# Contents

- Executive summary  
  Page 2
- Introduction  
  Page 6
- What is reorganisation supposed to achieve?  
  Page 9
- What do reorganisations achieve?  
  Page 11
- HR professionals in reorganisations  
  Page 14
- Employees and reorganisation  
  Page 17
- Organisation-wide change  
  Page 20
- Project- and people-centred reorganising  
  Page 24
- What shapes reorganisation? The role of internal and external influences  
  Page 28
- What and who enables or constrains reorganisation?  
  Page 30
- Learning from experience: what will be done differently next time?  
  Page 32
- Different contexts, different ways of reorganising: a comparison of the public and private sectors  
  Page 35
- Conclusions and implications  
  Page 36
- Sample profile  
  Page 38
- Acknowledgments  
  Page 39
Reorganising - the performance challenge
The survey by the Chartered Institute of Personnel and Development (CIPD) of more than 800 managers – CEOs, HR directors and managers – from private and public sector organisations confirms the broad scope and far-reaching challenges of reorganisations today. Reorganisations are a high-frequency, high-stakes activity – latest evidence shows organisations can expect to reorganise in a major way roughly once every three years. Changes in organisation include both the ‘hard’ elements of structures and systems as well as the so-called ‘soft’ aspects such as culture, and often require a substantial investment of resources. With reorganisations failing to meet objectives in 40% of cases, the survey demonstrates there is much room to improve their impact on performance.

Key findings
The findings from the survey suggest that four management capabilities underpin success in reorganisations:

- **Organisation-wide change:** planning and implementing cohesive programmes of complementary changes in organisation structures, business processes and supporting systems rather than implementing individual changes to address specific organisational issues in isolation.

  The research findings conclude:
  - Organisations that manage change across the complementary dimensions above achieve the biggest improvement in both effectiveness and efficiency. However, while changes in leadership, culture, business processes and enabling technologies were a common focus of reorganisations in the survey, wider complementary changes to, for example, career and reward structures were less frequent.

- **Programme and project management:** adoption of formal programme and project management practices.

  - In more than two-thirds of cases, respondents say they used project management methods to manage reorganisations, including the setting of milestones and targets and detailed budgets. The survey findings confirm that adopting these practices achieves a greater level of success than others, not only in delivering reorganisations to time and cost but also in achieving planned outcomes around organisational efficiency and effectiveness.

  - Public sector enterprises in general reported less take-up of project management practices and detailed budgeting than in the private sector.

- **Integrating people management practices with changes in organisation:** respondents report a comparatively limited use of specific people management practices to support the design and implementation of reorganisation.

  - Reorganisations typically have a significant impact on employees in terms of job losses, recruitment of new employees and job moves which require them to retrain. Over 85% of reorganisations involve voluntary or compulsory redundancy or early retirement. Two-thirds of reorganisations result in a simultaneous recruitment exercise. In nearly 85% of reorganisations a proportion of employees, typically 5% and sometimes over 20%, are required to move to new positions.

  - There are mechanisms for communication with employees about the reorganisation in over 80% of cases but communication tends to be top-down,
with employees rarely having the opportunity to shape the development of reorganisation. Employees actually participate in decisions about future organisation design in only 41% of reorganisations and in decisions about how to implement the new organisation in only 36%.

- Other people management practices to support reorganisation also receive limited attention. For example, in less than a third of organisations do employees involved in managing the reorganisation receive training support. In only about half of organisations are coaching, development and training offered to employees affected by changes in the organisation.

- Enterprises that do invest in these people management practices to support reorganisation achieve greater success; they perform better in terms of improved organisational efficiency and effectiveness. Their employees’ experiences of the change process are also enhanced, leading to improved morale.

The survey shows that people issues can cause significant problems for effective reorganisation if not managed effectively.

- **Effective leadership**: one key influence in shaping the nature and content of the reorganisation demonstrated by the survey findings is the experience of senior management. The learned approach by the senior management team in managing reorganisation is either a key enabler or a key constraint for achieving success in reorganisation.

- In about 70% of cases, respondents report that the attitudes, behaviours, capabilities and knowledge of senior management are an enabler of change or are a constraint (in about a quarter of reorganisations).

The pivotal role that senior managers play in leading reorganisations is clear from the findings. The survey suggests that one important way to realise the capacity of the senior team to manage complex reorganisations may result from ideas and experiences gained from sources other than their own enterprises and employees:

- Comparatively few organisations in the survey report that seminars, media reports, external consultants and organisation peers stimulate their thinking about how to reorganise.

- Many respondents say they will make greater use of learning from external sources in the future, with 56% of organisations saying they will make greater use of benchmarking with other organisations.

**The role of HR professionals**

It is clear that successful practice in reorganising requires an effective HR contribution. This report highlights the positive contributions that HR professionals can make and the challenges they face. In particular, HR professionals need to have strong project management skills; they need to facilitate with their senior colleagues a holistic approach to change; and take the lead in managing the people issues in the reorganisation process.

Two critical leadership contributions are reinforced throughout this survey:

- **Delivering a project- and people-centred reorganisation process**: gaining performance improvement from reorganisation requires managing both the project and people aspects of the process -
a capability that this survey demonstrates is not widespread. Those leading and managing reorganisations need to adopt project-focused methods that enable the people-related risks and issues to be addressed effectively or people-focused methods that address the need to meet timescales and budgets. Executives in HR can offer a key leadership contribution in facilitating the development and implementation of such a complex process.

In 80% of the reorganisations reported in this survey, HR professionals take formal managerial roles and involvement of HR professionals in the reorganising process is linked to greater success. While we must be cautious about how we interpret the link between better performance outcome and HR involvement, an improvement in employee-related factors such as morale does appear to be the case where HR professionals are in the reorganisation management team.

- **Managing organisation-wide change through people management:** organisations are more likely to achieve effective change by introducing mutually reinforcing changes in several aspects of the system, rather than working on one aspect in isolation.

- A large proportion of respondents recognise that managing holistic, system-wide change in people management practice is important. About 60% of respondents believe that adapting reward and career structures to underpin organisation design will be more important in the future.

Figure 1 provides an overview of the key practices and processes of reorganisation that are likely to affect success. The details are discussed in the remainder of this report.
Figure 1: Achieving improved organisational performance

Human resource managers’ involvement in steering groups and/or management teams

Use of project management and related techniques

Complementary organisational changes (eg in accounting and information systems)

‘People-centred’ reorganisation process (eg employee participation)

Human resource managers’ involvement in steering groups and/or management teams

Improved external effectiveness eg customer

Improved internal effectiveness eg knowledge-sharing

Improved efficiency eg cost reductions

Improved employee-related factors (eg employee morale)

Changes in holders of key management positions

Cultural change
Introduction

‘We ask ourselves consistently and self-critically how the company should be organised and led ... to bring maximum value ... to the business as a whole.’ (Niall FitzGerald, Co-chairman, Unilever, Sunday Times, 24 November 2002)

Managing long-term risks to performance increasingly requires a capability for implementing repeated changes to how the enterprise is organised.

This survey in the CIPD programme, Organising for Success in the Twenty-First Century, presents a unique picture of what business leaders are saying about why reorganisations often fail. The survey identifies the risks to performance by not managing effectively the intermediate factors that can differentiate between success and failure in the change process.

Why reorganising matters

Good organisational design is essential for survival and success. In the words of Lord (John) Brown, Chief Executive of British Petroleum: ‘Our strategy is our organisation.’

In a previous CIPD report we argued that organisational design is important for at least two reasons – increasing complexity and importance of knowledge as capital. Organisations are increasingly complex in terms of objectives and accountability. At the same time they are continuously enhancing their ability to develop, exchange and exploit knowledge.

In today’s environment, organisational design is not a one-off activity but a regular process of adjustment and creation. In April 2002, the software developer Microsoft announced its fourth major reorganisation in five years. Large UK companies are now undergoing major change about once every three years (Whittington and Mayer, 2002), while more localised changes are even more frequent. CEOs and HR professionals responding to this survey experienced on average seven corporate-wide reorganisations over the past three years.

There is a lot at stake. The financial markets richly reward the potential returns from organisational design. In February 2002, the reorganisation of the chemical company DuPont, was followed by a 12% increase in stock price, taking the company’s market value from $42 billion to $48 billion. While the upside of reorganisation is substantial, getting it wrong can have serious implications. In 1999, the new chief executive of Proctor & Gamble, Durk Jager, launched a new, more globally integrated structure, labelled ‘Organisation 2005’. Full implementation was to take six years and cost $1.9 billion (Chemical Market Reporter, 1999). By the summer of 2000 the reorganisation was considered a failure and Durk Jager had lost his job.

This survey report focuses on the processes and capabilities involved in managing repeated changes in organisational design. It explores how organisations move from one design to another, rather than the particular designs adopted.

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1 The report Organising for Success in the Twenty-First Century- a starting point for change reviews current knowledge on reorganisation practice and is available to purchase from www.cipd.co.uk/bookstore
As the survey report demonstrates, these kinds of change in design demand considerable investment of time, effort and resources.

‘[The reorganisation was] an extremely complex change process lasting over an 18-month period ... multi-million pound budgets were involved ... management structures were completely revised, organisational cultures and values and behaviours have also totally changed’. (HR director, survey respondent)

Purpose of this survey report
In the current environment, organisations are faced with a competitive marketplace that has sharpened the focus on managing costs and maximising returns on investments.

We need to understand and manage:

- the intended and unintended consequences of changes in organisational design - where there is no clear sense of purpose for reorganisation, confidence in management is undermined, as reflected in the following comment by one survey respondent: ‘This [organisation] “reorganises” almost on an annual basis. Senior management confuse “change” with managing.’

- the processes and practices for planning and implementing repeated changes in organisation that are critical to arriving at final success. Successful reorganisation requires a careful balancing of changes to the ‘hard’ aspects of organisation, such as systems and structures, and the so-called ‘soft’ issues, such as culture.

There is, consequently, considerable scope for strengthening HR’s role and bringing a more explicit recognition of the true importance of people-related issues to centre stage. We also therefore explore HR’s contribution to:

- the conduct of the reorganisation - the actual process of designing and implementing changes in organisational design

- the development of the skills and capabilities essential to success in reorganising.

The report highlights that ‘people issues’ are often forgotten during the reorganising which poses an important challenge and opportunity for the HR function.

Methodology
This survey was developed in close co-operation with senior HR professionals through a series of consultation group meetings, interviews and field testing. The survey covered public and private sector organisations and included HR professionals and CEOs. We received responses from 295 HR professionals and 109 CEOs in the private sector and 249 HR professionals and 228 CEOs in the public sector. The overall response rate was 13%, with a particularly high response from CEOs in the public sector.

The survey was conducted on behalf of the CIPD by Richard Whittington, Professor of Strategy and Organisation, Said Business School, University of Oxford, and Dr Michael Mayer and Dr Anne Smith from the University of Glasgow.
This report is the second publication from the CIPD’s major research programme Organising for Success in the Twenty-First Century. The programme involves cases and surveys of organising practice, and engages with practitioners through a range of reports and events over the period 2002–5. For more details, please contact Karen Giles, Adviser, Organisation and Development, and Project Manager at the CIPD, at k.giles@cipd.co.uk, or Richard Whittington at Richard.Whittington@sbs.ox.ac.uk, or consult www.sbs.ox.ac.uk/whittington.

For more details on the survey sample, please see page 38.

NB Percentages have been rounded up to whole numbers and may not total 100 in all cases.
What is reorganisation supposed to achieve?

• The primary aim of reorganisation is to improve external effectiveness.

• Improving employee-related factors (eg employee morale, retention of key employees) is rarely considered a ‘very important’ aim of reorganisation.

Aims of reorganisation

The following four broad categories of organisational performance were used in this survey:

• improved external effectiveness – reflecting an organisation’s relationship with its operating environment, including customer responsiveness, value for money and market share

• improved internal effectiveness – capturing internal features of the organisation, such as knowledge-sharing and organisational flexibility

• improved efficiency – relating to cost reductions and improvements in productivity

• improved employee-related factors – covering issues such as employee morale and the retention of key employees.

Respondents were asked to rate the importance of each of these indicators of performance on a four-point scale, ranging from ‘not important’ to ‘very important’ (see Table 1).

Table 1: Aims of reorganisation (in % of reorganisations)

<table>
<thead>
<tr>
<th>Improvements in:</th>
<th>Very important</th>
<th>Important</th>
<th>Slightly important</th>
<th>Not important</th>
</tr>
</thead>
<tbody>
<tr>
<td>external effectiveness (eg increased market share, customer responsiveness)</td>
<td>70</td>
<td>22</td>
<td>5</td>
<td>3</td>
</tr>
<tr>
<td>internal effectiveness (eg organisational flexibility, knowledge-sharing)</td>
<td>54</td>
<td>35</td>
<td>10</td>
<td>2</td>
</tr>
<tr>
<td>efficiency (eg cost reduction, improved productivity)</td>
<td>59</td>
<td>28</td>
<td>10</td>
<td>4</td>
</tr>
<tr>
<td>employee-related factors (eg employee morale, retention of key employees)</td>
<td>24</td>
<td>40</td>
<td>24</td>
<td>12</td>
</tr>
</tbody>
</table>
‘Improved external effectiveness’, ‘improved internal effectiveness’ and ‘improved efficiency’ show similar patterns of overall importance. Around 90% of respondents consider these as either ‘important’ or ‘very important’ aims of reorganisation. ‘Improved external effectiveness’, however, takes priority in many cases. It is seen as a ‘very important’ aim in 70% of reorganisations, compared to 54% and 59%, respectively, for improving internal effectiveness and efficiency.

Improvements in employee-related factors emerge as generally less important. While still a majority (64%) of respondents indicated that this aim was either ‘important’ or ‘very important’, it was considered of only slight importance in almost a quarter of all cases. There is a sizeable minority of reorganisations, over one-eighth, in which employee-related factors are of no importance, whereas few of the other aims are ever seen as ‘not important’.

In conclusion, reorganisation is typically not aimed at generating specific and tightly defined improvements, rather, it is expected to improve organisational performance on a variety of dimensions. While external effectiveness is given some prominence, only employee-related factors often fail to appear centre-stage. There is substantial variation in the extent to which the latter are recognised as important aims.
What do reorganisations achieve?

• There is substantial variation in the success of reorganisations.
• Nearly half of reorganisations fail to achieve improvements.
• In nearly two-thirds of reorganisations employee-related factors fail to be improved.
• Forty per cent of reorganisations are not completed within budget and 60% are not completed on time.

Reorganisation and organisational performance
The same four dimensions as the aims – external and internal effectiveness, efficiency, and employee-related factors – were used to measure the outcomes of reorganisation. We asked respondents to indicate the extent to which they believe reorganisation has led to improvement in corporate performance. The proportion of respondents who feel that there is at least some improvement in organisational performance is shown in Figure 2. The figures do not shed a very positive light on the success of reorganisations. External and internal effectiveness and efficiency are improved in less than 60% of cases.

Figure 2: Improvements in organisational performance following reorganisation

<table>
<thead>
<tr>
<th>Dimension</th>
<th>% of reorganisations</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employee-related factors</td>
<td>39</td>
</tr>
<tr>
<td>Efficiency</td>
<td>58</td>
</tr>
<tr>
<td>Internal effectiveness</td>
<td>59</td>
</tr>
<tr>
<td>External effectiveness</td>
<td>59</td>
</tr>
</tbody>
</table>
Although the majority of reorganisations generate improvements, others have no impact or possibly even lead to a decline in performance.

Only a third of respondents indicate that the performance of employee-related factors, such as retention and motivation, improved as a result of reorganisation. In part this may be explained by the finding that improvements in employee-related factors are often not considered an important purpose for reorganising.

**Did the reorganisation achieve what was intended?**

It is reasonable to expect that reorganisations should be more successful in achieving those aims for which they were designed. To explore the extent that reorganisations meet their intended aims, we excluded unintended improvements from our analysis, for example where organisational efficiency was improved when actions were designed to improve organisational effectiveness (Figure 3).

These results further emphasise that many reorganisations fail to achieve their aims. Only two of the four dimensions of performance – external effectiveness and efficiency – were improved in more than 50% of cases. Improved internal effectiveness appears to be even more difficult to achieve. Notably, improving the performance of employee-related factors is rarely improved, even if it is aimed for.

Keeping in mind the general pattern of findings (Figures 2 and 3), we can highlight three points arising from the data:

- Reorganisations often do not lead to improvements (Figure 2).
- It is difficult to target the impact of reorganisations on specified aspects of organisational performance (Figure 3).
- The unintended consequences of reorganisations need not be detrimental – internal effectiveness is improved in 59% of reorganisations, but only in 48% of cases in which it was specifically targeted.

![Figure 3: Intended improvements from reorganisation on organisational performance](image_url)
The results confirm that urgent executive action is needed to improve how reorganisations are managed in order to deliver required performance.

**Reorganisations as projects**

So far, we have considered the success of reorganisation in terms of its impact on organisational performance. Reorganisations are, however, costly undertakings, both financially and in the extent that they tie up organisational resources, including those of employees. Success should therefore also be evaluated by how effectively reorganisations are managed as projects.

Two measures of project performance were used: ‘completion on time’ and ‘completion within budget’. Respondents rated the extent to which they felt that the reorganisations satisfied each of the two measures.

The results again underline the challenges associated with the management of complex change. Sixty-one per cent of reorganisations are completed within budget, while only 39% are completed on time, indicating costs appear to be more readily controllable than time.

**Scope for improving reorganising capability**

Reorganisations are an integral part of organisational life. Nevertheless, many do not deliver the hoped-for improvements. Reorganisations might even make things worse:

> ‘The reorganisation affected the whole organisation and was controlled within a very tight deadline (six months). This meant that some decisions were pushed through without time to fine-tune’. (HR director, survey respondent)

While performance outcomes are of course often subject to the vagaries of the external environment, the overall pattern of findings suggests that there is substantial scope to improve the organisational capabilities for managing the process. Reorganisation is typically aimed at affecting a wider range of performance outcomes (see page 9). To recognise and manage the possible interdependencies between different sets of performance outcomes is a highly complex but critical capability for effective reorganisation: for example, balancing the possible tension between completing a project within predetermined timescales and ensuring it delivers the intended aims. The following is a common experience:

> ‘... the consequences of this change have knocked the organisations involved back by [about] two years in terms of organisational growth/capability’. (CEO, survey respondent)

In the remainder of this report we shed light on current practice in how reorganisations are conducted, who and what shapes how they are managed, and we identify possible factors that may help to improve their business impact.
HR professionals in reorganisations

- HR professionals are often involved with the process of reorganisation.

In this section we consider the extent that formal organisational arrangements, such as steering groups, are used in reorganisation and the role that HR professionals play in these management structures.

The survey focused on two types of organisational arrangements: steering groups, which set and oversee the broad direction of a reorganisation; and management teams, responsible for determining how the reorganisation is carried out. Both steering groups and management teams are used in about 88% of cases.

CEOs (or equivalent), general managers and HR executives are represented on steering groups and management teams (Figures 4 and 5) in similar proportions. The representation of internal organisational development consultants and external consultants is much less extensive.

While most management teams are headed by general managers (61%), HR managers play this leading role in 15% of cases. In a further 5% of cases this responsibility is shared with a general manager (Figure 6).

![Figure 4: Membership of steering group](image-url)
Such representation need not translate into real influence. The formal position of an HR specialist on the management team can mask a lack of influence. In the words of one respondent: ‘In my case ... very little input (was) permitted from me, and I headed the HR function!’

**The link to performance**

Does the involvement of HR professionals make a difference? The answer is yes, in part. We compared the outcomes of reorganisations in which HR professionals are represented on steering groups or management teams to those where they are not (Figures 7 and 8).

The findings show that better outcomes are achieved where HR professionals hold formal managerial roles in reorganisation steering groups or management teams. The results are clearest in relation to delivering improvements in employee-related factors, such as morale and retention, and internal effectiveness.
Where there is no involvement of HR professionals, only a quarter of cases lead to improvement, while the figure rises to around 40% when an HR professional is included on the steering group (Figure 7), or management team (Figure 8). There is also an association between HR involvement and improvements in internal effectiveness. While improvements are limited to 50% of cases where there is no HR professional on the steering group, this proportion increases to 62% with HR involvement.

Of course, we must be cautious in interpreting these figures, as we cannot establish a causal link between better performance outcomes and HR involvement. The representation of the HR function and the improvement in employee-related performance outcomes, for example, may simply reflect the greater attention given to ‘people’ issues in these reorganisations. However, the survey evidence clearly indicates the potential contribution of HR to influence positive outcomes from reorganisation.
Employees and reorganisation

- Reorganisations are frequently associated with redundancies, but they can also lead to the hiring of new employees.
- Reorganisations are often linked to a restructuring of the organisation’s skills base.
- Employees only rarely have the opportunity to participate in decisions about the reorganisation.

In this section we focus on the role of employees in the reorganisation process. We begin by identifying the effects of reorganisation on employment and consider the ways that employees and unions are involved in the design and implementation of reorganisations.

**Complex effects on employment**

Reorganisations are regularly associated with reductions in the number of employees, as reflected in buzzwords such as ‘downsizing’ and ‘rightsizing’. The results of this survey suggest a much more complex pattern (Figures 9 and 10).

Over 85% of reorganisations in the survey involve a reduction in the workforce through voluntary, compulsory or early retirements (Figure 9). However, the proportion of employees affected varies substantially. In over half of the reorganisations compulsory or voluntary redundancies result in over a 20% reduction in the workforce. But in about 5% of reorganisations compulsory or voluntary redundancies result in a reduction in the workforce of more than 50%.

Clearly, redundancies are widespread, though the wisdom of this is at times questioned by respondents.
One survey respondent notes that ‘despite comprehensive training programmes for senior managers, including managing change, we are again involved in a reorganisation, including redundancies’.

More surprising, however, is that a simultaneous hiring of new employees often offsets redundancies. Nearly two-thirds of reorganisations lead to the recruitment of new employees. Though hiring of new employees is limited (typically less than 5% of the workforce), sometimes reorganisations can lead to a substantial number of new jobs. About a quarter of reorganisations involved more than a 20% increase in the workforce (Figure 9).

To understand the apparent contradiction between reductions in employment and the hiring of new employees, we can recall from earlier survey findings that reorganisations often aim to improve a broad range of performance outcomes, ranging from external and internal effectiveness to efficiency.

Redundancies are most strongly associated with attempts to increase organisational efficiency. The findings demonstrate a positive relationship between redundancies and improvements in efficiency.

However, other concerns, notably improving external effectiveness, often complement or even take priority over attempts to raise efficiency. The hiring of new employees is seen to support the enhancement or reconfiguration of an organisation’s skills base. We find this further reflected in the extent that reorganisations are associated with job moves that require retraining (Figure 10).

In 83% of reorganisations employees were required to change to new positions within the organisation. In the majority of cases this challenge affects only a small minority of people – usually 5% or less – but in over a third of reorganisations this figure exceeds 20%.

![Figure 10: Proportion of workforce moving to jobs that require retraining](chart.png)
**Top-down communication, not participation**

Employees rarely have the opportunity to shape the development and management of reorganisation. A number of statements focusing on the role of employees, in both the development and implementation of reorganisation, were offered to respondents. Figure 11 shows the proportion of respondents who agree that a particular procedure (e.g., dissemination of information about the reorganisation) was followed.

In over 80% of cases, mechanisms for communicating with employees are in place and information is passed to employees affected by the organisation change. In contrast, employees are able to participate in decisions about the organisation’s future design in only 41% of reorganisations. Employees are even less likely to be involved in decisions about how the new organisation will be implemented (36%). Common practice is not necessarily a good guide for achieving improvements. As discussed later (pages 26–27), providing scope for employee participation is likely to lead to more positive outcomes.

**The role of unions**

Public and private sector organisations in our sample are characterised by differing levels of union density (see Table 6 on page 38). However, these differences were not found to be associated with systematic differences in union involvement in the reorganisation (unions were consulted in about three-quarters of cases during implementation).

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2 This survey predates the implementation in the UK of the European Directive on Information and Consultation (2002/14/EC) which will introduce new rights for employees to be informed and consulted on substantial changes in their organisations.
• Reorganisations must be seen within the context of wider organisational and environmental change.

• Reorganisations accompanied by changes in organisational culture, business processes and accounting and information systems are most successful.

Reorganisation cannot be understood in isolation. Our data suggest that those who are successful in reorganisation take a holistic approach by bringing together changes in culture, systems and processes. We explore this in more detail later.

What happens before reorganisation?
To develop an appreciation of key events leading up to a reorganisation, we identified a set of factors frequently thought to precede and even trigger reorganisation. These were designed to reflect obvious differences in the context within which public and private sector organisations operate. We asked respondents to indicate whether or not specific events had occurred in the 12 months before the reorganisation.

For the private sector we included two types of change typically associated with a shift in an organisation’s strategic position: major mergers or acquisitions, and changes in the range of products/services offered or markets served. We also included the arrival of a new chief executive (or unit equivalent) and a decline in financial performance. Finally, respondents were asked to indicate major changes in the legal or regulatory environment. The findings for the private sector are summarised in Figure 12.
With the exception of changes in the legal or regulatory environment, which preceded about 17% of reorganisations, all of the above events are of similar importance. Major mergers or acquisitions were reported by 53% of respondents, as was a decline in financial performance. In half of all instances, a new chief executive (or unit equivalent) arrived in the 12 months before the reorganisation. Nearly half of companies had changed their product/service or market range over the same time period. It is notable that more than 90% of the reorganisations reported here are preceded by at least one of these events.

Two additional factors were added to the survey of public sector organisations (the question concerning the incidence of mergers/acquisitions was excluded). The first concerned changes in the funding environment, while the second focused on changes in collaborative arrangements. Both of these emerged as highly important (Figure 13).

Over 60% of public sector reorganisations follow changes in the funding environment, while almost 69% are preceded by increased collaboration/partnerships. As in the private sector, new chief executives (or unit equivalents) are appointed before reorganisation in half of the public sector cases. By contrast, changes in the range of markets served or products/services offered occur in only one-third of cases, compared to nearly half in the private sector. Due to the different measurement of performance in the public sector we did not include a specific question about financial performance but asked whether a decline in key performance indicators had preceded the reorganisation. Only 32% of respondents feel that this is the case.

We can conclude that in comparison to the private sector, in the public sector the drive for reorganisation is less associated with ‘internal’ aspects, such as a decline in current performance and more with changes in the funding environment or increased collaboration/partnerships.
in their external environment, for example, changes in funding arrangements and greater collaborations with eternal agencies and partners.

What else is happening?
Having established key events preceding reorganisation, we now consider the extent of concurrent changes in the organisation. These may occur independently or be embedded in a wider programme of organisational change. As will be shown later, managing complementary changes is important in determining the success of reorganisation. Table 2 provides a summary of the key findings.

The first group of factors presented at the top of Table 2 shows that changes in career and reward structures do not typically accompany organisational change programmes. However, as we will see later (pages 33 and 34), most respondents, believe that it would be helpful to change these structures as part of future reorganisations.

In just under half of all reorganisations there is extensive change in both the style of leadership and the holders of senior management positions. Cultural change is similarly widespread. Only rarely do we find no change in leadership and/or culture, indicating that changes in structure and culture often go hand in hand (Table 2).

Notably, the third group of factors, including business processes and organisational information systems, is subject to more modest levels of change than culture and leadership. Inherent technical rigidities and the cost of overcoming these may play a role here. As we will see later, the capabilities of existing information systems are one of the key constraints on reorganisations.

The link to performance
The survey results demonstrate that many reorganisations fail to create the hoped-for improvements in organisational performance following reorganisation. Accordingly, we assessed the relationship between wider organisational changes taking place during the reorganisation and performance outcomes.

Table 2: Organisational changes at the time of reorganisation (% of reorganisations)

<table>
<thead>
<tr>
<th></th>
<th>No change</th>
<th>Some change</th>
<th>Moderate change</th>
<th>Extensive change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Career structures</td>
<td>21.2</td>
<td>37.0</td>
<td>23.8</td>
<td>18.0</td>
</tr>
<tr>
<td>Reward structures</td>
<td>34.0</td>
<td>27.2</td>
<td>23.7</td>
<td>15.1</td>
</tr>
<tr>
<td>Leadership styles and behaviour</td>
<td>10.2</td>
<td>21.1</td>
<td>22.6</td>
<td>46.1</td>
</tr>
<tr>
<td>Holders of senior management positions</td>
<td>9.2</td>
<td>20.8</td>
<td>25.5</td>
<td>44.6</td>
</tr>
<tr>
<td>Organisational culture</td>
<td>6.2</td>
<td>22.0</td>
<td>29.7</td>
<td>42.1</td>
</tr>
<tr>
<td>Business processes</td>
<td>8.8</td>
<td>32.9</td>
<td>31.5</td>
<td>26.8</td>
</tr>
<tr>
<td>Accounting, information and control systems</td>
<td>16.9</td>
<td>30.0</td>
<td>27.3</td>
<td>25.8</td>
</tr>
<tr>
<td>Range of products and services offered</td>
<td>31.7</td>
<td>30.1</td>
<td>23.1</td>
<td>15.1</td>
</tr>
</tbody>
</table>
Three aspects are found to be significantly related to the dimensions of organisational performance used in this survey (Figure 14):

- culture change
- change in organisational structures, processes and systems
- changes in key management roles.

The most extensive performance effects flow from complementary changes in organisational structures, processes and systems, for instance ‘changes in accounting, control and IT systems’. Reorganisations accompanied by changes in these dimensions are more likely to be associated with improvements in both external effectiveness and efficiency.

Changes in organisational culture have a positive relationship with employee-related factors, such as morale and retention, but are not associated with other performance outcomes.

However, not all change is positive. Improvements in organisational efficiency often fail to be realised in instances where respondents indicate that changes in senior management positions have taken place.

Figure 14: The relationship between concurrent organisational changes and performance
Project- and people-centred reorganising

- **Project management techniques and skills are critical for successful reorganisation.**
- **‘People-centred’ reorganisation processes are not widely used but improve performance outcomes.**
- **Chief executives have a more positive view of the role of employees in reorganisations than do HR professionals.**

Earlier in this report we highlighted the frequently negative impact of reorganisations on ‘employee-related’ aspects of organisational performance, such as morale and retention. One reason for this may be the limited attention given to ‘people issues’, such as employee participation and training/coaching. In short, most reorganisations are project-not people-focused.

To assess the nature of the development and implementation of reorganisation, respondents were asked to indicate the extent to which particular aspects of project and people management were used. Responses are summarised in Figure 15.

Given the often substantial costs and risks associated with reorganisation, it comes as no surprise that techniques such as detailed budgeting and the setting of clear milestones and targets are used in more than two-thirds of cases. In a similar proportion of responding organisations a designated project champion drives change (69%).

In contrast, people-centred activities are much less widespread. We have already seen that employees do not typically participate in decisions about reorganisation. Employees are not consulted about the way in which the reorganisation process should be handled in almost half of all cases.

In approximately half of all reorganisations little or no coaching or training was provided to employees. This is significant because, as will be demonstrated later, the majority of respondents believe that the attitudes and capabilities of employees were key constraints in the reorganisation. It should also be noted that, despite its central importance, training in project management is provided in less than a third of cases.

There are noteworthy differences between chief executives and HR professionals in their perceptions of the role of employees in reorganisations. A comparison of the responses of chief executives and HR professionals on a range of employee-related issues, such as participation in decisions about the organisation’s future design, suggests that chief executives perceive employees to be more deeply involved in reorganisations than do HR professionals (Figure 16).

Most notably, about half of the chief executives indicate that employees participate in decisions about the new organisational design or the way it would be implemented, while only a third of HR professionals are of the same opinion. These differences, however, do not affect the earlier findings: both groups of respondents indicate that reorganisation is typically characterised by top-down communication and to a much lesser extent by employee participation.
Figure 15: Management practices in the development and implementation of reorganisation (% of reorganisations)

**People-centred management**
- Training in project management and/or related techniques for employees involved in design and implementation: 27%
- Coaching/training provided to employees affected by the change: 52%
- Consultation with employees about the means of bringing about change: 54%

**Project-focused management**
- Involvement of an internal project champion: 69%
- Detailed budgeting for costs and resources: 68%
- Regular review of progress: 75%
- Definition of reorganisation project responsibilities: 76%
- Clearly defined timescales and milestones: 79%
- Formal statement of objectives: 79%

Figure 16: Role of employees: a comparison of the views of chief executives and HR professionals (% of reorganisations)

- Information about the reorganisation process was disseminated to employees: HR professionals 80%, Chief executives 87%
- A programme of communication with employees affected by the reorganisation was put into place: HR professionals 79%, Chief executives 87%
- Employees were consulted about the means of bringing about change: HR professionals 51%, Chief executives 62%
- Employees participated in important decisions about the organisation’s future design: HR professionals 34%, Chief executives 54%
- Employees participated in decisions about the means of bringing about change: HR professionals 31%, Chief executives 45%
The link to performance
How does the use of project- and people-centred management approaches relate to success in reorganisation? We correlated both with the performance outcome measures used in this survey and confirmed the results with a basic regression model.

Despite people-centred approaches being far less widely used than project-focused techniques, both are associated with enhanced chances of success. Apart from the more obvious positive effect of completion on time and within budget, giving attention to project management was found to improve organisational efficiency and internal effectiveness (Figure 17).

People-centred approaches – which include interventions such as provision of training, employee consultation and opportunities for employees to participate in key decisions about the reorganisation (pages 24–25) – are associated with improvements in internal effectiveness, efficiency and employee-related factors (Figure 18).

Delivering performance improvement from reorganisation requires making organisational change both project- and people-focused. Evidence from this survey suggests organisations that invest in managing the people aspects effectively do not take longer with or exceed their budget for reorganisation. Getting the balance right with regard to project- and people-centred reorganisation, however, requires sophisticated management capability.

Figure 17: The relationship between project management and performance

Use of project management and related techniques

- Improved efficiency eg cost reductions
- Improved internal effectiveness eg knowledge-sharing
- Reorganisation completed on time
- Reorganisation completed within budget
Figure 18: The relationship between people-centred reorganisation and performance

- Improved efficiency eg cost reductions
- Improved internal effectiveness eg knowledge-sharing
- Improved employee-related factors eg morale, retention

People-centred reorganisation
What shapes reorganisation?  
The role of external and internal influences

- **Most reorganisations are shaped by the previous experiences of senior managers.**
- **External influences are of only limited importance.**

In this section we establish some of the underlying factors that shape the nature and content of reorganisations. What and who influences reorganisation?

Respondents were asked to consider a range of factors and to indicate how important they are as influences on the reorganisation. A statistical analysis of the underlying key factors identified three groupings of factors as shown in Figure 19.

**Model-based learning** represents the influence of models and ideas taken from outside the organisation.

**External experience** captures the influence of the experience of reorganisation gained from other organisations.

**Internal experience** reflects the ways in which the organisation’s past affects reorganisation, either through the established procedures or processes, or in the way it has shaped the experiences both of employees and senior managers.

**Senior management experience**
Looking across these three groups, as presented in Figure 19, senior managers are seen to have an influential role by most respondents, a result that is clearly not surprising. Such influence, however, is not always seen in a positive light. One HR professional reports: ‘[We are] under extreme pressure ... to increase efficiency; unfortunately our senior management equate that with shedding staff.’ Reorganisation is shaped primarily by the cumulated experience held within the organisation suggesting both stability and continuity underneath the surface of change. Learning from previous reorganisations is seen to be an influential factor in almost 60% of cases, while about half are shaped by the experiences of employees in the organisation.

By contrast, the experience of other organisations is rarely important, unless mediated through the organisation’s employees and senior management. Similarly, in less than a third of cases models and ideas are taken from external sources such as training courses, the media or external consultants, important influences shaping the nature and content of reorganisations. Often this is because ‘... external expertise [is] not always considered knowledgeable’ (HR director, survey respondent). There is little evidence here that organisations learn directly from each other; rather, it is the movement of people between organisations that transfers learning about how to manage reorganisation.
Figure 19: Influences on reorganisation practice

**Model-based learning**
- Models and ideas presented in external courses or seminars: 31%
- Reports in the media: 31%
- Advice from external consultants: 32%

**External experience**
- Experience of employees in other organisations: 34%
- Experience of other organisations: 45%
- Experience of senior management in other organisations: 68%

**Internal experience**
- Influence of internal consultants: 43%
- Experience of employees in this organisation: 50%
- Learning from previous reorganisations: 58%
- Experience of senior management in this organisation: 76%
What and who enables or constrains reorganisation?

- **Employee attitudes and behaviour, together with existing information systems, are key constraints on reorganisation.**
- **Senior managers are critical enablers of reorganisation.**

Previous sections have identified a number of possible ways to enhance success in managing reorganisations. A central question that remains is: are there specific factors that consistently appear as constraints on or enablers of reorganisations?

Respondents were asked to consider a range of issues, covering both internal organisational factors and relationships with various external stakeholders, and to indicate if these were primarily enablers or constraints on the reorganisation. We report here only those factors that emerge as key enablers or constraints. The results are summarised in Figures 20 and 21 and indicate the proportion of cases in which respondents believe that a particular factor (eg capabilities of information systems) enable or constrain the reorganisation or have no effect.

The capabilities of existing information systems emerge as the most frequent constraint on reorganisations. They also rarely facilitate such organisational change. Although the quantity of resources and people appears to be sufficient in many cases, almost a third of respondents feel that these are inadequate. As noted later (page 35), these organisations are more likely to be operating within the public sector.

![Figure 20: Key enablers and constraints on reorganisations](image-url)

- **Capabilities of information systems**: Enabler in % of re-organisations: 29%, Neither: 22%, Constraint in % of re-organisations: 49%
- **Quantity of people and resources dedicated to making the reorganisation happen**: Enabler in % of re-organisations: 52%, Neither: 18%, Constraint in % of re-organisations: 30%
- **Attitudes and behaviour of employees**: Enabler in % of re-organisations: 38%, Neither: 19%, Constraint in % of re-organisations: 43%
- **Capabilities and knowledge of employees**: Enabler in % of re-organisations: 49%, Neither: 30%, Constraint in % of re-organisations: 21%
The contribution of employees in reorganisation is more complex. On the one hand, the attitudes and behaviour of employees are often seen as constraining the reorganisation; on the other hand, the capabilities and knowledge of employees are seen to be essential enablers to successful reorganisation. Given that we know that employees and people issues currently play a limited role in reorganisation, it is clear that investing in appropriate people management practices to support change is critical to success.

The majority of respondents clearly see senior management as central to success though it is not enough on its own (Figure 21). One manager from a multinational business reports: ‘Strong leadership, combined with very able country managers, was the essential ingredient.’ (HR manager, survey respondent)

Both the capabilities and attitudes of senior managers are seen as enabling factors in about 70% of cases. Comparing the figures for senior managers with those for other employees, it is notable that their respective capabilities are seen as constraints in about the same proportion of cases, while the capabilities of employees are seen as neutral much more often. The lack of involvement of employees may be a factor here: they often do not have the opportunity to facilitate change.

The experience of senior management in leading change is recognised as a key enabler in the success of the reorganisation. The pivotal role senior executives play in reorganisations presents a key challenge – how can they raise their capacity to match the performance of the best in managing reorganisation?
Learning from experience: what will be done differently next time?

- Respondents believe that future reorganisations should take a more people-centred approach.
- Project management will continue to be important.
- Future reorganisations need to include complementary change in organisational structures, systems and processes.

To assess what respondents had learned from the reorganisation activities described, and by implication how processes could be improved, we asked which of a range of features would be involved to a greater or lesser extent in the future. Responses are illustrated in Figure 22.

Overall, four key areas for future improvements can be identified:

- project management techniques
- learning from others outside of the organisation
- involvement of employees
- redesign of complementary structures, systems and processes.

**Project management techniques**

- the need for training

Reflecting the high proportion of reorganisations not completed on time (61%), or within budget (39%), respondents feel that project management techniques should be used to a greater extent; in particular the use of a project champion. The need for more extensive use of the four project-related features such as planning and project management, correlated highly with perceived failure to achieve project outcomes. Similarly, where respondents perceive a need for greater use of project management techniques the reorganisation’s aims are less likely to be achieved than in other cases.

Those respondents who highlighted the need for such techniques are significantly more likely to describe the attitudes, behaviour, capabilities and knowledge of both senior managers and employees, as well as the quantity of people and other resources, as constraints on the reorganisation. Not surprisingly, therefore, staff training in relevant project management techniques is an area that two-thirds of respondents feel should be emphasised in the future.

**Learning from others**

More than half of respondents believe that increasing their learning from organisations either through competitor analysis or benchmarking would be beneficial to future reorganisations. Chief executives are particularly likely to regard the increased use of benchmarking as important in the future.

More than two-thirds of respondents consider external consultants as not important in influencing reorganisation. Their influence is not likely to rise: almost a quarter of respondents will make less use of and over a half plan not to increase their use of external consultants in the future – preferring to use benchmarking more extensively.

Respondents who believe that a greater external perspective would be useful also recognise a number
Figure 22: Learning from experience: what should be done differently next time?

<table>
<thead>
<tr>
<th>Area</th>
<th>Use More</th>
<th>Do About the Same</th>
<th>Use Less</th>
</tr>
</thead>
<tbody>
<tr>
<td>Redesign of reward structure</td>
<td>56</td>
<td>40</td>
<td>4</td>
</tr>
<tr>
<td>Redesign of career structure</td>
<td>61</td>
<td>36</td>
<td>3</td>
</tr>
<tr>
<td>Redesign of information systems</td>
<td>65</td>
<td>32</td>
<td>3</td>
</tr>
<tr>
<td>Reorganisation-related training</td>
<td>66</td>
<td>30</td>
<td>4</td>
</tr>
<tr>
<td>Employee consultation</td>
<td>64</td>
<td>35</td>
<td>1</td>
</tr>
<tr>
<td>External consultants</td>
<td>25</td>
<td>53</td>
<td>22</td>
</tr>
<tr>
<td>Examination of experiences of competitors</td>
<td>55</td>
<td>39</td>
<td>6</td>
</tr>
<tr>
<td>Benchmarking</td>
<td>56</td>
<td>38</td>
<td>6</td>
</tr>
<tr>
<td>Planning and control</td>
<td>54</td>
<td>42</td>
<td>4</td>
</tr>
<tr>
<td>Project management</td>
<td>65</td>
<td>34</td>
<td>1</td>
</tr>
<tr>
<td>Project champions</td>
<td>55</td>
<td>44</td>
<td>1</td>
</tr>
</tbody>
</table>
of constraints on the reorganisation, including the attitudes, behaviour, capabilities and knowledge of senior management together with the capabilities and knowledge of employees.

Increased communication about the reorganisation with external stakeholders, for example, suppliers, distributors, customers/service users, is also seen to enhance the potential for future success. This is viewed as particularly important when the aim of the reorganisation is to deliver improved external effectiveness and, to a greater extent, efficiency.

The role of employees: communication, consultation and participation
Respondents report relatively low levels of employee participation in the decision-making process. Two-thirds of respondents feel that employee consultation should be increased in future reorganisations. This feeling was particularly widespread among those who had reported attitudinal and knowledge constraints at both a senior management and employee level.

Redesign of complementary structures, systems and processes
Wider programme management in terms of complementary changes to structures, systems and processes, for example, career, reward and information systems, are also areas for future consideration according to more than half of the respondents surveyed. This is particularly the case where reorganisations were designed to improve efficiency and employee-related factors. Not aligning changes in reward and career structures with wider changes in business processes and information systems is associated with poorer performance following the reorganisation.

The need to redesign information systems is related to a number of constraints - the IT system itself, resource availability as well, as the attitudes and behaviour of employees and the attitudes, capabilities and knowledge of senior management.

The desire to redesign career and reward structures is more likely to be associated with improving the attitudes and behaviour of both employees and senior management and the capabilities and knowledge of senior management.

Respondents’ views of the requirements of future reorganisations are likely to be informed by the overall success of the processes adopted and also by their perceptions of those features that acted as constraints. Clearly, there is a perceived need to focus on effective people management as a key requirement of successful reorganisation. Training and employee consultation, in particular, are highlighted by respondents.
Different contexts, different ways of reorganising: a comparison of the public and private sectors

- Public sector organisations are more likely to report greater employee involvement in reorganisations than the private sector.
- Project management techniques are less widely used in the public sector than in the private sector.

Throughout this report we have indicated a number of contextual differences between the public and private sectors. These are not reflected in many substantive differences in the reorganisation process between the two sectors. There are, however, two aspects where the sectors differ – the involvement of employees and the use of project management. These differences do not alter the general finding that both sectors are more project- than people-focused.

**Employee involvement**

Reflecting the specific political and regulatory features of their environment, public sector organisations are more likely than those in the private sector to state that ‘widespread participation by employees’ is a feature of the design of the reorganisation; and also conversely that change has been ‘imposed by senior management’. During the implementation phase, consultation with unions (or professional associations) is the only differentiating factor between the two sectors. Although such consultation is significantly higher in the public sector, unions are more likely to be considered a constraint on implementing the reorganisation in the private sector. Public sector organisations are more likely to rate as a constraint the limited number of people and other resources dedicated to the reorganisation.

**Project management**

Other significant differences indicate that the public sector is less likely than the private sector to be involved in detailed budgeting or risk assessment or to appoint an internal project champion. Public sector respondents are less likely than those in the private sector to report the intention to use project management and related techniques, training in such techniques and internal project champions in the future.

**Organisation-wide change is more limited in the public sector**

Changes to reward structures are less likely to have changed in the public sector than in the private sector. Future intentions do not highlight changing reward structures and although both the private and public sector respondents suggest that the IT system constrains reorganisation activities, it is the private sector where more changes to manage this as part of future reorganisations are planned.
Conclusions and implications

The pace of organisational change is accelerating with British businesses undertaking major reorganisation on average once very three years. The general picture indicated by the results of this survey is disappointing. Around half of reorganisations fail to achieve their objectives, take longer to implement than planned and cost more than budgeted. In some cases reorganisations have no impact at all or even make matters worse. CEOs and HR professionals agree there is much scope to improve the returns from reorganisations and the survey reveals several areas for developing management practice:

- **Managing organisation-wide change.** In order to deliver successful reorganisation, it has to be designed effectively. The research indicates that organisations that implement cohesive programmes of complementary change across organisation structures, business processes and support systems achieve biggest improvements in performance terms. Common practice reflects more piecemeal change in reorganisations with little attention being paid to aligning changes in, for example, career and reward structures with wider organisation change.

- **Project- and people-centred reorganising.** Striking the balance between applying a clear focus and discipline and managing the people aspects is critical to successful reorganisation. Current practice suggests that there is scope to improve both project and people management capability in the reorganisation process. This is evidenced in a number of areas:
  - Only 40% of reorganisations are completed on time and 60% within budget.
  - Reorganisations rarely provided training or coaching for those either managing the reorganisation or those employees affected by it. For example, only 27% of organisations offered training and development to those managing reorganisations.
  - Employees are rarely given the opportunity to participate in decisions about the reorganisation (41%) and are even less likely to be involved in decisions about how the new organisation will be implemented (36%).

This is in spite of the recognition that the knowledge and capabilities of employees are seen as essential to successful reorganisation.

- **Effective leadership.** One of the key influences shaping and influencing the nature and conduct of reorganisation is the experience of those in senior management, in both their current and previous enterprises. In about 70% of cases respondents report that the attitudes, behaviours and capabilities of senior management is an enabler of change, with a quarter of respondents reporting it as a constraint. The critical role played by senior management teams in reorganisations raises an important challenge – how can they raise their capacity to meet the challenge of leading such complex change?

- **Learning from others.** Comparatively few organisations report that ideas and experiences have come from sources other than their own organisations and their own employees. Learning from external consultants, seminars, courses and such like are reported as significant in only between a third and a quarter of organisations. Learning from outside
is recognised as a lever for developing practice for future reorganisations. CEOs in particular report the perceived value of benchmarking with other organisations in the future.

There are many opportunities identified through the survey, which, if taken, can enable organisations to improve their management of reorganisations. For more and more managers reorganisation is an ongoing and critical part of their responsibilities. CEOs and HR professionals have identified an important agenda for action to develop reorganising capability. In this fast-changing world, embedding these capabilities into the management of the business is imperative for organisations wishing to build an enduring source of performance advantage.
Sample profile

The sizes of the private and public sector organisations represented in this survey are indicated in Table 3. In both cases, organisations ranging from up to 1,000 employees to those with more than 50,000 are included.

Public sector organisations in this sample are typically smaller, with, for example, 46% of such organisations having 1,000 and fewer employees, compared to 29% in the private sector. However, if we focus on the part(s) of the organisation that was/were reorganised, the size distribution is very similar (Table 4). For example, our sample covers local government departments with fewer than 100 employees as well as large-scale corporate reorganisations involving over 10,000 employees.

A sample breakdown within sectors is provided in Table 5. The sample breakdown by union membership (in % of organisations) is provided in Table 6.

<table>
<thead>
<tr>
<th>Table 3: Number of employees in whole organisation - (in %)</th>
<th>Private sector</th>
<th>Public sector</th>
</tr>
</thead>
<tbody>
<tr>
<td>Up to 1,000</td>
<td>29</td>
<td>46</td>
</tr>
<tr>
<td>1,001–5,000</td>
<td>37</td>
<td>37</td>
</tr>
<tr>
<td>5,001–10,000</td>
<td>15</td>
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</tr>
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<td>10,001–50,000</td>
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<td>8</td>
</tr>
<tr>
<td>More than 50,000</td>
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<td>1</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Table 4: Number of employees in part(s) reorganised - (in %)</th>
<th>Private sector</th>
<th>Public sector</th>
</tr>
</thead>
<tbody>
<tr>
<td>Up to 100</td>
<td>17</td>
<td>23</td>
</tr>
<tr>
<td>101–1,000</td>
<td>41</td>
<td>44</td>
</tr>
<tr>
<td>1,001–5,000</td>
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<td>5,001–10,000</td>
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<td>5</td>
</tr>
<tr>
<td>More than 10,000</td>
<td>9</td>
<td>3</td>
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<table>
<thead>
<tr>
<th>Table 5: Distribution of private sector organisations (in % of private sector sample)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Services (including media, arts and recreation)</td>
</tr>
<tr>
<td>Financial services</td>
</tr>
<tr>
<td>Manufacturing, including construction, engineering, primary production</td>
</tr>
<tr>
<td>Retail and wholesale</td>
</tr>
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</table>

<table>
<thead>
<tr>
<th>Table 6: Proportion of workforce in trade union membership (in %)</th>
<th>Private sector</th>
<th>Public sector</th>
</tr>
</thead>
<tbody>
<tr>
<td>Not unionised</td>
<td>40</td>
<td>26</td>
</tr>
<tr>
<td>1–24%</td>
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<td>25–75%</td>
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Acknowledgments

The CIPD is grateful to all of those organisations and individuals who gave their time to take part in the CIPD survey Reorganising for success.
The CIPD explores leading-edge people management and development issues at a strategic level. Our aim is to share knowledge to increase learning and understanding. Our purpose is to make people more effective in their jobs and enhance their contribution to the business.

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