

Chapter 5

ORGANISATIONAL CHANGE AND TRANSFORMATION

5. INTRODUCTION

This chapter is key to this research in the sense that it describes change as a phenomenon in organisations, including transformational change. The chapter starts with an assessment by the researcher, (as a consultant), of how change is being handled in South African organisations. This is followed by a look at an organisation from a change perspective. The researcher then summarises current paradigms about change and attempts to classify change into different types. Organisational transformation as a process then becomes the focus and is followed by a critical assessment of Organisational Development (OD) as a planned process of change. The chapter differentiates between transition at individual level and transformation at organisational level, followed by a discussion of critical success factors in change. The chapter ends with a review of several change models.

5.1 Assessing organisational change in the South African context

The researcher's experience with change in organisations stretches over a period of more than 30 years. This experience was first gained as an internal consultant and later as an external consultant to private enterprise as well as the public sector. Industries include, amongst others, banking, insurance, automotive, high-tech, chemical, energy, tourism, agriculture and mining. In the public domain clients such as the central, provincial and local governments, tertiary education, SARS, the military and NGO's were served. Interventions varied from strategy formulation to structural re-design; from a change in organisation culture to the development of teams; and from third party conflict resolution to interventions at individual level, such as life and career planning, stress management, diversity management and competency development.

Some of these interventions formed part of a larger change process in which the researcher played a key role. Others served as targeted interventions, which formed part of a larger change effort, initiated by management, or in some cases in conjunction with a third-party consulting firm. In some instances the change efforts were limited to only a diagnosis, after which management decided not to proceed. In a few instances the researcher was involved in large scale transformations which stretched over several years and ended with a joint decision to terminate the relationship.

These interventions to bring about change were not always successful. Change is complex and a successful outcome is not a guarantee. Real change in measurable terms is evasive, sometimes elusive and most of the time a real test for the competence, commitment and character of the leader, the management team, the consultant and the people in the organisation.

The literature reveals that transformation is much sought after, but rarely fully achieved (Beer & Nohria, 2000; Applebaum & Wohl, 2000). It contains many accounts of failed attempts, whether the goals are seemingly modest (involving targets that are apparently within reach), and apparently undemanding, (involving incremental change) or ambitious (involving more rapid or more radical change).

Despite much activity and analysis it therefore remains hard to bring about the requisite degree of change in an organisation. It would be safe to conclude that organisational change as a complex phenomenon, is difficult to analyse and not yet sufficiently understood to articulate a complete list of generic factors that will guarantee the successful outcome of a change initiative in any one particular organisation.

5.1.1 Reasons why South African organisations change

The origins of organisational change and change management date back to the seventies, when the USA as the world's largest economy, faced the turmoil of the 1973 and 1979 oil crises. This initial driving force to bring about change in enterprises was soon followed by competition from other countries, particularly Japan, offering cheap and better quality products to the consumer. Competition escalated into large scale mergers and take-overs, which led to across the board retrenchments. The advent of the information age finally contributed to a restructuring of the US economy (Finansies & Tegniek, Aug 1994).

Most South African companies were well protected until the early nineties, when they were rudely awakened by environmental factors such as:

- the globalisation of businesses;
- a world-wide slump in the price of commodities;

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- new competitors on the South African scene, offering products of a higher quality at more competitive prices;
 - new demands by customers as a result of changes in industries through acquisitions, with implications for products and delivery of services;
 - new inventions, offering the possibility of changing the organisations' existing production technology or distribution chain;
 - a new government, introducing legislation pertaining to Black Empowerment, Equal Employment Opportunity, and Social Responsibility;
 - a growing awareness amongst communities regarding their rights in wealth sharing, protection of health and quality of life;
 - economic and social conditions that created long-term changes in the composition of the labour force, as well as skill levels, particularly skill-levels in the technical and managerial domains.

It would be fair to surmise that very few organisations in South Africa were prepared to deal with all the changes after the first democratically elected government came into power and the country broke out of years of isolation. Since then changes at both global and national levels continued at an alarming pace, with very little time to develop a pro-active orientation and the necessary resilience to promptly deal with change. Strategy sessions were conducted and scenarios were developed, but the majority of these plans seldom evolved into visible changes and tangible results.

This statement is supported by a worldwide survey on competitiveness conducted by Boston University Round Table during 1994. The survey rated the South African industry 35th out of 41 countries assessed. The analysis showed that the South African industry was particularly poor in implementation. A failure to follow through and proper execution were cited as reasons. The report acknowledges that South Africa is acquainted with, and has tried, many advanced methods used in the US and Japan. The local industry however *"...fails to implement new techniques and suffers from a lack of discipline top-to-bottom, often starting an approach and backing off after difficulties arise at lower corporate echelons"* (The Star, 2 Feb. 1995).

Although a number of positives (such as macro stability, growth in investment and economic growth) have since appeared on the scorecard, the situation as described above has not improved markedly over the past decade (World Economic Forum, 1998; Institute of Futures Research, 1998, 2004).

5.1.2 Common changes observed

Despite the implementation shortfalls referred to, life at work is definitely changing. Whether the result of a carefully conceptualised strategy, with an in-depth analysis of external and internal forces, or merely an intuitive decision by a select few, South African organisations are engaging change. Life at work takes on new proportions. A

number of salient changes are observed, each with its own unique challenges, particularly in regard to the way the changes are being managed.

5.1.2.1 Mergers, acquisitions or divestitures

Mergers, acquisitions, and JV's have become an accepted means by which organisations can grow. Divestitures are seen as strategic attempts to redirect assets or to focus the organisation in some new direction. Such directional changes almost always result in "restructuring", as a result of duplication of functions, which must be corrected through painful layoffs. (Institute for Futures Research, 1998). Mergers entail the joining together of organisation cultures and often national cultures, which poses a unique set of challenges in terms of strategy, governance, economics and the management of cultural differences (Bamford, Ernst & Fubini, 2004).

5.1.2.2 The launch of a new product or service

A decision to enter into a new product or service range invariably connects a company with new customers, markets and often new competitors. Africa in particular is becoming a targeted market (Finance Week, 2004).

5.1.2.3 Appointment of a new leader

Another common phenomenon is the appointment of a new CEO from outside. The motive here appears to be distinctly different for nationals and multi-nationals. In the case of national companies stakeholders hope to generate a turnaround through new thinking and a different style of leadership (Keyser & Serfontein, 2002). For multi-nationals operating in South Africa, the motive seems to be the creation of an opportunity for future leaders to experiment and learn, before moving towards more demanding corporate positions in the East, Europe or North America. Like a new owner of an old house, leaders are tempted to alter or re-model existing business processes. In many cases, this leads to a substantial turnover amongst senior executives. The new leader generally doesn't feel at home until he is comfortable with all the people around him. Change usually cascades down from these new executives.

5.1.2.4 New technology

Technology is transforming the world of work, irrespective of its application in research, operations or logistics. Information technology in particular is not only changing the way people work, but also when they work and from which locations they work (Gerstein *et al*, 1992). Nadler (in Gerstein *et al*, 1992) argues that perhaps

the largest single influence on organisational architecture and design has been the evolution of information technology.

The scope of technological adaptations is vast, ranging from something seemingly simple such as buying a personal computer, to investing in the latest state-of-the-art computer-aided manufacturing machinery. Regardless of the complexity of the system or the size of the organisation, one thing is certain, the incorporation of such technology or information systems will accompany change. Change is usually visible in the following areas:

- **Traditional supervisory relationships.** Computer networks allow people to communicate quickly, share ideas and transfer information regardless of physical location. Supervisors are therefore able to monitor the activities of a larger number of subordinates. The concept “span of control” takes on a new meaning. Interdependency between people and technology surfaces as empowerment, but it implies that employees are properly trained in the technology, and that they understand the direction taken by the organisation and their roles in it (Main, 1988).
- **Relationships with suppliers, customers and outsourcing companies.** Information systems make the ability to gain information from others up or down a process or distribution channel less dependent on control over that process. These relationships can now be managed virtually, almost in real-time (Main, 1988).
- **Automation and human expectations.** Tasks previously performed by human operators have become automated, changing the human task to one of supervisory control. Inevitably, the expectations of the average employee has to change due to the shift from repetitive tasks to having to recognise and react to problem situations.
- **Structural changes.** Nadler (in Gerstein *et al*, 1992:25) points out that “...in organisational terms, the role of a hierarchy as the principle means to coordinate, control and facilitate communication is dramatically impacted by the capabilities of information technology.... The existence of these capabilities, however, does not determine the organisational architecture of the future; **it merely makes a new architecture possible.**” Improved coordination and larger spans of control are therefore replacing the need for many hierarchical levels.
- **New technology and change.** Since changes in technology should accompany changes in organisational practices and culture, learning has become an essential pre-requisite for the acceptance of informative technology. Also, if not viewed as part of the overall change process, the addition of technological process improvements, replacing human responsibility, is likely to lead to job dissatisfaction (Alexander, 1977).

5.1.2.5 Appointment of previously disadvantaged people at all levels

The effects of Black Empowerment and Employment Equity legislation are becoming visible in the workplace. The retrenchment and stagnation of white males, combined with an acceleration of previously disadvantaged groups (sometimes in senior positions), is a common phenomenon in South Africa (Institute of Future Research, Jan. 2004). Such trends are likely to place pressure on existing and new staff, sometimes resulting in inter-cultural tension as a result of whites feeling like second-class citizens in their own country (Institute of Futures Research, 2004). Strong leadership is needed to redirect energy and create ways of assimilating new appointments, while keeping more experienced members loyal to the company.

Other change implications implicit to this phenomenon could involve the development of new competencies and managing diversity in the workplace. Although not a new phenomenon, it remains unique to South Africa since the process entails the complicated merging of members of the majority group of the population into organisations of which the majority of members are of the population's minority group.

5.1.2.6 Improved corporate governance

Corporate governance has moved to the top of the corporate strategic agenda. This state of affairs can partly be attributed to the country's transition to democracy, and the related pressure on organisations and institutions to follow suit by creating opportunities for previously disadvantaged groups while adhering to constitutionally entrenched human rights. At the same time it enhances performance and competitiveness (Esterhuyse, 2003). Other reasons relate to global trends that post the acceptance of good corporate governance as an (ethical) business imperative and competitive advantage (King Report, 2002).

Fundamentally, corporate governance is about control systems and risk management. However, a controlled environment is not enough. Esterhuyse (2003) asserts that it should be energised by a culture of trust. Building trust is dependent on the establishment of certain core values. The result is that boards and companies are being forced to accept values such as the following (Esterhuyse, 2003):

- **Accountability.** Accountability can be legal and/or moral and has become non-negotiable for corporate life. It has changed the view of the place and role of business in society.
- **Disclosure.** The basic assumption applicable is that the investor has the right to be in a position where he can make informed decisions –an assumption necessitating high quality reporting and corporate communications.
- **Transparency.** This value emphasises the need to admit to problems, to strive for balanced reporting, to be open to ideas of others, to accept the role of the press, and to be open to issues such as remuneration of directors and share transactions.

- **Sustainability.** The challenge to organisations is to balance the pressure of short-term gain with the requirement of continuity. This means that the present actions of the business should be such that they do not limit or destroy the range of future economic, social and environmental options and opportunities.

5.1.3 How are these changes managed?

The changes referred to need to be dealt with or managed to be effective. Irrespective of the business sense of a merger, a new product, new markets, or new technology, existing structures, or processes and systems invariably need to be re-designed, adapted or altered to meet the expectations implicit to new business challenges. And people need to change their behaviour and review their expectations to be a good *fit* into the new environment.

A new technology could certainly reduce the number of staff and improve governance, but it usually involves a number of concurrent internal changes of similar proportions. To eradicate inequality, members of previously disadvantaged groups must be brought into organisations, but an enterprise must still stay competitive to survive in the highly competitive world. A government department or a local authority must remain relevant to exercise control and promote order and stability in society.

Managing these changes remains a major challenge to South African leaders. What makes the challenge particularly difficult are factors such as the incidence of aids and its effect on the workplace, the loss of experienced people, the high levels of crime and corruption and the ever changing macro business environment.

How do leaders deal with these changes, albeit a private company, a large multi-national corporation, a government department or an academic institution? In an effort to find an answer to this question and help clarify the complexities associated with organisational change, the researcher takes the liberty to share some of his own observations, without attempting an analysis or exercising judgement.

5.1.3.1 Meaning attached to the term transformation

Transformation as a concept has different meanings in South Africa (McNamara, 1998). For a significant number of people transformation refers to the process of reshaping organisations by appointing previously disadvantaged people to senior positions. To some others it is more associated with the achievement of human rights as a logical step in the process of democratisation. To others transformation is still synonymous with change, but change could refer to very specific interventions such as reengineering the plant, introducing Total Quality Control or implementing ISO 9000. To the more informed, transformation implies radical changes in how people perceive, think and behave at work (Cummings & Worley, 2001).

The term transformation therefore creates confusion and leads to misunderstanding and divergence in interpretation. This makes alignment of expectations and communication during the process of change particularly difficult.

5.1.3.2 The cursory nature in which change is handled

The way changes in organisations are handled creates the impression that the approach is still reactive, ad hoc and not properly thought through. Evidence for such a view is seen in drastic cost reductions, which include the closing of plants, a decline in the number of regional offices, outsourcing of critical services and inadvertent retrenchment of staff. This way of adapting to change sometimes succeeds in the short term because inefficiencies are reduced. Strategically however, this approach destroys much valued experience and established competency levels, making the company less capable of responding to a changing environment.

The ad hoc nature in which change is addressed is particularly disconcerting. Structures are changed without thinking about or articulating strategy, changes in business processes are not given consideration in the redesign processes, and policies and standard operating procedures often fall by the wayside. To further aggravate the situation experienced staff are replaced by managers and supervisors who do not even understand those basic business processes they have to manage.

5.1.3.3 Content vs process focus

A strong task orientation amongst the management population results in a preference for content thinking when change is contemplated. The focus of time, energy and resources is on new products, new technology, new markets and business results. Internally the efforts are directed at the analysis of work processes, redesigning of structures and introduction of new systems to match new technologies. These are all content work related elements. The change process itself, which involves the people dimension, receives luke-warm attention, and is seldom professionally planned, executed and monitored over the life cycle of a change project.

5.1.3.4 The emphasis on structural changes

Changing organisational structures is a favourite pass-time of managers in South Africa. “Reorganisation”, *rationalisation of functions* and *re-engineering* are the terms frequently used to describe the process of re-structuring.

It is seldom that structural changes contribute to meaningful change and the outcome is often unsatisfactory. In most cases structures remain hierarchical despite repeated efforts to map out business processes. Power cultures prevent the acceptance of flatter, more empowered structures, where people can respond to new opportunities

much quicker and solve their own problems. Real change to structures is often limited to the higher corporate levels and it appears as if the courage to follow through with changes down to the lowest levels is lacking.

Even in instances where new structures are scientifically designed and people are placed into new positions, very little gets done to prepare people for their new roles, define the interfaces or to equip them with the required competencies. The result is that people revert to their old behaviour, and because people give definition to structure, the original intent with re-structuring is not achieved. Executives are then surprised that they have to repeat the exercise a few years later (Strebel, 1994).

Restructuring almost always leads to downsizing and retrenchments. During the process of restructuring it often becomes evident to staff that the restructuring exercise is nothing more than a camouflage to downsize. To avoid blame internationally reputable consulting firms are often contracted to do the *dirty* work, albeit very costly and the outcomes often unpredictable (Serfontein, 2001).

Manipulation like this creates distrust in management's motives and is often the reason for resistance amongst staff.

5.1.3.5 Planned change

Despite theories arguing that change be planned and executed in a phased way, a contrasting picture surfaces as pressure on organisations increases. Initiatives involving change are not properly coordinated, resulting in confusion and uncertainty. Resource allocation is inadequate, time lines are unrealistic and staff directly involved are expected to engage in change activities while still performing their normal tasks. Efforts to manage change lack, amongst others, a vision of the end result, a credible change leader and sufficient monitoring for follow-up. In some cases the HR function, instead of line management, is held accountable for change.

In the case of takeovers, mergers and joint ventures, the effect seems even more dramatic. These cases often involve large-scale downsizing and almost instantaneous restructuring. Change strategies are top down and are achieved coercively by virtue of dictates from the outside or by newly appointed chief executives. Advocates of such approaches are often found among financial experts who are appointed as CEO's. They tend to show a preference for a rapid, coercive re-structuring and express contempt for the *soft* approaches, which they regard as trivial and time consuming.

This paradigm is becoming more of a norm as organisations venture deeper into a rapidly changing and unpredictable business landscape. Complexity is used as an excuse for quick change. To achieve change objectives people are coerced, forced and manipulated without an option of negotiation. This results in a lack of consensus and commitment, leaving people responsible to implement the change with very little motivation. Consequently many initiatives fall by the wayside or are kept alive

artificially but at a cost. In an effort to survive individuals develop personal strategies such as to skilfully manoeuvre between priorities, without producing results.

In cases where provision is made for a planned step-wise change process, too much reliance is placed on analysis, particularly through surveys. Not only is the reliability of such surveys often questionable, but it also appears as if staff in larger corporations have developed an aversion towards these surveys. They seldom receive feedback and find it difficult to make a connection between the survey objectives and change strategies.

If consultants and facilitators of change were to honestly reveal their approaches to change, they would agree that the diagnostic phase is the easier one. Gaining management's commitment to change after a diagnosis and facilitating the implementation of such change strategies are the real challenges. These are also the areas where consultants perform less successfully.

Finally, step-by-step or phased models of change have become quite the fashion, suggesting that one recipe can work for all. The concept of a phased approach cannot be ignored and has been tested and proven to be a critical factor in the management of change. However, to apply a phased model indiscriminately would be naïve, involving unnecessary risk. Organisations are unique, as much as change strategies are triggered by different combinations of external and internal forces. Understanding an organisation is as important as understanding the factors contributing to the need for change. These factors and other variables should therefore, in the final instance, guide the thinking when planning change.

5.1.3.6 Systems-driven change

Change is often driven through the introduction of new or enhanced systems. Yet, companies often lack a clear business strategy and fail to align organisational structures and people with these changes. IT systems, for example, then become the drivers for change, and instead of being a means to an end, they become a means onto themselves.

Systems change can create another problem. Since technological change is often not managed as part of a larger change effort, the people impact of technology is underestimated. Software organisations mandated to implement such changes are expected to do so in isolation of other variables (i.e. changes in processes, practices, policies and culture), impacted by technological change. Whether such organisations are equipped to manage integrated change efforts remains another question.

5.1.3.7 People and change

Although most managers are quick to state that people are their *most important asset*, their efforts to manage a change project often send out a different message. Many fail to see that people define change.

It is hardly understood that people determine whether structures function according to their intended design, that people determine the success of new work practices, that people have to interpret new business directions and that people eventually determine how quickly and efficiently new systems operate (Serfontein, 2001). They fail to understand that new organisational structures imply new roles, new relationships, new approaches to work and new sets of values. They overlook the fact that people must be guided and supported, both cognitively and emotionally, to adapt to such changes.

Failure to recognise the direct line between structures, systems and technology on the one hand and perceptions, skills and attitudes of people on the other hand, is exacerbated by two other oversights:

- **People are viewed as a collective.** Individual differences are ignored and the fact that people react differently to the same situation or challenge is not taken into account. It appears as if *diversity training*, does not succeed in creating a full understanding of the meaning of diversity in organisations and its importance when managing change.
- **Feelings are ignored.** In the rare cases where people are recognised as an element in the change equation, efforts are limited to the conceptual and cognitive domains. People's behaviour is not only affected by their thoughts and levels of understanding but also by their feelings – both positive (e.g. excitement, enthusiasm and challenge) and negative (e.g. fear, disillusionment, anger, frustration, doubt and disempowerment). Change efforts create the impression that negative feelings such as doubt, uncertainty, confusion and fear can be ignored or rationalised, while positive feelings such as enthusiasm, pride and excitement are neither leveraged nor fully utilised.

5.1.3.8 Leading change

An important issue to many South African organisations contemplating change is one of leadership. The expectation is that leadership will not be mired in the past, but will bring about the ability to understand the new world and to move the organisation courageously out of the past and into the future.

It is also generally accepted that organisations facing change need both managers and leaders. Bennis & Nanus (1985:21) for example, postulate that “...*managers are people who do things right. Leaders are people who do the right thing.*”. Sashkin and Rosenbach (1993:106) argue that “...*effective transformational leaders use*

transactional managerial roles not simply to define, assign, and accomplish tasks and achieve goals, but also to educate, empower, and ultimately transform followers". It is therefore safe to infer that the role of leadership in change is particularly important.

Based on a multitude of observations made in both the private and public sector over many years, the researcher cautiously makes the following inferences:

- a. On average, South African managers may find it difficult to break out of their existing thought patterns and assumptions about organisations and change. They may find it particularly difficult to change their assumptions about:
 - how the business is run;
 - critical factors for business success;
 - competitiveness;
 - the role of people in enhancing competitiveness;
 - the human factor in change;
 - diversity.
- b. There appears to be a reluctance to engage change openly and boldly and take personal accountability for a change strategy. Some engage in strategic planning exercises but fail to follow through on strategic decisions. They frequently lack a personal vision and the ability to mobilise and excite their fellow leaders for the challenge the new direction offers them.
- c. Those who are willing to embrace change and become personally involved and accountable, appear to be autocratic, strong-headed and manipulative. They prefer to use positional power rather than personal power and are satisfied with compliance rather than commitment. Compliance is often reinforced through performance contracting. Unfortunately, the use of power creates negative feelings such as fear, powerlessness and eventually distrust and resentment.

5.1.3.9 Communicating change

To guide people's progression from awareness of change, to understanding, acceptance and internalisation, communication plays a key role and could involve many methods.

The communication strategies observed in South African organisations are usually based on the following:

- a reliance on traditional communication methods (e.g. briefing meetings, company newspaper and video) and based only on facts and logic;
- a reliance on communication trickling down through middle management;
- the assumption that employees will be more favourably impressed with the change if they first hear it from senior executives.

What is often lacking is interactive communication where people can freshly air their concerns. Another serious mistake is the under utilisation of middle management as a means of communicating to frontline employees.

5.1.3.10 Negative consequences

Organisations handling change ineffectively might see a short-lived improvement in their bottom line, usually as a direct result of the downsizing of the workforce or the selling of assets. Leaders are usually shocked when faced with many unexpected problems when change objectives fail: the workforce size has decreased, but the smaller workforce has lost their motivation, clients start complaining about quality of service and products and fire-fighting becomes the norm. At lower levels cynicism and disillusionment reign and the announcement of yet another change project is met with disbelief and immediate resistance.

More consultants are appointed – and fired, then replaced by a new group, offering yet another *packaged* solution. Competitors and talent seekers witness these vulnerabilities and exploit them to their advantage (Serfontein, 2001).

5.1.3.11 Perspective

From these observations it should be evident that change within organisational settings could assume many different forms and guises. A further reality is that many organisational change initiatives are overtaken by events and consequently do not reach the point of completion. In fact, there appears to be a substantial degree of uncertainty at the onset of change, related to the inability to articulate the complete outcome of a change initiative.

Finally, change could range over an extended period – sometimes up to five years and more. This requires a particular change orientation and mindset, different from that of engaging and dealing with short term directional change initiatives, with predictable and discrete beginning and end stages.

5.1.3.12 Conclusions

The process of moving an organisation from one state to another in order to survive, is a complex one. For those actively engaged in organisational change, either as a manager or as a consultant, this could be a humbling experience. Many change initiatives never reach fruition, are abandoned and resources such as people, time and money are wasted - despite promises of a business utopia. Business opportunities are missed and lost, often without reference to the human suffering and loss as a result of these aborted efforts.

The process is becoming more troublesome as it is realised that success neither depends on a single event nor hinges on creating the appropriate momentum. Organisations today have to develop the ability to become resilient, i.e. the ability to dynamically reinvent business models and strategies as circumstances change. Strategic resilience is not about responding to a one-time crisis. It is not about bouncing back after a setback. It is about continuously anticipating and adjusting to deep, secular trends that can permanently impair the earning power of a business. It is about the capacity to change before the case for change become desperately obvious (Hamel & Välikangas, 2003).

5.2 Defining change

It is often said that change is the only constant in the world people live in. The pervasiveness of change is seen in every sphere of human activity. Despite efforts by humans to bring in routines to create more order and stability, the world becomes increasingly unstable. Organisational change implies taking a system from a state of stability to a new (and changed) state.

Understanding of the change concept and the nature of change will facilitate learning and development of strategies and, eventually, the competencies needed for living with change. These competencies will contribute to a sense of being in control. The goal is an organisation that is constantly creating it's future rather than defending it's past. In a truly resilient organisation, there will be plenty of excitement, but no trauma (Hamel & Välikangas, 2003). The sense of being in control will therefore replace the sense of loosing control, usually experienced when change is unexpected.

5.2.1 Change as a world-wide phenomenon

Societies are changing rapidly and discontinuity has replaced stability over the past three decades. People experience much more of a global awareness than before and global competition has become a reality. With technology innovations and scientific breakthroughs have emerged changed values, attitudes, life expectations, etc.

With the many forms of worldwide change have also emerged a series of problems, ranging from environmental pollution and degradation to global warming and over-population, which include poverty, crime, disease and ethnic strife (Carnall, 1995; Korsten, 1995), pointing to the shifting sense of value in the global business context. Fifty of the world's one hundred largest economies are business organisations and not countries. The wealth of the world is slipping out of the hands of countries and into the hands of multi-nationals, gaining more power and influence as they grow (Stern & Barley, 1996). One can safely conclude that the power of global corporations will increase and will perhaps even have a stronger impact on the way

business is conducted in many countries than the governments elected by those peoples.

5.2.2 Change at organisational level

At organisational level, turbulence, the rate of change, and the resultant struggle to innovate and stay alive are becoming equally evident. As highlighted in chapters 3 and 4 of this research, organisations have been subjected to a state of constant change as a direct result of the changing competitive landscape. As pointed out, adaptive responses consist mostly of mergers and acquisitions, corporate restructuring, strategy changes and related attempts to realign the organisation with changing environmental conditions.

Bamford, Ernst and Fubini (2004) cite that more than five thousand joint ventures and many more contractual alliances have been launched worldwide over the previous five years. They point out that the largest one hundred JV's represent more than \$350 billion in combined annual revenues.

Corporate restructurings have been equally popular as a means to adapt to the changing environment. Some recent restructurings in South Africa include Transnet, Iscor, Telkom, Eskom, Absa, Toyota, SAB, tertiary education institutions and many others. Organisational change initiatives are assuming a continuous change character and the pace of change is quickening in the face of essentially accelerated environmental change.

5.2.3 Defining change

Kurt Lewin (1951) equated change to a force field. He viewed change as a *sequence of activities* that emanate from disturbances in the stable force field that surrounds the organisation (or object, situation or person), tends to focus on the role of context, stability as the preferred state, and the onset of a chain reaction of events when the force-field is disturbed.

Porras & Silvers (1991:52) view organisational change as a process, which consists of the following:

- an initiative which alters;
- critical organisational processes, which in turn influence
- individual behaviours, which subsequently impact on
- organisational outcomes.

Van Tonder (2004:6) views change “...as a process resulting in a difference of varying magnitude and nature in the state and/or conditions of a given entity over time – whether the entity is a phenomenon, situation, person and/or object”.

The author explains the main elements of this definition as follows:

- *Change is a process*, i.e. dynamic and bound to time, and clearly not discreet.
- Change is evident in a *difference* in the state and/or conditions within a state of an entity. He poses that *condition* be a description of the entity or person (or organisation) *within* a specific state.
- A change in *condition* will not impact on the *state* of the entity, but when a change in *state* occurs, a change in *condition* will also be recorded. Change will therefore be observable in both the state and/or condition of the entity. Change in state is likely to be far more comprehensive and intrusive than a change in condition.
- Change as *difference* does not occur in a void, but is bounded by its *context*. The entity may include a person, an organisation, a situation, an object, some phenomenon, a system, an organism or any such defining term. Open systems thinking maintains that boundaries are permeable, to the extent that change in the one system is likely to be transferred to other linked systems and sub-systems.

Because of the difference in context, Van Tonder (2004) recommends that organisational change be treated distinctly different from environmental and personal change.

Van Tonder (2004) also observes that a real understanding of change as a scientific phenomenon is hampered by the following factors:

- the tendency to promote change management **recipes** and **phased programmes** for addressing the immediate practical problems of managers and consultants in organisations;
- a preoccupation with the predominantly **analytical and rational** approach to understanding change and change-management and a disregard for the **intuitive**;
- a lack of specificity and a tendency to ignore the distinctive organisational and broader operating **context** and become fixated on specific content-driven stages.

5.2.4 The individual in organisational change

Earlier in this chapter the distinct lack of participation and involvement of employees was given as one of the primary reasons why so many organisational change efforts in South Africa do not produce the desired results. This observation is supported by Beer and Nohria (2000) who argue that change in organisations cannot take place or be dealt with effectively if the individual employee is not engaged in the change

initiative. He/she must internalise and accept change and finally support efforts to facilitate or manage the change process.

Individual employees often have to deal with change on a personal level. This includes solving the problem of change (Naisbett & Aburdene, 1990).

Change at organisational level therefore only occurs at the rate that the individual employee is able to deal with and respond to change. Such change occurs much slower than what managerial assumptions and actions would normally suggest (Forisha-Kovach, in Van Tonder, 2004).

Whether this phenomenon is labelled ignorance, denial or just a lack of awareness, the impact is of a serious nature and the stumbling block in many abortive change efforts. The tendency of management to focus on the technical and business elements involved in change and, at the same time, neglect the equally important human elements in the change process, is widely acknowledged. (Serfontein, 2001; Bamford, Ernst & Fubini, 2004).

5.2.5 Can change in organisations be managed?

The many failures of managed change initiatives serve as a warning to those who claim that change can be managed in a prescribed phased fashion or recipe. Mintzberg, Lampel & Ahlstrand (1998:325) state categorically that change cannot be managed. The authors concede the change can be ignored, resisted, responded to, capitalized upon and created, but it can't be managed. This statement challenges the term *change management* used so frequently, and sometimes, out of context. To manage one self through life is difficult; so much more difficult it becomes to manage a team, unit or organisation, consisting of numerous individuals, expected to work towards a common goal in a complex network of relationships.

This may be seen as a somewhat conservative view of the management of change. There may be other reasons for failed change efforts such as uncommitted leadership, poor planning, a lack of joint ownership by both management and employees and a tendency to stick to prescribed recipes. Working within a given context and actively engaging forces for change in a productive way, are some of the challenges that managers and consultants have to face.

5.3 The organisation from a change perspective

The main focus of this research is organisational change and transformation. Understanding of organisations must therefore be accepted as a pre-requisite for understanding change within organisations. In this regard the researcher must reiterate the basic premise that change is always construed within a specific context and is defined in relation to some object or phenomenon that imposes boundaries on

it. For this study an organisation – Schümann-Sasol (Pty) Ltd (South Africa), and it's specific context was selected.

5.3.1 Defining an organisation

The concept of organisation includes terminology such as business, company, corporation, institution, firm and others. Organisations could exist in a profit or non-profit context. Most writers in this field acknowledge the evolving form and structure of organisations. In it's simplest form, an organisation is a mechanism that takes inputs and transforms them into outputs (Nadler & Tushman, 1980).

5.3.2 Relevant organisational theory

In an effort to grasp a better understanding of organisations and organisational change this study relies heavily on organisational theory, organisational behaviour theory, organisational psychology and management theory.

These theories represent different perspectives on what an organisation is, or should be, and was influenced by a variety of disciplines and backgrounds. Theories have the advantage of helping the researcher to observe an organisation from a variety of perspectives and to see how they converge. Yet it also makes it troublesome to develop an integrative framework of what an organisation really is. And this will make it difficult to identify a coherent and integrated view of change, as the way organisations are described will invariably also influence the way change is seen and described within that organisation.

5.3.3 Schools of thought

Several schools of thought emerged during the twentieth century. These were:

a. The classical theorists.

They include Scientific Management, Taylorism and Max Weber's bureaucratic school. This school of thought sees an organisation as a machine that is capable of acting with precision, speed and efficiency. The classical theorists disregard the role of people. Organisational change is understood to conform to known parameters. To restore optimum levels the primary vehicle for change is rational analyses and solutions to ensure that the machine returns to it's levels of desired performance. For this school of theorists change is essentially a controllable process that is employed in a corrective mode and in accordance with known rules and parameters (Weisbord, 1987).

b. The human relations movement.

This school of thought benefits from the contributions of Elton Mayo and the Hawthorne studies as well as Maslow, Lewin and Herzberg, among others. This movement is in part a reaction to the de-humanised machine concept of an organisation. The school recognises the importance of addressing the social needs of employees through employee-directed leadership and participative work practices. This school however still conforms to the broad tradition of *one best way* of organising and managing, with its implicit expectation of *one best change solution* (Weisbord, 1987).

c. The structural analysts.

This movement emphasises the importance of the environment and the impossibility of divorcing the organisation and its functioning from its operating environment. According to this school, there is no single best way of structuring organisations and there are interdependencies between the organisation and its environment. Contributors to this school include Lawrence & Lorsch, Trist, and Galbraith. The importance of information, power and conflict is also recognised because of its acknowledgement of the environment. This school recognises the stability or change in the environment as influences of stability or change in the organisation; hence favouring the *contingency* approach. Change in or within organisations is essentially viewed as *adaptive* in nature, as it is concerned with matching, fitting or aligning organisational structure and complexity with what is required by the operating environment (Van Tonder, 2004).

d. Contemporary theorists.

This school of thought must be seen as a reaction and response to functionalist thinking. It gives recognition to the role of culture, symbolism, conflict, action, organisation-identity and more recently, chaos and complexity. It views organisations as entities that need to adapt to increasing complexity (in operating environments, but also in terms of internal dynamics). Organisations also have to contend with competition and secure scarce resources. The contemporary theorists believe that organisations have the innate potential to develop and self-organise in the face of changing circumstances. According to this school the only way that an appropriate (unique) change response can be initiated is through increasing the number of relations or linkages between potential sources of solutions (i.e departments, stakeholders, etc.) By collectively making sense of information, appropriate change responses can be formulated (Van Tonder, 2004).

5.3.4 Paradigms of organisations

In chapter 3 reference is made to the need of a dual paradigm shift: a shift in the conception of an organisation **and** a shift in the method of inquiry – the means of knowing – from analytic thinking to holistic thinking (Gharajedaghi, 1999). Paradigms therefore appear to be important when thinking about change.

Van Tonder (2004) describes a paradigm as a tool for reflecting on and deepening people's understanding of, firstly the nature of organisation and, and secondly the nature of change. In other words, a paradigm is a framework, a mindset or a world view, which Van Tonder (2004) describes as “...a form of cognitive or conceptual schemata that includes an integrated body of knowledge and wide range of concepts, believes, theory, laws and principles, methodologies, considerations, techniques, application, parameters and so forth”.

Several paradigms of organisations can be identified, which aid the thinking about organisations and organisational change. Van Tonder (2004) postulates three such paradigms:

- **the functionalist**, which is characterised by rationality, high levels of differentiation, hierarchical control, top down communication and technical and professional expertise;
- **the post-modernist**, which essentially reflects the movement away from the rational to the intuitive, accompanied by greater fluidity and diversity;
- **the psychological perspective**, which acknowledges the importance of psychological forces such as emotions, cognition, learning, the unconscious and the role of irrational processes.

The systems perspective. A fourth organisational paradigm could be added is based on system theory. A system is described as a whole that consists of a set of two or more parts. Each part affects the behaviour of the whole, depending on how it interacts with the other parts of the system (Wardman, 1994; Kreuzer & Wiley, 1996). According to Schein (1980) an organisation can be construed as:

- an open system;
- a system with several purposes or functions;
- consisting of many sub-systems; and
- being embedded and existing in an environment.

Comments

In parallel with developments in the field of organisation theory, disenchantment with traditional forms of organisation has grown in the face of recognition that rapidly changing environments require organisations which are, among other things, more agile and responsive (Gailbraith & Lawler III, 1998; Hamel and Välikangas, 2003).

It appears as if traditional organisational forms which were characterised by tightly bound and clearly defined centralised and structured forms, are making way for a more loosely-associated and wider-reaching organisational architecture. This includes a diffusion of external and internal boundaries and the emergence of new forms of relationships, mediated by an ever-increasing free flow of information. Even leadership, management practices and fundamental organisational processes are changing in unison with the transformation of organisational forms. Roles and responsibilities are less clearly defined, work descriptions are becoming more fluent and work environments are more virtual.

At operational level work has become much more flexible, information based, abstract and interdependent. Work is performed more by teams than by individuals, and mostly in flexible working environments.

To stay competitive individuals, teams and organisations have to engage in continuous learning and improvement, competency-building, and above all, the capacity to engage in continuous change.

5.4 A thinking framework for understanding organisational change

As much as paradigms help to understand organisations, paradigms of change must also assist in conceptualising change in organisations.

Relevant to this study are life-cycle-based change, planned change and change through organisational learning.

5.4.1 Life cycle-based change

Life-cycle models suggest that all organisations pass through predictable and sequential stages of development and change, and that organisations display regular patterns of change which correspond to the stage of development in which the organisation finds itself in (Cameron & Whetten, 1981; Adizes, 1988; Greiner, 1998; Mintzberg, 1984; Quinn & Cameron, 1983).

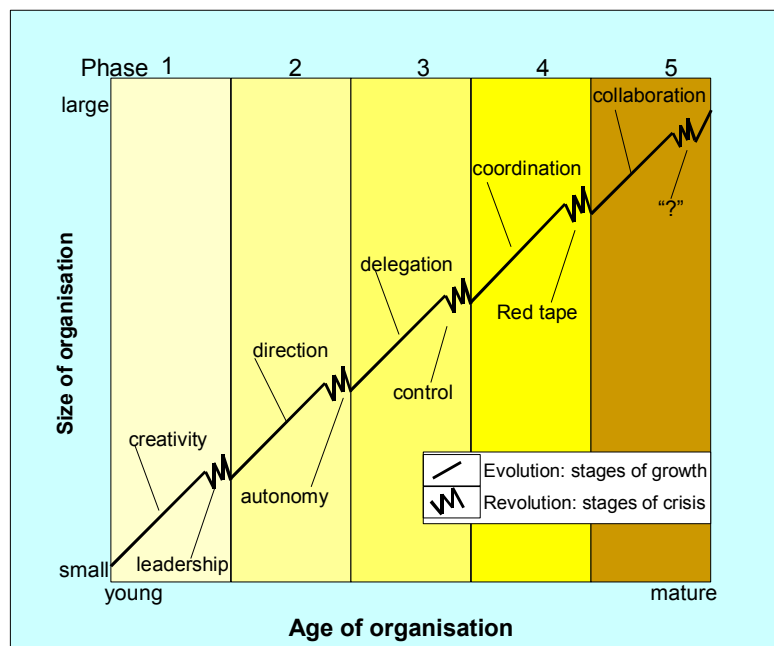
Life-cycle models display many similarities and show only minor variations. The natural process of organismic change that unfolds in every organisation, in accordance to an implicit and predetermined developmental blue print, is core to a life-cycle view of organisational change. Organisations are therefore capable of progressing through several cycles in a developmental spiral of ever-increasing complexity and sophistication (Van Tonder, 2004).

The primary value of a life-cycle view of organisational change is its usefulness in explaining changes in organisations over time, which enables both managers and consultants to anticipate problems or difficult development stages. This view also

acknowledges the dynamic and changing nature of organisations, independent of context (Van Tonder, 2004).

The pioneering work of Greiner (1972; 1998) is perhaps the best-known contribution toward this paradigm because of its relevance over three decades. Greiner argued that organisations progress through the stages of creativity, direction, delegation, coordination and collaboration. Each of these stages is followed and matched with managerial crises, centering around leadership, autonomy, control, red-tape and as yet undefined managerial crises. The latter was not named by Greiner (1972), but stems from the psychological saturation emanating from demands of intense teamwork and intense pressure for innovation. For Greiner's model see figure 5.1.

Figure 5.1
The five phases of growth



Source: L.E. Greiner, (1972, 1998)

Most of the models incorrectly assume that organisational development and change is sequential and in hierarchal progression, and is not easily reversed. Another point of criticism is the apparent disregard for the presence and influence of the environment as manifested in industry, technology and other situational variables (Van Tonder, 2004).

Apart from the useful contribution of this framework in conceptualising various life-cycles in the development of an organisation, it also confirms observations that past strategies and behaviour become inappropriate in new stages and could even have fatal consequences if rigidly adhered to. Success formulas of the past have triggered

the fall of many great enterprises in that somehow their recipe for success became ineffective (Gharajedaghi, 1999).

5.4.2 Planned change

Planned or managed change is the most common form of organisational change. Planned change has gained prominence through the emergence of Organisational Development (OD) as a discipline dedicated to the study of change (Cummings & Worley, 2001; French & Bell, 1999). Although the pioneering role of Organisation Development in planned organisational change efforts must be recognised, all significant approaches to planned change are not necessarily found in this domain. Several functional domains and fields of practice incorporate a planned change component. Typical examples are the following:

- strategic planning and formulation of strategy, which deals with the organisation as a holistic unit in the context of its operating environment;
- the domain of management, which incorporates operational, financial and production management;
- re-engineering-related concepts such as Total Quality Management, Business Process Re-engineering, etc.

Institutionalised strategic planning is of primary importance, as it represents the consciously constructed organisational change efforts (strategic choices), designed to ensure timely adaptation and growth of the organisation. The generic strategic planning process would typically commence with direction-setting activities such as vision and mission formulation, followed by scenario development, external and environment assessment and industry and competitive analyses. This will lead to the formulation of strategic thrusts and objectives (Serfontein & Naude, 1987; Keyser & Serfontein, 2002). Strategic planning could then become the start of a process of planned change.

It must however be pointed out that a difference could easily occur between intended strategy and actual strategy. This phenomenon was particularly prevalent since 2003 with the strengthening of the Rand. Several organisations switched to a cost-management strategy, in an effort to stay competitive; in doing so growth strategies were often compromised. The intended strategy or plan for change thus is not necessarily an adequate measure of actual organisational change.

This highlights one of the limitations of planned change thinking. Strategic planning does however demonstrate how some organisations have routinised and formalised organisational change as a mechanism for effectively dealing with the environment.

The success of the planned change approach cannot be doubted. What started off in the late seventies as isolated and ad hoc planning events in companies, have evolved into a routinised and formalised organisational practice, which is consciously

constructed to guide organisational change efforts. But the failure rate of these organisation initiated change attempts is high. The planning part is usually the easier part and, with the help of a good facilitator, could run smoothly, and could assist in creating a thorough understanding of where the organisation is heading.

The reason for the failure must be attributed to deficiencies such as the following:

- the neglect of the emotional dimension in organisations and in the management of organisational change in particular (Kelly & Conner, 1979);
- the cognitive ability of those engaging in planned change (Van Tonder, 2004);
- the inability of organisations to translate a strategic plan (primarily content thinking) into a planned process of change (primarily process thinking);
- failure to adapt planned change efforts to changes that occur at strategy level, resulting in an incongruence developing between these key processes.

5.4.3 Organisational learning

This paradigm of change in organisations is based on factors such as the following:

- because of the pace of change in their business environments, organisations have less time in which to build up carefully planned organisations;
- advances in information and communication technology are producing an overload of information, while at the same time shrinking the globe to the size of a village;
- due to these advances in information technology, radical changes are taking place in work processes, reducing the number of people working in an organisation significantly and changing jobs fundamentally;
- obsolete knowledge and experience, as well as outdated success formulae of the past, fail to help management face new adaptive challenges of the business environment;
- in South Africa in particular, the appointment of significant numbers of previously disadvantaged people at all levels in organisations are creating a huge need for the development of competencies;
- both the opportunities and threats with which organisations are confronted are increasing in number, intensity and influence.

Ongoing learning, not only at an individual level but certainly also at an organisational level, constitutes the best and probably the only preparation for an uncertain future. Organisations therefore have to develop an ability for learning so that they can continuously transform themselves and in so doing, maintain alignment with a rapidly changing environment. Learning organisations (Senge, 1990) have mastered the act of adapting quickly on the one hand and preserving their own direction and identity on

the other. A learning organisation is one that has acquired the ability to learn collectively and has made the capacity to learn, adapt and change an element of its culture, values, policies, practices, systems and structures. The results of collective learning are visible in the areas of work, processes, products and services (Senge, 1990; Watkins, 1995).

5.4.3.1 Learning and change

Learning is the changing of behaviour. The goal of this change in behaviour is to arrive at a form of behaviour which corresponds better to the goals of the learner; in other words, behaviour that is more effective. To be effective implies being more competent. A competence is determined by what people know and understand, but also by what they can do (skills), what courage and will they possess and what and who they are (personality and aptitude).

Organisational learning is a collective learning process. An organisation can only learn because its individual members learn. Without individual learning there can be no organisational learning. A learning process takes place in and through interaction with and between a number of people. Despite this, an organisation does not automatically learn when individuals within it have learned something. An organisation only learns if someone not only does the job better, but also as a result of this, other members operate better and differently too. It must be a question of mutual behavioural change and therefore mutual learning (Swieringa & Wierdsma 1992).

Organisational change starts taking place when people begin to collectively do things differently. Collective learning, which leads to behavioural change, is the equivalent of organisational change.

Senge (1990), one of the pioneers, who have to be credited for the term *learning organisation*, cites that learning organisations are possible because people enjoy learning. According to him learning does not only occur within organisations, but the entire global business community is learning collectively. Senge (1990) postulates five disciplines or *component technologies*, converging to innovate learning in organisations. These could be briefly described as:

- a **shared vision**, which fosters commitment to the long term;
- **mental models**, which initiate the openness needed to change existing paradigms;
- **team learning**, which allows for the development of team or group competencies and a larger perspective;
- **personal mastery**, which promotes the personal motivation to continually learn how peoples' reactions affect their world; and

- **systems thinking**, the discipline that integrates the disciplines into one conceptual framework or body of knowledge.

5.4.3.2 Susceptibility to organisational learning

Organisations are not all equally susceptible to learning. In some organisations, for example small to medium sized entrepreneurial companies, learning takes place at a quicker pace. Like the type of organisation and the environment in which they operate, the learning is almost completely an entrepreneurial process. In the first phase of their existence, production, promotion, selling and administration involves learning. In the next phase the learning usually revolves around the development of new products and new markets. This could later on develop into learning to develop cooperative links with other organisations, so that a higher order of organisational learning takes place (Chaston, Badger & Sadler-Smith, 2001).

In contrast, bureaucracies usually experience great difficulties in learning, although these organisations are sometimes renowned for the large amount of education that is promoted by them. In contrast with entrepreneurial organisations, bureaucracies avoid risks, exercise tight controls and avoid and punish mistakes (Ross & Unwulla, 1986; Chisholm, 1987). It is clear that the common threat that runs through strategy, culture, structure and systems of such organisations is *to prevent problems*. Unfortunately, by preventing problems, they also prevent learning.

5.4.3.3 Conscious and unconscious learning

Learning is often implicitly equated with conscious learning. Training, trial and error learning, planned experimentation, work redesign and even strategic planning, could be viewed as conscious learning (Harrison, 1992). By contrast unconscious learning is repetitive; imitating role models or repeating behaviour which is rewarded, and avoiding that which is punished (Hall, 1959). Swierenga & Wierdsma (1992) postulates that much behaviour in organisations, particularly collective behaviour, is learned unconsciously, both formally and informally.

The distinction organisations draw between conscious learning (education) and unconscious learning (experience) was challenged by Kolb (1976, 1984), who maintains that learning is a cyclical process: doing (concrete experience) → reflecting (observation) → thinking (abstract conceptualisation) → deciding (action again).

A person therefore gains experience through doing; reflecting is the meditation of the experience; thinking is an attempt to understand the experience by means of analysis and conceptualisation; a person then makes choices, decides on the next steps and then the cycle repeats itself.

Kolb (1984) has contributed to a better understanding of learning, particularly organisational learning, in the following ways:

- knowledge and insight cannot stand alone but is integrated with the development of skills and attitudes;
- learning is not restricted to classrooms or seminars, but occurs by doing, which Kolb refers to as problem-oriented-learning, where the problem is both a stimulus and a medium for learning;
- everyday activities can become a component of learning processes by raising it to a conscious level through thinking and deciding.

It furthermore appears as if self-knowledge is a prerequisite for the development of learning potential (Swieringa & Wierdsma, 1992). This observation emphasises the importance of feedback as part of organisational learning, since self-knowledge is only possible through interaction with others.

The potential to learn must therefore also be equated with the potential for learning to learn. Kolb (1976) cites that this is dependent on a person's learning style: whether a person is a doer, a reflector, a thinker or a decider, with each style's accompanying strengths and weaknesses.

The reflection phase of Kolb (1976) is not only important to the gaining of self-knowledge, but particularly significant when trying to make sense in a very complex situation – such as those experienced during change. Under such circumstances Gharajedaghi (1999) suggests three learning modes:

- **Learning to be** – time to reflect, acknowledge and share feelings.
- **Learning to do** – learning about knowledge and skills to implement strategies.
- **Learning to learn** – when the person becomes a self-educator.

5.4.3.4 Forms of collective learning

It has been stated earlier that collective learning leads to the changing of organisational behaviour and that is equivalent to organisational change. Swieringa & Wierdsma (1992) propose three forms of collective learning at a conscious level:

- **Single-loop learning.** This is learning at the rules-level and is usually associated with the *improvement* of quality, service and customer relations. With this form of learning no significant changes take place in the strategy, structure, culture or systems of an organisation.
- **Double-loop learning.** In double-loop learning not only the rules are changed, but also the underlying insights. The consequences are further reaching, the number of people directly or indirectly involved is higher and the learning process runs over a longer period. Double-loop learning becomes an option for change when external and internal signals indicate that the mere changing of rules is not the answer any more. For this to be realised, self-knowledge is required. Double-loop learning leads to *renewal*.

- **Triple-loop learning.** This form of learning takes place when the essential principles on which the organisation is founded are challenged. It therefore questions an organisation's very being or reason for existence (mission) and identity. It stimulates questions of collective will and being. Triple-loop learning is essentially the development of a new set of principles with which an organisation can proceed to a higher level of being or functioning.

5.4.3.5 High-order learning

To cope with current and future changes, organisations need to elevate their learning processes to a higher order to allow for single-loop, double-loop and triple-loop learning as discussed above (Swieringa & Wierdsma, 1992), and to qualify for a learning organisation status (Senge, 1990).

Harrison (1992) proposes a number of criteria for high-order learning. These criteria can be summarised as follows:

- High-order learning requires constant attention to the learning process. Learning has to become one of the values in the organisations culture. Action has to be interwoven with the examination of it's consequences and the realisation that there is no action without learning.
- High-order learning is wider and longer in it's conceptual scope. The organisation has to go beyond the search for immediate causes of symptoms and quick fixes to an attempt to understand the entire system and it's relationships with it's environment, and how those evolve over time.
- High-order learning is self-initiating and self-directing. People have to take responsibility for their own learning, rather than relying on others to provide learning opportunities.
- High-order learning uses systemic thinking and is pre-occupied with wholes rather than parts. The scope of enquiry must allow for the possibility that solutions to problems in one part of a system could create problems for other parts.
- High-order learning involves articulating, questioning basic assumptions and mental models of reality, rather than limiting inquiry to issues within the current paradigm.
- High order learning involves the creation of learning systems (organisational learning) and individual learning. Unless an organisation is well developed as a learning system, it will frustrate the attempts of individual members to put their learning into practice.

5.4.4 Concluding comments

The three frameworks discussed cannot be separated when engaging change. Planned change initiatives should be aligned with an organisation's life cycle stage and complemented by organisational learning. In this regard management plays a key role by interpreting environmental information and making sense of the many events enveloping an organisation

Of the three frameworks, organisational learning could be the key to successful change. Every organisation has the capacity to learn and to unlock the knowledge and wisdom to address it's particular situation effectively. The unlocking can be achieved through leadership, but also through a consultant, especially those consultants who focus on process rather than on content. The roles of such consultants include placing a *learning frame* around their work. Through such a *learning frame* the consultant helps to increase an organisation's ability to learn and **to deepen it's understanding of the learning processes**. An organisation's development stage and it's particular approach to planned change is then blended into a process of organisational learning until change becomes ongoing and fully integrated into an organisation's ability to cope with a changing environment.

5.5 Types of change

In an effort to understand organisational change this chapter has so far dealt with organisational change in practise, the concept of an organisation and organisational paradigms. This was followed by several perspectives on organisational change. This section endeavours to describe different types of change.

The dimensions according to which types of change are described and differentiated could vary in terms of the following:

- the manner in which the change unfolds in (incremental or sizeable leaps);
- the scope of the change (one segment or the complete system);
- a time orientation (does change unfold rapidly or slowly);
- the mechanism of change (small sequential changes that cumulatively build up over time, as apposed to major change efforts).

5.5.1 Some typologies of change

5.5.1.1 First- and second-order change

The concept was first introduced by Watzlawick, Weakland & Fisch (1974). First order change was typically thought of as occurring within a given system, which remains unaffected while these changes takes place. Second-order change, however, entails the changing of the system itself – a change of the contextual frame.

First-order change is less threatening in nature and is usually more easily accepted with minimal resistance. Most change management practices are being build around gradual and incremental approaches to change (first-order) for the very reason of not provoking resistance. These low-risk practices are more unlikely to produce meaningful gains.

It is questionable whether a first order change methodology will be sufficient to ensure the continued competitive positioning of an organisation in turbulent operating environments. Second order change is less easily understood and will elicit more resistance than first order change. Some kind of a crisis is usually required to dislodge an existing paradigm and allow second order change to occur.

5.5.1.2 Alpha, Beta and Gamma change

These types were researched and first introduced by Golembiewski, Billingsley & Yeager (1976).

Alpha change is described as change that involves a variation in the level of some existing state of a construct, which is measured with an instrument that is constantly calibrated and which is related to a constant conceptual domain. Alpha change is the actual observed difference between the pre-test and the post-test scores. This can be viewed as the conventional form of change where the construct, the instrument and the context or conceptual domain remains constant.

Beta change is very similar to Alpha change, except that it has the added complication that the respondent has recalibrated the intervals on the measurement instrument at a conceptual level. The respondent's internal standards have therefore changed. This implies that the participant has altered his understanding of the meaning of the scale points between the pre-test and the post-test. The measurement scale has been stretched by the participant in the sense that the points on the scale take on a new meaning the moment the participant places them in the context of an experience that he did not possess at the outset of the training programme.

Gamma change involves a redefinition or re-conceptualisation of some conceptual domain or context. Gamma change is *change in state* as opposed to *change in condition*. Gamma change is a quantum leap in the way that a specific phenomenon or dimension is conceptualised and therefore differs substantially from Beta change.

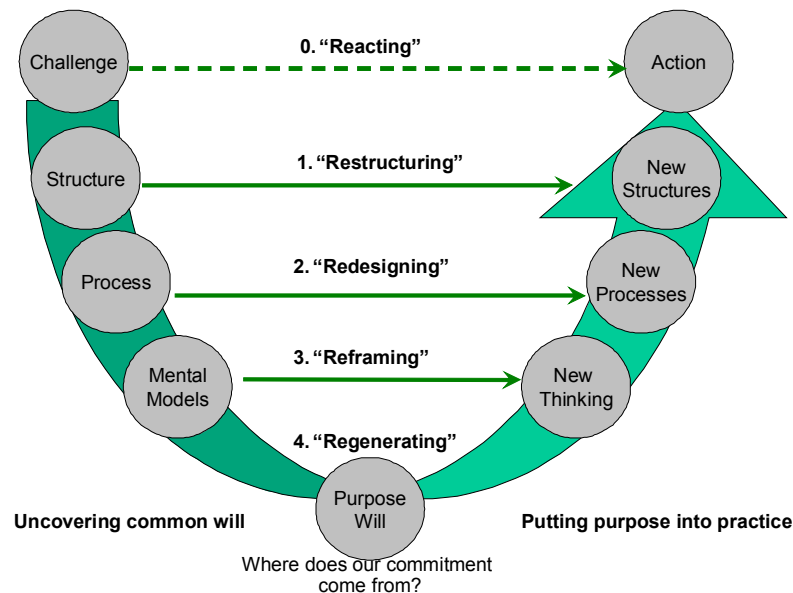
5.5.1.3 Scharmer's typology of coping with change

Claus-Otto Scharmer (2000) poses that change (particularly transformational change) plays out on multiple levels and offers a distinction among five different levels of change that are mapped along the lines of the classical Lewinian insight of unfreezing-change-refreezing.

Figure 5.2 depicts five levels of organisational reality and accordingly of coping with change (types of change). The five levels of organisational reality are similar to an iceberg, in which most reorganisation takes place *below the waterline*.

Figure 5.2

Five levels of behaviour in response to change



Source: Scharmer, 2000

In figure 5.2 the **action** (at level 0) is *above the waterline* and is embodied in four underlying or contextual levels (or types of change) of reorganisation and change. The four underlying levels of reorganising are **restructuring** (level 1), **redesigning** core processes (level 2), **reframing** mental models (level 3) and **regenerating** common will (level 4).

When leaders in an organisation face a challenge (figure 5.2, top left), they must choose whether to react directly to the issue (level 0) or to step back, reflect, and reorganise the underlying contextual levels that gave rise to the challenge in the first place. Accordingly five different responses to change can be distinguished: reacting (the response on level 0), restructuring (the response on level 1), redesigning (the response on level 2), reframing (the response on level 3) and regenerating (the response on level 4).

-
- a. **Level 0 Change: Reacting.** The first response to a challenge caused by change, often occurs on level 0, where the change has occurred. Once a problem becomes known, the logical response is to *react*. Although reaction is appropriate in some cases, in many circumstances reaction does not address the underlying issue. The context that *gives rise* to the issue has to be taken into account as well. Thus, the focus needs to be on the underlying levels of organisational structure, processes, mental models and identities.
 - b. **Level 1 Change: Restructuring.** Structure consists of a set of variables that drive **behaviour**. *Restructuring* occurs when the problems and issues raised by level 0 change are seen as the manifestation of the underlying contextual reality called *structure*.
 - c. **Level 2 Change: Redesigning.** Often neither reacting nor restructuring can truly address the real issues of change, in which case a third level of response may be appropriate. In this response, often referred to as *redesigning* or **business re-engineering**, *manifest action* and *structures* are conceived of as part of an underlying reality called *core processes*. Core processes are at the center of what drives corporate behaviour. Core processes represent the stream of value creation as perceived from the point of view of the *customer* (Hammer & Champy, 1994). Everything that directly contributes to that is part of the core process; everything else is not. Focusing on core processes allows companies to be more flexible with respect to structure and action. Both structure and action can be adapted to local conditions.
 - d. **Level 3 Change: Reframing.** According to Strebel (1996) about 70% of all corporate re-engineering attempts fail. Many practitioners argue that these failures are usually connected to the fact that the underlying mental **models** (or paradigms) used to develop the core processes, did not change. Thus, corporate re-engineering requires yet another approach and level of corporate change: one that focuses on the mental models and cultural assumptions that guide managerial action. In these approaches, which are often referred to as organisational learning, the problems on levels 0, 1 and 2 (action, structure, and process) are conceived of as the function of yet another set of underlying context variables referred to as *mental models* (Senge 1990; Argyris & Schön 1996) or culture – i.e. taken-for-granted assumptions (Schein 1992). Companies that use dialogue to focus on shared mental models and cultural assumptions are believed to be more flexible in respect to other key variables like action, structure and processes.
 - e. **Level 4 Change: Regenerating.** One explanation why change initiatives based on culture and learning so often fail, is that the rhetoric of change was in **disconnection** to what really matters most to line managers and business leaders.

Thus a fifth approach to coping with change is to focus on deep intention, purpose and will. The responses of levels 0, 1, 2 and 3 (action, structure, process and mental models) now become part of an even more subtle set of contextual variables, which are referred to as purpose (Hock, 1999), shared vision (Senge, 1990), or common will (Scharmer, 1999). Focusing on purpose and principles allows companies to be more flexible in situating action, structure, processes, and mental models according to local conditions.

5.5.1.4 Other popular change concepts

To further expand the understanding of types of change in organisations, a few additional change concepts need to be reviewed briefly (Van Tonder, 2004):

a. **Continuous, discontinuous and radical change.**

Continuous change can be described as a gradual adjustment of an organisation to continuously changing environmental circumstances. Changing the organisation's structural architecture and mode of functioning is essentially a gradual type of change and of limited scope.

Discontinuous change on the other hand has been described as change events or processes that are not continuous with the past or current direction of the organisation. Discontinuous change is likely to occur when existing corporate skills are incapable of addressing the current problems within the organisation.

Radical change refers to the magnitude or scope of the disruption or break in the continuity of the organisation's functioning. Discontinuous change will therefore also be simultaneously radical in nature.

b. **Evolutionary and revolutionary change.**

These concepts draw attention to the process character of change, and in particular the tempo or pace of change and therefore the implicit role of time. **Evolutionary change** is more slow-paced and the direction of change is indicated by the environment. **Revolutionary change** has a different tempo and mode. It usually involves short, transformational revolutions within an otherwise extended period of slow and gradual change. Greiner (1972, 1998) refers to *evolution* in an organisational context as modest adjustments that are necessary for maintaining steady growth and stability, and *revolution* as the periods of substantial turbulence and upheaval within organisations.

5.5.1.5 Conclusion

The various concepts or types of change discussed in this section seem to broadly cluster around two primary change concepts:

-
- a. **Type 1.** “A steady state, incremental step-by-step, sequential change which generally evolves over an extended period of time, does not have a disruptive influence on the system and is generally within the control of the system” (Van Tonder, 1999:51). Change concepts that cluster around type 1 change are: first-order, alpha, normal, evolutionary, incremental and continuous.
- b. **Type 2.** “A major, disruptive, unpredictable, paradigm altering and system-wide change which has a very sudden onset and escalates rapidly to a point where it is perceived as being beyond the control of the system” (Van Tonder, 1999:51). Change concepts that cluster around type 2 change are: second order, gamma, paradigmatic, revolutionary, radical, reframing, regenerating and discontinuous.

There are arguments favouring one or the other type of change. In essence incremental change allows an organisation to move forward in small, logical steps. Appropriate environmental information is collected and utilised over a long time frame. As information is shared, assimilated and internalised by employees, sub-systems are adjusted progressively rather than discontinuously. Incremental change is therefore characterised by order, rather than disorder, and by consensus and collaboration in preference to conflict and the use of positional power.

As a result of environmental forces and organisational crises, discontinuities invariably arise. Managers may then find themselves powerless to deal with the forces and could feel trapped in a fixed paradigm, which will force them into a reactive rather than a pro-active mode. In such crises the choice is often between organisational extinction or immediate and radical transformation. Change is now a multi-dimensional, multi-component and multi-level alteration that shifts irreversibly to a new paradigm.

5.6 Organisational transformation

Organisational transformation, transformational change or simply **transformations** are popular concepts in the change domain. Change as a transformation emphasises the *result or consequence of the change*: the organisation looks different in its appearance and/or character once it has experienced transformational change (Cummings & Worley, 2001).

One of the focal points of this study is the process of transformation in a business organisation. The concept therefore needs to be properly understood. This section attempts to do this by looking at definitions, classify it as a particular type, understanding its characteristics and origins and viewing events usually triggering transformational change.

5.6.1 Defining the term

In South Africa in particular, the term could mean different things to different people. The South African context is injecting a special meaning into the transformational change concept, particularly in the post 1994 South African business environment. McNamara (1998) cites that different constituencies, such as the public sector (government perspective), organised labour (trade unions) and the business sector, each developed it's own unique view of transformation. Despite frequent contact between the different stakeholders, these constituencies specific view of transformation has remained entrenched. McNamara's effort to differentiate between these perspectives on transformation are summarised in table 5.2.

Table 5.2
Alternative South African perspectives
on transformation

Public sector	Business	Organised labour
<p>Definition of transformation:</p> <p>The dynamic, focussed, short-term process to fundamentally reshape the public service and achieve a unified, representative, transparent, effective and accountable public service.</p>	<p>Definition of transformation:</p> <p>A fundamental shift in the way in which business delivers value to customers and stakeholders, resulting in dramatic changes in strategies, processes, technology and the utilisation and management of human resources, to meet the needs of the global economy.</p>	<p>Definition/description of transformation:</p> <p>The achievement of full worker rights and social equity flowing from political democratisation, followed by further evolution to socialism.</p>
<p>Elements:</p> <ul style="list-style-type: none"> ○ Service delivery: restructuring, decentralisation, community partners. ○ Equity through affirmative action and equitable employment conditions. ○ Institutional support in the form of human resources training and development, democratisation and accountability, service ethos and a culture of diversity. 	<p>Elements:</p> <ul style="list-style-type: none"> ○ Restructuring: delayering, downsizing and outsourcing of non-core business. ○ Business process re-engineering: process value change and information technology. ○ Human resources: skills development, empowerment and leadership. ○ Customers: quality, service, boundaryless organisation. 	<p>Elements:</p> <ul style="list-style-type: none"> ○ Jobs: creation and preservation. ○ Fair labour practices: worker rights, non-discrimination, health and safety, training and development. ○ Social equity: representativity and affirmative action, redistribution of wealth, eradication of poverty, social welfare.

Source: McNamara (1998)

For the purpose of this study, the business perspective is the most relevant and needs further exploration.

Essentially, transformation is a change of the basic characteristics of structure, process and function, in such a way that it cannot return to the earlier form. Gharajedaghi (1985) explains that transformation involves:

- an active process of the generation and dissemination of knowledge;
- a process of learning and adaptation;
- the creative process of discovery of a new dimension with all of it's implications, and finality;
- the painful process of re-conceptualisation, reformulation and integration of all the variables involved in a new ensemble, with whole new relationships and characteristics of it's own.

5.6.2 Organisational transformation as change type

As a change type, organisational transformation is probably a form of type 2 change. This makes particularly sense if the definition of Levy & Merry (1986:5) is observed. They define it as: "...*second order change (organisation transformation) is a multi-dimensional, multi-level, qualitative, discontinuous, radical organisational change, involving a paradigmatic shift*". As pointed out earlier, type 2 change involves discontinuous shifts in mental or organisational frameworks. (Golembiewski, Billingsley & Yeager, 1976). These changes could also involve a new paradigm about organisations, such as a shift from *control-based* to a *commitment-based* organisation.

The general impression left by researchers and practitioners in this field is that transformational change stands alone as an intervention to bring about important alignments among the organisation's strategies, design elements and culture, and between the organisation and it's competitive environment (Lundberg, 1989).

One exception is the model proposed by Burke & Litwin (1989), generally referred to as the *Causal Model Of Organisational Performance*. The model draws a distinction between transformational and transactional factors. *Transformational factors* are likely to be influenced by environmental forces (both within and outside the organisation) and are concerned with organisational elements, such as the mission and strategy, leadership and culture. *Transactional factors*, on the other hand, are more concerned with management practices, structure, systems (including policies and procedures), task requirements, work unit climate, motivation and individual needs and values. The authors predict that dramatic and pervasive change is likely to occur when *transformational factors* are altered. Transactional change, on the other hand, tends to be more contained in focus and content, and is likely to be of a short-term nature and duration.

5.6.3 Some characteristics of transformational change

In summary, transformational change is often associated with significant alterations in the firm's business strategy, which in turn, may require modifying corporate culture as well as internal structures and processes to support the new direction. Such fundamental change requires a new paradigm for organising and managing organisations.

Transformational change goes far beyond making the existing organisation better or fine-tuning the status quo. It is concerned with fundamentally altering the organisational assumptions about its functioning and how it relates to the environment (Scharmer, 2000).

Changing these assumptions entails significant paradigm shifts in regard to corporate philosophy, values and the managing of organisations. It involves qualitatively different ways of perceiving, thinking and behaving (Cummings & Worley, 2001).

A particularly important requirement of transformational change is the need to change the different features of an organisation, because they tend to reinforce one another. Thus making it difficult to change them in a piece-meal manner (Meijer, Tsui & Hinings, 1993). Features such as structure, information systems, human resources practices and work design need to be changed in a coordinated fashion so that they can mutually support one another and the new cultural values and assumptions (Miller & Friesen, 1984).

Transformation also requires considerable innovation and learning. Members of organisations have to learn how to enact the new behaviour required to implement new strategic directions. They have to learn qualitatively different ways of perceiving, thinking, and behaving; the learning process is likely to involve much unlearning (Cummings & Worley, 2001).

5.6.4 Factors that trigger transformations

Fine-tuning the status quo by implementing incremental improvements involves little risk to management and the organisation. This is often the result of management's preference for stability and the vested interest of individuals, groups and units. Organisations are usually reluctant to undertake transformational change unless significant reasons to do so exist.

Organisations must experience and anticipate a severe threat to survival before they will be motivated to undertake transformational change. Tushman, Newman & Romanelli (1986) identify three kinds of disruptions that trigger transformational change:

- **Industry discontinuities:** sharp changes in legal, political, economic and technological conditions that shift the basis for competition within the industries;

- **Product life-cycle shifts:** changes in product life-cycle that require different business strategies;
- **Internal company dynamics:** changes in size, corporate portfolio strategy, executive turnover and the like.

Disruptions such as these shock organisations and force them to alter business strategy, and in turn also their mission, values, structure, systems and procedures.

5.6.5 The role of leadership in organisational transformation

Leadership is key in all phases of the transformation process. Apart from the fact that they have to provide strategic direction, they have to actively lead the transformation (Waldersee, 1997). The leader or the leading team decides when to initiate transformational change, what the change should be, how it should be implemented and who should be responsible for directing it. Cummings & Worley (2001) summarises research on this matter by suggesting three key roles for the leadership of each change:

- **Envisioning.** Leaders must be able to articulate a clear and credible vision of the new strategic direction. They must also set new and difficult standards for performance, and generate pride and enthusiasm for the new strategy.
- **Energising.** The leadership must demonstrate personal excitement for the changes and model the behaviours that are expected of the rest of the staff. They must be quick to communicate examples of early successes to mobilise energy for change.
- **Enabling.** Leaders must provide the resources necessary to undertake significant change and utilise rewards to reinforce new behaviour. They must also build an effective top management team to manage the new organisation and develop management practices to support the change process.

Ulrich (in Drucker, 1996) is more explicit in terms of leadership required during transformations. He argues that leaders of the future must discover simple models that access the complex underpinnings of successful leadership. He postulates the following about leadership in the future:

- **Leaders have to work to turn aspirations into actions.** Aspirations could come from strategies, goals, missions, visions and plans. Aspirations are essential because they connect and integrate the entire value chain, they create energy and enthusiasm, and they engage employees' hearts and minds. Therefore the leader's job is not just to aspire, but also to act. They must intentionally and purposefully create actions that cause these aspirations to happen.

- **Leadership rests on two dimensions:**
 - **Credibility.** Do individuals trust, respect, admire and enjoy working with the leader? Do those who work with the leader as subordinates, peers, and customers feel a personal and emotional bond with him or her?
 - **Capability.** Does he or she have the ability to shape a vision, create commitment to the vision, build a plan of execution, develop capabilities, and hold people accountable for making things happen?

5.6.6 Conclusions

Various concepts regarding transformational changes have been discussed in an attempt to understand the concept. A few conclusions need to be drawn:

- transformational change is fundamental, complex and radical;
- circumstances which have occurred in the South African business environment could justify transformational change;
- few, if any South African organisations have really engaged in fundamental or transformational change as defined above, despite the frequent use of the term by managers and the media;
- A different kind of leadership is required for transformational change.

5.7 Organisation Development (OD) as a planned change approach to organisational transformation

The origins of Organisation Development (OD) in today's thinking and practice of transformational change cannot be disregarded. The fact that OD pays attention to culture as a target of change means that its ultimate aim is to change behaviour of the people in an organisation (Burke, 1982). OD's concern with long-term interests, the involvement of a systematic process and its aim to improve effectiveness, emerge from a number of well known OD definitions (see table 5.3).

This research is based on the premise that OD is the most appropriate process to bring about organisational transformation. Reasons supporting this premise are:

- OD is a process that applies behavioural science knowledge and practice to change behaviour, but also to help the organisation achieve greater effectiveness, including increased financial performance and improved quality of work life.
- OD involves a different approach to change because the focus is on building the organisation's ability to assess its current functioning and achieve its goals (action research).

- OD is oriented towards improving the total system – the organisation and its parts in the context of the larger environment that affects it.

5.7.1 Definitions and distinguishing characteristics

Table 5.3

Definitions of Organisational Development

(adapted from Cummings & Worley, 2001)

- A response to change, a complex educational strategy intended to change the beliefs, attitudes, values and structure of organisations so that they can better adapt to new technologies, markets and challenges and the dizzying rate of change itself (Bennis 1969).
- Organisation Development is a planned process of change in an **organisation's culture** through the utilization of behavioural science technology, research and theory (Warner Burke, 1982).
- Organisation Development refers to a **long-range effort** to improve an organisation's problem-solving capabilities and its ability to cope with changes in its external environment with the help of external or internal behavioural-scientist consultants, or *change agents*, as they are sometimes called (Wendell French, 1969).
- Organisation Development is an effort (1) planned, (2) organisation-wide and (3) managed from the top, to (4) increase organisation effectiveness and health through (5) planned interventions in the organisation's *processes*, using behavioural science knowledge (Richard Beckhard, 1969).
- Organisation Development is a system-wide process of data collection, diagnosis, action planning, interventions and evaluation aimed at (1) enhancing congruence among organisational structure, process, strategy, people and culture; (2) developing new and creative organisational solutions; and (3) developing the organisation's self-renewing capacity. It occurs through the collaboration of organisational members working with a change agent, using behavioural science theory, research and technology (Michael Beer, 1980).
- Organisation Development is a system-wide application of behavioural science knowledge to the planned development, improvement and reinforcement of strategies, structures and processes that lead to organisation effectiveness (Cummings & Worley, 2001).

According to French & Bell (1999) and Cummings & Worley, (2001), OD is in the following ways a different approach to planned change:

- a. OD applies to the strategy, structure and processes of an entire system, such as an organisation, a single plant of a multi-plant firm, a department or workgroup. In OD a change programme can be aimed at modifying an organisation's strategy, but it might also include changes both in the groupings of people to perform tasks (structure) and the methods of performing the task,

communicating and solving problems (process), to support changes in strategy. An OD programme can also be directed at helping a top management team to become more effective to manage a newly formulated strategy and to implement a new structure. This contrasts with approaches focussing on one or only a few aspects of a system, such as training and development, technological innovation or operations management. In these approaches attention is narrowed to individuals within a system, to improvement of particular products or processes, or to the development of productional or service delivery functions.

b. **A behavioural science approach**

OD is based on behavioural science knowledge and practice to include micro concepts such as leadership, group dynamics and work design; but also macro approaches such as strategy, organisational design and interpersonal relations. These distinguish OD from other applications that emphasise the economic, financial and technical aspects of organisations. These approaches tend to neglect the personal and social characteristics of a system.

c. **A planned but flexible approach**

OD is concerned with managing change in a planned way. Yet this is not in the formal sense associated with management consulting or technological innovation, which tend to be problem centred and expert driven. OD is more an adaptive process for planning and implementing change than a blue print for helping how things should be done. In it's planning it allows for diagnosis and the solving of organisational problems, but such plans are flexible and often revised as new information is gathered about the progress of the change programme.

d. **Change and reinforcement**

OD moves beyond initial efforts to implement a change programme to a longer-term concern for stabilising and institutionalising new activities within the organisation. Examples of reinforcing activities include performance management systems, reward systems, self-managed teams, the development of new competencies, etc.

e. **Organisational effectiveness**

OD aims at improving organisational effectiveness. An effective organisation has to meet two criteria:

- It must be able to solve it's own problems and focus it's attention and resources on achieving key goals. In the process OD helps organisation members to gain the skills and knowledge necessary to conduct these activities by involving them in the process.

- It has to be both *high performance* (financial returns, quality products and services, high productivity and continued improvement) and *high quality of work life*. Management consulting, for example, is almost solely concerned with financial performance, where as training and development addresses individual effectiveness.

As a planned form of change, OD distinguishes itself by playing a key role in helping organisations change themselves. It helps organisations to assess themselves and their environments, and revitalise and rebuild their strategies, structures, processes and culture. OD helps organisation members to go beyond surface changes and to transform the underlying assumptions and values governing their behaviours.

The researcher believes that OD, better than any other change process, can help an organisation to create effective responses to complex and uncertain technological, economic, political and cultural changes in it's business environment.

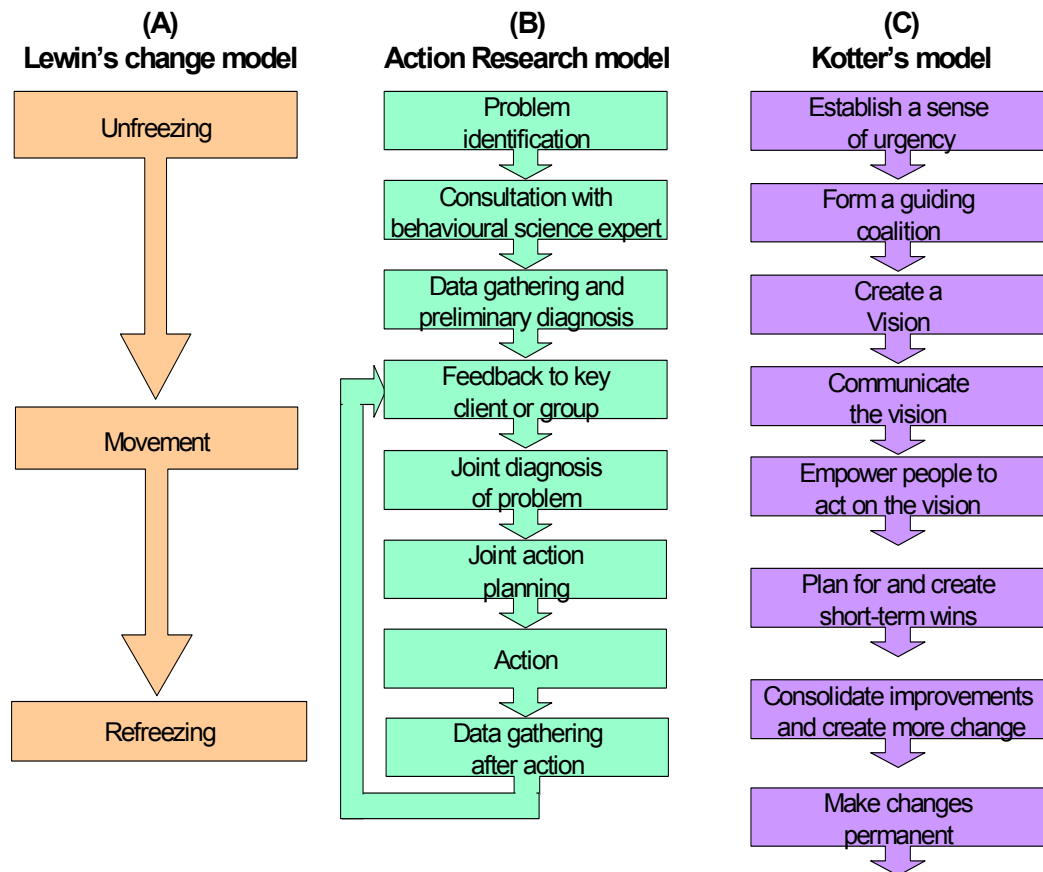
5.7.2 Action research

The action research model is strongly associated with the practice of OD and underpins it's approach to planned change. In practice, the words *action research* are reversed, for empirical research is first conducted and then action is taken as a result of what the research data are interpreted to indicate (Burke, 1987). One of the originators, Kurt Lewin (in Burke, 1987) states that there is “...*no action without research, and no research without action*”. The researcher is of the opinion that action research is one of the unique features of OD, and if not followed in a planned change effort, loses it's OD character.

Action research emphasises planned change as a cyclical process in which initial research about the organisation provides information to guide subsequent action. Then the results of the action are assessed to provide further information to guide further action, and so on (see figure 5.3). This interactive cycle of research and action involves collaboration between people in the organisation and the OD consultant. It also relies heavily on data gathering and diagnosis prior to action planning and implementation, as well as the evaluation of results after action is taken.

Figure 5.3

Action research and other planned change models



What makes Action Research unique is the idea that people with vested interests in the problem help define and solve it. It becomes a joint venture between leadership, members of the organisation and the consultant. Everybody learns. Each step involves multiple realities, views of several people not simply those of the consultant, or management, or supervisors, workers, or suppliers or clients, but all those whose information is relevant (Weisbord, 1987).

It appears as if Action Research has influenced current approaches to planned change, and is being extended to new settings and applications. Consequently researchers and practitioners have made applications of its basic framework. One adaptation is that of Kotter (1996). Kotter's model shows clear congruence with both Action Research and Lewin's change model (figure 5.3).

5.7.3 Criticism of the OD approach to planned change

There is a view that the approach is *too soft* and *too time-consuming* (Dunphy & Stace, 1988). Another point of criticism is the tendency of organisations to become too dependent on the consultant.

Serious doubt is also raised about OD's ability to produce results. Although the criticism is not directly aimed at OD programmes, but programmes are labelled *activity centred* and accused of flawed logic that confuses ends with means and processes with outcome (Schaffer & Thomson, 1992). This criticism cannot be ignored. Schaffer and Thomson (1992) give six reasons why *activity centred programme* are unsuccessful:

- they are not keyed to specific business results;
- they are too large scale and the array of activities that are launched, too large;
- results in terms of financial and operational performance are not emphasised sufficiently;
- measures of activity are equated with measures of performance;
- too much reliance is placed on consultants to drive initiatives;
- a lack of clear-cut beginnings and ends, as well as an inability to link cause and effect, result in lost opportunities to learn useful lessons.

5.8 The process of change at individual level

At several instances during this chapter, the researcher has argued that individual employees have to change before organisations can change. Organisational change ultimately boils down to individual cognitive and affective change, but at a collective level. Change at the individual level is therefore an important process and needs further clarification. Without proper conceptualisation of change at individual level, it would be difficult to fully understand and bring about change at the collective level.

Bridges (1980) poses that cognitive and affective change are the building blocks of the individual change process, also known as *transition*.

5.8.1 Cognitive change

Cognitive change is the modification or replacement of pre-existing cognitions that are typically ordered in the form of meaning structures, thinking frameworks or paradigms. A paradigm will remain applicable and relevant across different situations and contexts, and is typically concerned with a specific object or concept. Paradigms are formed through a slow process of learning. This process of learning is a process that can be activated by either an explicit thought or topic, or by an experience that provides the prompting stimuli. The primary role of a paradigm is to provide a framework for interpreting new or incoming information (Smith, 1998).

If an individual is subject to change, these changes could affect certain paradigms. With type 1 change it is expected that paradigms could undergo some changes. In the case of type 2 change (transformation) it can be expected that paradigms could be

altered in such a manner that they could no longer be regarded as the same paradigm. The existing paradigm will then be replaced by a new mental representation. During type 2 changes many long held understandings of how organisations and management in particular deal with major change, are altered at both management and employee levels.

If it is taken into account that paradigms are built over time through a painfully slow learning process, then the attempts to obtain *buy-in*, which are so frequently observed during change efforts, must be seriously challenged. On the other hand, if paradigms about organisations or change in organisations are not significantly altered, the change initiative is unlikely to succeed.

Sharing of change-related information during a transformation is therefore generally inadequate to bring about the change in paradigms necessary for major change. Neither are the participative measures, employed by most organisations in an effort to engage employees, adequate.

5.8.2 Change at emotional level

Emotions are central to organisational life, but at the same time it must be acknowledged that emotions are frequently ignored, suppressed and not dealt with. (Lundberg & Young, 2001). Emotions play a role in perception, thinking and behaviour and must be viewed as critical to the success of change.

Emotions are coping mechanisms as they enable people to adapt to changing circumstances. *Emotional work* refers to the psychological *work* or effort that the individual expends in an attempt to reconcile personal feelings with *permissible* displays of emotions in a social context. *Emotional work* also entails the expenditure of effort in an attempt to cope with internal conflicts or contradictions and uncertainties, and maintain a sense of control over emotional states, which would otherwise consume a lot of energy at personal level (Mangham, 1998).

Changing behaviour is therefore unthinkable if emotions are not taken into account. Change can only be successful if people's feelings are addressed. This is true, even in organisations that are very focussed on analysis and quantitative measurement.

In highly successful change efforts, people find ways to help others see the problems or solutions in ways that influence emotions, not just thought.

5.8.2.1 Definition

Van Tonder (2004) paraphrases Wade & Tavris (1996:124) and defines an emotion as "...a state of arousal, characterised by facial and bodily changes, brain activation, subjective feelings, conscious sub-conscious and rational or irrational cognitive appraisals, as well as a tendency towards action".

5.8.2.2 Dimensions of emotion

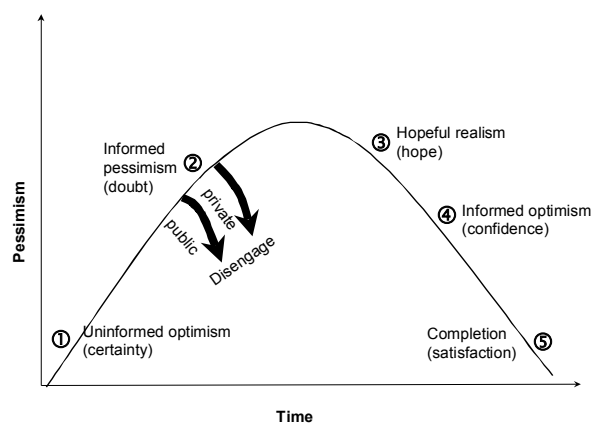
The following dimensions of emotions could be distinguished (Weiss & Cropanzano, 1996):

- **Positive emotions** – ranging from *low* (apathetic, sluggish, listless) to *high* (joyful, energetic, exhilarated).
- **Negative emotions** – ranging from *low* (calm, content, placid) to *high* (angry, sorrowful, listless)
- **Pleasantness** – ranging between unpleasant (sad, distressed, sober) and pleasant (happy, pleased, carefree).
- **Arousal or intensity of emotion** – ranging from un-aroused (peaceful, quiescent, controlled) to aroused (restless, astonished, changeable).

Kelly and Conner (1979) poses that change initiatives go through an emotional cycle (see figure 5.4). Many initiatives in organisations start with high energy and **certainty** that a particular change initiative will make a huge difference. It appears at that stage that all major obstacles have been identified. This initial certainty about the project's success, however, is often based on little data, or uniformed optimism. It is usually not known how the new initiative will be received, and what competing priorities will appear.

As the change initiative develops, more and more problems surface. Negative feelings such as **doubt** surface and the initiators become cautious and concerned, which reflect the sobering effect of facing reality. If negative feelings and pessimism persist beyond the individual or team's tolerance level, a loss of commitment and withdrawal of personal investment occur. Resistance takes the form of withdrawal. Withdrawal could be private or public.

Figure 5.4
Energy levels during a change initiative



Source: Kelly & Conner (1979)

Overcoming the urge to give up requires hope, determination and support from others. The turning point comes with small successes and the awareness that successful completion of the project has shifted from a possibility to a probability. Problems have not disappeared, but people involved begin to feel a sense of realistic **hope**.

Optimism continues to develop, based on the growing **confidence** in the team's capabilities, the approach being followed and the project per se. Larger, more significant successes replace initial small successes.

The last phase is characterised by the people involved, feeling **rewarded and satisfied** with the accomplishment of the task. The vision becomes reality.

Kotter cites that *"...behaviour change happens mostly by speaking to people's feelings. This is true even in organisations that are very focussed on analysis and qualitative measurement, even among people who think of themselves as smart in the MBA sense. In highly successful change efforts people find ways to help others.... in ways that influence emotions, not just thought"* (Deutschman, 2005:53).

5.8.2.3 The emotion – cognition interface

The distinction between emotion and cognition is not always clear in practice. Of importance however, is the fact that emotions contain the trigger that mobilises energy and directs this energy for action. Cognitions on the other hand, are incapable of triggering action (except when a thought triggers an emotion). People's emotions (or passions) direct their will and move people into action (Van Tonder 2004).

Emotions and cognitions are closely related, to such a degree that when a person changes his paradigm or cognitive framework, that person will at the same time, and as a consequence of the same procedures that triggered the change in his cognitive representation, simultaneously also register a change in his *affective disposition*. Lundburg & Young (2001) cite that emotions are triggered by thoughts in a reactive fashion. The process starts with:

- a perceived event (which includes the person's thoughts), which in turn triggers
- an affective response, which is sometimes conditioned by a prevailing mood (where strong moods may heighten or dampen the affective response); followed by
- the impact of affective reactions on the cognitive processes (i.e. attention, judgement, reasoning, analyses, problem-solving and decision-making), which consequently
- result in some form of social behaviour.

It is therefore safe to conclude that if the meaning and affective content of any gesture, discussion, project or endeavour is not explicit, the individual (employee, manager, director) will pre-consciously draw on his affective paradigms to interpret and respond to this stimulus. This would be particularly true when employees face radical change.

5.8.3 Transitions

As much as transformations are applicable to organisations, transitions apply to individuals. Change evokes different experiences and meanings and these different experiences should be appreciated by both management and consultants.

At individual level change is more than often viewed as a troubling phenomenon accompanied by an equally troubling phenomenon referred to as resistance. Resistance is usually associated with *negative* emotions, strained organisational relationships and lowered effectiveness. Fortunately change does not always signify threat, mourning, decay or even death, but it also represents excitement, growth, challenge, celebration and healing.

Yet it has to be accepted that individuals will construe change events and processes differently and will also differ in their willingness and ability to adapt to change (Darling, 1993).

5.8.3.1 Personal transition conceptualised

Personal transition can be viewed as the “...*gradual psychological process through which individuals and groups re-orientate themselves so that they can function and act appropriately in the change situation*” (Adams, Hayes & Hopson, in Van Tonder, 2004:5). It could also be seen as the internal psychological dynamics that emerge when individuals move from a relatively stable state or life pattern to another.

A number of observations can be made in regard to a personal transition:

- The process of change is *intrapersonal* and there are individual variations that allow for the uniqueness of the individual’s transition experience (Van Tonder, 2004).
- Considerable psychological effort is expended as individuals attempt to cope with conflicts, contradictions and uncertainties. It therefore resides in the feeling domain (Van Tonder, 2004).
- Transition is a process that starts with an ending, followed by a beginning, with a shallow time in-between (Bridges, 1980).

5.8.3.2 Human development and transition

The human life cycle and the various development stages that are distinguishable can at times be accelerated by an interaction between the life cycle and the environmental stimulation (Hudson, 1991). The life-cycle does not require specific triggers or a specific context in order to unfold, although they influence it.

5.8.3.3 Transition models

Various models of transition exist, but when it occurs within the context of an organisation, the researcher would like to argue that an organisational transformation will not succeed unless the individuals affected successfully move through a personal transition process.

As far as models are concerned, it is noteworthy that Levin's Model of unfreezing, moving/change and refreezing represents one of the earliest models of the change process, from which several other contributors eventually expanded. Claes Janssen's (1982) *four room apartment* for example was used extensively by Marvin Wisebord in his *Future search* workshops in the United States during the 1990's. Janssen differentiates between four rooms: *contentment, denial, confusion* and *renewal*.

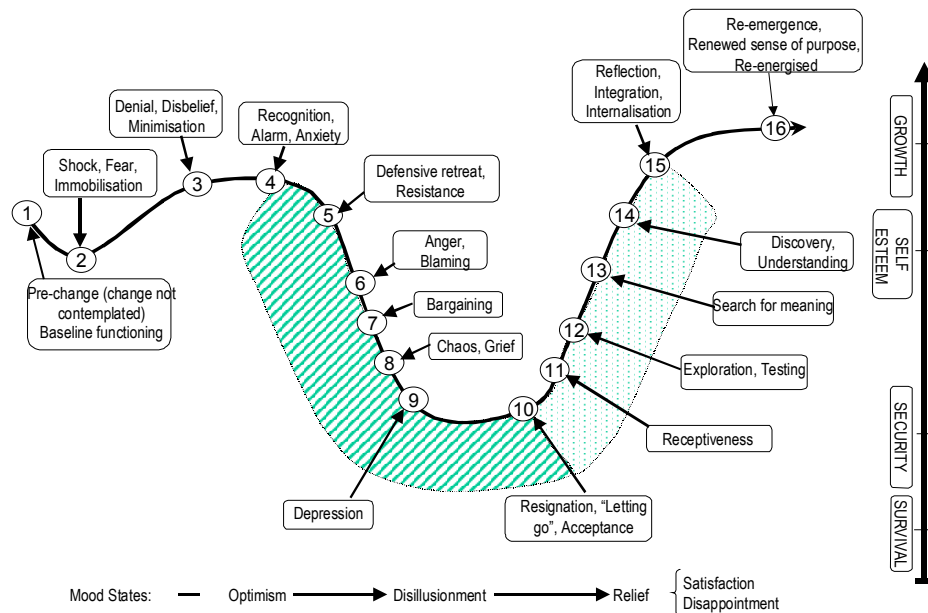
Bridges (1980) suggests a three-step process that is characterised by:

- letting go of the *old situation*, i.e. dealing with endings;
- entering a neutral zone or an in-between stage - typically a period of crisis and confusion, without clear perspectives on the future;
- new beginnings, which entail a refocusing and adoption of a new way of thinking, new behaviours – in essence a new future.

Van Tonder (2004) developed a very elaborate and comprehensive personal transition model, which allows for sixteen sequential states, starting with initial shock to a renewed sense of purpose and new energy (see figure 5.5).

Figure 5.5

Individual change (transition)



Source: C.L. van Tonder, 2004

Van Tonder (2004) argues that the individual change cycle is characterised by both emotional upheaval and cognitive revolution. The author explains the phenomenon as follows:

- Philosophy, values and belief systems are fiercely protected during change initiatives – hence the highly emotive resistance (essentially stages 5 to 10 in figure 5.5).
- Stages 11 to 16 reflect a predominantly cognitive mode of functioning in which the long held cognitive structures of the person are changed and from which a new synthesis, in the form of a new paradigm emerges. During these stages a new *order* also becomes obvious.

5.8.4 Transitions at managerial level

During organisational change efforts the focus is either on the organisation or change at individual level. The individual level then usually refers to individual employees in an organisation.

The question however is whether managers who have a distinctly different role in a change effort, experience change in a markedly different way than non-managerial employees. One could argue that the response would be different, based on the assumption that managers generally have more experience and consequently a better capability for anticipating the likely outcomes of the change. Technically they

should therefore not experience the change initiative to the same extent than non-managerial employees. Van Tonder (2004) cites that managers experience two difficulties in particular:

- the inability to effectively deal with employee resistance and
- the inability to secure required performance.

5.8.5 Concluding comments

The substantial agreement between different models of individual change underlines the validity of the process. Knowledge of the stages of individual transition would therefore assist those responsible for change. But it would be fair to conclude that the personal transitions people in organisations have to make during major transitions, are underestimated.

It must be accepted that the individual experience of a transformation is generally traumatic. Resistance to change should therefore not be rationalised or ignored, but be viewed as the individual's view and experience of the change process.

5.9 5.9 Applied organisational change: a summary

To summarise, change in organisations can occur as a result of an evolutionary process and unfolds in line with an organisation's life-cycle. It could also be the result of a sudden, dramatic event that requires an accelerated learning process. Multiple sources and multiple forces of change can be identified. Organisations do not change as a result of a single change force, such as change in the environment. Change usually occurs as a result of a complex variety of factors or forces converging to produce organisational change (Armenakis *et al*, 1999).

Organisational change takes place in aspects basic to it's reason for existence or identity, such as vision, mission, products, technology, values and a combination of some of these elements. Organisational change also manifests itself in the primary activity domains, such as culture, strategy, structure, power distribution and control systems. Although change in organisations is usually most visible in it's structural architecture, the fact that organisations are populated by people who function at cognitive, affective, behavioural and spiritual levels, reveals the human face of change. Because of the involvement of people, change will be human in nature. And although people are looked upon as a collective, the analysis of the individual transitions highlights the importance of recognising the individual employee or manager. Organisational change can thus be reduced to individual change.

Organisational change unfolds as a process brought about by interventions in work setting variables, the organisation's strategy or both. This prompts cognitive change at the individual level, which in turn lead to behavioural change, followed by modified

organisational functioning and performance. An organisation's strategy can be interpreted as it's vision, it's mission, it's guiding principles (values) and it's specific objectives. Work-setting variables are typically clustered under organising arrangements, social factors, technology and the physical setting (Porras, 1987).

Change is a process that emerges through the use of methodologies, techniques or instruments. These tools enable the drivers or facilitators of change to uncover and work through the emotional defence system of the individual, and alter the cognitive structure of individuals and groups.

Organisations fail to recognise that communication or a communication plan is an inadequate approach to changing-entrenched paradigms or thinking structures. Likewise, organisations neglect the emotional content, which results in resistance to change initiatives and huge costs in financial, social and human terms.

If change is successful, it is usually defined in terms of post change profitability, a lower cost structure, improved effectiveness and efficiency. The financial consequences are used as a barometer judging whether a change initiative has been successful or unsuccessful.

Change however remains dependent on people. During change, people's reactions vary from outright opposition, through resistance, tolerance, acceptance and support. Because people have to become involved in new work processes, they have to get used to new approaches. They have to accept new values, assumptions and paradigms. Their work locations might change. Supervision changes. New roles have to be learned and new work relationships have to be developed. Employees are likely to experience these organisational events in a personal manner and create their own interpretations of what change means to them. Change events could therefore evoke affective reactions such as fear, disappointment, alarm, uncertainty and shock. This could again manifest in such common consequences as lowering of morale, increased stress levels, disorientation, anxiety and lower self-esteem. Surfacing resistance is associated with negative emotions, and becomes a process of sense making in an attempt to reaffirm or re-establish valued ideas, beliefs and habits, rather than immediately discarding existing paradigms (Goldstein, 1988).

If change continues for a long time or if one change initiative is followed by another, without allowing these initiatives to reach fruition, people become saturated and intolerant of further change. Confusion, exhaustion and disenchantment then take over, which makes the possibility to start another change initiative, remote (Binney & Williams, 1997).

5.9.1 Critical success factors

Successful change is the effective implementation of what was planned and envisaged. It is securing the final change outcome in quantitative or qualitative terms. Successful change could mean:

- efficient implementation, which means that the initiative remained within cost, time and quality parameters;
- employee acceptance and commitment;
- sustainability over the longer term;
- stakeholder compliance.

A critical success factor refers to success in regard to the change process. Critical success factors are therefore those factors which, if not adequately attended to, will result in the change initiative being destined for failure.

A possible theoretical base for identifying critical success factors is found in a number of change equations that exist. Suffice to refer to the more recent thinking of Carnall (1995), who proposed the following equation:

$$EC = AxBxD \text{ (where EC is } > \text{ as Z).}$$

where: EC= energy for change

A = the felt dissatisfaction with the status quo/present situation

B = knowledge of the practical steps forward

D = a vision of the change outcome/ shared/ common vision

where EC is > than the perceived costs of the change (Z).

Following on this and reviewing other change equations the researcher concludes that the following factors are critical for success:

- energy;
- a clear vision;
- effective communication;
- leadership and management;
- employee involvement;
- learning;
- the consultant/client relationship.

5.9.1.1 Energy

When change is initiated, energy has to be generated and sustained over longer periods. Carnall (1995) views the energy for change as a key factor in leveraging change. Energy can be mustered when:

- employees are sufficiently dissatisfied with the current situation;
- they have a vision of the desired state;
- there is sufficient knowledge of the practical steps to secure the future.

In practical terms this means that when articulating the current situation, the need for change becomes a critical factor in establishing the credibility of management as well as the change initiative. Of equal importance is the way the future state or vision is presented. Energy is also mobilised when members of an organisation have a clear

understanding of the process for achieving the change and how it will affect the people, coupled to the effort required to make the transition (*costs of the change*).

If insufficient energy is generated to initiate the change, very little will happen and the initiative will be aborted after a short while. If the energy is inadequate to sustain change after an initial launch, the situation will revert back to the pre-state of conditions.

To successfully utilise energy as a tool to leverage change, the following must be kept in mind:

- The focus of energy must be secured in the right direction – energy can easily be diverted away from the effort.
- There must be a clear understanding of where the systems' energy can be spent at any moment, as well as the different sources of energy in the system. It has to be remembered that emotions drive focus and energy expenditure.
- There must be an alertness to identify negative energy. Negative energy flows from a neglect of the emotional side; negative energy results in resistance.
- There must be a concerted effort during the early stages to change the driver of the change effort to positive energy. Change initiatives often start with a crisis of some kind, characterised by frustration, uncertainty and doubt. These emotions can drive change initially but also create negative energy, which could hurt the company. The challenge to management and consultants is to substitute these sources of energy with emotions such as enthusiasm and excitement in order to create and sustain positive energy.

5.9.1.2 A clear vision

The change equations of Connor (1981), Beckhard & Harris (1977), Carnall (1995) and Kotter (1995) recognise the importance of a vision or ideal future state in change. If articulated correctly and communicated effectively, a vision is an important means of mobilising and sustaining energy.

A vision is particularly useful (Kotter, 1996; Nanus, 1992):

- to gain understanding and commitment to a new direction;
- to create a shared sense of a desirable future;
- to provide a realistic and informed picture of what the alternative future looks like;
- to set standards of excellence and reflect high ideals;
- to inspire enthusiasm and encourage commitment.

5.9.1.3 Effective communication

It is accepted that communication has certain limitations and it cannot be relied upon solely to change people's mindsets and to break down resistance and perceptions. Yet communication can be especially helpful in attempts to minimise the gap between employees' expectations and their understanding of the change and factual realities of the change. This will minimise the emotional built-up of energy.

The implication is that communication has to be detailed and accurate about the change process. It has to take place through various communication means, and it has to happen rather sooner than later. Where the change initiative is clearly and specifically articulated, the chance of misinterpretation will be less and fewer demands will be placed on the members of the organisation to make sense of the change initiative, because people will not need to be so much reliant on their own mindsets to clarify the information.

Communication during change should be adequately planned and executed. Emotional experiences in particular have to be recognised and attended to. If these guidelines are not taken seriously, communication can promote increasing uncertainty and heightened stress levels, while decreasing commitment and loyalty. With that the perception of leadership as trustworthy, caring and honest diminishes (Schweiger & DeNisi, 1991).

Larkin and Larkin (1994) suggests the use of first line supervisors to communicate to lower levels, rather than top management. Communication must be clear and proactive, inviting feedback. These authors' research indicates that frontline employees will not change if communication only relies on videos, briefing meetings or company newspapers.

5.9.1.4 Leadership and management

Earlier in this chapter reference was made to the role of leadership during transformation (Cummings & Worley, 2001). Kotter (1990) poses that management is about coping with complexity; leadership by contrast, is about coping with change. Without effective leadership transformations are therefore bound to fail. Although it must be admitted that both leaders and managers are required to bring about and sustain change (Ulrich, in Drucker, 1996). Leaders perform a critical role in perceiving and interpreting events in the environment for the organisation to adapt to. Leaders also play a key role in establishing alliances and partnerships within the power structures to gain the necessary support for change.

Leaders and managers are key to the planned transition of an organisation from the existing state to the future state. Instead of trying to enforce change they need to acquire knowledge of how change is experienced and how individuals are affected. The contrary is often the norm; undue emphasis is placed on cost with a subsequent

neglect of the human and social dimensions (Jewel & Linard, 1992). Management has to guard against conducting a change process at minimal cost.

To be effective, leaders and managers need to be trustworthy and credible in their change roles. Nothing could undermine change efforts more than inconsistent behaviour of important individuals (Ulrich, in Drucker; 1996). This typically applies to managers who refuse to change and who make demands inconsistent with the change effort (Kotter, 1995). Stuart (1966) observes that the trauma of change can be greatly compounded by carelessness of change leaders, notably the manner in which change is announced, introduced and managed.

Finally, management can enhance the credibility of a change effort considerably if they make substantial investments in resources such as funding and time (Kilman, 1995).

5.9.1.5 Employee involvement

Participative events help employees to assess the impact of change on them. It must therefore also be seen as an opportunity to generate support for the change initiative (Weber & Weber, 2001).

Participative practices provide an opportunity for creating appropriate perceptions about the organisation and its readiness for change. Perceptions are important because they can undermine or help the change initiative. Using participative methodologies before and during the change initiative will undoubtedly help.

The process of gaining support for change must not be viewed simplistically. What is so often referred to as *buy in* is not good enough and is no guarantee for support. The process of gaining support and ownership is complex. Conner & Patterson (1983) identify three phases for gaining support: preparation, acceptance and commitment. Each of these phases involves clearly identifiable sub-processes:

- *preparation*, consists of making contact and raising awareness;
- *gaining acceptance*, involves understanding first, followed by positive perceptions;
- *Commitment*, involves installation, adoption, institutionalisation and finally internalisation.

Various other stakeholder constituencies to an organisation should also be considered and involved where possible. Today's organisations do not function in isolation; there is much more interdependence with other stakeholders than before. These stakeholders could include unions, shareholders, the community, contractors and JV partners.

5.9.1.6 Learning

Ongoing learning at individual-, team- and organisational levels has become a necessity for effective change. At management level, leaders have to become thoroughly educated to understand the change process and individual reactions to change. At employee level, individuals can be assisted when engaging their own individual transition cycles through learning. Acquiring appropriate knowledge and skills can often raise an employee's self-esteem and facilitate a shift from the past to the future (French & Delahaye, 1996).

Apart from the building of knowledge and skills, which are associated with the more formal forms of learning (training), learning for the purpose to understand is equally important. At least three such processes are known;

- reflecting on experiences of the past (Kolb, 1984);
- learning about the future (Scharmer, 2000);
- mastering a complex world (Gharajedaghi, 1999).

5.9.1.7 The consultant–client relationship

Consultants or facilitators are often involved as third parties during a change initiative. Consultants generally work either as resource-consultants or process-consultants. The resource-consultant assists in helping the client to decide **what** to change. The process-consultant helps the client to decide **how** to change, and assist in dealing with **human problems** as they arise.

Schein (1987) describes process consultation as a set of activities on the part of the consultant that helps the client to perceive, understand and act upon the process events that occur in the client's environment. Organisation Development (OD) favours process-consultation and the establishment of a helping relationship with key people in an organisation. This relationship is not only key to the OD process but also empowering to the client, enabling him to deal with risks and to make decisions. Consultants must therefore know when to engage and give strong guidance and when to let the client take the lead. He must be skilful in helping the client to develop ownership and the need to be autonomous. He must also be sensitive to the dynamics between himself and the client system so that he will know when to terminate the relationship.

In following the process-consultation approach, the consultant can also play a central role in cases where people resist change. To be successful the consultant must have the ability to willingly and voluntarily become involved in the reactions of people. Through clarification and elaboration of projected feelings, thoughts and wishes a better understanding develops, and change can proceed (Schein, 1987).

5.9.2 Change models

There appears to be some agreement amongst experts regarding the meaning of change management. The details might vary, but in main terms, most organisational change is cited to involve three broad phases: an initial stage of recognition and preparation, followed by the implementation of the actual change, and finally, a period of consolidation. Garvin (2000) however admits that these phases are not linear, all three must take place for the change to work, but not necessarily in the order described.

These latter observations put a question mark to the concept of change management as a planned, purposive and controlled activity. It appears as if a systematic analysis of change and programme of interventions belong to a functionalist way of thinking, which was described earlier in this chapter. Change is still essential and broad stages may still be recognisable, but rigid and structured programmatic approaches for dealing with change will no longer suffice in the rapidly changing turbulent environment, where organisations have to adapt and grow.

In an effort to understand what is required to successfully engage in planned change, various approaches and a number of change models will be reviewed.

5.9.2.1 The step-by-step models of change

A number of these programmatic and solution structured approaches exist. They are usually presented as formulae and recipes, where the ingredients or pattern of activities are very similar. These models are based on a number of assumptions such as (Van Tonder, 2004):

- there is one best solution that fits all organisations;
- life in organisations is structured, linear, systematic and predictable;
- change is as simple as educating people - then they will comply.

These models emerged as efforts to present change in an orderly, rigorous and controlled way and in reaction to a need for *quick fixes*. The impression is created lately that any bestseller on organisational change is quickly followed by a success recipe. It is obviously good business but the validity of some of these models are often suspect.

Some areas in these step-by-step models have validity, such as effective communication of change and the articulation of an inspiring vision. The most outstanding features of these models are the number of fixed stages or steps that unfold in a sequential and seemingly linear manner. The more generic models show a significant agreement in regard to activities such as:

- assessment of the change need;
- creating a vision of the future state;
- planning of the change initiative;

- involvement of employees;
- implementation;
- monitoring and sustaining the change.

Although widely used, step-by-step models that support programmatic and structured approaches, fail in two ways (Van Tonder, 2004):

- they do not adequately acknowledge the variety in individuals, teams and organisations, and in the operating contexts;
- they do not acknowledge the social nature and dynamics of organisations and those of change.

5.9.2.2 Application of the Lewinian model

On several occasions during this chapter, reference has been made to the classical Lewinian insight that change is situated in a pre-stage (*unfreezing*) and a later stage that puts the respective changes into behaviourally embodied routines and practices (*refreezing*). It appears as if most approaches to managing change have followed this basic sequence. Although different names and numbers of steps have been used in various planned change approaches, the underlying logic appears to remain the same.

Lewin recognised that change is the consequence of a disturbance in the field surrounding an entity or organisation and the objective is to establish a situation of balance or equilibrium. Lewin's model therefore still serves a valuable purpose in the sense that an organisation is solid and need to be changed to another state. In its unfrozen state it is very vulnerable and it is here that change often goes wrong. Refreezing does not occur, momentum is lost, other priorities appear and confusion, frustration and disillusionment rule.

Goodstein & Burke (1991) provide one of the best examples to be found of the Lewinian model and how it can be used for planning change and implementing these plans in a careful and supportive manner, with considerable payoff. British Airways, formerly government-owned and in financial arrears year after year, was confronted with becoming a shareholder-owned corporation. Table 5.4 summarises the application of Lewin's model to the British Airways change effort, and defines the variety of interventions at individual, structural, systematic, climate and interpersonal levels.

British Airways survived and became one of the most profitable airlines in the world and excelled in their quality service to passengers and customers. Within the space of 5 years a loss of \$900m was changed into a profit of \$435m.

Table 5.4
Applying Lewin's model to British Airways change effort

Levels	Unfreezing	Movement	Refreezing
Individual	Downsizing of workforce (59,000 to 37,000); middle management especially hard-hit. New top management team. "Putting People First".	Acceptance of concept of "emotional labor." Personnel staff as internal consultants. "Managing People First". Peer support groups.	Continued commitment of top management. Promotion of staff with new BA values. "Top Flight Academies." "Open Learning" programs.
Structures and systems	Use of diagonal task forces to plan change. Reduction in levels of hierarchy. Modification of budgeting process.	Profit sharing (3 weeks' pay in 1987). Opening of Terminal 4. Purchase of Chartridge as training center. New, "user friendly" MIS.	New performance appraisal system based on both behaviour and performance. Performance-based compensation system. Continued use of task forces.
Climate/interpersonal style	Redefinition of the business: <i>service, not transportation</i> . Top management commitment and involvement.	Greater emphasis on open communications. Data feedback on work unit climate. Off-site team-building meetings.	New uniforms. New coat of arms. Development and use of cabin-crew teams. Continued use of data-based feedback on climate and management practices.

Source: Goodstein & Burke (1991)

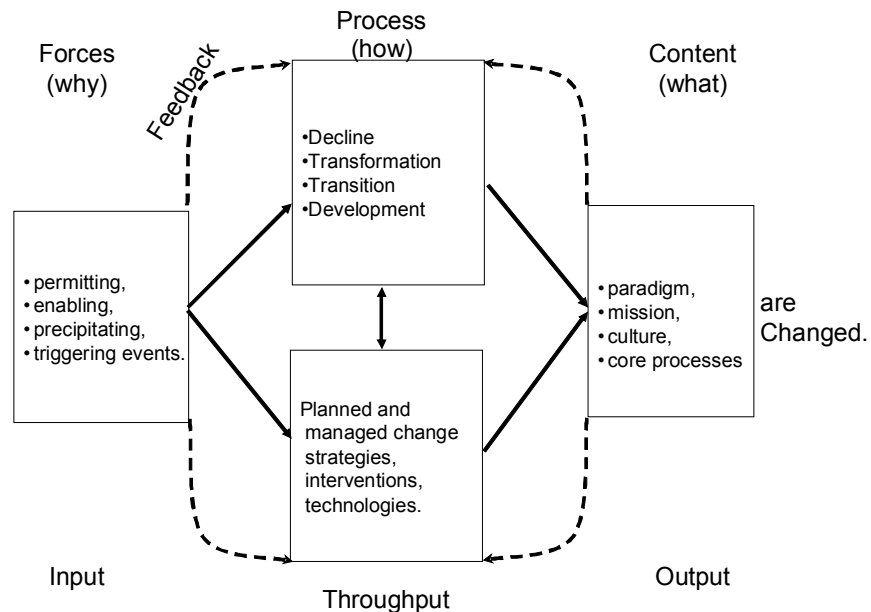
5.9.2.3 A second-order change model

The way change is managed cannot be divorced from the nature and content of change. In this chapter many references have been made to differentiate between type 1 and type 2 change. Type 1 change is essentially incremental, and type 2 change is more dramatic, disruptive and unpredictable. Type 1 change therefore requires a completely different management methodology from the more disruptive type 2. A very comprehensive model for understanding second-order change was developed by Levy (1986). The model (depicted in figure 5.6) can be described from three perspectives: Why? (the driving forces of this type of change), How? (the stages and process characteristic of the change); What? (the content of the change).

- **Why? The driving forces for change:**
 - **Permitting conditions:** Aspects of the internal organisational situation that permit transformation to occur.
 - **Enabling conditions:** External conditions that increase the likelihood for transformation to occur.
 - **Precipitating conditions** such as

-
- the tendency of organisations to grow or to experience the decline, and
 - the feelings of pain and dissatisfaction by organisation members, coupled with the emergence of new unmet needs.
 - **Triggering events** such as
 - environmental events that create calamity, or
 - opportunity, or
 - major unresolved conflicts or some crisis caused by a major management shake-up.
 - **How? The stages and process of second-order change:**
 - **Decline:** External and internal needs are not appropriately met, warning signs appear and efforts to cope with problems result in chaos.
 - **Transformation:** The need for change is accepted, which results in discontinuity with the past, commitment to change, reframing of processes and discovering new realities.
 - **Transition:** Planned and managed efforts to translate ideas and visions into action steps, programmes, structures and procedures.
 - **Stabilising and development:** The change programme is institutionalised, tuned up, maintained and developed further.
 - **What? The content of change:**
 - **Organisational paradigm:** Second-order change addresses underlying assumptions that unnoticeably also change perceptions, procedures and behaviours.
 - **Organisational mission and purpose:** The content of change is visible in explicitly stated programmes for direction of action and include statements about *what business we are in* and what strategies exist for achieving organisational mission, goals and policies.
 - **Organisational culture:** In second-order change beliefs, values and norms are affected. Change in culture could also lead to a rearrangement of the physical setting and changes to the style of management and interpersonal relationships.
 - **Core processes:** Content of change includes the organisational structure, management, throughput and decision-making processes, recognition, and rewards and communication patterns.

Figure 5.6
Model for understanding second-order change



Source: Levy, A (1986)

5.9.2.4 An industry specific change model

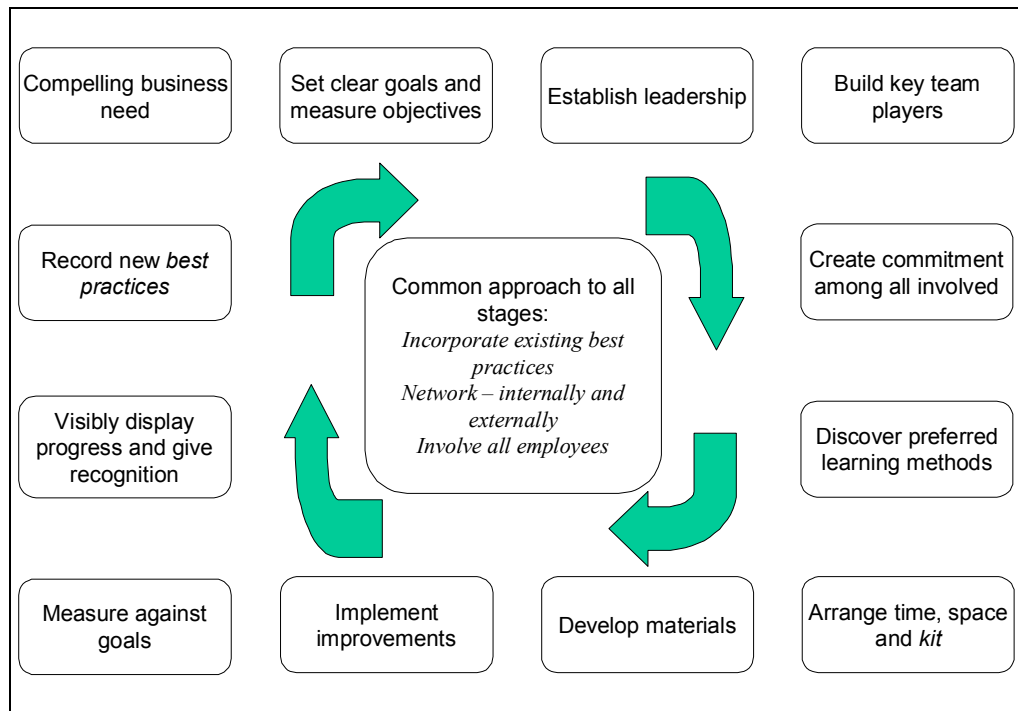
Throughout this chapter the researcher has emphasised the importance of meaningful engagement in change. In support of this he argued that:

- change must be organisation-specific;
- change must be concrete enough to be understood and interpreted by employees at all levels;
- change must be consistent in its meaning and interpretation throughout the organisation.

A model developed by Oxtoby et al (2002) measures up to some of these conditions.

The **Model for sustaining successful organisational change** (Oxtoby *et al*, 2002) is based on research in eleven organisations in the UK automotive supply sector, all of which had had an acknowledged reputation for their abilities to sustain successful change.

Figure 5.7

A Model for sustaining successful organisational change (automotive industry)

Source: Oxtoby *et al* (2000)

The model that surfaced through the research illustrates in general terms what the key elements of a change model in this industry are likely to be (see figure 5.7). The elements of the model requires somewhat more explanation.

- **Compelling business need.** Shared recognition in an organisation of a compelling business need is an essential motivational driver, necessary for activating in organisational stakeholders the high levels of involvement and commitment that are antecedents to sustaining successful change.
- **Setting clear goals and measuring processes.** Setting goals and measuring processes are important for providing directional guidance to organisational change. One of the lessons of Total Quality Management (TQM) is the contributory role that timely, accurate and relevant measurement plays in effective management. Goals and measurement processes need to be fully aligned with the company's underlying business needs.
- **Establish leadership and build a team of key players.** Leadership is needed for people who:
 - **can** be effective champions of change,
 - **have** the ability to attract resources and recruit the right balance of skills and personalities to teams,

- **demonstrably** have the passion, determination and ability to motivate, coordinate and focus work done by teams.
- **Involve all employees and create commitment among all involved.** Successful change involves both exploration (the use of processes for generating or discovering knowledge that is currently unknown to the organisation) and exploitation (the use of processes for developing and implementing knowledge that is already known in the company). Both processes benefit from involvement of employees who are learning-orientated.
- **Networking: discovery of preferred learning methods; arrangement of time, space and kit; development of colourful materials; implementing improvements.** These are all elements of the change model that support both the creation of knowledge (within teams charged with finding practical solutions to business problems) and helping people to learn how to implement agreed changes. For knowledge creation (and the unlearning that is often a necessary ingredient of this) sanctioning time that managers or employees devote to change, signifies it's importance within the organisation and gives it a symbolic value that motivates people, justifies change and promotes unlearning. An additional benefit is networking in cross-functional teams.
- **Measure against goals: visibly display and recognise progress.** Successful change is sustained through appraisal and reward systems that are well aligned with company goals. The visibility with which measured progress is displayed, communicated and celebrated, is a powerful force in motivation. Incentives such as publicising and communicating individual or team successes to referent groups within and outside the work environment, are also strong rewards.
- **Record new best practices.** Sustaining successful **change** involves internal exploitation of existing knowledge as well as knowledge creation, based on internal or external exploration. It is important to institutionalise new knowledge that is created within the organisation and embedding it in organisational systems, structures and routines.

5.9.2.5 A community change model

In this chapter several references have been made to the importance of meaningful engagement when dealing with change. This is a requirement in order to maximise the gains to be derived from the change initiative. It is also a guarantee for expediting movement through the change process, while minimising the trauma associated with change.

Meaningful engagement is particularly difficult in communities or voluntary organisations where less leveraging through rewards and incentives is possible. The

framework of change described by Chapman (2002) is an example of meaningful engagement at community level.

The Australian Disabilities Services Act of 1986 became the centrepiece of a wide range of strategies to provide training, mainstream employment and living options to the broader Australian community. The National Technical Assistance Unit (NTAU) was formed in 1991 as a quasi-independent consultancy group by the responsible government minister. Under its terms of reference, the NTAU provided technical service and support to sheltered workshops and devised their own strategies to achieve transformation.

Prior to the start of the consultancy project a serious conflict had developed between most of the groups and the stakeholders associated with sheltered workshops (e.g. parents, community workers, church representatives, management staff and philanthropists). Professional staff who had been associated with the workshops were very anxious and extremely suspicious about government proposals, which they thought would remove the protection and care that they had provided for consumers. Conflict was therefore identified as a major impediment to change before the NTAU intervened.

The NTAU wanted those associated with sheltered workshops to think differently about what they would be doing and what their place in the world would be. The NTAU saw their capacity to involve stakeholders, direct organisational energy towards the clarification of visions and goals, and to begin with the process of planning and implementing new strategies as pre-requisites for success.

Table 5.5

Five phases of the NTAU change process in organisation-based consultancies

Phase 1 Scoping	Phase 2 Analysis	Phase 3 Exploration	Phase 4 Planning	Phase 5 Implementation
Engaging consultants Project agreements Forming committees	Environmental analysis Internal analysis Consumer data collection and analysis	Clarifying vision, purpose, mission Considering options and ideas	Identifying critical issues, objectives, strategies Preparing action plans	Carrying out plans by managers and staff of organisation Institutionalising change

Source: Chapman (2000)

A change process (outlined in table 5.5) emerged during the project. The five phases can be summarised as follows:

- **Phase 1: Scoping.** In this phase the broad parameters of the project were decided upon and two committees were formed: a steering committee and a project team to perform the detailed work.
- **Phase 2: Analysis.** This phase was designed to collect realistic information about the internal and external situation, as well as the attitudes and aspirations of consumers.

- **Phase 3: Exploration.** This phase involved the identification of various stakeholder groups and inviting them to attend a two-day conference, where future directions were considered in the light of information from phase 2.
- **Phase 4: Planning.** The purpose of this phase was to develop and refine objectives, strategies and plans for the future state of the organisation.
- **Phase 5: Implementation.** This involved implementation over the longer term - which organisations were to manage after having been equipped with the necessary knowledge and skills.

This change framework succeeded well in creating a readiness for change through knowledge that the organisation was poorly aligned with its environment and that opportunities are being forfeited. The model was also successful in creating an acceptance of the need to change and a positive willingness to engage in processes that may be difficult and challenging.

Very little is said about implementation (phase 5). This must be seen as a weakness, because implementation is usually the more difficult phase of change.

5.9.2.6 Organisational learning as a model for change

Earlier in this chapter organisational learning as a paradigm for change was discussed. Throughout the chapter learning was emphasised as an integral part of any change process. Learning at team and organisational levels has become essential. Organisations therefore have to develop a capacity for learning.

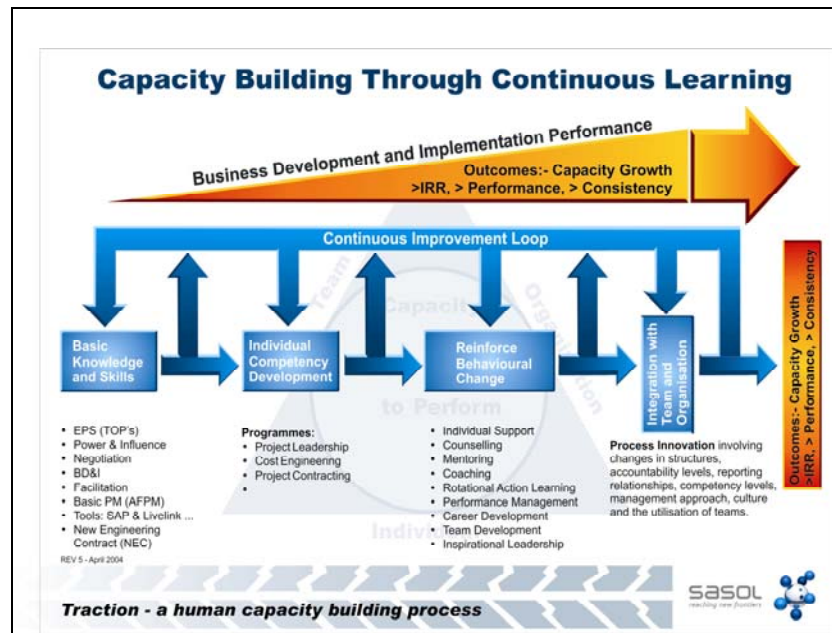
The final model presented in this chapter is based on the learning paradigm. But it also demonstrates that change need not be initiated at top levels in an organisation. It proves that organisation change can also succeed because of the small change efforts that begin at the middle to lower levels of a company, although often only belatedly recognised as successful by senior management (Garvin, 2000).

The change model referred to was developed by Sasol's Technology Division and is known as Project Traction (Serfontein & Van Garderen, 2005a&b). The purpose of Project Traction was articulated as *"...building individual, team and organisational competencies, to improve Sasol Technology's capacity to consistently execute diverse and complex projects in realising Sasol's business opportunities"*.

The need to develop capacity. Energy was mobilised when a group of middle to senior managers (not top management) in the division became aware of the changing project environment and realised that a solution would not be found in appointing hoards of new project managers. Apart from the fact that such a decision would go against existing policies, it would not address the need effectively. More capacity in terms of appropriate competencies was needed.

In organisations such as Sasol Technology competencies are the *enablers* that leverage *external structures* (assets such as image, relationship with clients and contractors) and *internal structures* (assets such as patents, models, systems, processes and culture) (Sveiby, 1999). To be enablers competencies need to be built at individual level, to create capacity at team and organisational levels.

Figure 5.8



Source: Serfontein & Van Garderen (2005a&b)

The Traction Model. The Traction Model depicts the process of capacity building at individual, team and organisational levels (see figure 5.8), and distinguishes between four phases in the change process (Serfontein & Van Garderen, 2005):

- Phase 1: Basic Knowledge and Skills.** The core of this phase is to establish the fundamentals of project management, entrench basic skills and help people to understand how these skills are applied in Sasol Technology.
- Phase 2: Individual Competency Development.** This phase is a key in competency development at individual level. It consists of the project leadership programme, a two-week programme conducted as two separate weeks of learning. Two other competency programmes, in Cost Engineering and Project Contracting respectively form part of this phase.
- Phase 3: Reinforcing behavioural change.** To fully benefit from the learning in phases 1 and 2, the learning is reinforced in the workplace. This phase also offers the organisation, and particularly line-management, the opportunity to become directly involved in establishing and honing individual competencies.

The phase involves the application of newly-learned competencies in project team context.

- d. **Phase 4: Integration at organisational level.** This phase integrates competencies with processes, systems, technology and strategy in order to establish a core of strategic organisational competencies, to keep the division adaptive, relevant and competitive.

The Traction Capacity Building Model also makes provision for an improvement loop, thereby recognising the importance of continuous learning. Learning therefore becomes part of the division's culture.

Recent research by Lyons (2004) reflects a very positive picture of the Traction Process in regard to the learning of Basic Knowledge and Skills (phase 1) and selected project-management competencies (phase 2). A positive picture in regard to continuous learning also emerged, suggesting that progress has been made to establish a learning culture. This would pave the way towards change at team and organisational levels (phases 3 and 4 of the model).