

# Strategic change in organizations creative and innovation strategic hrm



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The factor of change is one of the most certain factors in an organisational life. The certainty of change gives birth to the need of its appropriate management. Academics presented various models of the change management like McKinsey 7-S Model, Kotter's Eight Step Change Model, etc. In this section of the paper we will evaluate the changing environment of Abbey National in the current economy by employing three models of change i. e. 5 P's Model of Pryor, McKinsey 7-S Model, and " Lewin's Change Management" Model in detail.

## **“ 5 P's Model of Pryor”:**

### **Introduction**

The 5P model is a joint presentation of Mildred Golden Pryor, J. Chris White, Leslie A. Toombs and John H. Humphreys. It is a model of strategic management to obtain organisational success through 5 variables: “ Purpose, Principles, Processes, People, and Performance”.

### **Key Points of the Model**

The points mentioned below explain the model:

Purpose is a variable that includes the objectives, goals, mission, strategies, feedback, and vision, and all other factors that show the intensions of the organization. Leaders of the organizations should clearly deliver the strategies and tactics to the staff in order to obtain the organizational goals. The other variables like principle and processes must be aligned with the purpose.

Principles are the next P after Purpose. They encompass all organisational attitudes, assumptions and philosophies that indicate how to conduct the business. They also include ethics and other integrity elements to which employees need to make the commitment at the time of hiring. They are extremely important for the successful execution of organisational activities.

Principles should be aligned with processes that involve all those infrastructure, systems, procedures and structure which are employed by organisation for the production of goods and for performing services.

People are a group of individuals that achieve the organisational purposes by following principles of the organisation.

Performance is comprised of all the metrics, results and measurements that are used as a standard for decision making process of the organisation. The establishment of measurement and feedback is an important task of leader for the long run survival and profitability of the organisation.

All above stated 5P's must be aligned with each other if the organisational leaders want to achieve a maximum efficiency and output (Pryor, et al 2007).

### **Relevance of 5 P's Model to Abbey National in the current economy**

The 5P model is of relevance to Abbey National in the current economy, especially when it is undergoing a big change of its history. This is so because the 5P's model is a best suit for strategic, quality, organisational, and change management. As Abbey National is overtaken by Grupo

Santander, which is an international banking group so the new leader has to realize the current economic conditions of the UK in order to make this investment worthwhile (Winslow, 2005, p. 8).

Along with this the new leader should communicate the organisational purpose and principles clearly to the people. The processes should also be made clear from the leaders in order to remove any ambiguity. Lastly, leaders need to set up processes appropriately to reward the success of people. Thus by following the 5P model the occurrence of change in Abbey National can be managed very well by keeping in view the current economy of UK.

## **Lewin's Change Management Model**

### **Introduction**

In the 1950's, idea of change management was presented by Kurt Lewin in a form of three steps model. For over 40 years his model ruled in the area of change management.

### **Core points of the Model**

His model is explained in below stated points:

In order to implement a change effort Lewin purposed three step process to managers and that is Unfreeze-Change-Freeze (Burne, 2004).

Unfreeze is a stage in which those employees are motivated who either do not accept change or are not accustomed to the change occurred in the processes and duties (Burne, 2004). Lewin is of view that for the successful adoption of new behavior, the old behavior needs to be discarded. Schein

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(1996, p. 27) explains that three factors i. e. status quo disconfirmation regarding its validity, anxiety for survival and creation of psychological safety are essential for the attainment of unfreezing stage.

The second stage is the phase in which the change is implemented and adjusted. This stage is a transitional period in which people are unfrozen and started moving towards a new way (Burne, 2004).

The last phase is freezing or refreezing in which the organization is strengthened and people or employees are allowed to refreeze (Burne, 2004).

### **Relevance of Lewin's Change Management Model to Abbey National in the current economy**

This model can be relevant to Abbey National in the current economy because it defines ways for change management by keeping in view the psychological behaviour against the element of change. The employees of Abbey National would not accept the change if they are not treated by new leaders according to their mind. As the change has been occurred at Abbey National so by employing unfreezing strategies they will be able to successfully cover the transitional phase in order to refreeze towards the new directions.

If new leaders do not reduce the anxiety of people by providing them safety the change cannot be implemented successfully. Lewin rightly acknowledged that change is not merely a step but a journey that needs persistent and strong efforts.

## **McKinsey 7-S Model**

### **Introduction**

The 7S framework was presented by McKinsey and Company in 1980s. It is not a pure strategy model but an approach that focuses on the force of the change employed by the leaders to achieve superior performance by affecting organizational change (PAPERS4YOU, 2010).

### **Core points of the Model**

The model is based on the points explained underneath:

He draws a line of distinction between managers and leaders of the organizations (Watson, 1983).

For McKinsey the organizational development depends on seven factors and that are: “ strategy, skills, structure, systems, staff, shared values, and a style” (Watson, 1983).

Managers rely on a hard S’s like systems, strategy, and structure whilst leaders work with soft S’s like shared values, staff, style, and skills.

The hard variables are more tangible, feasible and easy to identify against soft because they are well documented in the form of corporate plans, organisational charts and strategy statements, etc. (Burtonshaw-Gunn, 2009).

McKinsey explains systems as scheduled processes and procedures that organisation follows. Likewise, strategy is a way that is adopted during resource allocation for the attainment of defined organisational goals. The

last managerial harda is a structure which means the skeleton of the organisations (Burtonshaw-Gunn, 2009).

Shared values are the guiding themes and things of the organisation that everyone knows are essential for the organisation's successful functioning. The factor of staff means the description of people needed by the organisation. The pattern of action whether symbolic or actual that are adopted for the organisational communication at large scale is known as style. Lastly, skills are a bunch of the attributes and unique competencies of the organisation (Watson, 1983).

The model links planning with the organisational change by stating that all variables i. e. softa or harda are interdependent. Thus, organisational change as a whole is necessary instead of changing one or two variables (Grant, 2008).

The softa variables are challenging for all kinds of change management strategies. This is because managing staff resistance against changing organisational structure and values is very hard (Grant, 2008).

The change management in case of organisations is also difficult because employees are valued and encouraged for their innovations and thus are an important part of any organisation (Grant, 2008).

## **Relevance of 7S model to Abbey National in the current economy**

The organisational analysis of Abbey National is very delicate especially by using the 7S model, when it is undergoing a big organisational change.

Moreover, the dynamic and complex nature of softa variables is also making the task little challenging. Few points mentioned underneath are important to remember before making analysis of Abbey National with the help of the 7S framework model:

Abbey National was a UK based bank that was taken over by Grupo Santander in 2004, that is an international banking group headquartered in Spain.

This change in Abbey National is drastic in respect of cultural and demographic differences.

Abbey National has rebranded since 2010 which means the change has occurred in its softa variables. This is because the source of leadership has moved from UK to Spain. As softa and harda variables are closely interrelated according to the 7S framework so change in softa will transform the harda factors as well. These days UK economy is going through the last phase of global economic crises of 2008. As the result of which, a stiff resistance is expected from the staff which is one of the constituting softa factors. Managers that are an exact opposite category of leaders have to deal with this situation with great care. They have to manage two kinds of changes; one that has occurred in the organisational staff and the second is the resultant change that comes in the strategy of the organisation as the result of staff resistance. In brief, both changes can be handled appropriately if managers and leaders work in coordination with each other.



## **Section: B**

### **Change Management and 5P's Model of Pryor at Abbey National**

Although all above stated models are relevant to Abbey National's changing condition but 5P's model is the most appropriate to implement and monitor the change occurred at the local bank of UK. It is suitable because it completely and constantly analyzes change by employing various management techniques and concepts.

### **Plan for the implementation of 5P's model of change in Abbey National**

The Plan for the implementation of 5P's model is illustrated below

### **History**

Abbey National was the sixth major bank in the United Kingdom and was ranked second in terms of high mortgage lending before the acquisition by Santander Ltd, a well known international banking chain in the Euro zone. At the time of acquisition it was going in a loss of \$1. 6bn for a year 2002, against a profit of £1. 47bn a year earlier. Later, Santander group took it over in 2004. Upon this change of leadership the goals, objectives, and strategies, etc of the bank has been restated which are mentioned underneath (Pryor et al., 2007).

### **Purpose**

It includes all strategic theories like mission, vision, goals, objectives, etc.

The mission and objectives of Abbey National have changed with its rebranding. Thus managers need to device new strategies and technologies

in order to achieve the big goal of Abbey which is to lift the customer's trust on the bank along with the introduction of international banking at Abbey. The new mission of the bank needs to be completely delivered to all the stakeholders especially, people. Moreover it should also be aligned with the new principles of the bank.

## **Principles**

It includes the philosophy and attitude of Santander Ltd which are mentioned below:

The philosophy of new leaders is to widen the nature of Abby National from indigenous banking to the international criteria.

All employees have to abide by the international banking rules and ethics instead of domestic UK rules during their job tenure.

Fraudulent consumers will be treated according to international banking law.

## **Processes**

It involves the theories pertaining to systems like structure, procedures and communication channels, etc for the production of goods and services. The new leadership of Abbey National will introduce following new services and product mentioned below:

It will launch online banking at international level. In this way offshore consumer can also reach their accounts and avail the services of Abbey National from outside the UK.

An offshore foreign exchange services will also be introduced at Abbey National.

In addition competitive overseas interest rates will be introduced.

## **People**

This P includes all behavioural theories and aspects like team, individual, different types of customers and suppliers, etc. The new leader will bring following change in this area:

Internal consumer will be briefed about international banking whilst external customers will be encouraged at Abbey National.

For the availability and provision of new products and services internal and external suppliers will be encouraged to make bids via tender.

To understand the local consumer and to contribute in the economy of UK local people will be recruited along with outsiders.

Team members and individual workers will be encouraged by offering bonuses and other benefits on the display of good performance.

## **Performance**

It includes measurement and feedback strategies like benchmarking, etc.

The change will be implemented by keeping in view the performance of the people working at Abbey National. In respect of performance of the organisation below mentioned steps will be undertaken:

Individual and team work will be awarded with appropriate feedback.

Clear measuring scales are defined to note down the performances of workers at Abbey National. These measures will not only keep the leaders up-to-date on recent changes but also provide employees information about the performance of all the activities of Abbey Bank.

### **Measures to monitor the change Progress**

All above stated P's will work in perfect alignment with each other. They are well integrated with each other and will not be assessed individually. To monitor the progress of change at Abbey National the above analysis will be employed.

### **Section: C**

#### **Assessment to use a suitable strategic intervention technique in Abbey National**

The development of any organisation greatly depends on strategic intervention techniques. An organisation is a workplace where people of different attitudes and calibre have to work with each other by resolving the conflicting issues. A strategic intervention technique is way by which workers get training on how to work with the different types of people in order to achieve the goals of organisation.

Abbey National plc is one of the most renowned banks in the UK that offers commercial services. The operation of Abbey has expanded internationally after the takeover by Santander, which is one of the largest financial groups. Currently, Abbey's staff is composed of the diverse workforce due to which emergence of conflicts among workers is very normal aspect.

In such circumstances there is a dire need of an appropriate strategic intervention technique. The technique should encompass the followings:

It should educate employees on how to work efficiently with the different types of individuals.

It should encourage workers to appreciate their co-workers in all organizational spheres.

## **Section: D**

### **The need for strategic change in Abbey National**

The strategic change means the change in organizational mission, goals and objectives. There are many causes of strategic changes and one of the most prominent is the change in the leadership of the organisation. The acquisition of Abbey National by Santander Ltd provides the ground for the strategic change in Abbey National. This is so because the new leaders of Abbey National will restate the goal, and objectives according to their vision (Winslow, 2005).

Abbey National was UK based bank while its acquisition by Santander Ltd converts it into international bank. This new status has been given to Abbey National by introducing offshore online and offline banking services. Now managers and workers have to adopt new strategies in order to achieve the goals and objectives of the bank.

## **The factors driving the need for strategic change in Abbey National**

Some factors that are driving the need for strategic change in Abbey National are assessed below:

Change in the vision and mission of the bank's leadership. The previous leadership of Abbey National was local so their aims and objectives were national. With the takeover of Santander Ltd the banks objectives and missions were transformed to international, which created the need for strategic change.

Change in the category of customers. The majority of customers were local before the acquisition of Santander Ltd. The customer's composition changed after the addition of international customers.

The composition of suppliers also changed after the acquisition of Santander Ltd. International suppliers started working along with national suppliers.

The strategies and tactics to attain new organisational goals also generate the need for strategic change.

### **Section: E**

#### **Assessment of the resource implications of Abbey National not responding to strategic change**

Some of the resources that are not responding to the strategic change at Abbey National are assessed underneath:

Small investors that were attached to Abbey National before its rebranding are not accepting its recent status. In particular they are opposing the

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change of bank's name and the revamping of its branches. Thus the new leaders and managers need to make proper strategy in order to satisfy their stakeholders (Market Watch: Global Round-up, 2003).

The shareholders of banks are also rebelling against pay policy of Abbey including its reward strategy.

The business strategies employed by new managers and leaders are also not being appreciated by market partners of Abbey National. As the result of this the bank has to face the fluctuating figures of wholesale business and mortgages.

Although the social order of UK is one of the modern societies in the world but Abbey National need some time to revitalize its image of online banking, especially of mobile banking? For this purpose the bank management needs to increase the security measures against its online banking services and products.

The employees at Abbey National are also responding very slowly to the strategic change. This is so because old workers need some time to adjust with the new ones. The leaders need to align their people with the processes in order to achieve the purposes of the new leadership of the bank (Cave, 2004).

## **Section: F**

### **Systems development to involve stakeholders in the planning of change**

The major national and international stakeholders of Abbey National are: shareholders, employees, customer, business partners and community. A bank functions with the collaboration of all stakeholders, so to take all of them on board during planning of change is very essential. The system to involve stakeholders in the planning of change is developed by employing 5P's model of Pryor which is illustrated below

The brief description of above illustrated points is stated underneath:

The new objectives and goals of the leaders should be well communicated to all stakeholders especially shareholders, employees and business partner. This is so because they are directly influenced by the profit and loss of the bank. If the stakeholders are divided on the implementation of change then leaders should try to convince the opposite side with the help of those who favours the change.

The new philosophy of revamping and giving the bank international status should be properly delivered to all stakeholders. This is so because with the mutual cooperation of all stakeholders the changed objectives of Abbey National can be attained.

With the rebranding of Abbey International the means of production and services are also changed. All stakeholders must be taken in confidence on this change.



The new purposes like the objectives and products and services of Abbey National should be delivered to employees in particular and other stakeholders in general.

Lastly all stakeholders like national and international customers, suppliers and shareholders, etc should be well informed with the performance of the bank (Botin, 2004).

## **Development of a change management strategy with stakeholders**

In order to incorporate stakeholders Abbey is adopting a back to basic strategy of change management. Some of the points for a change management with stakeholders are discussed below:

The brand name of Abby National will be revamped by taking all stakeholders, especially domestic customers and investors in confidence (Market Watch: Global Round-up, 2003).

The red Santander's interior and marketing communications strategies will be incorporated within Abbey with the mutual understanding of all stakeholders (Market Watch: Global Round-up, 2003).

The talks will be made with various media agencies on the activities of Abbey.

## **Section: G**

### **Evaluation of the systems used to involve stakeholders in the planning of change incorporating a strategy for managing resistance to change**

The above stated system that is devised to involve stakeholders in the planning of change also helps in reducing the resistant factors to change.

This is so because the confidence of customers, employees and other shareholders will be revived as the result of their involvement in the decision making strategies of Abbey. Those domestic investors, employees who were not accepting the restructuring of bank will be taken in confidence through negotiations and table talks. An evaluation of systems is illustrated below:

## **Conclusion**

This section is concluded on the statement that the implementation of change in organisational life is not possible without taking all the stakeholders in confidence.

## **Unit: 6**

### **Innovative Management**

#### **Section: A**

**During the change processes discussed above, evaluate the creative and innovative management processes applied at Abbey National and explain how Santander Ltd could lead Abbey National to positively embrace innovation and change**

The creative and innovative management processes play a significant role in the change implementation processes of the organisation. This is so because these processes help in bridging up the differences between the new

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leadership, management and other working staff. Some of the innovative management processes that were employed by Abbey National Ltd are discussed below:

Revamping of the Abbey's logo from an umbrella to a rainbow pastiche.

It changes its customer approach from national to international.

To introduce Abbey as a customer-centric organization.

The name of bank has been changed from Abbey National to Abbey.

Redecorating and re-colouring the branches of Abbey.

To simplify its product range, for instance, the division of saving products into three categories i. e. Freedom, Sure Easy, and Start.

More staff will be recruited for customer-facing roles to improve customer services in different branches of Abbey.

To increase the number of telephones centres to facilitate customer services.

To increase training opportunities for customer-facing staff in order to facilitate customer from all aspects.

To make the availability of the product and services simple and transparent.

Santander Ltd can only make Abbey National to embrace innovation and change by taking all of its stakeholders on board. For this purpose the new leader of Abbey National has to follow the above stated system that is derived from the 5P's model of Pryor.

## **Section: B**

### **Assess the influence of vision and mission of Santander Ltd on generation of creative and innovative management processes in Abbey National using analytical tools to identify potential creative and innovative management ideas**

SWOT analysis is one of the most and widely used analytical tool of strategic management that helps in analysing the influence of vision of Santander Ltd on generation of creative and innovative management processes in Abbey National at macro level.

#### **SWOT Analysis**

A framework of SWOT analysis is employed for the identification and assessment of the potential creative and innovative management ideas in Abbey National. SWOT analysis is briefly discussed underneath

#### **Strength**

The new vision and mission of Abbey is to alleviate the status of Abbey from internal bank to the international bank. As the result of which managers have to adopt creative and innovative management strategies in order to compete with the international competition.

The new international status of Abbey National will give it more exposure by invigorating the trust of the general public on the bank.

To integrate the banking activities of Abbey National with that of the Santander Group's management of Abbey has to make use of creativity (Cave, 2004).

## **Weaknesses**

The reaction of ex staff members in the form of resignations can threaten the implementation of creative and innovative management processes in Abbey National.

Santander group has to bear a loss on the implementation of the creative and innovative management processes in Abbey National until customer's trust on the bank is rejuvenated.

## **Opportunities**

The well developed and well aware society of the UK is the biggest opportunity of Santander group for the implementation of creative and innovative management processes in Abbey National because they do not need to invest in public awareness programs about international online or offline banking.

A good international reputation of Santander group is another major strong point.

The implementation of creative and innovative management processes in Abbey National is necessary to offer consumers an international banking exposure by providing them bank access even from outside the UK (Botin, 2004).

## **Threats**

The increasing number of online banking fraudulent and technology is a biggest threat for the implementation of creative and innovative management processes in Abbey National.

The stiff reaction from the employees in respect of strategies adopted by the new leaders can also threaten the creative and innovative management processes in Abbey (Cave, 2004).

## **Section: C**

### **Assessment of creative and innovative management ideas for Abbey National via 5P's model**

Overall the creative and innovative management ideas of Santander group for Abbey National alleviate the growth rate of the bank. A thorough assessment of the innovative management ideas are discussed below with the help of 5P's model of change.

#### **Risks**

A negative reaction of the stakeholder especially private investors, shareholders and customers is risky for the implementation of the innovative management ideas.

Launching of advanced online products and services against big competitors.

#### **Benefits**

The support of some stakeholders is a plus point for the implementation of the innovative management ideas in Abbey.

The introduction of new products and services.

#### **Barriers**

An unexpected fall in the bank's yearly or monthly margin due to the introduction of the innovative management ideas.

Decelerating profits due to the occurrence of change and a poor financial condition of the bank in past. Moreover, costly and unpopular mortgage “lock-ins” also diminishes profits which can restrict the implementation of the innovative management ideas.

The barriers and risks can be transformed into benefits by making strategies according to the 5P’s model of Pryor. For this, managers and leaders have to create alignment between the 5P’s which are Purpose, Principles, Processes, People, and Performance.

## **Conclusion**

In few words, the management of innovative and creative strategies is a key to attain the new objectives of Abbey successfully.

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## **Unit: 10**

### **Human Resource Management**

#### **Section: A**

### **Understanding the events at Abbey National initiated by Santander Ltd, explain the importance and purposes of strategic human resource management for Abbey National**

#### **Introduction**

A skeleton of the organisation is based on three factors: mission, structure and Human resource management. Human resource management is a composition of methods of recruiting, firing, and rewarding. HR managers deal with the work force of the organisation by employing different managerial strategies. HRM encompasses all sorts of strategies, decisions, principles, <https://assignbuster.com/strategic-change-in-organizations-creative-and-innovation-strategic-hrm/>

functions and operations concerned with management of individuals as employees working in an organization (Kaila, 2005, p. 14).

Undoubtedly, the role of strategic human resource management is significant at the time when Abbey National is going through the biggest change of its history. Before going in detail it is pertinent to see the meaning of the strategic human resource management. Strategic human resource management is a link that connects strategic goals of an organization with its human resources in order to promote the culture of innovation, and flexibility in the organization. Strategic human resource management recognizes human resource as a strategic partner in the formulation and implementation of the organizational strategies

The aim of all strategies is the attainment of organizational goals by making use of available resources. In fact, it would be pertinent to say that the success of organisations is greatly dependant on the human resource management. In this section an attempt is made to explain the importance and purposes of strategic human resource management for Abbey National. This will be done by keeping in view the actions of Santander Ltd (Botin, 2004).

### **The importance and purposes of strategic human resource management for Abbey National**

Employees are one of the major stakeholders of Abbey National plc (Previously Abbey National). The success of strategies and goals of the new leadership is greatly based on the willingness, talent and diversity of its workforce. The new leaders should device rewarding strategies by keeping in



view the opinions of employees. This is necessary not only to develop, encourage and retain existing employees but also to recruit the ones with highest calibre.

If the employees are not assigned role according to their abilities and qualification they can quit the job which should be alarming for the new leaders. This is so because if trusted and old workers will start quitting at increasing rate, the reputation of the organization will deteriorate.

Another very important and delicate issue arises when human resource management announced the plan of job-cut. This decision creates uncertainty among the workers which can further diminish their performance. In few words, the role of strategic human resource management cannot be ignored especially at a point when Abbey is undergoing a big change.

## **Section: B**

Assess the impact of strategic human resource management activities