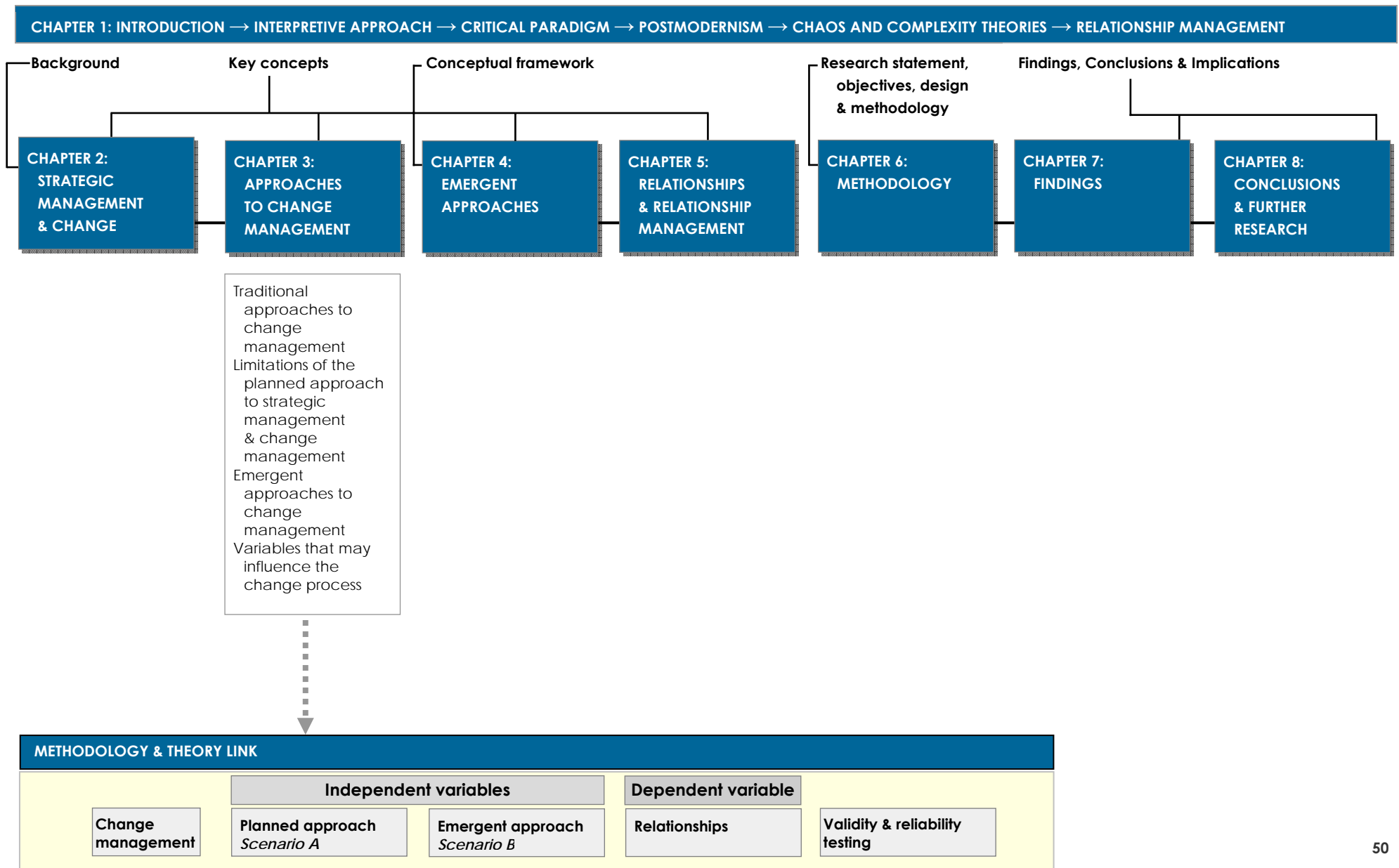


OVERVIEW OF CHAPTER 3: *Approaches to Change Management*



CHAPTER 3:

Approaches to Change Management

3.1 Introduction

As outlined previously in Chapter 2, the planned approach to strategic management and change management is tightly linked to identifying and managing processes designed to make organisations more successful and competitive. All these processes are internally focused, and they attempt to provide solutions to help management obtain commitment to change and improve productivity with the least resistance. Change plans make the results tangible, help control the processes, guide decision-making and provide security around uncertainties.

In this chapter the characteristics of the traditional, planned approach to change management are discussed in depth, and the emergent views of change management are introduced.

3.2 Traditional approaches to change management

Individual change management models can be briefly summarised as follows:

- ♦ ***Kurt Lewin's classical model:*** This model is entrenched in the general systems theory; more specifically, it is concerned with the forces that sustain down-balanced systems or those that break them down (Graetz et al., 2002, p. 99). Stable forces are dominant in a stable system, so if a stable system is to change it needs to reduce all stabilising forces. There are basically three steps in this process: unfreezing, moving and refreezing. Unfreezing involves detaching by communication existing problems. Moving refers to the recognition of a need to change, specifically, cultural change and structural change to establish new values and processes. Refreezing refers to the reinforcement of changes in order to achieve renewed equilibrium (Burnes, 1996).

- ♦ ***Socio-technical approach*** identified the semi-autonomous workgroup as the foundation for any organisation, and although it was better suited to the demands of business it was less considerate to the basic needs of employees, such as job satisfaction. This approach proposed that both technical and social systems of work should be utilised in order for an organisation to change (Graetz et al., 2002, p. 100).
- ♦ The ***organisational development*** school of thought approaches change on a consulting basis providing a variety of tools to facilitate change. Here, its main emphasis is on team building, personal development and participation. Action research is also emphasised and used to measure and evaluate change through constant feedback during the change process. The subsequent data-collection process involves both the researcher and the participants in the process of change. Strategic change, involves the alignment of the environment and the organisation's strategy, providing the ability for the organisation to adjust to rapid changes in the environment (Graetz et al., 2002; Burnes, 1996; Cummings & Worley, 2001).
- ♦ The concept of the ***learning organisation*** refers to participative management and the interconnectedness of organisations. Knowledge and skills are seen as an important resource to determine organisational success, and the organisation can be improved by focussing on the learning process. The learning process is determined through trial and error through goal setting and feedback (Cummings & Worley, 2001; Graetz et al., 2002).

The above models of change management are mostly normative with weak foundations in positivist research. Following these are the models of *lean production* (or as it is mostly known, the Toyota or Kaizen model) and *Total Quality Management*:

- ♦ ***Lean production*** is based on the principles of zero defects, zero inventories and zero waste (Graetz et al., 2002, p. 107) through the total integration of all systems. Motivated teams of high and multi-skilled employees drive continuous improvement systems with a philosophy of

quality and minimum waste. There is strong influence of Taylorism where automotive production and control over employees are the focus.

- ◆ **Total Quality Management** (TQM) is related to lean production, and they were both influences from Japan and adopted in the Western world. Like lean production, TQM applies to the whole operational system through fully integrated work teams and focuses on quality and customer requirements (Graetz et al., 2002; Cummings & Worley, 2001).

While TQM is less focused on cost-reduction and more on cultural change, both the TQM and lean production's commitments to employee participation and empowerment are questioned.

The final three change models described by Graetz et al. (2002) are: business process reengineering (BPR), best practice, and the model of high-performance work organisation. These three are closely related and owe much of their development to lean production and TQM. These three models place a high premium on core business processes and building workforce commitment, although critics have questioned these models' implicit expectations of commitment from employees who are constantly subjected to possible downsizing, outsourcing and redundancy

The most prevalent and overriding paradigm in traditional change management literature is the planned approach (mentioned earlier). Even though some of the above mentioned perspectives have a participation element, the change management process is generally based on the planned approach (Head, 1997).

At the Harvard Business School, in 1998, a research conference was held wherein the most prominent practitioners and academics discussed the state of change management theory and practice (Beer & Nohria, 2000). Six key elements of change were identified as being embedded in most change efforts. In addition to the element of planning, there are:

- ◆ the purpose and measure of change;
- ◆ the leadership style in change efforts;

- ♦ the motivation for change; and
- ♦ the focus of change; and
- ♦ The Harvard group also looked at the consultant's role in change, and at the types of change that is being researched.

To date, two basic approaches to change in theory and practice can be observed, namely, Theory E (economic value-driven change), and Theory O (organisational capability driven change) (Beer & Nohria, 2000, p. xii). Senior (1997) proposes a distinction between hard-systems models and soft-systems models. Hard-system change management relates to rational-logical models (Theory E), where people issues are of low priority; and soft-systems models (Theory O) take into account organisational politics, culture and leadership—in other words, people issues.

Next, the characteristics of this planned, Theory E, hard-systems approach is discussed, and thereafter the same characteristics are contrasted in the discussion on the emergent Theory O approach.

3.2.1 Focus on economic value

Proponents of this approach argue that it is an organisation's sole ethical responsibility to society, its shareholders and employees to produce profits and be economically viable (Beer & Nohria, 2000; Jensen, 2000; Graetz et al., 2002). Focusing on this objective function keeps the minds of managers on the economic returns of the company, and shareholder values motivate decision-making. According to Jensen (2000, p. 38) an organisation has the obligation of deciding what is "better" for the welfare of society's inhabitants in terms of the outcomes of the organisation. Jensen contends that an organisation should have a single valued objective function that calls for purposeful behaviour, which may not be possible when there are multiple dimensions which may potentially lead to confusion and complexity. Too many goals to please too many stakeholders eliminate an organisation's competitive edge.

Jensen (2000) emphasises that having a single objective does not imply that a firm cares only about one thing, but rather that the objective comprises of a complex function of different goods or 'bads'. It is somewhat like a business version

of the medical Hippocratic Oath where business leaders have to make choices about what would be 'better' for the welfare of a society's inhabitants. In this sense the welfare of a society is dependant on the total value of an economy, and Jensen (2000) simply equates this to

when a firm produces an output or set of outputs that are valued by its customers at more than the value of the inputs it consumes (as valued by suppliers) in such production (p. 41).

The good behaviour of a firm is therefore that which is obtained from the most despite limited resources in the environment (profit maximisation), and produces the least waste. The total approach to change, according to the financial perspective, focuses on the shareholders, customers, building competencies to improve operations and new product developments (Graetz et al., 2002). Change is even measured by dollar-based indicators such as shares price performance, market shares, overall performance, profitability, cash flow and internal financial targets and budgets.

3.2.2 Top-down approach to change

Leaders who lead change from the top are ones who set goals and objectives based on expectations of financial markets, and they do not involve employees at lower levels in decision-making processes (Beer & Nohria, 2000). In this paradigm, leaders are expected to provide a strong vision and focus by which employees measure their change performance (Graetz et al., 2002). Proponents of this paradigm argue that only managers can make decisions on mergers, structural changes, acquisitions, that is, changes directly affecting survival, because they supposedly have the knowledge and information necessary to do so (Conger, 2000). Which is why top executives have the power of position, their actions are perceived as heroic, and they have the 'vantage point' in the organisation where they can make more informed and visionary decisions. That is, since such decisions have profound implications, requiring huge capitals and involving big risks; it would therefore take too much time if everybody is to be involved in the decision-making process. To justify this opinion, the top-led advocates argue that widespread participation and buy-in are still necessary for change efforts to be successful; nevertheless a team of senior executives is still required in order to take

charge and control the change. As most change efforts are more fundamental than incremental, the top-down advocates believe that top management is still the better approach to orchestrating organisational change efforts.

3.2.3 Focus on structure and systems

Organisational structure is described by Cohen (2000) as:

the formal elements of organisation, the rules and procedures that are designed to guide or restrict the behaviour of people (p. 178).

According to the proponents of the Theory E-driven approach, changes in structure, strategy, or the 'hard' systems of the organisation yield much quicker financial results than focusing on cultural and behavioural changes (Beer & Nohria, 2000, p. 8; Graetz et al., 2002). Business leaders have the power to make quick decisions on resources and formal hierarchical structures, and these fundamental changes require starting with the structure of an organisation. Galbraith (2000) argues that managers can generate much larger changes in an organisation by changing formal structures rather than by changing culture. He also argues that structural changes should be the first step in any change process, as this first step determines the success of larger subsequent transformational efforts. As resources lie within the power structures of the organisation, the redistribution of power is necessary to engineer change.

3.2.4 Planned and programmatic change

Proponents of the planned—Theory E—approach believe that a clearly planned transformation effort builds confidence with all the stakeholders of an organisation (Beer & Nohria, 2000, p. 8). They believe that a well organised, sequential plan driven from the top motivates action and forces decision-making. Although some Theory E followers believe in a planned approach, they often recognise that these plans have to be more focussed on behavioural changes and participation, rather than on mere structural changes, that is, as in the top-down approach (Ghoshal & Bartlett, 2000; Gouillart & Kelly, 1995). These types of planned approaches focus on discipline which is created through performance standards, and are linked to clear reward and sanction systems. Linear planning sets clear directions, weighs resource, budgets against set objectives, and sets direction with clear goals and

objectives (Graetz et al., 2002). Most of the traditional literature on Organisational Development (OD) and change management follow a planned, step-by-step approach (Burnes, 1996; Cummings & Worley, 2001; Gouillart & Kelly, 1995; Graetz et al., 2002; Johnson & Scholes, 1999; Lawler, 2000; Robbins, 1990; Wruck, 2000, p. 294).

3.2.5 Motivated by financial incentives

Beer & Nohria (2000) explain that Theory E changes rely very much on bottom-line focussed strategies. Together with this economically driven approach, financial incentives to motivate change are considered an essential symbolic and motivational element. Financial incentives are likely to keep managers focussed on the goal and prevent them from being side-tracked by emotional or political constraints (Jensen, 2000).

Wruck (2000) suggests that the issues that determine a change approach are those factors that motivate people to change. Moreover, compensation systems determine change, so they have to be used to facilitate the success of a change strategy. According to Wruck (2000), successful and productive change is therefore change that creates value for the organisation, its owners and society. Value is created when an organisation produces more than is consumed. She believes that

effective compensation systems help overcome organisational inertia and opposition to change (Wruck, 2000, p. 270).

Although Wruck states that monetary compensation is not the only effective system, that is, there are other rewards such as participation, bonuses, safety, recognition, and even interaction and relationships, monetary rewards should be put in first place because employees tend to associate money as enabling other things they value. That is, with monetary awards come the employee's choices of their own award system. The compensation system is merely the starting point of a change strategy, but it ultimately stimulates behavioural change. Equally important are the importance of communication, a learning culture, and effective participative problem-solving efforts. If a new compensation system is implemented, it has to be communicated well, and employees should be allowed to

experiment with options, and provide suggestions regarding the rewards (Lawler, 2000; Wruck, 2000).

3.2.6 The change leaders: consultants are large firms supporting top management

Large consulting firms with supposedly superior knowledge and experience are often appointed to lead changes in order to provide rapid and sizeable economic improvements in organisations (Beer & Nohria, 2000). Because of the push from economic markets and investors, the boards of organisations are pressured for rapid changes. This is often done by changing the leadership, major structural changes and layoffs. CEOs under stress find an alliance in consulting firms, who take the blame for potentially painful changes. As management increasingly sees the firm as an economic institution rather than a system of people, they become disconnected from lower level employees. But this also makes it easier for management to make these decisions by focussing on the set objectives and the bottom line without being affected by the emotions surrounding those decisions. A further advantage is that consulting firms can bridge the gap between theory and practice, since they have the resources and experience to perform the cutting-edge research within organisations, and then translate that to business experience (Neill & Mindrum, 2000).

From the variables discussed above, the formal planned approaches to strategic management and change therefore serve a number of essential functions (Quinn, 1998, p. 132). Apart from forcing managers to be disciplined and forward-looking, it also forces them to communicate organisational goals and strategic issues. At the very least, managers are encouraged to produce long-term analyses, evaluate and integrate short-term plans. Furthermore, planning protects long-term investments in the company and provides a framework within which management can benchmark their short-term decisions. As Quinn (1998) observes, in this sense, the planned approach to strategic management and change has become an extension of the controllership function. It is thus appropriate to scrutinise the planned approach for its limitations.

3.3 Limitations of the planned approach to strategic management and change management

The step-by-step, uni-directional, rational, traditional approach to strategic planning and change has very definite limitations, despite its simplicity and perceived security to the organisation and its members. In other words, the strategy limits the organisation's ability to reconsider or change its course once the strategy is implemented. Furthermore, it also inhibits the organisation's ability to respond promptly to sudden changes in the environment (Graetz et al., 2002, p. 53). Given the turbulent, complex environments organisations face today, a top-down, hierarchical, predetermined and rational process simply cannot work. As according to Graetz et al. (2002), organisations become trapped in thinking about successes of past paradigms, so they settle into a risk-averse rut of conservative and convergent strategic planning. The strategic management school of thought emphasises control and planning by top management, and they recognise issues of empowerment without getting involved in the realities of them (Bennis, 2000).

Senge et al. (2000) have demonstrated by statistics and figures that reengineering and TQM efforts do not sustain change efforts. Accordingly, most change efforts follow a life cycle where they have an initial growth surge, but then gradually slow down or even cease to work. In this sense, the organisational arena resembles the biological world in the discovery that growth processes are often limited by the failure to address deep systematic causes of problems. Essentially, organisations can deal effectively with difficult issues only when people are able to communicate problems in an environment of trust and openness. This is the same in the natural world, where relationships between entities depend on their interaction among growing and conflicting elements. Therefore this requires less than a mechanistic approach because the management of change within an ever-changing environment is somewhat like the management of an organic, living and growing entity.

Highly skilled knowledge workers find it difficult to function within hierarchical organisations which use power and control to manage large low-skilled workforces (Graetz et al., 2002, p. 134). Which is why traditional Taylorist structures are not adequate in responding to complex environments that are driven

by new technologies, greater customer demand, and the global marketplace. Cummings & Worley (2001, p. 38) add to this criticism by pointing out the lack of information and knowledge regarding features, outcomes, mechanisms of change. In addition, there is not enough knowledge available on all the variables that could influence change strategies, and how these variables differ relative to situational changes. A lot more research and debate, as well as rigorous assessment and measurement, are needed to fill these gaps.

For many decades, the planned, top-down approach worked well because the pace of life was slower, managerial authority was rarely challenged, jobs were more secure and the environment was more stable (Youngblood, 1997, p. 8; Peters, 1987, p. 7; Flower, 1993, p. 50; Beer & Nohria, 2000, p. 14). However, rapid developments in information and communications technology, overloaded systems, better-informed employees, worldwide access to information, family life demands, and the roles of men and women, have caused a revolution. Turbulence in society has created uncertainty and complexity, and moved organisations to new approaches and worldviews. Broader accesses to information and knowledge through a variety of media has spread information more widely across organisations, not just those privileged in top management structures. As a result, top management has become removed from customers and operations, and the problems on the factory floor are less likely to be communicated upward in a firm managed from the top.

What it has come to is that the rational, controlled and orderly process associated with planned change may seem comforting but, as the planned change critics have warned, this perception is seriously misleading because sudden changes in the environment can severely affect an organisation's plan (Cummings & Worley, 2001, p. 39). Such erratic and unforeseen influences can throw the organisation completely off its track to the extent of total chaos and disintegration. They also warn that evolving variables may render the organisation much more unstable and disorderly than may be perceived by unwary managers.

Therefore, new approaches to change have thus been developed because fast changing environments demand more contingent methods that are more

situational. The change strategies adopted would therefore have to achieve maximum fit with the ever altering environment.

3.4 Emergent approaches to change management

It is important to note that many recent models of Organisational Development (OD) and planned change were developed because of pressures from the environment and recognition of the reality of postmodern organisations. Interestingly, contemporary adaptations to action research address imbalances in power and resource allocation across different groups; furthermore, action researchers are becoming instigators of change processes (Cummings & Worley, 2001, p. 477; Holtzhausen, 2000). Another contemporary development of the OD models is the integrated strategic approach (ISC) where participation is encouraged such that all employees are involved in the analysis, planning and implementation process, which means working together towards (1) improving coordination and integration of all subsystems, and (2) creating shared ownership and commitment (Cummings & Worley, 2001, p. 485). Transorganisational development (TD) has emerged because of the realisation that everything is interdependent and organisations are part of a bigger system. TD is a form of planned change that enables organisations to collaborate with each other in the sharing of resources and risk, or mergers and acquisitions (Cummings & Worley, 2001). These paradoxical and revolutionary developments are in line with the emergent approaches to organisational change to be discussed from here on.

Senge et al. (1999, p. 10) suggest that organisations should approach change less like managers and more like biologists in order to achieve sustained change, as stated here,

This requires us to think of sustaining change more biologically and less mechanistically (p. 10).

Similarly, McDaniel (1999) observe that new approaches to management bring the freedom of less control, and the result is a more organic, holistic and ecological organisation, or “living systems”. To this extent, Youngblood (1997, p. 28) also notes that,

Living systems operate in complex environments where centralized control would be a one-way ticket to extinction (p. 28).

In these terms, organisations which operate like living systems are more open, flexible, creative, balanced, and respond more effectively to the changes in the environment. These organisations are also more caring because they strive harder for a healthy relationship with groups who could influence or be influenced by the organisation (Youngblood, 1997, p. 34).

In brief, emergent approaches to change have the following characteristics in common, as extracted from Burnes (1996, p. 193):

- ♦ change is seen as a continuous process of learning and experimentation in order to adapt and align to a turbulent environment;
- ♦ small-scale changes over time can lead to larger changes in the organisations; managers should create a climate of risk-taking and empower employees through participative management of the change process;
- ♦ managers should create a collective vision to direct the change process; and
- ♦ key activities should be information-gathering, communication and learning.

The characteristics of these emergent approaches, as identified by the 1998 Harvard Business School conference, are based on building organisational capabilities for the long run of a business (Theory O). These characteristics serve as antipole for the planned change approaches:

- (1) purpose: developing long-term organisational capabilities;
- (2) participative leadership style and the importance of dialogue;
- (3) focussing change on culture;
- (4) change efforts are non-programmatic and emergent;
- (5) less emphasis on financial incentives as a driver for change; and

(6) involving small process-oriented consulting firms.

3.4.1 Purpose: developing long-term organisational capabilities

Within this paradigm is the emphasis on developing an emotional commitment from employees so that they become involved in the improvement of the organisation's overall performance, which affects significantly the organisation's financial success (Beer & Nohria, 2000). Work environments driven by such high commitment are usually more productive than environments driven by compliance (Senge et al., 1999). Compliance driven change is often more effective if it is short-term, and the employees accept it with more ease. Long-term change, therefore, needs to be constantly driven because employees tend to resist change on an ongoing or long-term basis. There is also a risk of perceived exploitation, which gives rise to the employees' lack of acceptance (Johnson & Scholes, 1999). If a change initiative can be 'driven' through learning and building capabilities, such that it can sustain itself without being pushed, it will have the potential to last. 'Learning-capabilities'-change paradigms create commitment, which in turn contribute to improved relationships. The organisation thus becomes a self-perpetuating system of growth and development, leading to shareholder returns on investment (Senge et al., 1999, p. 41). For this reason, Senge (2000) believes that organisations that follow a single objective of managing change for greater profit might fail to recognise the factors that are crucial to economic success. He argues that,

organisations are nonlinear dynamic systems in which there are many unintended consequences when direct linear action is taken (Beer & Nohria, 2000, p. 14).

In terms of the living system analogy, learning capabilities are like an "interplay of design and emergence" (Senge, 2000, p. 78). That is, just as the design of the human body lies in the possibilities of emergence through evolution, an organisation's design should be less and less predictable and structured, so that it has a greater ability to change. A further distinction is made between function and purpose. As Senge expands, function is normally specified and entrenched in any organism's design; for example, the function of an organisation is to create return on investment for its shareholders. However, just as the human body needs oxygen

to survive (function), the human being also needs purpose and meaning in life and within the bigger community. In a similar sense, an organisation ultimately needs to contribute more than just its economic value to its environment; that is, it needs to be socially responsible to the community within which it functions. Adding value is therefore the function of an organisation, and this change is possible only if the design of the organisation permits it. For emergence to take place, an organisation needs to change its sense of purpose.

3.4.2 Participative leadership style and the importance of dialogue

Participation implies involvement in strategic decision-making through workgroups and teams as well as in the setting of the organisational strategic agenda (Johnson & Scholes, 1999). Organisations that follow participative change strategies have high levels of involvement, collaboration and dialogue from all levels regarding the change process (Beer & Nohria, 2000, p. 14). Involvement builds the trust and commitment essential for long-term relationships which in turn contribute to continual improvements of performance. This is important since current organisational conditions of technological and political complexity require teams of committed people to work together to achieve long-term change (Bennis, 2000, p. 114). Furthermore, effective change within a turbulent and chaotic world calls for a strong alliance between the workforce and management, and as Bennis (2000) points out,

The truth is that adaptive problems require complex and diverse alliances. Decrees, ukases, orders do not work (p. 118).

A few factors in top-down change management make enhancing participation difficult (Dunphy, 2000). Organisational structures are often designed as networks or teams that function with an equal command structure. In such cases, agreement for change decisions has to be negotiated amongst partners. Furthermore, hierarchical command structures are not always consensual, so CEOs often need to apply persuasive techniques to get top managers to agree on change issues. Another problem with top-down strategies is that some employees have developed a sense of cynicism and distrust in their leaders because of past badly managed restructuring, downsizing, mergers, acquisitions and retrenchments. Those who

have been retrenched and those who remain tend not to view the next round of major changes, directed from top management, with enthusiasm and loyalty.

Bennis (2000) believes that successful organisational change occurs in an environment that has vast cultural differences and diverse participants where leaders are listeners and followers rather than heroes and icons. As Dunphy (Dunphy, 2000) similarly observes, where there are more minds with varied opinions contributing to solving complex problems, there will be better solutions to be found. Tolerance and acceptance of differences and diversity are characteristics of this type of environment. However, as Dunphy (2000) also notes,

It demands a climate of trust and mutual respect that is easily destroyed by unilateral control and management of fear (p. 134).

Therefore, an important condition for participation is that all participants are well informed, knowledgeable and equipped to make contributions of any value. As Dunphy (2000) explicitly points out, while low-skilled workers with repetitive jobs might not be interested in participating in the strategic direction of the company, higher skilled workers might. Therefore, as the knowledge and skill levels increase, the need for participation also increases. The higher the educational levels and information richness of the workforce, the better the employees' understanding of the markets and the operational and strategic environment, and the more they can contribute to the strategy. Therefore the responsibility of management is to invest in the skills and corporate capabilities of the workforce in order to ensure meaningful participation on all levels.

3.4.3 Focusing change on culture

Organisational culture, according to Cummings & Worley (2001), refers to the

pattern of basic assumptions, values, norms, and artefacts shared by organisation members (p. 502).

Culture provides guidelines for employee behaviour, interaction patterns, measurement of work, and expectations. There are at least three layers or levels of corporate culture (Johnson & Scholes, 1999; Cummings & Worley, 2001). At the first level, the taken-for-granted assumptions are at the core of organisational

culture; these are non-debatable and form the paradigm of the organisation. At the next level, values and norms describe what is important in the organisation and they are issues that employees can discuss; they are often written down as the mission and goals of the organisation (Johnson & Scholes, 1999). The shallowest level is artefacts. These are the visible attributes stemming from the deeper values and norms, such as observable behaviour of employees, the rules, regulations and physical aspects of the organisation (Cummings & Worley, 2001).

Change strategies driven by culture articulate a clear set of values and principles in order to create an emotional commitment from employees to drive transformational processes (Beer & Nohria, 2000). Change strategies that set on changing merely the structures or systems will not automatically change the culture; however, changes in culture will give these structures or systems legitimacy (Hirschhorn, 2000, p. 161). Hirschhorn (2000) believes that structure is actually a combination of interrelated relationships of people, and is thus socially constructed. Structure represents the moral order of the organisation. People do not feel comfortable with changes to this moral order and will resist it under normal circumstances, which means that it takes a crisis to create a condition and opportunity to change. These conditions and their interrelated relationships are discussed in more detail in the next chapter.

3.4.4 Change efforts are non-programmatic and emergent

With emergent change processes there is rarely a single process or programme in place, neither is there a single person or specific designated group responsible for the change process (Beer & Nohria, 2000). On the contrary, according to Weick (2000), organisations change because of a natural process of continuous learning. Within this paradigm, top-management facilitates the learning process, not by trying to manage it from the top, but by creating an environment for experimentation.

The foundations for emergent change are communication, relationships and dialogue, together with strategy evolvment, unplanned innovations, and small actions with unexpectedly large results.

Weick (2000, p. 227) points out many liabilities of planned change, including management ignorance and short-sightedness with regard to the long-term consequences, that is, in such terms as relapse, low morale, costs of unforeseen events, long feedback loops, lags in implementation, and many more. As Weick points out inertia causes companies to lag behind changes in the environment because these are viewed and managed as if they are solid structures, which have to be moved forward in a linear fashion towards an improved state. The systems perspective of organisations describe the interrelated parts of such a system as being mutually dependent to the extent that they become tight and stagnant in equilibrium. They need a crisis to force change and a plan to implement it. However, a different perspective of organisations could deflate the role of inertia. This alternative approach is an emergent approach and it emphasises the dynamic process of extricating and rebuilding, rather than on the mere structure of the organisation. Organisations that function within the emergent paradigm recognise interdependent relationships as loose, ever-changing and transitory. These relationships, as Weick (2000) states,

take the form of candid dialogue that mixes together trust, trustworthiness, and self-respect (p. 233).

In this respect, participants need to stay in the perpetual motion of change, paying constant attention to the process.

The specific characteristics of emergent change with respect to postmodern perspectives of change are discussed in more detail in the next chapter.

3.4.5 Less emphasis on financial incentives as a driver for change

Business and philosophical management writer, Handy (2002) argues that,

to turn shareholders' needs into a purpose is to be guilty of a logical confusion, to mistake a necessary condition for a sufficient one. We need to eat to live; food is a necessary condition of life. But if we lived mainly to eat, making food a sufficient or sole purpose of life, we would become gross. The purpose of business, in other words, is not to make a profit, full stop. It is to make a profit so that the business can do something more or better. That "something" becomes the real justification for the business (p. 51).

According to Post et al. (2002), although an organisation's success depends on the accumulation of resources and its competitive advantage, it is ultimately

overt and transparent commitments to humanistic practices, honesty, and fair dealing (p. 243)

that contribute the most to performance. Healthy relationships with stakeholders are essential for the survival of an organisation, as well as for the creation of organisational wealth. The wealth of an organisation can be achieved through commitment and constant adaptation to the volatile environment.

It seems that many authors in both academia and in the workplace do not oppose the use of financial incentives as a motivator for change; however, Ledford & Heneman's (2000) believe

that compensation as a lag system is superior to compensation as a lead system (p. 312).

Ledford & Heneman's (2000) reviews of academic and popular literature show universal support for the idea that a complex network of various factors should be aligned to meet business needs. Furthermore, compensation systems should be derived from the organisational strategy. Other factors such as organisational structure and culture, as well as human resource systems, also provide compensation directives. More interesting is the argument that because financial incentives carry a lot of emotional baggage, when organisations do use them to lead change, the change effort is more likely to be charged with employee resistance. The value of reward systems can only be assessed by the people who receive them; therefore, they should be included in the decision-making process, which means using open, honest and continuous communication should be promoted throughout the organisation (Graetz et al., 2002; Lawler, 2000). Not only should the reward system be moved downward to the people involved, but they should be provided with information, knowledge and power to improve the decision-making and implementation processes regarding these reward systems.

3.4.6 Involvement of small process-oriented consulting firms

Proponents of the use of small consulting firms argue that the larger the projects and the larger the firms involved, the greater the chances that the client organisation will lack the implementation skills and motivation to take full advantage of the consultants (Schaffer, 2000). In order to create a learning organisation, it is therefore more feasible to have smaller projects with measurable objectives so that the organisation can realistically implement (Beer & Nohria, 2000). Consultants should guide organisations through the process of change by facilitating decision-making through analysis, communication and participation of employees (Schaffer, 2000). Miles (Miles, 2000) takes this one step further in suggesting that the greater the requirement for planned change, the higher the impact of the changes; consequently, the more employees are involved, the more the organisation will learn from the change experience. This calls ultimately for high impact through large scale change efforts with the full involvement of relevant stakeholders through dialogue, feedback and empowerment.

3.5 The influence of size and structure on the change process

Burnes (1996) mentions that some theorists argue that size is the key variable that can have a significant influence on the design and change strategies followed in organisations. It is argued that the more organisations grow in size, the more they will have to be more controlled and have mechanistic structures in place. Large organisations would also be more formalised in their processes (Robbins & Barnwell, 2002). The reverse was also found by a group of researchers known as the Aston Group (group of British researchers from the University of Aston in Birmingham): the smaller the organisation, the more it was likely to follow more organic and flexible approaches to strategy and change.

According to Quinn's (1998, p. 148) discussion of the effects of incremental change strategy formulation, there are many factors that may influence how large-scale organisation changes. To list a few, the amount of players, the environmental conditions, and competitor's responses, are some of the factors that may influence the pace of incrementalism. On the topic of size Quinn notes that interestingly,

smaller systems do not have the inertia, political power play or the history of previous relationships that could influence changes. As Quinn (1998) points out,

Thus the nature of strategy formulation often seems - and can be—more instantaneous and centrally controlled in smaller organisations (p. 148).

But Quinn also notes that many enterprises, especially large ones, have failed to make strategic changes with a structured centrist approach, so incrementalism are highly situational. Researchers have furthermore, not been able to establish a causal link between size of organisation, and performance and effectiveness of change strategy (Burnes, 1996; Robbins & Barnwell, 2002).

The complex process of strategic change should therefore be approached holistically, and taking into consideration all possible complexities. Mutual feedback should be provided on all dimensions of the change and interactive testing should occur around all the possibilities of change.

3.6 Summary

The elements outlined above relate to two approaches or schools of thought in change management. Within the views of Newtonian science, organisations operate according to deterministic, predictable and stable modes (McDaniel, 1997, p. 21). As such traditional management sees its role within this paradigm as reducing conflict, creating order, controlling chaos and simplifying all the complexities created by the environment. Possible outcomes are predicted and alternatives for action are planned, and these are communicated throughout the organisation. If these predictions turn out to be false, management would perceive them as being a mistake. The classical ontology of management science relies heavily on the premise that systems that change cause conflict between parties involved or influenced by the system (Dennard, 1996, p. 495). Risk and surprise should always be avoided, so the company's performance is plotted out and strategically planned. As a consequence, variations and disturbances are signs of poor management (Youngblood, 1997, p. 20). Large mistakes are the consequences of large causes. Conflict or crises result from poor planning and poor control. If people are confused and uncomfortable, management sees it as a problem that needs to be addressed (Flower, 1993, p. 50). In this mindset, systems are expected to run

smoothly and according to tried and tested models and programs. Structure and control by having a finger on everything is the only way to keep systems from disintegrating into total chaos and, ultimately, destruction (Wheatley, 1994, p. 23). Change, according to this worldview, is seen as “overcoming variations to ensure the status quo” (Youngblood, 1997, p. 54).

The classical management approach, which is still followed in many organisations, ‘buys’ productivity and employee loyalty with offers of benefits and compensation (Youngblood, 1997, p. 118). Income level and the employee’s worth are measured by the income earned or income level. If employees do not perform as expected, ‘negative feedback’ is used to ‘take control’ of the situation. This ‘negative feedback’, as Youngblood (1997) observes, includes activities such as

planning, budgeting, measuring, performance reporting, analysing and summarizing (p. 54).

In effect, problem-solving strategies are the answers to problems in the organisation. Boundaries in the form of rules, authorisation levels and well-structured organisation charts create stability, while behaviours are channelled by the organisation’s deeply embedded culture of procedures, norms and policies (Youngblood, 1997, p. 5).

In contrast to the traditional planned approaches of change the emergent approaches to change management focus on building organisational capabilities; involving all participants; change of culture in stead of structures; emergent transformations; using incentives for support; and finally on using small and process-driven change consultants.

This chapter has expanded on the characteristics of change approaches to change by examining traditional approaches to change and contrasting those to emergent approaches. To conclude this section on change approaches, it is vital to note that most organisations tend to follow a combination of the planned and emergent approaches to change management, depending on their circumstances and the specific objectives of the organisation (Burnes, 1996, p. 338; Beer & Nohria, 2000). Some theorists suggest that in a stable environment where small, localised changes are called for, the changes are more planned, and focus is placed

on technical and structural changes (Burnes, 1996). Emergent approaches seem apt in a turbulent environment where changes affect the whole organisation, and the focus is more on human resources and behaviours. One may question whether the world we live in will ever be considered stable, and whether we can afford to plan when the future is influenced by a myriad of unpredictable variables. If we answer in favour of emergent approaches, the implications for communication management are profound. The following chapter will expand on the notion of an emergent approach, and its implications on change and communication management.