CHAPTER VI

CHANGE, ORGANIZATION DEVELOPMENT, AND TRANSFORMATION

6.1   **INTRODUCTION**

Change, organization development, and transformation will be defined in this chapter. The dimensions, and types of change will be discussed, as well as resistance to change. The importance of leadership during change, and the various roles and responsibilities during change will be emphasized. A model for organizational change will be given and the importance of various aspects of an organization development approach to change will be highlighted. For effective organizational change there should be an integration of change strategies and a strategy-culture fit. These are discussed in detail.

6.2   **A DEFINITION OF CHANGE, ORGANIZATION DEVELOPMENT AND-TRANSFORMATION**

Church and McMahan (1996:17) argue that the futures of organizations depend on their ability to manage change as a pervasive, persistent, and permanent phenomenon. Case (1996:42) explains that the turbulent world, changing organizational environments, changing customer needs and expectations, changing technology, the need for efficient systems and procedures, changes in workforce diversity, and the need for competent employees are some of the factors that impact on the organization's ability to stay competitive. According to Smit and Cronje (1992:236) and Hellriegel et al.(2001:382) organizational change refers to any alterations or amendments to the design or functioning of the organization. George and Jones (1996:600) see organizational change as the movement from a present state toward some desired future state in order to increase organizational effectiveness. Organizational change is thus any modification in the ideas and behaviours of an organization and its units. Change management is a process of mobilizing resources through the planning, coordination and implementation of initiatives and activities to bring about the desired change (Meyer and Botha, 2000:224).

Harvey and Brown (1996:44) suggest that both organization transformation (OT) and organization development are approaches to managing change in organizations. George and Jones (1996:620) define organization development (OD) as a series of techniques and methods that managers can use in their action research programme to increase the adaptability of the organization. Other authors like French and Bell (1990:17), Smither, Houstan and McIntire (1996:4) and Robbins (1998:642) concur that organization

development is a top-management-supported effort, focusing on a system wide application of behavioural science knowledge. This occurs by means of a collection of planned, database-driven change interventions built on humanistic-democratic values, particularly through a more effective and collaborative diagnosis and management of organization culture. The organizational culture seeks to develop and reinforce organizational strategies, structures, and processes for improvement of an organization's effectiveness. Cacioppe (2000:143) adds to the definition of organization development indicating other characteristics, viz. it is a more gradual and long-range approach to strategic change, focusing on an ongoing, interactive, and developmental change process, which consists of interventions in the client system and responses to the intervention activities, as well as the belief that most meaningful changes come from individuals/teams. Meyer and Botha (2000:7) summarize the definition of organization development as a normative discipline that prescribes a specific model to bring about planned change at all levels of the organization with the main focus on changing behaviour and improving organizational effectiveness. Burke (1997:7) and Robbins (1998:642) identify values that guide OD initiatives, viz. respect for people and their views, fair treatment, trust and support, confrontation of problems, openness and participation, de-emphasizing of hierarchical authority and control, and focus on human development.

French, Bell and Zawacki (2000:vii) argue that organization transformation is the recent extension of organization development that seeks to create massive, drastic, and abrupt change in an organization's structures, processes, corporate cultures, and orientation to its environment. It is the application of behavioural science and practice to effect large scale, paradigm-shifting organizational change. Tichy (1996:49) defines transformation as a corporate revolution with protagonists, antagonists, and dramatic themes categorized by three phases namely the awakening (need for massive change), envisioning, and re-architecting (design and implement a new organization). Organization transformation usually starts with a change in top management and the transformation process should include strategic planning and alignment (Luthans, 1998:626; Chaundron, 1996:13-14; Gibson, 1995:12-13), assessment of the external environment, change of the organizational structure, systems, procedures, and culture, and the development of the work climate to enhance participation, teamwork and trust (Trahant and Burke, 1996:38-39). "OT is an integrative disciplinary approach that facilitates continuous learning and change at all levels of the organization. It is guided by the vision and the challenges of the macro environment, with the main objectives of achieving employee well-being, equity, and total organization effectiveness" (Meyer and Botha, 2000:12).

The main differences between OT and traditional OD are illustrated in Table 6.1.

TABLE 6.1: <u>FUNDAMENTAL DIFFERENCES BETWEEN TRADITIONAL OD AND OT</u>.

Dimension of process	Traditional OD	OT
Planned change	Reactive	Proactive
Objectives	Employee well-being and organizational effectiveness	Employee well-being and total organizational effectiveness
Action research model	Problem-solving	Paradigm shifting and large-scale systems change to take on challenges of the environment
Level of interventions	Individual, group, or organizational: uni-dimensional	Individual, group, or organizational: multi-dimensional
Strategy	Planned change, unfreezing, change and refreezing	Planned change with alignment of vision and mission. OD becomes a strategy in itself.
Discipline	Behavioural science only	System thinking, integrative, multi-disciplined
Frequency	Ad hoc to deal with problems	Continuous learning, principles of the learning organization institutionalized
Technology	Basic OD interventions	"e" –learning prominent

(Source: Adapted from Meyer and Botha, 2000:13)

From Table 6.1 it is evident that OT is now a larger concept than traditional OD, and has become an organizational strategy to achieve equilibrium with the macro environment (Meyer and Botha, 2000:12-13). Church, Waclawski, and Seigel (1999:54) argue that OD practitioners have utilized singular OD interventions at only one level of the organization even though OD was intended to be an organization-wide process. The modern challenges have forced the OD discipline to develop into the new phase of transformation that is aligned with the organizational strategy, vision, and mission, has a proactive approach to planned change that is multi-disciplined and multi-dimensional, with the objectives of employee well-
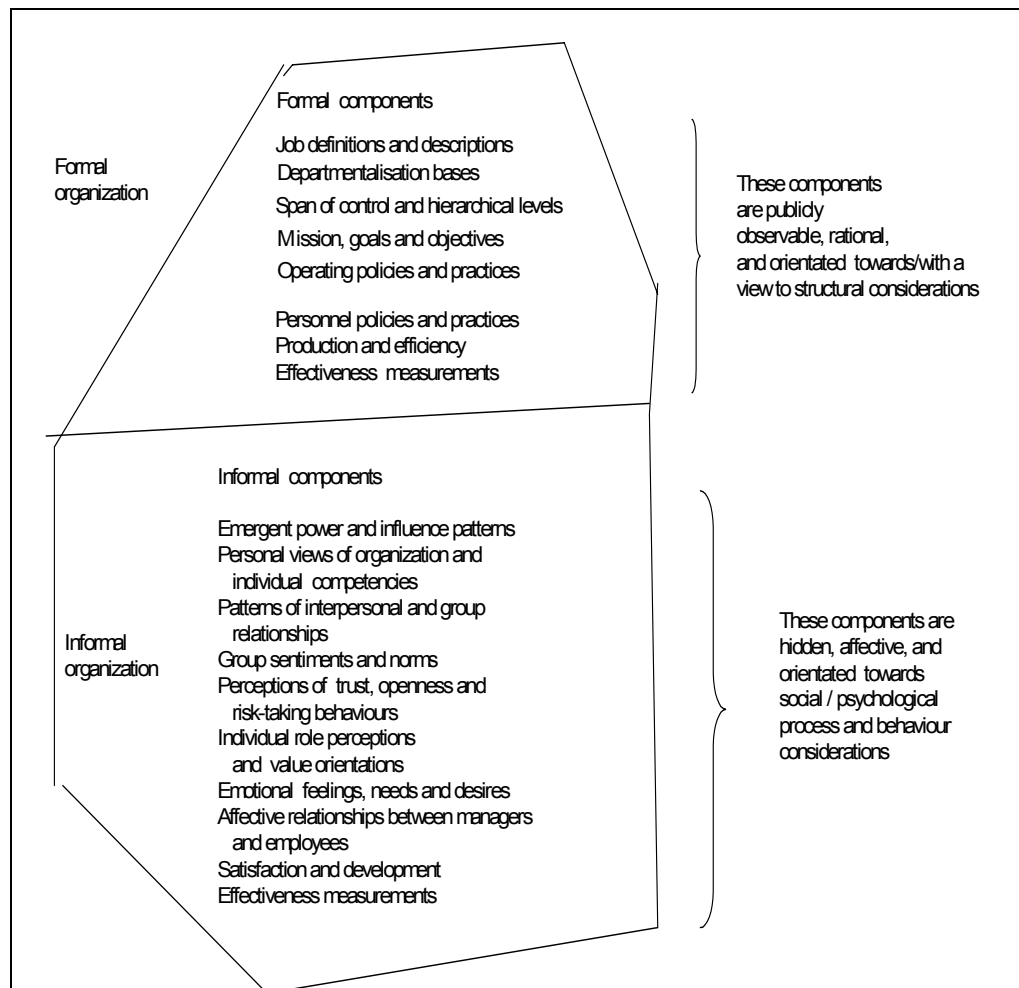
being, continuous learning and total organizational effectiveness (Meyer and Botha, 2000:12-13).

6.3 DIMENSIONS AND TYPES OF CHANGE

The dimensions of organizational change, viz. reactive or planned change, the scope and intensity of the change, the degree of employee involvement and learning, and the way the organization is structured, can provide useful guidelines together with the diagnosis, to structure a change strategy (Gatewood, Taylor and Ferrell, 1995:557).

Reactive change is a situation where organizational members react spontaneously to the change forces but do little to modify these forces or their behaviour. Planned change refers to a deliberate structuring of operations and behaviours in anticipation of change forces (Gatewood et al., 1995:557). Planned change can be incremental or large scaled.

Gibson et al.(2000:454) explain that the depth of the intended change refers to the scope and intensity of the organization development efforts. As indicated by Figure 6.1, the organization can be divided into two components, namely the formal organization with its observable components and the informal organization with the hidden components of psychological processes and behaviour implications.

FIGURE 6.1: <u>ORGANIZATIONAL ICEBERG</u>.

Formal organization

Formal components

Job definitions and descriptions
Departmentalisation bases
Span of control and hierarchical levels
Mission, goals and objectives
Operating policies and practices

Personnel policies and practices
Production and efficiency
Effectiveness measurements

These components are publicly observable, rational, and orientated towards/with a view to structural considerations

Informal organization

Informal components

Emergent power and influence patterns
Personal views of organization and
  individual competencies
Patterns of interpersonal and group
  relationships
Group sentiments and norms
Perceptions of trust, openness and
  risk-taking behaviours
Individual role perceptions
  and value orientations
Emotional feelings, needs and desires
Affective relationships between managers
  and employees
Satisfaction and development
Effectiveness measurements

These components are hidden, affective, and orientated towards social / psychological process and behaviour considerations

(Source: Gibson <u>et al</u>., 2000:454)

Gibson <u>et al</u>.(2000:455) argue that generally the greater the scope and intensity of the problem, the more likely the problem will be found in the informal components. In the formal organization the considerations are structural, rational and observable, and problems here can be solved by changing goals and objectives, policy and procedures, reporting structures, performance agreements, and delegated authority. In the informal organization the components are hidden and oriented towards psychological processes, and problems can be linked to the behaviour of groups and individuals related to personal views, values, feelings, sentiments, activities and roles within and among groups, which are deep seated in the culture or subcultures and is difficult to manage or change. According to Gibson <u>et al</u>. (2000:455) the greater the depth of the intervention into the informal organization, the greater the risk of failure and the higher the cost of change.

Another dimension of change is the degree of involvement and learning of organizational members regarding planning and implementation of change, and problem-solving (Gatewood et al., 1995:558). People in a learning organization should be able to acquire a learning capacity in order to detect changing circumstances, and to change past behaviour that was ineffective (Fincham and Rhodes, 1999:406). Essentially it is about intelligent behaviour, using creativity and building skills to anticipate and adapt to organizational change.

Another dimension of change is the way the organization is structured, including the rules, norms and other cultural factors that will impact on the change strategy (Gatewood et al., 1995:558).

The types of organizational change are not mutually exclusive but can focus on the following areas, viz. change in the strategy, design or structures, technology, processes and culture (Gatewood et al., 1995:561). According to Miller (1982:13) the types of change fall into two broad categories, viz. evolutionary and revolutionary. "Evolutionary change is gradual, incremental, and narrowly focused, and revolutionary change is rapid, dramatic, and broadly focused " (George and Jones, 1996:608). The major instruments for evolutionary change are socio-technical systems theory, and total quality management. Major instruments for revolutionary change are re-engineering, restructuring, and innovation (George and Jones, 1996:608-627). Socio-technical systems theory proposes the importance of changing roles and tasks or technical relationships to increase organizational effectiveness (Taylor, 1975:18). Total quality management is an ongoing effort by all functions of the organization to find new ways to improve the quality of goods and services (Deming, 1989:14). Re-engineering involves the rethinking and redesigning of business processes to achieve improvements in performance criteria such as cost, quality, service, turnaround time, and reduced risk (Hammer and Champy, 1993:47). Restructuring is used to decrease the level of differentiation and integration by eliminating business units, divisions, or levels of the hierarchy, and downsizing on employees (George and Jones, 1996:613). Innovation is the effective use of skills and resources to create new technologies, goods, or services in order for an organization to change and better respond to the needs of their customers (Burgelman and Maidique, 1988:63).

Bolk, van Elswijk, Melis and van Praag (1997:209) argue that organizational structures, systems and procedures need people to implement creative strategies for change. Ghoshal and

Bartlett (1999:269) agree that all change in organizations requires personal change, and all change initiatives should also focus on how to change individual motivations and interpersonal relationships. According to Case (1996:42) employees find change "unsettling, even unnerving" and they worry about their jobs and the future. Effective organizations, however, should see change and innovation as critical to their success and should establish organizational cultures that value creativity, innovation, learning and change, as Case (1996:42) puts it, with the result that "strong cultures act as anchors for letting people loose to create a lot of change, and not to impede it".

6.4   **RESISTANCE TO CHANGE**

The ability to adapt to change doesn't come easily for most people or organizations because it is painful. Change causes anxiety, confusion, and stress, and often results in resistance and lost productivity for organizations (Koonce, 1991:22-26). Robbins (1998:632) points out that resistance to change can be positive when it provides a degree of stability and predictability to behaviour, but it should not hinder adaptation and progress.

According to Maurer (1996:14) resistance to change can take various forms, viz. immediate criticism and complaints, malicious compliance, silence, insincere agreement, deflection and sabotage. Robbins (1998:632) explains that resistance to change can be overt, implicit, immediate or deferred. It should be easier for management to deal with resistance when it is overt and immediate, but deferred actions and implicit resistance efforts are more subtle and difficult to recognise – loss of commitment or loyalty to the organization and its objectives, loss of work motivation, increased errors and mistakes, and absenteeism. Fears, perceptions, misunderstandings, vested interests and inter-organizational agreements are some of the reasons why people and organizations resist change (Skoldberg, 1994:219-238). Research suggests that one of the main reasons for some organizations' ability to change is organizational inertia, which is a tendency to maintain the status quo (George and Jones, 1996:604). Resistance to change lowers an organization's effectiveness and reduces its chance to survive (Hannan and Freeman, 1989:154). Individual and organizational sources of resistance to change are discussed next.

6.4.1   **INDIVIDUAL RESISTANCE TO CHANGE**

According to Robbins (1998:633-634) individual resources of resistance to change reside in human characteristics such as perceptions, feelings, personalities, needs, and expectations. Tichy and Devanna (1990:31-32) identified some reasons why individuals resist change, viz.

people are creatures of habit who naturally resist change, people with high security needs will resist change because it threatens their feelings of safety, economic factors will impact on people that are challenged to master new situations, specifically if the changes impact on rewards and compensation, fear of the unknown, and people's selective perception of reality. Organizational changes often fail because "people factors" are often left out of transition plans. Lack of communication from management could lead to poor employee morale, confusion, decreased productivity, and lack of employee commitment to the new organization (Koonce, 1991:24). Martinez (1997:55) links up with Koonce (1991), arguing that uncertainty and lack of participation causes workplace negativity. According to Ghoshal and Bartlett (1999:269) change initiatives should be focusing on how to change individual motivations and interpersonal relationships, because no change will occur until people change.

6.4.2   **ORGANIZATIONAL RESISTANCE TO CHANGE**

Tichy and Devanna (1990:79-84) say that organizational resistance to change can be linked to three key reasons embedded in the culture, viz. "cultural filters resulting in selective perception, regression to the good old days, and a lack of climate for change". Because organizational culture reinforces certain values, it makes it difficult for employees to perceive other ways of doing things. The lack of climate for change will be determined by the organization's perception and conduciveness to change, communication, the degree of participation, and how change is implemented and managed. Inter-organizational agreements with competitors, suppliers, contractors, labour unions, and public officials can be sources of organizational resistance to change (Hellriegel et al., 2001:390). Robbins (1998:634-636) summarized the major sources of organizational resistance to change, viz. structural inertia, group inertia, limited focus of change, threats to expertise of specialized groups or established power relationships, conflict and threats to established resource allocations. Inertia refers to the fact that organizations have built-in mechanisms to produce stability, including policy and procedures, work behaviour determined by values, management principles and team rules. Organizations embarking on change initiatives should be aware of these major sources of organizational resistance to change, and should not limit their focus of change. Because organizations are open systems, a holistic strategy should be established that focuses on all subsystems and functional differences of the organization.

6.4.3   **OVERCOMING RESISTANCE TO CHANGE**

According to Lewin's (1951) force-field theory of change, organizations are balanced between forces pushing for change and forces resistant to change. To get an organization to change, management must increase the forces for change, and reduce the resistance to change, or manage the change so that both occur simultaneously (George and Jones, 1996:627).

According to Church and McMahan (1996:17) most organizations faced with "hyper change" need their employees to be clear about the mission, vision, strategy, and values; leaders should be skilled at managing change well, and should be seen as highly supportive and motivated to succeed. These organizations should have adaptable cultures that reinforce the shared values of customers, employees and shareholders (Church and McMahan, 1996:17).

Another important factor of organizations planning changes is employee commitment and support. Early and regular information sharing through memos, reports, face-to-face feedback, and group discussions ensures understanding of why change is needed, accounts for the needs and interests of affected members, and makes employees feel included in the change process. Thus, communicating organizational change must have personal meaning for it to be supported, internalized and acted upon by all concerned employees (Taylor, 1998:69).

Where powerful individuals or groups resist change that can impact on the success of the change effort, organizations can offer incentives or rewards to the resistors to gain their cooperation and commitment (Hellriegel et al., 2001:391). Besides managing the resistance to change, organizations need a strategy for retaining and revitalising key employees and groups that could act as change agents (Robinson and Galpin, 1996:90).

Simply acknowledging people issues involved in organizational change and restructuring is not enough, management should be equipped to deal with these issues as they arise through effective transition planning and transition management training (Koonce, 1991:22-26). HR professionals must be prepared to deal with the issues, and the impact change can have on people, be able to give guidance to line management, give counselling or refer employees to the organization's employee well-being programme or to qualified professionals for counselling (Frazee, 1996:126-128).

A comprehensive and change aligned HR strategy should enhance the organization's and people's capacity to change. The aligned HR strategy should be built on job specific and generic competencies that guide the process of relevant selection, development, performance management and equitable rewards (Charlton, 2000:25-26). The author further emphasizes the establishment of self-managed teams, managing and appreciating the value of work force diversity, and effective change leadership at all levels (Charlton, 2000:26). Change will become easier when and if organizations are created to liberate, to empower, and to maximize opportunities and possibilities for all staff to participate, contribute and learn new skills (Firth, 1999:39).

6.5   **TRANSFORMATIONAL LEADERS**

Brill and Worth (1997:114) define leadership as the combination of traits, competencies and the leadership process (behaviour) of influencing others to facilitate the attainment of organizationally relevant goals. Organizations' futures are dependent on their ability to identify, recruit, develop, and retain charismatic transformational leaders with a practical understanding of human nature. These leaders should inspire followers with a vision, generate total support for organization transformation, focus on good interpersonal relationships that are built on trust and respect, and are able to intellectually challenge their employees (Bass, 1990:21). Gatewood et al.(1995:513) label these leaders as transformational; leaders with a style that goes further than mere interaction by influencing and inspiring employees to look beyond their own interests, and by generating awareness and alignment with the organization's purposes and mission. Hellriegel et al.(2001:299) agree that transformational leadership is leading by motivating.

Blanchard's situational leadership theory (Blanchard, Zigarmi and Zigarmi, 1985:68), the contingency leadership theory of Fiedler (1965:115-122) and the path-goal theory (Yukl, 1989:98-104) all agree that the appropriate leadership style is contingent upon certain characteristics of the situation, the leader-follower relationship, or the nature of the task environment. Situational leadership theory focuses on the competence and commitment of the followers as key variables. Fiedler's theory focuses on the quality of the leader-follower relationship, the level of task structure, and the positional power of the leader. The path-goal theory suggests that employee locus of control, task structuring, leader authority, and the nature of the work team will determine leader behaviour (Gatewood et al., 1995:517). Table 6.2 summarizes the measurable transformational leadership competence model developed

from a variety of these leadership approaches in order to ensure stable and successful leadership.

The transformational leadership competence model in Table 6.2 focuses on an inspiring vision that provides hope and direction. Communication of that vision should be in a creative, understandable way that motivates people, and creates synergistic coordination of effort. It emphasizes leaders' ability to act as role models, and leaders' ability to establish mutual trust relationships based on integrity and stewardship. The model highlights leaders' ability to "create an empowered environment where people are willing (intrinsically motivated), able (trained and confident) and allowed (given responsibility and authority) to learn and perform to their potential" (Charlton, 2000:60).

Transformational leadership theorists such as Burns (1978) argue that the transformational process is an exchange between leader and follower, and transformational leadership takes place "when one or more persons raise one another to higher levels of motivation and morality" (Burns, 1978:20). According to Erez and Early (1993:184) the active role of the follower in the development and maintenance of the leader-follower relationship is less emphasized in the transformational leadership theories, and these theories are guilty of the "passive follower" assumption. Followers should be proactive and contribute to the development and maintenance of the leader-follower relationship. Followers should actively live by the organizational values of openness, honesty, confrontation of problems, participation, feedback, commitment, learning, and innovation. Leaders and followers should mutually agree to these organizational values. The values should be assessed formally through morale surveys, and 360 degree surveys as part of the performance management system, but also informally on an ongoing basis through open communication and feedback.

TABLE 6.2: <u>THE TRANSFORMATIONAL LEADERSHIP COMPETENCE</u>

<u>MODEL</u>.

	GENERIC COMPETENCIES AND CAPACITY TO CREATE AND SUSTAIN PERFORMANCE AND CHANGE	PERFORMANCE COMPETENCE
CENTRAL FOCUS	• Differentiating critical success factors on macro, organizational and individual levels • Performance	• Critical success factors
ATTENTION THROUGH VISION	• Focus on attractive future • Clear focus	• Determines direction • Entrepreneurial drive • Market orientation
COMMUNICATING VISION AND INTRINSIC MOTIVATION	• Powerful use of symbols • Hope • Creates a context that is meaningful	• Practical creativity • Influencing others • Clarity of purpose
TRUST	• Congruent in word and deed • Emotional courage • Good interpersonal skills • View people as competent	• Team commitment • Self-confident • Integrity
SELF-MANAGEMENT (ROLE MODEL)	• Aware of strengths and weaknesses • Live the new organizational values • Energetic change agent • Reframe obstacles as opportunities • Intellectual courage to challenge	• Learning from experience
EMPOWERMENT CAPACITY/ CONFIDENCE TO ACT	• Believe in people • Removes obstacles • Constant training • Creating a learning culture	• Developing and leading others

(Source: Adapted from Charlton, 2000:62)

Different approaches to assess leadership abilities exist, viz. a trait approach that focuses on identifying the intellectual, emotional, physical or other personal traits of effective leadership, behavioural approaches, and situational approaches (Ivancevich and Matteson, 1999:428). According to Barling, Slater and Kelloway (2000:143) emotional intelligence provides an

initial indication of leadership potential, and could be included as a selection tool because individuals who possess higher emotional intelligence display more instances of leadership behaviour. Emotional intelligence is associated with three aspects of transformational leadership, namely idealised influence, inspirational motivation and individualised consideration (Barling, Slater and Kelloway, 2000:143). Organizations should embark on identifying and assessing the transformational competencies of their leaders that are derived from their vision and strategy. The organization should recruit and develop their leaders accordingly and link the transformational competencies to the performance management system as well as rewards and recognition systems.

6.6   **ROLES AND RESPONSIBILITIES DURING CHANGE**

Transformational leadership is of utmost importance to implement and sustain organizational change. Various individuals and groups in the organization have vital roles and responsibilities that impact on the success of change initiatives. Although change should be aligned with the organizational strategy and culture(s), the implementation needs to be driven by people. The roles and responsibilities of the leader, the change team, employees, and the change sponsors are discussed next.

6.6.1   **THE LEADER**

A designated person should be leading or guiding the process of change in the organization. This person can be either an internal or external consultant working with a change (consulting) team (Harvey and Brown, 1996:91). The change leader should own and maintain the strategic direction and vision, and establish the focus areas for change. It is the responsibility of the change leader to ensure involvement, ownership, responsibility, and accountability of all stakeholders, and to maintain those relationships (Bennis and Mische, 1995:94). As part of the change team, the change leader is responsible to design and implement the change infrastructure, including the standards for reporting progress and results, set objectives and success criteria with the change team, and manage the efforts of the change team (Church, Waclawski and Burke, 1996:25). The change leader is responsible to oversee, coordinate, communicate, coach, and manage the different change initiatives, identify and resolve daily change issues, as well as review and report change status to the executive change sponsors (Firth, 1999:164).

6.6.2   **THE CHANGE TEAM**

Charismatic leaders may not be the universal remedy for organizations in need of change and turnaround, but rather teams of multi-skilled and diversified individuals (Landrum, Howell and Paris, 2000:143). According to Church, Waclawski and Burke (1996:22-45) change agents, and change teams should transfer their knowledge and expertise regarding group processes and change management to everybody in their own organizations.

The change team(s) should understand and take responsibility for the change initiatives, and be empowered to manage the change efforts. In order to function as a change team all members should understand the organization's strategic vision, the parameters of the change, who will be affected, specific goals, and the change plan (Head, 1997:78-82). Besides establishing the purpose, objectives and norms of the team, the change team is responsible for implementing the change plan, amending the plans where needed, and organizing change communications. The change team(s) is (are) responsible to identify, align and manage strategic, operational and cultural concerns (Firth, 1999:165-166). The change team members should be role models, able to challenge the status quo, live the new organizational values, be coaches and mentors, and diagnose and solve problems as they arise (Smith, 1997:51-58).

6.6.3   **EMPLOYEES**

The successes of change efforts are determined by the individual's willingness and capacity to change, support and accept ownership of the change initiatives and the involvement and participation of all employees (O'Toole, 1995:37). In a learning organization the strategic and cultural elements focus on innovation and change, empowerment, stewardship, and continuous learning (Hellriegel et al., 2001:383). Organization change efforts should be focused on creating a learning organization. All employees in the organization should understand the strategy, values and the means to achieve goals and objectives. Employees need to understand that they can and must make a contribution, and be encouraged and empowered to do that. It will be useful to include the values mentioned into the performance management, recognition, and reward systems. Then the success of change efforts can be tracked (individual willingness and capacity to change, positive attitudes, participation, skills development), recognized and rewarded.

6.6.4   **CHANGE SPONSORS**

Change sponsors are people in a position of power who can use their authority, stature, and commitment to endorse the change efforts. They provide direction by being role models, set the tone for change, can instil motivation in those involved, assist with organizational barriers, and assist when tough issues need to be overcome (Bennis and Mische, 1995:93).

6.7   **A MODEL FOR ORGANIZATION CHANGE**

Firth (1999:60-216) is of the opinion that whichever approach is taken in the change process; two principles apply, viz. awareness and alignment. Awareness is about sharing the vision of the organization as it could be, but also to raise awareness of the organization at present. Alignment follows awareness, focusing on communication and sustaining the change efforts. According to Firth (1999:43) making change happen in organizations requires two major components that include the principles of awareness and alignment, viz. an approach that maps out all the stages of the change process that create a picture of the tasks and activities, and a set of tools and interventions to implement the approach. Change, depicted as a series of stages, is shown in Figure 6.2.

FIGURE 6.2: <u>STAGES OF CHANGE</u>.
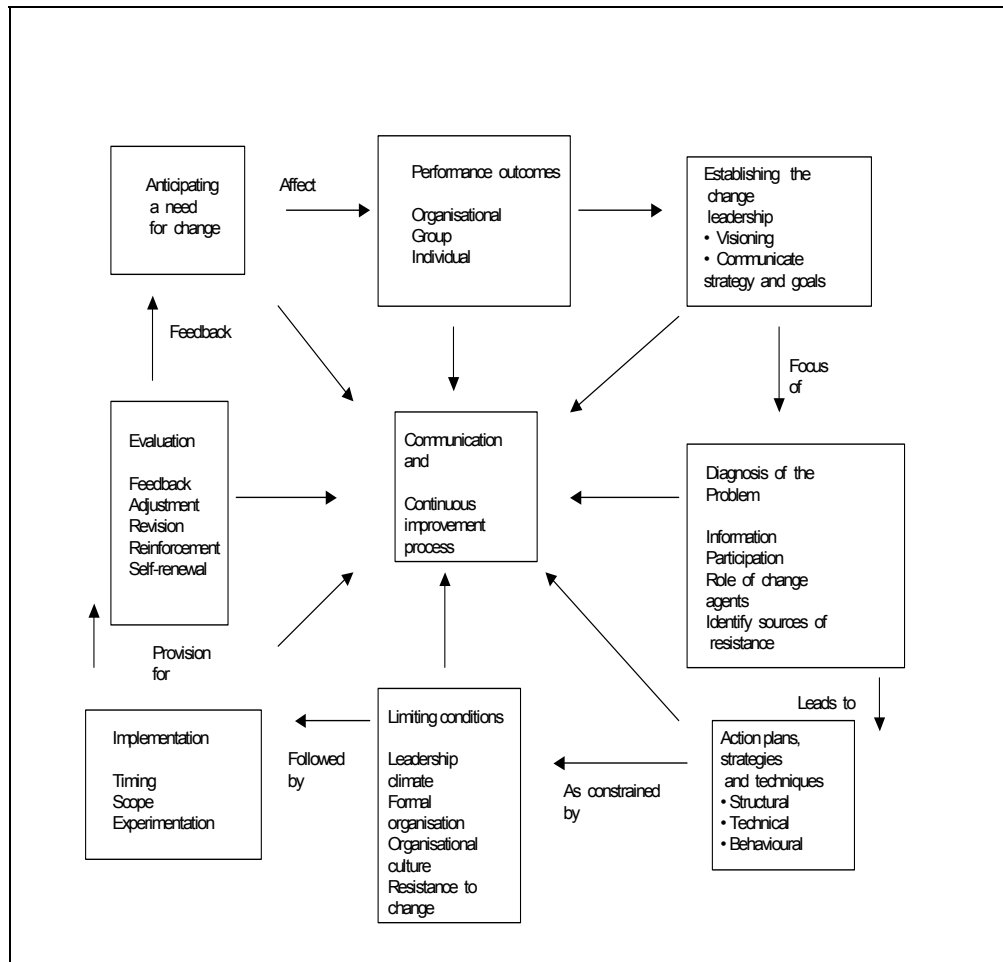
(Source: Adapted from Harvey and Brown, 1996:46; Gibson <u>et al</u>., 2000:450)

From Figure 6.2 it is evident that a systems approach is followed in the change process of the functional, structural, technical, and personal relationships of the organization. Harvey and Brown (1996:46) explain that an integrated approach to change is based upon a systematic analysis of the total organizational system of interacting and interrelated elements, to increase organization effectiveness by the application of appropriate change values and techniques. An action research approach is used in this change model. Action research is "an approach to change that involves an ongoing process of problem discovery, diagnosis, action planning, action implementation, and evaluation" (Gatewood <u>et al</u>., 1995:574).

The action research approach in the change model (Figure 6.2) involves collecting information about the organization, feeding this information back to the client system, and developing and implementing action programmes to improve system effectiveness (Harvey

and Brown, 1996:46). The stages of the change model are discussed below. Each stage is dependent on the prior one and successful change is more probable when each of these stages is considered in a logical sequence.

6.7.1   **ANTICIPATING CHANGE**

Before a programme of change can be implemented, the organization (management) must anticipate the need for change, support the change team(s), and be the driving force for all change initiatives (Head, 1997:24-25). "Anticipating change is envisioning the future where a picture of the ideal state is created which gives birth to a change strategy" (Firth, 1999:44).

Any changes in organizational systems or subsystems may indicate a need to consider interventions to change the structure, processes and behaviour of the organization (Gibson et al., 2000:462). Ivancevich and Matteson (1999:614-615) identified factors that might instigate change in organizations, viz. new ideas, new technology, government legislation, competitors' actions, changing needs of customers, dissatisfaction with customer service levels, work/organizational process problems, conflict management, and behavioural problems. Work/organizational process problems include communication, productivity, and decision-making. Behavioural problems include low levels of morale, not endorsing the organizational values, and high levels of absenteeism and turnover.

6.7.2   **ESTABLISHING THE CHANGE LEADERSHIP**

Establishing the change leadership and the leadership team are an important determinant of the success of a change programme. The consultant (change leader) should attempt to establish a pattern of open communication, trust, an atmosphere of shared responsibility with the change sponsors, and clarify the role and expectations of the change team.

Many organizations utilize an external consultant with extensive and successful change experience. Bennis and Mische (1995:98-99) note that these external consultants bring many useful skills, qualities, and resources to the change effort, viz. an established reputation, energy, commitment, objectivity, a sense of perspective, knowledge and experience of the appropriate change interventions and tools, how to structure the effort, and the ability to make contentious recommendations. The combination of an external-internal change team links "the outsider's objectivity and professional knowledge with the insider's knowledge of the organization and its human resources". This builds trust and

confidence among members of the change team and all stakeholders in the organization (Ivancevich and Matteson, 1999:612). The roles and responsibilities of the change sponsors, the change team and employees should be agreed upon at this stage. Visioning of the desired state and the specific change strategy should be communicated before the diagnostic phase starts. Everyone in the organization must understand the need for change, their roles and responsibilities, as well as the change process that will be followed.

6.7.3   **THE DIAGNOSTIC PHASE**

The diagnosis of the present and potential problematic issues involves collection of information that reflects the level of organizational effectiveness (Gibson et al., 2000:462). The role of the change team, change sponsors and the participation of all stakeholders are vital to the success of the diagnostic phase. A weak, inaccurate or faulty diagnosis can lead to a costly and ineffective change programme. The diagnostic phase has to determine the exact problem that needs a solution, to identify resistance to change factors, and to provide a basis for selecting effective change strategies and techniques (Harvey and Brown, 1996:48,480).

Ivancevich and Matteson (1999:616-617) suggest different approaches that can be used for diagnostic purposes, viz. questionnaires, direct observations of actual workplace behaviour for diagnostic purposes, interviews with selected individuals in key positions, focus groups to explore different perceptions of problems, and analysis of records and financial statements. Certain factors need to be explored in order to drive the diagnostic phase, viz. the way the organization tends to think/feel/talk/behave, the capacity of the organization to change, exploring what happened during previous change initiatives, exploring the barriers to change, exploring the degree of change needed, exploring the power dynamics and the decision-making process, exploring the communication process, exploring the likely impact of change or shock to the status quo on the organization, exploring the strengths and weaknesses of the organization and exploring how conflict is managed (Firth, 1999:48-51).The information gathered in the diagnostic phase should be presented in terms of criteria that reflect organizational effectiveness (Gibson et al., 2000:462). Measurable outcomes such as sales, efficiency, client satisfaction and flexibility must be linked to the need for changes in competencies, attitudes, behaviour, work processes and structures. Linking the "as is" in the diagnostic phase with the "want to be" will clearly set the direction for strategies, action plans and techniques to deliver the desired state.
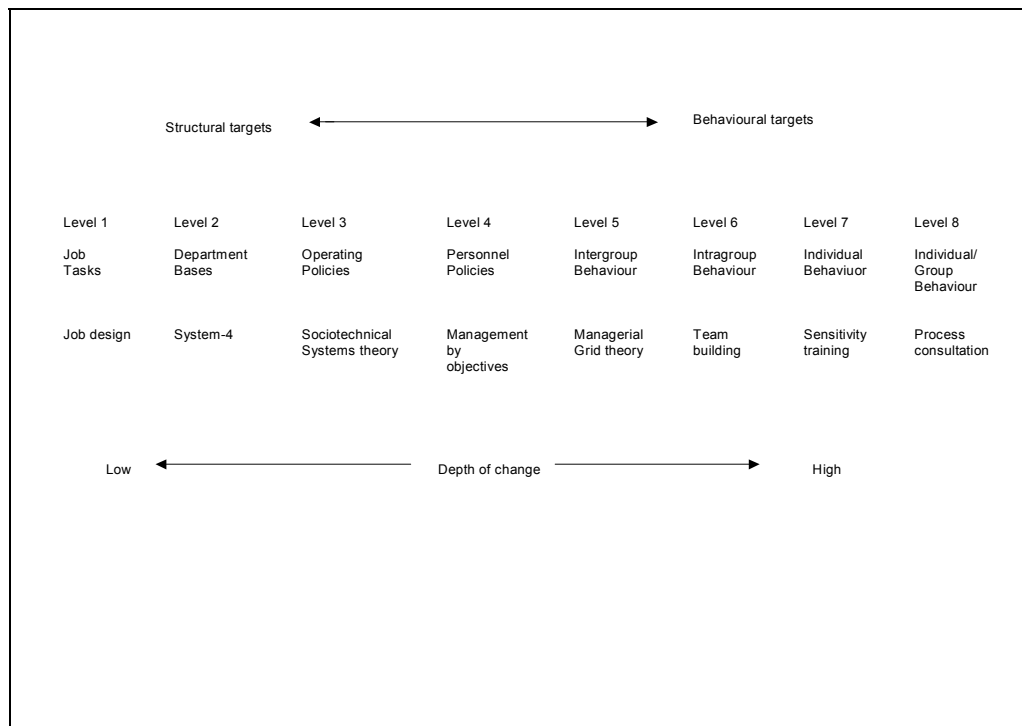
6.7.4   **STRATEGIES, ACTION PLANS, AND TECHNIQUES**

The diagnostic phase leads to a series of interventions, activities, or programmes aimed at resolving problems and increasing organization effectiveness. The change strategy directs the selection, timing, and sequencing of intervention activities and responses to these interventions, and ties the individual events together to ensure an ongoing interactive change process (French and Bell, 1990:79).

Today's business environment and specifically major organizational change makes holding on to key staff a difficult task for organizations (Robinson and Galpin, 1996:90). In order to utilize and retain key people during change processes, organizations need to identify individuals or groups that are key to the organization's future success, to identify the impact on the organization that each person and group would have if they should leave, and develop a strategy to motivate them to stay and add value to the change initiatives and the organization.

Managers have a variety of change and development methods to select from, depending on the objectives they hope to accomplish, the scope, timing and intensity of the change efforts, and specific limiting conditions as discussed earlier. Organizations need to consider both the formal and informal aspects of the organization. The formal organizational components are observable, rational, and oriented toward structural factors, and the informal components are not observable to all people, and are oriented to process and behavioural factors. Moving from the formal aspects of the organization to informal aspects, the scope, intensity, and the depth of the change increase (Ivancevich and Matteson, 1999:617).

The relationship between the source of the problem and degree of intended change is illustrated in Figure 6.3.

FIGURE 6.3: <u>TARGETS OF CHANGE AND SOME INTERVENTIONS</u>.

Structural targets			←————————→		Behavioural targets		
Level 1	Level 2	Level 3	Level 4	Level 5	Level 6	Level 7	Level 8
Job Tasks	Department Bases	Operating Policies	Personnel Policies	Intergroup Behaviour	Intragroup Behaviour	Individual Behaviuor	Individual/ Group Behaviour
Job design	System-4	Sociotechnical Systems theory	Management by objectives	Managerial Grid theory	Team building	Sensitivity training	Process consultation
Low	←————		Depth of change	————→		High	

(Source: Gibson <u>et al</u>., 2000:455)

From Figure 6.3 it is evident that Levels 1 to 4 involve formal components, including structure, policies, and practices of the organization. Levels 5 and 6 involve both formal and informal components, including skills and attitudes of management and staff. Levels 7 to 8 involve informal components, including the behaviour of groups and individuals (Ivancevich and Matteson, 1999:617). As the change target moves from left to right and, consequently, deeper into the organization, the OD programme becomes more person and group centred. From Level 5 to 8 the intervention will be based on sociopsychological knowledge and less on technicaleconomic knowledge (Ivancevich and Matteson, 1999:617). These interventions or development methods can be grouped into three distinct categories (even though they are interrelated as well), viz. structural, task/process/technology and human behaviour.
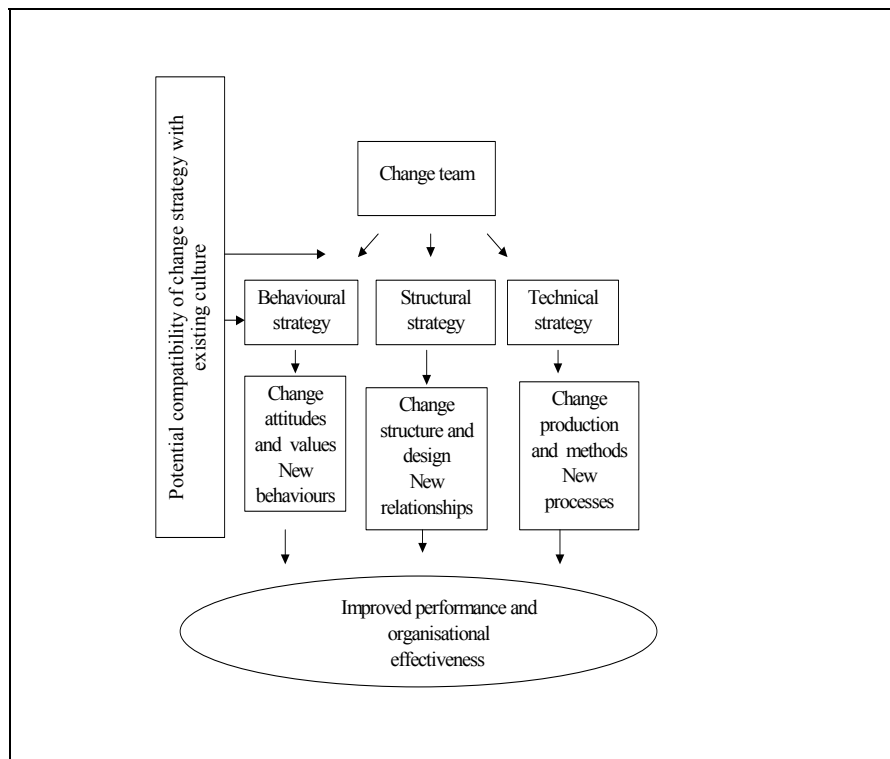
Factors that can impact on the success of a change strategy are the leadership climate that involves support and commitment to all change initiatives, the formal organization with its philosophy, policies, procedures, structures and systems, organizational culture and specifically, resistance to change (Hellriegel <u>et al</u>., 2001:384-386). Change leadership is

vital for implementing change initiatives. If leaders are not committed to change efforts, are not competent to manage it effectively, and don't play their role as change agents, change will not be successful. Organizational change should be based on an integrated approach, where the organization is viewed as an open system with various interrelated subsystems and cultures. (Organizations as open systems were discussed in Chapter 2 and the strategy-culture fit will be discussed later in this chapter). The appropriate change strategy, action plans and techniques are then selected as an integrated approach to improve organizational effectiveness. According to Macchiarulo (1995:4) weak integration of change strategies results in poor alignment of the organization's overall change strategy as non-integrated strategies can move the organization in different (and often opposing) directions. "Everyone sees their position on the playing field, but nobody sees the game" (Macchiarulo, 1995:4). A holistic systems approach is needed, integrated as structural, technical (process) and behavioural strategies for organizational improvement, insuring alignment with the organizational culture, or subcultures. Macchiarulo (1995:4) argues that organizational improvement strategies should not only be based on resolving problems, but on a shared vision, and common goals, in order to achieve a motivated and collectively aligned effort.

Figure 6.4 depicts an integrated approach to change.

FIGURE 6.4: <u>AN INTEGRATED APPROACH TO CHANGE</u>.

Potential compatibility of change strategy with existing culture

Change team

Behavioural strategy

Structural strategy

Technical strategy

Change attitudes and values New behaviours

Change structure and design New relationships

Change production and methods New processes

Improved performance and organisational effectiveness

(Source: Adapted from Harvey and Brown, 1996:209)

From Figure 6.4 it is evident that the change leadership team plays a vital role in ensuring that integrated change strategies are used, based on a common vision to improve organizational effectiveness. The integrated change strategies should be aligned with the organizational culture (or subcultures). Specific information is needed to design effective action plans and to select appropriate techniques to use in the change process, viz., the "as is" information from the diagnostic stage, including the elements in the various subsystems that need to be changed, clarity on the future state, and criteria for the appropriate interventions required. The criteria for appropriate interventions would be determined by the organizational culture, the change "target", the change objectives, problem-solving potential, application possibilities, cost, impact, and reliability. Measurable rewards, controls and performance outcomes need to be established, so that the right behaviour can be encouraged and the change progress can be tracked (Firth, 1999:51-52).

6.7.5   **EVALUATION**

Once an action programme has been implemented, the next steps are to monitor the
results/impact, stabilise and maintain the desired changes, and evaluate the feedback in
relation to the change objectives to improve the change process (Harvey and Brown, 1996:48-
49). Ivancevich and Matteson (1999:631) propose an experimental design as evaluation
procedure, viz. the end results should be operationally defined and measurements should be
taken before and after, both in the business unit undergoing change and in a second business
unit (the control group). The feedback can be used to make amendments to the strategy, plans
and techniques. The authors propose that an evaluation model should be followed, viz. focus
on the objectives of the change programme, identify the activities to achieve the objectives,
evaluating the effects of the programme according to the criteria specified, use a control
group if possible, set baseline points against which changes can be compared and identify
unanticipated consequences (Ivancevich and Matteson, 1999:629). Firth (1999:52-53)
proposes the monitoring and evaluation of specific information namely change plan
deadlines, commitment of change agents and sponsors, staff levels of commitment and
motivation to change, capacity building of required competencies, levels of empowerment,
changes in attitudes and behaviours, the change communication process, changes in the
systems and procedures of the organization, continuing budgets and resource needs, and
opportunities arising for other change initiatives in the organization.

From Figure 6.2 it is clear that the evaluation stage focuses on the monitoring and feedback
of the change initiatives, and the revision of the change strategy. As discussed, a plan needs
to be formalized for the evaluation stage. This plan can include the evaluation procedure,
the specific information to be tracked, the procedure to change the interventions, the
procedure to adapt the strategy and actions to reinforce the learning or new behaviours.

As a change programme stabilises, the need for the consultant (change leader) should
decrease. In order to achieve this, the leader should focus on building self-renewal capacity
and independence within the organization (Harvey and Brown, 1996:49).

6.8   **MANAGING CHANGE THROUGH AN ORGANIZATION DEVELOPMENT (OD)**
        APPROACH

OD is an approach to planned change that focuses primarily on people processes as the
target of the change. OD encompasses areas such as organizational theory, strategy
development, social and technical change. The role of OD is to promote change, to deal
with resistance to change, and to improve organizational effectiveness at all levels.

The change process discussed this far is based on an organization development approach.
Dyer (1989:7-8) summarizes the guidelines of managing change through OD, viz.
management involvement and commitment, information sharing, a holistic and integrated
approach to change based on a good diagnosis, directed by line management, supported by
a change agent(s) if needed, based on proper feedback and evaluation stages, and a clear
link between the change effort and the vision.

According to Hellriegel et al.(2001:397) three core sets of values define the OD approach
to organizational change that are consistent with learning organizations. These are people
values, group values, and organizational values. Burke (1997:7) identified the people
values as personal development and utilization of potential, respect, and openness, and the
group values of acceptance, collaboration, honesty about perceptions and feelings,
confrontation of problems, participation, commitment, and empowerment. Important
organizational values indicate the way groups are linked, group leadership and management
living the OD values (Hellriegel et al., 2001:397).

Organizations embarking on change or transformation should utilize the values, features, or
building blocks that are found in an organization development approach. The challenge is to
support the strategic process of the organization with an OT paradigm of change and OD
interventions on the technical, structural, and behavioural levels to improve organizational
effectiveness on a large scale (Meyer and Botha, 2000:13).

6.9   **THE STRATEGY-CULTURE FIT**

Culture change should only be pursued when it will enhance organizational effectiveness
under a new strategy (Bennett, Fadil and Greenwood, 1994:474). Because cultural variables
play a significant role in motivating the work force, a corporate strategy should be
developed, that embraces cultural variables, cultural values, individual needs as well as
work force motivation (Herbig and Genestre, 1997:562-568). Organizational culture and

organizational change strategies impact on one another, as depicted in Figure 6.4. Specific strategy-culture considerations are discussed next.

6.9.1 THE STRATEGY-CULTURE MATRIX

Harvey and Brown (1996:414-416) suggest the following factors to be considered when planning strategic change in the organization, viz. the extent of the need for change, the depth of the intended change, and the degree to which the change is compatible with the culture as to minimize the risk involved. The authors identified four basic alternatives in determining strategy changes, namely manage the change (manageable risk); reinforce the culture (negligible risk); manage around the culture (manageable risk) and change the strategy to fit the culture (unacceptable risk) (Harvey and Brown, 1996:414-416). Figure 6.5 depicts the strategy-culture matrix, to be utilized to determine a suitable method to manage strategic change.

FIGURE 6.5: THE STRATEGY-CULTURE MATRIX.
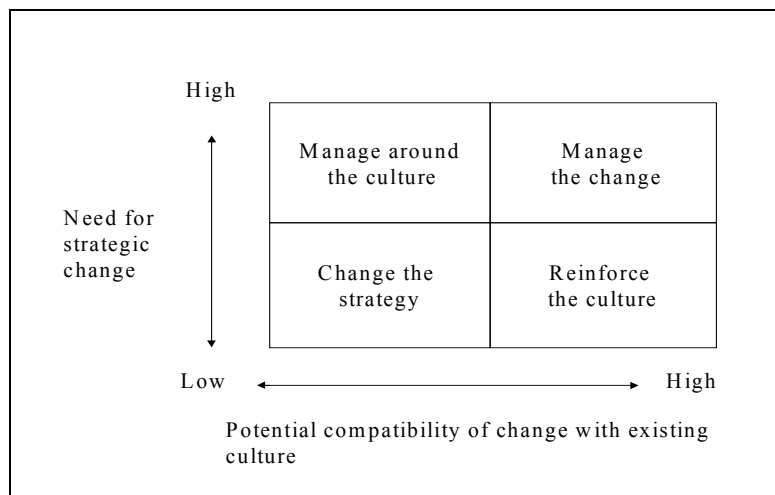
(Source: Harvey and Brown, 1996:415)

6.9.1.1 MANAGE THE CHANGE (MANAGEABLE RISK)

Harvey and Brown (1996:415) highlight that an organization in the "manage the change" quadrant has a high need for strategic change, the changes are compatible with existing corporate culture, and therefore should manage the major changes by using the power of cultural acceptance and reinforcement. Harvey and Brown (1996:415) identify three basic elements in the change strategies that should be emphasized, viz. share the vision, mission and goals, reshuffle key people (role models for values and norms that lead to cultural

compatibility) to positions important in implementing the new strategy and reinforce the new value system in the performance management and reward systems.

6.9.1.2 REINFORCE THE CULTURE (NEGLIGIBLE RISK)

According to Bennett et al.(1994:474) and Harvey and Brown (1996:415) an organization in the "reinforce the culture" quadrant needs relatively little strategic change, the changes are highly compatible with the existing culture, but the new strategy should emphasize the existing cultural elements (shared values) and reinforce the existing cultural elements.

6.9.1.3 MANAGE AROUND THE CULTURE (MANAGEABLE RISK)

According to Harvey and Brown (1996:415) an organization in the "manage around the culture" quadrant has a great need for strategic change, the changes are incompatible with existing corporate culture, and therefore the change should be managed around the culture, without confronting direct cultural resistance. Here the critical question is whether these changes can be implemented with a reasonable probability of success. Harvey and Brown (1996:415) suggest that the value system should be reinforced, power be reshuffled to raise key people, and any available levers of change be used such as the budgeting process and reorganization.

6.9.1.4 CHANGE THE STRATEGY (UNACCEPTABLE RISK)

According to Harvey and Brown (1996:416) an organization in the "change the strategy" quadrant needs some strategic change, and the changes are incompatible with the entrenched corporate culture, needs to reconsider the viability of the strategic change initiatives. If the chances for strategic change success are limited, the strategy should be amended to align with the existing culture.

6.10   CONCLUSION

In this chapter change, organization development, and transformation were defined. The dimensions, and types of change were discussed, as well as resistance to change. The importance of leadership during change, and the various roles and responsibilities during change were emphasized. A model for organizational change was given and the importance of various aspects of an organization development approach to change was highlighted. For effective organizational change there should be an integration of change strategies and a strategy-culture fit. The challenge is to support the strategic process of the organization with

an OT paradigm of change and OD interventions in order to improve organizational effectiveness.