



INTEGRATED INSTITUTE OF PROFESSIONAL MANAGEMENT

Our Accreditations



Our Standards



Change Management

Key concepts and terms

- Change agent
- Field force analysis
- Incremental change
- Organizational transformation
- Strategic change
- Transformational change
- Change management
- Gamma change
- Operational change
- Second order change
- Transactional change

Learning outcomes

On completing this chapter you should be able to define these key concepts.
You should also know about:

- Types of change
- Change models
- Overcoming resistance to change
- Strategies for organizational transformation
- The change process
- Reasons for resistance to change
- Implementing change
- The role of HR in managing change

CHANGE MANAGEMENT

Change Management

- Change management is defined as the process of achieving the smooth implementation of change by planning and introducing it systematically, taking into account the likelihood of it being resisted.

Types of change

- There are three types of change: strategic, operational and transformational.

1. Strategic change

- Strategic change is concerned with broad, long-term and organization-wide issues involving change. It is about moving to a future state that has been defined generally in terms of strategic vision and scope. It will cover the purpose and mission of the organization, its corporate philosophy on such matters as growth, quality, innovation and values concerning employees and customers, competitive positioning and strategic goals for achieving and maintaining competitive advantage and for product-market development.
- Strategic change takes place within the context of the external competitive, economic and social environment, and the organization's internal resources, capabilities, culture, structure and systems.

2. Operational change

Operational change relates to new systems, procedures, structures or technology that will have an immediate effect on working arrangements within a part of the organization. But its impact on people can be more significant than broader strategic change and it has to be handled just as carefully.

3. Transformational change

Transformational change takes place when there are fundamental and comprehensive changes in structures, processes and behaviours that have a dramatic effect on the ways in which the organization functions.

The change process

- The change process starts with an awareness of the need for change then an analysis of this situation and the factors that have created it leading to a diagnosis of their distinctive characteristics and an indication of the direction in which action needs to be taken. Possible courses of action can then be identified and evaluated and a choice made of the preferred action.

Change models

- **Lewin Model**

The basic mechanisms for managing change as set out by Lewin (1951) are:

- Unfreezing – altering the present stable equilibrium that supports existing behaviours and attitudes. This process must take account of the inherent threats change presents to people and the need to motivate those affected to attain the natural state of equilibrium by accepting change.
- Changing – developing new responses based on new information.
- Refreezing – stabilizing the change by introducing the new responses into the personalities of those concerned.
- Lewin also suggested a methodology for analysing change that he called ‘field force analysis’.

Field force analysis

- Analyze the restraining or driving forces which will affect the transition to the future state – these restraining forces will include the reactions of those who see change as unnecessary or as constituting a threat.
- Assess which of the driving or restraining forces are critical.
- Take steps both to increase the critical driving forces and to decrease the critical restraining forces.

Beckhard Change Model

- Set goals and define the future state or organizational conditions desired after the change.
- Diagnose the present condition in relation to these goals.
- Define the transition state activities and commitments required to meet the future state.
- Develop strategies and action plans for managing this transition in the light of an analysis of the factors likely to affect the introduction of change.

Thurley Change Model

1. Directive – the imposition of change in crisis situations or when other methods have failed. This is done by the exercise of managerial power without consultation.
2. Bargained – this approach recognizes that power is shared between the employer and the employed and change requires negotiation, compromise and agreement before being implemented.
3. ‘Hearts and minds’ – an all-embracing thrust to change the attitudes, values and beliefs of the whole workforce. This ‘normative’ approach (ie one that starts from a definition of what management thinks is right or ‘normal’) seeks ‘commitment’ and ‘shared vision’ but does not necessarily include involvement or participation.
4. Analytical – a theoretical approach to the change process.
5. Action-based – this recognizes that the way managers behave in practice bears little resemblance to the analytical, theoretical model.

Resistance to change

- People resist change because it is seen as a threat to familiar patterns of behaviour as well as to status and financial rewards. However, some people will welcome change as an opportunity

Reasons for resisting change

- The shock of the new-
- Economic fears – loss of money, threats to job security.
- Inconvenience – the change will make life more difficult.
- Uncertainty – change can be worrying because of uncertainty about its likely impact.
- Symbolic fears – a small change that may affect some treasured symbol, such as a separate office or a reserved parking space, may symbolize big ones, especially when employees are uncertain about how extensive the programme of change will be.
- Threat to interpersonal relationships- anything that disrupts the customary social relationships and standards of the group will be resisted.
- Threat to status or skill – the change is perceived as reducing the status of individuals or as de-skilling them.
- Competence fears – concern about the ability to cope with new demands or to acquire new skills.

Implementing change

- Motivate in order to achieve changes in behaviour by individuals.
- Manage the transition by making organizational arrangements designed to assure that control is maintained during and after the transition and by developing and communicating a clear image of the future.
- Shape the political dynamics of change so that power centres develop that support the change rather than block it.
- Build in stability of structures and processes to serve as anchors for people to hold on to.

Guidelines for change management

- The achievement of sustainable change requires strong commitment and visionary leadership from the top.
- Understanding is necessary of the culture of the organization and the levers for change that are most likely to be effective in that culture.
- Those concerned with managing change at all levels should have the temperament and leadership skills appropriate to the circumstances of the organization and its change strategies.
- Change is more likely to be successful if there is a 'burning platform' to justify it, ie a powerful and convincing reason for change.
- People support what they help to create. Commitment to change is improved if those affected by change are allowed to participate as fully as possible in planning and implementing it. The aim should be to get them to 'own' the change as something they want and will be glad to live with.
- The reward system should encourage innovation and recognize success in achieving change.

- Change will always involve failure as well as success. The failures must be expected and learnt from.
- Hard evidence and data on the need for change are the most powerful tools for its achievement, but establishing the need for change is easier than deciding how to satisfy it.
- It is easier to change behaviour by changing processes, structure and systems than to change attitudes or the organizational culture.
- There are always people in organizations who can act as champions of change. They will welcome the challenges and opportunities that change can provide. They are the ones to be chosen as change agents.
- Resistance to change is inevitable if the individuals concerned feel that they are going to be worse off – implicitly or explicitly. The inept management of change will produce that reaction.
- In an age of global competition, technological innovation, turbulence, discontinuity, even chaos, change is inevitable and necessary. The organization must do all it can to explain why change is essential and how it will affect everyone. Moreover, every effort must be made to protect the interests of those affected by change.

Organizational Transformation

- Organizational transformation is defined as ‘A process of radically altering the organization’s strategic direction, including fundamental changes in structures, processes and behaviours.’

- Transformation involves what is called ‘second order’ or ‘gamma’ change involving discontinuous shifts in strategy, structure, processes or culture.
- Transformation is required when:
 - significant changes occur in the competitive, technological, social or legal environment;
 - major changes take place to the product lifecycle requiring different product development and marketing strategies;
 - major changes take place in top management;
 - a financial crisis or large downturn occurs;
 - an acquisition or merger takes place.

Transformation strategies

1. A change in what drives the organization – for example, a change from being production-driven to being market-driven would be transformational.
2. A fundamental change in the relationships between or among organizational parts – for example, decentralization.
3. A major change in the ways of doing work – for example, the introduction of new technology such as computer-integrated manufacturing.
4. A basic, cultural change in norms, values or research systems – for example, developing a customer-focused culture.

Steps to achieving organizational transformation

1. Establish a sense of urgency – examining market and competitive realities; identifying and discussing crises, potential crises, or major opportunities.
2. Form a powerful guiding coalition – assembling a group with enough influence and power to lead change.
3. Create a vision – creating a vision to help direct the change effort and developing strategies for achieving that vision.
4. Communicate the vision – using every vehicle possible to communicate the new vision and strategies and teaching new behaviours by the example of the guiding coalition.
5. Empower others to act on the vision – getting rid of obstacles to change; changing systems or structures that seriously undermine the vision and encouraging risk taking and non-traditional ideas, activities and actions.

Steps to achieving organizational transformation contd

6. Plan for and create short-term wins – planning for visible performance improvement; creating those improvements and recognizing and rewarding employees involved in the improvements.
7. Consolidate improvements and produce still more change – using increased credibility to change systems, structures and policies that don't fit the vision; hiring, promoting and developing employees who can implement the vision and reinvigorating the process with new projects, themes and change agents.
8. Institutionalize new approaches – articulating the connections between the new behaviours and corporate success and developing the means to ensure leadership development and succession.

Transformation capability

- *Transformation capability depends in part on the ability to create and embed processes which link business strategy to the behaviours and performance of individuals and teams. These clusters of processes link vertically (to create alignment with short-term business needs), horizontally (to create cohesion), and temporally (to transform to meet future business needs).*

The role of HR in managing change

- *Organizations which successfully manage change are those which have integrated their human resource management policies with their strategies and the strategic change process... training, employee relations, compensation packages and so on are not merely operational issues for the personnel department; they are crucially concerned with the way in which employees relate to the nature and direction of the firm and as such they can both block strategic change and be significant facilitators of strategic change.*

HR professionals as change agents

HR change agents in four dimensions:

1. Transformational change – a major change that has a dramatic effect on HR policy and practice across the whole organization.
2. Incremental change – gradual adjustments of HR policy and practices that affect single activities or multiple functions.
3. HR vision – a set of values and beliefs that affirm the legitimacy of the HR function as strategic business partner.
4. HR expertise – the knowledge and skills that define the unique contribution the HR professional can make to effective people management.

The contribution of HR to change management

- *The human resources function can help the organization develop the capability to weather the changes that will continue to be part of the organizational landscape.*
- *It can help with the ongoing learning processes required to assess the impact of change and enable the organization to make corrections and enhancements to the changes.*
- *It can help the organization develop a new psychological contract and ways to give employees a stake in the changes that are occurring and in the performance of the organization.*

Congratulations