A Framework for Exploring IT–Led Change in Morphing Organizations

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INTRODUCTION

Organizations must continually change to survive, adapting to changes in their social, economic and trading environments, responding to the changing needs of customers and reacting to competition. Organizational transformation refers to changes in the way in which an organization operates. Morphing organization is a term used to reflect organizational transformation, recognizing that as an organization changes its outer face displayed to the world, internal structures and processes within the organization must change to facilitate and support the external interface. A morphing organization has an identity that is determined by the organization's relationship with its environment, its internal components and the social practices in which the participants in the organization interact. As the external face of the organization changes and internal components are adjusted, core structures and values need to be retained in order to maintain the organization's unique identity (Cox, 2014).

Developments in information technology (IT) have been and continue to be, a major driver of organizational transformation. IT has changed the structure and face of organizations in most industries and it is recognized that introducing and changing technology in an organization is not merely an IT issue (Jackson & Harris, 2003). For example, the impact of ebusiness transformation of organizations is well documented. Technology has changed the way in which customers and suppliers interact with the outer face of the organization, and transformed the back office pro-

cesses needed to support the external face of the front office activities. The wider implications of changing IT systems in organizations as an enabler of organizational change need to be considered.

The contribution of this chapter is the presentation of an organization architecture to explore the impact of IT-led change in morphing organizations. The framework of the organization architecture offers a coherent structure in which to consider organizational transformation in response to IT-led change, to structure analysis and evaluation of the aspects of an organization that may be affected by proposed changes to IT systems in an organization. The framework may also be used retrospectively to analyse how changes in IT have led to organizational transformation. The organizational architecture builds on the Mckinsey 7-S framework (Peters & Waterman Jr., 2004) and considers the impact of IT changes to both formal elements of the organization such as organizational processes and informal elements such as social values. The application of the organization architecture is illustrated through case study examples from UK organizations.

The following section discusses organization identity. A business model is discussed showing the relationship between an organization and its trading environment focusing on the external face of the organization. The internal structures that support the external organization identity are then discussed. An organization architecture is presented as a model to explore the changes in the organization needed to accommodate IT and how an organization may be affected by changes to IT. The chapter concludes by considering the

challenges of the third wave of IT-led change, predicted by Porter & Heppelmann (2014), to organizational identity.

BACKGROUND

Identity is the most fundamental concept of humanity and is the essence of an organization, which emerges through communication and interaction between members of the organization (Koskinen, 2015). The act of identifying an organization establishes a conceptual boundary around a group of people, resources and activities. Defining an organization separates the organization linguistically from other things (Koskinen, 2015), creating an entity with a unique identity. The relationships between the organization, its customers, suppliers, competitors and trading partners can then be explored.

Whetten (2006) uses the phrase 'organizational identity claims' or 'referents' in relation to the attributes of an organization that form its identity. These are enduring attributes that reflect the core values of an organization and are tested by considering the question of whether the organization would be the same organization without a specific attribute.

In the same way that the view an individual holds about themselves may differ from the way that others see them, there is the identity of how others see the organization and how those inside the organization perceive the organization. Balmer (2008) uses the term *corporate identity* to reflect an external view of how the organization is perceived by those outside the organization, such as customers and the term *organizational identity* to reflect the internal view of how the organization is perceived by those within it. Koskinen (2015) uses similar terms to represent these two views and adds a third form of identity:

- *Company identity* is how the organization presents itself to its environment.

- *Reflective identity* is how the organization sees itself internally.
- *Substantive identity* is the mechanism that keep the different parts of the organization focused as a single unit.

An organization's identity is created by the decisions and practices in an organization, which in turn influence the identity. Koskinen (2015) describes identity as the hidden face of strategy. Accurate identification of organizations is essential (Whetten, 2006) and attention to the organizational identity is particularly needed during periods of change (Albert & Whetten, 1985). The following sections discuss two models: the business model and organization architecture that reflect the *company identity* and internal *substantive identity* respectively.

Business Model

Organizations operate within an external trading context that is represented in a business model. All organizations have a business model (Andersén *et al.*, 2015). A business model is a way of doing business focusing on the organization's competencies (DaSilva & Trkman, 2014), reflecting the relationship between control and value in the organization (Ballon, 2007). Business models identify key aspects of an organization that determine how the organization positions itself in its market(s) and industry(ies) in order to create, maintain and reflect its unique identity.

Osterwalder *et al.*, (2005) identified nine elements in a business model:

1. Value proposition (products and services offered by the organization).
2. Target customer segments.
3. Distribution channels (used to reach customers).
4. Relationship (links between organization and customer segments).
5. Value configuration (arrangements of activities and resources)

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