

MANAGING CHANGE FOR ORGANIZATIONAL GROWTH AND EFFECTIVENESS: *THE CONCEPT AND PROCESS*

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Abstract

Change is a common phenomenon; in fact it is the only thing that is permanent in life. Today, as never before, organizations are facing an environment that is changing rapidly and the task facing managers is to help organizations respond and adjust to the changes taking place. Change programmes are necessary today precisely because of the shift in time and relationships that we have seen throughout the organizational world. The sophistication of information processing technology, complexities of human nature, together with increase in globalization, means that managers are bombarded with more new ideas, new products, new challenges than ever before. To handle such an increase in information, accompanied by a decrease in the decision-making time managers can "afford to take, managers must improve their ability to handle change for organizational growth and effectiveness. This paper examines issues involved in managing planned organizational change - that is change specifically targeted at helping organizations respond to events taking place around them. First, it examines the concept of change, reasons or forces for change, types of change as well as areas or target of organizational change. We also consider why people and organizations resist change and how to overcome such a resistance. We also review various processes and models for managing organizational change. The concepts of organization development re-engineering and innovations as major approaches to changing the culture and people within an organization are also discussed.

Introduction

Managing changes has become a *sine qua non* for achieving organizational growth and effectiveness in the present dynamic and highly competitive environment. Apart from being a means for striving for competitive edge and continued business survival, it has equally become a strategy for improving and promoting organizational effectiveness and overall performance in the rapidly changing business world where the past is not a good prologue to the future.

Many organizations today face a dynamic and changing environment, requiring them to adapt. "*Change or die*" is the rallying cry among today's managers worldwide, this is the major reason why many organizations have explicit change management programmes to increase the ability, effectiveness and efficiency of people throughout the organization in order to anticipate and learn from the changes that are occurring.

Besides, the general acceptance of the need for change management among practicing executives have generated a critical question How can change be introduced, implemented and managed effectively considering the status quo of people, structures, technology and operation in the organization? This paper provides a basic answer to this question.

The Concept And Nature Of Organizational Change

Organizational change is the process by which organizations move from their present state to some desired future state to increase their effectiveness. The goal of organizational change is to find new or improved ways of using resources and capabilities in order to increase organization's ability, to create value, and improve the returns to its stakeholders (Beer, 1980; Porras and Silvers, 1991).

Organizational change is any substantive modification to some part of the organization (Woodman, 1989; Pasmore and Pagans, 1992). Thus change can involve virtually any aspect of an organization: work schedules, departmentalization, machinery, span of management, design and people themselves. It is important to keep in mind that any change in an organization may have effects extending beyond the actual area where the change is proposed and implemented.

Forces for Change

Why do organizations find change necessary? The basic reason is that something relevant or

valuable to the organization has either changed or is going to change. Hence, the organization has little choice but to change as well, but the major problem is the failure of organizations to anticipate or respond properly to changing circumstances (Griffin, 2004). Forces acting as stimulants for change may be external or internal to the organization.

External Forces

These arise from the organization's task and general environment. There are many forces in the environment that impact on an organization, and recognizing the nature of these forces is one of a manager's most important tasks. If managers are slow to respond to these forces, the organization will lag behind its competitors and its effectiveness will be lower. Some external forces propelling change are:

- **Competitive forces:** These propelled change because organizations must attempt to match or exceed their competitors on at least one of the dimensions of competitive advantage: efficiency, quality, innovation, or customer responsiveness.
- **Economic, Political and Global forces:** These continually affect organizations and force them to change how, when and where they produce goods and services. Economic and political unions between countries are becoming an increasingly important force for change.
- **Ethical forces:** It is also important for an organization to take steps to promote ethical behaviour in the face of increasing governmental, political and social demands for more responsible and honest corporate behaviour.

Internal Forces

A variety of forces inside the organization may cause change. If top management revises the organization's strategy, organization change is likely to result. Some of these forces are:

- **Demographic and Social forces:** Managing a diverse work force is one of the biggest issues confronting organizations recently. Changes in the composition of work force and the increasing diversity of employees have presented organizations with many challenges. These have led managers to change their management styles and learn how to effectively understand, supervise and motivate employees.
- **Unions** can force change when they negotiate for higher wages or strike. Other forces for change may be reflections of external forces like socio-cultural value shift, technology, etc. Even though the force is rooted in the external environment, the organization must respond directly to the internal pressure it generates.

Types of Change

Organizational change can be of two major classes: *planned vs reactive change*. **Planned change**, this is also known as *proactive change*. It is the systematic attempt to redesign an organization in a way that will help it adapt to changes in the environment or to achieve new goals (Stoner *et al*, 1995). It is a change that is designed and implemented in an orderly and timely fashion in anticipation of future events (Griffin, 2004). **Reactive change** is a piecemeal response to events and circumstances as they develop. The importance of approaching change from a planned, as opposed to reactive perspectives is reinforced by the frequency of change. Managers who sit back and respond only when they have to are likely to spend a lot of time hastily changing and rechanging things. A more effective approach is to anticipate forces urging change and plan ahead to deal with them.

Evolutionary vs Revolutionary Change. **Evolutionary change** is a change that is gradual, incremental and specifically focused. It involves a change in the basic nature of an organization's strategy and structure in an attempt to improve and adapt to changes in the environment i.e. an attempt to increase the effectiveness of the way an organization currently operates. **Revolutionary change** is a change that is sudden, drastic and organization-wide. It involves an attempt to find a new way to be effective, new goals, and new structures. An organization can employ one of several approaches like reengineering, restructuring or innovation to implementing revolutionary change to bring about quick results (Gareth, 1998).

Areas/Targets of Organizational Change

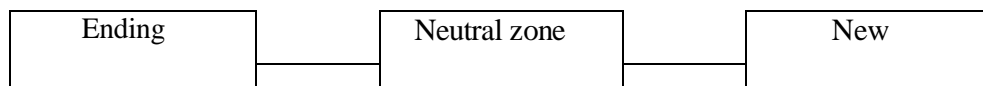
An organization can be changed by altering its structure, technology, people or some

combinations of these features;

- **Structure and Design:** Organization change might be focused on any of the basic components of organization structure or on the organization's overall design. Thus the organization might change the way it designs its jobs or its bases of departmentalization, defining job responsibilities and creating appropriate divisions of labour and line of performances. Besides, reporting relationship in terms of power and authority is one of the most significant structural trends toward flat, lean organization, in which middle layers of management can be eliminated to streamline the interaction of top management to non-management employees. Coordination mechanisms and line and staff configurations are also subject of change.
- **Technology and Operation:** Changing an organization's technology involves altering its equipment, engineering processes, research techniques or production methods. Because of the rapid rate of all technological innovations, technological changes are becoming increasingly important virtually to all organizations that want to remain competitive in the dynamic operating environment. Technological and operational changes may be competitor driven, due to consumer preference or to take advantage of cost effectiveness. A change in work processes or activities may be necessary if new equipment is introduced or new products are manufactured, this may also lead to altering the sequence or order of work. One form of technological change that has been especially important in recent years is change in information system.
- **Human Resources:** This is a change that focuses on an organization workforce (an organization's-most important asset). Ultimately, an organization's distinctive competences lie in the skills and abilities of its employees, therefore an organization must continually monitor its structures to find the most effective way of motivating and organizing human resources to acquire and use their skills. Typical changes efforts directed at human resources include training and development of workers, socializing employees into new organizational cultures and focusing on employees behaviour, attitudes, perception and expectation.

Human elements constitute the most critical aspect of every organizational change because change in other aspects (structures, strategies, technology, operations, etc) of the organization must always have a multiplier effect on human elements of the organization. The basic questions is, *How do we put new wine info old bottle?* Before we can put in something new, we must flush out something old.

A new change in the organization cannot be forced on people, it can only be successfully introduced after the human elements (workforce) have gone through the *psychological process* of letting go of the old nature and identity. This psychological change involves three processes.

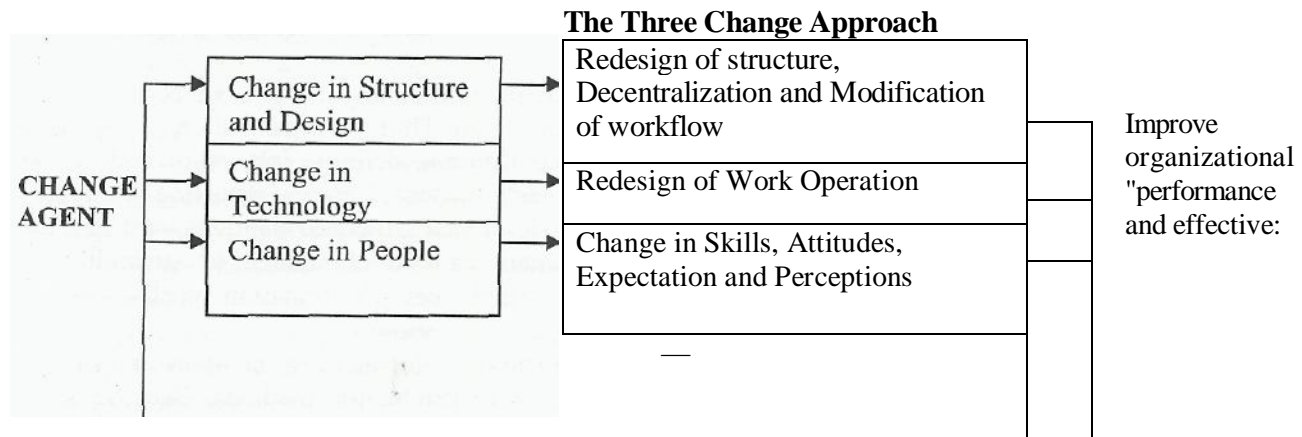


1. *Ending:* This involves the removal or flushing out of the old ideas, nature and identity from the individual workforce. This may arise as a result of inadequacy or insufficiency of the old idea to cope with the present and future challenges

2. *Neutral Zone:* This is a stage between the old and the new. The old has gone and the new is yet to take place. It can be characterized as a situation of "*emotional wilderness*" between the old and the new where the individual completely eliminates the old nature from consciousness and strengthens the hope of surviving the new way of life.

3. *New:* This is when the change has actually taken place. It is the beginning of the new nature and way of life.

These levels at which change can take place are obviously interdependent - it is often impossible to introduce change in one area without changing another i.e. change in one aspect has a multiplier effect on other aspects or areas,



Source: *Managing Organizational Change and Innovation in Stoner, Freeman and Gilberth; Management* (6th edition) Singapore: Pearson Education Publishing.

Resistance to Change

One of the most-well-documented findings from studies of individual and organizational behaviour is that organizations and their members resist change. A major obstacle to the implementation of new policies, goals or methods of operation is the resistance of organization members to change. Power struggles within the organization will determine, to a large degree, the speed and quantity of change. It is expected that long time career executives will be a major sources of resistance. This incidentally, explains why boards of directors that recognize the imperative for the rapid introduction of radical change in their organizations frequently turn to outside candidates for new leadership. The resistance or hostility to change may take many forms — *strikes, withdrawal of cooperation, reduction in output, or sabotage* all of which are damaging to the organization (Yomere and Osaze, 1996). There are several reasons that may prompt members of an organization to resist change.

- **Uncertainty:** The biggest cause of employee resistance to change is uncertainty about the causes and effect of change. In the face of impending change, employees may become worried, nervous and anxious about their ability to meet new job demand or how the proposed change will affect their lives. Even if there are pockets of dissatisfaction with the current work situation, they may feel that things can be worse off after the implementation of the new change.
- **Threatened Self-Interest and Unwillingness to Give up Present Benefits:** The cost of change in terms of loss of power, prestige, salary, promotion prospect, valued social-relationships and status may not be sufficiently offset by the rewards of change. Thus the fear, rightly or wrongly, of loosing something of value can bring about resistance to change.
- **Different Perceptions:** Different member in the organization have different assessments of situation, hence members whose view and assessment is different to that of the manager's introducing the change will oppose the change vehemently because they perceive the situation differently.
- **Fear of Inadequacy:** Organization members may resist change if the proposed change will demand things from them, which they may not be able to fulfil. For example, the new change may demand new skills, new behaviour patterns or attitudes, different ways of thinking or relating to people.

Awareness of Weaknesses in the Proposed Change: A change may be resisted because some

individuals have perceived potential problems that have apparently been overlooked by the change initiators. The change may be desirable but the organization may not be able to afford the resources required to implement it.

Resistance can be useful for an organization because it is an indication that something is wrong. When the reasons underlying the resistance are identified, the change initiators may recognize that those who are resisting the change may be doing so in the overall interest of the organization. This seen in this light, resistance can generate alternative proposals or lead to useful modifications.

Managing Resistance to Change

To overcome resistance to change, the organization must be able to:

- Demonstrate the need for the change
- Find the suitable and appropriate ideas that fit the need
- Get top management and critical members of the organization support.
- Design the change process in an incremental and not a drastic implementation.

However, for a change to be successfully implemented, a number of strategies and techniques are available. A manager should not give up in the face of resistance to change, although there are no sure fire cures, there are several techniques that at least have the potential to overcome resistance (Lawrence, 1969)

- **Participation:** It is difficult for individuals to resist change decision in which they participated. This strategy therefore requires that those who are directly affected by the change should be involved in the design and implementation of the change especially if the resistance is expected. Their involvement can reduce resistance, obtain commitment, and increase the quality of the change decision. This strategy however involves a very long process in terms of effort and time and if not properly managed could lead to poor decision or solution.
- **Education and Communication:** Resistance can be reduced through communicating with employees to help them see the logic of a change, if the source of resistance lies in "misinformation or poor communication. If people understand the rationale for the change, they will appreciate the need for the change and thus cooperate in its implementation. Communication can be achieved through one-on-one discussions, memos, group presentations or reports. The management should always inform the employees *what was happening, when it would happen, and how it would affect them individually.*
- **Facilitation and Support:** Change agents can offer a range of supportive efforts to reduce-resistance. Making only necessary changes, announcing these changes in advance, and allowing people to adjust to new ways of doing things can help reduce resistance. The affected persons are given the training in skills demanded by the change, provided the necessary enabling environment as well as supportive counseling. This strategy will succeed if the affected persons recognize the need for a change, and they are able and willing to make good use of the facilities provided.
- **Negotiation:** This is necessary when it is expected that the anticipated change will lead to conflict of interests, and it is obvious that there is going to be a losers. Negotiation can be used to reduce resistance by exchanging something of value to the losers, such as specific reward package that will meet their individual needs.
- **Manipulation and Cooptation:** *Manipulation* involves twisting and distorting facts to make them appear more attractive, withholding undesirable information, and creating false rumours to get employees to accept change. It is a conscious structuring of events so that others behave in the way the manipulator wishes. *Cooptation* is a form of both manipulation and participation. It seeks to "buy off the leaders of a resistance group by giving them a key role in the change decision. The leaders' advice is sought not to seek a better decision, but to get their endorsement. Both strategies are relatively inexpensive and easy ways to gain the support of adversaries, but the tactics can backfire if the targets become aware that they are being used or tricked.
- **Coercion:** This is the application of direct threats or force on the resisters. The people opposing the change can be threatened with demotion, pay cut, promotion denial or transfer to undesirable location, negative performance evaluation and a poor letter of recommendation.

Managing Change in Organization

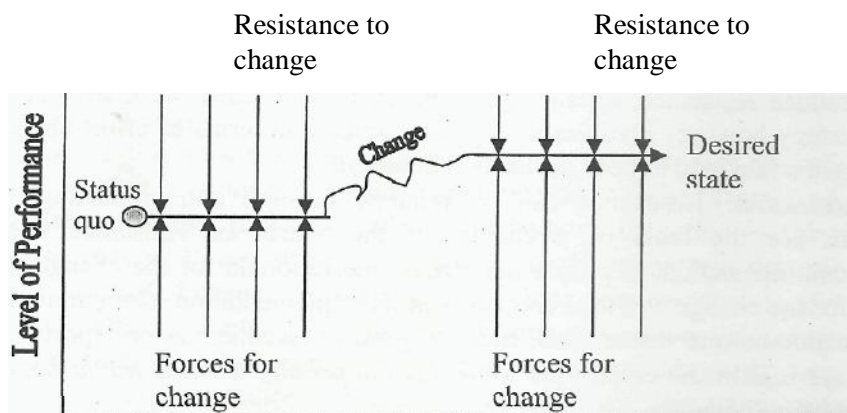
A number of models or frameworks outlining the steps or processes of change have been developed over the years by researchers: some of them are as follows:

(a) **Forced Field Theory (Kurt Lewin)**

Kurt Lewin suggested that successful change in organization requires and should follow three steps (Lewin, 1951).

- (i) Unfreezing the status-quo: Individuals who will be affected by the impending change must be led to recognize why the change is necessary,
- (ii) The implementation of the change itself: This involves movement to the new or desired state.
- (iii) Refreezing: This involves re-inforcing and supporting the change so that it becomes a part of the system.

Fig. 1: Lewin's Force Field Theory of Change



Source: Lewin K. (1951), Field Theory in Social Sciences

Lewin's theory is demonstrated in Figure 1. An organization at *status quo* level is in equilibrium state because the forces to change equal the resistances to change. However, managers must determine that the organization should strive to achieve a future performance level. To get to *the Desired State*, managers must *increase* the pressures for change (represented by the longer up arrows), *reduce* resistances to change (represented by the shorter down arrows), or both. If they succeed in pursuing any of the three strategies, the organization will change and move to the desired performance level (Gareth, 1998).

(b) **Kotter's Eight Step Model**

John Kotter, built on Lewin's three step model to create a more detailed approach for implementing change (Kotter, 1995). Kotter, established eight sequential steps to overcome common problems that managers encounter when initiating changes:

- Establish a sense of urgency by creating a compelling reason for why change is needed.
- Form enough coalition with enough power to lead the change
- Create a new vision to direct the change and strategies for achieving the vision.
- Communicate the vision throughout the organization.
- Empower others to act on the vision by removing barriers to change and encouraging risk taking and creative problem solving
- Plan for, create and reward short term "wins" that moves the organization toward the new vision.

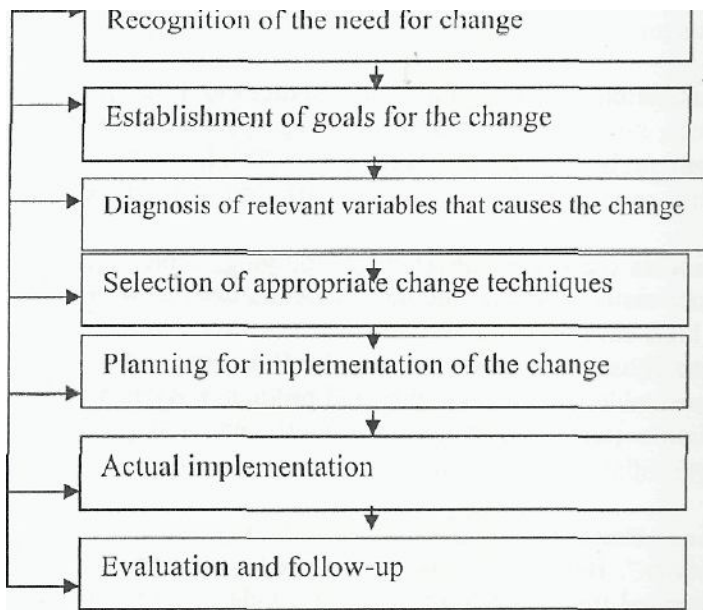
- Consolidate improvements, reassess changes, and make necessary adjustments in the new programs.
- Reinforce the changes by demonstrating the relationship between new behaviours and organizational success.

The above eight steps are built on Lewin's model. Kotter's first four steps essentially extrapolate on the "unfreezing" stage. Steps five through seven represent "movement". And the final step works on "refreezing". So, Kotter's contribution lies in providing managers and change agents with a more detailed guide for successfully implementing change (Robins, 2005).

(c) **A Comprehensive Approach to Change Management**

This approach takes a systems view and delineates a series of specific steps that often lead to successful change. This expanded model is illustrated in Figure 2.

Fig. 2: **Steps in the Change Process**



Source: Griffin, R.W. (2004), "Managing Organizational Change and Innovation", *Management*; New Delhi, AITBS Publisher,

Managers must understand why, how and when to implement change. A manager who when implementing change follows a logical and orderly sequence such as the one shown in Figure 2 is more likely to succeed than a manager whose change process is haphazard and poorly conceived.

Re-Engineering, Organization Development, and Innovation

No discussion of managing change would be complete without including the above terms because of their relative importance to the subject matter.

- **Re-engineering**

This is a radical rethinking and redesigning of all aspects of a business process to achieve major gain in cost, service, time or increased organizational effectiveness (Hammer and Champy, 1993). The manager of a reengineered organization makes business process the focus of attention by ignoring the existing arrangement of task, roles and work activities. Organizations find it necessary to reengineer today because all systems (including organization itself) are subject to entropy (a normal process leading to decline). An organization is in a state of decline when it maintains the status-quo by not responding to changes in its dynamic operating environment, hence it starts consuming its own resources to survive. This is a major key to recognize the need to move towards re-engineering. Change through re-engineering requires managers to go back to the basics and pull apart each step in the work process to identify a better way to coordinate and integrate the activities to satisfy the organization stakeholders and move in the path of growth and effectiveness.

- **Organization Development (OD)**

This is concerned with changing the attitude, perceptions, behaviours and expectations of people. OD is a term used to encompass a collection of planned change interventions built on humanistic democratic values that seek to improve organizational effectiveness and improve employee wellbeing (Nicholson, 1998). More precisely, organization development is an effort planned organization wide and managed from the top, to increase organization effectiveness and health through planned intervention in the organization process using behavioural science knowledge (Beckhard, 1969). The theory and practice of OD are based on the assumptions that employees have a desire to grow and develop, and the way the total organization is designed will influence the way individuals and groups within the organization behave.

The OD paradigm values human and organizational growth, collaborative and participative processes, and a spirit of inquiry (Cummings and Worley, 2001). The change agent may be directive in OD; however, there is a strong emphasis on collaboration.

- **Innovation**

This is the process by which organizations use their skills and resources to develop and create something new in terms of goods/services, new production and operating system so that they can better respond to the needs of their customers (Burgelman and Maidique, 1988). Innovation is clearly important because without new products, services or ideas any organization will fall behind its competition.

The organizational innovation process consists of developing, applying, launching, growing and managing the maturity and decline of creative ideas. Although, innovation brings about change, however, it is also associated with a high level of risk because the outcomes of research and development activities are often uncertain. Thus, while innovation can lead to change of the sort that organizations want (the introduction of profitable new technologies and products), it can also lead to the kind of changes that are not desirable (technologies that are inefficient and products that customers do not want).

Conclusion

We live in an "age of discontinuity". Before, the past was a pretty good prologue to the future, Tomorrow was essentially an extended trend line from yesterday, today it is no longer true because economic shocks have continued to impose changes on organizations. If environments were perfectly static, if employees' skills and abilities were always up to date and incapable of deteriorating, and if tomorrow were always exactly the same as today, organizational change would have little or no relevance to a manager. But the real world is turbulent, requiring organizations and their members to undergo dynamic change if they are to perform at competitive levels.

Managing the process of change, to enhance organizational growth and effectiveness as a central challenge facing managers and organizations today, have been the major focus of this paper. It is our utmost belief that if all the issues and recommendations highlighted in this context are implemented, managers and their organizations will have a smooth ride in their change management programmes (a continuous process), which will eventually lead to their growth and effectiveness in the present turbulent and highly competitive business world.

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