

# Theories underpinning the change process



**ASSIGN  
BUSTER**

The government of Great Britain was experiencing heavy burden of giving subsidies to British Airways (BA), which was accounted for almost \$900 million in 1982. Beside subsidies government was also facing immense opposition from Conservative government of owing the business; as they believed, BA to be province appropriate for and should be run by private enterprise. Environmental changes were another issue of concern due to increasing deregulation of international air traffic. Moreover, growing competitions and high varied Air fares were resulting into price wars situation and placing more risk of financial crisis for BA. Indeed there was intense pressure exerted from external environment on BA.

The external pressure again imposed very widespread and massive changes to internal environment of organization. The main primary reason behind any organizational changes is due to enforcing external pressure instead need for change or internal desire (Waldbaum, 1987). Considering all these problems and concerns the government of Britain in 1982 decided to privatize BA. For making BA privatize it was essential to make BA profitable organization. This essay analyzes the organizational changes involved in BA by converting to private ownership i. e. transforming BA's culture from 'bureaucratic and militaristic' to 'service-oriented and market-driven' in 5 year period as presented in Fig(1).

## **Diagnose and need for change**

Fig(1)

(Goodstien et al., 1991)

## **Theories underpinning the change process/Methods:**

### **TROPICS ANALYSIS:**

Tropics test can be utilized at very initial stage of any change for understanding the nature of change and deriving optimal solution methodology. It is effective and easy to apply as it requires very minimalistic inputs and less expense considering both time and resources. It is used by management team in giving the starting point and finding the appropriate route for implementing change (Paton & McCalman, 2008).

On applying tropics fig(2) the change for BA privatization was identified to be at the 'SOFT' side of the spectrum. The few aspects were found to be hard but majority tendency lying on soft side. Considering the outcome of tropics analysis to be on soft side indicates the change process should follow 'Organization Development' model.

## **Factors**

### **Tendency towards**

Time Scales

Estimated for 5 years

Hard

Resources

Unclear and Variable

Soft

## Objectives

Clearly defined

Hard

Perceptions

Varied and different

Soft

Interest

Widespread among staff and government

Soft

Control

Top management and government

Soft

Source

Originated externally by government

Soft

Fig(2)

(Paton & McCalman, 2008).

Organizational development is determined as an educational process of continuously identifying, allocating and expanding human resources in a manner for making it more usable to the organization need and hence leading improvement in the problem-solving capabilities (Sherwood, 1972).

Organizational change involves three levels of change as shown in fig(3). Each level differs in their pattern of resistance and requires different strategies and methods or techniques for implementing change (Nadler & Tushman, 1989).

Fig(3)

(Goodstien et al., 1991)

## **LEWIN'S CHANGE MODEL:**

According to (Lewin, 1951) views, for any behaviour there is dynamic balance of forces running in opposite directions. Like, Driving forces encourage change by pushing workforce in desired direction and restraining forces resist change by pushing workforce in opposite direction. Hence, to understand the problem within the organization it is essential to analyse these forces first and then plan the strategies and goals for moving equilibrium in desired direction (Kritsonis, 2005).

## **FORCE FIELD ANALYSIS**

Force field analysis is an approach for analysing group behaviour by mapping the complexity and totality of the field in which the behaviour takes place (Back, 1992). By applying the Lewins (1947) field force analysis it is clear

that major restraining forces were related to workforce and involves change in human aspects.

## **Driving Forces**

## **Restraining Forces**

Risk of financial crises.

Change in work culture

Become world's favourite airlines

New management.

Become service oriented and market driven.

Workforce reduction

No subsidies from government by privatizing it.

New service nature involving direct customer interaction

### **LEWIN'S THREE-STEP MODEL:**

Lewin's three-step model of Unfreezing, Moving and Refreezing can direct shift in balancing the direction of planned change (Levin, 1958). An adaptation of model fig(4) in BA's change process was found useful in establishing frameworks of BA change management.

Fig(4)

(Goodstien et al., 1991)

## Unfreezing:

Unfreezing is the first step of change process and it is about encouraging and motivating people and making readiness to change (Schein, 1987) (Greaves, 1999). (Lewin, 1947) refers that any existing situation or behaviour is under equilibrium state supported by complex field of driving and restraining forces and to incorporate new behaviour the equilibrium need to be destabilized (unfrozen). According to (Robbin, 2003) unfreezing is important in overcoming the strains of group conformity and individual resistance. It can be achieved through three methods: firstly by increasing the driving force that drives behaviour in opposite direction of existing situation, secondly by decreasing the restraining force, finally by finding combination of first two methods.

In BA's change process the first step taken in unfreezing was huge reduction in BA's workforce all over the globe. The workforce was cut down to 37, 000 from 59, 000. The downsizing decision was taken through consensus opinion at all levels within the BA. They believed downsizing will help in decreasing the hierarchy, at the same time giving more liberty to operating staff and easing the management process. The process of staff reduction was not that easy to execute and achieve but the effort was taken to minimise the exertion. The downsizing of staff was done in an optimistic way and with compassion. It was taken through early retirements and by giving incentives and through financial settlements. There were no laid off involved in entire system for downsizing. Interestingly, within a year staff reduction worked positive for BA. The improvement was observed in all performance indices of

BA, they had timely departures and arrivals, less complaints of lost baggage etc.

According to (Lancaster & Lancaster, 1985) the initiated change requires sense of direction and considerable power of leadership. To facilitate patterns of behaviour for stabilizing, evaluating, and monitoring the change, the involvement of strong change agents such as system specialists and top management plays a key role in leading and making successful change process (Rasberry, 1986).

With respect to change agent the second major change happened in 1981, there were two new appointments in BA's top management. The chairman of board was replaced by senior British industrialist Lord John King of Wartinbee and Sir Colin Marshall with marketing background, was a new CEO. Marshall being outsider of BA's culture and having marketing experience was able to view different perspective for BA's culture in comparison to its predecessors, who were mainly retired Air Force officers. He played a key role in the success of BA's change process. Marshall after its arrival to BA in short span decided new strategy for BA to become 'World's Favourite Airline'. It was his vision and clear understanding that pointed out changes is required in BA's culture. He with his strong leadership skills and great effort executed the change.

Many training programs were initiated and executed to support the unfreezing process. The main focus was on 'Putting People First'. The training program was mainly dealt with customer interaction, in which BA personnel was in a direct contact with customers. The main aim of the



program is to give the feel and understand the service nature of airline industry. It was completely different and was intended to challenge the existing BA culture.

#### Movement:

In a change process, movement step is necessary in moving the target system to new level of equilibrium. (Schein, 1996) refers movement state to be more learning and iterative approach or action that enables groups and individuals to move from less acceptable to more acceptable set of behaviour.

In movement phase of BA Marshall hired Nicholas Georgiades as director (vice-president) of human resource for accomplishing and running the programs essential for implementing change. In a service climate (Schneider & Bowen, 1985) indicate positive correlation between employee's perceptions of human resources practices and customer's perceptions and concludes human resources practices can influence service climate.

Georgiades had a background of psychologist, former professor and consultant. BA's successful change effort was due to the joint leadership of Marshall and Georgiades. He created relevant programs and tactics to bring Marshall's view to reality. Georgiades had taken significant steps in the movement phase by conducting training programs for the middle and senior managers. The main aspects of the training involved were 'Leading the Service Business' and 'Managing People First'. Feedbacks were taken from every individual in understanding the perspective related to management practices on the job. The main purpose of all training programs was to locate

the shortcoming of current management style and to initiate the development of new process that would suit to new competitive culture of BA. It was essential of having participative management style (Marshall, 1984) for making BA organization service-based, market-driven and profit-making. Moreover, it would produce employee commitment.

During unfreezing stage, diagonal task forces were extensively used on structures and system level. It mainly comprised of individual from different units and functions and exhibiting responsibilities at different level to deal with several aspects involved in change process. The aspects mainly consisted of new uniforms, new practices in staffing, need for MIS (management information system) etc. the major difference from traditional approach was introduced i. e. A bottom-up, less centralized budgeting process.

In the climate/interpersonal side involved critical shift in redefining BA's business to represent service instead of transportation. Good interpersonal skills and open climate together with outstanding team-work are key features of service business (Goodstien et al., 1991). To incorporate service environment in BA, the process were developed and team-building activities were taken off-site during movement phase, which are at-present institutionalized.

All these changes were successfully implemented due to top management involvement. Marshall himself introduced question-and-answer sessions during training programs. The purpose was to maintain transparency; he shared the information and also gave his opinion for the required change.

The acceptance of 'emotional labour' in movement phase was the important step. It was done through Georgiades championed, that conveyed the importance of high energy requirement to deliver quality of service in airline business to the workforce. Any emotional drain in the service can cause permanent psychological damage and critically impact to developing system for the service workers involved emotionally. Another important step was taken in creating internal change agents through retraining of internal personal staffs. The training was taken by supporting line and staff managers. It was found fruitful for managers completing the 'Managing People First' training program in developing peer support groups.

Many changes were done internally to BA structures and systems to support this movement. That included new bonus system, sharing of BA's financial gains success. The other initiatives were taken like at Heathrow Airport opening of new Terminal4 for providing more functional units for staffs. Inclusion of new training center through purchase of Chartridge House which was utilized in training staffs and providing information house for MIS enabled managers.

#### Refreezing:

Refreezing phase take place after the change has been implemented. In process-oriented studies it has been observed that the 'refreezing' is stage strongly associated with change success (Ginzberg, 1978, p. 59). According to (Schein, 1987) it is that part of the process in which change is embedded within two separate, yet related mechanisms. The first mechanism deals with personal refreezing that implies to the extent to which the person's self-

concept have incorporated change and can be integrated with rest of the personality. The second mechanism is relational refreezing that refers to employees' personal change to meet the expectation of their peers, supervisor and subordinates. As per (Robbins, 2003) a view refreezing main purpose is to stabilize the new equilibrium resulted through change and that can be achieved by policies and procedures.

In BA's refreezing phase, the top management by their continuous involvement and commitment ensured the change is 'fixed' in the system. The staffs which inherited the new BA values were soon to be promoted at higher levels. For educating the workforce many additional programs were introduced. Like, for new staffs included 'Open Learning' and orientation programs, for supervisors supervisory training etc. the training programs were also executed for executive and management levels.

To focus on customer service, subordinate development and enthusiasm among staff a new performance appraisal system was introduced. The performance was calculated on both attitude and work results. Another area of BA where immense attention was paid to its symbol and in introducing new refurbished aircraft, upscale uniforms and corporate coat of arms indicating the motto 'We fly to serve'. New teams were developed for providing consistent cabin-crew staffing instead of ad hoc approach of past. Finally, the feedback data on management practices are continuously utilized throughout the system.

**Analysis of managing change:**

The change process doesn't seem to be smooth even after BA applied Lewin's model change. Since changing behaviour at both organizational and individual levels involves deviations from the existing habitual responses in producing new responses that many times creates awkward situation among involved workforce (Dentinger & Derlyn, 2009). Indeed, it could lead to early abandonment of the new management style.

The organization must effectively recognize and identify intervening transition state in moving from known present state to a desired future state. A careful management is very essential in the transition state when the planned change is complex and large. The essential part of this change management lies in accepting and recognizing the temporarily lowered effectiveness and disorganization that characterizes the transition state (Bechard, & Harris, 1987).

In BA's change process, the intensity of chaos and anger that evolved during the transitional phase has been abated and the sign of success is observed. However, many times both inside and outside BA the serious question of wisdom of process were raised due to lack in clarity of outcomes. During such period the involvement and commitment of top management are essential and very important (Walton, 1985)

In order to increase involvement in such organizational changes management often require the usage of transition management team that comprises of broad cross-section of members of the organization (Bechard, & Harris, 1987). Other methods that account effective involvement is usage of

multiple interventions rather than just one like, using symbols and rituals to mark significant achievements and keeping the system open to feedback about the change process (Hornstein, 1971). All these techniques and methods were used in BA program.

### **OD intervention – Process consultation:**

Apart from the various change strategies discussed in BA's change, the considerable use was made of usual organizational development (OD) technologies which included team building, role clarification, structural changes and process consultation to facilitate change. The unique OD intervention – process consultation was carried by the consultant to examine pattern of a workforce communications (Burke, 1982). It was done by direct observation of staff, meeting and at opportune times by making observations of happening changes and by raising questions. The main motto behind the process consultation was to change the closed communication style of BA and to create openness in work team. The process consultation played key role in change process and achieving the motto.

### **IMPLICATIONS AND CONCLUDING REMARKS:**

Fig(5)

(Goodstien et al., 1991)

As shown in fig(5) BA's conversion to private ownership was found to be successful. After the change completion, BA was turn into profitable organization with the significant rise was observed in passenger, cargos and share price.

The BA change effort provides understanding of social psychology perspective of the change process, that gives an important and different perspective to managers, employees etc for coping up with highly competitive environment. In BA's massive change project, the most evident observation is that the change was based on open-system thinking, phased model of managing change and multiple levels involvement for implementing change. Hence, both design and implementation of change effort was heavily dependent on understanding about nature of organization. The change process involved a multifaceted effort by using many leverage points to initiate and support the changes (Burke et al., 1984). Hence, the change process in which transition teams were involved for openness to feedback was efficiently managed and supported by top management. Moreover, the resistance created at all three levels, i. e. individual, structural and systems, and interpersonal, were effectively managed by usage of unfreezing strategies.

In BA successful change process many incorporated changes worked positive in stabilizing the company. The most effective change was found in company's culture of creating strong customer-service focus which was lacking in 1982. The fact that service or marketing taken, considering customer perspective, can have substantial payoff for the organization is now endemic to the corporate culture (Hambrick & Cannella, 1989). Another aspect that impacted the BA's culture was the way one manages employees that are involved in direct customer interaction, especially for ticket agents and cabin crews.

## **LESSON LEARNT:**

The lesson learnt from the successful BA change to become service-oriented and market-driven:

1) The