Module 12. Implementing Social Change in Bureaucratic Organizations

Whenever the top management of a large organization makes a commitment to changing policy and procedures with regard to issues of social responsibility, business ethics or sustainability, it confronts a formidable array of impediments to its implementation efforts. These impediments include, but are not limited to, the following:

1.   Cost Factors and Their Reliability

The high initial cost of social programs, e.g., pollution control equipment, extensive product testing, employee training programs.

The difficulty quantifying the benefits from social program expenditures.

The reliability of projections as to the costs and benefits into the future of social programs.

2.   Organizational Culture

Over time, all organizations of any size develop an "organizational culture"—values, ways of doing things, norms for behavior, and other cultural dimensions that can be as difficult to change as the cultures of countries and regions of countries.

3.   The Budgeting and Evaluation System

The existing budgeting system is short-run oriented and social programs deliver long-term benefits.

The existing evaluation system is short-run oriented, often focused on quarterly performance, and social programs require expenditures which reduce profit performance and thus do not enhance the manager's economic performance for pay and promotion purposes.

4.   Characteristics of Large-scale Organization

The success of the business manager is mastering routine decision making approaches. Social programs require innovative approaches to decision-making.

Communication: it is difficult to achieve the necessary communication flow for good social program management, downward in the organization so top management can express their expectations to lower levels of the organization, and upward, so problems with social programs and actual performance are understood by top management.

Specialization, one of the key factors in the success of the Modern Corporation creates a narrow view in employees, preventing them from seeing social problems

and programs in a larger perspective.

Decentralization, another key to corporate success, is difficult to undo. Once major decisions about hiring, capital investment, control procedures, etc. are delegated downward in the organization, it is often difficult for top management to pull them back up again, as is often necessary in the social area.