

## 2.4 MANAGEMENT OF ORGANIZATIONAL CHANGE

### 2.4.1 Introduction

In section 2.2, a content and a process perspective of both strategy formulation and implementation was presented. The content-related issues of strategy formulation and implementation (or what the strategy is and what the tools for implementation are) were described section 2.3. This section examines the process-related issues of strategy formulation and implementation. The focus is thus on how a strategy is formulated and how it is implemented. Included are the steps and procedures which need to be followed in order to formulate and implement a strategy for formalized project management in public sector work departments.

Connor and Lake (1988: 1) note that the hallmark of organizational and managerial life in the last decade of the twentieth century is change. Implementing a strategy requires change. It may thus be argued that the management of organizational change is an indispensable part of any proposed strategy to implement formalized project management in an organization (or in this case a public sector work department).

It should be noted from the outset of this section that the material included is largely based on the work of Connor and Lake (1988). Their general change management model is used as the basis for the development of an implementation strategy for project management which is an objective of this research. Incorporating significant portions of their work is thus a necessary prerequisite for the correct interpretation and application of their change management model.

In this third section of the literature review, the discussion of change or, more specifically, the management of organizational change commences

in subsection 2.4.2 with the presentation of a model in which a managed organizational change process is illustrated. Following the serial logic of this model, subsection 2.4.3 identifies some external and internal sources of change, subsection 2.4.4 describes the objects and methods of change and lastly, subsection 2.4.5 focuses on general strategies for change. Moving to more practical issues when conducting change, subsection 2.4.6 identifies the people who participate in the change process, subsection 2.4.7 describes the issues related to change policies while subsection 2.4.8 focuses on institutionalizing the changes or strategies. Subsection 2.4.9 presents the general change management model of Connor and Lake. This model, which incorporates a process perspective of strategy formulation and implementation, provides a foundation for the development of an implementation strategy for formalized project management in public sector work departments. Finally, subsection 2.4.10 summarizes section 2.4 of the literature review.

## **2.4.2 Managed organizational change process**

Connor and Lake (1988: 4-5) distinguish between a "natural" and a managed organizational change process.

"Natural" organizational change is so called by reason of the natural process by which change starts and then progresses on its own to some conclusion, regardless of and without any management interference. This "natural" organizational change process, illustrated on the left hand side of figure 2.4.1 (the unshaded area), has the following principal characteristics:

- Destabilizing forces, which may originate from either inside or outside the organization, disrupt the status quo of the organization.
- Some form of organizational adjustment is needed to deal with the

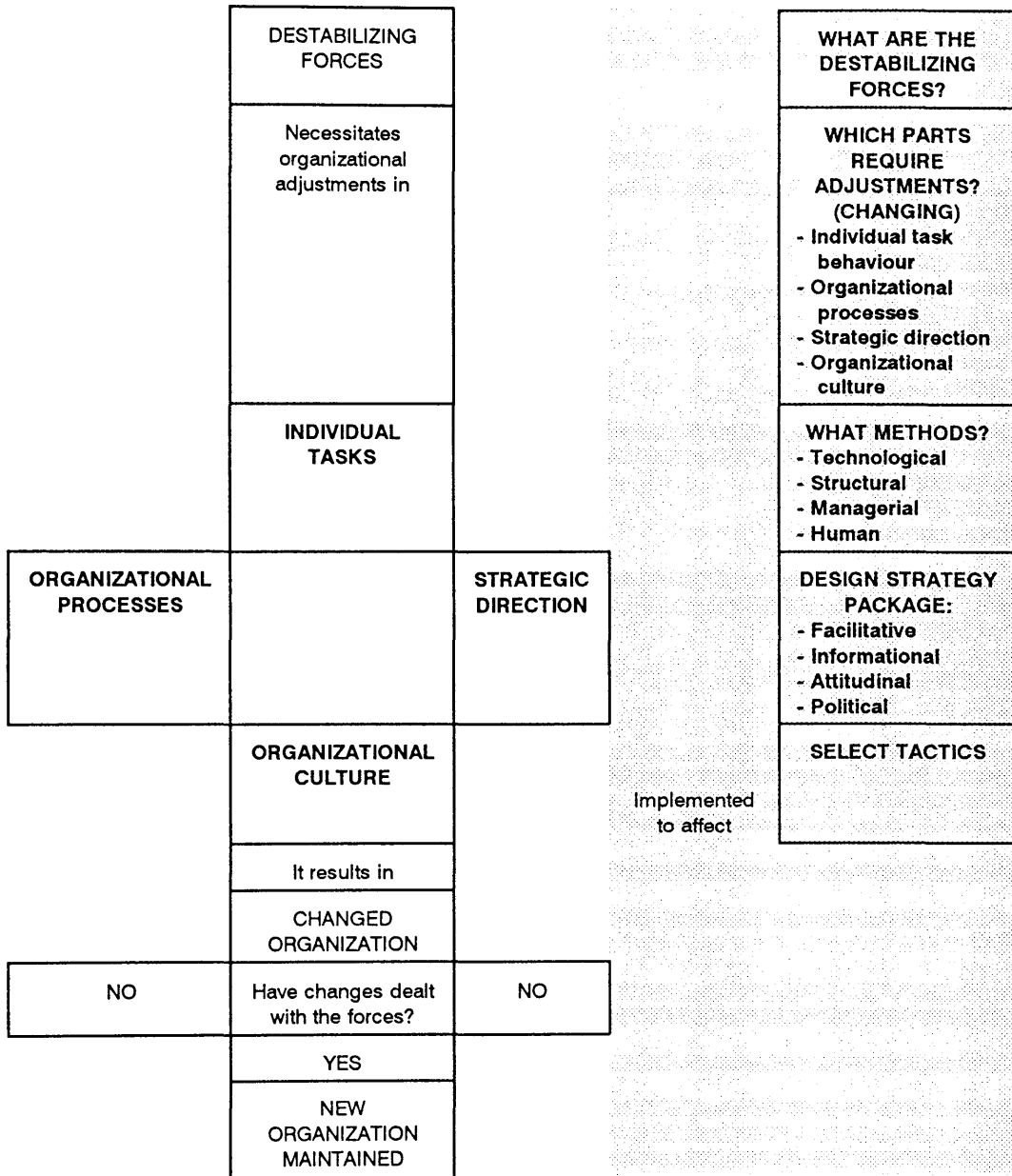
effect of these forces. Without the guidance from management, the forms of adjustment develop according to custom or convenience or merely by impulsive reflex.

- Whatever form of adjustment is made, the result is a changed organization. Should these adjustments adequately deal with the destabilizing forces, the new and changed organization would be maintained. If not, the cycle would again begin and further organizational adjustments would occur.

Connor and Lake (1988: 6-10) argue that this "natural" process of organizational change is not acceptable to management of change because a distinction must be made between change as a phenomenon and change as a set of purposeful actions. They propose a model whereby a management overlay is made on the "natural" change process. The model, illustrated in figure 2.4.1, includes the management overlay on the right hand side (the shaded area) of the figure and has the following characteristics:

- The identity, nature, and source of the destabilizing forces have to be diagnosed before change strategies can be selected. Sources of change are further described in subsection 2.4.3.
- Four major organizational properties may be the objects of change. They are the individual task behaviours, organizational processes, strategic direction and the organizational culture. The objects of change are further described in subsection 2.4.4.1.
- Four distinct methods of change are available. They are the technological, structural, managerial and human-oriented methods. The methods of change are further described in subsection 2.4.4.2.

**Figure 2.4.1: A managed organizational change process**



Source: Adapted from Connor, P.E. & Lake, L.K. 1988. *Managing organizational change*. Prager Publishers. Figure 1.2. p.6.

- The choice of the strategy most appropriate for accomplishing the change follows after the destabilizing forces have been diagnosed and the objects and methods of change selected. Four major strategies for conducting organizational change include the facilitative, informational,

attitudinal and political strategies. The strategies for change are further described in subsection 2.4.5.2.

- Change strategies are seldom used singularly but rather as part of a comprehensive strategy package. The following guidelines on a selected strategy package should be noted:
  - The design of the strategy package is an inherent part of change management. Without the express design of the package, the process of change may be haphazard or even random.
  - A selected strategy package would not fit all situations. Many variables affect the success of any particular approach in any particular situation.
  - The choice of a strategy package is guided by the key criteria of a particular change situation. The key criteria to be considered are the time available to effect the change, the extensiveness of the proposed change, the characteristics of both the change agent and target, and the resources available to implement change. These criteria are further described in subsection 2.4.5.1.
  - The strategy package includes the design of a series of strategies, the order of their conduct, and the tactics employed to carry each out. Several change strategies may be applied simultaneously to meet several but different objectives.
  
- The managed organizational change process implies a serial logic. The first step, identifying the destabilizing forces, must precede the second step, choosing the objects of change which precedes the third step, selecting the appropriate methods of change which in its turn precedes the fourth step, the design of an effective strategy package for implementing the strategy with the correct tactics.
  
- The result of the managed organizational change process is again a

changed organization. However, in this instance the process is not random but rather a purposeful response to the destabilizing forces affecting the status quo of the organization.

**Proposition 61:**

With regard to this research, it is suggested that the change that would be implicated if formalized project management were to be implemented in public sector work departments be effected by means of a managed organizational change process.

### 2.4.3 Sources of change

Connor and Lake (1988: 17) suggest that from a broad perspective, organizational changes have their source from either inside or outside the organization. The primary impetus for change or the factors which provide the greatest stimulus for change are thus either internal or external to the organization. Connor and Lake (1988: 18-21) identify the following external sources of change:

- **Social.** The changes are in the beliefs, values, attitudes, opinions and life styles of society as a whole. While social changes in attitudes may bring about new requirements for products or services, other changes may bring about more profound and unprogrammed changes, such as environmentalism and equality for minorities.
- **Political/legal.** Changes in the broad political ideology or narrow party political policies of the government in power may be significant sources of change. Relaxation of laws regulating industries, general deregulation and privatization also act as sources of external change.

- **Economic.** Conditions, such as growth or recession in the international or national economies, influence managerial outlooks and actions with regard to organizational expansion or contraction.
- **Technological.** General technological developments, such as computers, affect all organizations while other developments may be limited to a particular organization's own industry.

Connor and Lake (1988: 21-23) identify the following internal sources of change:

- Professional and occupational associations. People who relate to members of their professions or occupations outside their organizations through membership, subscription to journals, attendance at conventions or lectures, continually learn of new developments in their specialities which they may bring back to their own organization.
- Organizational goals. The adoption of new organizational goals may be the impetus for numerous structural and personnel changes.
- Organizational resources. An excess or a shortage of resources may stimulate the search for new ideas or ways to meet the objectives of the organization. Excess resources may, for example, be used for extra services for employees, such as the provision of supervisory or managerial training.

**Proposition 62:**

With regard to this research, it is suggested that the forces which would provide the greatest stimulus for change in public sector work departments are external factors beyond their control, such as political events, social changes and economic conditions.

Connor and Lake (1988: 23-25) further consider the general orientation of the organization to change as an important aspect for the beginning of change. Some organizations are innovative and appear receptive to change thereby frequently initiating and generally embracing changes. Conversely, others resist and avoid changes. They change infrequently and reluctantly adapt to the changes around it.

**Proposition 63:**

With regard to this research, it is suggested that the general orientation held by employees of public sector work departments (who are typically regarded as bureaucratic organizations) would reflect resistance to change and innovation.

#### **2.4.4 Objects and methods of change**

Connor and Lake (1988: 27-28) argue that to manage a change event successfully regardless of how spontaneous or planned it may be, the basic elements of change need to be understood. The basic elements of change which will be described are the objects of change (or what is changed) and the methods of change (or how the change is effected). These what and how elements illustrated in figure 2.4.2 form a basic descriptive system for understanding organizational change.



**Figure 2.4.2: Classification of organizational change**

METHODS OF CHANGE	OBJECTS OF CHANGE			
	INDIVIDUAL TASK BEHAVIOUR	ORGANIZATIONAL PROCESSES	STRATEGIC DIRECTION	ORGANIZATIONAL CULTURE
STRUCTURAL				
TECHNOLOGICAL		<b>STRATEGIES</b>		
MANAGERIAL				
HUMAN				

Source: Connor, P.E. & Lake, L.K. 1988. *Managing organizational change*. Prager Publishers. Figure 3.1. p. 29.

#### 2.4.4.1 Objects of change

Connor and Lake (1988: 28-51) identify four major areas where change may occur, namely:

- **Individual task behaviour.** Change events will be focused on task characteristics, such as skill variety, task identity, task significance, degree of autonomy, feedback provided, and opportunity for employee interaction.
- **Organizational processes.** Change events will be focused on the control, reward, appraisal and decision processes within the organization.
- **Strategic direction.** Change is implemented in the overall direction that an organization follows. Changing the strategic direction or domain of the organization may be difficult to manage and could mean changing the structure of the organization, its management or even collective self-identity.

- **Organizational culture.** In general, this consists of the shared values, beliefs and expectations which create norms that shape individual and group behaviour in the organization.

**Proposition 64:**

With regard to this research, it is suggested that, should formalized project management be implemented in public sector work departments, changes (in order of highest priority) would be needed in (1) organizational processes (2) individual task behaviour (3) organizational culture and (4) strategic direction.

#### 2.4.4.2 Methods of change

Connor and Lake (1988: 54-88) identify four distinct approaches or methods of change:

- **Technological method.** This method concerns the production processes of the organization. It is aimed at improving either the quality or quantity of output. The change typically involves new equipment or techniques and may be accomplished through job diagnosis, job engineering, job rotation, job enlargement, job enrichment or changing job relationships.
- **Structural method.** This method concerns the modification of certain roles or relationships. The change pertains to the division and coordination of the labour in the organization. Effecting change involves altering the structural dimensions of complexity, formalization, centralization, and coordination.
- **Managerial method.** This method effects change through adminis-

trative actions, such as the reward system or through joint cooperation between employees and management.

- **Human-oriented methods.** This method effects change through the people who work in the organization rather than through impersonal ways, such as changes in procedures or structural relationships. Principal methods by which people are the major instruments of change include participation in education/training programmes and organization-development interventions.

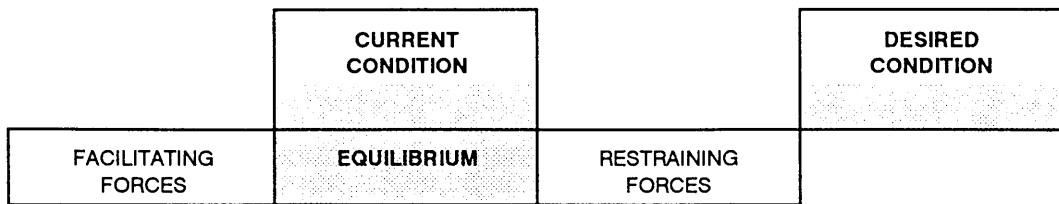
**Proposition 65:**

With regard to this research, it is suggested that, should formalized project management be implemented in public sector work departments, the methods of change (in order of most appropriate and greatest chance of success) would be (1) structural method (2) human-oriented method (3) managerial method and (4) technological method.

#### 2.4.5 Strategies for change

Connor and Lake (1988: 90-91) propose a force-field view of change management. The concept, illustrated in figure 2.4.3, indicates that a change situation involves moving from a current condition to a desired condition. The current condition is held in equilibrium by two sets of forces: those that facilitate movement to a new situation and those that restrain or hinder such movement. These forces need to be identified and understood for management to develop a general plan of action or a strategy for managing the change.

**Figure 2.4.3: Force-field view of change management**



Source: Adapted from Connor, P.E. & Lake, L.K. 1988. *Managing organizational change*. Prager Publishers. Figure 6.1. p. 91.

#### 2.4.5.1 Criteria for the selection of change strategies

Connor and Lake (1988: 91-93) emphasize the need to select an appropriate strategy for managing change. The key aspects to consider in selection are:

- **Time available.** The amount of time available to make the change is a necessary consideration because some strategies need more time to implement than others.
- **Extent of change.** The extensiveness of the advocated change in terms of the scope (number of individuals and organizational units that will be affected by the change) and depth (number of behaviours that need to change) of the change.
- **Favourableness of the change target.** This aspect considers the people who are the target of the change. Target favourableness is generally reflected in the target awareness, the belief in the need for change, and the degree of commitment to the proposed change. In addition, a target group is considered favourable if the members generally have a high degree of competence in dealing with change and are knowledgeable about the situation and their own abilities.

- **Characteristics of the change agent.** This aspect considers both the organizational and personal characteristics of the person (referred to as the change agent) who has the operational responsibility to conduct a particular change event.

**Proposition 66:**

With regard to this research, it is suggested that, should formalized project management be implemented in public sector work departments, the outcome in relation to the key criteria for the selection of a change strategy would be (1) time required - long (2) extensiveness of change - substantial (3) favourableness of change target - unfavourable and (4) suitability of change agent - a designated, outside consultant.

#### 2.4.5.2 Change strategies

Connor and Lake (1988: 93-105) argue that a distinction must be made between change strategies and change tactics.

Strategies are the general design or plan of action while tactics are the concrete and specific actions that flow from the strategy. Four types of strategies are generally available for effecting change, namely:

- **Facilitative strategies.** These assist the change target in making the change or use the abilities or resources of the target to conduct the change. They are based on the assumption that the target has some willingness and ability to participate in the change process. These strategies make it easier for the change target to accomplish a given change programme by providing critical resources, for example.

- **Informational strategies.** These are frequently used to educate people to overcome their resistance to the proposed change. Such education works best when it anticipates and defuses particular points of resistance. When using informational strategies, those responsible for managing a change effort offer knowledge, facts and opinions so that change targets can make rational decisions and take the indicated action.
- **Attitudinal strategies.** These are based on the premise that a change in attitude will either produce a change in behaviour or help maintain a behaviour that already has been changed. Attitudes are changed in a three-stage process involving unfreezing, moving and refreezing. The intent of these strategies is to change attitudes and in so doing also behaviour.
- **Political strategies.** These depend on giving, withholding, competing, or bargaining for scarce resources to achieve the change objectives. They vary from unilateral power coercion to complex manoeuvring.

Selecting strategies for managing a change process thus requires that a number of considerations be taken into account. Each strategy differs with regard to the implication on different dimensions. These are illustrated in figure 2.4.4 and in general refer to:

- **Speed of implementation.** Political (especially the coercive type) and facilitative strategies can be implemented quickly. Informational and attitudinal strategies involve a slower rate of implementation.
- **Short-term versus long-term duration of effects.** Political strategies (coercive type) produce impacts that last over a short period while attitudinal strategies have longer lasting effects.

**Figure 2.4.4: Change strategies and implications**

SHORT-TERM CONSEQUENCE	FAST IMPLEMENTATION			SURFACE IMPACT
		POLITICAL		
	FACILITATIVE	NEGOTIATION COMPROMISE BARGAINING	INFORMATIONAL	
		ATTITUDINAL		
LONG-TERM CONSEQUENCE			SLOW IMPLEMENTATION	IN-DEPTH IMPACT

Source: Adapted from Connor, P.E. & Lake, L.K. 1988. *Managing organizational change*. Prager Publishers. Figure 6.2. p. 104.

- **Depth of impact.** Attitudinal strategies are aimed at the attitude level to achieve commitment rather than simply compliance gained through coercive political strategies.
- **Manner of influence.** Facilitative and informational strategies attempt to help the target group to accept or absorb the proposed change. Political and attitudinal strategies are used to persuade, force or even manipulate the target group to adopt the change.
- **Combined strategies.** These are the most complex forms of strategic approaches to change management. They involve a combined, comprehensive programme of negotiation-compromise-bargaining which includes a range of strategy approaches, such as facilitation, information sharing, political manoeuvring and attitudinal changes.

**Proposition 67:**

With regard to this research, it is suggested that, should formalized project management be implemented in public sector work departments, the most appropriate combination of strategies would be (1) informational (2) attitudinal (3) political and (4) facilitative.

#### **2.4.6 Participation in the change process**

Connor and Lake (1988: 107) note that, apart from the objects, methods and strategies of organizational change, a further element of the change process is the people who are involved.

The first group of people involved with change are the change managers. They design, oversee and generally direct change as part of their regular duties. Change managers anticipate the elements of change, choose and guide those who will participate in the change, select the strategy packages, and assess the results.

The second group of people involved in change are the change agents who create and conduct change. They play a variety of roles in the management of change, such as that of catalyst, solution giver, process helper and resource linker.

The third group of people to consider are those people who work in the organization and must implement the changes. They may be the primary objects of the organizational change or may have to change as a result of other changes made in the organization.



**Proposition 68:**

With regard to this research, it is suggested that, should formalized project management be implemented in public sector work departments, the role of change manager would be best suited for top-level management, the role of change agent for middle management while the change targets would include the functional managers and other personnel.

**2.4.6.1 Change agents**

Connor and Lake (1988: 107-108) see change agents as the people who operate to alter the status quo in an organization. Their intention is to cause parts of an organization to operate differently from the way in which it has operated in the past.

The people who assume the change agent role should be determined by the combination of desired personal and organizational characteristics. Connor and Lake (1988: 109-115) argue that these characteristics will influence the effectiveness of the change agent.

**2.4.6.2 Change targets**

Connor and Lake (1988: 117) see change targets as the people who are expected to change when the organization changes. In some situations people may be required to change not as a primary method of changing the whole organization, but rather as a result of other changes made in the organization. A major concern in managing change would thus be resistance to change.

Connor and Lake (1988: 117-118) regard resistance to change as any

attempt to maintain the status quo when pressure is applied to bring about change. Acts of resistance may slow or even halt the organization's transition from its current state to some desired future state. Change agents must recognize the inevitable presence of resistance to change and develop strategies for dealing with it.

Connor and Lake (1988: 119-127) categorize the causes or sources of resistance to change into three groups:

- **Barriers to understanding.** The resistance may be traced to a misunderstanding of the proposed change. The change targets resist the change because they do not understand the need for the change, the details or substance, or the consequences of the change. The lack of knowledge or understanding of a change may be (1) intellectual (information not communicated) (2) cultural (change explained from a unfamiliar point of view) or (3) caused by inconsistent behaviour from executives, managers or the change agent (one course is advocated but another course, which is better suited, is followed).
- **Barriers to acceptance.** This type of resistance follows when the change targets cannot or will not accept the change. Acceptance requires believing in the necessity for the change and a willingness to follow through in accomplishing it. The barriers to acceptance are caused by (1) a threat to employees' security over their organizational lives, which results in uneasiness and anxiety about the new roles and conditions required (2) the threat to their self-confidence or (3) anxiety about the loss of organizational power.
- **Barriers to acting.** This type of resistance occurs at the stage when the change should be implemented. It stems from either the change targets themselves or from other people within or outside the

organization. The barriers to acting may result from (1) the lack of skills or abilities which will be required in the new organization (2) the lack of or inadequate resources to conduct the range of activities needed for the change (3) the presence of existing prohibitive or contractual arrangements with employee unions or associations that require specific methods which may not be revised or (4) organizations may simply, through habit or convention, support the status quo with existing managerial procedures, job descriptions and cultures.

**Proposition 69:**

With regard to this research, it is suggested that, should formalized project management be implemented in public sector work departments, the sources of resistance (in order of greatest importance) would be due to (1) barriers of acceptance (2) barriers to understanding and (3) barriers to acting.

#### **2.4.7 Change policies**

Connor and Lake (1988: 129) define a change policy as the set of assumptions, diagnostic conclusions and guidelines that serve as the basis for managing specific changes. It should be noted that the basic considerations with regard to the sources, objects, methods and strategies for change which were previously discussed do not, in themselves, detail the full extent of managing change. Considering the practical elements of change in conditions other than the idealized future state of the organization leads to the development of a change policy. The practical issues involved with a change policy are change versus stability, resource availability and allocation, and transition management.

### 2.4.7.1 Change versus stability

Connor and Lake (1988: 130-131) argue that not all elements of the organization will be altered at once in a revolutionary style. Not only is it unlikely that all aspects will require change at once, but further such extreme degrees of change could be undesirable. The new organization would probably require some blend of change and stability. The goal would thus be to make only the number of changes that is suitable in each particular case.

Connor and Lake (1988: 131-135) suggest a framework for change managers to decide whether all or only some of the indicated changes should be carried out in aggregate and immediately or rather phased in over time individually. The decision is aided by examining:

- **Organizational culture.** While some organizations have no particular positive or negative norms for innovation and change or little experience with them, others, however, do have cultural characteristics which may indicate the prospect of an organization accepting and implementing many changes at once.
- **People associated with the organization.** Change policies are further developed by assessing the general nature or characteristics of the people associated with the organization, such as the employees (number of changes likely to be accepted versus number required according to strategies and tactics) and the clients (willingness to accept changes and degree of captivity in market).
- **Details of the proposed change.** The strength and seriousness of the forces necessitating change should be considered. Furthermore, the degree to which changes can be modularized and the effect of

instituting only some of the modules at a time should be determined.

- **Interactions among changes.** Interactions among the various changes could occur and these should be anticipated.

**Proposition 70:**

With regard to this research, it is suggested that, should formalized project management be implemented in public sector work departments, a change policy should be followed whereby some of the indicated changes are gradually phased in over time rather than all changes in aggregate manner immediately.

#### 2.4.7.2 Resource availability and allocation

Connor and Lake (1988: 135-138) note that to conduct organizational change, expenditure of people, time and monetary resources are required. With regard to resource requirements, the activities involved in managing change can broadly be divided into three phases:

- **Diagnostic resource requirements.** People chosen to investigate problems or conduct diagnosis may be determined more by resource availability than their suitability to the task.
- **Implementation resource requirements.** After diagnosis, the changes which are actually implemented are determined to a large degree by the resources that can be applied.
- **Institutionalization resource requirements.** After changes have been introduced, resources are needed to institutionalize these changes. Costs involved are those associated with discarding the old and

replacing it with the new and the costs of the activities required to prevent the organization from reverting to its previous position.

- **Resource allocation decisions.** In each of the above phases resources are required. Organizations do not have unlimited resources. Applying resources in one area might mean that they cannot be applied elsewhere. Resource availability and allocation become a practical consideration tempering the pursuit of the ideal state.

**Proposition 71:**

With regard to this research, it is suggested that, should formalized project management be implemented in public sector work departments, limited resources would have the greatest negative impact on (1) institutionalization (2) implementation and (3) diagnosis of problems.

### 2.4.7.3 Transitional management

Connor and Lake (1988: 138-142) view transitional management as the acts to propel the organization forward along the path of change while still conducting its business or tasks. Transition refers to the movement of the organization from its current "troubled" state to the new state. Transitional management thus involves not just managing the current or transition organization, but also the new organization.

Managing the transition is the final step in developing a change policy. The use of a transition profile as illustrated in figure 2.4.5 is a useful tool for understanding and managing the transition.

**Figure 2.4.5: A transition profile**

NEW ACTIVITIES AS % OF ALL	DIAGNOSIS	IMPLEMENTATION	INSTITUTIONALIZE
100%			
75%			
50%			
25%			
0%			
DURATION	6 MONTHS	1 YEAR	6 MONTHS

Source: Adapted from Connor, P.E. & Lake, L.K. 1988. *Managing organizational change*. Prager Publishers. Figure 8.1. p. 140.

The figure depicts the progression of the organizational change through the three major change stages of diagnosis, implementation and institutionalization. The measure of progress of the change is the upward movement of the line while points along this line represent the new or changed activities as a percentage of all the activities carried out by the organization. A transition profile is useful because it may be used as a planning device (indicating when all of the individual change elements must be implemented and the established final goal of the change effort) and a control device (to monitor and assess the success of the whole change effort).

Transition management when combined with a detailed diagnosis and consideration of the desired blend of stability as well as the resource availability and allocation offers change managers a means for managing small and extended organizational change.

#### **2.4.8 Institutionalizing changes or strategies**

Pearce and Robinson (1985: 321) suggest that the annual objectives,

functional strategies and specific policies provide important means of communicating what must be done to implement the overall strategy. These instruments translate the long-term intentions into short-term guides of action or operationalize the strategy. If the strategy is to be effectively implemented, it should also be institutionalized, that is, permeate the normal day-to-day life of the organization. Pearce and Robinson (1985: 321) then further identify three organizational elements which provide the fundamental, long-term means of institutionalizing the strategy in the organization. The elements are structural considerations, organizational leadership and culture.

**Proposition 72:**

With regard to this research, it is suggested that, should formalized project management be implemented in public sector work departments, the best way (in order of greatest impact) to ensure that it remains effectively and efficiently applied would be (1) organizational culture (2) organizational leadership and (3) structural adjustments.

**2.4.8.1 Structural considerations**

Pearce and Robinson (1985: 321-322) note that an organization is necessary if strategic purpose is to be accomplished. The organizational structure, which reflects the formal reporting relationships and responsibilities in the organization, is a major priority in implementing a carefully formulated strategy. Should the activities, responsibilities, and interrelationships not be organized in a manner consistent with the strategy chosen, the structure is left to evolve on its own. Strategy and structure have to be coordinated to avoid the probable results of inefficiencies, misdirection and fragmented efforts.



The organizational structure is not the only means of organizing to implement the strategy. Reward systems, planning procedures, and information systems are other examples that may be employed.

All forms of organizational structure are not equally effective in implementing a strategy. Often the need for immediate and radical changes in structure is not immediately perceived. Once the need is perceived, lagging performance may be necessary before politically sensitive structures are changed or organizational power redistributed.

**Proposition 73:**

With regard to this research, it is suggested that, should formalized project management be implemented in public sector work departments, changes in the organizational structure would be a prerequisite to implement such a strategy.

#### **2.4.8.2 Organizational leadership**

Pearce and Robinson (1985: 333-336) argue that while the organizational structure provides the overall framework for strategy implementation, by itself it is not sufficient to ensure successful execution. Within the structure, individuals, groups and units are the mechanisms of organizational action. The effectiveness of their actions is a major determinant of successful implementation. Within this context, two basic factors either encourage or discourage effective action, namely leadership and organizational culture.

Leadership is an essential element of effective strategy implementation. Two important leadership issues are:

- **The role of the chief executive officer** (CEO or executive head of the

organization). The CEO is seen as the catalyst in strategic management. This individual is most closely identified with and ultimately accountable for the strategy success. The role is both symbolic (the CEO is seen as the symbol of the new strategy) and substantive (the CEO represents an important source of clarification, guidance and adjustment during implementation).

- **Assignment of key managers.** Confidence in the individuals occupying pivotal managerial positions is directly and positively correlated with top-level management expectations that a strategy will be successfully executed.

Pearce and Robinson (1985: 337-341) suggest that two aspects of the strategic situation influence the managerial assignment decision: first, the changes required to implement the new strategy and second, the effectiveness of the organizational performance in the past. Four main positions identified are illustrated in figure 2.4.6.

- **The turnover situation.** The past performance was ineffective and to implement the new strategy would require major changes in the organization. In this situation, the advantages of bringing in outside managers should be maximized.
- **The selective blend.** The past performance was effective but to implement the new strategy, major changes in the organization are required. Changing markets or other external environmental factors necessitate a change in the strategic posture. The emphasis should be a selective blend of using current managerial talent and outsiders to provide needed knowledge and skills that are not available internally.

**Figure 2.4.6: Managerial assignment situations**

		"SELECTIVE BLEND"	"TURNOVER"
		Use current managers via promotions or transfer where skills match new roles / otherwise seek required skills and experience via outsiders	The use of outsiders is a priority to provide new skills, motivation and enthusiasm
CHANGES REQUIRED TO IMPLEMENT	MANY		
		"STABILITY"	"REORIENTATION"
	FEW	Use current managers as the major emphasis in order to reward, retain and develop managerial talent	Outsiders should replace weaknesses but use current managers as a priority where possible via promotion, transfer or role clarification
		EFFECTIVE	INEFFECTIVE
		PAST ORGANIZATIONAL PERFORMANCE	

Source: Adapted from Pearce, J.A. & Robinson, R.B. 1985. *Strategic management: strategy formulation and implementation*. 2nd edition. Homewood, Illinois: Richard D Irwin, Inc. Figure 11-7. p. 339.

- **The stability situation.** The past performance was again effective and to implement the new strategy would require minor or few changes in the organization. In this situation the advantages associated with current or existing managers could be maximized.
  
- **The reorientation situation.** Past performance was ineffective and to implement the new strategy would require minor changes in the organization. A key issue in this position is whether the ineffectiveness is linked to inadequate skills or capabilities of current management. Should this be the case, outsiders could play a key role in reorientation or refocusing organizational efforts toward an otherwise sound strategy.

**Proposition 74:**

With regard to this research, it is suggested that public sector work departments would perceive their past performance as effective and would recognize that many major changes will be needed to implement formalized project management. The departments would favour a selective blend position (Pearce & Robinson, 1985) whereby the current managerial talent is maintained but new managerial talent appointed to provide the needed knowledge and skills not available internally.

### 2.4.8.3 Organizational culture

Pearce and Robinson, (1985: 341-346) view the organizational culture as similar to the personality of an individual, that is, an intangible yet ever-present theme that provides meaning, direction, and the basis for action. Culture is defined as the shared values, beliefs, expectations and norms learned by becoming a part of and working in an organization over time. These shared values and beliefs within an organization set a pattern for the opinions of employees and managers, how they approach problems and conduct activities and actions within the organization.

Organizational culture is of critical importance in the institutionalization of strategy because it serves as a bridge between what is formally decreed and what actually occurs in the organization. When the culture is consistent with the strategy, it may become a powerful driving force in implementation.

Managing the organizational culture by understanding the concept and improving the strategy-culture consistency necessitates that the factors which shape the culture be identified. Pearce and Robinson (1985:

344-346) refer to the McKinsey 7-S framework whereby the product of the following broad factors of strategy, structure, systems, styles, staffing, shared values and skills, all shape the culture of the organization. These factors are also the central elements which an organization must use in implementing a strategy.

Pearce and Robinson (1985: 346-354) argue that managing the strategy/culture relationship requires sensitivity to the interaction between the changes necessary to implement the new strategy and the potential compatibility between those changes and the existing culture of the organization. They identify four basic situations illustrated in figure 2.4.7.

**Figure 2.4.7: Managing the strategy/culture relationship**

		<b>CELL 1</b>	<b>CELL 4</b>
		Link changes to basic mission and fundamental organizational norms	Reformulate strategy or prepare for careful long-term, difficult change
<b>CHANGES REQUIRED TO IMPLEMENT</b>	MANY	<b>CELL 2</b>	<b>CELL 3</b>
	FEW	Synergistic - focus on reinforcing culture	Manage around culture
		HIGH	LOW
<b>POTENTIAL COMPATIBILITY WITH EXISTING CULTURE</b>			

Source: Adapted from Pearce, J.A. & Robinson, R.B. 1985. *Strategic management: strategy formulation and implementation*. 2nd edition. Homewood, Illinois: Richard D Irwin, Inc. Figure 11-8. p. 346.

- **The link to mission situation.** In cell 1, the organization faces implementing a new strategy which requires several changes in structure, systems, managerial assignments, operating procedures or other fundamental aspects in the organization. However, most of the changes are potentially compatible with the existing organizational culture.

- **The maximize synergy situation.** In cell 2, the organization faces a situation where a only few organizational changes are needed to implement the strategy and these changes are highly compatible with the current culture.
  
- **The manage around culture position.** In cell 3, the organization faces a situation where a few organizational changes must be made but at the same time these changes are potentially inconsistent with the current organizational culture. Managing around the culture is important when an organization faces a changing factor (such as structure) which is inextricably linked to the current organizational culture.
  
- **The reformulate position.** In cell 4, the organization faces a situation where numerous organizational changes are needed to implement the strategy and furthermore, the number and nature of these changes are incompatible with the current and entrenched values and norms. The organization should again examine the necessity to change so many of the fundamental organizational factors and evaluate whether the changes can be made with any real expectation of acceptance and success. If not, the organization should seriously reconsider and reformulate its strategy. Reformulation may not be in the long-term interests of the organization, however, and may therefore necessitate changes being made in the fundamental culture of the organization.

**Proposition 75:**

With regard to this research, it is suggested that public sector work departments would recognize that numerous organizational changes would be needed to implement formalized project management and would further perceive the changes as incompatible with the current organizational culture. The departments would be in the reformulate position (Pearce & Robinson, 1985) and prefer to alter a strategy for formalized project management rather than change their organizational culture.

#### **2.4.9 General change management model**

Connor and Lake (1988: 143-144) present their general change management model which shows the relationships among the various processes that are prescribed as the means for properly planning and conducting a complex organizational change. The model, which is illustrated in figure 2.4.8, incorporates a process perspective for formulating and implementing a strategy as suggested by Schellenberg (1983) (see table 2.2.1). It comprises four major segments which are described in subsections 2.4.9.1 to 2.4.9.4 and then applied to the field of research in subsection 2.4.9.5.

##### **2.4.9.1 Segment I: Initiating processes**

Connor and Lake (1988: 145-155) identify five steps in the first major segment which may collectively be described as the initiating process. This segment describes the process of change from the acknowledgment of the problems affecting the organization to the formulation of an ideal solution. The steps are:

**Figure 2.4.8: General change management model**

<b>SEGMENT I: INITIATING PROCESS</b>	STEP 1:	ACKNOWLEDGE DESTABILIZING FORCES
	STEP 2:	ANALYZE AGAINST ACCEPTED STANDARDS
	STEP 3:	FORMULATE PROBLEM STATEMENTS
	STEP 4:	SUGGEST SOLUTIONS
	STEP 5:	DEVELOP IDEAL SOLUTION (change: objects, methods, agents and targets)
<b>SEGMENT II: SUITABILITY OF SOLUTION</b>	STEP 6:	DESCRIBE CURRENT ORGANIZATIONAL STATE
	STEP 7:	DESCRIBE FUTURE ORGANIZATIONAL STATE
	STEP 8:	DESCRIBE DIFFERENCES BETWEEN CURRENT AND FUTURE ORGANIZATIONAL STATES
	STEP 9:	DESCRIBE RESTRAINING AND FACILITATING FACTORS
	STEP 10:	REVISE VISION OF FUTURE STATE
<b>SEGMENT III: FORMULATE CHANGE</b>	STEP 11:	CONSTRUCT TRANSITION MANAGEMENT PROFILE
	STEP 12:	DEVELOP STRATEGIES AND TACTICS
<b>SEGMENT IV: IMPLEMENT CHANGE</b>	STEP 13:	IMPLEMENT STRATEGIES AND TACTICS
	STEP 14:	INSTITUTIONALIZE CHANGES
	STEP 15:	EVALUATE THE CHANGE(S)

Source: Adapted from Connor, P.E. & Lake, L.K. 1988. *Managing organizational change*. Prager Publishers. Figure 9.1. p. 144.

- Step 1: Acknowledge the destabilizing forces.** Organizational change begins with the recognition that change is required. It should be acknowledged that the organization is no longer stable and that forces are operating to destabilize it. Elements of the organization may need to be changed to again achieve stability.



- **Step 2: Analyze against accepted standards.** The current conditions in the organization should be compared to standards generally used to judge the adequacy of organizations in general.
  
- **Step 3: Formulate a problem statement.** At this stage the consequences of the problems should be known, but the exact nature of the problems still needs to be determined. A distinction must be drawn between the problem itself and the symptoms of the problem. It is essential to move beyond the list of symptoms in order to discover the true underlying problems. This requires diligent questioning and tracking.
  
- **Step 4: Suggest solutions.** Once problems are clearly identified and defined, solutions may be generated. The solutions may appear spontaneously or may be derived only after considerable analysis. The change that is finally undertaken may incorporate the implementation of several of these proposed solutions.
  
- **Step 5: Develop the ideal solution.** After considering the various of solutions that could be implemented, some must be selected from which a complete picture of the ideal organizational change can then be drawn. The change objects, methods, agents, and targets must be named. Furthermore, the goal of the change that is linked to the problem statement should be included. It should be noted that as the ideal solution is being developed, it may be necessary to revert back to some of the previous steps, such as redefinition of the problem or application of additional diagnostic techniques in order to clarify then still uncertain aspects.

#### 2.4.9.2 Segment II: Suitability of the solution

Connor and Lake (1988: 155-159) identify five steps in the second major segment which determines whether the ideal solution can be implemented but, if necessary, also prepares a revised set of solutions. The steps are:

- **Step 6: Describe the current organizational state.** Describing the current organizational state serves as the control measure against which the future state is viewed.
- **Step 7: Describe the future organizational state.** Having identified the ideal solution and detailed the objects, methods, targets, agents, and the goal of change, a picture of the organization with the changes in place could be drawn. The effects of the intended change on the normal operations of the organization must be envisioned. While it may be difficult to picture the myriad results of seemingly simple changes, this serves as a basis for determining how extensively the change will affect the organization and its employees.
- **Step 8: Describe the differences between the current and future states.** Discovering the real differences between how the organization currently operates and how it is imagined it will operate in the future, provides a change manager with an idea of where certain strategies and tactics may be employed to ensure that change is successfully accomplished. The itemized differences enable the change manager to see the true scope of the change. This also helps to determine which resources would be needed and where problems may arise.
- **Step 9: Describe the restraining and facilitating factors.** The factors that restrain the organization from changing and the factors that facilitate such a change should be specified and their importance

assessed. The description of these factors aid the change manager in deriving strategies and tactics which could either remove or lessen the restraining factors but also could create or augment the facilitating factors.

- **Step 10: Revise the vision of the future organizational state.** The facilitating and restraining factors may change the picture of the ideal state. The revised vision reflects the existing situation and that which is practical and can be realised. Should the ideal change result in many differences that cannot be accomplished, then a revised vision might entail less aggressive goals and approaches. Activities at this point offer the opportunity to factor all that has been learned into the original determination of the proposed change effort.

#### 2.4.9.3 Segment III: Formulating the change

Connor and Lake (1988: 159-165) identify two steps in the third major segment where the actual plans for conducting the change are formulated. The steps are:

- **Step 11: Construct the transition management profile.** This profile represents the activities undertaken both to progress towards the new desired future state and those which provide for the management requirements of the organization during the transition. The profile should take both the facilitating and restraining factors into account. Should the profile disclose conflicts, inadequate resources, or excessive restraining factors, it may be necessary to alter the planned change or its scheduled implementation drastically.
- **Step 12: Develop strategies and tactics for the change.** Strategies and tactics must be developed to accomplish the primary change and

also the changes that will result or must occur as a result of the primary change. Strategies will be chosen to accomplish the change, to exploit the facilitating factors in the current state and to diminish the force of the restraining factors when present. Figure 2.4.9 illustrates a process for choosing strategies.

**Figure 2.4.9: Selection of change strategies**

TIME change quickly? (YES / NO)	EXTENSIVE extensive change? (YES / NO)	TARGET favourably disposed? (YES / NO)	FEASIBLE STRATEGIES	AGENT REQUIREMENTS
		YES (F)	(1) Facilitative	Location and access to essential resources necessary
	YES (F/P)	NO (P)	(2) Political	Power, authority to command action and influence necessary
YES (F/P)	NO (F/P)	YES (F/P)	(3) Facilitative Political	As (1) and (2) above
		NO (P)	(4) Political	As (2) above
		YES (F)	(5) Facilitative	As (1) above
	YES (F/I/A/P)	NO (I/A/P)	(6) Informational Attitudinal Political	Knowledge, personal ability to inform and open channels needed
NO (F/I/A/P)	NO (F/I/P)	YES (F)	(7) Facilitative	As (1) above
		NO (I/P)	(8) Informational Political	As (6) above

Source: Adapted from Connor, P.E. & Lake, L.K. 1988. *Managing organizational change*. Prager Publishers. Figure 9.3. p. 163.

The process is based on the key criteria of a change situation (time, extent of change, favourableness of the change target and agent). The

ordering of the aspects in the decision-tree format allows for the demonstration of the cumulative effect on the choice of the different strategies.

#### 2.4.9.4 Segment IV: Implementing the change

Connor and Lake (1988: 165-171) finally identify three steps in the fourth major segment where the change managers and agents implement and evaluate the changes. The last three steps are:

- **Step 13: Implement strategies and tactics.** The characteristics of the change itself and the facilitating and restraining factors have led the change manager and agent to a particular course of implementation. The implementation of the strategies will follow the developed transition management profile and therefore some of the activities may already have been initiated. Despite the extensive planning done up to this point, it may be possible that not all eventualities would have been foreseen. During implementation, new facilitating and restraining factors may have appeared which would necessitate additional activities. More or fewer resources may be needed and may result in either accelerating or even abandoning the change effort entirely.
- **Step 14: Institutionalize changes.** The change must be institutionalized. The change would be expected to persist if the destabilizing factors were correctly diagnosed, the solution intelligently developed, the targets and agents chosen wisely and the facilitating and restraining factors noted and dealt with by well-designed strategies and tactics.
- **Step 15: Evaluate the change.** The value in assessing an organiza-

tional change is to learn from the mistakes and successes and to apply this knowledge in future efforts. While the change is likely to be evaluated individually and informally, the greatest impact can be gained through a formal evaluation whereby managers and others can recognize which of their actions contributed positively or negatively to the outcome.

Both the results and the process of actually conducting the change should be evaluated. The results can be evaluated against the original change goals and the described future state, and in terms of how well established or institutionalized the change has become. The process can be evaluated on how rapidly the change was accomplished, the costs to individuals and the organization, and the number of unanticipated actions and occurrences it generated.

#### **2.4.9.5 Application of the Connor and Lake general change management model to the research**

With regard to this research and the application of the Connor and Lake (1988) general change management model, it is suggested that the following will apply:

- **Step 1: Acknowledgment of the destabilizing forces.** Public sector work departments will indicate that destabilizing or disrupting forces are present, some organizational adjustments are needed to deal with these forces, the major source of the forces is external, and these departments generally will resist change.
- **Step 2: Analysis against standards.** Public sector work departments will perceive that their past and current performance compares favourably with a so-called "ideal model" of a department in similar

circumstances.

- **Step 3: Problem formulation.** From a macroperspective, the principal problem involves the expected increase in the demand for collective services and the provision of such services and accompanying physical facilities or building accommodation with limited resources.

From a microperspective, the problem involves the optimal provision of building accommodation by the public sector work departments.

The problem on which this research is focused is to determine how formalized project management could effectively and efficiently be implemented in public sector work departments responsible for the construction activities to provide such building accommodation.

- **Step 4: Solutions suggested.** Many solutions could be suggested to the problem central to this research. However, this research assumes that the alternatives to be examined are limited to the formalized application of project management in public sector work departments.
- **Step 5: Ideal solution developed.** While the ideal solution to the problem suggested is the formalized implementation of project management in the public sector work departments responsible for the construction activities to provide building accommodation, empirical research data is needed to determine the objects, methods, agents and targets of change to implement such a solution.
- **Step 6: Current organizational state described.** Public sector work departments will indicate that formalized project management is either (1) applied (2) informally applied or (3) not applied at all.

- **Step 7: Future organizational state described.** It is envisioned that public sector work departments will accept the proposed solution and implement formalized project management.
- **Step 8: Describe differences between the current and future states.** The research will attempt to identify and describe the changes needed to implement formalized project management in public sector work departments.
- **Step 9: Describe the restraining and facilitating factors.** Through gathering empirical data, the research will identify and assess the importance of both restraining and facilitating factors in the accomplishment of the objective to implement formalized project management in public sector work departments.
- **Step 10: Revise the vision of the future organizational state.** Having identified and assessed the factors which restrain and facilitate a transition to formalized project management in public sector work departments, practical considerations may necessitate a revision of the proposed future state.
- **Step 11: Construct a transition management profile.** Following the empirical data gathered, a transition management profile could be constructed detailing the activities needed to proceed to the proposed future organizational state.
- **Step 12: Develop strategies and tactics for the change.** Based on the empirical data obtained on the key criteria, a change strategy will be selected.
- **Step 13: Implement strategies and tactics.** The actual implementing



of the proposed strategy is beyond the scope of the research.

- **Step 14: Institutionalize changes.** Again, this step is beyond the scope of the research but empirical data will be gathered relating to the factors which may affect the institutionalization of the proposed strategy.
  
- **Step 15: Evaluate the change.** Since the actual implementing of the proposed strategy is beyond the scope of the research, it will not be possible to evaluate the actual success of the change by the final result and the process of change. Yet it is envisioned that it theoretically be assessed whether a strategy, derived from the results of respondents could contribute significantly to formalized project management being effectively and efficiently implemented in public sector work departments. The evaluation of the change is thus limited to this theoretical assessment.

#### 2.4.10 Summary

Section 2.4 focused on the process-related issues of strategy formulation and implementation. The purpose was to describe the procedures and the different steps followed in formulating and implementing a strategy for formalized project management.

The section commenced with the presentation of a model for a managed organizational change process against which a "natural" or unmanaged change process was contrasted.

Following the serial logic of this model, the elements of the change process were then described. These include the sources, objects, methods and strategies for change. The two primary sources of change identified were

those originating within and outside the organization. Four main organizational properties which are the objects of change are individual task behaviours, organizational processes, strategic direction and the organizational culture. The methods by which change may be induced include the technological, structural, managerial and human-oriented methods. Change strategies identified include facilitative, informational, attitudinal and political strategies. These strategies are selected on the criteria of time available to effect the change, the extensiveness of the proposed change, the characteristics of both the change agent and targets, and the resources available to implement the change.

The people involved are a further important element in the process of change. These include the change manager, who designs, oversees and generally directs the change, the change agents, who create and conduct the change, and lastly, the change targets, who may be the primary objects of the organizational change or may have to change as result of other changes made in the organization.

Moving to more practical issues of change strategies, change policies reflect the timing, resource availability and allocation, and a programme of transitional management for implementing the actual change. Institutionalizing changes or strategies in an organization is done through the elements of structure, organizational leadership and culture.

Finally, the general change management model of Connor & Lake (1988) was presented in which the four major segments of management of organizational change were detailed: initiating, evaluating, formulating and implementing the change strategy. The fifteen steps indicated in the model were then applied to the field of research in order to demonstrate how the process of formulating and implementing a strategy for formalized project management could be carried out.

## 2.5 CHAPTER SUMMARY

As stated in section 1.3, the purpose of the research is to develop an implementation strategy for the application of formalized project management in public sector work departments responsible for the construction activities by which building accommodation is provided. The literature review was thus focused on three main subject areas: implementation strategies, project management and management of organizational change.

Section 2.2 examined the construct of an implementation strategy. Following the recommendation of Schellenberg (1983), strategy formulation and implementation were viewed from both a content and a process perspective. The content perspective focuses on what the strategy is (i.e. strategy formulation) and what the tools for implementation are (i.e. strategy implementation). The process perspective focuses on how a strategy should be formulated and implemented. This division provided the general analytical framework for the remainder of the literature review.

Section 2.3 reviewed the project management literature. The purpose was to obtain an understanding of the content of formalized project management. Project management focuses on the management of projects. In order to gain an understanding of this approach, it was then necessary to define project management and describe the main elements of this approach, which include the project manager, a project team and a project management system.

It was pointed out that to implement a strategy, change was required. Literature related to the management of organizational change was thus reviewed in section 2.4. The purpose was to examine a general change management model for implementing formalized project management. The

change management model of Conner and Lake (1988), which incorporates a process view of formulating and implementing a strategy, was presented and applied to the specific field of the research.

Where applicable, sections 2.3 and 2.4 included specific research propositions which will be used as the basis for the development of the research questionnaire for the empirical part of the research.