

### 13. Organizational Change

#### Understanding Key Concept

- Change agents are people who take action to change the behavior of people and systems.
- Unplanned change occurs spontaneously and without a change agent's direction.
- Planned change is intentional and occurs with a change agent's direction.
- Unfreezing is the stage at which a situation is prepared for change.
- Changing is the stage in which specific actions are taken to create change.
- Refreezing is the stage in which changes are reinforced and stabilized.
- A force-coercion strategy uses authority, rewards, and punishments to create change.
- A rational persuasion strategy uses facts, special knowledge, and rational argument to create change.
- A shared-power strategy uses participatory methods and emphasizes common values to create change.
- Resistance to change is an attitude or behavior that shows unwillingness to make or support a change.

### Change in Organizations

“Change” is the watchword of the day for many, if not most, organizations. Some of this change may be described as radical change, or frame-breaking change. This is change that results in a major overhaul of the organization or its component systems. In today’s business environments, such radical changes are often initiated by a critical event, such as a new CEO, a new ownership brought about by merger or takeover, or a dramatic failure in operating results. When it occurs in the life cycle of an organization, radical change is intense and all-encompassing.

Another common form of organizational change is incremental change, or frame-bending change. This type of change, being part of an organization’s natural evolution, is frequent and less traumatic. Typical changes of this type include the introduction of new products, new technologies, and new systems and processes. Although the nature of the organization remains relatively the same, incremental change builds on the existing ways of operating to enhance or extend them in new directions. The capability of improving continuously through incremental change is an important asset in today’s demanding environments.

The success of both radical and incremental change in organizations depends in part on change agents who lead and support the change processes. These are individuals and groups who take responsibility for changing the existing behavior patterns of another person or social system. Although change agents sometimes are hired as consultants from outside the organization, any manager or leader in today’s dynamic times is expected to act in a change agent capacity. Indeed, this responsibility is increasingly defined even more specifically as essential to the leadership role. Simply put, being an effective change agent means being a great “change leader.”

### PLANNED AND UNPLANNED CHANGE

Not all change in organizations is the result of a change agent’s direction. Unplanned changes occur spontaneously or randomly. They may be disruptive, such as a wildcat strike that ends in a plant closure, or beneficial, such as an interpersonal conflict that results in a new procedure designed to smooth the flow of work between two departments. When the forces of unplanned change begin to appear, the appropriate goal is to act quickly to minimize any negative consequences and maximize any possible benefits. In many cases, unplanned changes can be turned into good advantage.

In contrast, planned change is the result of specific efforts by a change agent. It is a direct response to someone’s perception of a *performance gap*—a discrepancy between the desired and actual state of affairs. Performance gaps may represent problems to be resolved or opportunities to be explored. Most planned changes may be regarded as efforts intended to deal with performance gaps in ways that benefit an organization and its members. The processes of

continuous improvement require constant vigilance to spot performance gaps—both problems and opportunities—and to take action to resolve them.

#### ORGANIZATIONAL FORCES AND TARGETS FOR CHANGE

The forces for change driving organizations of all types and sizes are ever present in and around today's dynamic work settings. They are found in the *organization–environment relationship*, with mergers, strategic alliances, and divestitures among the examples of organizational attempts to redefine their relationships with challenging social and political environments. They are found in the *organizational life cycle*, with changes in culture and structure among the examples of how organizations must adapt as they evolve from birth through growth and toward maturity. They are found in the *political nature of organizations*, with changes in internal control structures, including benefits and reward systems, that attempt to deal with shifting political currents.

Planned change based on any of these forces can be internally directed toward a wide variety of organizational components. As shown in Figure 1.19, these targets include organizational purpose, strategy, structure, and people, as well as objectives, culture, tasks, and technology. When considering these targets, however, it must be recognized that they are highly intertwined in the workplace. Changes in any one are likely to require or involve changes in others. For example, a change in the basic *tasks*—what it is that people do, is almost inevitably accompanied by a change in *technology*—the way in which tasks are accomplished. Changes in tasks and technology usually require alterations in structures, including changes in the patterns of authority and communication as well as in the roles of workers. These technological and structural changes can, in turn, necessitate changes in the knowledge, skills, and behaviors of people—the members of the organization. In all cases, of course, tendencies to accept easy-to-implement, but questionable, “quick fixes” to problems should be avoided.

#### PHASES OF PLANNED CHANGE

Psychologist Kurt Lewin recommends that any change effort be viewed as a process with three distinct phases—unfreezing, changing, and refreezing, all of which must be well handled for a change to be successful. He also suggests that we may become easily preoccupied with the changing phase and neglect the importance of the unfreezing and refreezing stages.

**Unfreezing** In Lewin's model, unfreezing is the managerial responsibility of preparing a situation for change. It involves disconfirming existing attitudes and behaviors to create a felt need for something new. Unfreezing is facilitated by environmental pressures, declining performance, recognition of a problem, or awareness that someone else has found a better way, among other

things. Many changes are never tried or they fail simply because situations are not properly unfrozen to begin with.

Large systems seem particularly susceptible to what is sometimes called the boiled frog phenomenon. This refers to the notion that a live frog will immediately jump out when placed in a pan of hot water. When placed in cold water that is then heated very slowly, however, the frog will stay in the water until the water boils the frog to death. Organizations, too, can fall victim to similar circumstances. When managers fail to monitor their environments, recognize the important trends, or sense the need to change, their organizations may slowly suffer and lose their competitive edge. Although the signals that change may be needed are available, they aren't noticed or given any special attention-until it is too late. In contrast, the best organizations are led by people who are always on the alert and understand the importance of "unfreezing" in the change process.

#### Changing

The changing stage involves taking action to modify a situation by changing things, such as the people, tasks, structure, or technology of the organization. Lewin believes that many change agents are prone to an activity trap. They bypass the unfreezing stage and start changing things prematurely or too quickly. Although their intentions may be correct, the situation has not been properly prepared for change. This often leads to failure. Changing something is difficult enough in any situation, let alone having to do so without the proper foundations.

#### Refreezing

The final stage in the planned change process is refreezing. Designed to maintain the momentum of a change and eventually institutionalize it as part of the normal routine, refreezing secures the full benefits of long-lasting change. Refreezing involves positively reinforcing desired outcomes and providing extra support when difficulties are encountered. It involves evaluating progress and results, and assessing the costs and benefits of the change. And it allows for modifications to be made in the change to increase its success over time. When all of this is not done and refreezing is neglected, changes are often abandoned after a short time or incompletely implemented.

#### Planned Change Strategies

Managers and other change agents use various means for mobilizing power, exerting influence over others, and getting people to support planned change efforts. As described in Figure 1.20, each of these strategies builds from the various bases of social power. Note in particular that

each power source has somewhat different implications for the planned change process.

#### FORCE-COERCION

A force-coercion strategy uses legitimacy, rewards, or punishments as primary inducements to change. That is, the change agent acts unilaterally to “command” change through the formal authority of his or her position, to induce change via an offer of special rewards, or to bring about change via threats of punishment. People respond to this strategy mainly out of the fear of being punished if they do not comply with a change directive or out of the desire to gain a reward if they do. Compliance is usually temporary and continues only as long as the change agent and his or her legitimate authority are visible, or as long as the opportunities for rewards and punishments remain obvious.

Your actions as a change agent using the force-coercion strategy might match the following profile.

You believe that people who run things are basically motivated by self-interest and by what the situation offers in terms of potential personal gains or losses. Since you feel that people change only in response to such motives, you try to find out where their vested interests lie and then put the pressure on. If you have formal authority, you use it. If not, you resort to whatever possible rewards and punishments you have access to and do not hesitate to threaten others with these weapons. Once you find a weakness, you exploit it and are always wise to work “politically” by building supporting alliances wherever possible.

#### RATIONAL PERSUASION

Change agents using a rational persuasion strategy attempt to bring about change through the use of special knowledge, empirical support, or rational arguments. This strategy assumes that rational people will be guided by reason and self-interest in deciding whether or not to support a change. Expert power is mobilized to convince others that the change will leave them better off than before. It is sometimes referred to as an empirical-rational strategy of planned change. When successful, this strategy results in a longer lasting, more internalized change than does force-coercion.

As a change agent taking the rational persuasion approach to a change situation, you might behave as follows.

You believe that people are inherently rational and are guided by reason in their actions and decision making. Once a specific course of action is demonstrated to be in a person's

self-interest, you assume that reason and rationality will cause the person to adopt it. Thus, you approach change with the objective of communicating—through information and facts—the essential “desirability” of change from the perspective of the person whose behavior you seek to influence. If this logic is effectively communicated, you are sure of the person’s adopting the proposed change.

#### SHARED POWER

A shared-power strategy actively and sincerely involves the people who will be affected by a change in planning and making key decisions relating to this change. Sometimes called a *normative-reeducative approach*, this strategy tries to develop directions and support for change through involvement and empowerment. It builds essential foundations, such as personal values, group norms, and shared goals, so that support for a proposed change emerges naturally. Managers using normative-reeducative approaches draw upon the power of personal reference and also share power by allowing others to participate in planning and implementing the change. Given this high level of involvement, the strategy is likely to result in a longer lasting and internalized change.

As a change agent who shares power and adopts a normative-reeducative approach to change, you are likely to fit this profile:

You believe that people have complex motivations. You feel that people behave as they do as a result of sociocultural norms and commitments to these norms. You also recognize that changes in these orientations involve changes in attitudes, values, skills, and significant relationships, not just changes in knowledge, information, or intellectual rationales for action and practice. Thus, when seeking to change others, you are sensitive to the supporting or inhibiting effects of group pressures and norms. In working with people, you try to find out their side of things and to identify their feelings and expectations.

#### Resistance to Change

In organizations, resistance to change is any attitude or behavior that indicates unwillingness to make or support a desired change. Change agents often view any such resistance as something that must be “overcome” in order for change to be successful. This is not always the case, however. It is helpful to view resistance to change as feedback that the change agent can use to facilitate gaining change objectives. The essence of this constructive approach to resistance is to recognize that when people resist change, they are defending something important and that appears threatened by the change attempt.

## WHY PEOPLE RESIST CHANGE

People have many reasons to resist change. The Effective Manager 1.8 identifies fear of the unknown, insecurity, lack of a felt need to change, threat to vested interests, contrasting interpretations, and lack of resources, among other possibilities. A work team's members, for example, may resist the introduction of advanced workstation computers because they have never used the operating system and are apprehensive. They may wonder whether the new computers will eventually be used as justification for "getting rid" of some of them; or they may believe that they have been doing their jobs just fine and do not need the new computers to improve things. These and other viewpoints often create resistance to even the best and most well-intended planned changes.

**Resistance to the Change Itself** Sometimes a change agent experiences resistance to the change itself. People may reject a change because they believe it is not worth their time, effort, or attention. To minimize resistance in such cases, the change agent should make sure that everyone who may be affected by a change knows specifically how it satisfies the following criteria.

- **Benefit**—The change should have a clear relative advantage for the people being asked to change; it should be perceived as "a better way."
- **Compatibility**—The change should be as compatible as possible with the existing values and experiences of the people being asked to change.
- **Complexity**—The change should be no more complex than necessary; it must be as easy as possible for people to understand and use.
- **Triability**—The change should be something that people can try on a step-by-step basis and make adjustments as things progress.

**Resistance to the Change Strategy** Change agents must also be prepared to deal with resistance to the change strategy. Someone who attempts to bring about change via force-coercion, for example, may create resistance among individuals who resent management by "command" or the use of threatened punishment. People may resist a rational persuasion strategy in which the data are suspect or the expertise of advocates is not clear. They may resist a shared power strategy that appears manipulative and insincere.

**Resistance to the Change Agent** Resistance to the change agent is directed at the person implementing the change and often involves personality and other differences. Change agents who are isolated and aloof from other persons in the change situation, who appear self-serving, or who have a high emotional involvement in the changes are especially prone to such problems.

Research also indicates that change agents who differ from other persons in the change situation on such dimensions as age, education, and socioeconomic factors may encounter greater resistance to change.

#### HOW TO DEAL WITH RESISTANCE

An informed change agent has many options available for dealing positively with resistance to change, in any of its forms. The first approach is through education and communication. The objective is to educate people about a change before it is implemented and to help them understand the logic of the change. Education and communication seem to work best when resistance is based on inaccurate or incomplete information. A second way is the use of participation and involvement. With the goal of allowing others to help design and implement the changes, this approach asks people to contribute ideas and advice or to work on task forces or committees that may be leading the change. This is especially useful when the change agent does not have all the information needed to successfully handle a problem situation.

Facilitation and support involves providing assistance—both emotional and material, for people experiencing the hardships of change. A manager using this approach actively listens to problems and complaints, provides training in the new ways, and helps others to overcome performance pressures. Facilitation and support is highly recommended when people are frustrated by work constraints and difficulties encountered in the change process. A negotiation and agreement approach offers incentives to actual or potential change resisters. Tradeoffs are arranged to provide special benefits in exchange for assurances that the change will not be blocked. It is most useful when dealing with a person or group that will lose something of value as a result of the planned change.

Manipulation and cooptation makes use of covert attempts to influence others, selectively providing information and consciously structuring events so that the desired change occurs. In some cases, leaders of the resistance may be “bought off” with special side deals to gain their support. Manipulation and cooptation are common when other tactics do not work or are too expensive. Finally, explicit or implicit coercion employs the force of authority to get people to accept change. Often, resisters are threatened with a variety of undesirable consequence if they do not go along as planned. This may be done, for example, in crisis situations when speed is of the essence.

Figure 1.21 summarizes additional insights into how and when each of these methods may be used to deal with resistance to change. Regardless of the chosen strategy, it is always best to remember that the presence of resistance typically suggests that something can be done to

achieve a better fit among the change, the situation, and the people affected. A good change agent deals with resistance to change by listening to feedback and acting accordingly.

## The 10 Challenges of Change

In *The Dance of Change: The Challenges to Sustaining Momentum in Learning Organizations*, Peter Senge and his colleagues identify 10 challenges of change. Grouped into three categories—challenges of initiating change, challenges of sustaining momentum, and challenges of systemwide redesign and rethinking—these 10 items amount to what the authors call “the conditions of the environment that regulate growth.”

### Challenges of Initiating Change

1. “We don’t have time for this stuff!” People who are involved in a pilot group to initiate a change effort need enough control over their schedules to give their work the time that it needs.
2. “We have no help!” Members of a pilot group need enough support, coaching, and resources to be able to learn and to do their work effectively.
3. “This stuff isn’t relevant.” There need to be people who can make the case for change—how can connect the development of new skills to the real work of the business.
4. “They’re not walking the talk!” A critical test for any change effort: the correlation between espoused values and actual behavior.

### Challenges of Sustaining Momentum

5. “This stuff is . . .” Personal fear and anxiety—concerns about vulnerability and inadequacy—lead members of a pilot group to question a change effort.
6. “This stuff isn’t working!” Change efforts run into measurement problems: Early results don’t meet expectations, or traditional metrics don’t calibrate to a pilot group’s efforts.
7. “They’re acting like a cult!” A pilot group falls prey to arrogance, dividing the company into “believers” and “nonbelievers.”

### Challenges of Systemwide Redesign and Rethinking

8. “They . . . never let us do this stuff.” The pilot group wants more autonomy; “The powers that be” don’t want to lose control.
9. “We keep reinventing the wheel.” Instead of building on previous successes, each group finds that it has to start from scratch.
10. “Where are we going?” The larger strategy and purpose of a change effort may be obscured by day-to-day activity. Big question: Can the organization achieve a new definition of success?