

# Organisational change management

[Business](#), [Management](#)



## Definition

The only thing consistent in the recorded history of mankind is change (Paton and McCalman 2008). Heffron (1968) argues that “ change is inevitable for individuals, organizations, and society, such as technology changes, values and attitudes change, goals and needs change, resource availability changes, laws change, political control of government changes” (p: 152). Likewise, business corporations are faced with an inevitable challenge of undergoing change. Business management practitioners have explored organizational change management for many decades. In an organizational context, the likelihood of successful change can be increased through a purposeful change management strategy. Berger (1994: p. 7) defines change management as “ the continuous process of aligning an organization with its marketplace and doing it more responsively and effectively than competitors.”

Various academicians have underscored the importance of conducting a thorough internal and external assessment of forces of change and of organizational characteristics. This assessment can facilitate the change process (see Witherspoon and Wohlert 1996). An organization can be affected by external factors such as: market environment, government policies, tax structures, technologies, and globalization. Internal factors of change include profitability, reorganizing corporate structure, resolving conflicts between organizational departments, and changes in social and cultural environments. According to Champy and Nohira (1996) “ there are

three major drivers stirring organizational change faster than ever before are as follows: technology, government and globalization”.

The current case pertains to a car components manufacturing company called D2 which is facing threats from those competitors that manufacture their products in low-cost countries. D2 has four components manufacturing plants; 2 in France and one each in Spain and the UK. In my analysis, the company has had a focused generic strategy in that it focuses upon high quality products by prioritizing product innovation, new technologies and high performing workforce. D2 has been able to compete through this strategy so far. However, due to the rising pressure from low-cost manufacturers, D2 is losing its market share and needs to reduce its production costs to sustain competitiveness. For that, the company has planned to achieve greater economies of scale by limiting the production of car components at fewer sites. D2 is planning the closure of its Didcot (UK) production plant which has the most outdated production facility and at the same time is enhancing the production load of Blois, one of its French facilities with the most advance production facility which has not been used up to its fullest.

According to my assessment, the external factors driving this change include the rising competition in market lead by the low-cost manufacturers and consumer demand for cheaper components. The internal factors for this change include the existence of an outdated production facility at Didcot and a relatively advance and unused production capacity at Blois. The degree of change undergoing this situation is revolutionary, as the company would be

required to make a breakthrough shift in its business operations. The level of change in this particular situation is department/business unit/organizational level as one of its business unit will cease working while other will be working at an enhanced capacity.

### Discovery

In this case, I have identified the following key issues. Firstly, the company needs to tackle its employees working at Didcot site who might largely face redundancy. Secondly, it needs to encourage some of its key knowledge workers who are important for the continued product innovation and hence the success of the company to relocate at the Blois site. Finally, the company also needs to ensure that its employees do not feel generally insecure due to the ongoing redundancies and changes. I suggest that these changes can be successfully managed through an effective leadership particularly aimed at dealing with these challenges.

According to Kanter (1988), every change, innovation and developmental project can be successfully pursued by a visionary leader who is able to successfully sell his vision to others. Based on Kanter's proposition, I am of the view that one of the most critical components of successful change management is leadership. There are numerous theories regarding leadership and management, however, it will be viable to discuss leadership from the perspective of leaders of change.

Edgar Schein (1987) proposes three approaches that leaders and change agents may adapt to manage change. These approaches were originally

identified for external consultants, but they have significant implications for all leaders of change in an organizational context. The three approaches are: the expert mode, the doctor-patient mode and the process consultation mode.

The expert mode: This mode refers to a situation where the problems have already been identified and analyzed by an organization. The organization explains it to the leader/manager or consultant, who then uses his/her expertise to come up with a solution and implement it.

The doctor-patient mode: In this mode, the roles of a leader/manager or a consultant varies in that he/she has to diagnose the problem first based on the available information and then prescribe a solution and implement it.

The process consultation mode: In this mode, the leader/manager or consultant is to operate as a facilitator. The central premise of this approach is that the leader does not take ownership of the problem, but help others identify problems, and find and implement possible solutions. Schein (1987) points out that this approach allows for extensive participation of others and provides them with more opportunities for utilizing their knowledge and insights.

Recently, Goleman, Boyatzis and McKee (2002) have identified six different styles of leadership namely: visionary, coaching, affiliative, democratic, pacesetting and commanding (Goleman et al. 2002).

Visionary: Attracts and gathers people towards a common vision – it is appropriate when a new vision or a clear direction is required.

Coaching: Connects people's desires and goals with that of the organization- it is appropriate when the goal is to improve performance of employees and build long-term capabilities.

Affiliative: Creates accord among people- should be used to mend rifts and resolve conflicts, or to motivate people in difficult and stressful times or to reinforce relationships.

Democratic: Values the knowledge and insights of people and gets their commitment through their participation- should be used to get valuable inputs from employees.

Pacesetting: Meets deadlines, challenges and existing goals- it is appropriate in getting high results out of a motivated and capable teams

Commanding: Gives direction in an emergency situation and exerts control- appropriate with problematic employees or in an emergency.

First and foremost, I suggest that D2 should set up a dedicated leadership involving the top management to address this situation. The leadership style for the leader here should very much consultative in terms of Schein's range of leadership styles. The leadership should adapt the role of a ' process consultant'. Since there is not much the company can do in term of providing alternative employment opportunities for all the workers, the company can at best try to facilitate a smooth transition by being considerate and

concerned about its workers while at the same time doing what it needs to do to sustain its profitability which is its primary responsibility towards its shareholders. Throughout the change process, the leader should never appear to impose this change onto others through force coercion. Instead, the leader should convey the company's plan of closing its Didcot facility and shifting operation towards the Blois facility and let others realize its implications so that they cope with them on their own terms. The leader can facilitate the staff to have a better outlook towards them, make them feel valued, and consequently allow them to make their own choices. In terms of Goleman, Boyatzis and McKee (2002) leadership styles, the leadership style for this particular change management situation should be that of coaching as well as affiliative. The leader should truly put its customers first by valuing their contribution. A positive attitude towards them can be most appealing when it comes out as a natural response rather than as a forced one. The leader should try to bridge the gap between employees' aspirations and the company's objectives and promote a sense of accord and harmony among the staff to lessen any sense of insecurity and lack of commitment.

## Dream

As mentioned before, it is imperative for organizations to apply change management strategies to successfully cope with a change situation. Formal change management strategies can provide viable solutions for dealing with change situations. Here, I have applied two different models of change which can be integrated to deal with the three key issues highlighted earlier.

A popular model for change management is one proposed by Kurt Lewin (1951). This model is important here as it essentially deals with the human factor pertaining to change management, i. e. it is focused towards persuading employees to recognize change by varying their attitudes towards a circumstance. It involves three steps:

“ an unfreezing of the first attitude, i. e. a recognition that it may possibly be wrong

a forming and shaping of the new attitude

a freezing of the new attitude, i. e. a commitment to it”(Lewin, 1951)

According to this model, the first and foremost step towards successful change management is to unfreeze the attitudes of the stakeholders.

Stakeholders, who include top management, board members, and employees, often have fixed (frozen) attitudes because of their inability to observe problems or limitations of the existing system. Likewise, they might not realise the extent of the existing problems and its impact (Hayes, 2010).

In this case, the top management of D2 has already acknowledged the problem pertaining to the company’s current business strategy and have devised a plan to mitigate it. However, it is the employees who may or may not already know the changing external environment and how it can affect their existing employment prospectus. This can be termed as “ what we are now”.

It is worthwhile to note that often stakeholders justify existing problems as necessary inconvenience or might be of the view that situations are difficult



to change (Hayes, 2010). Here, it would be justified to assume that some middle managers and employees at the Didcot production facility may be aware of the pressure upon the company in terms of achieving higher cost efficiency and the plant's outdated technology. However, they may have been dealing with this situation as a necessary inconvenience or may be thinking that despite the prevailing problems with the plant it is unlikely to be closed. These attitudes should be 'unfrozen'. This can be concluded as the "the ideal situation".

The change agent, which in this case would be the change leader, must raise the problems with the existing system i. e. the external and internal drivers of change, and highlight the opportunities being missed in terms of competitive advantage. The change agent can also highlight the negative consequences of not changing i. e. the company losing its profitability in short-term and losing solvency in long-term to prepare the employees for accepting the change.

Unfreezing the attitudes must be followed by forming new attitudes. It is best to set out an outline of the proposed change first, rather than dwelling into the details from the beginning. For instance, the change agent at D2 can identify the group of employees who are to be encouraged to relocate to the Blois manufacturing site and try to convince them in doing so. At this point, the advantages of relocating and disadvantages of not relocating or missing out the opportunity can be discussed. Here, a number of different strategies can be applied by the change agent to successfully shape new attitudes.

Some of those strategies are:

“ Make an effective rational argument, based on costs and/or benefits

Make an emotional appeal

Pay attention to the quality of the presentation, to influence the other party

Involve the other party in the process of forming the proposal

Direct and command the other party”

Use friends and allies to represent or reinforce your case

(Lewin, 1951 in Hughes, 2010)

Finally, once the change has been accepted, the change agent can secure a commitment from the employees to re-freeze the new attitude. In my view, this can be achieved by exhibiting the organization’s commitment towards the plight of its employees by ensuring effective change management.

Design

By analysing the aforementioned application of theories, I am of the view that the process consultative leadership style and the unfreeze/reshape/refreeze change management model are compatible with the characteristics of the organizational development model which underscore the importance of (1) Leading/facilitating change; (2) Collaboration and involvement; (3) Humanistic Value Orientation and (4) Systems Approach (Cannon and McGee, 2008). Considering the alignment of the organizational change management strategy with the characteristics of organization development, it would be advisable to consider the organizational development methods for implementing the change. These methods are:

“ Sensitivity Training

Training groups that seek to change behaviour through unstructured group interaction

Survey Feedback Approach

The use of questionnaires to identify discrepancies among member perceptions; discussion follows and remedies are suggested

Process Consultation

Team Building

High interaction among team members to increase trust and openness

Intergroup Development

Organisational Development efforts to change the attitudes, stereotypes, and perceptions that groups have of each other

Appreciative Inquiry

Seeks to identify the unique qualities and special strengths of an organization, which can then be built on to improve performance”

(Garrow, et al. 2009)

Here, I suggest that an integrative strategy (comprising a mix of all these six organizational development methods) should be used to ensure that D2 is able to reach the desired level of organizational development wherein its key knowledge employees are retained and relocated to its Blois manufacturing site and that all its existing employees have a high level of commitment towards the organization.

For instance D2 can develop training groups that can facilitate the smooth integration of employees transferred from Didcot facility to Blois within the organizational context as well as the social and cultural context. Survey feedback can be used from time to time to assess the success of change management and achievement of goals in terms of employees' motivation, satisfaction and commitment. Appreciative inquiry can be used to build upon the existing strengths of the organization. Process consultancy which was already integrated in the change leadership style can be extended to further refreeze the attitude of employees.

### Destiny

It can be critiqued that the organizational development methods for implementing change lack an emphasis upon the vital success factor of organizational change management strategy i. e. communication strategy. Although communication is imbedded in all of the six methods, I suggest that goal communication strategy should be explicitly prescribed for effective implementation of a change management and organizational development strategy.

Barksdale and Lund (2002) propose a framework for the effective goal communication in organizational context. According to the authors, first, key messages should be determined. Second, the target audience should be identified. The target audience should be categorized as ' employees, sponsors, managers and other stakeholders of an organisation' (Barksdale and Lund, 2002). Each of these groups should be presented with different

messages. Third, the management should identify ‘ communication points and work out a communication timetable’ (Barksdale and Lund, 2002; Ackoff, 1970). Fourth, the top management should provide the essential resources to support the communication of the organisational development goals and change. This detailed and logical communication process can be aligned and worked with the leadership style, change management model, and organizational development methods to ensure an effective change management.

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