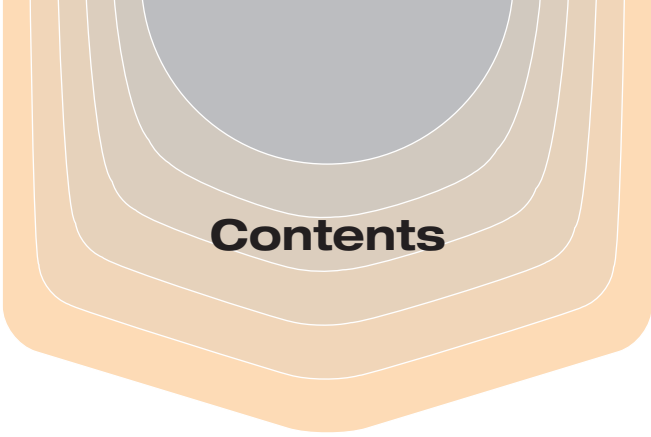




Contents

<i>List of figures and tables</i>	ix
<i>List of case studies</i>	xi
<i>List of research reports, examples and change tools</i>	xii
<i>Preface</i>	xiv
<i>Acknowledgements</i>	xx
<i>Abbreviations</i>	xxii
 Introduction and overview	 1
Part I The nature of change	14
1 Patterns of change	16
2 The process of change management	40
Part II Recognizing the need for change and starting the change process	58
3 Recognizing the need for change	60
4 Starting the change process	72
Part III Diagnosis	84
5 Open systems models and alignment	87
6 Other diagnostic models	105
7 Gathering and interpreting information for diagnosis	122
Part IV Managing the people issues	140
8 Power, politics and stakeholder management	143
9 The role of leadership in change management	159
10 Communicating change	174
11 Motivating others to change	191
12 Managing personal transitions	208
13 Modes of intervening	223
Part V Planning and preparing for change	240
14 Shaping implementation strategies	243
15 Developing a change plan	258

16	Types of intervention	270
17	Selecting interventions	283
Part VI	Implementing change	300
18	Collective learning in organizations	304
19	Action research	325
20	Appreciative inquiry	337
21	Training and development	350
22	High performance management	359
23	Business process re-engineering	370
24	Lean	379
25	Restructuring for strategic gain: mergers and acquisitions	394
26	Merging groups: combining people for enhanced performance	407
Part VII	Reviewing change	426
27	Reviewing change	427
Part VIII	Sustaining change	436
28	Making change stick	438
29	Spreading change	448
30	Pulling it all together: a concluding case study	456
	<i>Author index</i>	458
	<i>Subject index</i>	463

Patterns of change

The *Shorter Oxford Dictionary* offers several definitions of change, ranging from the 'substitution or succession of one thing in place of another' to the 'alteration in the state or quality of anything'. Changes can be large or small, evolutionary or revolutionary, sought after or resisted. This chapter examines the nature of change, reviews theories relating to patterns of change, considers some of the factors that facilitate or limit change and explores some of the implications of different types of change for change management practice. Attention is also given to the effects of change on individuals.

The chapter ends with two exercises. The first invites you to analyse the nature of the change involved in four case studies. The second invites you to reflect on the nature of the changes confronting the organization you work for, or another organization that you know well, and classify these changes using the conceptual frameworks presented in this chapter.

Until recently almost all received models of change were incremental and cumulative. This theoretical consensus had implications for change management practice. The aim of planned change efforts tended to be continuous improvement (what the Japanese refer to as 'kaizen') and most attention was focused on changing subsystems or parts of the organization in turn, rather than attempting to change the whole organization at once. Over the past 30 years, however, many traditional assumptions about the incremental nature of change have been revised.

The rate of change is not constant

Starting in the late 1970s, Tushman and his colleagues at Columbia University studied hundreds of companies in several industries over time (see Tushman and Romanelli, 1985; Tushman et al., 1986). They found evidence to support what many already knew. The rate of change, as an industry evolves, is not constant. It follows a sigmoidal (s-shaped) curve, with a slow beginning (lag phase) associated with experimentation and slow market penetration, a middle period of rapid growth (log phase) as the product gains acceptance and as dominant designs emerge, and finally a tapering off as more advanced or completely different products attract consumers' attention (Figure 1.1). The pattern then starts all over again.

Similar variations in the rate of change were identified much earlier by Ryan and Gross (1943), when they studied how 259 farmers in Iowa responded to the introduction of a new superior hybrid seed corn. The new seed was available in 1928 but it was 1932 before the first farmers began planting. In 1934, 16 farmers adopted the new seed, followed by slightly higher numbers in the following two years. But it was nine years after the seeds were first available before there was widespread acceptance. The breakthrough came in 1937. The first users were innovators who

'infected' the early adopters, a group who carefully monitored the success of the initial trials before deciding what to do. This group was followed by a mass of movers, the early and the late majority. The last group to adopt the seeds were the laggards and it was 1942 before all but two of the 259 farmers were planting the new seeds.

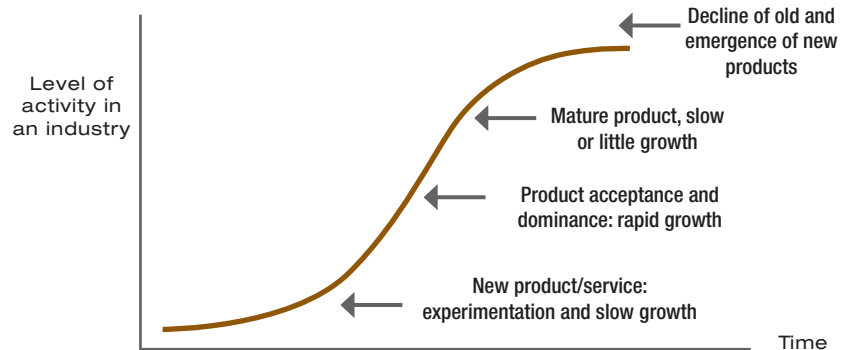


Figure 1.1 Pattern of industry evolution

Gladwell (2000), in his book *The Tipping Point*, cites some more dramatic examples – including the sudden and dramatic decline in crime in New York in 1990 and the takeoff of fax machines in the USA, when, only three years after they were first introduced, over a million machines were sold – to support his assertion that many social changes do not occur gradually. They spread like viral epidemics and change, when it happens, is sudden. The 'tipping point' is the name he gives to the dramatic moment in an epidemic when everything changes at once.

The proposition that some changes happen quickly, over relatively short periods of time, whereas others gradually evolve suggests that the tempo of change might provide a useful basis for thinking about the nature of change and the implications of different types of change for change management practice.

The punctuated equilibrium paradigm

Gould (1978) challenges the notion of incremental, cumulative change. He is a natural historian with an interest in Darwin's theory of evolution. Traditionalists assert that evolution involves a slow stream of small changes (mutations) that are continuously being shaped over time by environmental selection. While Gould accepts the principle of natural selection, he rejects the proposition that change is gradual and continuous. Gould (1978: 15) asserts that the evidence points to 'a world punctuated with periods of mass extinction and rapid origination among long stretches of relative tranquillity'. Some of his essays focus on the two greatest 'punctuations'. After four billion years of almost no change, there was the Cambrian explosion of life (about 600 million years ago) and, after another longish period of very slow change, the Permian extinction that wiped out half the families of marine invertebrates (225 million years ago).

Gersick (1991) has studied models of change in six domains – individual change, group development, organization development, history of science, biological evolution and physical science – and found support for the punctuated equilibrium paradigm in every domain. According to Gersick (1991: 12), the paradigm has the

following components: 'relatively long periods of stability (equilibrium), punctuated by compact periods of qualitative, metamorphic change (revolution)'. She goes on to assert that in all the models she studied across the six domains:

the relationship of these two modes is explained through the construct of a highly durable underlying order or deep structure. This deep structure is what persists and limits change during equilibrium periods and is what disassembles, reconfigures, and enforces wholesale transformation during revolutionary periods. (Gersick, 1991: 12)

The essence of the punctuated equilibrium paradigm is that systems (organizations) evolve through the alternation of periods of equilibrium, in which persistent 'deep structures' only permit limited incremental change, and periods of revolution, in which these deep structures are fundamentally altered. This is in stark contrast to the traditional gradualist paradigm, which suggests that:

- ▶ an organization (or an organizational subsystem) can accommodate any change at any time so long as it is a relatively small change
- ▶ a stream of incremental changes can, over a period of time, fundamentally transform the organization's deep structure.

Deep structure

Gersick (1991: 16) refers to deep structure as the fundamental choices an organization makes that determine the basic activity patterns that maintain its existence. She argues that deep structures are highly stable because the trail of choices made by a system (organization) rule out many options and rule in those that are mutually contingent – 'early steps in the decision tree are the most fateful'. She also argues that the activity patterns of a system's deep structure reinforce the system as a whole through mutual feedback loops.

Tushman and Romanelli (1985) identify five key domains of organizational activity that might be viewed as representing an organization's deep structure. These are organizational culture, strategy, structure, power distribution and control systems. Romanelli and Tushman (1994) go on to assert that it takes a revolution to alter a system of interrelated organizational parts when it is maintained by mutual dependencies among the parts, and when competitive, regulatory and technological systems outside the organization reinforce the legitimacy of the managerial choices that produced the parts.

Greenwood and Hinings (1996) offer a slightly different perspective based on neo-institutional theory, but the core argument is the same; there is a force for inertia that limits the possibility for incremental change, and that this resistance to change will be strongest when the network of mutual dependencies is tightly coupled. Greenwood and Hinings' (1996: 1023) argument is that a major source of resistance to change stems from the 'normative embeddedness of an organization within its institutional context'. Organizations must accommodate institutional expectations in order to survive. They illustrate this point with reference to the way institutional context has influenced the structure and governance of accounting firms. They were (and most still are) organized as professional partnerships, not because that form of governance facilitated efficient and effective task performance, but because it was defined as the appropriate way of organizing the conduct of accounting work.

The parameters offered by such an archetypal template provide the context for convergent change. Greenwood and Hinings (1996: 1025) suggest, for example, that an accounting firm operating as a professional partnership could, as it grows,

introduce some form of representative democracy in place of the traditional broadly based democratic governance. This kind of incremental change could be achieved because it is perceived to be consistent with prevailing core ideas and values. However, a move towards a more a bureaucratic form of authority and governance might encounter strong resistance because it is perceived to be inconsistent with the prevailing template. Such a radical change would involve the organization moving from one template-in-use to another.

These templates work in the same way as Gersick's deep structures. However, the degree of embeddedness and the strength of these templates may vary between sectors, and this will affect the power of the template to limit the possibility for incremental cumulative change in any particular organization. In the case of the accounting profession, the partnership organizational form, with its commitment to independence, autonomy and responsible conduct, is supported by a strong network of reciprocal exchanges between professional associations, universities, state agencies and accounting firms. The outcome is a situation where individual accounting firms are tightly coupled to the prevailing archetypal template. Greenwood and Hinings (1996) argue that radical change in tightly coupled fields will be unusual, but if it does occur, it will be revolutionary. However, in loosely coupled fields, radical change will be more common and will tend to be evolutionary and could unfold over a relatively long period of time.

Equilibrium periods

Gersick (1991: 16) introduces the analogy of the playing field and the rules of the game to describe an organization's deep structure, and the game in play to describe activity during an equilibrium period. How a game of football is played may change over the course of a match, but there is a consistency that is determined by the nature of the playing field and the rules of the game. The coach and the players can intervene and make changes that will affect team performance, but they cannot intervene to change the nature of the playing field or the rules of the game (the deep structure). In terms of organizational change, during periods of equilibrium, change agents can intervene and make incremental adjustments in response to internal or external perturbations, but these interventions will not fundamentally affect the organization's deep structure.

An important question is: 'Why do organizations find it hard to change?' According to the punctuated equilibrium paradigm, organizations are resistant to change in equilibrium periods because of forces of inertia that work to maintain the status quo. Gersick argues that so long as the deep structure is intact, it generates a strong inertia to prevent the system from generating alternatives outside its own boundaries. Furthermore, these forces for inertia can pull any deviations that do occur back into line.

Gersick (1991) identifies three sources of inertia: cognitive frameworks, motivation and obligations. Organizational members often develop shared cognitive frameworks and mental models that influence the way they interpret reality and learn. Shared mental models can restrict attention to thinking 'within the frame'. With regard to change, attention may be restricted to searching for ways of doing things better. In periods of equilibrium, assumptions about the organization's theory of business (Drucker, 1994) often go unchallenged and organizational members fail to give sufficient attention to the possibility of doing things differently or even doing different things. (See Hodgkinson and Healey, 2008, for details of studies that have considered the role of mental representations in both organizational inertia and strategic adaptation.)

Motivational barriers to change are often related to the fear of loss, especially with regard to the sunk costs incurred during periods of equilibrium. Gersick (1991: 18) refers to the fear of losing control over one's situation if the equilibrium ends and argues that this contributes heavily to the human motivation to avoid significant system change. Thaler and Sunstein (2009) draw on the work of Samuelson and Zeckhauser to argue that for lots of reasons people prefer to stick with their current situation.

Obligations can also limit change. Tushman and Romanelli (1985: 177) note that even if a system can overcome its own cognitive and motivational barriers against realizing a need for change, the networks of interdependent resource relationships and value commitments generated by its structure will often prevent it being able to achieve the required change. This view, at least in part, adds support to Greenwood and Hining's (1996) proposition that the normative embeddedness of an organization can limit change.

Episodes of discontinuous change occur when inertia, that is, the inability of organizations to change as rapidly as their environment, triggers some form of revolutionary transformation.

Revolutionary periods

Gersick (1991) asserts that the definitive element of the punctuated equilibrium paradigm is that organizations do not shift from one 'kind of game' to another through incremental steps. This, according to Romanelli and Tushman (1994), is because resistance to change prevents small changes in organizational units from taking hold and substantially influencing activities in related subunits. Consequently, small changes do not accumulate incrementally to transform the organization.

Weick and Quinn (1999) note that punctuated equilibrium theorists posit that episodes of revolutionary change occur during periods of divergence when there is a growing misalignment between an organization's deep structure and perceived environmental demands. They report that the metaphor of the firm implied by conceptions of episodic change is an organization that comprises a set of interdependencies that converge and tighten (become more closely aligned) as short run adaptations are pursued in order to achieve higher levels of efficiency. This focus on internal alignment deflects attention away from the need to maintain external alignment and, consequently, the organization is slow to adapt to environmental change. Inertia maintains the state that Lewin (1947) described as stable, quasi-stationary equilibrium until misalignment reaches the point where major changes are precipitated. The only way forward is for the organization to transform itself. Gersick (1991: 19) argues that the transformation of deep structures can only occur through a process of wholesale upheaval:

According to this logic, the deep structures must first be dismantled, leaving the system temporarily disorganized, in order for any fundamental change to be accomplished. Next, a subset of the system's old pieces, along with some new pieces, can be put back together into a new configuration, which operates according to a new set of rules.

This process of revolutionary change and organizational transformation provides the basis for a new state of equilibrium. However, because of forces of resistance that inhibit continuous adaptation, this new equilibrium gives rise to another period of relative stability that is followed by a further period of revolutionary change. This process continues to unfold as a process of punctuated equilibrium.

Those who subscribe to the punctuated equilibrium paradigm argue that revolutionary episodes may affect a single organization or a whole sector. Marks & Spencer is an organization that was faced with the need to reinvent itself when, even after a long period of incremental change, it found itself misaligned with its environment and performing less well than other leading retailers. An example of a whole sector that was faced with the need to change its deep structure is the electricity supply sector in the UK. When the Conservative government decided to privatize the industry, this created a new playing field and a new set of rules for all the utility companies in the sector.

Support for the punctuated equilibrium paradigm

Numerous case histories offer support for the punctuated equilibrium paradigm. Pettigrew (1987) reports a study of change in ICI over the period 1969–86. He found that radical periods of change were interspersed with periods of incremental adjustment and that change in core beliefs preceded changes in structure and business strategy. Tushman et al. (1986) examined the development of AT&T, General Radio, Citibank and Prime Computers and observed periods during which organizational systems, structures and strategies converged to be more aligned with the basic mission of these organizations. They also observed that these equilibrium periods were punctuated by brief periods of intense and pervasive change that led to the formulation of new missions and then the initiation of new equilibrium periods. The first direct test of the paradigm was Romanelli and Tushman's (1994) empirical study of microcomputer producers, the key elements of which are summarized in Research report 1.1.

Research report 1.1

Study of microcomputer producers

Romanelli, E. and Tushman, M.L. (1994) Organizational transformation as punctuated equilibrium: an empirical test, *Academy of Management Journal*, 37(5): 1141–66



According to the punctuated equilibrium model, radical and discontinuous change of all or most organizational activities is necessary to break the grip of strong inertia. This provides the basis of Romanelli and Tushman's first hypothesis:

Organizational transformations will most frequently occur in short, discontinuous bursts of change involving most or all key domains of organizational activity.

Resistance to change is critical to punctuated equilibrium theory in that it establishes the key condition that supports revolutionary transformation. Resistance prevents small changes in organizational subunits from taking hold or substantially influencing activities in related subunits. This gives rise to their second hypothesis:

Small changes in individual domains of organizational activity will not accumulate incrementally to yield a fundamental transformation.

Their final set of three hypotheses addressed how organizational transformation is stimulated. Since the punctuated equilibrium model posits strong inertia as the common state of organizational affairs, they hypothesized that this inertia will be broken by a severe crisis in performance, major changes in the organization's environment, and succession of its chief executive officer (CEO).

Method

Romanelli and Tushman studied the life histories of 25 minicomputer producers founded in the USA between 1967 and 1969. The firms were selected to maximize organizational similarities on dimensions of organizational age and the environmental characteristics that the organizations faced during founding and later in their lives.



Data were collected for all years of the organizations' lives from a variety of sources, including information required by the Securities and Exchange Commission, annual reports, prospectuses, and industry and business press reports. They found that detailed information about strategies, structures and power distributions was available for all organizations throughout their lives. However, they also found that organizations reported information about cultures and control systems infrequently and inconsistently. Consequently, Romanelli and Tushman dropped the culture and control system domains of activity from further analysis and focused their attention on structure, strategy and power distributions.

Fundamental organizational transformations, which could be either revolutionary or non-revolutionary, were identified as occurring whenever substantial changes were observed in the strategy, structure and power distribution domains of organizational activity. Revolutionary transformations were defined as occurring whenever changes in all three strategy, structure, and power distributions occurred within any two-year time period. NB: Two years was selected because some of the data were presented for corporate fiscal years and some for calendar years; however, they found that the majority of the revolutionary transformations actually occurred within a single year. Non-revolutionary transformations were identified in two ways. First, whenever there were substantial changes over a period longer than two years and, second, when small changes accumulated to a 30% change and when all three domains exhibited this level of change.

Results

The key findings of the study were that:

- 1 A large majority of organizational transformations were accomplished via rapid and discontinuous change.
- 2 Small changes in strategies, structure and power distribution did not accumulate to produce fundamental transformations. This finding provides additional evidence that fundamental organizational transformations tend to occur in short, discontinuous bursts.
- 3 Triggers for transformations were major environmental changes and CEO succession.

The gradualist paradigm

The gradualist paradigm posits that fundamental change (organizational transformation) can occur through a process of continuous adjustment, and does not require some major discontinuous jolt to the system in order to trigger a short episode of revolutionary change. Change is evolving and cumulative.

Brown and Eisenhardt (1997) argue that many firms compete by changing continuously. They cite companies such as Intel, Wal-Mart, 3M, Hewlett-Packard and Gillette and suggest that for them the ability to change rapidly and continuously is not just a core competence but is at the heart of their cultures. They refer to Burgelman (1991) and Chakravarthy (1997), who suggest that continuous change is often played out through product innovation as companies change and sometimes transform through a process of continually altering their products. Hewlett-Packard is identified as a classic case. The company changed from an instruments company to a computer firm through rapid, continuous product innovation, rather than through a sudden punctuated change.

Continuous change, when it occurs, involves the continuous updating of work processes and social practices. Weick and Quinn (1999) argue that this leads to new patterns of organizing in the absence of a priori intentions on the part of some change agent. It is emergent in the sense that there is no deliberate orchestration of

change. It is continuous and is the outcome of the everyday process of management. They cite Orlikowski (1996), who suggests that continuous change involves individuals and groups accommodating and experimenting with everyday contingencies, breakdowns, exceptions, opportunities and unintended consequences, and repeating, sharing and amplifying them to produce perceptible and striking changes.

Weick and Quinn (1999) observe that the distinctive quality of continuous change is the idea that small continuous adjustments, created simultaneously across units, can cumulate and create substantial change. They identify three related processes associated with continuous change: improvisation, translation and learning:

- ▶ *Improvising* facilitates the modification of work practices through mutual adjustments in which the time gap between planning and implementing narrows towards the point where composition (planning) converges with execution (implementation).
- ▶ *Translation* refers to the continuous adoption and editing of ideas as they travel through the organization.
- ▶ *Learning* involves the continuous revision of shared mental models, which facilitates a change in the organization's response repertoire.

Weick and Quinn (1999: 372) suggest that

organisations produce continuous change by means of repeated acts of improvisation involving simultaneous composition and execution, repeated acts of translation that convert ideas into useful artefacts that fit purposes at hand, or repeated acts of learning that enlarge, strengthen, or shrink the repertoire of responses.

Brown and Eisenhardt (1997) studied product innovation in six firms in the computer industry at a time of rapid product development associated with the Pentium processor, multimedia, internet and the convergence of telephony with consumer electronics. Three of their case studies related to firms with a record of successful product innovation and business performance and three related to firms with a relatively poor record of developing multi-product portfolios. They identified three characteristics of the firms that were able to manage change as a continuous process of adjustment: semi-structures that facilitated improvisation, links in time that facilitated learning, and sequenced steps for managing transitions.

While the punctuated equilibrium paradigm stresses the interdependence of organizational subunits and a web of interdependent relationships with buyers, suppliers and others that legally and normatively constrain organizations to established activities and relationships (Romanelli and Tushman, 1994), the gradualist paradigm emphasizes the relative independence of organizational subunits. This loose coupling facilitates change within subunits. Over time, as unit managers repeatedly alter their goals and relationships to accommodate changes in local environments, the organization as a whole can be transformed. As noted above, Greenwood and Hinings (1996) support the view that tightly coupled relationships are resistant to change and when change does occur, it tends to be revolutionary, but recognize that in loosely coupled fields, radical change can be evolutionary. Weick and Quinn (1999), however, suggest that when interdependencies are loose, continuous adjustments tend to be confined within subunits and remain as pockets of innovation. Continuous adjustment, therefore, may not always lead to fundamental change.

Burke (2002) speculates that more than 95% of organizational changes are, in some way, evolutionary, but he questions Orlikowski's assumption that this can lead to sufficient modification to achieve fundamental change. He asserts that it is difficult to overcome inertia and equilibrium without a discontinuous 'jolt' to the system:

Organisation change does occur with continuous attention and effort, but it is unlikely that fundamental change in the deep structure of the organization would happen. (Burke, 2002: 69)

The nature of change confronting most organizations

Dunphy (1996) argues that planned change is triggered by the failure of people to create a continuously adaptive organization, the kind of organization that is referred to in Chapter 18 as an effective learning organization. Weick and Quinn (1999) suggest that this holds true whether the focus is episodic or continuous change, and they propose that the ideal organization in both cases would resemble the successful self-organizing and highly adaptive firms that Brown and Eisenhardt found in the computer industry. However, while some organizations might achieve this ideal and become so effective at double loop collective learning (see Chapter 18) that they are never misaligned with their environment, most do not. The majority of organizations, if they survive long enough, experience episodes of discontinuous revolution as well as continuous incremental change.

There are three main categories of organizations that may not experience periods of discontinuous change. These are:

- 1 The kind of self-organizing and continuously changing learning organizations identified by Brown and Eisenhardt.
- 2 Companies operating in niche markets or slow-moving sectors where they have not yet encountered the kind of environmental change that requires them to transform their deep structures.
- 3 Organizations that are able to continue functioning without transforming themselves because they have sufficient 'fat' to absorb the inefficiencies associated with misalignment.

With these exceptions, most organizations experience change as a pattern of punctuated equilibrium. This pattern involves relatively long periods of equilibrium, during which an organization may only engage in incremental change, punctuated with short episodes of discontinuity during which an organization's survival may depend on its ability to transform itself.

Incremental change

According to the punctuated equilibrium paradigm, incremental change is associated with those periods when the industry is in equilibrium and the focus for change is 'doing things better' through a process of continuous tinkering, adaptation and modification. Nadler and Tushman (1995) make the point that incremental changes are not necessarily small changes. They can be large in terms of the resources needed and the impact on people. A key feature of this type of change is that it builds on what has already been accomplished and has the flavour of continuous improvement. According to the gradualist paradigm, incremental change can be cumulative and, over time, can lead to an organization transforming its deep structures and reinventing itself. However, according to the punctuated equilibrium paradigm, incremental change is incapable of fundamentally transforming the deep structures of an organization.

Transformational change

According to the punctuated equilibrium paradigm, transformational change occurs during periods of disequilibrium. Weick and Quinn (1999) and Gersick (1991)

refer to this kind of change as ‘revolutionary’, but most writers, for example Tichy and Devanna (1986), Kotter (1999) and Burke and Litwin (1992), use the term ‘transformational change’. It involves a break with the past, a step function change rather than an extrapolation of past patterns of change and development. It is based on new relationships and dynamics within the industry that may undermine core competencies, and question the very purpose of the enterprise. This kind of change involves doing things differently rather than doing things better. It might even mean doing different things. The reprographics industry provides a good example of a sector that was faced with a major discontinuity. Companies found that their core competence in optical reproduction was undermined when digital scanning technology was developed and made available to their customers.

The studies undertaken by Tushman and colleagues (summarized in Nadler and Tushman, 1995) suggest that most companies not only go through periods of continuous incremental and discontinuous transformational change, but that:

- ▶ this pattern of change repeats itself with some degree of regularity
- ▶ patterns vary across sectors, for example periods of discontinuity may follow a 30-year cycle in cement, but a 5-year cycle in minicomputers
- ▶ in almost all industries the rate of change is increasing and the time between periods of discontinuity is decreasing (Figure 1.2).

This last point is important because it predicts that all managers will be confronted with an ever greater need to manage both incremental and transformational change.

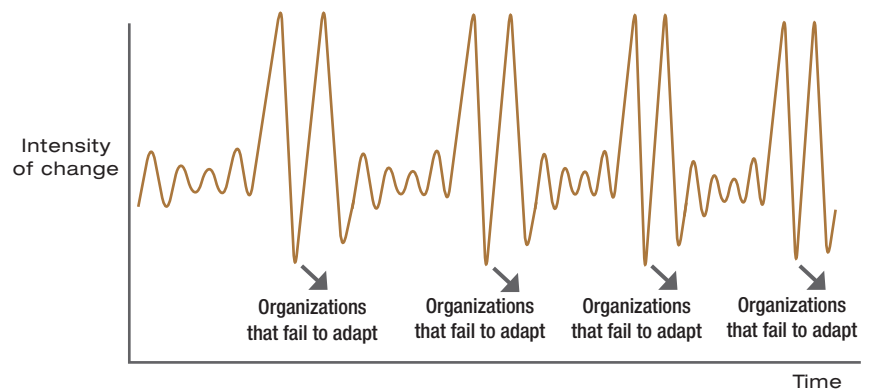


Figure 1.2 *Punctuated equilibrium: a recurring pattern of continuous and transformational change*

Not all organizations are able to successfully negotiate episodes of discontinuity and those that fail to adapt may drop out or be acquired by others. Forester and Kaplan (2001) provide chilling evidence of the consequences of failing to adapt. They refer to changes in the *Forbes* top 100 companies between 1917 and 1987. Out of the original 100 companies, only 18 were still in the list in 1987 and 61 no longer existed.

The possibility of anticipating change

Sometimes it is relatively easy to anticipate the need for change. For example, companies operating in the European Union can, if they pay appropriate attention, anticipate the impact of new regulations that are currently being discussed in

Brussels. Companies competing in markets where margins are being squeezed can anticipate the need to secure greater efficiencies or generate new income streams. There are, however, occasions when organizations are confronted with changes that are difficult to anticipate, for example the effects of the 9/11 terrorist attacks or the SARS epidemic.

Some organizations are much better at anticipating the need for change than others. They are proactive. They search out potential threats and opportunities. They prepare for destabilizing events that might occur or anticipate changes they could initiate to gain competitive advantage. Other organizations are much more reactive and only act when there is a clear and pressing need to respond.

Whether the need is for incremental or transformational change, the earlier the need is recognized, the greater the number of options managers will have when deciding how to manage it. Whenever managers are forced to react to an urgent and pressing need to change, they are relatively constrained in what they can do. For example:

- ▶ *There is less time for planning:* Careful planning takes time, something that is more likely to be available to those who are proactive and anticipate the need for change.
- ▶ *There is unlikely to be sufficient time to involve many people:* Involving people and encouraging participation in the change process can aid diagnosis, reduce resistance and increase commitment, but this also takes time.
- ▶ *There will be little time to experiment:* Early movers not only have time to experiment, they may also have the time to try again if the first experiment fails. When there is a pressing need for change, it is more difficult to search for creative solutions.
- ▶ *Late movers may have little opportunity to influence shifts in markets and technologies:* Early movers may have the opportunity to gain a competitive advantage by not only developing but also protecting, for example through patents, new products or technologies.

A typology of organizational change

Combining two of the dimensions of change discussed so far, the extent to which change involves incremental adjustment or transformational change and the extent to which the organization's response to change is proactive or reactive, provides a useful typology of organizational change (see Figure 1.3).

	Incremental	Transformational
Proactive	Tuning	Reorientation
Reactive	Adaptation	Re-creation

Figure 1.3 *Types of organizational change*

Source: Adapted from Nadler et al., 1995: 24

Nadler et al. (1995) identify four types of change:

- 1 *Tuning* is change that occurs when there is no immediate requirement to change. It involves seeking better ways of achieving and/or defending the strategic vision,

for example improving policies, methods, procedures; introducing new technologies; redesigning processes to reduce cost, time to market and so on; or developing people with required competencies. Most organizations engage in a form of fine-tuning much of the time. This approach to change tends to be initiated internally in order to make minor adjustments to maintain alignment between the internal elements of the organization and between the organization's strategy and the external environment.

- 2 *Adaptation* is an incremental and adaptive response to a pressing external demand for change. It might involve responding to a successful new marketing strategy adopted by a competitor or to a change in the availability of a key resource. Essentially, it broadly involves doing more of the same but doing it better in order to remain competitive. An example of adaptive change might be what happens when one company, for example Nestlé, is forced to respond to a competitive move by another, for example Mars may have either increased the size or reduced the price of some of its confectionary products. This kind of change is not about doing things in fundamentally different ways or about doing fundamentally different things.

While tuning and adaptation can involve minor or major changes, they are types of change that occur within the same frame, they are bounded by the existing paradigm. Reorientation and re-creation, on the other hand, are types of change that, to use Gersick's analogy, target the playing field and the rules of the game rather than the way a particular game is played. They involve transforming the organization and bending or breaking the frame to do things differently or to do different things.

- 3 *Reorientation* involves a redefinition of the enterprise. It is initiated in anticipation of future opportunities or problems. The aim is to ensure that the organization will be aligned and effective in the future. It may be necessary to modify the frame but, because the need for change has been anticipated, this could involve a gradual process of continuous frame bending. Nestlé offered a good example of reorientation in the mid-1980s. At a time when it was doing well, it embarked on a major change programme to ensure that it would remain aligned to its environment over the medium term. It initiated a top-down review to decide which businesses it should be in. Should it, for example, be in the pet foods business, continue to manufacture baked beans at a time when margins on that product were diminishing, or, as a major consumer of tin cans, supply its own or buy them in on a just in time basis? It also embarked on a major project to re-engineer the supply chain across the business and a bottom-up analysis of the added value contributed by each main activity. British Gas provides another example. After it had been privatized as a monopoly supplier of gas, the company was referred to the Monopolies and Mergers Commission. It was obvious to the top team that when the commission delivered its report, the company would be forced to change and might even be broken up. In order to prepare for this, a team of 10 senior managers was created to explore and test possible scenarios and help the organization to develop the capability to respond to the inevitable, but at that time unspecified, changes it would have to face.

In those cases where the need for change is not obvious to all and may not be seen as pressing by many, senior management (as in the British Gas example) may need to work hard in order to create a sense of urgency and gain widespread acceptance of the need to prepare for change.

- 4 *Re-creation* is a reactive change that involves transforming the organization through the fast and simultaneous change of all its basic elements. Nadler and Tushman (1995) state that it inevitably involves organizational frame breaking

and the destruction of some elements of the system. It can be disorienting. An often cited example of this kind of change is that introduced by Lee Iacocca when he became the new CEO at Chrysler. He embarked on a process of revolutionary change that involved replacing most of the top team, withdrawing the company from the large car market and divesting many foreign operations.

The most common type of change is incremental (either fine-tuning or adaptation) but it is not unusual for a single organization to be involved in more than one type of change at the same time. Confronted with ever diminishing opportunities to grow the mining business, UK Coal reappraised its assets and considered how it might revise its theory of business. The way forward was to explore the possibility of redefining the company as a land and property management and mining company. This reorientation involved many changes including bringing in new people with competencies in the area of land and property management. However, while this transformational change was being implemented at the highest level, the company was also pursuing incremental continuous improvement programmes to increase the efficiency of individual deep mines.

Implications of these different types of change for change management practice

Different types of change can affect the focus for change efforts, the sequence of steps in the change process and the locus for change, as discussed below.

The focus for change efforts

With incremental change, the aim is to improve alignment between existing organizational components in order to do things better and improve the efficiency of the organization (see Figure 1.4). With transformational change, the aim is to seek a new configuration of organizational components in order to realign the organization with its changing environment. As noted above, this often leads to doing things differently or doing different things.

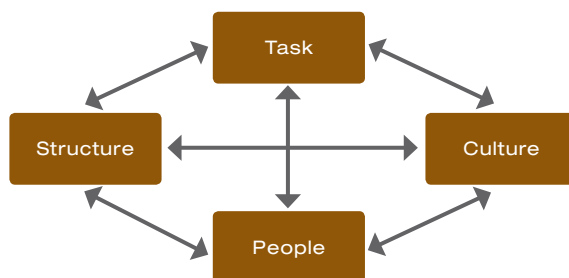


Figure 1.4 *Internal alignment*

The sequence of activities required to achieve a desired outcome

Inertia is often one of the major barriers to change. As an organization moves through a period of equilibrium, interdependencies tighten, ideologies that prescribe the best way of operating become more widely accepted and the fear of losing benefits associated with the status quo strengthens the resistance to change. The first step in the

change process, therefore, involves equilibrium breaking, a step that Lewin (1947) referred to as ‘unfreezing’ (Figure 1.5). This unfreezing creates the conditions that facilitate transitioning, moving the organization to a new state.

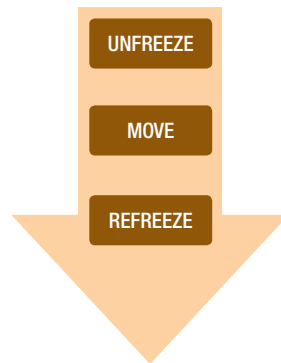


Figure 1.5 *Lewin's three-step change process*

The need to unfreeze is not limited to transformational change. Even when the change is a relatively small incremental change, there may still be resistance from ‘local’ organizational members and other stakeholders. Thus with most types of change, unfreezing is an essential first step in the change process. However, in a minority of cases, where constantly adapting organizations (of the type identified by Brown and Eisenhardt, 1997) are operating in high-velocity environments, the issue might not be overcoming inertia and unfreezing the organization but redirecting the continuous process of change that is already underway. Weick and Quinn (1999: 379) suggest that the appropriate change sequence required to redirect this kind of continuous change starts with ‘freezing’ in order to take stock and highlight what is happening, then moving on to ‘rebalancing’, a process that involves reinterpreting history and resequencing patterns so that they unfold with fewer blockages, followed by ‘unfreezing’ to resume improvisation, translation and learning ‘in ways that are more mindful of sequences, more resilient to anomalies, and more flexible in their execution.’

The locus for change

Nadler and Tushman (1995) argue that an important factor that determines how change will be managed is the intensity, that is, level of trauma and dislocation, of the change. With reference to the typology of change presented above, transformational change is more intense than incremental change. Gersick (1991) observes that since organizations are no longer directed by their old deep structures, and do not yet have future directions, organizational members (including senior managers) experience uncertainty, often accompanied by powerful emotions. Reactive change is also more intense than proactive change. Nadler and Tushman (1995) contend that during reactive change, everybody is aware that failure may threaten survival. Furthermore, organizational members may find that their efforts are constrained by time pressures, and often by a shortage of resources. They go on to argue that tuning is the least intense, followed by adaptation. There is a jump in intensity associated with reorientation but the highest level of intensity is associated with re-creation (see Figure 1.6).



Figure 1.6 *Intensity of change*

The main thrust of their argument is that when the intensity of change is low, it can usually be managed through project management and other forms of implementation associated with normal management processes and systems of accountability. As the intensity of change increases, so does the burden of change management until it reaches a point where it cannot easily be managed through normal management processes. When the intensity of change reaches this level, senior management often create special structures and roles to aid the process and they may even appoint an internal or external change agent to facilitate the change. Nadler and Tushman (1995: 32) refer to this approach to change management as ‘transition management’:

It involves mechanisms specially created for the purpose of managing a specific change ... the senior team plays a supporting role, and the organization continues to be run as it was before. If the change is intense enough, it may appear on the senior team’s agenda as one of a number of important items to be reviewed and managed over time.

However, as the intensity of changes increases still further, change management is no longer just one of the items on the senior team’s agenda, it is the senior team’s agenda and the CEO assumes responsibility for directing the change rather than delegating it to others.

New patterns of change

Gersick’s (1991) multi-level and multi-domain exploration of punctuated equilibrium suggests that this pattern of change is not new. What is new is how people are experiencing it. When the pace of change was slower, a good number of people could spend their entire working life in organizations that were never significantly misaligned with their environment. Consequently, their experience of organizational change might have been confined to incremental fine-tuning and adaptation. However, with the increasing pace of change, many more organizations have experienced periods of strategic drift (Johnson et al., 2008) and misalignment with their environment to the point where the only way forward requires some form of radical transformation.

Nadler and Tushman (1995) report research findings indicating that the periods between episodes of revolutionary change are becoming shorter and shorter. Therefore, while the underlying pattern of change may not be changing, an acceleration in the pace of change is affecting the way many organizations and organizational members are experiencing change.

The impact of change on organizational members

It is 40 years since Toffler, an eminent futurologist, published his book *Future Shock* in which he discussed three aspects of change and speculated about how they would affect people. Addressing the title of his book, Toffler (1970) argues that, in many respects, ‘future shock’ is similar to culture shock, but with one important difference – there is no going back. If people find it difficult to adapt to a new culture, there is often the alternative of returning to the familiar culture they left behind. For example, if emigrants fail to settle in a new country (national culture),

it might be possible for them to return home. However, when confronted with future shock, this option is unlikely to be as available.

Future shock is the product of three related trends:

- 1 *Transience*: Impermanence and transience are increasingly becoming important features of modern life because of a major expansion in the scale and scope of change and the accelerating pace of change. The accelerating pace of change affects people's relationships with things, places, people, organizations and ideas. As acceleration occurs, these relationships become foreshortened, telescoped in time. People respond to this increase in the pace of change in different ways. Those who internalize the principle of acceleration make an unconscious compensation for the compression of time – they modify their durational expectancies. But some find this more difficult than others.
- 2 *Novelty*: Toffler argues that having to live at an accelerating pace is one thing when life situations are more or less familiar, but having to do so when faced by unfamiliar, strange or unprecedented situations is distinctly another. And this is the reality for increasing numbers of people. Today, the balance between the familiar and the unfamiliar is changing. In Toffler's words, the 'novelty ratio is rising'.
- 3 *Diversity*: According to Toffler, the Orwellian view that people will become mindless consumer creatures, surrounded by standardized goods, educated in standardized schools, fed a diet of standardized mass culture and forced to adopt standardized styles of life could not be further from the truth. The reality is that most of us are faced with a paralysing surfeit of choice that, especially at work, complicates decision making.

Toffler (1970: 285) summarizes the consequence of these trends:

When diversity converges with transience and novelty we rocket society toward an historical crisis of adaptation. We create an environment so ephemeral, unfamiliar and complex as to threaten millions with adaptive breakdown. This breakdown is future shock.

The changes that confront individuals and groups as a consequence of organizational adjustments are often incremental. People may be required to develop additional competencies or modify their ways of working. Such changes might be regarded as incremental in that they build on what is already there. However, sometimes a change can destroy, rather than modify, the relationship that exists between individuals and the organization. The change might undermine the assumptions that people make about themselves and how they relate with the world around them. Just as an organization might have to redefine its theory of business, individual organizational members might find that, as a result of an organizational change, they have to redefine their theory of being. This may not always be easy and, as Toffler points out, leads to the possibility of adaptive breakdown. Many reports document the increasing levels of stress experienced by workers. Much attention has also been focused on those who believe the psychological contract between themselves and their organization has been violated.

All these developments affect performance, commitment and the physical and psychological wellbeing of individual employees, and they also create problems for managers, supervisors and co-workers. They have to manage people who are upset by change at a time when the same changes are increasing their own workloads.

With increasing frequency, especially in times of discontinuous transformational change, organizational members have to cope with multiple and concurrent changes. At such times, having to cope with other people's emotional response to change is an added burden that is sometimes difficult to manage. This issue will be given more consideration in Chapter 12.

Conclusion

The management of change poses many challenges for managers. Burnes (2005: 85) observes that:

Managing and changing organizations appears to be getting more rather than less difficult, and more rather than less important. Given the rapidly changing environment in which organizations operate, there is little doubt that the ability to manage change successfully needs to be a core competence for organisations.

Many, and some argue the majority of, change projects fail to achieve their intended outcomes. This book addresses this problem and explores how theory can help to improve the practice of change management.

This chapter ends with a series of case studies of organizations adapting to changing circumstances. You are invited to reflect on the content of this chapter and consider how it applies to these cases.

Case study 1.1



Types of change

Read the following five case studies and use the typology of change presented below to identify the type of change described in each case.

	Incremental	Transformational
Proactive	Tuning	Reorientation
Reactive	Adaptation	Re-creation

Types of organizational change

Source: Adapted from Nadler et al., 1995: 24

1 The BBC

2 UK Coal

3 Leicester Royal Infirmary

4 McDonald's

5 GNER

Case study 1.1.1

**The BBC**

After a long period of stability, during which the BBC had developed a reputation for honest reporting and programmes of outstanding quality, it had become complacent. Staff believed that the BBC was financially secure and that it was the best programme maker and broadcaster in the world. But then the world began to change and the BBC was slow to respond.

The situation when John Birt came to the BBC

John Birt came to the BBC, as deputy director general, in 1987 and was appointed director general in December 1992. In his autobiography, *The Harder Path* (2000), he reports that he was surprised to learn that there was little hard information about the BBC's basic business. He described the culture within the BBC as a kind of imperialism, where every regional commander in every part of the corporation acquired a full fleet of facilities, irrespective of need. The result was a vast excess of facilities: 'We could have covered Wimbledon, the World Cup and a world war, and still have had unused resources to spare.' He also found that staff utilization was low and that in some areas there was between 25 and 50% more staff than necessary. Part of the problem was that facilities, overheads and support services were funded by the centre and not charged to particular programmes. One result of this was that nobody had the slightest idea how much it cost to make a programme.

Until the mid-1980s, the BBC was able to survive in spite of its inefficiencies because, for a period of 60 years, its income from the licence fee had grown, on average, 4% per annum. But, because of a new political climate, this changed in 1985.

Political pressures for change

In 1979, Margaret Thatcher and a Conservative government came to power with an agenda for change that included plans to privatize much of the public sector. Thatcher viewed the BBC as a bloated bureaucracy that was overmanned, inefficient and, therefore, ripe for reform.

In 1985, the government froze the license fee (paid to the BBC by everybody in the UK who owns a radio or television) in order to force the BBC to become more efficient. Although the licence fee remained constant or was reduced in value over the next decade, costs continued to rise. Thatcher's intention of delivering a 'rude shock' to the BBC did not have the intended immediate impact, because Birt's predecessor had begun his term of office with a huge cash surplus that he spent on funding the growing gap between licence fee income and costs. When this surplus was used up, the BBC started borrowing until, in 1992, it faced a deficit of £100m. Birt recognized that this situation could not continue and that major changes were required.

Technological developments and new market pressures

The problem was further complicated by a wave of technological developments that threatened to undermine the BBC's traditional ways of working. The biggest challenge came from the development of digital technologies that opened up the possibility of many more channels, better technical quality, video on demand and interactivity. There was also increased competition from new players, for example Murdoch's launch of BSkyB.

Birt's strategy for change

Birt felt that he had no option other than to introduce radical reforms as quickly as possible in order to ensure the BBC's survival.

Case study 1.1.2**UK Coal**

The state-owned coal industry in the UK was privatized in 1994/5. At that time, UK Coal operated about 20 deep mines and the same number of surface (opencast) mines. By 2004, turnover was down by half and the number of mines had reduced by more than 50%.

The main reason for the closure of many of UK Coal's deep mines was the exhaustion of economically viable reserves. New mines were not developed to replace those that had been closed because the continuing downward trend in world coal prices had undermined the business case for new investment.

The exhaustion of economically viable reserves was not the only problem. Other problems included environmental opposition to the burning of coal with high sulphur content. Imported coal was more attractive to major customers (the power generators) on this count as well as on price. Another factor was the considerable capital investment required to develop a new deep mine.

The change strategy

The reduction in the number of deep and surface mines encouraged UK Coal to begin looking for ways of improving the company's operating efficiency. One way of achieving this was to reduce the overhead cost of its central corporate headquarters by making each mine more autonomous and delegating to each unit a wider range of activities than used to be the case. Alongside this restructuring, UK Coal introduced a continuous improvement programme across all the remaining deep mines in order to make them more efficient and ensure their long-term survival.

Confronted with ever diminishing opportunities to grow the mining business, UK Coal also began to reappraise its assets and consider how it might revise its theory of business. It decided to explore the possibility of redefining the company as a land and property management and mining company. This reorientation involved many changes, including bringing new senior managers into the organization with competencies in the area of land and property management.

However, while this change was being implemented at the highest level, the company continued to pursue continuous improvement programmes to increase the efficiency of individual deep mines.

Case study 1.1.3**Leicester Royal Infirmary**

The hospital is one of the largest teaching hospitals in England, with 1,100 beds and 4,200 staff. By the late 1980s, it had developed a reputation for being well run and it was near the top of the NHS efficiency league tables. However, even though the hospital was at the forefront of change, for example it was one of the first hospitals to introduce general managers in the mid-1980s, it was an early adopter of clinical directorates in 1986, and it gained NHS trust status in 1993, there were growing pressures for further change.

The new pressures for change

The city of Leicester had three acute hospitals located close to each other and integrated by a common medical school. When the opportunity of gaining more independence presented itself, the original proposal was that all three hospitals would become a single NHS trust. The Department of Health rejected this proposal and in the end three separate trusts were established. This created the possibility for competition between the three hospitals. For example, the district health authority (the body that purchased services from providers – hospitals – on behalf of the community) adopted a policy of service rationalization, which raised the prospect of the Leicester Royal losing contracts to one of the other hospitals.



The NHS internal market, introduced in 1991, led to another competitive pressure from the primary care sector, as community-based doctors (those who were GP fundholders with delegated budgets to purchase certain elective services) began 'shopping around' the three hospitals to obtain the most cost-effective and best quality provision. Purchasers also began to put considerable pressure on the hospitals to reduce patient waiting times.

In addition, the introduction of national targets to improve efficiency placed new demands on all hospitals to make year on year savings.

The change strategy

The Leicester Royal was much better placed than most hospitals to face these challenges and the leadership team proactively sought additional funding from the government to embark on a major change programme (see McNulty and Ferlie, 2002).

Because of the Leicester Royal Infirmary's earlier success in eliminating inefficiencies, there were few easy targets for further cost cutting. McNulty and Ferlie (2002) quote one member of the trust board as saying: 'I believe that there is no way we could improve the effectiveness and efficiency of this hospital simply by trying to do better than which we already do.'

Leicester Royal Infirmary, like hospitals generally, was organized according to functional principles. However, early experiments that involved introducing process-based principles of organizing led to some dramatic improvements in parts of the organization. In neurology, for example, the introduction of a single visit clinic reduced the time from visit to diagnosis from twelve weeks to one day, and in hearing services, the time to fit a hearing aid was reduced from fourteen months to six weeks.

These early successes encouraged the hospital to embark on an ambitious organization-wide programme of business process re-engineering. It was introduced in 1994 as a top-down programme to redesign two of the hospital's core processes, patient visits and diagnostic tests. The aim was to transform the organization from one that was characterized by fragmented functional thinking that directed attention and activity towards narrow departmental priorities to one where everybody worked together across functional boundaries to achieve wider organizational goals.

Case study 1.1.4



McDonald's

McDonald's is the world's largest fast-food restaurant chain. In 2004, it operated 1,250 outlets in the UK, of which 35% were franchised. McDonald's experienced rapid growth in the UK market from the early 1970s until the late 1990s. However, from the late 1990s, it began to experience a slowdown in growth, leading, in 2000, to a fall in both total sales and market share.

Over the past 45 years, its core business had been selling burgers, fries and soft drinks. Over this period, McDonald's only introduced occasional and relatively minor changes to its menu. Some commentators have suggested that because of its track record of sustained success, McDonald's was slow to recognize and respond to changes in its external environment.

Several factors appear to have contributed to the change in the company's fortunes:

- Greater competition from new entrants into the market, including new chains of coffee shops and sandwich bars.
- A desire on the part of consumers for a wider choice of food.
- A greater awareness of the importance of leading a healthy lifestyle and eating healthy foods.
- New evidence on the causes of obesity.
- Media interest that had publicized possible links between certain kinds of fast food and obesity.



An additional threat that had received media attention, which could affect the company in the future, was the possibility that the UK government might introduce restrictions on advertising to children. There were rumours that it might consider imposing new taxes on those foods that were deemed to be 'unhealthy'.

McDonald's response to the new situation

In 2004, the company broadened its food offering and focused more attention on healthy eating with the launch of 'Salads Plus'. This was the biggest change to the McDonald's menu since it started business in the UK in 1974. The 'Good Food Fast' menu strategy involved the simultaneous introduction of eight new items to the McDonald's menu: Caesar salad, bacon ranch salad, mixed salad, quorn sandwiches, chicken filled sandwiches, yogurt and berry pot, fresh apples and muffins.

This major change to the company's product line involved a series of related changes:

- The introduction of new cooking equipment in all 1,250 outlets.
- Training 70,000 staff to cook and serve the new products.
- Training restaurant managers how to order and store new raw ingredients, and how to manage the introduction of the new menu in a way that enhanced profitability.
- Preparing managers at all levels, who had a wealth of experience of how to manage in a steady-state environment, to lead the introduction of these changes.

Case study 1.1.5

GNER



GNER was a train operating company and part of Sea Containers Ltd, a highly entrepreneurial Bermuda-registered company with regional operating offices in London, Genoa, New York City, Rio de Janeiro, Singapore and Sydney. GNER started business in 1996 when it won a seven-year franchise (later extended to nine) to operate the east coast high-speed intercity routes from London to all major cities on the eastern side of the UK. From 2005, the franchise for the following 10 years was to be awarded on the basis of open competition. For GNER, it was a 'win or die' situation. The only way it could retain its business was to submit the winning bid. If it was unsuccessful, all the company's assets would be transferred to a new operator.

The company's response was to establish a new development team, headed by a director of development, charged with preparing the company's bid for the east coast franchise. The bid was successful and GNER won the franchise up until 2015. The company decided to build on this experience and grow its business through bidding for other railway franchises as and when opportunities presented themselves. Its first venture was to join forces with the MTR Corporation, which runs the highly successful mass transit railway in Hong Kong, to bid for the integrated Kent franchise that includes the commuter rail services between southeast England and London and the new high-speed line from London to the Channel Tunnel. This first bid for new business was unsuccessful as was a second for the South Western franchise.

The change strategy

GNER's change strategy was to develop the existing east coast railway and generate additional revenue through the provision of enhanced services. Plans included rebuilding all the electric fleet carriages, introducing an innovative on-board wireless internet service on all trains and increasing the number of daily intercity services to London from 53 to 80. Alongside this development of the intercity east coast business, the company planned to grow by acquiring more franchises in the UK. It was anticipated that these would include different types of railway (intercity, regional and commuter), each with different risk patterns, and a portfolio of franchises with different expiry dates that would help to provide the company with greater stability.

Exercise 1.1**The nature of the changes that confront your organization or an organization you are familiar with**

You might find it useful to reflect on the nature of the changes that have confronted the total organization or the part of the organization you know best over the last year.

- Overall, would you describe the main type of change as incremental or discontinuous?

In terms of the organization's typical response to change, think back and consider how the organization responded to change over the past few years. How does this compare with the organization's current way of responding to change?

- Is the organization's typical response to change reactive or proactive?

Make a note of your answers in the space provided below.

Notes on the nature of change confronting your organization**Summary**

This chapter has examined the nature of change, reviewed theories relating to patterns of change, considered some of the factors that facilitate or limit change and explored some of the implications of different types of change for change management practice.

Until recently almost all received models of change were incremental and cumulative. The gradualist paradigm posits that organizations can adapt and transform themselves, as required, through a process of continuous adjustment. This is in stark contrast to the punctuated equilibrium paradigm, which posits that systems (organizations) evolve through the alternation of periods of equilibrium, in which persistent deep structures only permit limited incremental change, and periods of revolution, in which these deep structures are fundamentally altered. It is argued that, with a few exceptions, most organizations experience change as a pattern of punctuated equilibrium.

- *The punctuated equilibrium paradigm:* Evidence supporting the theory of punctuated equilibrium is provided by Romanelli and Tushman. They examined the life histories of 25 minicomputer producers and found a pattern of discontinuous, episodic change. Changes in strategy, structure and power distribution tended to be clustered in time, as would be predicted by the

punctuated equilibrium model, rather than spread over relatively long periods as would be predicted by a model of incremental changes that accumulate to transform the organization over time.

- ▶ *The gradualist paradigm*: This posits that fundamental change (organizational transformation) can occur through a process of continuous adjustment, and does not require some major discontinuous jolt to the system in order to trigger a short episode of revolutionary change. According to the gradualist paradigm, change is evolving and cumulative.
- ▶ *The nature of change confronting most organizations*: While the ideal pattern of change might be incremental and cumulative, the reality for many organizations appears to be a pattern of episodic change, which involves alternating between periods of equilibrium, where the focus for change is 'doing things better' through a process of continuous tinkering, adaptation and modification, and periods of discontinuous change, which involve a break with the past and doing things differently or doing different things.
- ▶ *Recognizing the need for change*: Some organizations are much better at anticipating the need for change than others. The earlier the need for change is recognized, the greater the number of options managers will have when deciding how to manage it. Whenever managers are forced to react to an urgent and pressing need for change, they are relatively constrained in what they can do. Nadler and colleagues have identified four types of change – tuning, adaptation, reorientation and recreation.
- ▶ *Implications of these different types of change for change management practice*: Different types of change can affect the focus for change efforts, the sequence of steps in the change process and the locus for change.

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Author index

Note: The page numbers in brackets indicate the page where the full reference can be found. There are some entries that are only bracketed, which indicates that the entry refers to additional reading cited at the end of the chapter. The names of some

authors will not be found on the page indicated as they are included in the et al. reference on that page, for example Hayes, T.L. is part of the Harter et al. ref on p. 432, and is found in the full ref on p. 435.

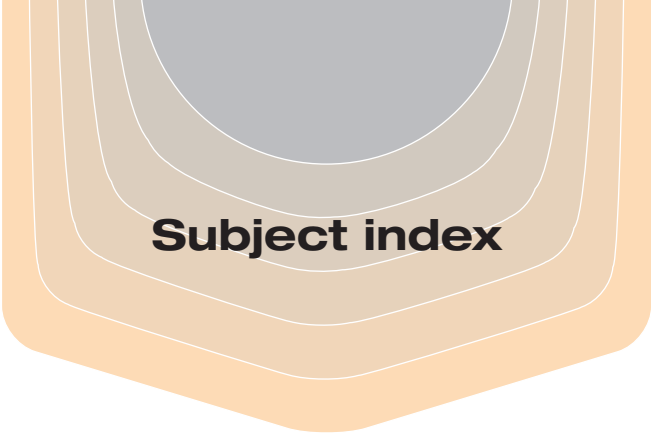
- Abernathy, F.A. 389, (393)
 Abramson, L.Y. 230, (239)
 Adair, J. 163, (172)
 Adams, J. 214, (222), 421, (423)
 Adams, R. 111, (121)
 Aguinis, H. 73, (83), 354, (358)
 Ahmed, M. 73, (83)
 Alban, B. 277, (282)
 Allen, J. 174, 176, (190), 421, (423)
 Andrews, A. 364, (369)
 Anthony, W.P. 167, (172)
 Argyris, C. 191, (207), 305, (323)
 Armenakis, A.A. 75, (83)
 Arnold, J. (207)
 Arthur, J.B. 360, (369)
 Ashforth, B.E. 408, (423)
 Athos, A. 112, (121)
 Avolio, B.J. 80, (83), 164–5, (172)
 Axelrod, J.B. 334, (336)
 Axelrod, R.H. 334, (336)
- Bailey, T. 359, 360, 362, 365, (369)
 Bales, R.F. 127, (139)
 Balogun, J. 253, 254, (257)
 Bamforth, K.W. 274–5, (282)
 Banker, R.D. 355, (358)
 Barrington, H. 352, (358)
 Bartels, J. 408, (423)
 Bassham, J.E. 389–90, (393)
 Bate, P. 449, 452, (455)
 Bateman, N. 439–40, 443, 444–5, (447)
 Bauer, J. 309, (323)
 Bazerman, M. 147, (158)
 Beak, J. 213, (222)
 Beckhard, R. 47, (56), 258–9, 263, (268), 320, (323), 442, (447)
- Beer, M. 162–3, (172), 174, (190), 246, 248–25, 251, 256, (257), 451, (455)
 Belbin, R.M. 232, (239)
 Bengtsson, U. 345, (349)
 Bennis, W. 159, (172)
 Ben-Tovim, D.I. 389–90, (393)
 Berman, S.L. 146, (158)
 Berry, J.W. 410, 411, (423–4)
 Bessant, J. 111, (121), 309, 311, 313, (323)
 Birdi, K. 309, (323)
 Birt, J. 33, (39)
 Blake, R.R. 163, (172), 223, 228, 231, (239), 284, (298), 327, (336)
 Blanchard, K. 163, (172)
 Boen, F. 409, (424)
 Bolch, D. 389–90, (393)
 Bolden, R. 161–2, 164–5, (172)
 Bordia, P. 174, 176, (190), 421, (423)
 Bowers, D.G. 325, (336)
 Boyle, T.A. 379, 386–7, 392, (393)
 Bradbury, H. 327, (336)
 Brailsford, S. 389, (393)
 Bridges, W. 208, 213, (222)
 Briner, R. 191, (206)
 Brockner, J. 154, (158)
 Brown, A. 315, (323), 443, (447)
 Brown, J.F. 386, (393)
 Brown, S.L. 22, 29, (39), 175, (190)
 Bruch, H. 160, (172), 266, (268)
 Brydon Miller, M. 325–6, (336)
 Bryman, A. 164, (172)
 Buchanan, D.A. 51, (56), 438, 439, 441, 443, 445, (447), 448, 451, (455)
 Bunker, B.B. 277, (282)
 Burgelman, R.A. 22, 23, (39)
 Burke, R.J. 209, (222)
- Burke, W.W. 23, 24, 25, (39), 51, (56), 114–16, (121), 280, (298)
 Burnes, B. 32, (39), 44, 45, 50, (56), 73, (83), 95, (104), 270, (282), 290, (298)
 Burnes, T. 94, (104)
 Burns, J.M. 164, (172)
 Burt, H.E. 163, (172)
 Bushe, G.R. 341, 343, 344, 347, (349)
 By, R.T. 75, (83)
- Cabrera, J.C. 408, (424)
 Cappelli, P. 354, (358)
 Capron, L. 398, (406)
 Carnall, C.A. 68, (71)
 Carnegie, D. 226, (239)
 Caron, J.R. 376, (378)
 Carroll, A.B. 147, (158)
 Cartwright, D. 272–3, (282)
 Cartwright, S. 399, (406), 407, 408, 409, 414–17, (424)
 Cashman, T. 177–9, (190), 418, 420, (424)
 Chakravarthy, B. 22, (39)
 Champy, J. 370–4, 377, (378)
 Chang, I. 340, (349)
 Chatterjee, S. 398, (406)
 Chattopadhyay, P. 61, (71)
 Chisholm, R.F. 327, (336)
 Christensen, C.M. 307, (323)
 Clampitt, P.G. 177–9, (190), 418, 420, (423)
 Clarkson, M.B. 147, (158)
 Clegg, C.W. 53, (56), 78, (83), 259, (268)
 Coch, L. 203, 205, (206), 325, (336)
 Cohen, C. 61, (71)

- Cohen, W.M. 111, (121), 317, (323)
 Coleville, P. 309, (323)
 Collinson, D. 165, (172)
 Colquitt, J.A. 186, (190)
 Conger, J.A. 160–1, 164, (172)
 Conlon, D.E. 186, (190)
 Connell, C. 389, (393)
 Conway, N. 191, (206)
 Cooper, C.L. 290, (298), 407, 414–17, (423)
 Cooperrider, D. 337, 338, 340, 345, (349)
 Covey, S.R. 319, (323)
 Crosby P.B. 290, (298)
 Culbertson, S.S. 432, (435)
 Cummings, T.G. 80, (83), 125, 128, (139), 270, 277–80, (282), 284, 290, (298), 376, (378)
 Daft, R.L. 305, 307, (323)
 Dale, B. 438, (447)
 Dannemiller, K.D. 276–7, (282)
 Darling, M.J. 315–16, (323)
 Davenport, T.H. 371–2, (378)
 David, A. 439–40, (447)
 Dawson, P. 44, (56)
 De Geus, A. 304, (323)
 De Holan, P.M. 308, (323)
 De Jong, M. 408, (423)
 De Witte, H. 409, (424)
 Deflorin, P. 379, 386–7, 392, (393)
 DeKoch, R.J. 177–9, (190), 418, 420, (424)
 Denis, J.L. 165–8, (172)
 DeNisi, A.S. 418–20, (424)
 Denyer, D. 309, (323)
 Devanna, M.A. 25, (39), 159, (172)
 Dibella, A.J. 261–2, (268)
 Dick, B. 345, (349)
 Dickins, L. 325, (336)
 Dickman, M. 191, (206)
 Dixon, N. 313, 317, (323), 337, (349)
 Doherty, N. 154, (158), 191, 193, (206)
 Dooley, K. 394, (406)
 Douglas, M. 307, (323)
 Douwes, R. 408, (423)
 Drucker, P.F. 19, (39)
 Duncan, R. 191, 193–4, 202, (207), 254, (257)
 Dunlop, J.T. 364, (369), 389, (393)
 Dunphy, D. 24, (39), 43, (56)
 Ebbesen, E. 61, (71)
 Egan, G. 46, (56), 228–9, 230, 234, 236, (239), 311, (323)
 Eisenberger, R. (323), 421, 422, (424)
 Eisenhardt, K.M. 22, 23, 29, (39), 174, (190), 315
 Eldon, M. 327, (336)
 Elliot, C. 337–9, 341, 343, 344, 345, 349, (349)
 Ellis, A. 230, (239)
 Elsass, P.M. 409–10, (424)
 Epstein, L.D. 283, (298)
 Eriksson, M. 252, (257)
 Espedal, B. 183, (190), (207), 317, (323)
 Ettore, B. 283, (298)
 Farr, R. 184, (190)
 Ferlie, E. 35, (39), 143, (158), 311, (323), 371–2, 376, (378)
 Ferris, G.R. 167, (172)
 Field, J.M. 355, (358)
 Fielder, F. 163, (172)
 Fine, D. 442, (447)
 Finegold, M.A. 345, 346, (349)
 Fink, S.L. 213, (222)
 Fiol, C.M. 307, (323)
 Fischer, M. 312, 316, (323)
 Fitzgerald, L. 438, 439, 441, 445, (447), 448, 451, (455)
 Flamholtz, E. 109, (121)
 Fleishman, E.A. 163, (172)
 Ford, D.J. 43, (56)
 Ford, J.D. 43, (56), 153, (158), 195, (206), 250, (257)
 Ford, L.W. 43, (56), 153, (158), 195, (206), 250, (257)
 Ford, W.M. 44, 45, (56)
 Fordyce, J.K. 126, (139)
 Forester, R.N. 25, (39)
 Freeman, R.E. 145, (158)
 French, J.R. 203, 205, (207), 325, (336)
 Fritz, R. 276, (282)
 Gelade, G.A. 432, (435)
 Gerber, P. 160, (172), 266, (268)
 Gersick, C.J.G. 17, 18, 19, 20, 24, 29, 30, (39), 308, (323)
 Gilmore, D.C. 167, (172)
 Gladwell, M. 17, (39)
 Glick, W.H. 61, (71)
 Godfey, E.G. 42, (56)
 Goffee, R. 414, (424)
 Goffman, E. 183, (190)
 Goldstein, I.L. 351, (358)
 Golembiewski, R.T. 340, (349)
 Gollop, R. 438, 443, (447)
 Goodman, P.S. 68, (71)
 Gould, S.J. 17, (39)
 Gratton, L. 359–60, (369)
 Greenberg, J. 186–7, (190), 421, (424)
 Greenhalgh, T. 449, 452, (455)
 Greenwood, D.J. 334–5, (336)
 Greenwood, R. 18, 19, 20, 23, (38), 72, (83), 100, (104)
 Greer, B.M. 44, 45, (56)
 Greiner, L.E. 108, (121), 223, (239), 317, (323)
 Griffiths, A. 75, (83)
 Gross, N. 16, (39)
 Grundy, T. 149, 151, 153, (158)
 Guerrero, F. 250, (257)
 Guest, D. 191, (206), 421, (424)
 Hackman, J.R. 118, 119, (121), 132, (139), 293, (298)
 Hailey, V.H. 253, 254, (257)
 Hall, D.P. 167, (172)
 Hammer, M. 370–4, 377, (378)
 Hammond, J.H. 389, (393)
 Handy, C.B. 414, (424)
 Hansen, M.A. 442, (447)
 Hargie, O. 175, 179, (190)
 Harkavy, I. 334, (336)
 Harris, E.F. 163, (172)
 Harris, R. 47, (56), 258–9, 263, (268), 442, (447)
 Harris, S.G. 75, (83)
 Harrison, R. 285–6, (298), 414–17, (424)
 Harter, J.K. 432, (435)
 Hayes, J. 47, (56), 214, 217, (222), 235, 237, (239)
 Hayes, S.C. 42, (56), 100, (104)
 Hayes, T.L. 432, (435)
 Hayton, G. 354–5, 356, (358)
 Healey, M.P. 19, (39), 308, (323)
 Henderson, A.D. 73, (83)
 Hendry, C. 44, 45, (56), 326, (336)
 Herriot, P. (207)
 Hersey, P. 163, (172)
 Heskett, J.L. 432, (435)
 Higgins, J.M. 100, (104), 113, (121)
 Hinings, C.R. 18, 19, 20, 23, (39), 72, (83), 100, (104)
 Hiroto, D.S. 230, (239)
 Hodgkinson, G.P. 19, (39), 308, (323)
 Holland, B.M. 345, 346, (349)
 Hollenbeck, G.P. 167, (172)
 Holmes, M. 394, (406)
 Holmes, T.H. 210–11, (222)
 Hope-Hailey, V. 359–60, (369)
 Hopson, B. 214, (222), 237, (239)
 Hornstein, H.A. (1980) 88, (104)
 Horsted, J. 154, (158), 193, (206)
 Huang, M. 42, (56)

- Hubbard, N. 396, 400–1, 404, (406), 410, 418, 420, (424)
- Huber, G. 61, (71), 308, (323)
- Huselid, M.A. 360, 362, 364, (369)
- Husted, K. 315, 317, (323)
- Hyde, P. 47, (56), 214, 217, (222), 433
- Irmer, B.E. 174, 176, (190), 421, (423)
- Jacobs, R.W. 276–7, (282), 334, (336)
- Jacobson, L. 340, (349)
- Janis, I.L. 160, (172), 318, (323)
- Jarvenpaa, D.L. 371, 376, (378)
- Jawahar, M. 147–149, 157, (158)
- Jayaram, 277, (282)
- Jemison, D.B. 396–7, 399, 403–4, (406)
- Jick, T.D. 44, (56)
- Jimmieson, N.L. 75, (83), 174, 176, (190), 421, (423)
- Johansen, S.T. 183, (190), (207), 317, (323)
- Johnson, G. 30, (39), 308, (323)
- Johnson, M.W. 307, (323)
- Johnson, R.H. 364, (369)
- Jones, D.T. 376, 381–3, 385, 392, (393)
- Jones, G. 414, (424)
- Jones, R.A. 75, (83)
- Jones, T.O. 146, 157, (158), 432, (435)
- Kagermann, H. 307, (323)
- Kahn, R.L. 100, (104)
- Kahneman, D. 147, (158)
- Kantor, R.M. 44, (56)
- Kaplan, B.S. 341, 345, (349)
- Kaplan, R. 370, (378)
- Kaplan, R.S. 69, (71), 428, 430–2, (435)
- Kaplan, S. 25, (39)
- Kaplinsky, R. 311, 313, (323)
- Katz, D. 100, (104)
- Ketley, D. 438, 441, 443, 445, (447), 448, (455)
- Kidd, J. (207)
- King, A.S. 340, (349)
- Kirkpatrick, D.L. 354, (358)
- Klein, K.J. 449, (455)
- Klein, K.L. 449, 451–3, (455)
- Kocakuläh, M.C. 386, (393)
- Kok, R. 105, (121)
- Kolb, D.A. 326, (336)
- Kotha, S. 146, (158)
- Kotter, J.P. 25, (39), 44, (56), 95, 97, (104), 105, 114, (121), 159–162, 164, 169, (172), 191, 193–4, 202, 203, (206), 252–3, (257), 440, 442, 443, (447)
- Koys, D.J. 432, 428, 430–2, (435)
- Kraiger, K. 354, (358)
- Kühl, S. 161, (172)
- Lamming, R. 311, 313, (323)
- Lamont, S.S. 448, (455)
- Lamothe, L. 165–8, (172)
- Langley, A. 165–8, (172)
- Langley, G. 371, (378)
- Lank, A.G. 304, (323)
- Lank, E.A. 304, (323)
- Latham, G.P. 50, (56)
- Lawler, E.E. 132, (139), 195, (207), 293, (298)
- Lawrence, P.R. 94, (104)
- Leavitt, H.J. 100, (104)
- Leroy, F. 307, (323)
- Leseure, M.L. 309, (323)
- Levinthal, D. 100, (104), 111, (121), 317, (323)
- Lewin, K. 20, 29, (39), 43, (56), 94, 129, (139), 163, 233, (239), 325, 328, (336), 436, 438, (447)
- Liker, J.K. 384–5, 388, (393)
- Lim, B. 42, (56), 100, (104)
- Lines, R. 183, (190), 194, 203–4, (206), 317, (323)
- Lingham, T. 345–6, (349)
- Lippert, R. 46, (56), 163, (172), 276, (282)
- Litwin, G.H. 25, (39), 114–16, (121), 284, (298)
- Locke, E.A. 50, (56)
- Locock, L. 451, (455)
- Lopez, S. 363, (369)
- Lorsch, J.W. 94, (104)
- Loveman, G.W. 432, 428, 430–2, (435)
- McAulay, L. 61, 62, 63, (71), 76, (83), 176, (190)
- McCall, M.W. 144, (158)
- McClelland, D.C. 144, (158)
- MacDonald, S. 176, 189, (190)
- MacDuffie, J.P. 359, 360, 363, 364, (369)
- McGregor, D. 162, (172), 360, (369)
- McGuinness, T. 164, (172)
- Macklin, R. 355, (358)
- McLaughlin, G.L. 147–9, 157, (158)
- McNulty, T. 35, (39), 143, (158), 311, (323), 371–2, 376, (378)
- Mael, F. 408, (423)
- Maguire, P. 327, (336)
- Maier, V. 160, (172), 266, (268)
- Malby, B. 312, 316, (323)
- Malekzadeh, A.R. 410, (424)
- Maletz, M.C. 152, (158)
- Mangham, I.L. 183–4, (190), 223, 237, (239), 290, (298)
- Mankita, I. 363, (369)
- Manning, W. (207)
- March, J.E. 308, (323)
- Margerison, C.J. 223, 231, (239)
- Marks, M. 209, (222), 420, (424)
- Marks, M.L. 400, 403, (406)
- Marrow, A.J. 325, (336)
- Martinez-Solano, L. 309, (323),
- Masuda, M. 210, (222)
- May, R. 74, (83)
- Mellahi, K. 72, (83)
- Metzger, R.O. 223, (239)
- Michaiova, S. 309, 315, (323)
- Miles, M.B. 284, (298)
- Miles, R.E. 43, (56), 100, (104)
- Miles, R.H. 304, 317, (323)
- Miller, C.C. 61, (71)
- Milliken, F.J. 175, 179–182, (190), 250, (257)
- Minzberg, H. 164, (172)
- Mirvis, P.H. 396, 400, 403, (406)
- Morgan, J.M. 384–5, 388, (393)
- Morgan, R. 164, (172)
- Morrison, E.W. 175, 179–182, (190), 250, (257)
- Moskal, B.M. 179, (190)
- Mossholder, K.W. 75, (83)
- Mouton, J.S. 163, (172), 223, 228, 231, 233, 234, (239), 284, (298), 327, (336)
- Mumford, A. 327, (336)
- Murdock, L. 370, (378)
- Nadler, D.A. 24–26, 29–30, (39), 54, (56), 60–1, (71), 93, 98, (104), 131, (139), 143, (158), 191, 202–4, (207), 245, (257), 258, 263, 266–7, (268), 442, (447)
- Nahavandi, A. 410, (424)
- Nanus, B. 159, (172)
- Neely, A. 309, (323)
- Newman, V. 260, (268)
- Newman, W. 21, (39)
- Ng, K.Y. 186, (190)
- NHS Modernisation Agency 439, (447)
- Nicolini, D. 309, (323)
- Nishii, L.H. 42, (56)
- Noble, C. 355, (358)
- Nohria, N. 251, (257)
- Nolan, K. 375, (378)
- Nonaka, I. 315, (323)
- Norman, C. 375, (378)
- Northouse, P.G. 159, (172)
- Norton, D.P. 69, (71), 428, 430–2, (435)

- O'Sullivan, N. 394, (406)
 Oczkowski, E. 355, (358)
 Oestreich, D.K. 179, (190)
 Oldham, G.R. 118, (121)
 O'Reilly, C.A. 174, 177, 183, (190)
 Orlikowski, W.J. 23, (39), 175, (190)
 Osterman, P. 354, (358)
 O'Toole, J. 209, (222)
 Oxtoby, B. 165, (172)
- Parker, M. 363, (369)
 Parkes, C.M. 209, (222)
 Parry, C.S. 315–16, (323)
 Pascale, R. 112, (121), 165, (172), 235, (239)
 Patterson, M. 432, (435)
 Payne, R. 408, (424)
 Penning, J.M. 68, (71)
 Perrewe, P. 167, (172)
 Pettigrew, A.M. 21, (39), 73, (83)
 Pfeffer, J. 360–1, 363–4, 365, (369)
 Phelps, R. 111, (121)
 Phillips, N. 308, (323)
 Piercy, N. 149, (158)
 Pistre, L. 398, (406)
 Pitt, M. 61, 62, 63, (71), 76, (83), 176, (190)
 Pondy, L.R. 174, 177, 183, (190)
 Poole, M.S. 394, (406)
 Porter, I. 195, (207)
 Porter, L.W. 132, (139), 293, (298)
 Postma, T. 105, (121)
 Powell, J. 309, (323)
 Premack, S.L. 419, (424)
 Provast, L. 375, (378)
 Pruyin, A. 408, (423)
 Pugh, D. 75, (83), 191, 193, (207), 284, (298)
- Quinn, J.B. 262, (268)
 Quinn, R.E. 20, 22, 23, 24, 29, (39)
- Raelin, J. 327, (336)
 Rahe, R.H. 210–11, (222)
 Ramanantsoa, B. 307, (323)
 Raver, J.A. 42, (56)
 Raynor, M.R. 73, (83)
 Reason, P. 327, (336)
 Reddy, M. 236, (239)
 Reid, M. 352, (358)
 Revans, R.W. 313, (324), 327, (336)
 Rhoades, L. 421, (424)
 Ricketts, R. 364, (369)
 Robert, G. 449, 452, (455)
 Rogers, C.R. 231, (239)
 Rogers, E. 449, 452, (455)
- Roggenhofer, S. 442, (447)
 Rogovsky, N. 354, (358)
 Romanelli, E. 16, 18, 20, 21, 23, (39), 108, (121)
 Roos, D. 392, (393)
 Rosenthal, R. 340, (349)
 Ryan, A.M. 364, (369)
 Ryan, B. 16, (39)
 Ryan, K.D. 179, (190)
- Safferstone, T. 80, (83)
 Sahdev, K. 154–5, (158)
 Samuelson, W. 20, (39)
 Schein, E. 44, 50, (56), 146, (158), 250, (257), 305, 319–20, (324), 414, (424), 449, 452, (455)
 Scherrer-Rathje, M. 379, 386–7, 392, (393)
 Schlesinger, L.A. 191, 193–4, 202–4, (206), 252–3, (257)
 Schmidt, F.L. 432, (435)
 Schmit, M.J. 364, (369)
 Schmuck, R.A. 284, (298)
 Schneider, B. 42, (56), 100, (104), 364, (369)
 Schnelle, T. 161, (172)
 Schoenberg, R. 399, (406)
 Scholes, K. 30, (39)
 Schön, D. 305, 308, (323)
 Schroeder, R.D. 355, (358)
 Schweiger, D.M. 418–20, (424)
 Seashore, S.E. 325, (336)
 Selart, M. (207), 230, (239), 317, (323)
 Seligman, M.E.P. 74, (83)
 Shaiken, H. 363, (369)
 Shani, A.B. 340, (349)
 Shaw, R.B. 60, 61, (71), 152, (158), 245, (257)
 Shepard, H.A. 327, (336)
 Shrivastava, P. 402, 403, (406)
 Siggelkow, N. 95, (104)
 Sims, D. 61, 62, 63, (71), 76, (83), 176, (190)
 Sinha, K.K. 355, (358)
 Sitkin, S.B. 396–7, 399, 403–4, (406)
 Slaughter, J. 363, (369)
 Smith, Adam, 370, (378)
 Smith, A. 354–5, 356, (358)
 Smith, M. 352, (358)
 Snow, C.C. 43, (56), 100, (104)
 Sohoni, V. 363, (369)
 Sorensen, P.E. 345, (349)
 Sorra, J.S. 449, 451–3, (455)
 Spillane, J. 165, (172)
 Srivastva, S. 337, 338, (349)
 Stalker, G.M. 94, (104)
- Stavros, J. 345, (349)
 Staw, B. 283, (298)
 Steele, F.I. 229, (239)
 Stein, B.A. 44, (56)
 Sterin, J. 165, (172), 235, (239)
 Stoddard, D. 376, (377)
 Stoddard, D.B. 371, (377)
 Storey, J. 51, (56)
 Strebel, P. 107, (121)
 Stuart, R. (222)
 Sundgren, M. 252, (257)
 Sunstein, C.R. 20, (39), 74, (83), 202, (207)
 Swank, C.K. 388–9, (393)
 Swieringa, J. 304, 317, (324)
 Szulanski, G. 309–10, 315, 318, (324), 448, 450, (455)
- Taddeo, K. 213, (222)
 Tajifel, H. 408, (424)
 Teesdale, J.D. 230, (239)
 Thaler, R.H. 20, (39), 74, (83), 195, (207)
 Thibaut, J. 186, (190)
 Thomson, J.W. 386, (393)
 Tichy, N.M. 25, (39), 88, (104), 159, (172)
 Tillmann, F.J. 161, (173)
 Tissington, P.A. 409, (424)
 Tjosvold, D. 175, (190)
 Toffler, A. 30, 31, (39)
 Tornatzky, L.G. 449, (455)
 Trist, E.L. 274–5, (282)
 Trosten-Bloom, A. 345, (349)
 Truss, C. 359–60, (369)
 Tuch, C. 394, (406)
 Turner, J.C. 408, (424)
 Tushman, M.L. 16, 18, 20–1, 23–6, 29–30, (39), 93, 98, (104), 105, 108, 114, (121), 263, (268)
 Tversky, A. 147, (158)
- Ullrich, J. 409, (424)
- Van Buren, M.E. 80, (83)
 Van de Ven, A.H. 394, (406)
 Van Dick, R. 409, (424)
 Veiga, J.F. 409–10, 422, (424)
 Venbeselaere, N. 409, (424)
 Von Bertalanffy, L. 274, (282)
 Vroom, V.H. 195, (207)
- Walker, L. 186, (190)
 Walsh, J.P. 317, (324), 408, (424)
 Walsh, S. 53, (56), 259, (268)
 Walton, R.E. 309, (324), 359, 360, (369), 448, 449, 452, (455)

- Walumbwa, F.O. 80, (83), 164–5, (172)
Wanous, J.P. 419, (424)
Warr, R. 432, 428, 430–2, (435)
Watkins, K. 325, (336)
Watson, J. 46, (56)
Weber, T.J. 80, (83), 164–5, (172)
Weick, K.E. 20, 22, 23, 24, 29, (39), 305, 307, 318, (324)
Weil, D. 389, (393)
Weil, R. 126, (139), 364, (369)
Weisbord, M.R. 113, (121), 270–1, (282)
Welbourne, T. 76, (83), 364, (369)
Werther, W.B. 76, (83)
Wesley, B. 46, (56)
Wesson, M.J. 186, (190)
West, M.A. 432, 428, 430–2, (435)
Whipp, R. 73, (83)
White, R. 163, (172)
Whitney, D. 341, 345, (349)
Whittington, R. 30, (39), 308, (323)
Whyte, W.F. 334, (336)
Wicks, A.C. 146, 157, (158)
Wierdsma, A. 304, 318, (324)
Wilkinson, A. 72, (83)
Wilson, D. 72, (83), 100, (104)
Winter, S. 450, (455)
Womack, J.P. 379, 381–3, 385, 392, (393)
Worley, C.G. 80, (83), 125, 128, (139), 270, 277–80, (282), 284, 290, (298), 376, (378)
Yaeger, T.F. 345, (349)
Young, S. 432, 428, 430–2, (435)
Young, T. 389, (393)
Zaltman, G. 191, 193–4, 202, (207), 254, (257)
Zeckhauser, R.J. 20, (39)
Zell, D. 309, (324)
Zemke, R. 346, (349)
Ziegert, J.C. 42, (56)



Subject index

- absorptive capacity 11
- acculturation 407, 410–18
- acquisition
 - blue print 401–3
 - objectives 397
 - process 396–7
- acquisitions 395 (*see also* mergers)
- action research 9, 325–35
 - and organization learning 326
 - process 328–33
- Active Sports Equipment Company 63–4
- adaptability 97–8
- adaption 26–7
- adaptive breakdown (*see* future shock)
- advising 229
- after action review 316
- agenda for change 62
- alignment 4, 42–3, 66, 87–103, 106–7, 112–16, 363–8
- ambiguity 214, 403
- anticipating change 25
- appreciative inquiry 10, 337–49
- archetypal templates (*see* templates)
- arrogance 404–5
- Asda 243–5
- assessment, level of 66
- assimilation 411–13
- assumptive world 209
- attitudes, effect on behaviour 292
- attributes of organizations 451–2
- authority 144
- Awakishi diagram 260
- Axelrod canoe (*see* meeting canoe) 333–4
- balanced scorecard 69, 430
- batch production 380
- BBC 33, 246–8
- BBC staff survey 131
- behaviour, effect on attitudes 292
- beliefs 72–6, 180, 337
- benchmarking 67
- biographies 276
- bone density scan 314–15
- bottom-up 254
- boundaries 94
- boundary-spanning roles 175–6
- BPR (*see* business process re-engineering)
- Brenntag 395–6
- Bridges' model of transition 213–14
- BT Cellnet 409
- Burke-Litwin causal model of
 - organizational performance and change 114–16, 131
- business process re-engineering (BPR) 11, 279, 370–7
- car importer case 48
- causal links 87, 292
- challenging 234–5
- change management indicator 433–4
- change
 - agency 73–7
 - blueprint 51, 427
 - desire for 51
 - discontinuous 17–22 (*see also* punctuated equilibrium)
 - emergent 51, 427
 - incremental 24
 - intensity of 25, 29–30
 - permanency 44 (*see also* sustaining change)
 - process models 40–55
 - rate of 16–17
 - reactive 26–7
 - recognizing need for 60–71
 - re-creation 26, 27–8
 - relationships 79
 - reorientation 26, 27
 - starting the process 72–82
 - strategies 243–55
 - targets 284
 - transactional 115–16
 - transformational 24, 115–16
- triggers for 22
- tuning 26–7
- channels for dialogue 51, 262
- clients, identification of 80–1
- coalitions 169 (*see also* stakeholders and stakeholder management)
- coercion 204
- cognitive frameworks 19 (*see also* mental models)
- coherence 165–6
- collaborative interventions 230–6
- collective inquiry 341–5
- collective learning 304–23 (*see also* learning)
- commitment 182, 191, 253, 407
 - management 387
 - maximization 360
- communication 6, 174–88, 403–4
 - audits 179
 - bad news 186–7
 - channels 176–7
 - content 176
 - directionality 174–5
 - interpersonal factors 183–5
 - networks 174–7
 - realist merger preview 419–20
 - roles 62–3, 175–6
 - strategies 177–9, 404
- competitor analysis 499
- complexity 254
- compliance 441
- component models of organizational functioning (*see* models)
- conference method 313–14
- confidence 74, 82
- confrontation meetings 276
- confronting (*see* challenging)
- congruence model of organizations 98–100
- congruency (*see* alignment)
- consolidation 216, 220 (*see also* sustaining change)
- constituents (*see* stakeholders)

- constraints 67
- content analysis 128
- context 315–16
- contingency theories 94–5
- continuity 409
- continuous improvement 22–4, 384
- control 276
 - charts 379
 - of HR 360
 - locus of 74
- coupling
 - environmental 72, 167
 - and leadership 166–9
 - loose/tight 18, 23
 - organizational 166–7
 - strategic 166
- critical path 265–6
- cultural compatibility 414
- culture 410–18
- culture, Harrison's types 415–16
- culture profiling 414–19
- cycle time 380
-
-
- data analysis 128–9
 - qualitative techniques 128–9
 - quantitative techniques 129
- data collection methods 125–7
- death spiral 61
- deculturation 411–13
- deep structures 18–19
- deficiency perspective 338
- denial 215, 219
- depression 215, 219
- depth of intervention 285–6
- desire for change 49
- determinism 72–3
- diagnosis 3, 85–142
 - component models 93, 105
 - holistic models 93, 105
 - information requirements 123–4
 - selecting models for 122–3
- dialogue 313–15
- differentiation 95
- diffusion of innovation 16 (*see also* spreading change)
- discretionary behaviour 362
- disorientation 214
- diversity 280
- divisibility 254
- downsizing 279
- dreaming 342, 344
- drive and develop approach 248–51
- drive strategy 246
- due diligence 399
- early adopters 17
- economic/OD strategy 248–51
- economic strategies 246
- effectiveness
 - and alignment 95–8
 - indicators 64–8
 - timescale 96–7
- efficiency 68, 107
- embedding change 170
- empowerment 170, 230
- end state, clarity of 51
- entropy 93
- equifinality 94
- equilibrium periods 19–20
- equilibrium seeking 94
- equity of treatment 196, 421
- exact copying 450–1
- expectancy theory 195–202
- expectations (*see* expectancy theory)
- experts, use of 271–2, 274
-
-
- SS methodology 386
- fair treatment 155–6, 185–6, 419 (*see also* justice)
- fashion and fads 283
- fear 20, 179, 181
- feedback 93–4, 266
- first direct 306
- fit (*see also* alignment)
 - organization 399–401
 - strategic 397–9
- five whys 386
- flow 379, 382–3
- force field 43–4, 129, 136–8, 232–3, 441
- fragility 166–8
- fragmentation 53, 259, 370, 399
- Freedman House 330–1
- functional experience 61–2, 180
- future shock 30–1
-
-
- Galaxy 188–9
- gatekeepers 176
- genuineness 236
- GNER 36–7, 395
- goals 252
- Google 316–17
- gradualist paradigm 22–4
- Grampion Police 390–1
- grid interventions 279
- group dynamics 272–4, 292
- groupthink 318
-
-
- Hammersmith Hospital 347–8
- heijunka 385
- heliotropic hypothesis 338–40
- helping relationships 228–36
- helping skills 223–37
- helplessness 74–5, 230
- high performance management 10, 359–68
- holistic models of organizational functioning 105
- HRM, soft and hard models 359–60
-
-
- ideologies 318–20 (*see also* learning)
- implementation 7, 243–57, 260–1
- implementation climate 453–4
- improvisation 23
- incremental improvement 371
- inertia 19, 20
- information gathering 122–39, 235 (*see also* data collection)
- infrastructure, organizational and managerial 110
- innovation 107
- integrating mechanisms 95
- integration 400–4, 411–13
- intensity of change 25, 29–30
- intention 183–5, 291
- interdependencies 20 (*see also* alignment)
- intergroup discrimination 408
- interpersonal skills 183–5
- interpretations 185 (*see also* perceptions)
- intervening, modes of 7, 223–38
- intervention style indicator 224–8
- interventions 270–82
 - Cummings and Worley's typology 277–81
 - depth of emotional involvement 285–6
 - efficacy of interventions 289
 - HRM interventions 280
 - human process interventions 277–9
 - level of change target 284
 - selection of 8, 283–97
 - sequencing 291
 - strategic interventions 280–1
 - technostructural interventions 279–80
 - three-dimensional model 286–9
 - time available 289
 - Weisbord's typology 271–7
- interviews 125
- involvement (*see* participation)
-
-
- jidoka 380, 384–5
- job design 290
- joint ventures 395
- just-do-it rooms 387
- justice 155–6, 185–6, 421 (*see also* fair treatment)

- just in time 379, 385
- KeyChemicals 456
- knowledge 360–1
- knowledge transfer 308–11
- Kotter's integrative model of
 - organizational dynamics 95–8
- large group interventions 313, 275–7
- laws of effect 87
- leadership 6, 159–72
 - behaviours 162
 - charismatic 164
 - choice of 77–8, 259
 - collective 165–9
 - crisis of 108–9
 - distributed 164–5
 - role of 159–62
 - situational 163–4
 - style 162–3
- lean 11, 379–93
- lean thinking 379–84
- learned helplessness (*see* helplessness; *compare with* change agency)
- learning 9, 304–23
 - collective 305
 - collective memories 307–8
 - double loop 306–7
 - ideologies 318
 - impediments to 311–21
 - individual 305
 - interorganizational 309
 - organizational 304–22
 - single loop 306
 - transfer 353
 - triggers for 306
- Leicester Royal Infirmary 34
- letting go 213, 216, 219–20
- leverage points 263
- Lewin's three-step model of change 29, 44–6
- life crisis 211
- life cycle models 108–11, 148–9
- linkages 66
- locus for change 28–9
- locus of control 74 (*see also* helplessness)
- loss, fear of 20
- Lyons Confectionery 78
- manipulation 204
- matrix structures 263–4
- McDonald's 35–6
- McKinsey 7S model 112–13, 130
- Médecins Sans Frontières 339, 346
- meeting canoe 333–4
- memory 307, 339
- mental models 19, 304–5, 307, 308, 337
- mergers 11, 394–406, 407–15
 - types of 394–5
- merger stress 413
- merging groups 11, 407–15
- models, characteristics of good 117, 120
- monitoring 428–30
- motivation 6, 75, 191–206, 362
- motives, inferred 79–80
- moving 44 (*see also* Lewin's three-step model)
- negotiated order 69
- negotiation 204, 398
- neo-institutional theory 18
- normative embeddedness 20
- novelty 31
- obligations 20
- observation 127, 132
- open systems planning 280
- open systems theory 4, 87–103
- organizational citizenship behaviour 421
- organizational culture (*see* culture)
- organizational fit 399–401
- organizational learning 304–22 (*see also* learning)
 - impediments to 311–20
- organizational mirror 312–13
- organizational priority review 312
- organizational silence 179
- organizational visits 310
- organization development strategies 246–8
- organizations
 - conceptualizations of 68–9
 - goals perspective 68
 - OD perspective 68
 - political arena perspective 68–9
 - systems perspective 68
- pace of change 443
- paradigms (*see* mental models)
- participation 203, 205, 327
- patterns of change 1, 16–25
- PDSA (plan, do, study, act) 375
- perceptions 48, 155–6, 181–2, 185, 261, 337, 443
- perfection 384
- performance measurement 430 (*see also* effectiveness)
- personal transitions 208–21
- persuasion 202
- PEST analysis 106
- piecemeal improvement 371–2
- pilot sites 254
- placebo effect 340
- planning 7, 258–68
- playmakers 62–3
- pockets of good practice 254
- politics 5, 131, 143–57, 291–2 (*see also* stakeholders)
- positive questions 343, 348
- power 5, 143–5, 151–2
- prescriptive interventions 229 (*see also* advising)
- priority review 312
- proactive change 26
- process consultation 278
- process mapping 372–3
- process models of change 2, 40–55
- product innovation 23
- product life cycle 370
- projective methods of gathering information 126
- provocative propositions 344–5
- psychological contract 191–2
- pull 340, 383–4
- punctuated equilibrium 17–22
- purpose 65
- Pygmalion effect 340
- pyramid of organizational development 110
- questionnaires 126
- reactive change 26
- realistic merger preview 419–20
- recognition of need for change 3, 48–9, 60–71
- re-creation 26, 27–8
- redundancy 209 (*see also* survivor syndrome)
- refreeze 44 (*see also* Lewin's three-step model)
- reinventing the wheel 451
- reinvention 451
- relationships, quality of 183–5 (*see also* trust)
- reorientation 26, 27
- resistance 20, 192–5, 202–5, 209, 253, 276–7
- resources 266
- respect 236
- review 12, 52, 426–37
- rewards 266 (*see also* motivation)
- roles 62–3
- sampling 127–8
- scheduling 264–6
- security 408
- self-concept 408

- self-interest 143, 193
- sense making 62
- sensitivity training (*see* T-groups)
- separation 411–13
- sequences 28–9, 443
- service profit chain 432–3
- seven wastes 385
- shock 215, 218
- silence (*see* organizational silence)
- Silkeborg Council 297
- Site Security and Secure Escorts 117–18
- situational variables 251–3
- skills 77, 223, 237, 360–1
- social identity theory 407, 408–10
- social readjustment rating scale 210–11
- socioemotional support 407, 420–2
- sociotechnical systems 274–7, 280
- spreading change 13, 448–55
- stable quasi-stationary equilibrium 43
- stakeholder brainstorm 149–51
- stakeholder expectations 199–201
- stakeholder grid 152
- stakeholder management 149–54, 239
 - instrumental theories 146
 - life cycle models 147, 148–9
 - normative theories 146
 - prospect theory 147–8
 - resource dependence theory 147
- stakeholder perspectives 65
- stakeholders 5, 143–54
- starting points 254
- starting the change 3, 72–83
- states framework 111–12
- stickability 440–1
- strategic alliances 395
- strategic drift 246 (*see also* trap of success)
 - strategic fit 397–400
 - strategic gain 394–405
 - strategy 96
 - Strebel's cycle of competitive behaviour 107
 - success studies 73
 - success, trap of 60–1, 245–6
 - support 203, 231–2, 420–2
 - survivor syndrome 155–6, 193
 - sustaining change 12–13, 53, 387, 438–47
 - SWOT analysis 107, 133–5
 - symptoms, presenting 81
 - synergy 398
 - systems 68, 87–103, 250
- task demands 350
- team building 276, 347
- team composition 61, 400
- templates 19
- testing 216, 220, 375
- T-groups 278, 289
- theorizing 232–4
- theory of business 19
- third-party interventions 276
- time perspective 67, 96–7, 253
- time pressure 96–7, 289
- tipping point 17, 111
- tolerance 193
- top-down 254, 372
- total product maintenance 379
- total quality management (TQM) 289
- Toyota Production System 380, 384–5
- training 10, 350–7
 - enterprise level 354–6
 - evaluating effectiveness of 353–4
 - methods 352–3
 - needs analysis 351
 - objectives 352
- transience 31
- transition management 6
- transition manager 259
- transition plan 263
- transition state 258
- transitions 208–21
 - states of psychological reaction 214–16
- translation 23
- trans-organizational development 281
- trap of success 60–1, 245–6
- trust 79, 183, 253, 421
- tuning 26–7
- typology of change 26
- UK Coal 34
- unfreeze 44 (*see also* Lewin's three-step model)
- unobtrusive measures 127 (*see* data collection)
- urgency 169, 252
- users 78
- validity of change plan 429–30
- value capture 397–8
- value creation 397–8
- value stream 382
- values 347, 452
- vision 51, 159–61, 164, 169–70
- voluntarism 73–5
- waste 379, 382, 385
- Weisbord's six-box model 113–14
- whole system interventions 275–7
- wins, early 170