the large volume of research into recruitment has tended to focus on the techniques of recruitment (Herriot 1989) or the subsequent career success of the individual (Bergwerk 1988) rather than on the processes which facilitate the acceptance

of the newcomer into the specific organisational context, or the motives behind managerial selection decisions (Bergwerk 1988; Guthrie et al 1991; Guthrie and Olian 1991). For example, one way in which individuals may be chosen is if they are perceived to share the same value systems as their chief executive, thus allowing change to be introduced within a framework of trust (Starbuck and Milliken 1988). However, where such value systems are out of line with those already existing in the organisation, which is perhaps inevitable where change is being contemplated, particular care may need to be taken, a different outcome may result.

Methodological background

Research Objectives

Although there are clearly large, but in general segregated, bodies of literature on managerial characteristics, groups, the management of change, and staffing practices, there has been very little research which attempts to integrate these fields and examine how particular attributes of managers contribute to organisational performance under particular circumstances. The objective of this research therefore has been to understand and explain how the attributes of new managers influenced the implementation of an organisation's strategy at the time when it was attempting to achieve a significant change of direction. The aim was to understand and explore the issues which managers themselves viewed as important, and which they believed had influenced the effectiveness of their company, and to learn from the understanding and experiences of the managers themselves.

The nature of this question, and the desire to incorporate the complexity of a whole organisation, led to the choice of an interpretative study of a complete management team.

Methodology

The methodology selected was guided by the need to be able to cope with the complexity of organisational and economic contingencies, and surface the issues which were meaningful to the subjects themselves rather than the researcher. In addition, subjective matters such as relationships and perceptions as to a colleague's competence appeared to be inappropriate issues for the reductionist format of a questionnaire. As a result an interactive and interpretative methodology was chosen instead which examined a single organisation from a multi-source perspective. Given this framework, semi-structured interviews appeared to offer the best opportunity of exploring the core issues of interest to the

researcher, which was how particular managerial attributes were perceived to have contributed to the organisation's performance, whilst allowing the flexibility for additional aspects which were particularly important to the managers themselves to emerge. Certain information was obtained from all interviewees. This was:- a) personal details, including qualifications and work background; b) the interviewee's understanding of the organisation's strategic position, and if or how this had changed recently, and their role in contributing to this; c) the interviewee's understanding of who had been successful within the company and why, and vice versa; d) how the interviewee would go about obtaining and managing the type of person he or she believed would contribute to the organisation's success; and e) how the interviewee would deal with problem staff. In time, as particular people and particular situations emerged as especially important, these were explored in more detail.

Thirty managers from the main subject company were interviewed between November 1992 – July 1993, and contact has been maintained with several managers since that time. These individuals represented all the senior managers of the company. All the interviews were taped and transcribed. The interview data were supplemented by direct observation, as all meetings took place in the interviewees offices, and by documents, such as personnel records, in-house communications, and company reports and accounts, both internal and published. These data, in addition to data from the pilot study companies, were analysed and theoretical propositions derived by means of Glaser and Strauss' (1967) model of grounded theory development.

Organisation background

The company chosen, a British PLC, was selected because it had a comparatively straightforward organisation and ownership structure; it had a fairly conventional hierarchy of supervisors, middle and senior managers, and top team of directors, and it was in public ownership. The company had an average of about one thousand employees at the time of the research. In addition, it offered the opportunity to evaluate a programme of strategic change at the time it was happening, although one draw-back to this was that the performance outcome of the company was uncertain at the time of data-collection. The company had an unstable recent history. This included a merger with another equally-sized company by which means the product ranges of both companies were intended to be complemented and extended. The company's principal operations are the supply and installation of environmental quality-maintenance equipment which are sold mainly into the UK construction and manufacturing industries. More precise details cannot be given as they would identify the company which wishes to remain anonymous. Although its sales

are mainly UK based, it had a small number of operations abroad and has expanded into the former communist countries of Eastern Europe. Sales of most products are through a national network of depots.

In addition to the problems of the merger, many of the company's old products were believed to have reached the end of their life-cycles and had ceased to be appropriate for the new types of factories or offices which were being built. Over recent years replacement products had not been developed in enough time to compensate for their decline. A widespread belief of the managers interviewed that both the old companies independently would have struggled to compete during the early 1990s, even without the added complication of the merger. These problems were exacerbated by the severe economic recession which affected the markets in which the company operated. Virtually all commercial organisations within the construction and manufacturing industries suffered, and companies servicing these sectors, as the subject company did, were particularly badly affected.

As a result of perceived poor management decisions at the end of the 1980s, relating to the merger and the immediate post-merger period, the company had brought in a new chief executive. He had instigated a major programme of change across the whole organisation. Since his arrival he had instigated modifications to the company's structure, systems and strategy. He had also made new appointments to the positions of marketing, human resources, and operations directors, and had replaced a large number of other managers. At the start of the research period he was expressing the view that the company was now in a position to go forward, and was adopting objectives of growth through product and market development. These were to be measured in terms of profits, turnover and market positioning. The firm's relative performance proved impossible to judge and making comparisons was not feasible. No other firm operated in exactly the same range of markets or was affected by the same circumstances, a point made forcibly by McDonald (1982), who states that all organisations are unique. Nevertheless, in order to provide some comparative data, grouped figures are provided from other companies in similar markets (figure 2).

Insert figure 2 about here

However, most of the managers interviewed felt that the company had not done as well as it should have done, and internal factors contributed to its poor performance. These are the subject of the discussion below.

Development of grounded theory categories

In the very precise way laid out by Glaser and Strauss (1967) and particularly by Strauss and Corbin (1990), conceptual categories were developed, and linkages between the categories and the context under which such categories or linkages occurred were identified. This was done by means of a coding paradigm in which the conditions, context, strategies and actions undertaken in relation to the category, and resulting consequences were stated. Hence it was possible to establish the situation in which a particular managerial attribute or behaviour was effective; the context in which it was found, the ways in which managers or the company encouraged its use, and the consequences of its presence or absence. This process was undertaken on each category in turn and theoretical propositions developed.

The process of labelling categories began at an early stage in data collection, during which ideas about phenomena were developed. An initial analysis of the data yielded over 1500 categories. Over time, some of these began to emerge as more significant than others. These were then refined in an iterative process; some categories were discarded, and others re-defined, a process which Glaser and Strauss term saturation. This resulted in a total of forty categories and category groups (figure 3).

Insert figure 3 about here

A number of these categories were more central to the developing theory than others, and relationships between them were often highly complex. For example ruthlessness was not only a helpful behaviour in its own right leading to control, it was also an important factor in the relationships and coalitions category. Shared values concerning ruthlessness influenced the acceptability of the individual to his or her colleagues within the specific context of this organisation. This in its turn impacted on team development, all of which related to the organisation's effectiveness category. The staffing category group also emerged as an important one, which was linked to many others, and which highlighted the effects of the numbers of changes to staff which had taken place in the company recently. Recruitment related to learning curves and transferability of experience, and thus to the competence and credibility categories. Another important relationship was that between recruitment, competence, dismissal and ruthlessness, an important attribute when the previous experience of new recruits appeared not to be easily transferable. This was

perceived to be a major contributory factor to the firm's poor performance, particularly when such staff were allowed to remain in key roles.

It is a basic requirement of this methodology that single illustrations of phenomena are not accepted as theoretically significant; instead multiple examples have to be provided before a category can be considered meaningful. Negative cases are deliberately sought, in order to clarify and refine the central concepts of the category and to specify exceptions or contexts which might influence it. By these means, it is possible to specify the situations under which phenomena exist, a process which Glaser and Strauss term a conditional path. Theoretical propositions derived by such means can be posited to apply to other situations in which similar conditions are found and generalisability can thus be extended to a greater degree than in more conventional qualitative methodologies. However, the construction of such propositions, as with any research within the interpretivist perspective, can be considered no more than a personal, albeit empirically-derived, explanation of the circumstances as described by the managers themselves.

Summary of data

This section summarises the relevant case study data. No attempt is made to integrate this with findings from previous research at this stage; instead this is carried out in the subsequent section.

One of the contingencies underlying this company was a highly unsettled situation resulting from poor management prior to the arrival of the present senior management team. The previous directors were almost unanimously perceived to have failed to deal adequately with the integration of the merger several years previously, or to clearly define the strategic direction that the company should take. The circumstances facing the new team as a result were a disaffected, highly political staff, little consensus as to the company's future, considerable strategic uncertainty and high levels of anxiety throughout the organisation. Given this background, a major cultural and strategic change programme was considered necessary to remedy these problems. Much of this had been achieved prior to this study commencing. In this process a large number of managers had been dismissed, and replacements brought in from other companies including a high proportion from the chief executive's former company. New managers were considered to be a major lever with which to effect change by the chief executive:-

"It's a case of talent spotting, getting the right top team in place, getting key managers on board. Now that again results

in what I call the pecking order being altered and all sorts of sub-systems and values being tackled."

This view accords with those who suggest that increased innovation, fresh ideas, greater creativity and a general orientation towards growth and development will result from new management blood. In the case company, these views find mixed support. Some new managers certainly brought about change; the chief executive and human resources director had successfully implemented new structures and systems and were adopting an innovative strategic posture. However, a considerable proportion of new managers were perceived to have failed to successfully contribute to the company's performance. This resulted from several apparent mechanisms:- lack of competence due to inexperience and the unpredictability of recruitment; lack of common values with those already existing in the company; lack of time for co-operative relationships to have developed; and the need for particular competences given these specific contingencies. These four aspects emerged as key categories from analysis of the data and were central to a number of conditional paths or relationships between categories, and are dealt with below.

a) Experience and resulting competence

As a result of the perceptions of the new chief executive as to the quality of existing staff in the company, he had made a number of key managerial appointments. Many of these he had known of, or known personally in the past as they were colleagues from his former company. Although there were different views as to his motives for these appointments, such as the need to surround himself with trusted acolytes, others supported his own stated motives which were to bring in high quality people with previously successful track records. Despite these good intentions many of these appointments were unsuccessful. Lack of competence in those making the selection decisions, or a simple reflection of a normal failure rate in recruitment were both stated as potential explanations. Some managers were aware of this problem:-

"If you've got someone on board and in honesty feeling that you've got the right person for the job, its only when you get them in the damned position that you really find out what they're like."

Others, and this included the chief executive, appeared less aware of this potential problem and a large number of new appointments were made. Many managers thought that this problem applied at the most senior levels. The lack of industry knowledge of the chief

executive, and at least two of his fellow directors, was widely believed to have contributed to what many believed to be fundamental strategic mistakes. One of these was the decision to persist with a policy of making staff generalists across all product groups. The company's main products were in their own distinct markets, and sales and maintenance procedures were carried out in very different ways:-

"He came from an operation that sold boxes, it was moving boxes around. Our business is a very different animal and this is the thing that they were all caught by."

The finance director was also comparatively new to the company, although he believed that his skills were transferable across industries. By no means everyone agreed with this, and he had been criticised along with the chief executive for his lack of product and industry knowledge. For example, his lack of experience of the specific sales techniques of the company, which relied heavily on local knowledge and individually negotiated deals, was seen to have contributed to his insistence on centrally-controlled and rigid profitability levels. Field managers felt that this had undermined their ability to respond to individual customer need, and sales had been lost. In support of their views that these policies had been unhelpful, managers cited the fact that such policies had eventually been returned to their original positions. In the meantime, the company's performance suffered.

Lack of experience appeared to be crucial in other key roles too, for example marketing. Two senior executives in this area, including the director, were also new to the company. In addition to advertising and branding decisions which were widely criticised on the basis of their inappropriateness for the company's market characteristics, the marketing director's lack of experience appeared to affect his ability to assess the performance of staff within his control:-

"He had got a couple of guys over there, neither of them were very good and have since been removed or relocated, and he hadn't got enough experience or knowledge himself of the product to decide which one of them right so no decisions were ever made and the few that were made were wrongs. "

As many of those with least experience of the organisation and its products were in key roles, their previous experience in industries with very different characteristics appeared to lead to decisions which were critical to the organisation's performance and which were subsequently heavily criticised by those with more experience within the company. The lack of knowledge of the company's characteristics on the part of the chief executive appeared in itself to have contributed to the decision to bring in a large number of

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newcomers. One manager who was generally supportive nevertheless felt that the lack of experience had been a problem:-

"He took a lot of the expertise out. I think it was done before he spent enough time to understand what the function of these people actually was, and what happened was a hell of a lot of experienced people were removed in key positions."

This therefore highlights the paradox of new management and new experience being able to introduce change, whilst at the same time lacking the industry-specific knowledge which would make such change appropriate.

b) Common values

One of the reasons why there had been a large number of changes to staff was because of the perceived quality of the existing staff. Many were seen to be locked into inefficient or old-fashioned ways of working. Others appeared to be still at war with staff from the other side of the merged company a problem which the previous management had conspicuously failed to deal with. In an attempt to impose a new common purpose, and unite the disparate factions, those who were unwilling or unable to accept the changes were removed. Although competence was certainly a consideration in making staffing decisions, "fit" appeared to be emphasised more. Many of those who were dismissed or made redundant left because they had the wrong attitudes or values given the new direction that the company wished to take. However, the choice of selecting people principally for "fit" again had unhelpful consequences in terms of loss of product and market knowledge.

"A lot of the people who were chosen for redundancy actually went because they had the wrong attitudes but we threw out the baby with the bath water. We lost a lot of people with experience and skills."

One source of people with known common values were those with whom the chief executive had worked in the past, and a large proportion of the new management appointments, including the marketing director, came from his previous company. As suggested above, this was in part because they had a known track record, however, this policy also ensured that he was surrounded by people that he knew he could trust. Given the politics and lack of team spirit in the company that he inherited, this was seen by some to be an understandable response. However, it became problematic:-

"There was a huge wave of resistance to newcomers. Jealousy in my view. I've seen it before, but not to such a savage degree here actually."

Others thought that this resistance was justified:-

"I don't know but they all came on board at a time when the number of employees should have been decreasing and there were people coming in and there was questions asked well why did he need that person to do this particular job."

Many of these recruits were believed to be less competent than those they had replaced. As a result of this, and the apparent reluctance of the chief executive to deal with his former colleagues who were not as competent as they needed to be, this coalition was seen to be a favoured sub-group in which poor performance was not dealt with in the same way as in other cases. Resistance to the newcomers built up, and pressure was brought to bear to have many of them removed, adding to the instability which had characterised the company over recent times.

c) disruptions to relationships

One result of the staffing changes was the breaking of existing and well-established relationships, and the time taken for trust and liking to build up before new ones could be effective:-

"It's also inevitable that when you move into a different office or a different environment then it takes time to build your team up to get the team to understand how you work, how you want them to work, what work you expect them to do. It does take time to build it and trust very often only comes with time. You don't trust somebody straightaway."

This need to build teams and develop trust applied at the most senior level. The chief executive, on his arrival in the company, did not have an existing team around him. He had inherited a number of senior managers, none of whom he had known previously and none of whom had been appointed by him. On arrival he had made efforts to build around him a senior management team with the skills and characteristics which he believed were necessary at the time. However, with only the marketing director did the chief executive have a prior relationship on which mutual trust could be based. As this individual was at

the centre of subsequent criticisms for his lack of experience and resulting competence, this relationship proved problematic. Overall, the new top team in itself had no established sense of common purpose, or ability to discuss difficult or contentious issues within a basic framework of trust. This affected the chief executive's ability to hear criticisms of the performance of his colleague, and therefore take action on him.

The ability to deal with less than competent staff was another problem which resulted from the new managerial appointments. In recent times a considerable proportion of managers were making fresh assessments about the strengths and weaknesses of their own staff. This resulted in delays to problem people being dealt with:-

"Anyway what happened then is, he would have gone before now but things change. My opposite number in the south went, the structure changed and the areas were created, Martin was promoted to area manager. I flagged up my concerns to Martin about Tim and he said "I don't want to know I'll form my own opinion" which is fine, it's as it should be."

However, this resulted in problem members of staff remaining in place longer than if the managerial relationship had not been disrupted. If such individuals were in key roles, such as the product development managers, sales and profits were lost throughout the whole company. Product divisions were responsible for new product development, and also for training and support functions, such as the repair of existing products. Logistics problems in the supply of parts or complete products to the depots as a result of the low standards of these managers meant that sales were lost, or quality of service was lower than expected. Communication channels between those who were aware of customer needs and those responsible for product development was blocked, and real innovative activity in these product divisions was also blocked.

In addition, disruptions to relationships had also affected the company's commercial performance in a number of other ways. Knowledge of customer requirements, in-house communications channels and other systems, and the sharing of ideas about product applications had all been damaged whilst new relationships took time to develop. Co-operation across depots had also been a problem affecting stock usage and customer service levels, a situation which had only recently been resolved:-

"I think there were a lot of cases where depots were working against each other at times. They wouldn't let a product go because they might need it tomorrow. But the relationship of

the area managers together has been lifted. We all know we're on a common course. If I'm sitting in the same room as Steve and I'm in trouble on this call, he'll help me out. I'll say yes, by all means because I know the problem and the situation he's in and know if its the other way round, I could rely on him to help me out."

d) Contingent behaviours

It was apparent from this case that managers and staff within an organisation have to be acceptable to colleagues; liking or at least respect for other organisation members impacts on the trust that has to exist if strategy is to be achieved co-operatively. The newcomers, and particularly those from the chief executive's former company, that were able to overcome the problems of lack of trust appeared to be extremely sensitive to this issue. In order to overcome resentment of them they openly demonstrated their commitment to their new colleagues by challenging the chief executive, and were careful to avoid abusing their apparently privileged position. Those newcomers that were accepted also demonstrated an ability to listen and learn without assuming they already "knew it all". An example of where this did not occur was the marketing director:-

"He tended to speak down to people which is no use, not in a team situation."

This problem was variously explained as shyness, lack of confidence, innate arrogance, or poor communication ability, however, the outcome of his behaviour was that people stopped co-operating with him. A common belief was that the marketing expertise within the organisation was not used adequately, and branding, advertising, and pricing strategies were poorly implemented.

Another problematic behaviour in the circumstances of the time concerned the ability of managers to face up to others. Again, the marketing director and other new managers were seen as lacking in this area. The role which the marketing director had taken on, which not only encompassed marketing strategy, but also the management of product development and the interface between these and the sales network, was believed to be far too much for one person to cope with. It was believed that he had been unable to resist the pressure he was put under to take on such a wide range of responsibilities, although inexperience which blocked the realisation of the enormity of these tasks also appeared to play a part in this.

However, this inability to face up to people was a problem in other ways too. The marketing director was said to have failed to deal with two problem people, both employed in important roles. This was a criticism which was also levelled against other less successful new managers, including the chief executive who was seen to be resistant to personally dealing with his less competent former colleagues, particularly the marketing director. The general unpredictability of recruitment had led to comparatively high numbers of less than competent individuals being in post. This was exacerbated by the economic environment which required a considerable reduction in staff numbers. Under these circumstances, understanding the need to put the organisation before the needs of the individual meant that a certain ruthless disregard for the person was the result, which appeared beneficial in performance terms. The removal of ineffective staff who not only failed to carry out their own work but also hindered others from carrying out theirs, was an important part of team management, and was particularly crucial in senior roles.

There were a number of underlying factors which contributed to this behaviour or its absence, for example, sensitivity to others' feelings appeared not to be a helpful characteristic. One of the new managers who was well-regarded deliberately kept personal feelings out of the process of staffing decisions:-

"You see, I'm not someone who gets close to my people, to be honest. Fairly close, but I always like to keep a distance."

This was aided by the separation of work and personal relationships, allowing the emotional detachment necessary to take difficult and stressful personal decisions. The number of prior relationships, particularly involving the chief executive and his former colleagues, appeared to inhibit the ability to take such difficult personal decisions.

Discussion and development of theoretical propositions, and areas where previous research is confirmed, rejected, or extended

The contextual environment of this company was an organisation which had experienced considerable change over recent years and which was beset by strategic uncertainty. A new chief executive had been appointed to "normalise" the company. His perceptions were that the quality of many of the staff that he inherited was inadequate for the future success of the company. This provided him with a number of problems:- a) what to do with staff who were unwilling or unable to accept the new management and strategic direction and thus were disruptive, but at the same time had necessary product or industry expertise; and b), how to increase the levels of competence of those responsible for developing product or marketing opportunities within the company. It could be argued that this situation was a no-win one. Keeping existing staff would perpetuate the low standards and would allow those individuals who were not supportive of the changes to perpetuate the strategic and cultural mistakes of recent times. On the other hand, dismissing these individuals and replacing them with higher quality staff recruited externally would remove the core expertise and experience which any organisation needs and which would not be immediately available from other sources.

This dilemma finds support in previous theory, and is a paradox which has also been identified by Pfeffer:- "Ironically, the politics of succession that make change more likely with an outsider also make the choice of an outsider more problematic and resistance to the new outsider executive more intense" Pfeffer (1981 p 266). There are said to be considerable benefits of bringing new "blood" into an organisation. Past experience influences present decisions and behaviour (Pettigrew 1991), thus people with different experiences can introduce change because they bring with them different expectations and experiences and are not bound by the existing cultural and group beliefs and values. Guthrie and Olian (1991) Sathé 1989, Allcorn 1990, and Chaganti and Sambharya (1987) suggest that individuals with extra-organisational experience, who can bring new ideas, can be particularly effective in conditions of uncertainty such as changing economic or industrial circumstances. Similarly, where innovation is needed; Chaganti and Sambharya (1987) found that "prospector" companies had the highest level of outsiders in managerial roles.

On the other hand, Szilagyi and Schweiger (1984) suggest that a market growth strategy requires executives to have extensive external contacts and considerable knowledge of their industry. This was supported by Gupta (1986), who suggested that there are well-established associations between greater industry familiarity, and build or harvest strategies and Hambrick and D'Aveni (1992) who found that lack of core expertise was linked with

the subsequent failure of the firm. Kotter (1982) and Timmons (1989) similarly found that successful managers or entrepreneurs were highly experienced and knowledgeable about their company or industry and their specialist knowledge was transferable to new situations only with difficulty.

Although most people felt that the chief executive had achieved a great deal which had not been tackled prior to his arrival, Kotter's view that managerial skills are not easily transferable into new contexts found considerable support in this company. In an attempt to bring in people that he knew had successful track records, the chief executive had recruited a large number of managers from his previous firm. At one point, this group had comprised some 15 individuals, or 20% of the senior managers of the time. However, a large proportion of these were believed by their new colleagues to be less than competent, and they were eventually removed – leaving only four remaining.

Inexperience was a key element in their lack of competence. Their knowledge of the industry and product characteristics of the new company was inadequate, compounded by lack of knowledge of their colleagues or both formal and informal organisational systems, both of which slowed down appropriate action being taken. In addition, it was believed that lack of specific experience on the part of the chief executive and other directors had led to inappropriate decisions being taken relating to the organisation's strategic objectives and structure, as well as staffing. Expectations that the company's industry and market characteristics were the same as his former company exacerbated these problems, a phenomenon which appeared to be encouraged by the "strength in numbers" (Tjosvold 1991) support he received from some of his former colleagues who shared similarly mistaken beliefs.

The history, circumstances, and effects of the policy of importing new staff in order to bring about change as described above, is shown in figure 4. This conditional path graphically represents the sequence of events, and indicates linkages and consequences of this policy, as they could be traced within the subject company.

Insert figure 4 about here

Given the perceived need to increase the quality of existing staff and change the company's direction, this model illustrates the dilemma facing those attempting to introduce change. Retaining existing staff would have perpetuated the low standards and allowed inappropriate policies and beliefs to persist. In addition it would have allowed those

individuals who were disruptive or incompetent to affect performance by blocking communication between organisation sections, and preventing co-operation within the depots. On the other hand, dismissing these individuals and replacing them with higher quality staff recruited externally would remove these communication and relationship networks, and would risk importing people who would not be acceptable to existing staff by dint of their very different ways of viewing the world and their challenging of the status quo. However, in this case, it appears that the very different nature of the industry characteristics increased the problems. Although this would not have overcome the difficulty a new manager is likely to experience in not knowing the organisation's existing systems or power relationships (Mintzberg 1983), if the newcomers had come from a company with greater product or market similarities, change may have been introduced which was based on a truer understanding of the market and product characteristics and would therefore have had a greater chance of acceptance.

Another aspect of this dilemma concerned the resistance of existing staff to newcomers with different ways of viewing the world. This problem is reflected to some extent in the literature on the performance of homogeneous or heterogeneous groups. Although there has been some inconsistency of results (Pettigrew 1992), in general culturally or demographically heterogeneous groups are said to be more effective in unstable or dynamic environments; homogeneous ones in stable environments (Priem 1990). Homogeneity of values has been less researched, no doubt in part because of the contentious and difficult nature of their definition or measurement (McDonald and Gandz 1992). Hambrick and Brandon (1988) claim that it has not yet been established whether organisational performance is helped or hurt by homogenous values within a management team. They suggest that "there is some evidence that extreme homogeneity of values helps organisational performance by creating a unity of vision and smoothing communication. However, evidence also exists that homogeneity hurts performance by severely restricting information processing capabilities."

In the case company this commonality was fragmented, and homogeneity, both of values and demographic background, appeared to be both a hindrance and a help. Homogeneous beliefs appeared to be a necessary condition for the development of trusting relationships, given the extreme turbulence of the company's internal and external environment at the time. The decision to recruit a number of people from the same background is an indicator of the perceived need to impose a common way of viewing the world and work within a framework of trust. However, the homogeneity of background of this group gave problems, as it appeared to blinker its members from hearing dissenting outside opinions, and encouraged the continuation of mistaken beliefs concerning strategy and structure because of their failure to understand the very different product characteristics of the two firms.

This group sub-culture also provided a common "enemy" or scapegoat that polarised the larger management team and blocked communication and co-operation (Bettenhausen 1991). Those individuals who had prior relationships caused problems by the very fact that they were seen to be a separate group, with separate values and beliefs and separate privileged channels of communication.

Hambrick and Brandon (1988) suggest a way of overcoming the problems of accommodating different ways of viewing the world may be the selection of individuals with common values, but different cognitive experiences. In the subject company, despite the potentially beneficial effects of the demographic heterogeneity of the top team, major disagreements over policies and strategy emerged, and rather than this leading to a sufficiency of ideas and solutions, it led to conflict, lack of clarity throughout the organisation, and eventually to the disintegration of the top team. Johnson provides one answer to this dilemma and suggests that although there are likely to be differing views within an organisation, at some level there has to be a degree of commonality:- "Whilst individual managers may hold quite varying sets of beliefs about many different aspects of that organisational world, there is likely to exist at some level a core set of beliefs and assumptions held relatively commonly by the managers", in other words the paradigm, or culture (Johnson 1992). This was conspicuously lacking in this case, perhaps not surprisingly given the organisation's history and degree of change that it had gone through. However, the prior identification of commonality on key factors, particularly those relating to the organisation's strategy, may have been a useful tool in surfacing areas of potential conflict within the top team. However, as yet, this concept appears to be at a very early stage of development (McDonald and Gandz 1991, and Priem 1990). Current models take no account of differences in values that are likely to exist between different functional areas such as marketing and finance, although Szilagyi and Schweiger (1984) have noted the difficulties in managing the boundaries between such different areas.

In this company, the sheer newness of the top team and the large numbers of changes to other managers may have contributed to these problems and hindered the processes of team development. This problem is one which has already been identified in the case of high growth companies (for example Hambrick and Crozier 1985) in the problem of integration and acculturation of large numbers of staff at the same time. Given this fast-changing and turbulent environment certain behaviours were particularly important, exacerbated by the perception that a high proportion of new managers were "in the pocket" of the chief executive. The managers from this group that found acceptance appeared to be extremely sensitive to this issue, a behaviour known to increase the likely acceptance of innovations (Howell and Higgins 1990), or change (Kirton 1984). Successfully assimilated managers in the case company were careful to demonstrate their commitment to the new organisation,

and show their independence by standing up to their former colleague. In addition, they showed sensitivity about their own lack of experience or knowledge. As a result they were trusted, and accepted. Where such trust was lacking, and where the individual concerned was in a central role, the effect was believed to be critical to the performance of the company (figure 5).

Insert figure 5 about here

One important contingent behaviour was the ability to confront others. Its impact related principally to the dismissal of poorly performing staff, but also to the taking and implementing of decisions, "fighting" for what was believed to be right, and the gaining of respect and co-operation from staff. Self-confidence, which appeared to be a key underlying personality characteristic contributing to this behaviour, is identified within many of the managerial effectiveness or competence models (for example Campbell, Dunnette, Lawler, and Weick 1970; Elkin 1990). However, despite considerable anecdotal evidence about the ruthlessness of many successful executives, it seems to have been subject to remarkably little empirical examination, with the exception of those writers who identify the behaviours required to maintain power (for example Pettigrew 1973; Kotter 1982; Pfeffer 1982; and Mintzberg 1983). As dismissals are potentially extremely stressful and difficult processes, particularly where close colleagues are concerned, factors such as friendships or prior relationships and thus loyalties or the lack of ruthless detachment would make such decisions more difficult and act as a block to appropriate action being taken.

In the case of the subject company the absence of this type of behaviour, particularly in key individuals such as the chief executive, the marketing director, and a number of other managers, all of whom were perceived to have failed to tackle problematic staff quickly, was believed to have considerable impact on the performance of the organisation, particularly given that the competence of many of the large numbers of new recruits was seen to be low. As a result their colleagues started "working round" problem individuals, thus blocking the efficient exchange of information and ideas. Problems in the supply and development of products escalated, leading to poor service quality, and the loss of commercial opportunities. The credibility of the manager was also reduced, leading in most cases to the eventual departure of the individual concerned and yet more disruption due to personnel changes.

However, the ability to make accurate assessments about performance was blocked by a number of factors to do with the influx of new managers. In the first place it took time for those new managers who came from different industries to become aware of a colleague's lack of competence; assessments about the requirements of the role were based on mistaken assumptions. Similarly, the tendency to give a problem individual the benefit of the doubt, in the short term at least, also delayed the taking of dismissal decisions. This process is shown in Figure 6.

Insert figure 6 about here

Conclusion

This paper has outlined some of the factors which influenced the assimilation and thus effectiveness of new managers within an organisation that was attempting to change its strategic position. It has highlighted the complexity of the effects which large numbers of inexperienced staff, and resulting lack of industry knowledge or competence have on strategic decisions and thus the performance of the firm. It has also highlighted the need for commonality of values if new staff are to be accepted into the firm, and thereby form co-operative relationships, and the need for specific behaviours in these circumstances if managers who are inadequate are not to remain and damage the organisation's performance.

Although generalisations have to be made with some care from this study, the nature of the grounded methodology, in which theoretical propositions are tested within the data itself, suggests that some aspects of these findings may be applicable to other managerial situations. For example, even though the specific organisational circumstances may be unique, managerial tasks are similar across many organisational types. The management of change is frequently attempted, and the appointment of new staff with the intention of introducing change is also known to occur. Given the apparent uncertainty surrounding recruitment, the removal of poor staff may also be an important and regular managerial task, although the very extreme degree of transition and turmoil experienced in this firm may not be common. Thus although it is acknowledged that generalisability cannot be the same as that generated by other, more quantitative methodologies, it is hoped that the findings from this study will add to our understanding of the complexity that is involved in managing change in organisations.

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1. Understanding what needs to be done
reasoning; visioning; know-how; expertise
2. Influencing and gaining support
communications; inter-personal skills; personal impact; direct
influencing; organisational influencing
3. Producing the results
directing; motivating; productivity
4. Achieving against the odds
 - a) enterprise
self-motivation; initiative; tenacity; information-seeking
 - b) confidence
self-confidence; decisiveness
 - c) achievement
achievement drive; calculated risk-taking
 - d) resilience
self-control; flexibility; stress tolerance

Figure 1

Generic managerial competences (Source Elkin 1990)

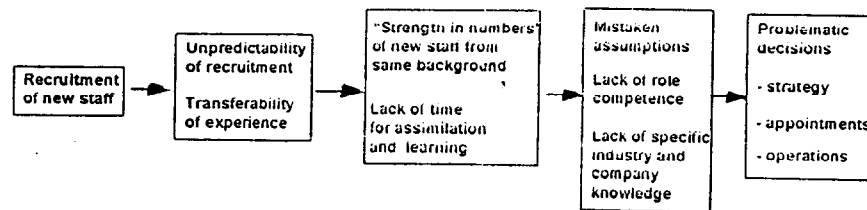
Subject	Companies in comparative product groups			
	Group A	Group B	Group C	
Turnover (Figures are in £000s.)				
1989	62	1808	25406	12699
1990	68	1884	28460	15566
1991	65	1951	28129	16792
1992	59	1747	29086	16575
1993	59	1867	33359	15728
Growth in period (1989 – 1993)	– 5%	+3%	31%	+ 24%
After tax profits (Figures are in £000s.)				
1989	5.6	112	1584	761374
1990	4.7	78	2024	550210
1991	3.6	60	2324	116061
1992	1.4	68	2024	–66221
1993	1.8	74	1984	129393
Growth in period 1989 – 1993	–66%	–33%	25%	–83%
ROCE (%)				
1989	29.7	23.5	19.87	19.59
1990	21.5	12.9	19.34	14.13
1991	15.6	12.13	18.78	7.1
1992	11.9	9.32	15	3.83
1993	13.3	10.4	12.74	6.82
Growth in period 1989 – 1992	–62%	–56%	–43%	–65%

UK company groups **Group A** = Industrial heaters, air conditioning, and venting
 Group B = Diversified industrials
 Group C = Building and construction

Figure 2
Comparative performance figures
 (Source: Datastream: and FAME databases May 1994)

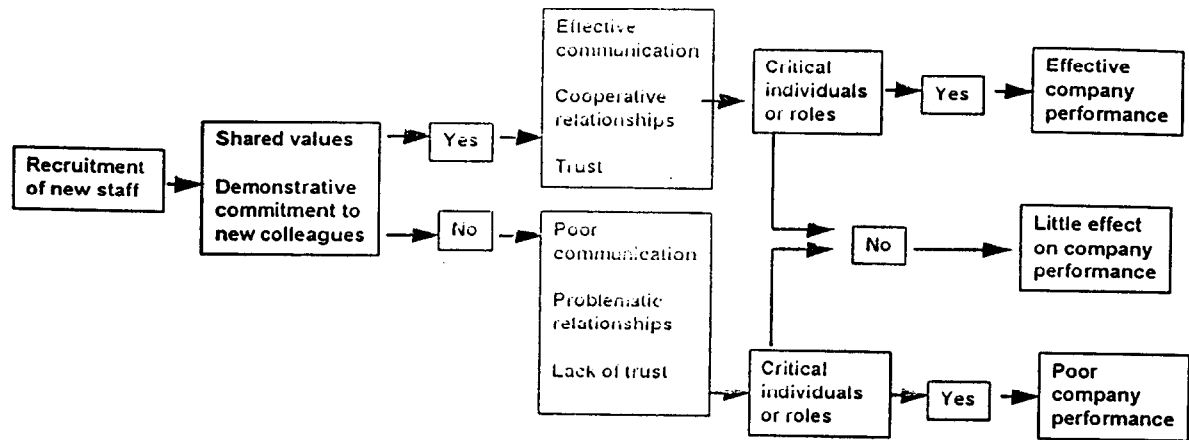
Category groups, categories (and <i>subsidiary-categories</i>)	
Strategy	Changes: Consensus and understanding; Products; Markets.
Organisation :- contingencies	History (<i>performance; product expertise; quality of staff</i>) Economic environment.
Staffing:	Recruitment; Dismissals; Role.
Personal Attributes:--	Experience (<i>transferability; learning curves</i>); Prior relationships; Shared values; ruthlessness (<i>emotional resilience; objectivity; confronting; authority; security; self-confidence</i>); Concern for others (<i>fairness; motivating</i>); Communicativeness (<i>seeing; hearing; speaking</i>)
Consequences:-	Control; Competence; Credibility; Motivation / demotivation; Alliances; Performance
Team effectiveness:-	Team development; Power; Coalitions.

Figure 3
Categories and category groups



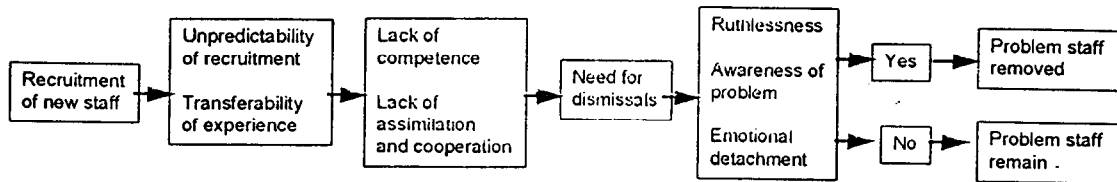
Conditional path for impact of recruitment policy

Figure 4



Conditional path for assimilation and impact of new recruit

Figure 5



Conditional path for dismissals

Figure 6

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