



APPROACHES TO INNOVATION AND ORGANISATIONAL CHANGE

Management, Innovation and Sustainability



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0.0 Executive Summary

This report focuses on United Aerospace which is a mid-sized company involved in all aspects of composite manufacturing, and how they responded to a major organisational change. Mass redundancies due to the sudden loss of a major contract. It analyses how the company responded to this change, the effect this had on employee, and how management could have improved their strategy to improve this process.

United Aerospace's initial response focused on an immediate efficient solution, but it lacked open communication and consideration for employee. This created an environment which exposed the staff to confusion, fear, and insecurity. By applying Lewin's Forcefield Analysis, this report recognises the main driving forces behind the change, such as the financial pressure to reduce impact on the bottom line, as well as the barriers, which mainly focuses on low morale and future career concerns.

Kotter's 8-Step Change Model was used to analyse how United Aerospace managed the organisational change. It outlines the key steps, such as developing a vision for change and keeping employees well informed at the early stages of the change process. United Aerospace failed to implement these strategies, which made it harder for employees to understand what was happening or feel part of the process. The report suggests techniques which could have been implemented based on a more structured approach using Kotter's model.

Herzberg's Two-Factor Theory is applied to demonstrate that during the change at United Aerospace they could have attempted retain motivation by ensuring fair treatment, open communication between management and employees, as well as offering opportunities for growth, even in high stress situations.

To summarise, while the change was strictly necessary, the way it was managed left employees feeling unsupported. Techniques and strategies could have been implemented by management to help ease the organisational change and develop trust for the future.

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1.0 Introduction

This report will focus on organisational change within a company, specifically a large-scale redundancy at a mid-sized organisation, due to the loss of a major contract. The report will critically evaluate how this change was managed internally by the company following the drastic downsizing. It will apply Lewin's Forcefield Analysis to examine the driving and restraining forces that influenced a decision of this magnitude, as well as utilise Kotter's 8-Step Change Model to assess whether the changes made were effective and functional for the organisation as well as the employees individually.

2.0 Overview of Organisational Change

United Aerospace is a mid-sized composite manufacturing company based in Wales, working within industries such as military & defence, automotive, aerospace and concept composite design.

This report will focus on a large organisational change event which occurred in 2020. United Aerospace was operating with approximately 90 employees following a recruitment drive in the previous 2 years which was supplemented by an increasing rate of product required by a customer within the military & defence sector. Without notice, the contract which was supplementing approximately 70% of the workload at United Aerospace was withdrawn. As a result of this, management at United Aerospace took a highly reactive remedial action of making large scale redundancies, specifically, downscaling to 35 employees.

3.0 Critical Evaluation

3.1 Assessment of Advantages

Initial cost savings. This immediate remedial action allowed the company to avoid any short-term additional financial shortfalls. This strategy effectively allowed the organisation to quickly re-scale their outgoing costs to match the reduced incoming profits. This mitigated the risk of bankruptcy, which could have resulted in all 90 employees being made redundant.

Legal compliance. The company acted in accordance with the legal requirements when making redundancies, inherently avoiding any legal issues from employees.

Clear justification. The management involved with making this decision had reasonable cause to take this corrective action, due to the scale of the workload decrease over a short period of time.

Redundancy selection. Management had carefully selected the employees to be kept in the workforce based on their length of service, skills matrix and personal performance. This allowed for an increase of relative productivity within the workforce.

3.2 Assessment of Disadvantages

Reactive approach rather than strategic. Using this highly reactive remedial action has several shortfalls. This approach was directly correlated to short term cost saving without considering the longevity of the company, and how this will affect the organisation over a longer time scale. This primarily includes the knowledge and experience lost when making large-scale redundancies within a company, accruing experience & talent within the workforce is highly valuable due to the time and individual commitment which is required.

Cultural and reputational damage. This strategy will create a shift in the culture of the organisation amongst employees, specifically fear relating to job security and a decrease in trust between employees and management. This will also create reputational disadvantages for the company, this will include reluctance to consider employment at United Aerospace

due to concerns over job security and a reduced confidence in the competence of management.

Lack of employee support. After the employees were made aware of the redundancies being made with a brief justification for the reasoning why, management lacked in providing support options for employees relating to their career as well as emotional support.

3.3 Impact on Human Factors

This type of organisational change can affect several human factors. This includes motivation and engagement, the overall effect on employee morale negatively affected the motivation of employees, creating a work environment which made employees feel undervalued and personally uninvested in the company.

The decrease in experience within the workforce reduced the overall confidence of employees when making critical decisions, which led to reluctance to take ownership of tasks. Natural leaders may have been removed from the workforce, inherently impacting the effectiveness of other employees in their work area.

An increase in cognitive load on remaining employees was observed. This is due to several factors, such as increased responsibility, new responsibility, change in role or increased independence. This will affect the quality of decisions being made as well as overall productivity of the employee.

Psychological impact is an important consideration when evaluating this organisational change. Survivor syndrome is common amongst employees who keep their role after a mass redundancy event, this will have psychological effects such as guilt, fear of job security, reduced morale and overall lowered work performance. The nature of this change strategy leads to a decrease in trust between employee and management, the employee may feel insignificant to the company, therefore also effecting overall motivation. (Emerson, 2022)

4.0 Lewin's Forcefield Analysis

4.1 Driving Forces

- Loss of a major contract which resulted in a decrease of production by 70%. Leaving employees without tasks to complete within their working day.
- Pressure on management to ensure the company stabilises their finances with an immediate effect.
- Overstaffing can lead to a decrease in job satisfaction in employees, this will negatively affect the company's reputation as a career option.
- This organisational event may have led to a change within the company's approach towards high volume contracts. Such as employing temporary contracted staff from external companies to fulfil contract requirements across shorter periods of time.

4.2 Restraining Forces

- Negative impact on morale for the remaining team members, consequently effecting productivity and efficiency.
- Poor communication between management and employees
- Loss of experience within the company, after releasing a large number of employees it is certain that the company will now see skill gaps within the workforce. This will create challenges if the organisation decides to up-scale back to the previous production rates, by having to repeat the recruitment phase. As well as basic training and specialised training.
- Remaining employees will have a decrease in job security, leading them to consider other career options which appear more stable

(University of Cambridge, 2016)

4.3 Evaluation

Lewin's Forcefield Analysis effectively highlights the comparative and contrasting points between the driving and resistive forces which were exhibited during this organisational change event at United Aerospace.

The driving forces justify the reasoning used when making a decision of this magnitude, and the steps taken for mitigating risk against the company financially. However, the restraining forces highlight that the long-term company plan may not have been fully considered, as the restraining points are all relative to the future of the company. The actions taken have great short-term benefits, but if United Aerospace chose to increase production capacity, they would face many challenges and potentially greater financial loss due to the time and resource involved with processes such as recruiting training and upskilling. (Burnes, 2017)

5.0 Kotter's 8-Step Change Model

In order to recognise how the organisational change may have been successfully managed, Kotter's 8-Step Change Model will be applied to this scenario.

5.1 Analysis

Step 1: Create Urgency

When approaching a situation of this kind, the management should clearly explain the rationale for making a large organisational change to the employees personally.

Communication between management and employees is vital at the early stages of an oncoming organisational change.

Step 2: Form a Powerful Coalition

United Aerospace lacks leadership presence on the shopfloor. In order to efficiently manage a change, it would be beneficial to have departmental leaders/supervisors, this will inherently encourage feedback from employees, as well as boost encouragement amongst the team to be more communicative regarding the potential of organisational change.

Step 3: Develop a Vision and Strategy

Outlining future goals for the company as well as its employees is highly important when managing change within an organisation. Opportunities for employees, prospect of growth and upskilling internally are all motivators for the workforce. United Aerospace would have benefited from allowing employees to understand the future goals of the company.

Step 4: Communicate the Vision

United Aerospace should have held annual appraisal reviews with employees, this includes a one-on-one conversation relating to the performance and mental attitude of each

employee. This would have created an opportunity to discuss an organisational change, as well as improve the environment in workplace to help employees feel more comfortable to discuss these scenarios with their manager.

Step 5: Remove Obstacles

This step involves identifying the barriers which are involved with the change and creating tasks to remedy them. United Aerospace could have established a cross-training program, this would have allowed them to keep employees in house as they will have gained transferrable skills to operate in other departments after the loss of a contract in their existing area. Implementation of a skills matrix would also be advantageous, as it would allow employees to see their own progression and transferrable knowledge and take personal steps to progress within the company.

Step 6: Create Short-Term Wins

United Aerospace would have benefited from creating short-term wins within the team, this would boost morale and encourage employees to feel motivated. This could be achieved by celebrating winning contracts for small production quantities, as well as praising employees for hitting production targets and milestones on remaining contracts.

Step 7: Build on the Change

Following on from the previous step, the management at United Aerospace could have shared the positive insights relating to long term wins with the employees. This would help to build momentum within the team and improve the atmosphere on the shopfloor following a large change within the organisation.

Step 8: Anchor the Changes into Corporate Culture

In order to permanently change the culture at United Aerospace they should have implemented the following methodologies into their organisation. Management discussing progress as much as reasonably practicable, as well as the previous successes within the business. Management should acknowledge the staff which were with the company before/during the organisational change and provide incentives for loyalty to the organisation.

5.2 Assessment

This change model clearly demonstrates the relevant steps to be applied when preparing and handling organisational change. This approach focuses on early engagement with the employees, accounting for all the human factors such as clear communication, incentivising for loyalty and focusing on motivation to improve productivity.

United Aerospace failed to initially implement this environment into their company before, during and after the organisational change event. This discouraged employees to become personally invested within the company.

(Kotter, 2012) (Mindtools, 2021) (Kotter, 2025)

6.0 Herzberg's Two-Factor Theory

Herzberg's Two-Factor Theory explains that workplace satisfaction and dissatisfaction are regulated by two sets of factors, hygiene factors and motivator factors.

6.1 Hygiene Factors

Job security is a primary hygiene factor when using this theory to analyse the organisational change which occurred at United Aerospace. This due to the instant and lasting effects of fear and insecurity.

Lack of communication was also a hygiene factor during this company change, this is due to the minimal conveyance of information from management to employees before, during and after the scenario.

Productivity was a third hygiene factor effected during this timeframe. This was caused by multiple factors, including loss of experience and skill within the workplace, anxiety and job insecurity for employees, as well as an increase in emotional tension and stress for both management and staff.

6.2 Motivator Factors

Individual recognition was a motivating factor which United Aerospace failed to highlight. They should have increased efforts to make remaining employees feel recognised for their skills, experience and value to the company.

Career progression was another motivating factor which was poorly managed during the organisational change at United Aerospace. They failed to reassure employees that despite the loss of a major contract, there would still be opportunities to progress at the company in the future. (Nickerson, 2025)

7.0 Conclusion

The organisational change which took place at United Aerospace following the loss of a contract which resulted in a 70% reduction of all production work and inherently created substantial redundancies demonstrates the challenges associated with effectively but efficiently managing a company during a crisis. The reactive corrective action taken by management created an environment amongst employees which displayed high resistance, decreased morale and an overall reduction in trust between management and the workforce.

Lewin's Forcefield Analysis compares and contrasts the seemingly necessary remedial actions taken to quickly solve any short-term issues, against the restraining forces which consequently created negative long-term effects on the organisation, such as reputation, ability to redevelop and the financial challenges involved. Kotter's 8-Step Change Model summarises the roadmap for addressing the challenges faced during this organisational change, primarily focusing on the human factors of the change and how they can be appropriately managed in the short term as well as how United Aerospace could begin to take preliminary steps to manage future change.

Overall, it is imperative that management emphasis communication with employees and implements strategies for managing change with an approach which looks towards the future of the company, rather than solely satisfying short term goals.

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