

Qualification: CIPD Diploma in Applied Human Resources

Module Name: Understanding the Management of Change

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Date: 02/07/21

Implementing Change

Aims and Objectives

- Understand key principles, theories and models relating to organisational change.
- Understand the importance of communication and relationship management within change processes.
- Know how to plan, implement and monitor change processes.

Change Management

“Change management is defined as a structured approach to transitioning individuals, teams and organizations from a current state to a desired future state.”

(Austin, 2015)

Change is necessary for long term sustainability, so understanding how to implement change effectively is essential to success. Mis-managed change can have a long-term negative effect on an organisation and subsequently the people, potentially affecting employee engagement and morale.

The Society for Human Resource Management (SHRM) states that “rapid and regular organizational change is the new normal in many industries today”, (Austin, (2015)) and encourages organisations to be ready to respond to factors that drive organisational change, while considering the importance of communication and relationship management within change processes.

Several theories and change models exist to help organisations to plan, implement and monitor change processes.

Internal Drivers for Change in Organisations

INTERNAL DRIVERS

- New strategic objectives
- New products or service developments
- Work process changes
- Technological developments
- Organisational re-design
- Key staff changes
- Staff feedback
- Changes in investments, income or funding
- Health, safety and welfare issues
- Quality requirements
- Merger or acquisition



Internal and external factors drive organisational change. Internal factors are typically within the control of the organisation.

With artificial intelligence and automation shaping the world of work, organisations must change to remain competitive. The CIPD's Automation and Future of Work report highlights that "many businesses are struggling to adapt to new technologies" (CIPD, (2018)) and calls on the Government to address the gaps, such as prioritising workplace skills funding. With Oxford Economics reporting "up to 20 million manufacturing jobs worldwide will be lost to robots by 2030", (Press, (2019)) organisational change is inevitable. In 2019, Amazon responded to the increase in automation by committing to spend \$700 million to train its employees to be able to do more high-skilled jobs.

The CIPD describe organisational re-design as "a fundamental, wide reaching, future-focused activity that often requires a review of the entire organisation".

(Green, (2020)) Organisations review their structure as part of an improvement cycle and take a transformational approach to organisational re-design. Re-designing an organisation's structure to optimise performance and meet strategic objectives can be triggered by factors, such as the need to reduce operating costs in response to reducing profit margins.

The Health and Safety Executive regulates health and safety in the workplace and employers must "ensure, as far as is reasonably practicable, the health, safety and welfare at work of all employees", (Daniels.K, (2019), p. 249) which extends to "minimizing the risk of work-related mental health issues". (CIPD, (2020)) The CIPD's Health and Well-being survey reports that "44% of work-related ill health and 54% of working days lost" in 2018/19 was due to work relates stress, depression or anxiety. (Suff, (2020)) In 2017, the Conservative Party pledged to "transform how mental health is regarded in the workplace", (Scott, (2017)) acknowledging that organisations need to change to provide the level of support they were proposing. The increasing focus on workplace mental health undoubtedly forces organisational change.

External Drivers for Change in Organisations

EXTERNAL DRIVERS

- Political factors
- Economic changes
- Social
- Technological developments
- Legal requirements
- Environmental changes
- Globalisation
- Market developments
- Sector developments
- Competitor activity
- External quality requirements



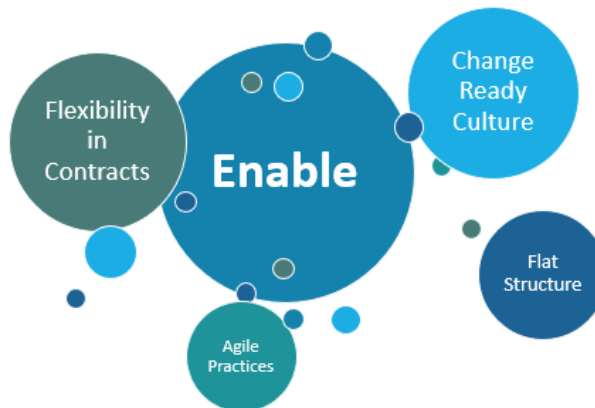
Several techniques can be used to analyse the external business environment. A PESTLE analysis is “one of the most effective frameworks available for understanding the ‘big picture’ and external environment in which an organisation operates.” (CIPD, 2020). It is used to identify and assess external factors that may impact strategy and organisational decision making, which can inform organisational change.

Political factors such as amending or passing a law can influence organisational change. In March 2020, the House of Commons introduced the Coronavirus Act 2020. Forbes reported that the pandemic “forced companies of all sizes to adapt and evolve”, (Morgan, (2020)) from normalising remote working to modernising traditional work arrangements. While it is hoped that the new ways of working will bring “increased productivity and deeper collaboration, and the ability to attract a more diverse workforce”, (Fogarty, et al., (2020)) organisations will need to change to be able to respond to these new ways of working long-term.

The environment can impact organisational change. Many large and influential organisations have pledged to reduce their use of plastic and reduce carbon emissions. In 2018 McDonalds announced they would replace plastic straws with paper straws in their UK restaurants, and more recently, have extended their commitment to reducing plastic by announcing their intention to "remove non-sustainable hard plastic from its iconic Happy Meal" (McDonalds, 2020) from 2021, a commitment that will inevitably force them to make changes to survive.

Globalisation is "the process enabling financial and investment markets to operate internationally, largely as a result of deregulation and improved communications". (Jeffrey, (2002)) Globalisation has increased considerably over the last few decades, with the World Wide Web playing a major part in its ongoing success. Globalisation drives competition, while technological advances and e-commerce have allowed organisations to be more efficient, effective, and competitive in the global market.

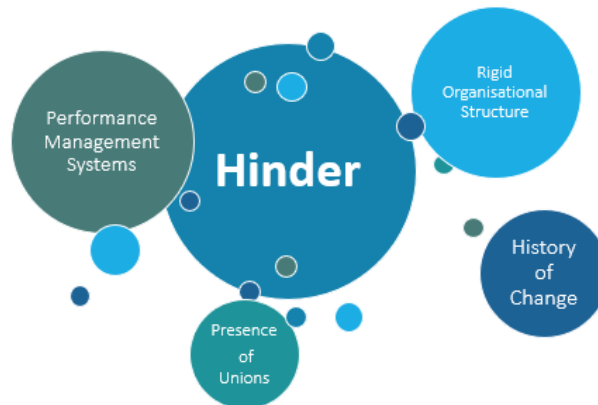
Organisational Factors that may Enable Change Processes



A flat structure may enable change, as it “supervises employees less while promoting their increased involvement in the decision-making process”, (Meehan, (2019)) and also allows for more agility, empowers employees, and encourages collaborative working. Communication is clearer, more effective, and faster as it does not need to be cascaded down through multiple levels, meaning there is less opportunity for miscommunication.

A flexibility clause in a contract of employment may enable change. While contractual changes require consultation, the law accepts occasions when contractual changes are required to remain competitive, and contract variations are not necessary if a flexibility clause exists. A flexibility clause allows reasonable contractual changes for good business reasons, such as a change to a place of work. Generally, employees are less likely to be averse to change where a flexibility clause exists.

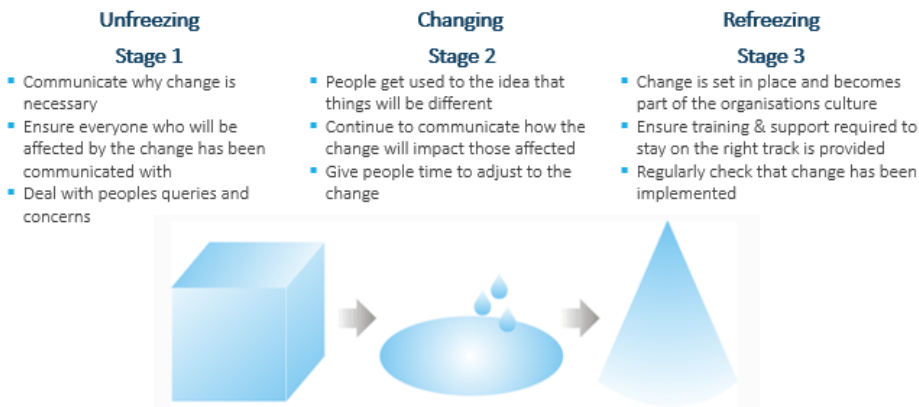
Organisational Factors that may Hinder Change Processes



A rigid organisational structure “cannot support agility, speed or engagement” (Minnaar, (2016)), all of which may hinder change. The layers of management create a culture of bureaucracy, and decision making tends to be slower. Communication will be negatively impacted due to having to cascade information down through multiple layers, meaning there is greater opportunity for miscommunication.

Trade unions exist to address the imbalance of bargaining power between employers and employees. Most trade unions are independent to the employer meaning the relationship between the two is built around common interests and goals. Their primary objective is collective bargaining, with their main role being negotiation of pay and working conditions. Employers have a legal obligation to inform and consult with trade unions on major organisational changes. Where agreement is not reached, the union can resort to industrial action, such as a ‘go slow’, or ‘strike’.

Lewin's 3 stage Model of Change



Several change theories and models of change exist to support change management, from McKinsey's Influence model to Kotter's 8-step change model and Lewin's three-stage Model of Change.

Lewin's Three-Stage Model of Change is one of the oldest and most well-known change management models, which "focuses on the psychological aspects of behaviour modification". (Rees & French, (2016), p. 112) Kurt Lewin believes change should happen in three stages.

Unfreezing

The current state must go through the unfreezing process to allow change to happen. This stage focuses on preparation, ensuring that employees are ready for change. Making employees aware of the need for change means that effective communication is crucial at this stage.

Change

This is the implementation stage where change is executed. This is a difficult and uneasy stage as employees are anxious and uncertain about the consequences of the change. Effective communication continues to be a vital element of the process as a means of reassurance.

Refreezing

This stage ensures that the change becomes permanent by reinforcing the new 'norm'. Employees establish new ways of working as they enter a state of equilibrium.

While some believe that the simplicity of Lewin's Change Model is a strength, others criticise its ability to adapt to today's modern organisations need for constant and rapid change. Its top-down approach may work in some circumstances, but it generally highlights a "lack of ownership within the rest of the business which can lead to the failure of changes to stick long-term". (Eveleigh, (2019))

McKinsey's Influence Model



McKinsey & Company (2020)

McKinsey's Influence model is a systematic approach that uses four 'actions', also referred to as 'building blocks', which reinforce each other and work to "change mind-sets and behaviour". (Basford & Schaninger, (2016))

The first building block is 'role modelling', which involves encouraging others to change through leading by example and having a 'do as I do' not a 'do as I say' ethos. Being visible and open about change encourages others to follow.

The next building block is 'understanding and conviction' which attempts to get 'buy-in' from employees. Managers should communicate what the change is, why it is happening, and how it will be implemented. Communication should be clear, concise, and frequent.

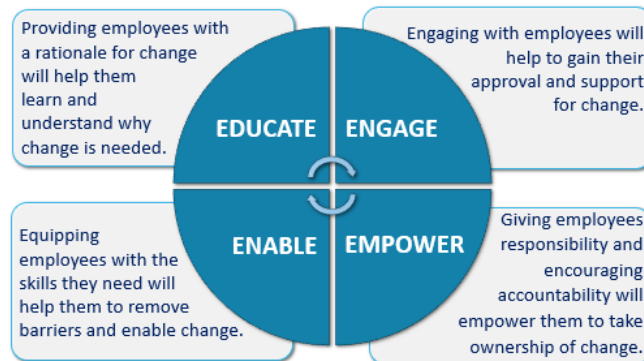
The third building block considers the 'talent and skills' required to achieve change. Managers should review and compare the current talent and skills

available to those that are required for success. Managers may consider upskilling existing employees through training and mentoring or hiring in to ensure missing talent and skills are available.

The final building block focuses on the 'formal mechanisms' in place to allow and support change, such as systems, policies and processes. Managers may also consider financial incentives, such as bonuses and non-financial incentives, such as responsibility as a means of further incentivising or rewarding success.

Whilst it is acknowledged that the Influence model considers the feelings of those affected by the change, it does have a somewhat top-down approach to change, but the fact that it encourages two-way communication is a positive aspect of the model.

How Positive Work Relationships can Support Change Processes



Positive work relationships can support and enhance change and build trust with employees will enable acceptance of change. A crucial element of building trust is honesty and transparency when explaining why change is needed, because “being clear on the meaningful purpose of the change, is an important factor in igniting and sustaining change”. (Howlett, (2017))

An Indeed article that discusses building workplace relationships states that good workplace relationships are characterised by trust, acceptance, team members and open communication. (Indeed, (2021)) Recognising how change will impact employees and anticipating their reactions will allow managers to identify suitable support strategies.

If conflict does arise, it should be handled positively to minimise the impact on the working relationship and the change process. Actively monitoring workplace relationships and taking steps to maintain them will help to keep

employees engaged.

A LinkedIn article states that change is a “continuous process that requires a certain mindset and set of behaviours” and believes that “enabling people to adopt a new mindset and set of behaviours, requires clarity on what the mindset and behaviours mean to them”. (Howlett, (2017)) This is demonstrated in the 4 E’s principles of human change, which is “a cyclical change model that enables behaviours and mindsets to feed off each other”. (Geraghty, (2019))

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Top-down channels of communication are an appropriate way to cascade information in organisations that have a clear hierarchy in place, ensuring that messages are delivered timely, and consistently. When this approach is executed effectively, messages cascade “like a set of dominos, triggering reactions and seamlessly executing orchestrated activities”. (Marmon, (2020)) Other methods of top-down communication include bulletins, team meetings and the intranet.

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environment. Encouraging collaboration at all levels of the organisation helps to build and maintain relationships and increase morale, which in turn improves the employee experience. Bottom-up communication includes all staff meetings, suggestion boxes and collective consultation.

Email is a quick and convenient way to communicate, giving the recipient an opportunity to digest the information. However, caution should be taken when composing the content. Emails can be overlooked or even ignored, meaning that messages may never be received. It can also be difficult to provide context in an email, and there is no control over how the email is interpreted.

An article that discusses the challenges organisations face with modern day communication, warns that “workplace communication is undergoing a major shift, with some huge potential pitfalls”. (Morgan, (2020)) With the move to remote working and the increase in digital communication, there is a greater chance of misinterpretation. Generation differences are becoming all too apparent, with the older generation being accused of being too harsh in their communications, and the younger generation accused of being too casual. Organisations must adapt to ensure digital communications reach all generations, whether that is through social media platforms, Zoom, Skype messages or email.

When going through a change process, it is important to create a communication plan to ensure that messages are as clear, relevant, and effective as possible. A communication plan is used to identify stakeholders, the preferred method of communication, how often communications will be made and who is responsible for each communication action.

Support can be provided for stakeholders in the form of advice, re-training, coaching, mentoring and employee representation. A Harvard Business Review article that discusses Coaching for Change, highlights that most people who go through change require support. The role of a coach when helping someone through change is to “ask good questions and listen intently” and help them “spot the learning opportunity, set the groundwork, and see things through”. (Boyatzis, et al., (2019))

Planning for Change



Several factors should be considered when planning for change. Fundamentally, a change plan should include:

Vision and objectives – determine why change is needed and consider what benefits the change will bring to the organisation. These should be revisited throughout the change process to ensure they are still valid.

Scope of activities - agree the specific activities that will be required to achieve the objectives, ensuring that the scope of activities can be achieved with the resources available.

People and roles – identify who will be involved in the change process and what role they will play. The core roles - change practitioner, sponsors, people managers, project manager and employees, "coordinate their unique talents

to deliver a single successful outcome". (Prosci, (2020))

Stakeholders – identify key stakeholders and determine their interest level and influence level. For example, a stakeholder with a high level of interest, combined with a high influence level is classified as a 'key player'.

Communication strategies – compile a communication strategy that considers the stakeholders, the preferred method of communication, how often communications will be made and who will action each communication.

Support strategies – identify what support is required to implement change such as coaching, mentoring and training, and put a strategy in place to support those involved in, and those affected by the change process.

Timescales and milestones – agree realistic and achievable milestones that allow for change to be implemented successfully within agreed timescales.

Resources – identify the resources required to implement the change process, such as finance, time, people, materials, equipment, training, support and guidance.

Monitoring and measuring – decide how change will be monitored and how success will be measured. This could be through consultation with employees or stakeholders, evaluating progress against objectives or using technology to collate feedback.

The SHRM's change management guide for HR professionals defines three phases of change management:

Design

The SHRM stress that "clearly defining the change is an essential part of the process". (Austin, (2015)) This involves assessing the current state to

determine the starting point. Organisations should consider where they want the change to take them, while identifying any gaps that need to be addressed to be able to implement change successfully. The end goals should be realistic and achievable, while remaining within the vision for change throughout the change process. Organisations should be mindful of potential barriers they may encounter when designing change, such as lack of quality data and limited stakeholder outreach.

Enact

This phase strives to maintain momentum through a number of techniques, which include applying best practices, identifying key stakeholders, appointing change champions, and selecting an experienced change team. The SHMR recommend that the change leader has “team leadership, motivation and budgeting skills, in addition to change management skills”. (Austin, (2015)) As with the design stage, organisations will face barriers to enacting change, such as missing expertise and organisational routines.

Sustain

Sustaining change focusses on ensuring that the change has been understood and that it continues to be rolled out across the organisation. Change can be sustained by applying several techniques, such as using HR surveys to measure the momentum and impact of the change process. The SHRM warn organisations that “sustaining a change is more complex than simply maintaining a steady state”, (Austin, (2015)) so efforts should be made to mitigate barriers that may be faced, including short-term pressure and conflicting cultures.

Example Change Plan

Created by		Date		Version	
Vision and Objectives					
Activities to achieve objectives (attach Gantt chart)					
Business case (evidence-based - include data, benefits of change, gap analysis – difference between current and future states, issues and risks)					
People affected (stakeholders – employees, particular employees, customers, shareholders)					
Scope of change (e.g., one site, one product group)					
Roles (project manager, sponsor, team members)					

A Change Plan, continued...

Communication strategy (attach communication plan, list of change champions)			
Support to be offered (advice, counselling, coaching, mentoring, representation, training - attach, for example, a training plan)			
Timings and milestones (see Gantt chart)			
Resources required, including cost (equipment, time, people, materials, guidance)			
Monitoring activities			
Success Measures			
Approved		Date	

Best Practice for Implementing Change Processes



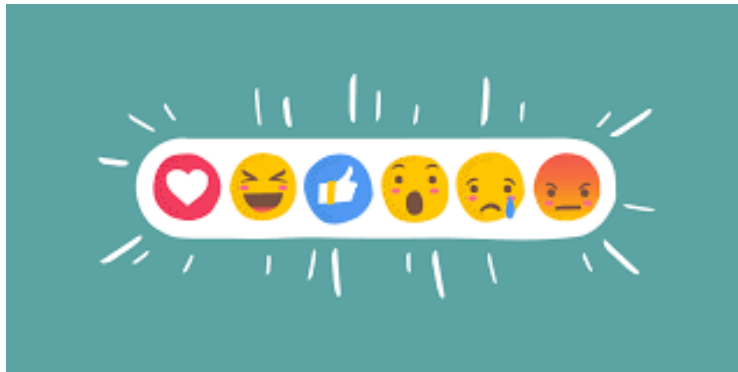
Prosci (2020)

With over 20 years' experience in change management, Prosci's research highlights "seven straightforward factors that impact the results of a change initiative". (Prosci, (2020))

Best practice is "a set of guidelines, ethics, or ideas that represent the most efficient or prudent course of action in a given business situation". (Kenton, (2021)) Organisations should follow best practice when implementing change. Generally, best practice starts with communicating the need for change clearly and consistently. The vision and benefits of change should be identified, specifically why change is needed, and what benefits the change will bring to the organisation. Continuous communication, before, during and after the change process is important and support should be available to stakeholders throughout the process. Resources, such as time and budget should be identified and allocated. Throughout the change process, change activity should be monitored and adjustments should be made where necessary to ensure that the change remains fit for purpose and that it continues to be aligned to the objectives. Finally, the impact of change should be assessed to

measure success and sustainability.

Monitoring Change Processes and Assessing the Impact of Change



Technology is a convenient and modern way to monitor and assess change. One method of using technology is to use staff pulse surveys, which are considered useful because “the scale, speed and evidence they provide allows you to adjust things quickly and accordingly”. (Browes, (2021))

Asking employees for feedback on a regular basis can improve employee engagement, and lead to improved employee satisfaction, well-being, productivity, and retention which is beneficial to the employee and the organisation.

As pulse surveys are quick and easy to complete, there tends to be a high response rate, but it is important to agree how often surveys will be sent out. Although the frequency of the surveys mean that feedback is more likely to be current and relevant, sending them out too often can become ineffective as employees may become increasingly less interested. Pulse surveys can also be

a distraction for employees, which could result in a reduction in productivity.

Pulse survey can be an effective tool for collecting quantitative data, but employers must listen to and act on the feedback given, or they can become discouraging, and employees may be reluctant to take part in future surveys. While pulse surveys are primarily used for collecting quantitative data, they can be used for open ended questions, but these should be by exception and limited to one per survey.

Qualitative data can be collected through focus groups - a form of employee voice, which allows employees to "communicate their views to their employer and influence matters that affect them at work", (Peters, (2020)). A focus group can either be used to supplement the quantitative data collected through pulse surveys or to collect feedback independently.

Focus group objectives should be agreed early on, with relevant questions prepared to keep participants focussed during the meeting. Employees should be selected from across the organisation, ensuring there is a varied representation taking part in the meeting. The results should be analysed and fed back to the stakeholders and focus group participants, to confirm what action, if any, will be taken. There are disadvantages to holding focus groups. It is prudent to be mindful of people dominating the group as this could be disruptive and even lead to distorted data.

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