

# **HIGH ROAD TO WORK ORGANISATION**

## **CASE STUDY**

**Rabobank**



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### **Abstract**

As one of the main banks in The Netherlands, this bank in case has to take a leading position in organisational development for service organisations. It realised that in order to remain competitive the ineffective and inefficient functional structure had to be abandoned to adopt a more flexible way of working: a sociotechnical organisation. Just changing the organisational structure however is not enough, cultural change is as least as important. To change the social patterns of group behaviour is an ongoing process that takes many years but is necessary to make a succesful organisational change possible.

# HI-RES Case Study: Rabobank

## Sector

Bank, Nace Code J.65

## Key Words

Organisational change; teamwork; learning group; sociotechnical systems design; flow and segment oriented approach; market focus

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## **1. Background Information**

This company (J.65) is a bank that accounts for 90% of the financial accounts in the agricultural sector in the Netherlands. Moreover one out of two families has a financial tie with the bank

It is one of the many hundreds of banks of a big bank chain in the Netherlands and consists of three main departments: Operations, Business, Individual clients. It has 89 employees. The managing director is in charge of day to day management. The managers of the three departments together with the managing director form the management team.

## **2. Drivers for Change**

In the beginning of the 90s the organisation faced serious problems both internally and in the market. More and more small banks, mortgage intermediaries and insurance companies entered the bank market. The market collapsed into a number of smaller niche markets. Also the approach to the market changed dramatically. Hence it searched for a way to improve competitiveness and enhance quality and to be more client focused.

The bank created a so-called learning group that had to think of solutions, design solutions and stimulate the other employees to accept the change. Employees from the primary and supporting departments were in the learning group.

## **3. Characteristics and Process of Change**

The bank let the employees participate in the change process. A number of employees with a high willingness to accept the proposed changes was constituted. This group functions as an example for other more change-reluctant employees. The group will demonstrate to the rest of the employees that the proposed changes are effective to cope with the observed problems. Employees from the primary and supporting departments were in this learning group. This group has been made responsible for the results of the change promotion. In co-operation with management, an implementation plan has been made, which outlined the actions to be taken in 3 months. At first an active role of the chief of the department was demanded. He had to steer the group on a regular basis. However during the course of the change process this active role changed to a passive one, while the group performed better and better.

The theoretical basis for the re design of the bank was taken from Dutch sociotechnical design theory. Result based work had to be established to enhance the market focus. Also conditions had to be created to enable this result based work; flow based service in semi autonomous groups. These semi autonomous groups were assigned all necessary preparing, supporting and controlling tasks to perform a service.

## **4. Obstacles to Change**

The transition to a new organisation had consequences for the way of working of the employees. The pressure on the organisational culture increases. The way a certain person acts is based upon his/her assumption of reality. As a consequence the social interaction of a group of persons takes place under the same basic assumptions. Certain norms and values will consequently be adopted by a social system and determine the culture of an organisation or department. A new organisation requires a new way of working. Hence basic assumptions have to be changed. This appeared to be a difficult process. So during the change process resistance to change (of basic assumptions) was

present at The bank. Employees had to enlarge their view on the organisation and let loose their specialistic view on different organisational aspects in order to focus more on group interests. This was a rather time and effort consuming process

## 5. Risk Analysis

The change process started about six years ago and recently some unforeseen consequences became visible. This mainly had to do with practical problems that originated from the implementation of purely theoretical design rules. For instance the administrative processes are quite important regarding client contact and satisfaction. In the flow oriented organisation each segment has an administration function. However in some cases these segments are so small that it is rather inefficient to have an administration function for each segment. Practically it appears that in case of illness of the segment administrator, this very important process is not carried out adequately (resulting in negative consequences towards clients). The bank decided to combine the various administrative functions per segment into one administration department. Although this decision is not in coherence with the theoretical design, the practical risks justifies it.

## 6. Benefits of Change

Thanks to the new process focused structure the employees have close contact to the market and quickly spot problems, opportunities and threats. The organisation of the bank thus has an improved adaptability to cope with new market demands through enhanced process and product innovation capacity

Because one team is responsible for the whole input and output of a client, improvements in customer satisfaction are realised.

The possibility of employees to manage their own team work enhances motivation and employee performance through extended involvement and job security.

Some figures indicate that improvements have been made, although sick leave fluctuates considerably, especially the fun aspect of work has improved drastically.

	Sick leave:	Fun at work	Satisfied with function	Satisfied with work place	Feeling comfortable at the department	Being informed about important decisions	Cooperation between different segments	Leadership style
1995	3,50%							
1996	3,50%							
1997	4,50%							
1998	4,0%	++	++	--	++	--	-	-
1999	8,0%							
2000	7,20%							
2001-9	6,50%	++	++	-	++	-	--	+/-

## Conclusions

The traditional functional structure of the Dutch bank caused departments to work in isolation from each other, although processes flew from department to department. Because of this, quality management became quite difficult, furthermore the involvement of personnel was lacking. By transforming the organisational structure from task oriented to flow oriented, the involvement with the processes increased: employees were made able and responsible to cope the problems they spot.

The employee that performs a certain task has to be made responsible for his/her work. This increases productivity (less communication is necessary) and involvement and motivation of personnel.

During the change process it became clear that sociotechnical design theory can be effective to cope with the organisational problems, however due to practical circumstances sometimes certain theoretical principles cannot hold and have to be altered to meet practical needs.

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