Exploring the Literature on Organisational Transformation and Industry Transformation: Searching for the Innovation Path for Future Research

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Abstract
Building understanding of the organisation transformation area is a challenging and complex task. A further research challenge in this area is that certain writers, for example Hamel and Prahalad (1994), are also highlighting the need for organisations to engage with and lead industry transformation. Newman (2000) has added the useful insight that extreme change in the institutional context of firms actually inhibits organisational transformation. The literature is examined to identify major contributors, their views on organisational transformation and also how this activity interplays with industry transformation. Propositions are developed for future research. CEO selection and performance is identified as being a key element in organisation transformation.

Keywords: strategic change, strategic management, organisation transformation, industry change

Refereed Paper
INTRODUCTION

It is widely recognized in the management literature that the business environment has never been more challenging. Organisations face tough competitive pressures in the 2000s due to the continuing evolution of the internet, information technology, telecommunications, the media, macroeconomic and microeconomic policy shifts including changes to the regulatory environment, and also social and demographic shifts. Organisation strategy cycles are getting shorter and shorter (Hamel, 2000). Deregulation across various industries such as telecommunications has forced organisations to re-examine and in many cases redefine and change their strategy. De Wit and Meyer (2004) observe there it is not a question of whether firms should change, but of where, how and in what direction. Change has become the norm, not the exception for organisations and particular industries such as telecommunications, aviation and gaming where regulatory influences are strong. However, many business leaders in these types of industries seem uncertain on how to manage effective change. Karp (2006) observes that the records of change management in industry for the past couple of decades have been poor. This provides an opening for future research as we seek to better understand the practice of strategic change management.

Organisations tend to undergo major transformations as an attempt to meet new challenges and to gain some form of competitive advantage in their industry. Hamel and Prahalad (1994) examined in detail the need for organisations not only to transform themselves but also to transform the industries they compete in. Transforming an organisation with only present business conditions and current organisational considerations in mind might create a new organisation capable of short-term success but will fail to position the organisation for longer-term market dominance or excellence. Understanding organisational transformation is having the ability to:

- distinguish the types of change;
- understanding the level of change and; and,
- identify the desired outcome of the change.

Newman (2000) in Academy of Management Review stated that there are no temporal benchmarks for organisation transformation which makes it difficult to measure the amount of time it should take to change. The author also emphasises that imported leaders from the West who failed to transform companies lacked sufficient knowledge of the companies’ local conditions. Rothaermel and Hill (2005) in Organization Science note that although the industry has shown signs of increased competition as a consequence of technological change, particularly where traditional services are concerned, incumbent industry performance appears to have improved. These findings play a major role in understanding the impacts of the current transformative changes experienced in the Australian telecommunication industry,
specifically Telstra Corporation. Rothaermel and Hill (2005) suggest that future research should move beyond qualitative categorizations and attempt to employ more objective quantitative measures when analysing the impacts of change. The focus of this review is to explore the existing and emerging organisational transformation literature and how it can relate to industry transformation. The propositions aid in the development of future qualitative and quantitative research, and complement each other to provide a more holistic perspective of organisation transformation.

LITERATURE REVIEW

Building understanding of the organisation transformation area is a challenging and complex task. Terminology in the strategic change literature can be confusing with academics, business executives and consultants (ABCs) using the same terms and words in different ways. It is important we articulate terminology clearly here. The literature does differentiate two major types of change - evolutionary and revolutionary. Transformational change is more often referred too as revolutionary, disruptive and radical (Miller, 1982; Pettigrew, 1985; Levy, 1986; Dunphy and Stace, 1988, 1990; Wischnevsky, 2004). Transformation is also referred to as second-order planned change (Bartunek and Louis, 1988; Levy, 1986) - as the way an organisation can cope with difficulties and plan the required change for implementation. There are also distinctions to be made in relation to the levels of change in organisational transformation – the impact on the individual, business unit or corporate level of the organisation. The last distinction includes the expected outcomes of organisational transformation. A key driver could include improving organisational effectiveness by gaining market share, competitive advantage and organisational survival. It is important that if an organisation is to successfully achieve organisational transformation the change strategy must reflect the desired outcome.

Emergence of Organisation Transformation

Dunphy and Stace (1988) note that incremental change arose during an era where there was a relatively stable business environment. In the 1980s and 1990s a literature emerged that described change programs designed to cause major revolutionary changes for organisations. Large-scale organisational transformation arose under conditions of widespread economic restructuring, recession and discontinuity quite different to the business conditions Dunphy and Stace (1988) describe. Some authors in this literature argue organisational transformation is an extension of organisational development while others believe organisational transformation represents a new discipline in its own right. Despite an historically uncertain business environment in recent years the evolutionary and revolutionary views of organisational change have dominated the literature. Models have developed which allow for both evolutionary and revolutionary types of change, but see these two ‘types’ of changes being executed
at different stages in the organisational life cycle (Greiner 1972; Miller 1982; Miller and Friesen 1984; Tushman, Newman and Romanelli 1986). Miller and Friesen (1984) and Romanelli and Tushman (1994) develop this further agreeing that organisations often change not through piecemeal or disjointed changes, but instead through the simultaneous undertaking of major shifts in key organisational dimensions such as strategy, structure, and systems. Mintzberg and Westley (1992) observe that most of the literature on organisational development seems to have dealt primarily with changes at the middle level or below and are often depicted as if they were strategic. They also note that organisations are always changing at some level but the characteristics of the change may vary by level therefore different change models are required. The essential difference between incremental and transformative change is not between slow and rapid change or normal and exceptional change, rather the difference lies in whether organisations are effecting change on a continuous or on a discontinuous basis.

Bartunek and Louis (1988) view organisational development and organisational transformation as two different approaches however they are compatible when considered jointly and inform the larger understanding of change. The authors did not, however, argue for synthesising the two approaches but for continuing to treat both approaches separately, maintaining a tension between them. Dunphy and Stace (1988) argue that the incremental and transformational approaches are complementary rather than conflicting. Nadler and Tushman (1989) refer to strategic changes that are necessitated by external events as ‘re-creation’. These changes usually threaten the very existence of the organisation and are radical and frame-breaking in their practice.

Porras and Silvers (1991) describe organisational transformation as the cutting edge of planned change and refer to it as ‘second generation’ organisation development. They argue that organisation transformation is emerging, ill defined, highly experimental and rapidly changing. Furthermore the authors describe organisation transformation as a key advancement over organisation development as it focuses on precipitating more profound change in organisations and is primarily directed at creating a new vision for the organisation. Gould (1996) on the other hand states that transformation pursues a strategy of experimentation, as opposed to planning which further complicates the debate.

Recent writing from Wischnevsky (2004) refers to organisation transformation as the simultaneous undertaking of major shifts in key organisational dimensions (such as strategy, structure, and systems). Wischnevsky (2004) refers to organisation transformation as a ‘common mechanism’ employed by organisations to modify their strategies and structures as opposed to transformation being the actual strategy. This argument raises an important question; if transformation is considered a process rather the strategy itself how effective will the outcome be when facing the competitive market?
French, Wendell and Zawacki (2005) agree that transformation seeks to create far-reaching changes in an organisation - for example structure, processes, culture and re-orientation to its environment. The authors emphasise culture as an important dimension. They state that organisation transformation applies behavioural science theory and practice to effect large scale change. Transformation causes a paradigm-shift and usually results in totally new paradigms or models for organising and performing work.

Dunphy and Stace (1988) outline the various terms and definitions used to describe transformation (refer to Table 1 below). This presents challenges when attempting to assess and understand the concept of organisation transformation.

<table>
<thead>
<tr>
<th>Authors</th>
<th>Related Concepts for Organisational Change</th>
<th>Literature</th>
</tr>
</thead>
<tbody>
<tr>
<td>Greiner (1972) (Organisational life cycle model)</td>
<td>▪ Evolution, in times of stability</td>
<td>▪ Revolution, at different stages of organisational growth</td>
</tr>
<tr>
<td>Miller (1982)</td>
<td>▪ Evolutionary, incremental change</td>
<td>▪ Revolutionary change</td>
</tr>
<tr>
<td>Miller and Friesen (1984)</td>
<td>▪ Incremental, piecemeal change</td>
<td>▪ Multi-faceted, concerted change</td>
</tr>
<tr>
<td>Fiol and Lyles (1985) (Organisational learning)</td>
<td>▪ Incremental change and ‘constant learning’ at all organisational levels</td>
<td>▪ Transformative change and ‘periodic learning’ occurring mainly in upper organisational levels</td>
</tr>
<tr>
<td>Pettigrew (1985)</td>
<td>▪ Evolution (lower levels of change activity)</td>
<td>▪ Revolutions (higher levels of change activity)</td>
</tr>
<tr>
<td>Tushman and Romanelli (1986)</td>
<td>▪ Convergence</td>
<td>▪ Frame-breaking change</td>
</tr>
<tr>
<td></td>
<td>▪ Incrementalism</td>
<td>▪ Upheaval</td>
</tr>
<tr>
<td></td>
<td>▪ Evolutionary change</td>
<td>▪ Transformational change</td>
</tr>
<tr>
<td>Levy (1986)</td>
<td>▪ First-order change</td>
<td>▪ Second-order change</td>
</tr>
<tr>
<td>Dunphy and Stace (1988)</td>
<td>▪ Incremental change</td>
<td>▪ Transformative change</td>
</tr>
<tr>
<td></td>
<td>▪ Evolutionary change</td>
<td>▪ Revolutionary change</td>
</tr>
</tbody>
</table>

Source: Dunphy and Stace (1988)

To make sense of the emerging viewpoints on organisation transformation, an extension of Dunphy and Stace’s (1988) table has been developed from the literature reviewed here to help clarify the discussion (refer to Table 2 below).
### Table 2  Emerging Related Concepts for Organisational Change Literature

<table>
<thead>
<tr>
<th>Authors</th>
<th>Organisation Development (OD) and Organisation Transformation (OT)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bartunek and Louis</td>
<td>▪ OD and OT considered as two different approaches however compatible when considered jointly.</td>
</tr>
<tr>
<td>(1988)</td>
<td>▪ OT involves ‘discontinuous shifts in frameworks’ (Second order change). OD approach involves improvement ‘within already accepted frameworks’ (First order change)</td>
</tr>
<tr>
<td>Dunphy and Stace</td>
<td>▪ OT is considered radical large-scale organisation change in response to the environment e.g. Organisation out of fit with the external environment.</td>
</tr>
<tr>
<td>(1988)</td>
<td>▪ Incremental and transformation complementary, difference lies in when an organisation is effecting change on continuous or on a discontinuous basis.</td>
</tr>
<tr>
<td>Porras and Silvers</td>
<td>▪ OT emerged as a form of planned change-cutting edge of planned change- ‘Second generation’ organisation development (OD)</td>
</tr>
<tr>
<td>(1991)</td>
<td>▪ Ill defined and highly experimental</td>
</tr>
<tr>
<td></td>
<td>▪ Transformation focus on creating organisation that understand how and when to initiate radical change</td>
</tr>
<tr>
<td>Aspeci and Varhan</td>
<td>▪ Strategy is considered transformational when an organisation faces uncertainty and aims to change the game in the industry</td>
</tr>
<tr>
<td>(1999)</td>
<td></td>
</tr>
<tr>
<td>Wischensky (2004)</td>
<td>▪ OT - simultaneous major changes in key organisation dimensions as opposed isolated changes.</td>
</tr>
<tr>
<td></td>
<td>▪ Refers to revolutionary changes as organisational transformations.</td>
</tr>
<tr>
<td>French, Wendell and</td>
<td>▪ OT created far-reaching changes in organisations</td>
</tr>
<tr>
<td>Zawacki (2005)</td>
<td>▪ OT applies behavioural science</td>
</tr>
<tr>
<td></td>
<td>▪ Paradigm-shifting organisation change</td>
</tr>
</tbody>
</table>

The literature reviewed explores organisation transformation and surfaces a variety of definitions and explanations. This is possibly due to different views of various ABCs but also the complexity involved in understanding what needs to happen and what actually does happen in and during organisational transformation. Most of the literature on transformation seems to focus on the management of isolated changes rather than major far reaching strategic change in key areas of the organisation. This seems to be a contradiction with the intent and purpose of organisational transformation, especially in light of the more recent insight from Wischensky (2004) and French et al. (2005) with their emphasis on major revolutionary, paradigm shifting change. Tushman and O’Reilly (2004) have highlighted the key enabling role of top managers in head office, creating the right environment for such change programs to be successful, especially the need for top managers to communicate the change strategy and ensure this is understood in key business units and levels of the organisation. There is an important symbolic role for top management (Hart, 1992). Hence:
**Proposition 1:** Organisation transformation (simultaneous major changes) must be the agreed, communicated strategy from the head office which is understood in the business units and levels of the organisation required to action change for an organisation transformation to be successful.

**Industry Transformation**

We have seen that the business environment of the early 21st century is witnessing rapid and disruptive changes in industries, products and organisations with organisations under pressure to speed their strategy cycles to remain competitive (Hamel, 2000). Hofer (1980) suggests that before a strategic turnaround is begun, an explicit investigation should be made of the condition in the industry involved and, in particular, of its stage of evolution and competitive structure. The reason for such analysis is there are times when strategic change abounds within an industry. During such periods, shifts in relative competitive position occur frequently. Consequently, designed strategic turnarounds have reasonably good chances of success during these periods.

Hamel and Prahalad (1994) take a broader approach to considering transformation, going beyond the organisation to consider the industry and the firm’s role and place in the industry. They believe that for an organisation to be a leader in the future, it must move beyond organisational transformation and instead focus on the external, what they refer to as industry transformation. This is the key to successful strategic renewal. Hamel and Prahalad (1994) argue transforming an organisation with only present business conditions and current organisational considerations in mind might create a new organisation capable of short-term success but it will fail to position the organisation for longer-term, sustained market dominance or excellence. Porter’s (1988) view is that a company’s profitability is heavily influenced by the structure of the industry that it competes in. Porter (1988) argues companies can adapt to changes in industry structure however they must understand the drivers of change. Alternately, Baden–Fuller and Stopford (1992) argue that it is the firms that matter not the industry. In their opinion high profitability is not the consequence of complying with preset rules, but the result of acting creatively and imaginatively. Shifts in environmental conditions often alter the opportunities available to an organisation. Shifts in environmental conditions also introduce new threats that organisations must confront. The more the new environmental conditions depart from the preceding ones, the more fundamental the need for adjustment in organisational change strategy.

Nadler and Tushman (1999) note that the environment drives the strategic architecture of the enterprise, either through anticipation of, or reaction to, major changes in the marketplace. Every industry evolves through cycles of incremental change punctuated by turbulent periods of disequilibrium that call for
radical or discontinuous change for organisations. The organisation's capacity to interpret and understand its environment and to make the right kinds of strategic changes at the appropriate point in the industry cycle will determine its competitive strength. In this view the industry shapes the firm and business survival depends on the fit of organisation strategy with the environment.

The likelihood of organisation transformation is likely to increase when there are sharp changes in the business environment (e.g. regulation, technology, supply of finance, demographic) that shift the basis of competition within industries (Tushman, Newman and Romanelli, 1986; Tushman and Romanelli, 1985). Miller and Friesen (1983), note that organisations must revise their strategy-making processes to cope with a more challenging business environment. In achieving strategic goals, an ongoing process of evaluating and adapting the fit of strategy with environment and the alignment of organisational capabilities needs to be continually conducted (Beer, Voelpel, Leibold and Eden, 2005). Chakravarthy and Doz (1992) agree arguing that the strategies of a firm must change in keeping with new opportunities and threats in its environment and changes in its own competencies and strategic intent.

Aspeci and Vardhan (1999) define strategy as transformational when a company, usually facing significant uncertainty, aims to change the game in the industry and needs to address substantial customer or competitive challenges. These transformational strategies require a company from time to time to use inadequate information to make timely decisions about products or market priorities, investment in technology, the business configuration and industry partnerships.

Voelpel et al. (2006) in their recent work describe the term ‘misfit’ in the context of organisations becoming an industry ‘heretic’, ‘anarchist’, or even destroying (going against) the traditional industry norms so as to build new customer value. They describe organisational ‘misfits’ as those companies that purposefully aim to fundamentally change traditional industry and organisational practices. These organisations initiate new approaches in dealing with opportunities and threats in rapidly changing environments. The challenge for organisations is to manage the tension between the current need for efficiency and the capability for future adaptation and reinvention. Creating purposeful misfit that disturbs existing industry conditions helps to gain unique competitive advantage (Voepel et al, 2006).

Whipp, Rosendeld and Pettigrew (1991) examined the process of managing strategic and operational change in four mature industries in the U.K. The findings indicated that the higher performers differed from the lesser performers in the way they conducted environmental assessment, led change, linked strategic and operational change, managed their human resources as assets and managed coherence in the overall process of competition and change.
Newman (2000) argues that extreme change in the institutional context of firms (e.g. legal and regulatory frameworks) actually inhibits organisational transformation, and the organisations ability to learn. The author notes that there seems to be no temporal benchmarks for organisational transformation. For example, AT&T in the US was still undergoing transformational change after 15 years of divestiture. This raises an important research question as to whether organisation transformation actually has a ‘fixed end date’. Sol Trujillo took the reins as Telstra’s new Chief Executive Office on 1 July 2005 and announced that Telstra will be undergoing a five year organisational transformation. Since the new management team arrived, Telstra's share price has fluctuated between $3.45 and $5 and a key reason for this decline is costly external regulation and government policies. Unlike previous top management teams, Telstra is going head to head with the regulators and policy decision makers by publicly debating the impacts. This seems to have produced some positive results for Telstra's shareholders. For instance, the Australian Competition and Consumer Commission Chairman has publicly committed not to regulate Telstra's billion-dollar Next G wireless broadband network or Telstra's ADSL2+ rollout. However, on the flip side, the Australian Government has awarded OPEL, $958 million to build additional infrastructure to compete with Telstra.

Wischnevsky (2004) studied the implications of organisational transformation in a particular external context (for example, a major environmental change such as deregulation) for organisational survival. The key finding is that, in the context of major external regulatory change, organisational transformation is likely to enhance a firm’s survival chances. The temporary loss of internal alignment among organisational attributes that occurs during the process of change, along with its detrimental effect on reliability and accountability, seems to be less harmful than the continued lack of organisation environment fit experienced by firms that maintain the status quo. In addition, firms undergoing longer periods without organisational transformation exhibit a higher risk of failing in environments characterized by sustained and significant change. This suggests that, over time, the benefit of a given transformation declines.

Lavie (2006) notes that organizations often need to work against the competitive clock to transform systems, processes, methodologies and competencies in order to enjoy brief competitive advantage, or even just to sustain profitability. Nadkarni and Narayanan (2007) conducted a recent study on the rate of industry change. The results showed that the strategic actions of firms in fast-paced industries must be different from those firms in slow paced industries in order achieve higher performance results. Fast-paced industries are characterized by rapid changes in product and process technologies and in competitors’ strategic actions, which make it difficult to build sustainable competitive advantage. The authors state that
additional research studies may want to test the set of issues and relationships surrounding industry change, cognition, strategic actions, and firm performance. Telstra’s transformational journey to date has been impacted to a certain extent by a set of external interrelated challenges hence the development of proposition 2:

**Proposition 2:** Organisation transformation is more like to achieve rapid industry transformation when the CEO’s strategic actions are simultaneously deployed within a specific timeframe despite any opposition they may encounter.

**Transformational Leadership**

De Wit and Meyer (2004) observe the contrast in leadership styles experienced by managers in organisations. They note the presence of a few great business leaders but recognize that most organisations get mere mortals in the role of CEO or business unit head that practice strategic change in a very ‘human’ way. Tichy (1983) supports this arguing that contemporary change management practices are limited because managers and consultants tend to focus attention on a restricted set of organisational change levers. Thus regardless of the nature of the problem, they tend to employ the same change levers that they are comfortable with rather than the change levers with the highest probability of business success.

Beer et al. (2005) argue that coping in an ever-faster shifting competitive environment means continual strategic change and senior management’s response is quite often to adopt the latest management ‘fad’. Such initiatives usually offer new insights and ideas and become popular quickly however they tend to only have a short lifecycle leading to a sharp decline in interest. Such ‘fads’ produce uncoordinated change initiatives which lose their momentum with negligible changes in the organisation’s fundamental arrangements and behaviour.

In a company being transformed the role of the leader is dramatically different. Hamel and Prahalad (1994) note that the success of a transformational leader hinges largely on their ability to first plan the transformational strategy and then to empower others to implement the plans. A transforming organisation must be led by a leader who develops and aligns the organisation with a vision, develops and maintains trust, ensures that coordination and communication occur, and encourages creativity and learning.

Newman (2000) states indigenous managers that lead effective change come from unique idiosyncratic circumstances. These managers are likely to have had experience in competitive markets. The author also notes that new top managers imported from the West can be helpful as leaders and role models but they are at a disadvantage in the transition economies for they do not understand the new, fluid institutional
context and therefore do not know how to apply their skills’ appropriately. Furthermore, there was evidence that Westerners who tried to transform local companies actually failed because they did not understand the local conditions. Telstra’s CEO along with his selected top three senior executives have vast experience in leading change in the US telecommunications industry and are currently employing changes based on their known capabilities. Interestingly to date a key focus of the new management team has been to confront the media, government and regulatory groups whilst lobbying for public support. Further research to improve our understanding and knowledge of successful transformative type leadership is a current and contemporary issue.

Kotter (1996) notes that well over 50% of the companies he has observed have failed in the first phase of transformation. Transformations often begin well, when an organisation has a new well regarded leader who sees the need for a major change. So the CEO must have certain attributes to be able to lead an organisational transformation. Hamel and Prahalad (1994) provide guidance on these attributes. The Chairman and directors, as well as the executive search firm hired to look for such a CEO, need to carefully articulate these attributes for the search and then pursue appropriate candidates with rigor in the CEO search process. Any CEO will not do, organisation’s need to hire prudently using well informed criteria to inform the executive search process and then contract the CEO to perform the organisational transformation required (Kiel, Nicholson and Barclay, 2005). This background informs the following propositions:

**Proposition 3a**: Prudent selection of the CEO to lead organisation transformation using specific selection criteria, and contracting the CEO to lead that change, increases the likelihood of successful organisational transformation.

**Proposition 3b**: Organisation transformation is more likely to be achieved by indigenous leaders where the same values and norms are shared, unlike non-indigenous leaders where the values and norms of the organisation need to be learned.

**Transformative Technological Change**

An emerging trend in the organisational transformation literature is the role that technology advancements play in an effort for organisations today to achieve industry dominance. Hill and Rothaermel (2003) note that radical innovation creates new market opportunities while simultaneously damaging, destroying or transforming demand in many existing products markets. As a consequence, they argue that new entrants are predicted to rise to dominance in an industry following the discontinuity triggered by a radical technological innovation, whereas the relative performance of incumbents is predicted to decline. This
suggests that organisations such as Telstra who are currently instigating technological change have the most risk during this process by being slow to recognise threat posed by new technology and new entrants. The authors suggest that a study of incumbent survival and performance in the face of radical technological innovation will be an interesting and fruitful theoretical and empirical research.

More recent work by Rothaermel and Hill (2005) found that incumbent industry performance declined if the new technology could be commercialised through generic assets however performance improved if the new technology could be commercialised through specialised assets. The authors examined the US telecommunication industry and found that the technological discontinuity has not made the complementary assets of incumbent firms (i.e. their switching networks) obsolete. Moreover, with respect to the commercialisation of wireless telephony the switching network are specialised complementary assets because they can be used to transmit cellular phone calls without any additional investment in these downstream assets. In theory, the cellular providers can build out their own switching networks and cut the incumbents out of the market altogether. However this would be both capital and time-intensive

Rothaermel and Hill (2005) indicate that the quantitative methodologies employed at the industry level of analysis may aid future researchers in moving beyond single-industry and case study analysis. Such a shift in research methodology should improve the generalizability of the research conducted on the dynamics of technological change and its impacts and firm performance. In light of the current technological changes in the Australian telecommunications industry the following proposition is developed:

**Proposition 4**: Organisation transformation when facilitated by technological change is more likely to achieve industry transformation and improved firm performance.

**CHARACTERISTICS OF ORGANISATION TRANSFORMATION CHANGE**

The literature reviewed provides guidance on the following key characteristics of transformational change:

- Transformation involves radical and discontinuous change to the shape, structure and the nature of the organisation.

- Transformational change is triggered by external forces to the organisation. Hamel and Valikangas (2003) claim that a company that can make sense of its environment, generate strategic options, and realign its resources faster than its rivals will enjoy a decisive advantage. It will prove to be the ultimate competitive advantage in the age of turbulence when companies are being challenged to change more profoundly, and more rapidly, than ever before.

- Transformational change involves reshaping the organisation’s culture and design elements. These changes are characterised as systemic and revolutionary because the entire organisation is altered.
Transformational change is deep, pervasive and the change requires a new set of actions by the members of the organisation.

- Transformational change is particularly pertinent to changing the different features of an organisation, such as structure, systems and people. These features need to be changed together in a coordinated fashion so that they can mutually support each other and the new cultural views and assumptions (Miller and Friesen, 1984).

- Finally transformational change is distinguished from other types of strategic change by its attention to the people side of the organisation, in particular the selection of the CEO as the leader of the top management team.

As stated previously for change to be labelled transformational the majority of individuals in an organisation must change their behaviour. Gould (1996) stated that it is one thing to use transformation processes to deliver once-off successes, but to be to sustain that level of speed, flexibility and innovation the enabling culture will need to change.

CONCLUSION

The literature indicates there seems to be a growing interest in organisational transformation however there is room for further development of theory and practice in future research, especially given some of the newness of certain of the drivers of uncertainty in the business environment such as the internet and pressure groups (e.g. terrorism with impact on the aviation industry). This is particularly evident regarding the understanding of large, complex organisational transformation for businesses in telecommunications such as Telstra, Qantas in aviation or Tabcorp in gaming. There was little evidence in the literature of a ‘hard-nosed’ business focus evidenced by frank assessment of performance to organisation performance dimensions and the desired organisation outcomes as part of major transformational change. This brutally honest executive way of thinking is particularly valuable to ascertain the sustainability of the transformational change and the consequences from an industry perspective (Collins, 2001). The literature indicates that more research needs to be done in the study of the obstacles and enablers of organisation transformation, in particular CEO and top management selection. There is also a need to explore the relationship between organisation transformation and the associated industry impacts. Existing change models seem to focus on a specific point in time therefore there is a requirement to develop a transformational model based on the assumption that discontinuous change at the industry level is simply business as usual. This is where research in this area can be innovative in future.
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