



ORGANIZATIONAL CHANGE AND LAUGHLIN (1991) FRAMEWORK

DR. RUSLAINA YUSOFF & SHARIFUL AMRAN ABD RAHMAN

✉ ruslaina@uitm.edu.my

All businesses, regardless of their size, industry, or age, typically experience various processes of change. Organizational change, defined as the process of adapting to new assumptions, involves companies transforming to achieve better outcomes (Langer, Alfievic & Pavicic, 2005). According to Smith (1982), organizational changes can be superficial or deeply affect the organization's beliefs, values, and norms. To comprehend changes within an organization, it is essential to understand its existing practices, procedures, and routines (Burns & Scapens, 2000). Organizational change occurs not only through planned initiatives that corporations undertake consciously but also through unplanned processes that happen largely unnoticed by those attempting to influence them (Beaubien, 2008; DiMaggio & Powell, 1983, p. 157).

Laughlin's (1991) framework can be used to explain the change process that might occur in an organization due to any practices or processes, including corporate social and environmental reporting or sustainability reporting practices. Social and environmental issues might create disturbances to the organization's practices, leading to changes within the organization (Larrinaga-Gonzalez et al., 2001; Adams & McNicholas, 2007). According to Laughlin (1991), organizations are reluctant to change or are 'change resistant'. However, disturbances, kicks, or jolts will lead to transformations or transitions of various intensities and durations, taking different 'tracks' and causing unpredictable changes. As Laughlin (1991, p. 210) suggests, organizations will only "... *change when forced or 'kicked' or disturbed into doing something*" (see also Brown & Fraser, 2006; Bebbington et al., 2009; Cho et al., 2015; Stubbs & Higgins, 2018).

Based on previous literature and the ideas of Smith (1982), and the Critical Theory of Habermas, Laughlin (1991) has conceptualized organizations as consisting of interpretive scheme, design archetypes and sub-systems (see Figure 1). The interpretive schemes refer to the intangible aspects of the organization, such as the metaphors, beliefs, values, rules and norms together with the mission statement of the organization. The sub-systems refer to tangible elements (e.g. the phenomena that we call buildings, people, machines, finance and the behaviour and nature of these elements) in an organization. Meanwhile, the design archetypes lie between interpretive scheme and sub-system, which comprised of organizational structure, management process, and information systems.

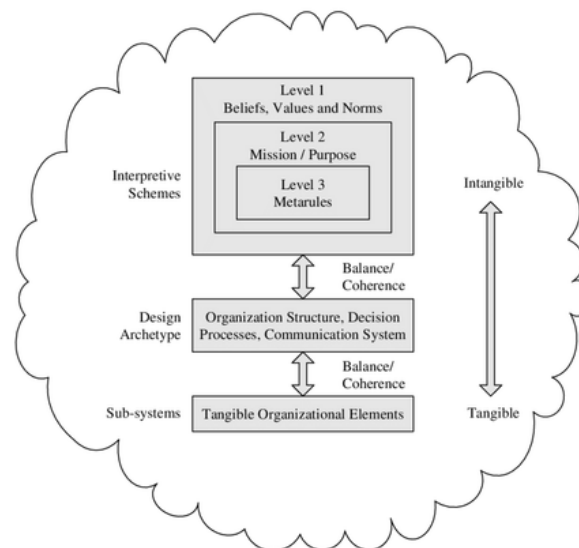


Figure 1: A model of organizations by Laughlin (1991, p. 211)

It is important for organizations to have these three key elements for them to be at the 'ideal' state, where organizations are to be considered as balanced. Any disturbance will lead to a shift in this balanced position. According to Laughlin (1991), an organization is assumed to be in a state of 'inertia' and is operating in some form or degree of equilibrium, before a disturbance of some type causes change. 'Inertia', is the natural state of an organization, "*the situation when no disturbance needs to be faced*" (p. 215). It is not clear whether the 'inertia' or non-movement situation really exists (Gray et al., 1995). However, literature shows that this state does not exist in any organization, as organizations are continually adapting to minor changes in their internal and external environments (Zakus & Skinner, 2008; Suddaby & Foster, 2017; Dumai et al., 2018; Gagné, 2018; Bocken, 2023).

Laughlin (1991) developed the concept of 'pathway' as the possible routes the disturbance can travel through an organization. This route is not essentially linear and may have no end destination, but may involve constant and circuitous travel (Broadbent & Laughlin, 2005). Laughlin (1991) draws on the work of Smith (1982) to put forward the notion that change can be typified as morphostasis (first-order) or morphogenesis (second-order) change. Morphostasis changes involve "*making things to look different while the remaining basically as they have always been*" (Smith, 1982, p. 318) while morphogenesis changes are those "*...that penetrates so deeply into the 'genetic code' that all future generations acquire and reflect these changes*" (Smith, 1982, p. 318).

The 'rebuttal' and 'reorientation' change pathways are categorized under first-order level of change while 'colonization' and 'evolution' change pathways are categorized as the second level of change. Under the 'rebuttal' change, the environmental disturbance will lead to little changes primarily in the design archetypes. The organization may only involve some slight change after the disturbance but will go back to old ways or revert back. Rebutted change fails to shift the balance and coherence of the organization (Laughlin, 1991, p. 217). It does involve processes, energy, and power but this is all located within the design archetype in relation to its control mechanisms (Broadbent & Laughlin, 2005, p. 17). Meanwhile under 'reorientation' change, the disturbance has enough pressure to change the design archetypes and the subsystem of the organization. This means that the disturbance cannot be rebutted, and, therefore, must be internalized into the organization. However, the real heart or the essential objectives and activities (interpretive scheme) of the organization are unaffected by the changes (Laughlin, 1991, p. 218).

The second level of change (morphogenetic), which is the 'colonization' change pathway, according to Laughlin (1991), occurs due to forces upon the organization. The environmental disturbance first leads to a change in the design archetype, then sub-systems' elements as well as through the layers of interpretive scheme. It will affect the organization's real heart or essential beliefs, values and norms resulting in a new underlying ethos developed (Laughlin, 1991, p. 219). Laughlin (1991) viewed that this type of change, is seen as undesirable change because of its coercive nature. The 'evolution' change pathway involves major changes in the interpretive scheme due to environmental disturbance that leads to chosen underlying ethos, which results in the design archetype and the sub-systems having to be reshaped in line with the new chosen interpretive scheme (Laughlin, 1991, p. 221). In this situation, the organization accepts changes freely without any coercion. As a result, the organization will change the core of the organization without any force by a third party and it is most acceptable by all organizational participants (see also Dillard et al., 2004; Hopwood et al., 2012; Bebbington et al., 2014; Appelbaum et al., 2017; van der Heijden et al., 2019; Busco et al., 2020).

Laughlin's (1991) framework provides a robust theoretical basis for understanding how and why organizations change in response to disturbances like the need for corporate social and environmental reporting. It emphasizes the role of external pressures in overcoming inherent resistance to change and highlights the unpredictable nature of the transformation processes that organizations undergo.

References:

- Adams, C., & McNicholas, P. (2007). Making a difference: Sustainability reporting, accountability and organizational change. *Accounting, Auditing & Accountability Journal*, 20(3), 382-402.
- Appelbaum, S.H., Cameron, A., Ensink, F., Hazarika, J., Attir, R., Ezzedine, R. and Shekhar, V. (2017). Factors that impact the success of an organizational change: a case study analysis. *Industrial and Commercial Training*, 49(5), 213-230.
- Beaubien, L. (2008). Organizational change: An overview. In M. A. Rahim (Ed.), *Current Topics in Management*, Vol 13, 143-167. Transaction Publishers.
- Bebbington, J., Higgins, C., & Frame, B. (2009). Initiating sustainable development reporting: Evidence from New Zealand. *Accounting, Auditing & Accountability Journal*, 22(4), 588-625.

- Bebbington, J., Unerman, J., & O'Dwyer, B. (2014). *Sustainability Accounting and Accountability*. Routledge.
- Bocken, N. (2023). Business Models for Sustainability. *Oxford Research Encyclopedia of Environmental Science*.
- Brown, J., & Fraser, M. (2006). Approaches and perspectives in social and environmental accounting: An overview of the conceptual landscape. *Business Strategy and the Environment*, 15(2), 103–117.
- Burns, J., & Scapens, R. W. (2000). Conceptualizing management accounting change: An institutional framework. *Management Accounting Research*, 11(1), 3–25.
- Busco, C., Granà, F., & Izzo, M. F. (2020). *Accounting, Sustainability, and Governance: Contemporary Integrations and Innovations*. Springer.
- Cho, C. H., Laine, M., Roberts, R. W., & Rodrigue, M. (2015). Organized hypocrisy, organizational façades, and sustainability reporting. *Accounting, Organizations and Society*, 40, 78–94.
- Dillard, J. F., Rigsby, J. T., & Goodman, C. (2004). The making and remaking of organization context: Duality and the institutionalization process. *Accounting, Auditing & Accountability Journal*, 17(4), 506–542.
- DiMaggio, P. J., & Powell, W. W. (1983). The iron cage revisited: Institutional isomorphism and collective rationality in organizational fields. *American Sociological Review*, 48(2), 147–160.
- Dumay, J., de Villiers, C., Guthrie, J., & Hsiao, P-C. (2018). Thirty years of Accounting, Auditing and Accountability Journal: A critical study of the journal's most cited articles. *Accounting, Auditing and Accountability Journal*, 31(5), 1510–1541.
- Gagné, M. (2018). From strategy to action: Transforming organizational goals into organizational behavior. *International Journal of Management Reviews*, 20 (Suppl 1), 83–104.
- Gray, R., Kouhy, R., & Lavers, S. (1995). Corporate social and environmental reporting: A review of the literature and a longitudinal study of UK disclosure. *Accounting, Auditing & Accountability Journal*, 8(2), 47–77.
- Hopwood, A., Unerman, J., & Fries, J. (2010). *Accounting for Sustainability: Practical Insights*. Earthscan.
- Langer, J., Alfirevic, N., & Pavicic, J. (2005). Organizational change and learning. In K. S. Cameron & G. M. Spreitzer (Eds.), *The Oxford Handbook of Positive Organizational Scholarship* (pp. 551–564). Oxford University Press.
- Larrinaga-González, C., Bebbington, J., & Moneva, J. M. (2001). Accountability for environmental sustainability in Spanish local governments. *European Accounting Review*, 10(1), 3–39.
- Laughlin, R. C. (1991). Environmental disturbances and organizational transitions and transformations: Some alternative models. *Organization Studies*, 12(2), 209–232.
- Smith, M. (1982). The process of organizational change. *Journal of Organizational Change Management*, 1(1), 12–25.
- Stubbs, W., & Higgins, C. (2018). Stakeholders' perspectives on the role of regulatory reform in integrated reporting. *Journal of Business Ethics*, 147(3), 489–508.
- Suddaby, R., & Foster, W. M. (2017). History and organizational change. *Journal of Management*, 43(1), 19–38.21 – 442
- Van der Heijden, A., Driessen, P. P. J., & Cramer, J. M. (2019). Making sense of corporate social responsibility: Exploring organizational processes and strategies. *Journal of Cleaner Production*, 206, 689–700. <https://doi.org/10.1016/j.jclepro.2018.09.182>
- Zakus, D. H., & Skinner, J. (2008). Modelling organizational change in the international olympic committee. *European Sport Management Quarterly*, Volume 8, Issue 4 8(4), 4