



Prifysgol Cymru
Y Drindod Dewi Sant
University of Wales
Trinity Saint David



Change Management



Last week

- Module introduction
- Personal introductions
- Key concepts
- Assignment explained
- Presentation on 1 November
- Case study needed – any more thoughts?

		SCOPE OF CHANGE	
		Incremental	Strategic
TIMING OF CHANGE	Reactive	ADAPTATION Small, gradual changes, usually in response to changes in the organisation's environment and mostly involving only changes to selected organisational parts Example: adding a customer service department after realising that customers require after-sales service	RE-CREATION Usually involves a complete re-think of the organisation's strategy, in order for it to become a different type of organisation, and can affect all of its parts Example: a building society that becomes a public company in order to transform itself into a high street bank
	Anticipatory	FINE-TUNING Small changes, usually at the operational level of an organisation, in anticipation of future environmental changes Example: retailer of flat-pack, self-assembly furniture realises that customers are losing interest in DIY and offers an assembly service	RE-ORIENTATION A change in direction for an organisation that is in anticipation of changes elsewhere and can involve widespread internal changes Example: high street bank that moves from branch services into telephone and internet banking because of anticipated growth in internet shopping

Figure 21.1 A typology of organisational change (adapted from Nadler and Tushman 1986)

In the news

<http://www.bbc.co.uk/news/world-africa-41620003>

<http://www.bbc.co.uk/news/business-41606965>

<http://www.bbc.co.uk/news/world-us-canada-41604498>

<http://www.bbc.co.uk/news/technology-41595297>

<http://www.bbc.co.uk/news/uk-england-london-41583977>

<http://www.bbc.co.uk/news/uk-england-bristol-41152221>

<http://www.bbc.co.uk/news/uk-england-london-41572173>

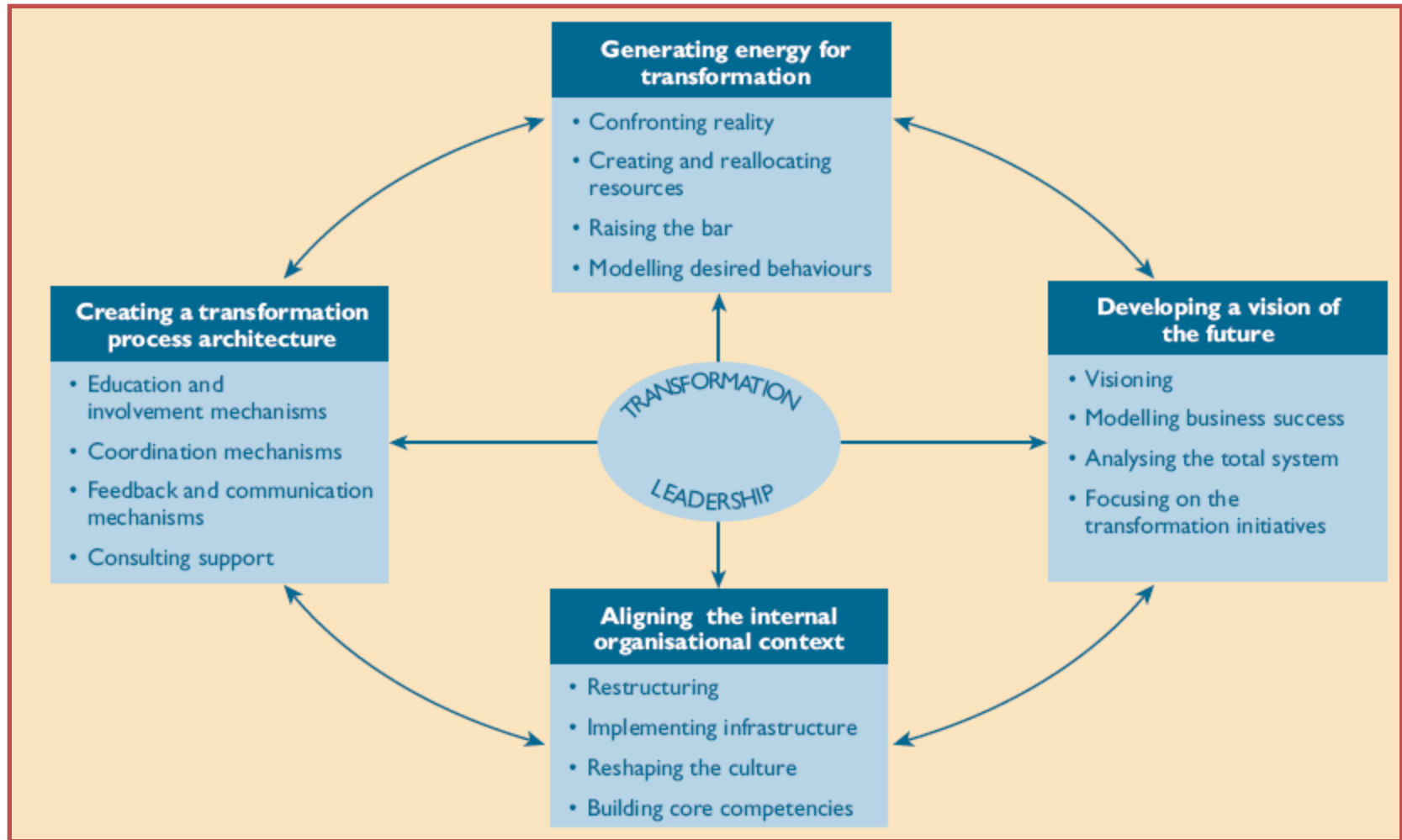
<http://www.bbc.co.uk/news/uk-england-40708531>

<http://www.bbc.co.uk/news/business-40669869>

<http://www.bbc.co.uk/news/uk-wales-politics-40665659>

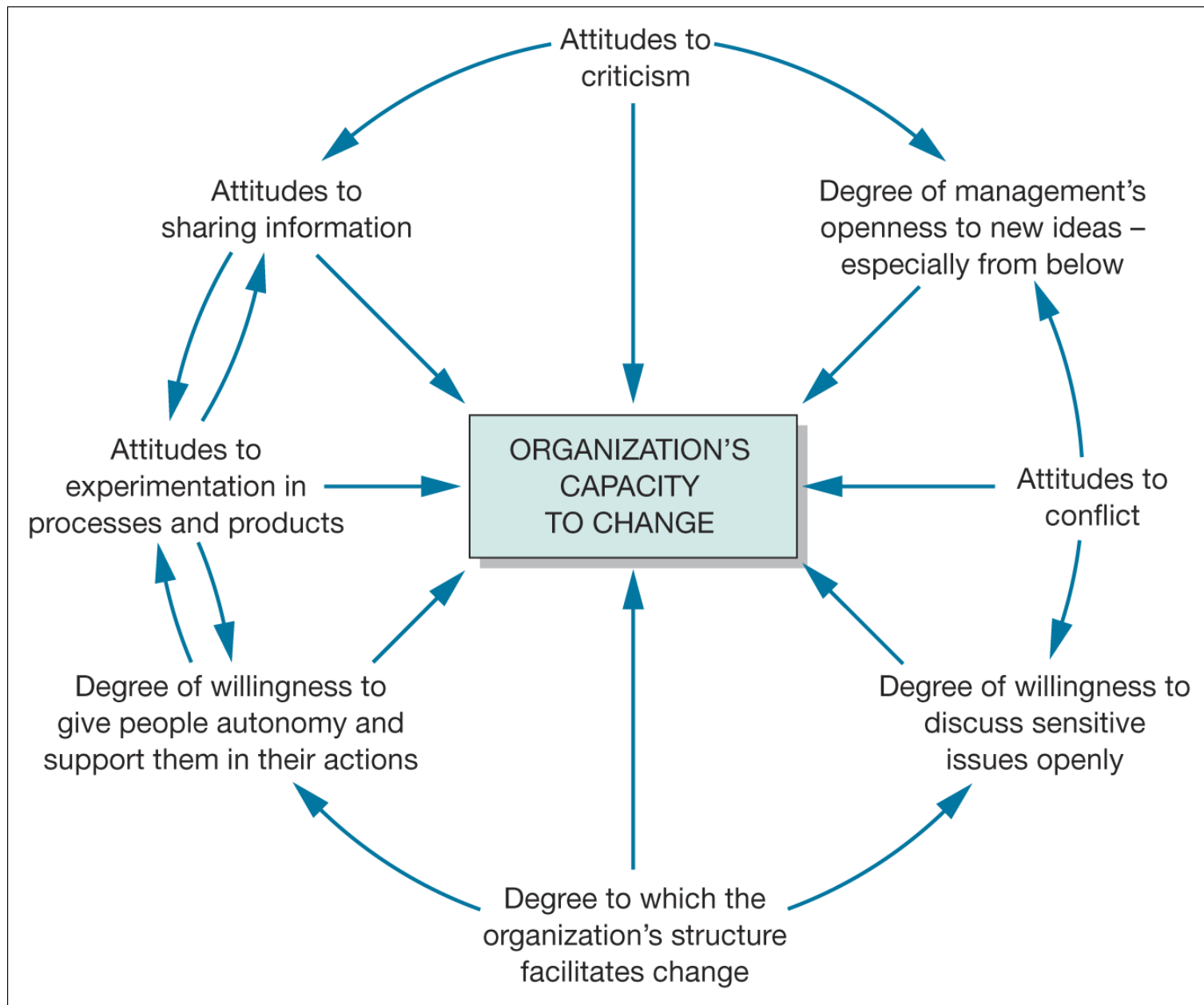
<http://www.bbc.co.uk/news/uk-wales-politics-41609352>

Leadership of change



Source: Robert H Miles, *Corporate comeback: the story of renewal and transformation at National Semiconductor* (San Francisco: Jossey-Bass, 1997), p. 6.

www.wileyurope.com/college/mendenhall



Planned organisational change

- Underlying objectives of organisational change programmes can be seen as:
 - Modifying the behavioural patterns of members of the organisation
 - Improving the ability of the organisation to cope with changes in its environment



Planned organisational change



- ACAS sees change initiatives as potentially arising from:
 - A sense that the organisation could do better
 - The need to improve flexibility or quality
 - A sense that skills are under-utilised
 - Technological or work practice changes
 - Over-control of workers or boring work
 - Ineffective communication
 - Fractious relationships between managers and managed

Systems Model of Change

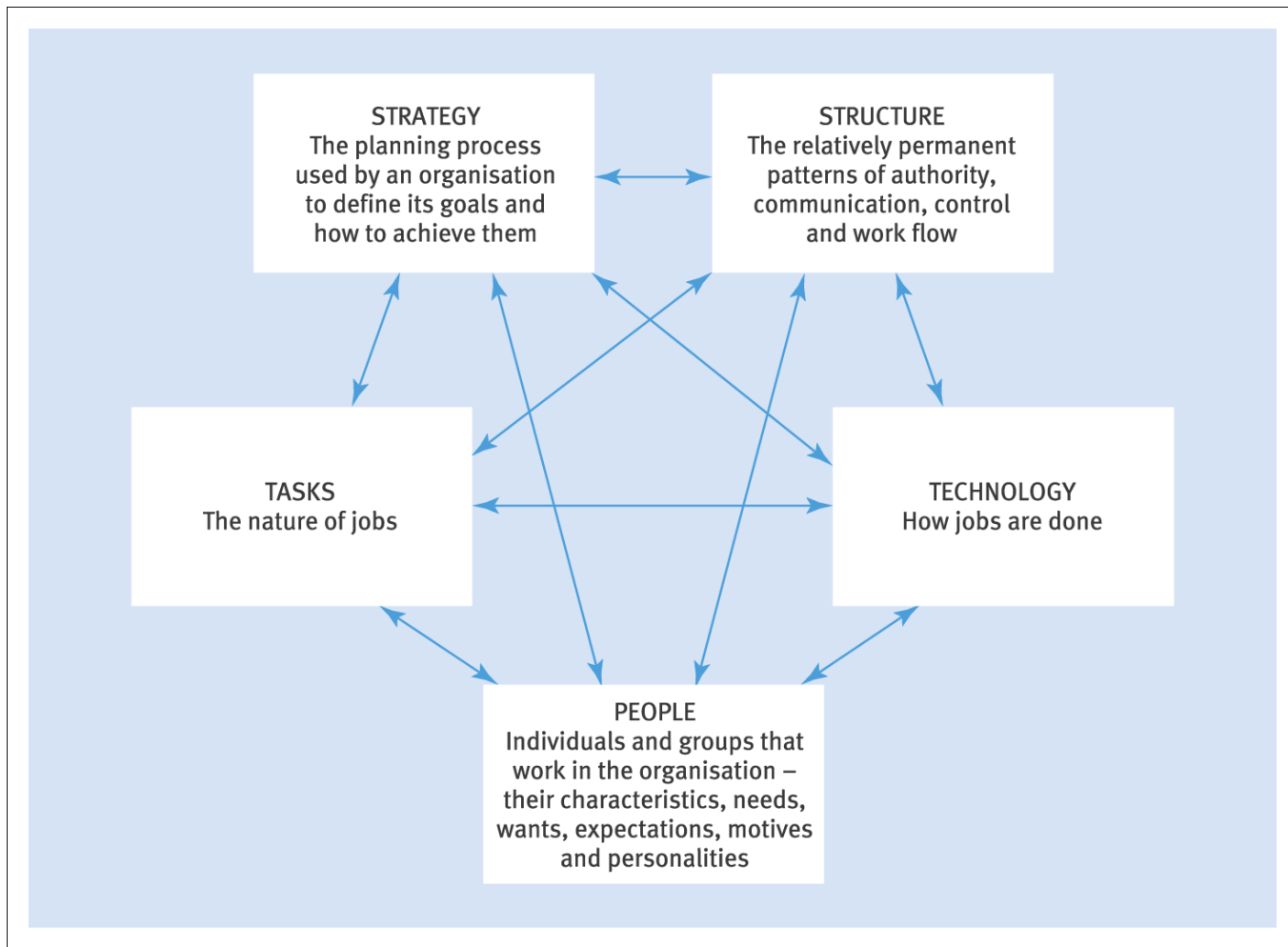


Figure 21.5 The systems model of change

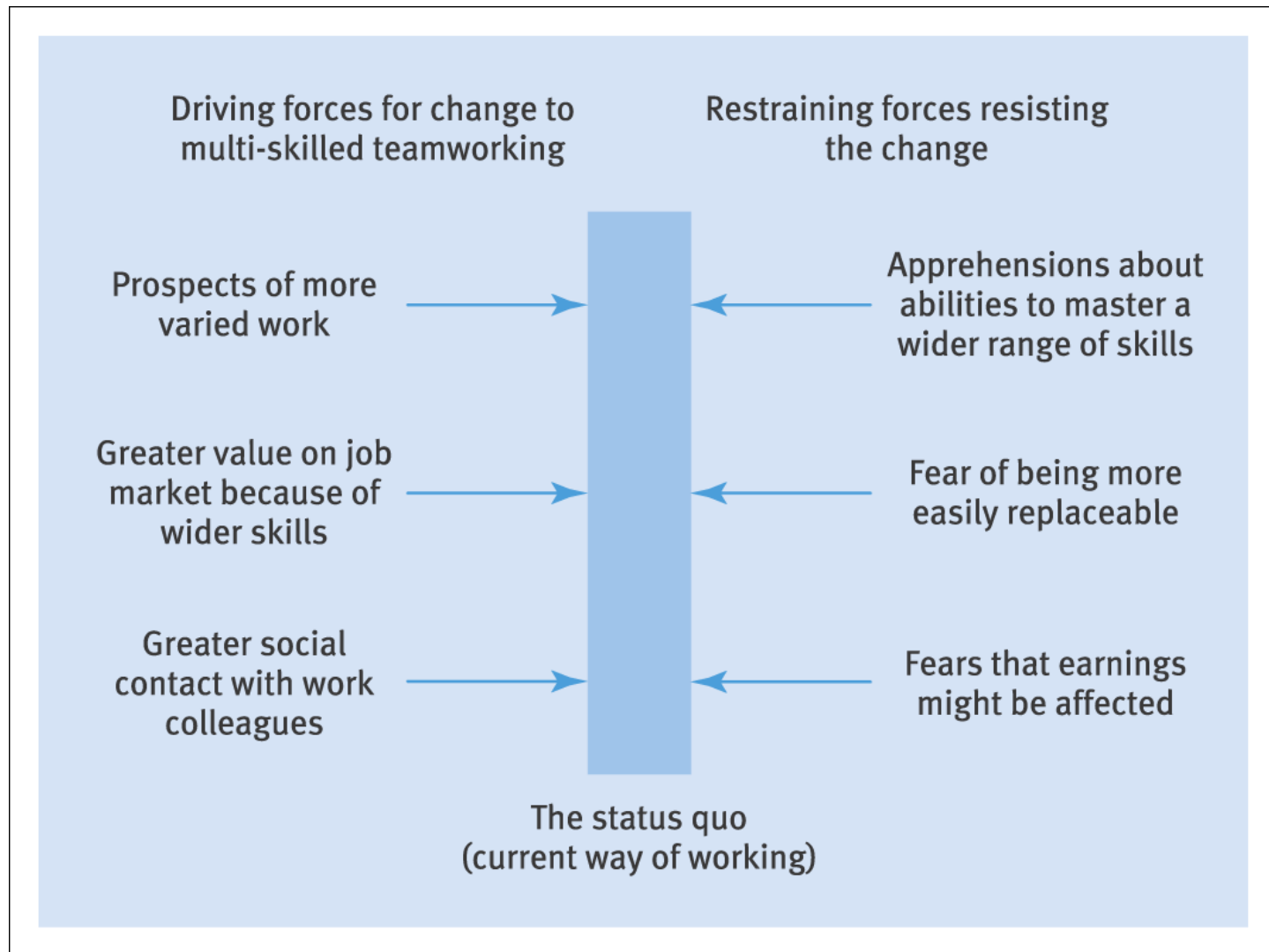


Figure 21.6 An example of Lewin's force field analysis

Lewin's (three stage) Change Process

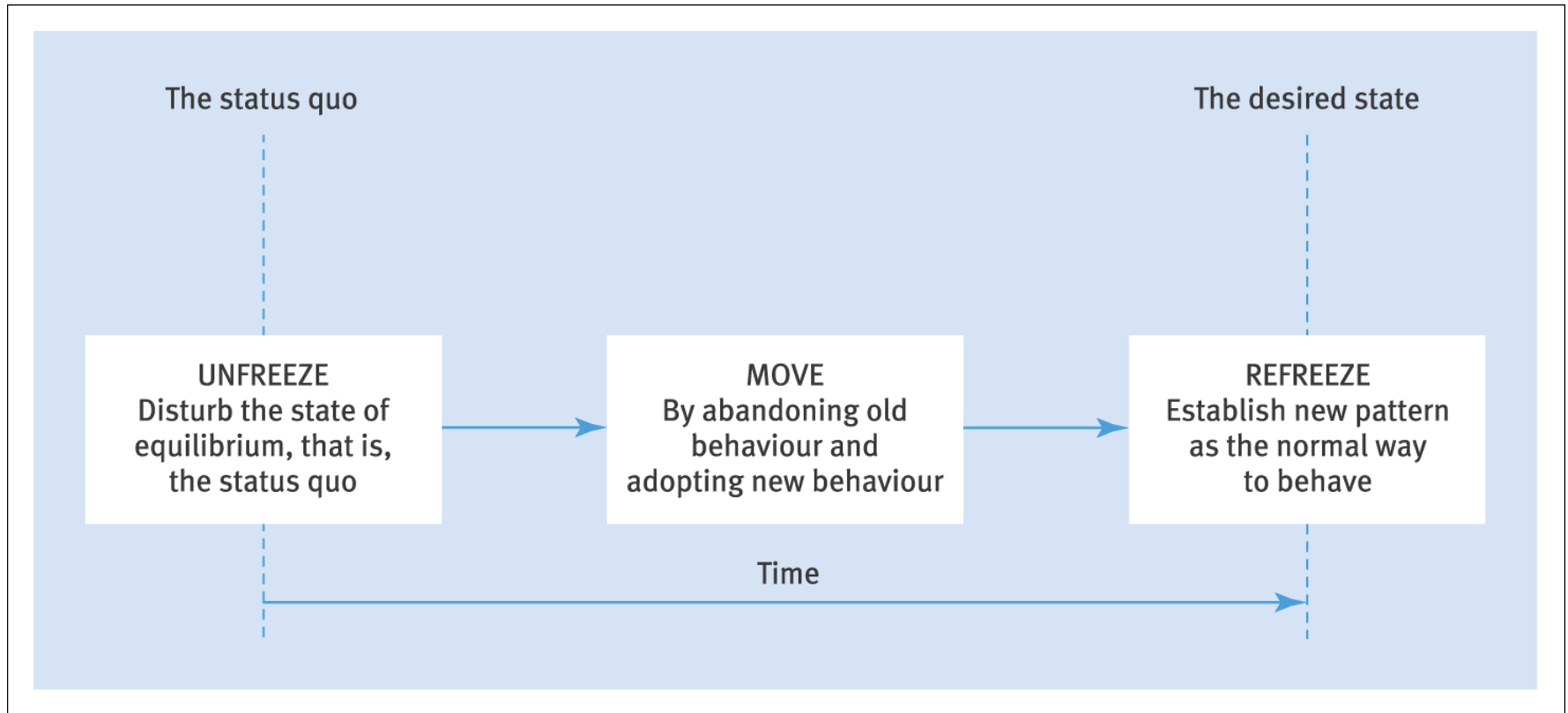


Figure 21.7 Lewin's three-step change process

Stages in a planned-change effort

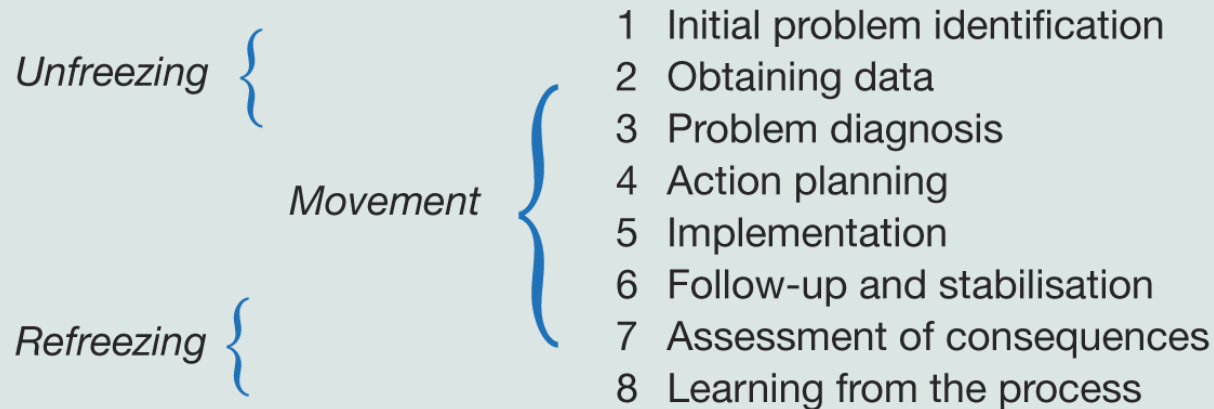


Figure 19.3 Stages in a planned-change effort

Source: Adapted from French, W. L., Kast, F. E. and Rosenweig, J. E., *Understanding Human Behaviour in Organizations*, Harper and Row (1985), p. 9. Reproduced with permission from Pearson Education, Inc.

Activity: Resistance to change

Why does it occur at the following levels:

- Individual
- Organisational

How can you:

- Minimise it?
- Overcome it?
- Make it stick?



Resistance to change: individual

Individual resistance can arise from:

- Selective perception
- Habit
- Inconvenience or loss of freedom
- Economic implications
- Security in the past
- Fear of the unknown
- <http://youtu.be/T2VwDEXZgZU>



Resistance to change: organisational

Organisational resistance can arise from:

- Organisational culture
- Maintaining stability
- Investment in resources
- Past contracts or agreements
- Threats to power or influence



Planned Change Strategies

Power bases	Change strategies	Managerial behaviours	Predicted outcomes
Formal authority	Top-down	Authoritarian directives; one-way communication	Frustration and annoyance
Rewards Punishments Legitimacy	Force-coercion	Unilateral action: 'command'	Temporary compliance
Expertise	Rational persuasion	Rational persuasion; expert testimony; demonstration projects	Long-term internalisation
Reference	Shared power	Empowerment; participative decisions; group process	Longer-term internalisation

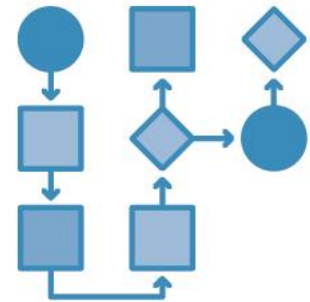
Organisational **responses** to change

Three factors affect organisational responses to change:

- Resources
- Processes
- Values



RESOURCES



Christiansen and Overdorf

Vision
Mission
& Values

Minimising the problems of change



- Create an environment of trust and shared commitment
- Genuine participation of all staff concerned as early as possible
- Team management and co-operation between staff and unions
- A carefully designed human resource management action programme
- Incentives such as payment schemes
- Maintenance of the socio-technical balance
- Careful attention to job design, methods of work organisation, relations between jobs and task design

Actions to secure effective change



1. Create a sense of urgency among relevant people
2. Build a guiding team which has credibility
3. Create visions that are sensible, clear and uplifting
4. Communicate the vision and strategy to induce understanding and commitment
5. Empower action and remove obstacles
6. Produce short term wins
7. Do not let up but maintain momentum
8. Make change stick by nurturing a new culture

Kotter and Cohen (1995)

People: the key factor



'Given that change has become such a factor of business life, it is worrying that so many change management programmes fail to fulfil their potential.'

The consensus among the experts is that it is often the people factor that derails the effort. Put simply, organisations know where they want to go – but they are not taking their people with them.'

Lucas

Change leaders



Effective leadership of change may include the following key factors:

- Effective communication of the reasons for change
- Releasing the potential of all involved in the change
- Setting a good personal example
- Self-pacing to avoid unnecessary stress

Hooper and Potter

Overview

[Recap]

1. Identify the nature and scope of change
2. Discuss the forces favouring change and the targets of change in contemporary organisations
3. Identify the change strategies used by managers
4. Explain why people resist change and describe strategies to overcome resistance

<http://youtu.be/tzIKoYLzdFo>

What is change?

1469-1527



"There is nothing more difficult to take in hand, more perilous to conduct, or more uncertain in its success, than to take the lead in the introduction of a new order of things."

Niccolo Machiavelli

Organisations



PRIFYSGOL CYMRU
Y Drindod Dewi Sant
UNIVERSITY OF WALES
Trinity Saint David
SWANSEA - ABERTAWE



Škoda

eden project



GIG
CYMRU
NHS
WALES



HSBC



The world's local bank

No organisation can depend on genius; the supply is always scarce and unreliable.

It is the test of an organisation to make ordinary human beings perform better than they seem capable of, to bring out whatever strength there is in its members, and to use each one's strength to help all the others perform.

The purpose of an organisation is to enable common people to do uncommon things.

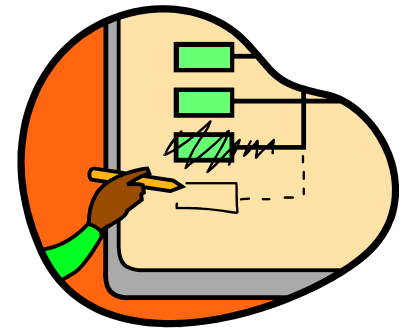
(Peter Drucker)



Definition

- 'the coordination of a structured period of transition from situation A to situation B in order to achieve lasting change within an organisation'.

(BNET Business Dictionary)



Organisational Change

- Impacts on the way that work is performed and has significant effects on staff, viz.:
 - the structure of an organisation
 - operations and size of a workforce
 - to working hours or practices
 - in the way roles are carried out
 - to the scope of a role that results in a change to the working situation, structure, terms and conditions or environment.

Module overview – select a case study to.....



1. Identify the nature and scope of change
2. Discuss the forces favouring change and the targets of change in contemporary organisations
3. Identify the change strategies used by managers
4. Explain why people resist change and describe strategies to overcome resistance

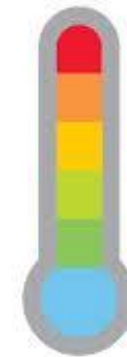
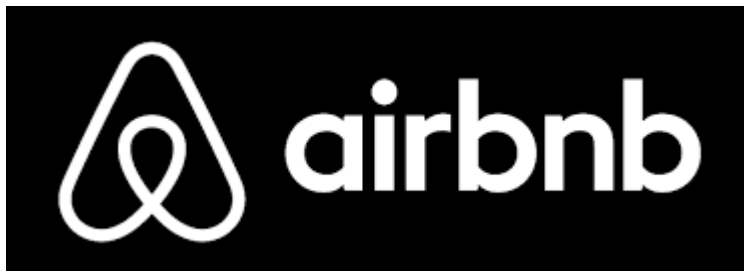
Assignment Case



U B E R



ASDA
part of the **WAL★MART** *family*



**Dewis
doeth
Choose
well**

The sharing economy



Assignment briefing

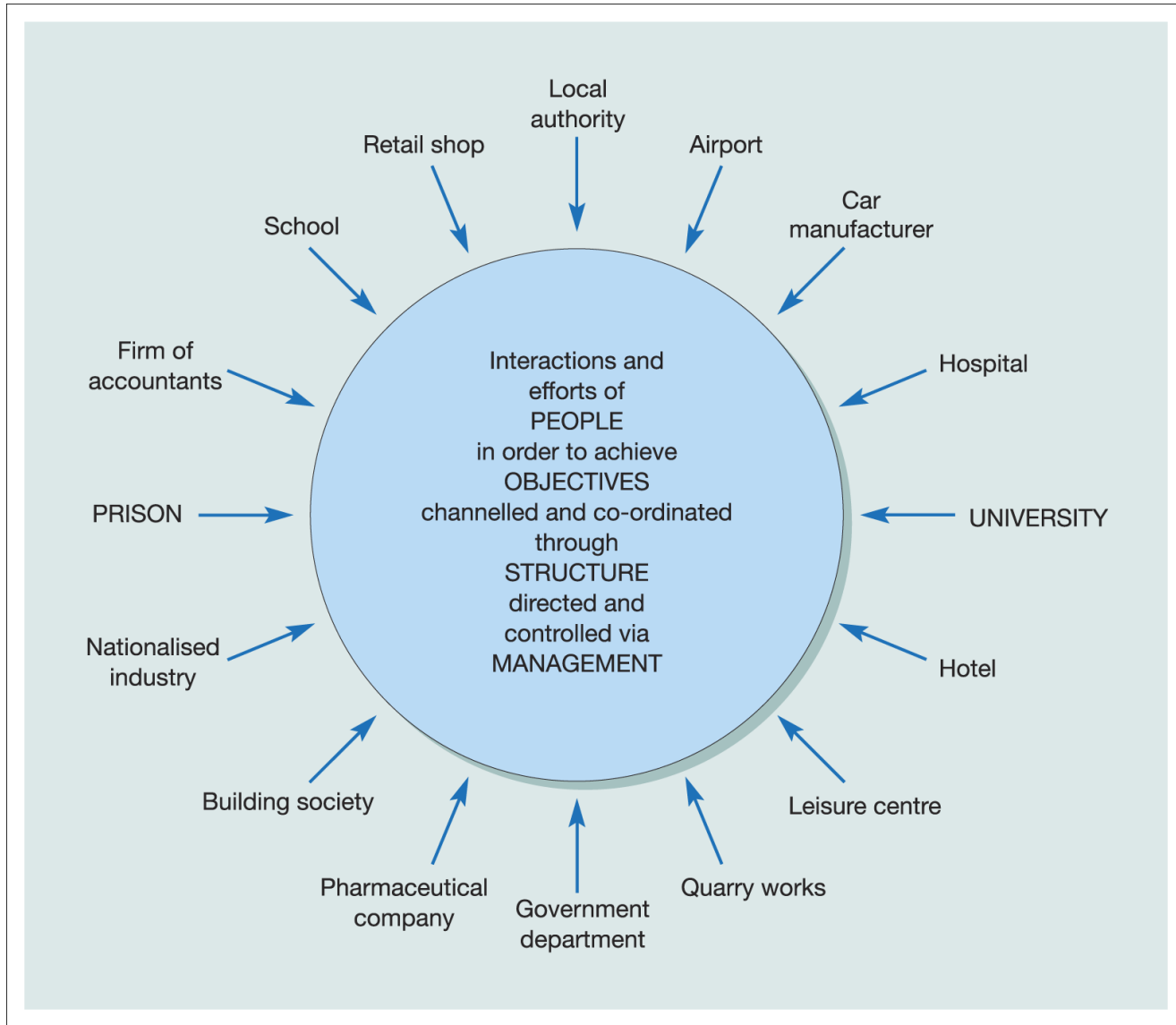
- Individual work - 2 parts:
 - presentation
 - written assignment
- Using an organisation critically appraise the process adopted to change involving any aspect of the organisation's development.

Assignment

- Consider the reasons for change and how the need for change was detected.
- Discuss how the process of change was planned and implemented (or what recommendations you would make for planning and implementation) and evaluate its effectiveness.
- Consider how you would identify and deal with resistance factors to the change.
- Clarify how you would know when the planned change has been completed and how you might assess its effectiveness.

Assignment

- Recommendations for improvement of the change process.
- Analysis and evaluation should make reference to theoretical models, ideas and concepts, focusing on organisational development, the socio-psychology of resistance to change and sustaining organisational effectiveness.



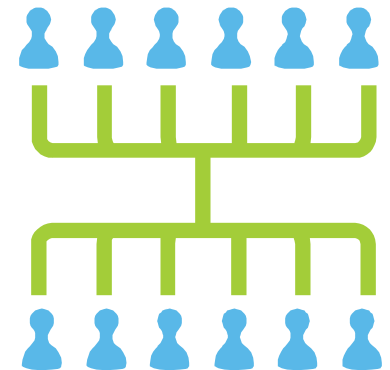
Common factors in organisations

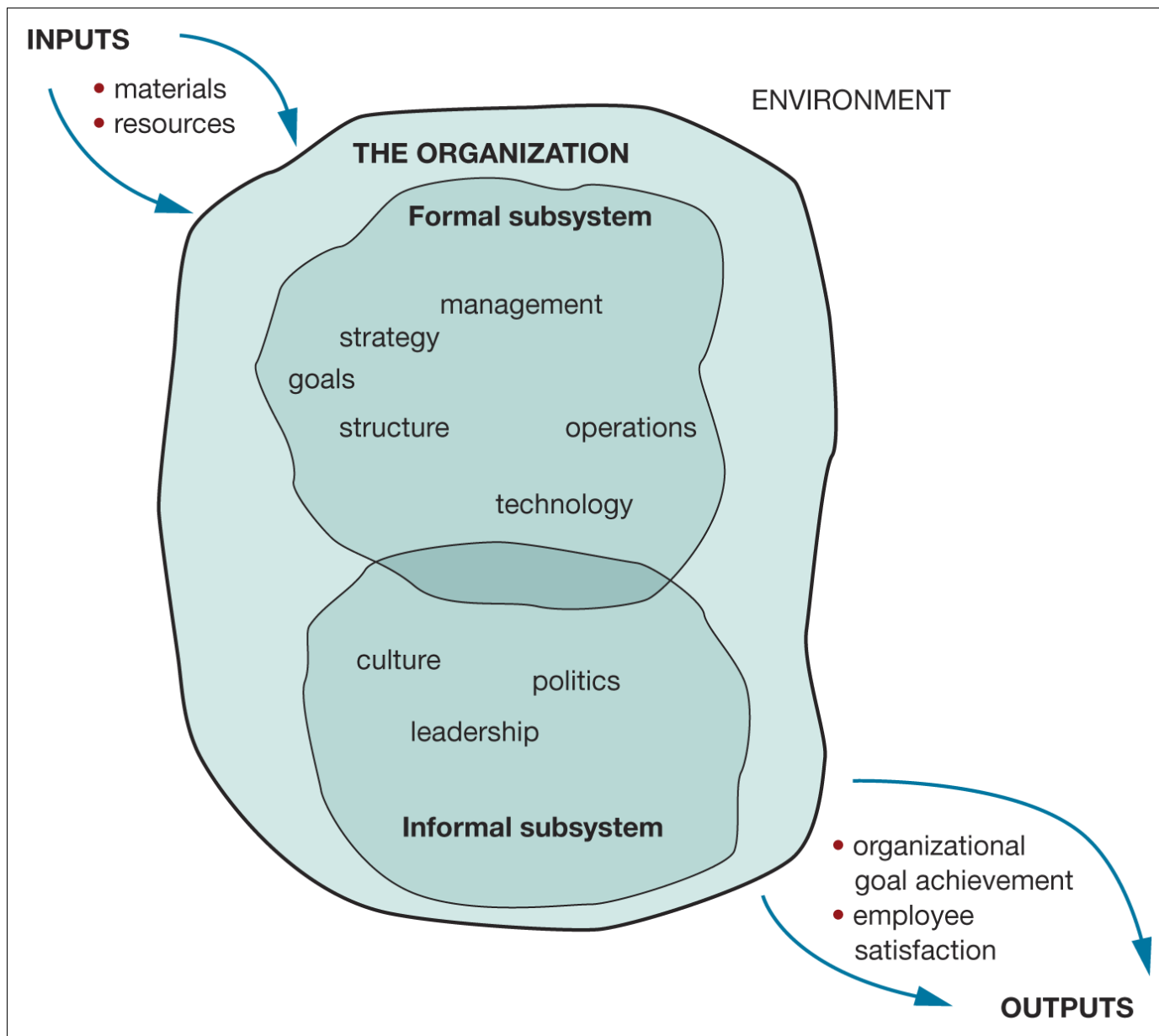
Organisations are...

'...social constructs created by groups in society to achieve specific purposes by means of planned and co-ordinated activities.

These activities involve using human resources to act in association with other inanimate resources in order to achieve the aims of the organisation.'

Farnham and Horton

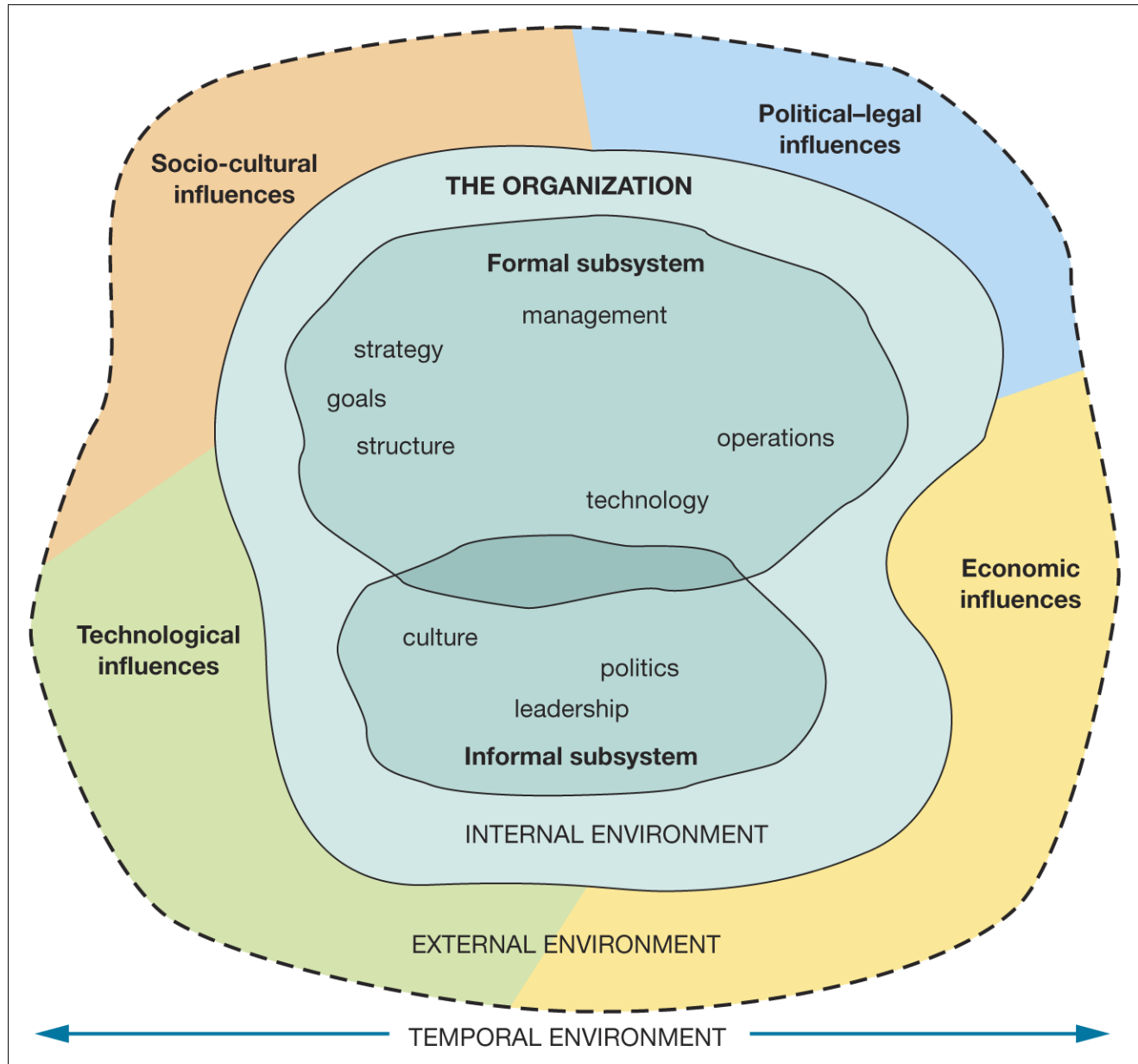




The organization as a system

Why study organisation theory in a change management module?

- Provide the context in which organisations are structured and run
- Guide changes which are made
- Helps to understand why they are as they are
- THEN we can consider how/why they are changing
- Linked implicitly or explicitly to change management itself



Today's world

- What's changing?



Dynamic Change

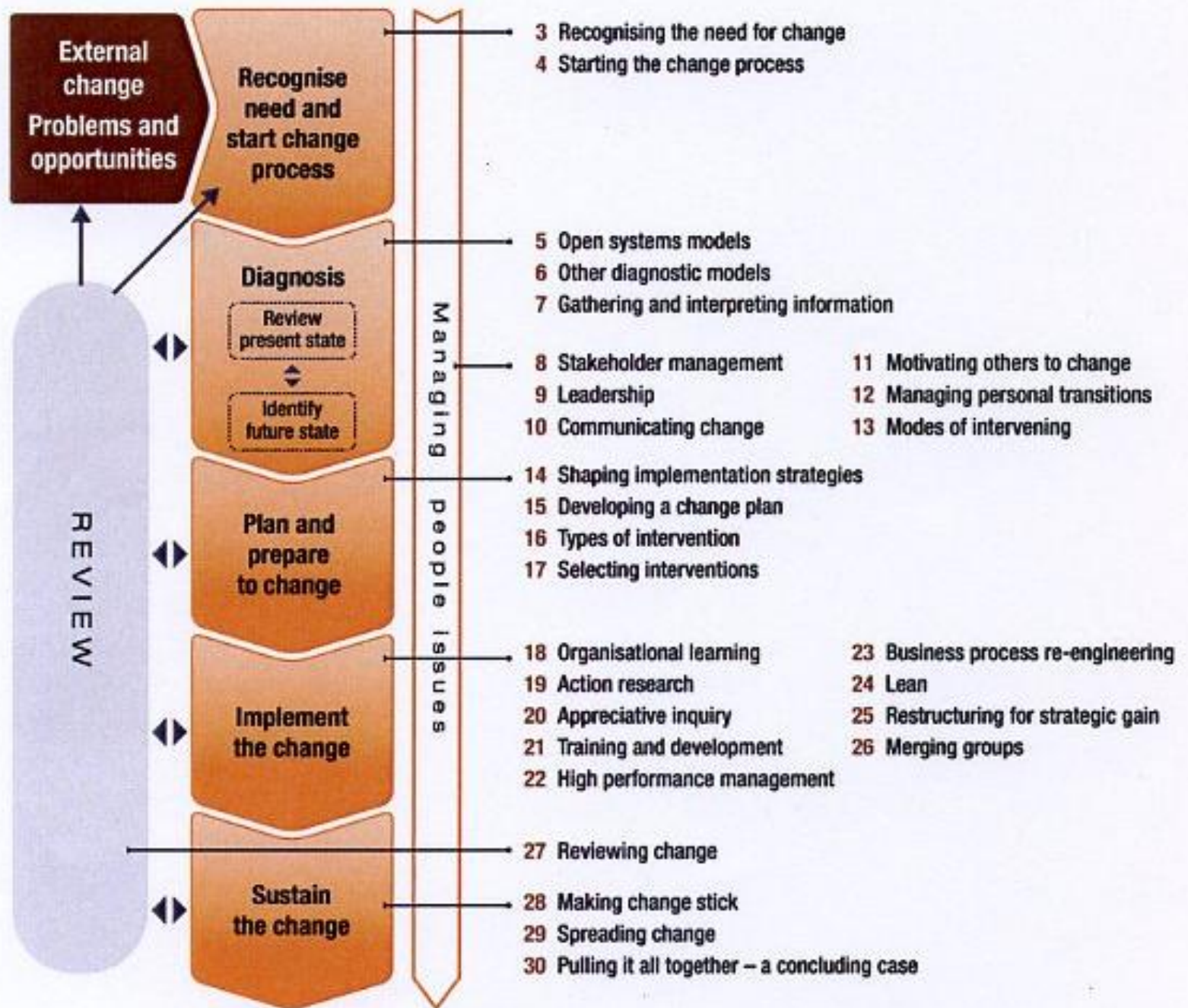


- 9/10 company change initiatives are partially reacting to current economic conditions (The Economist, 2010).
- Real competitive advantage comes from:
 - timely responsiveness
 - rapid, flexible product innovation
 - management's capability to cope/help organisations change effectively

Process of Managing Change



- How people can be **encouraged and empowered to work with the new resources**
- What **support strategies** are needed to help overcome resistance to change
- Methods of **consultation**
- **Roles of managers** at different points in the change process
- Influence of organisational climate, structures, and ways of working on **how well change is managed**



Is it bad news from start?



- People have a natural resistance to change
- 70% of companies fail in implementing reengineering programmes
- 70 - 80% of companies do not obtain the expected return on quality improvement investments
- 75% of cultural change initiatives do not achieve the required change in the organisation's culture
- 50 - 60% of customer service programmes do not result in benefit to the customer
- 60 - 70% of companies do not realise expected benefits from implementing technology initiatives

www.mrs.org.uk

Change is curious – True/False



- Change is linear
- Change is predictable
- We can plan to manage change
- Leaders and managers have some control over change
- Most external change factors are outside the organisation's control
- Most uncontrollable changes are largely exceptional

(After 'Innovation and Change in Organisations', King and Anderson, 1995)

Successful change

- Ensuring top sponsorship 82%
- Treating people fairly 82%
- Involving employees 75%
- Giving quality communications 70%
- Providing sufficient training 68%
- Using clear performance measures 65%
- Building teams after change 62%
- Focusing on culture and skill change 62%
- Rewarding success 60%
- Using internal champions 60%

Source: Organisational Behaviour, Buchannan & Hysincki (2008)

% of key managers who cited this as a barrier. Interviews with 500 global companies



Sharing Economy: Hype or Paradigm Change in Tourism

<https://youtu.be/BG85q5-lhFE>

Impact on hotels of sharing economy

<https://youtu.be/KgfUzTtUIEQ>

<https://youtu.be/XcOqlDg6BxQ>

The Changing World of Work: Does the Sharing Economy foster trust or inequity?

<https://youtu.be/OEmS0obpyJU>

The State of the Sharing Economy

<https://youtu.be/rmybVwtY554>



Prifysgol Cymru
Y Drindod Dewi Sant
University of Wales
Trinity Saint David



Change Management

Analysing Stakeholders





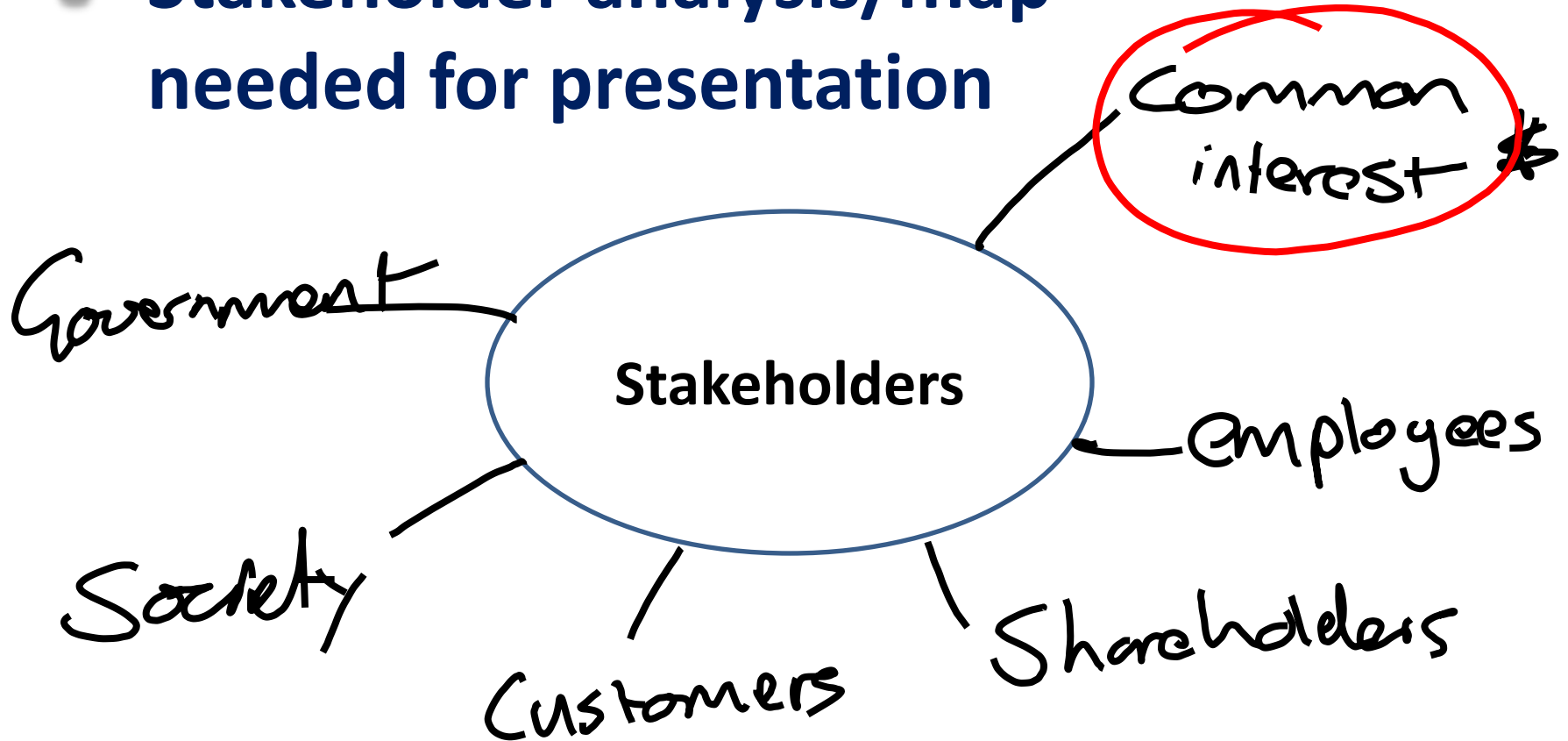
Stakeholders



Reminder:

**Stakeholder analysis/map
needed for presentation**

5



Stakeholders

Stakeholders are any individuals or groups who can affect or will be affected by the outcome of a change.



**Should change managers take account
of all or only selected groups of
stakeholders?**

Exercise

Identifying stakeholders

Consider the following questions

1. Who are the people/people/units in your organisation that change will effect?

Notes

Which stakeholders are most important?

➤ *Normative theories.*

- According to normative or ethics-based theories of stakeholder management the interests of all stakeholders have intrinsic value and should be taken into account when planning and implementing change.

➤ *Instrumental theories.*

- managers will only attend to the interests of stakeholders to the extent that those stakeholders can affect their interests.
- Managers are selective in who they attend to and are not motivated by a concern for the welfare of stakeholders in general.

Jawahare and McLaughlin's stakeholder theory

- At any given life cycle stage certain stakeholders become more important than others because of their potential to satisfy critical organisational needs,
- It is possible to identify which stakeholders are likely to be more or less important at each stage of the life cycle.
- The strategy that will be used to deal with each stakeholder will depend on the importance of that stakeholder relative to other stakeholders.

A life cycle approach to stakeholder management

- different pressures threats at different stages in its life cycle.
- Over time, certain stakeholders become more important than others because of their ability to satisfy critical organisational needs.

The contribution of resource dependence theory

- Change managers pay most attention to those stakeholder groups who **control resources critical to the organisation's survival.**
- It is possible to identify four ways of attending to stakeholders:
 - Proactive
 - Accommodating
 - Defending
 - Ignoring

The contribution of organisational life cycle models

- Resource requirements will vary
- interact proactively with those who control the critical resources.
- ... and ignore or act in a defensive mode towards other stakeholders
- When the flow of resources is not threatened, pursue a risk-averse strategy, and actively address the concerns of all stakeholders.

Managing stakeholders

Key steps are:

- a stakeholder analysis to identify important stakeholders
- the development of a strategy for persuading influential stakeholders to support the change.

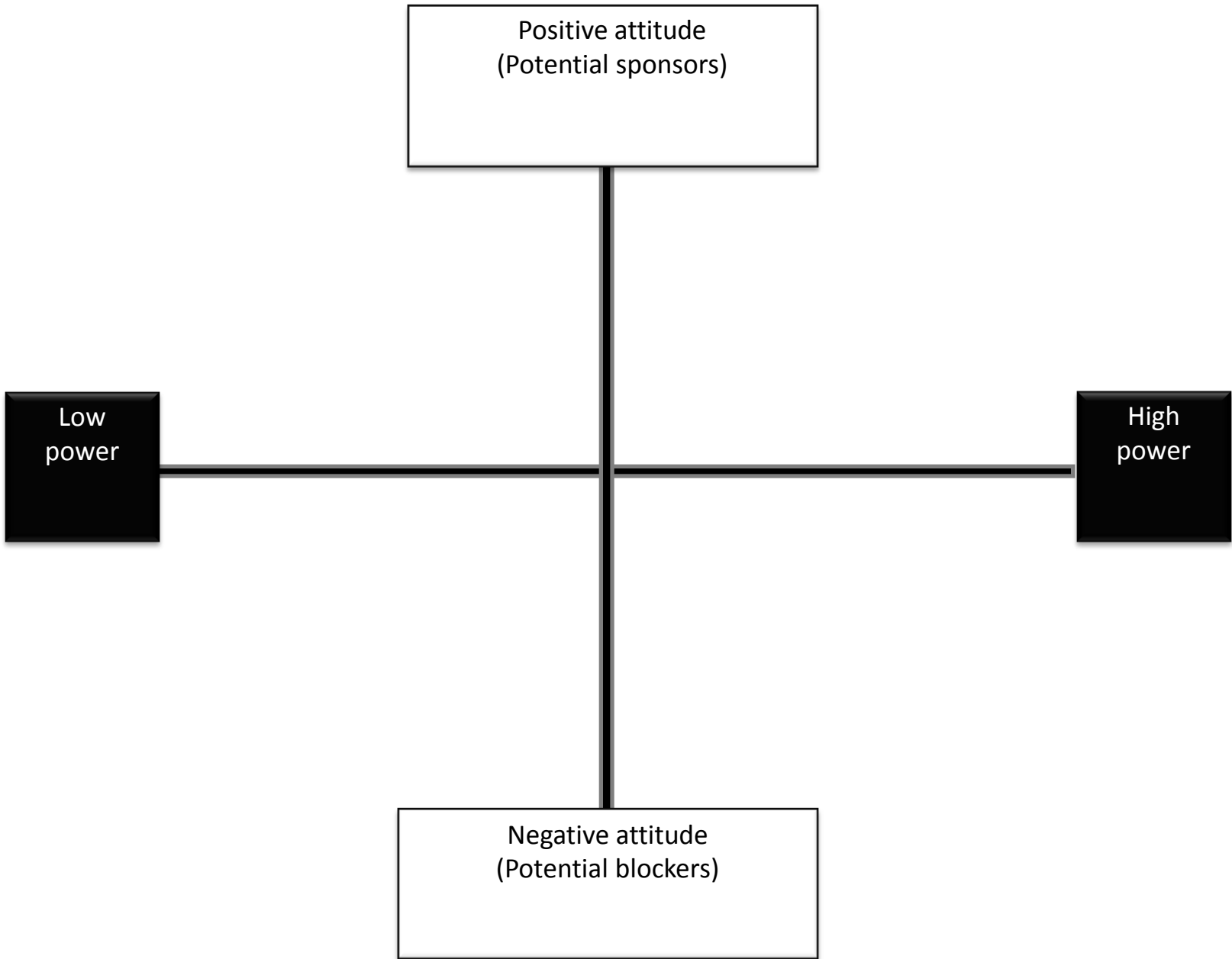
Exercise

Identifying the Sources of Power

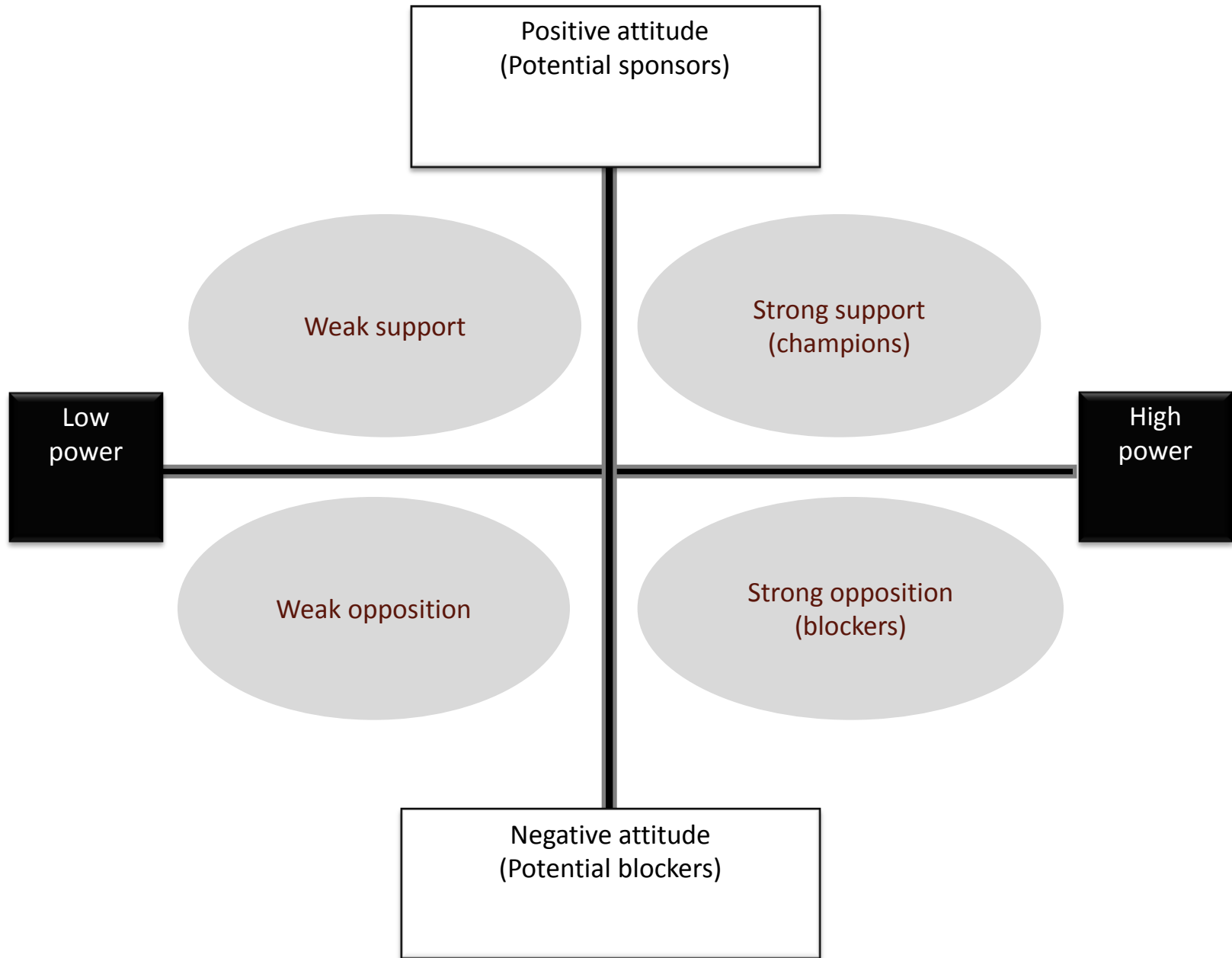
Consider the following questions

1. Who are the most powerful people/units in your organisation?
2. Why what is the basis of their power?

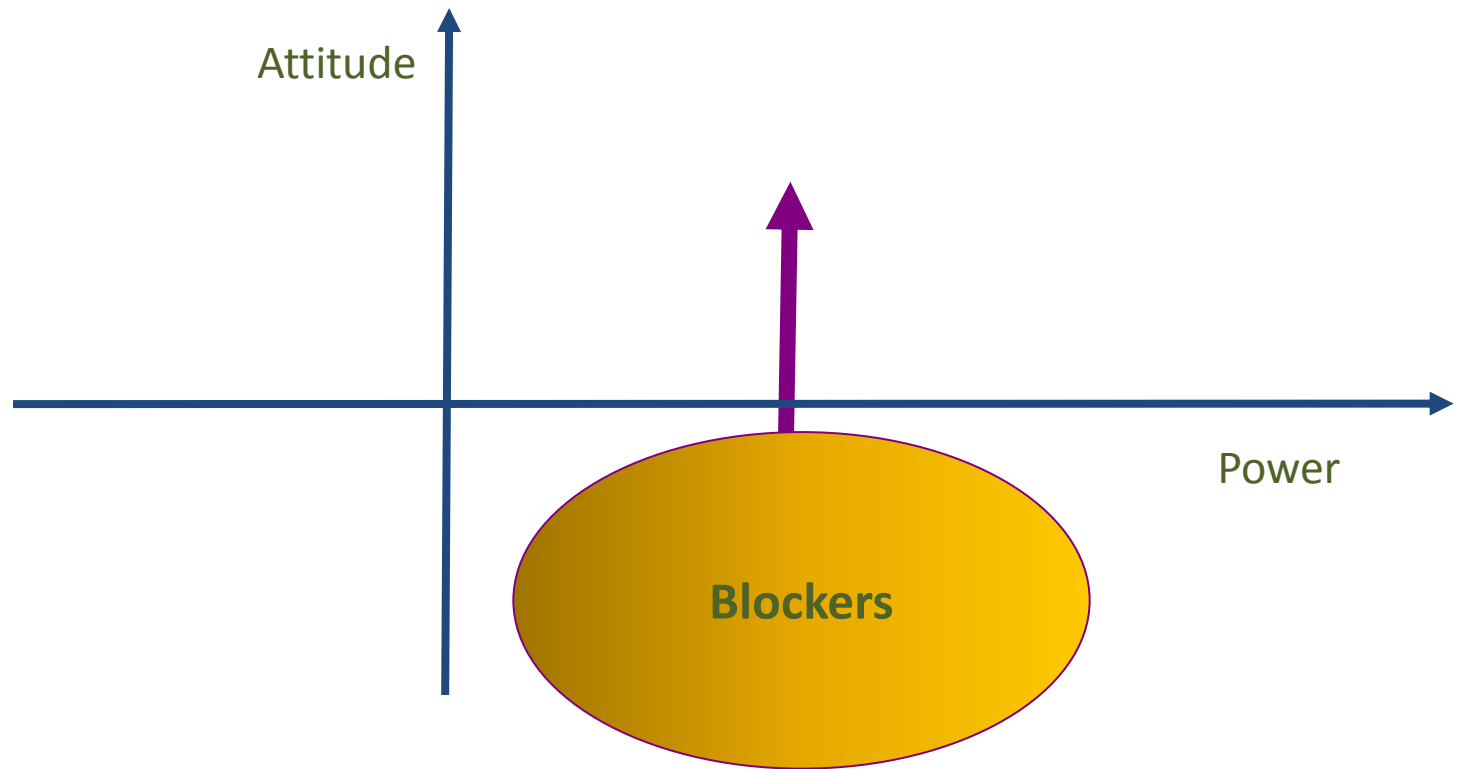
Notes



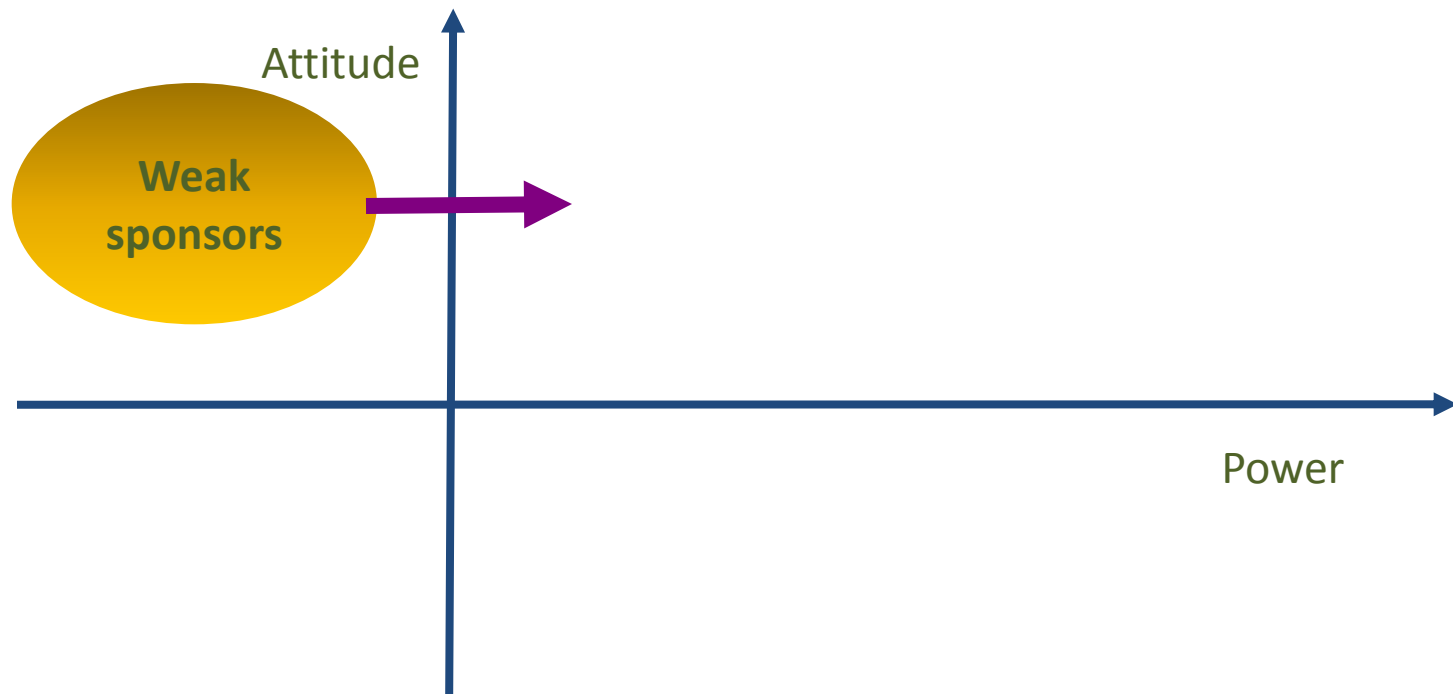
Stakeholder Map



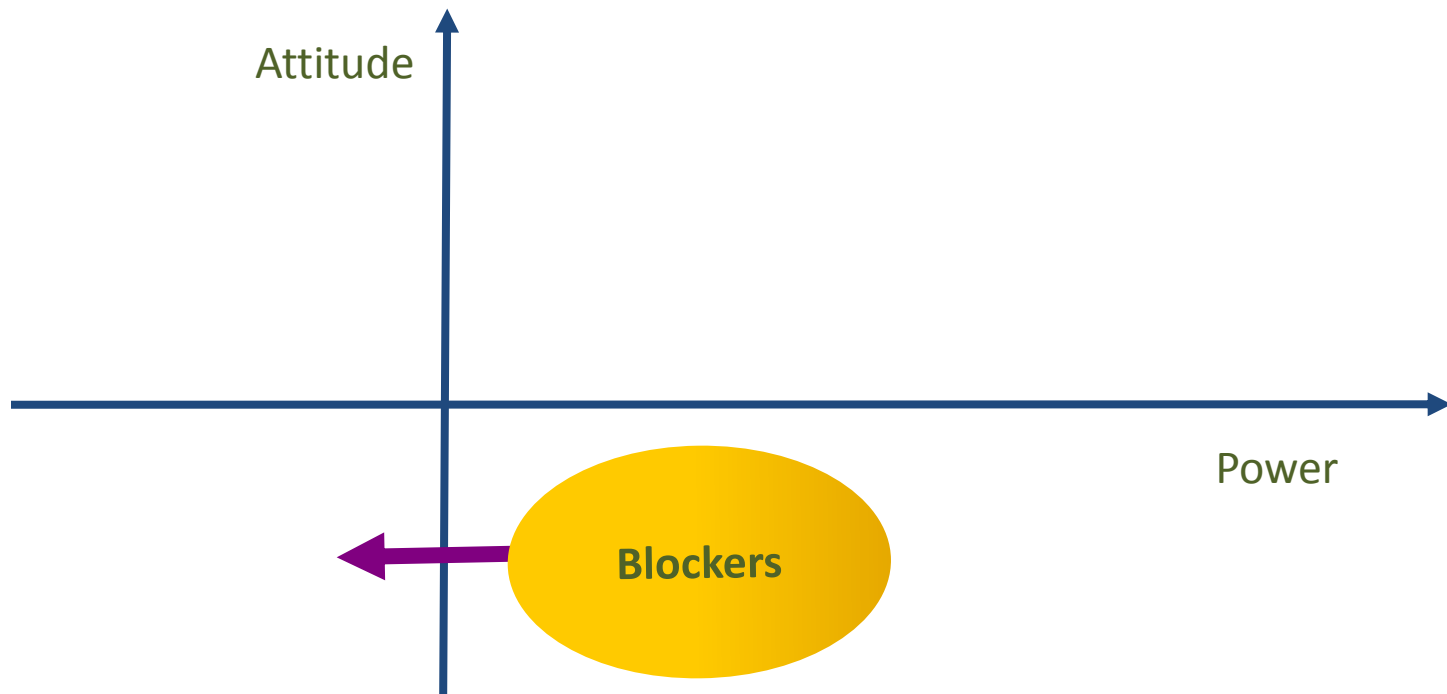
Winning the support of those who oppose the change
and who have the power to influence the outcome



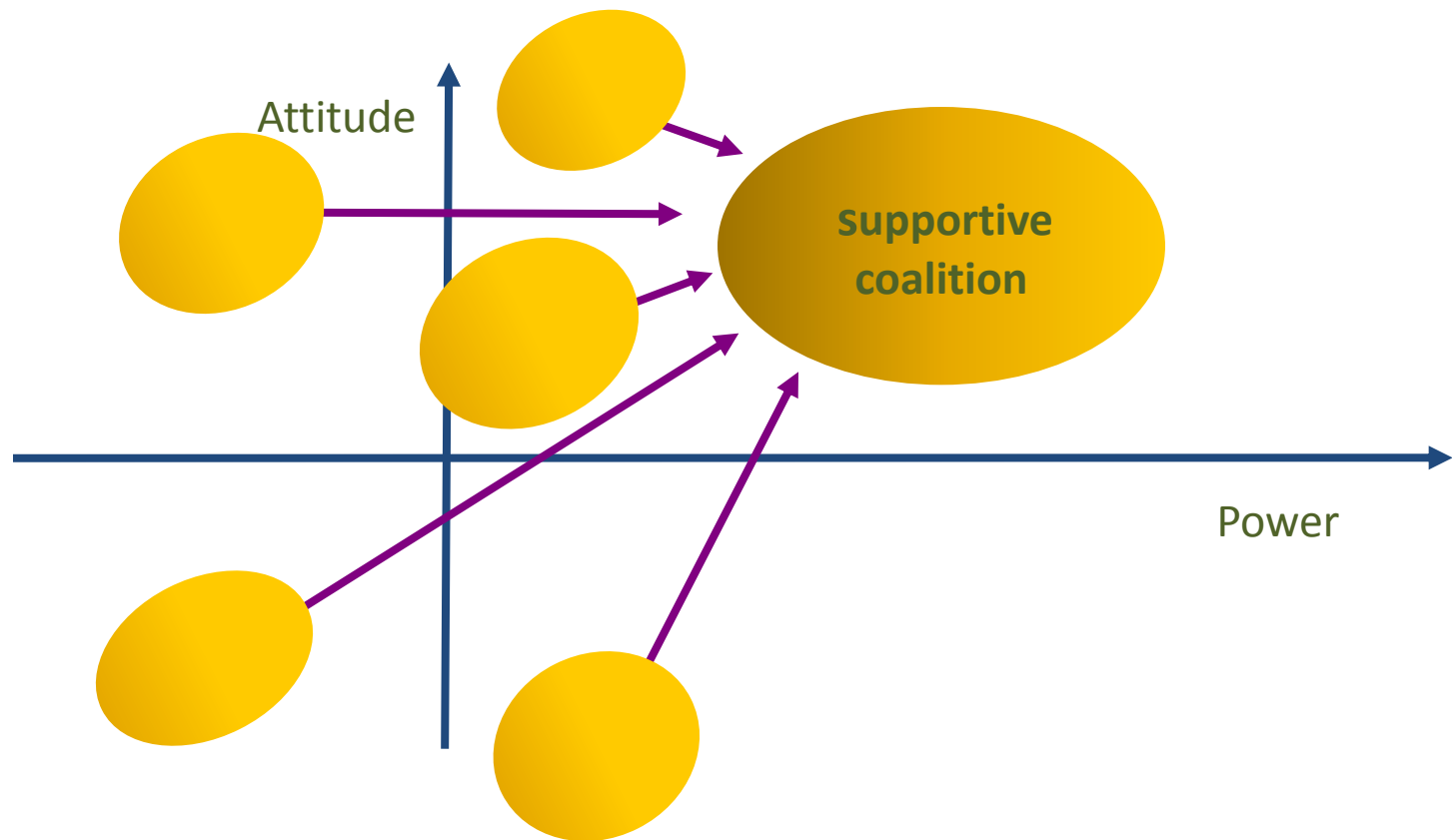
Increasing the influence of those stakeholders who are already supportive



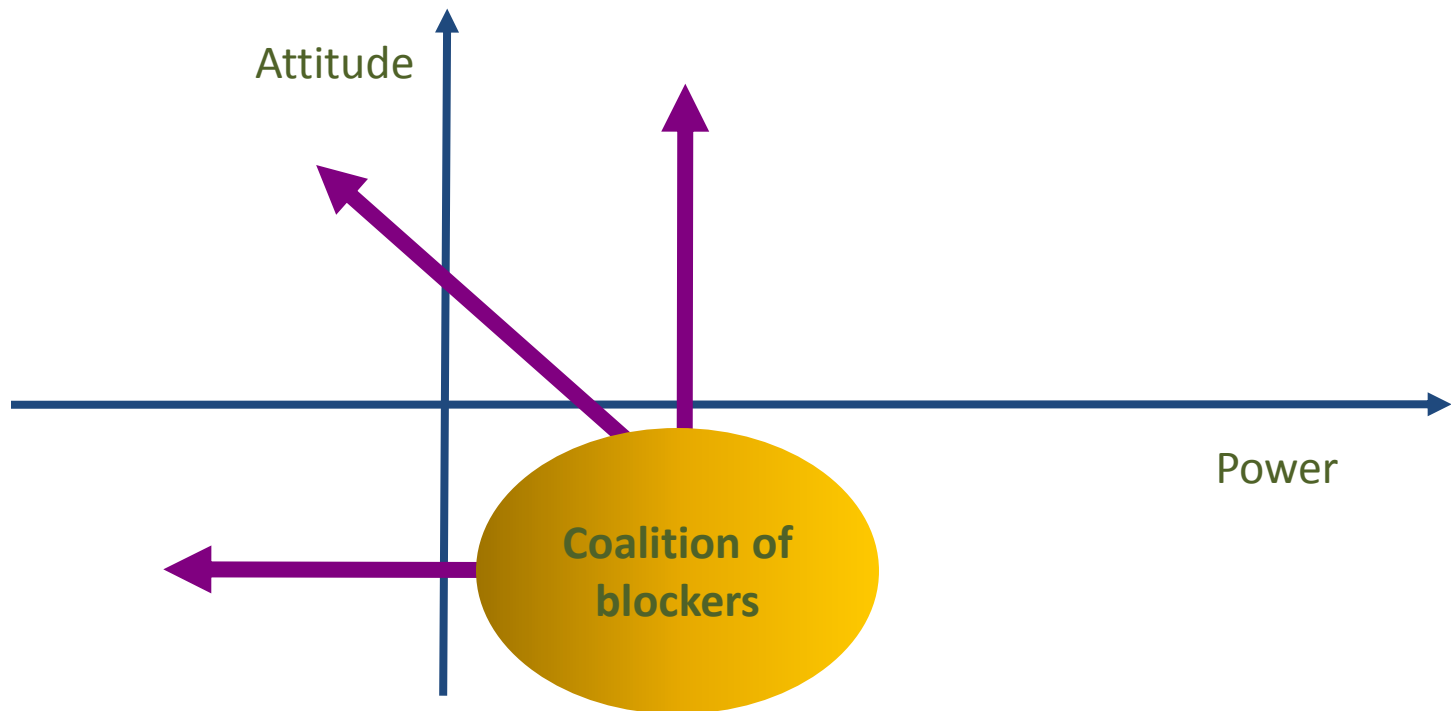
Reducing the influence of powerful blockers



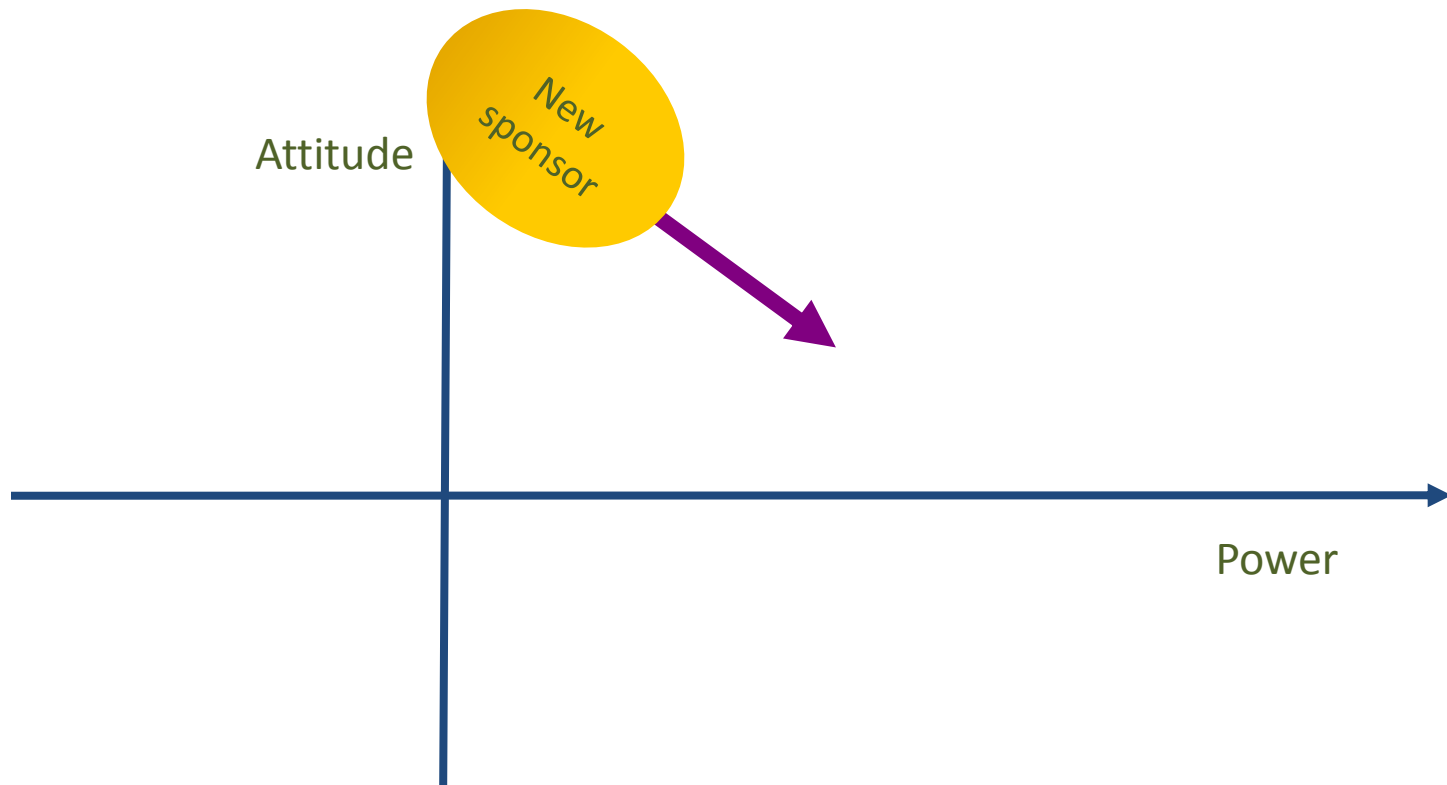
Building a coalition of supportive stakeholders who will be prepared to work together to support the change



Fragmenting existing coalitions who are antagonistic towards the change



Bringing new sponsors or champions into play



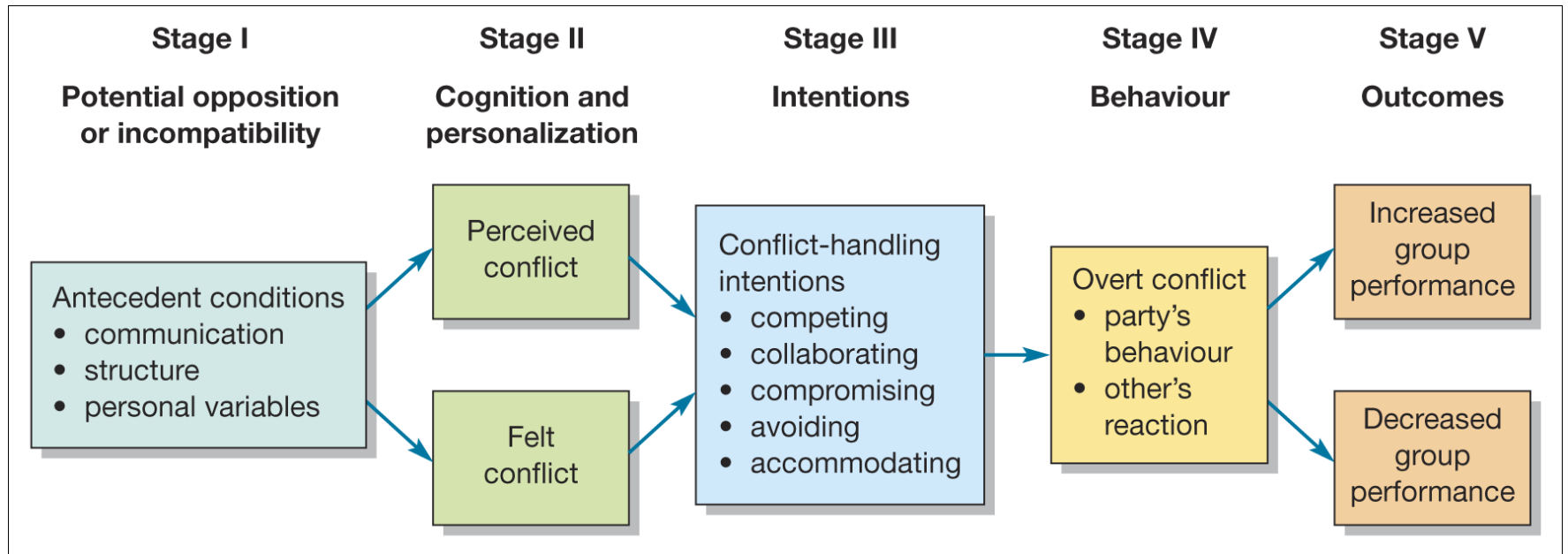


Figure 5.4 The conflict process

Source: Robbins, S.P. (2005) *organisational Behavior: Concepts, Controversies, Applications* (11th edn), Englewood Cliffs, NJ: Prentice Hall, p. 424

Changes over time

- An Important point to remember is that as a change project unfolds and as circumstances change **the identity of key stakeholders may also change.**
- https://www.ted.com/talks/yves_morieux_as_work_gets_more_complex_6_rules_to_simplify/transcript?language=en

Summary

- At any given stage in a change project certain stakeholders emerge as more important than others because of their potential to satisfy critical organisational needs,
- It is possible to identify which stakeholders are likely to be more or less important at each stage.
- The strategy that will be used to deal with each stakeholder will depend on the importance of that stakeholder relative to other stakeholders.
- The stakeholder grid was introduced as a useful tool for identifying the power of stakeholders and their predisposition to support or oppose the change.



Prifysgol Cymru
Y Drindod Dewi Sant
University of Wales
Trinity Saint David



Change Management

New Approaches to Change
Critical Perspectives on Change
Individual Change





Responses to change

Those who let it happen.

Those who make it happen.

Those who wonder what happened.

Anon. (Cameron & Green, 2015:52)





Change occurs when the state of something is altered or modified.

It involves moving from one state to a different state

Rosabeth Moss Kanter (1989)

When giants learn to dance: mastering the challenges of strategy, management, and careers in the 1990s

Kanter's Post-entrepreneurial model

1. Restructuring to find synergies
2. Opening boundaries to form strategic alliances
3. Creating new ventures from within – encouraging innovation and entrepreneurship.

Bold Strokes:

Major
strategic/economic
change

Rapid, short-term

Senior Managers

Long marches:

Behavioural/cultural
change

Slow, long-term

Whole organisation

<http://youtu.be/WXwroF-x-KU>

Kanter et al (1992)



**Individual
Change**

We must distinguish between.....

Changes managed
externally in the
outside world



Our concurrent
internal responses
and state of mind



Individual Change – Key Perspectives



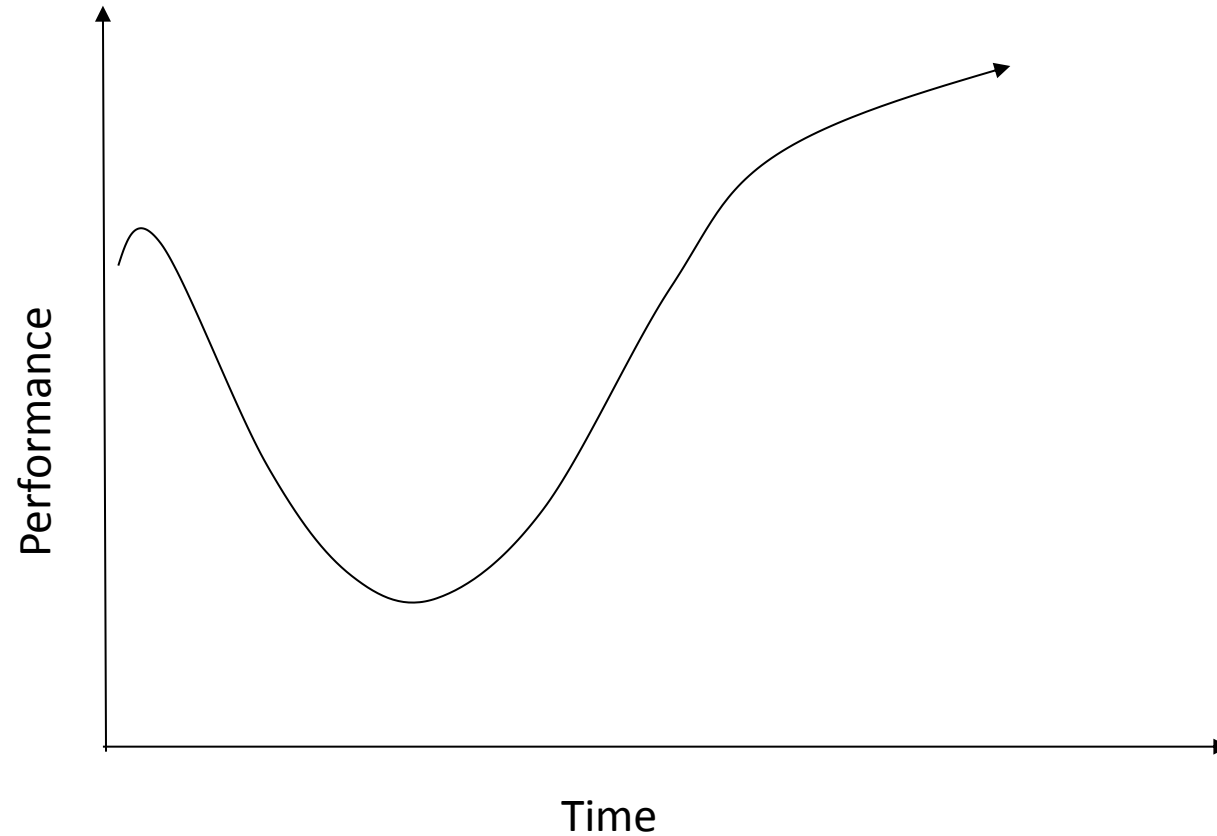
- **Learning and the process of change –**
in what ways can models of learning help us understand individual change?
- **The behavioural approach to change –**
how can we change people's behaviour?
- **The cognitive approach to change –**
how change can be made attractive to people and how people can achieve the results that they want?
- **The psychodynamic approach to change –**
what's actually going on for people?

Individual Change – Key Perspectives

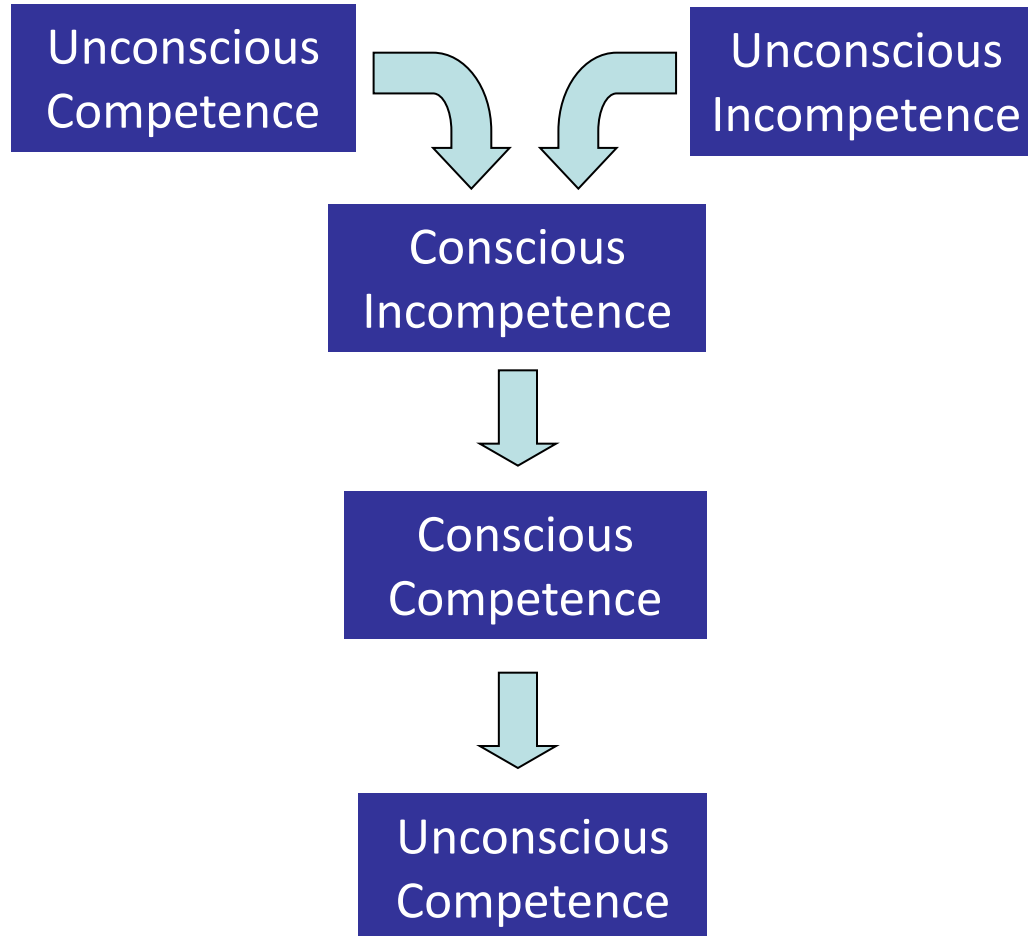


- **The humanistic psychology approach to change –**
how can people maximise the benefits of change?
- **Personality and change –**
how do we differ in our responses to change?
- **Managing change in self and others –**
if we can understand people's internal experience
and we know what changes need to happen what's
the best way to effect change?

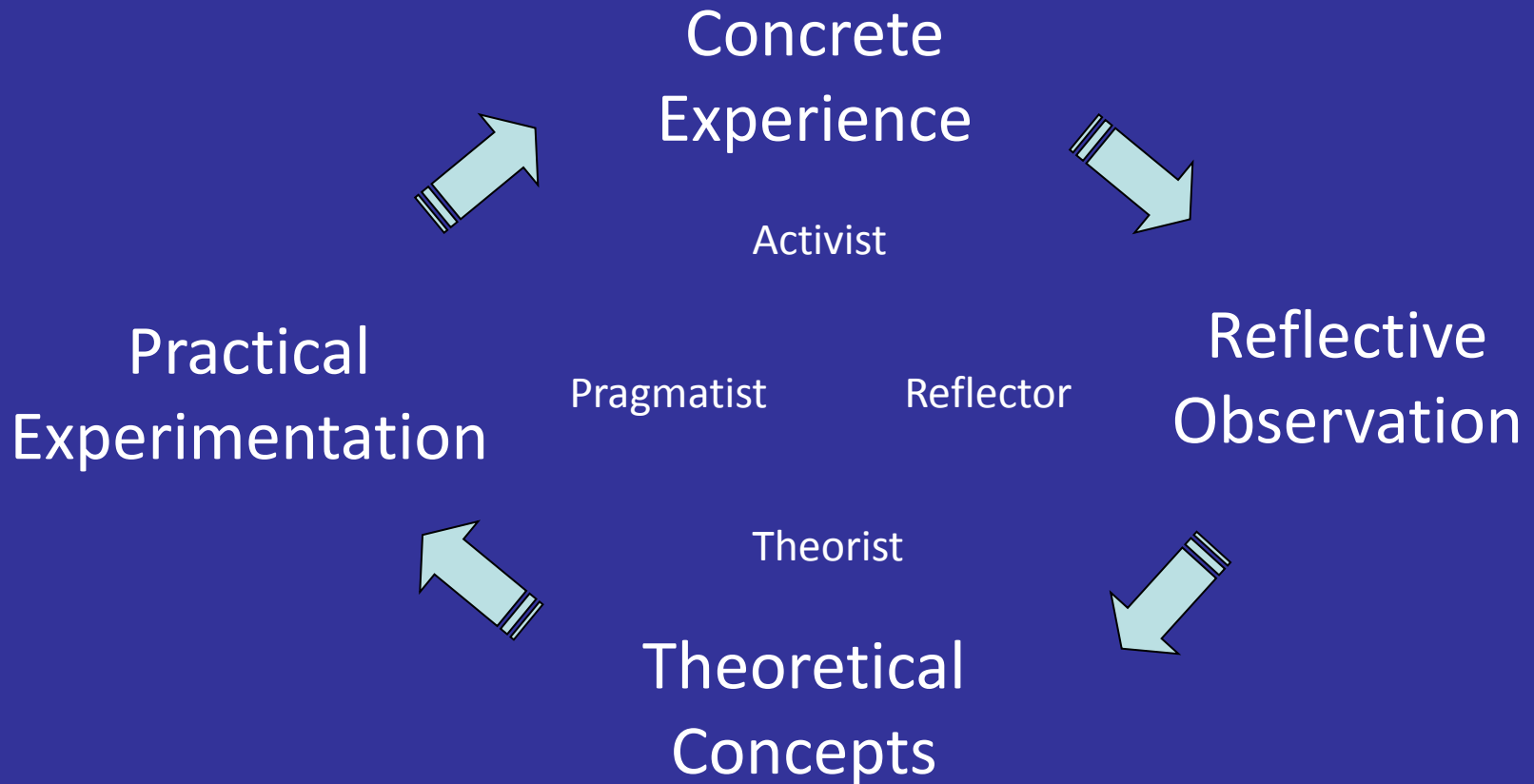
The Learning Dip



Cycle of Competence

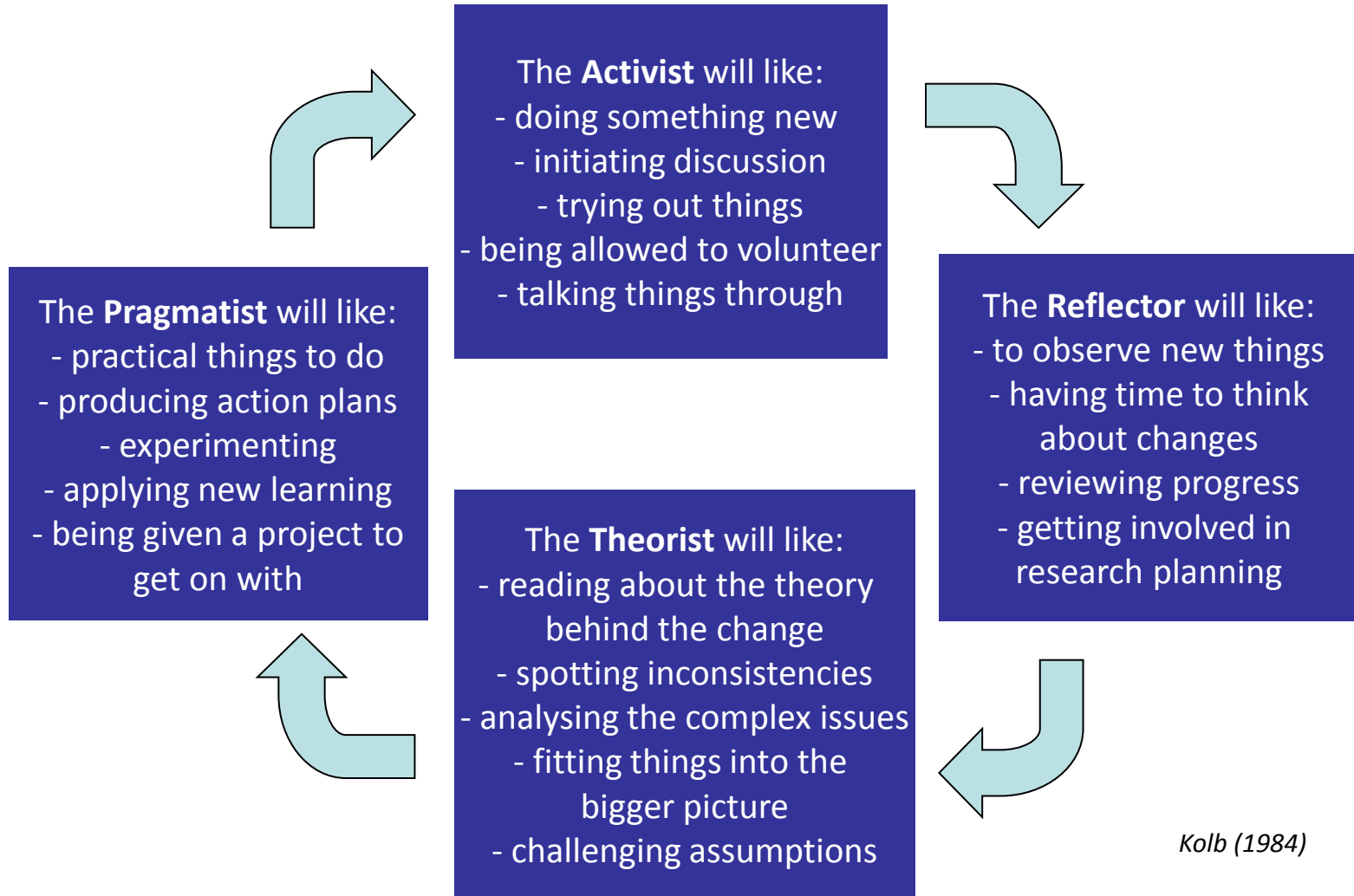


The Learning Cycle



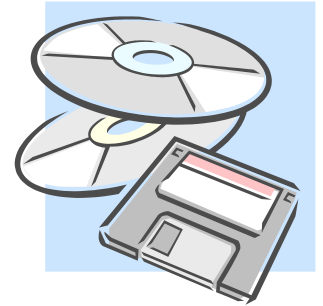
Kolb (1984)

Learning Styles



Activity – New software arrives

....Do you?



Install it and start trying it out?

activist

Watch as others show you how to use it?

reflector

Learn about the background to it and the similarities to other programs?

theorist

Not bother experimenting until you find a clear purpose for it?

pragmatist

Four Approaches to Individual Change

- **Behavioural**
 - changing behaviours
- **Cognitive**
 - achieving results
- **Psychodynamic**
 - the inner world of change
- **Humanistic Psychology**
 - maximising potential

Behavioural – Changing Behaviours

- **Rewards:**
 - **Positive Reinforcement**
 - Pleasurable and increases probability of repeat 'Good' behaviour.
 - **Stopping something unpleasant (extinction)**
 - Avoidance of an unpleasant stimulus increases the likelihood of repeat 'Good' behaviour.
- **Punishments:**
 - **Punishment**
 - Unpleasant (for example, an electric shock) leading to decrease in repeat 'Bad' behaviour.
 - **Negative reinforcement**
 - Removal of a pleasant stimulus decreases the likelihood of repeat 'Bad' behaviour.



Carrot and Stick?

Behavioural – Reinforcement Strategies

Financial:

Monetary



Non-financial:

eg, feedback on specifics, praise,
recognition, appreciation



**What rewards/punishments operate in
your chosen organisation?
Are they effective in making
change happen?**

McGregor's Theory X and Theory Y

Theory X Assumptions

- People dislike work.
- They need controlling and direction.
- They require security.
- They are motivated by threats of punishment.
- They avoid taking responsibility.
- They lack ambition.
- They don't use their imagination.

Theory Y Assumptions

- People regard work as natural and normal.
- They respond to more than just control or coercion, for example recognition and encouragement.
- They commit to the organization's objectives in line with the rewards offered.
- They seek some inner fulfilment from work.
- Given the right environment people willingly accept responsibility and accountability.
- People can be creative and innovative.



Herzberg's motivating factors

Hygiene Factors

- Pay
- Company policy
- Quality of supervision/management
- Working relations
- Working conditions
- Status
- Security

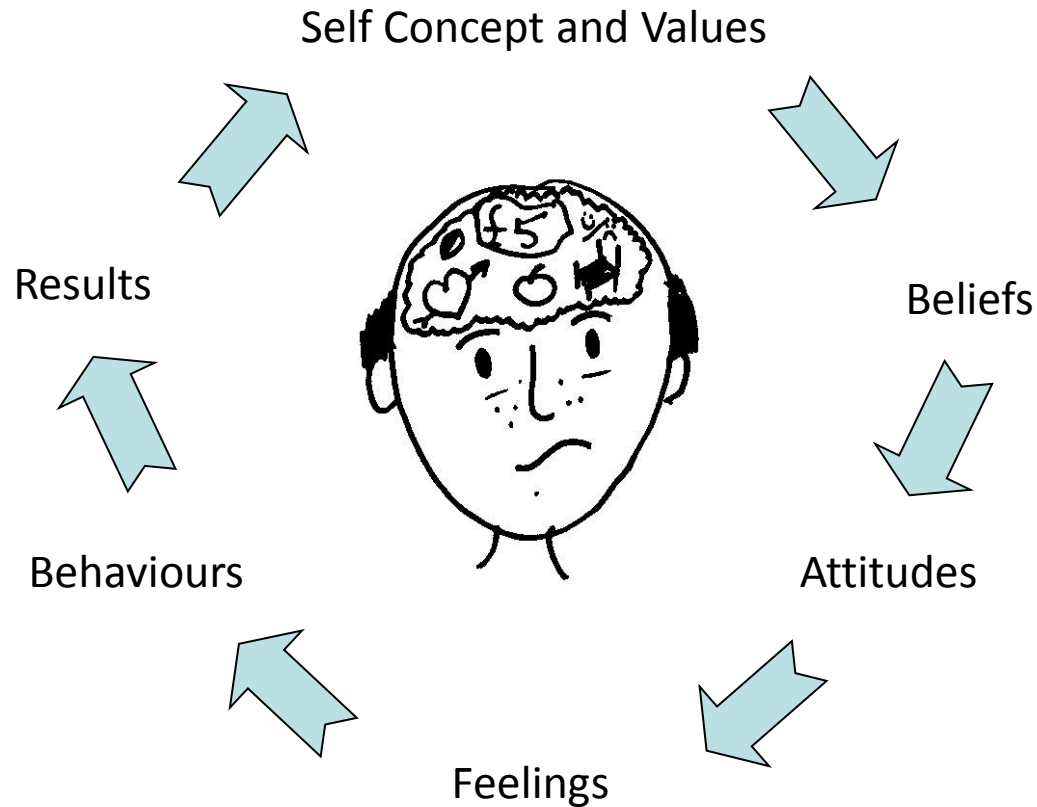


Motivators

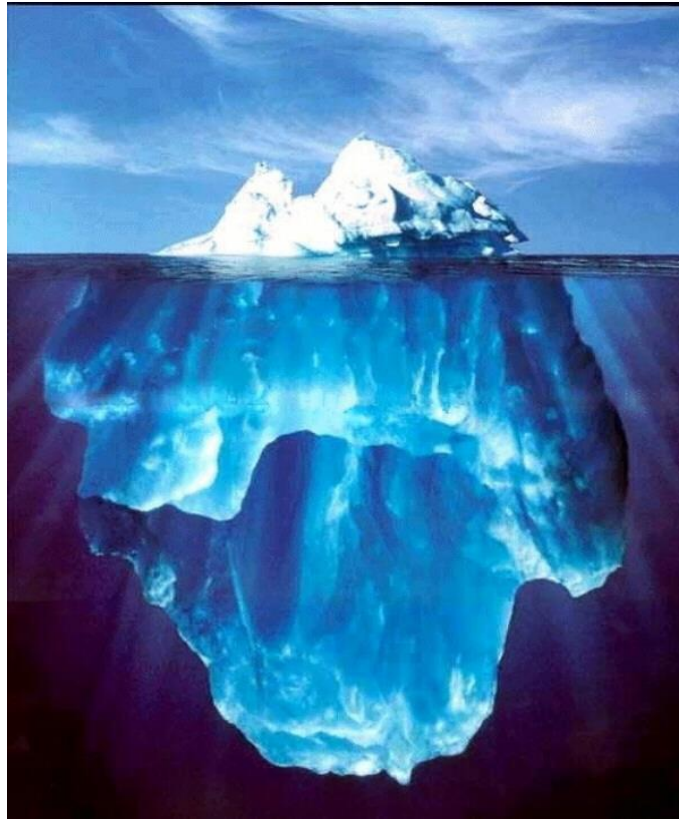
- Achievement
- Recognition
- Responsibility
- Advancement
- Learning
- The type and nature of the work



Cognitive – Achieving Results

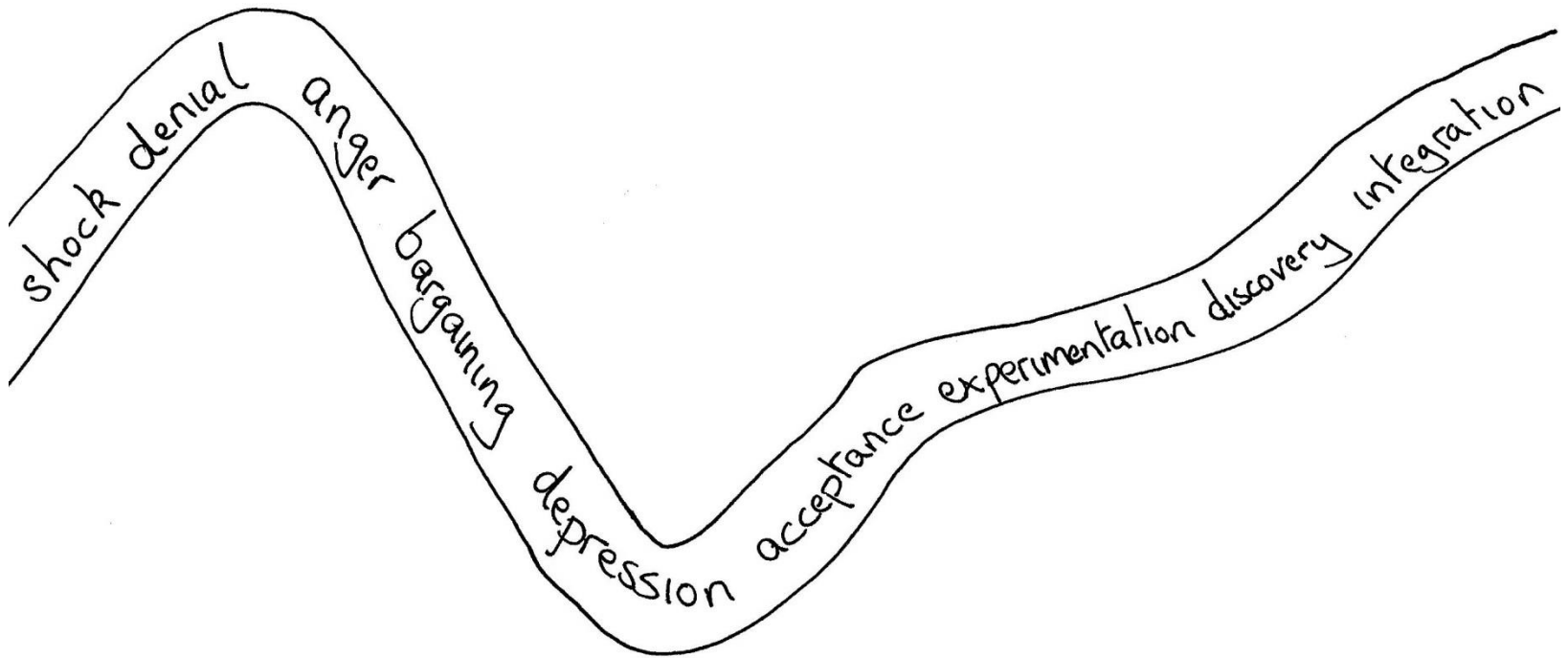


Psychodynamic – Inner World

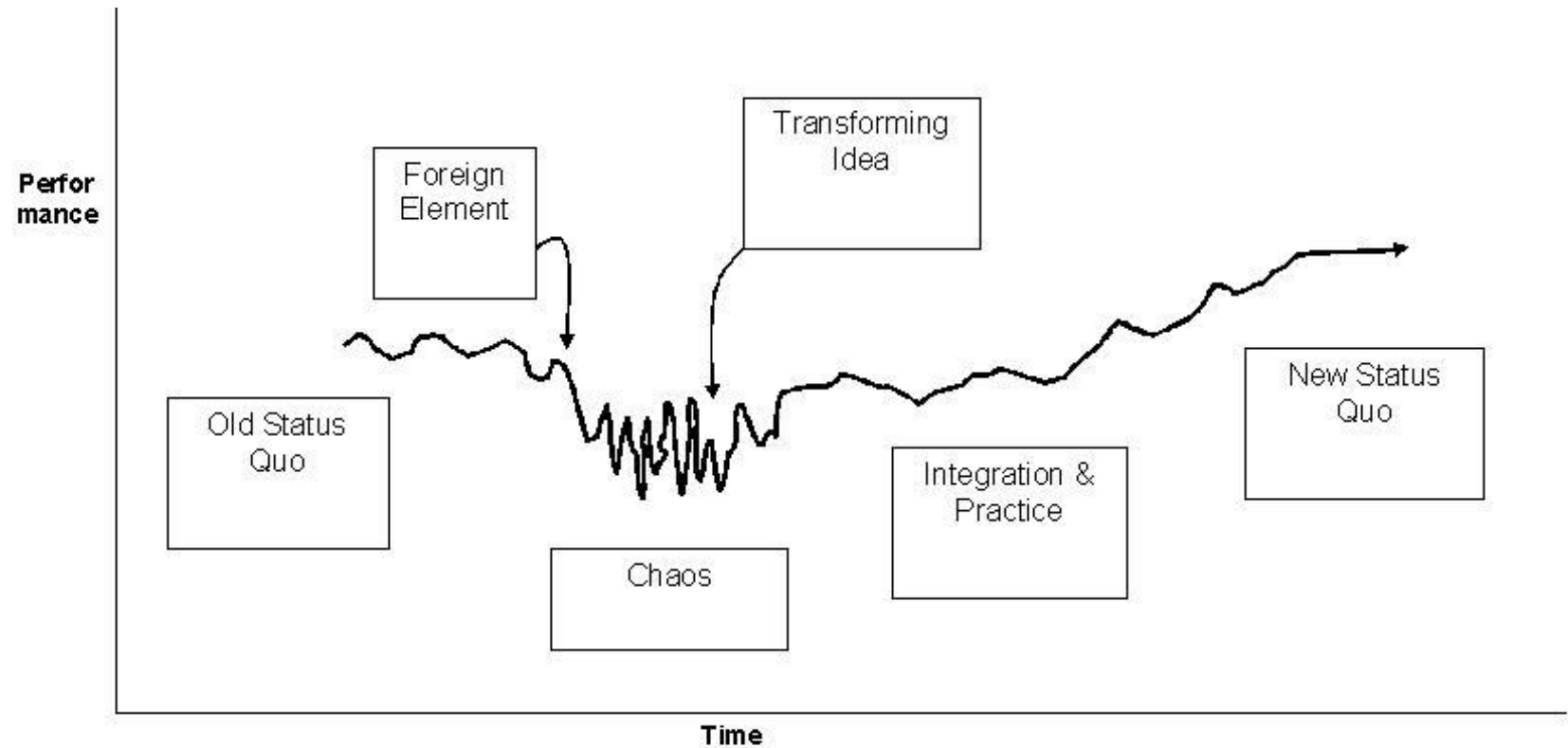


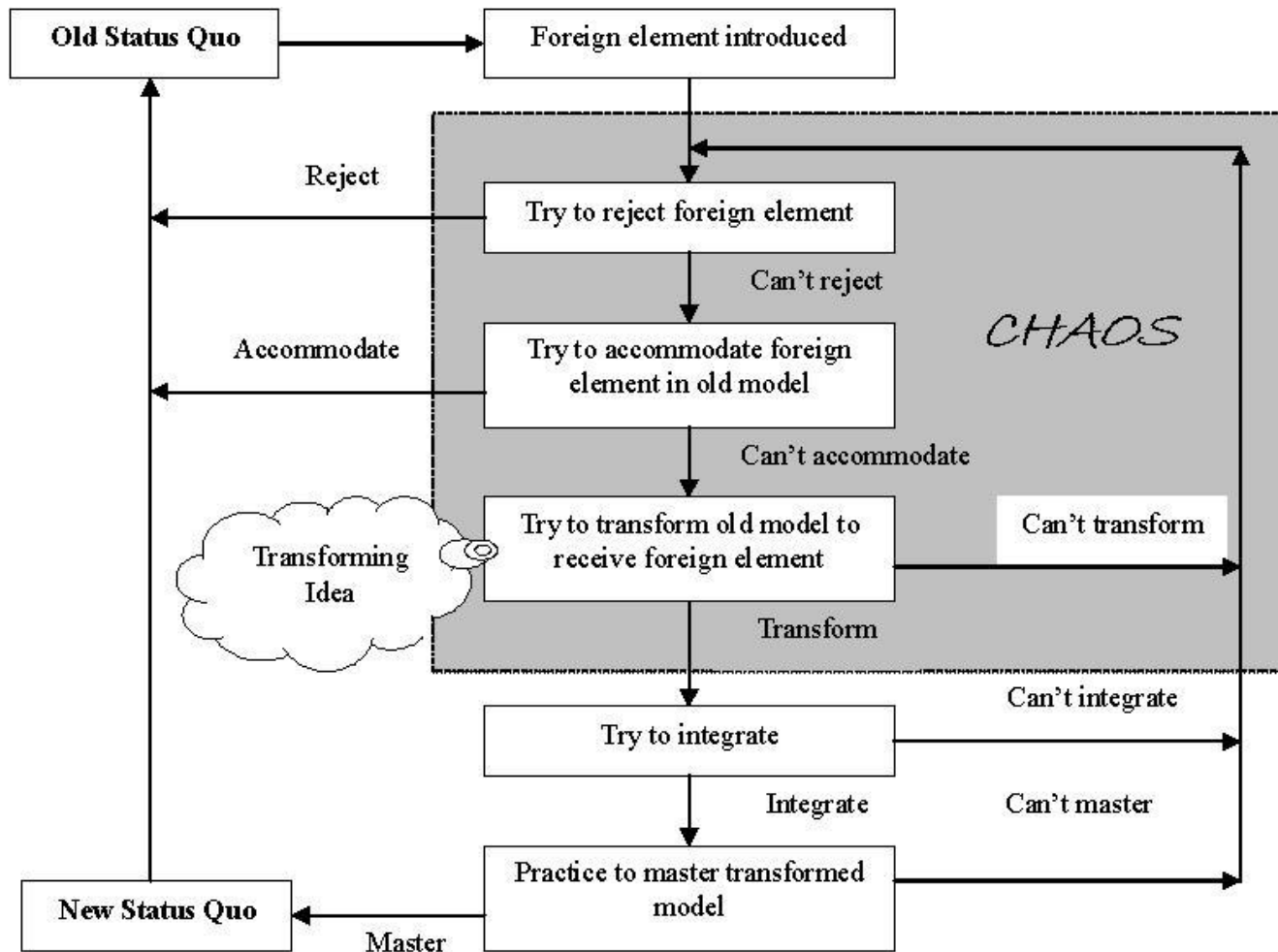
- <https://youtu.be/yv-QiSvuLLM>

Psychodynamic – Transitions Curve



Satir's Model





Gerald Weinberg (1997)

Activity



Think of a current or recent change in an organisation

- Can you map the progress of the change on to Satir's/Weinberg's model?
- At what points did the change falter?
- What factors contributed in each case?

Personality and Change (MBTI)

Where individuals draw their energy:

- **Extraversion** is a preference for drawing energy from the external world, tasks and things whereas.
- **Introversion** is a preference for drawing energy from the internal world of one's thoughts and feelings.

What an individual pays attention to and how they receive data and information:

- **Sensing** is concerned with the five senses and what is and has been whereas **intuition** is concerned with possibilities and patterns and what might be.

How an individual makes decisions:

- **Thinking** is about making decisions in an objective, logical way based on concepts of right and wrong whereas.
- **Feeling** is about making decisions in a more personal values-driven and empathic way.

What sort of lifestyle an individual enjoys:

- **Judging** is a preference for living in a more structured and organized world which is more orderly and predictable whereas.
- **Perceiving** is a preference for living in a more flexible or spontaneous world where options are kept open and decisions not made until absolutely necessary.

Thoughtful Realist

*Leadership through attention to
what needs doing.*

Cautious and careful about
change.

'if it ain't broke don't fix it!'

Thoughtful Innovator

*Leadership through ideas about
what needs doing.*

Plan and generate ideas and
visions.

'Let's think ahead.'

Action Oriented Realist

Leadership through action.

Energy and enthusiasm to get
things done.

'Let's do it!'

Action Oriented Innovator

*Leadership through
enthusiasm.*

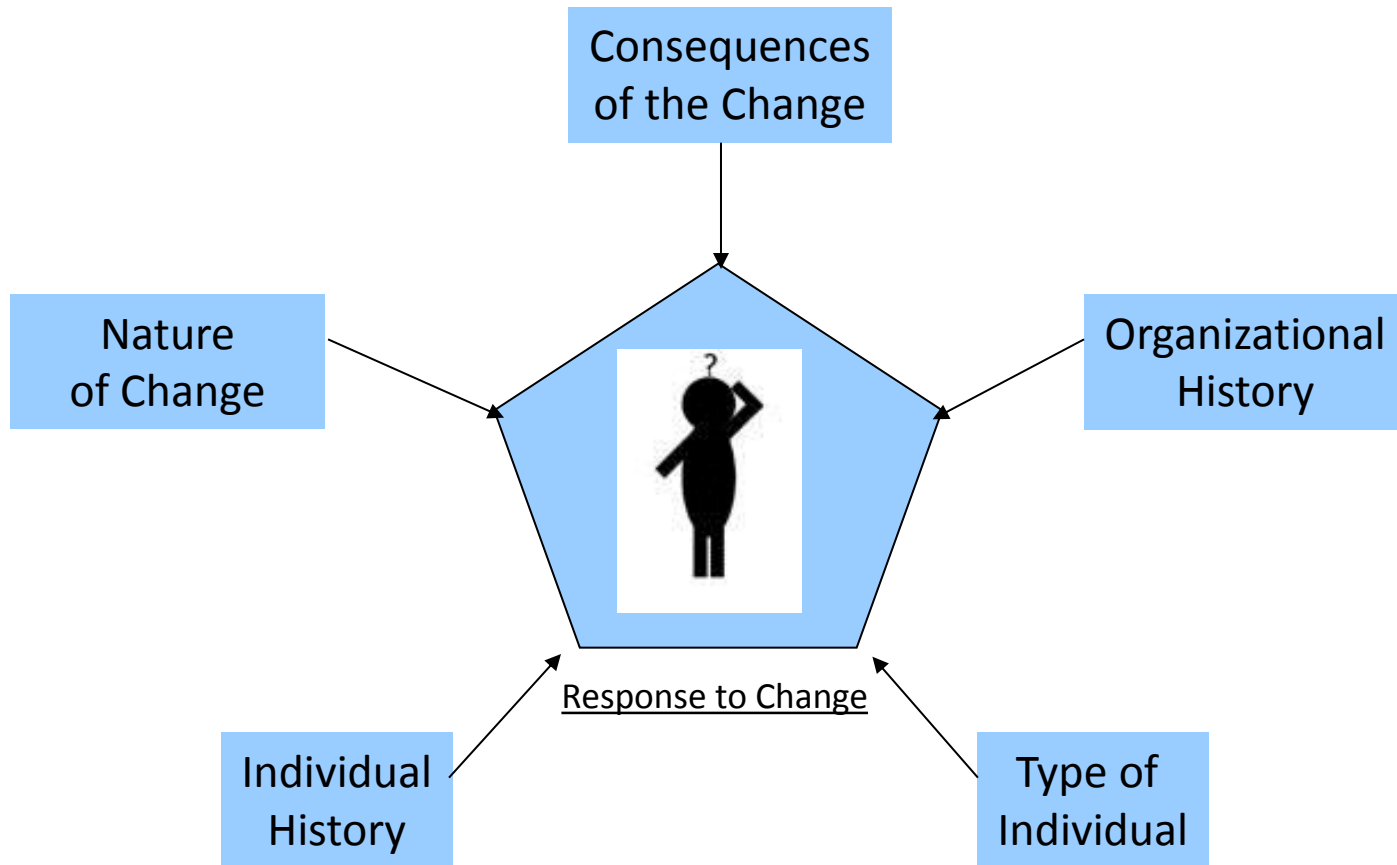
Will be wanting to move into
new areas and soon...!

'Let's change it!'



**Managing Change in self
and others**

Five Factors



Four Approaches to Change

- Behavioural:
 - Ensure new behaviours are clearly communicated.
 - Policies and procedures (especially reward and recognition) are aligned.
 - Communicate expectations.
- Cognitive:
 - Link organizational goals with individual goals.
 - Focus on results.
 - Develop motivating visions.

Four Approaches to Change

- Psychodynamic:
 - Acknowledge the emotional side of change.
 - Treat people as adults.
 - Surface negative feeling and talk through.
 - Seek to fulfil emotional needs.
- Humanistic:
 - Reinforce two-way communication channels.
 - Address people's higher aspirations.
 - Develop a 'learning organisation'.

Behavioural Strategies:

- Performance management
 - Reward policies
- Values translated into behaviours
 - Management competencies
 - Skills training
 - Management style
- Performance coaching
- 360 degree feedback

Cognitive Strategies:

- Management by objectives
 - Business planning and performance frameworks
- Results based coaching
 - Beliefs, attitudes and cultural interventions
- Visioning

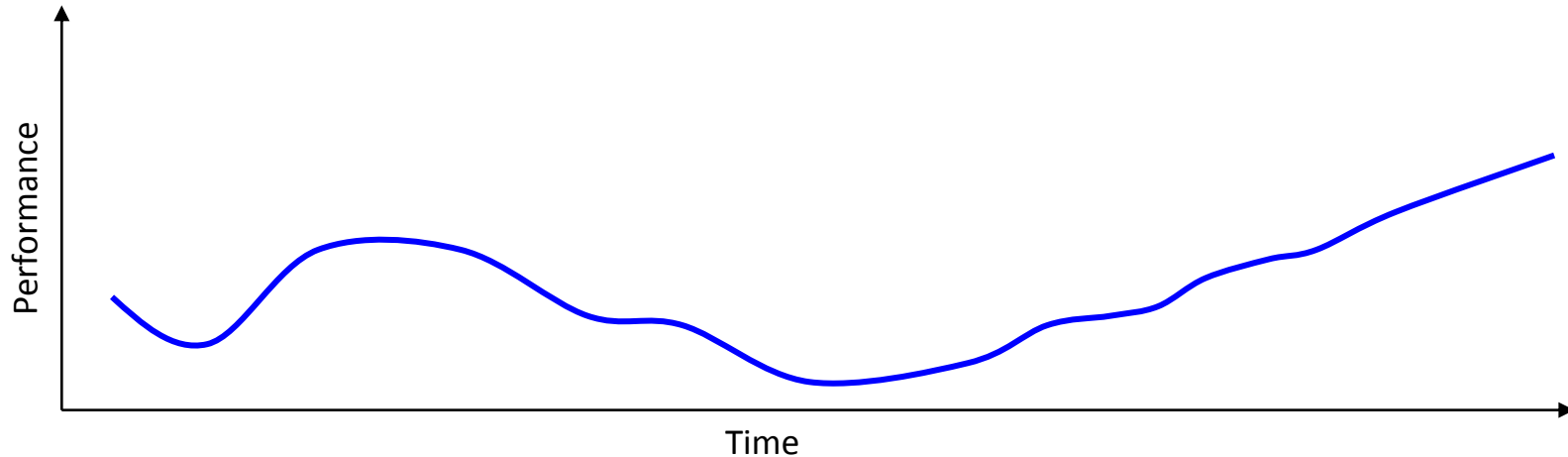
Psychodynamic Strategies:

- Understanding change dynamics
- Counselling people through change
 - Surfacing hidden issues
 - Addressing emotions
- Treating employees and managers as adults

Humanistic Strategies:

- Living the values
- Developing the learning organization
- Addressing the hierarchy of needs
 - Addressing emotions
- Fostering communication and consultation

Leadership Through Transition



Minimize shock;
Give full and early
communication
of intentions,
possibilities and
overall direction.

Be patient;
Discuss
implications of
change with
individuals;
Notice and pay
attention to
people's small
signals.

Listen, empathise, offer
support, protection;
Do not suppress conflict and
expression of difficult views
or emotions;
Help individuals weather the
storm;
Recognize how change can
trigger off past experiences
in individuals;
Try not to take others'
reactions personally.

Help others
complete;
Allow others to
take
responsibility;
Encourage;
Create goals;
Coach.

Encourage risk
taking;
Exchange
feedback;
Set up
development
opportunities.

Discuss
meaning and
learning;
Reflection;
Overview of
experience;
Celebrate
success.

Prepare to
move on.