

TEACHING SCRIPT

SUBJECT:

**Change and crisis management:
past, present and future**

Author:

Jón Snorri Snorrason
dósent – associate professor
Bifrost University

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Change management: fundamental questions for organisations

Summary

Division between the Prescriptive stream of strategy, whose members seek to tell organisations how they should formulate strategy, and the Analytical stream of strategy, whose members seek to understand what organisations actually do to formulate strategy. The former tend to see strategy as a formal, rational and preplanned process; the latter tend to see strategy as a more messy, less rational, emergent process.

Therefore, for the Prescriptive stream, organisational change flows from, and is concerned with implementing, an organisation's predetermined strategy. For the Analytical stream, organisational change is not an outcome of strategy but the process by which it is created and given form. For both streams, change management is vitally important, whether it be for strategy implementation or development. Indeed, the ability to manage change effectively is seen by leading organisations as one of their most important forms of competitive advantage.

Consequently we will focus on understanding change and categorising the main approaches to planning and implementing the changes required to achieve, or shape, strategic objectives. The received wisdom in much of the business world is that change has to be fast, large scale and transformational if organisations are to survive but this does not always have to be the case; sometimes incremental change which does not disturb the essence of a successful business is what is required. As Etzold and Mueller state, 'successful businesses need to carefully balance and align different elements such as strategy, formal organisation, critical tasks, people and culture'. Therefore in order to create the conditions for successful change, organisations have to address five fundamental sets of questions:

1. Why do we want to change?
2. Should we focus on individual, group or system change?
3. Will there be resistance and, if so, where from? How can we gain employee commitment?
 1. Are we ready for change?
4. Who will manage the change process? Do they have the appropriate skills?
5. What are the frequency and magnitude of the changes required in order for us to survive?

An organisation will need to choose an approach to change which is most appropriate in the light of the answers it gives to the above questions. For example, an organisation seeking to bring about transformational change is likely to require a different approach to change than one seeking incremental change. Similarly, an organisation which is unused to and unready for change is likely

to require a different approach to one which is ready and where change is the norm. In the next three sections, we will examine the main approaches to change and identify the situations in which they can most appropriately be used.

Planned change and Organization Development (OD)

Summary

We examined five fundamental questions which organisations need to address in order to create the conditions for successful change. The focus is on understanding and categorising the main approaches to planning and implementing change. This examines the Planned approach to change, which was developed by Kurt Lewin in the 1940s. This approach dominated both the theory and practice of change management from then until the 1980s, when it met with increasing levels of criticism, especially from those questioning its suitability for organisations operating in dynamic and unpredictable environments.

After the death of Lewin in 1947, the Planned approach to change was taken up by and became the central focus of the Organization Development (OD) movement in the USA. In its origins, it is an approach to change which focuses upon improving group performance by bringing together managers, employees and a change consultant. Through a process of learning, those involved gain new insights into their situation and are thus able to identify more effective ways of working together. Advocates of Planned change, especially the earlier ones, believe that group learning and individual development are at least as important as the actual change process itself. This, in part, arises from the humanist and democratic values that underpin Planned change and which derive from Kurt Lewin's background and beliefs.

Under the auspices of OD, however, the influence of these values has lessened. The focus of Planned change has moved from conflict resolution to performance enhancement, as OD has grown into a thriving consultancy industry aimed almost exclusively at resolving problems within client organisations. Therefore it is possible to draw a distinction between those proponents of Planned change, especially Lewin and early pioneers, who take an Analytical approach, and those who take a more Prescriptive approach, especially those whose livelihood depends upon their selling their services as change consultants.

Then proceeds to examine the criticisms of the Planned approach to change, especially its perceived unsuitability in situations requiring organisation-wide change or to organisations operating in fast-moving and uncertain environments. Concludes by arguing that as a consequence of the criticisms of the Planned approach, newer perspectives on change came to the fore in the 1980s and 1990s, one of which in particular has gained considerable prominence in the literature. Though aspects of it have been given a number of different labels, such as continuous improvement or organisational learning, it is more often referred to as the Emergent approach to change.

Developments in change management Emergence challenges emergent change as OD strikes back

Summary

The Planned approach was considered to be the best way of managing change. However from the early 1980s onwards, the Planned approach faced a torrent of criticisms as to its suitability in a world of rapid and unpredictable change. In the light of these criticisms of the Planned approach, describes the Emergent approach and makes the case for its being the best way to manage change.

The Emergent approach sees organisational change as an ongoing process of adaptation to an unpredictable and ever-changing environment. For proponents of this view, change is a messy, unpredictable, open-ended and political affair. In such a situation, it is impossible for a few managers at the top of an organisation to identify and implement all the changes necessary to keep the organisation aligned with its environment. Consequently, successful change is a bottom-up, emergent, response to events.

However, just as the Planned approach to change can be criticised as limited and flawed, similar criticisms can be made of the Emergent approach. In particular, it seems less a coherent approach to change and more a label for a collection of approaches critical of Planned change.

Its proponents appear to disagree about key elements of Emergent change such as culture, organisational learning and the role of managers. In addition, the Emergent approach is criticised for its over-emphasis on the political dimension of change and its view that all organisations operate in a dynamic and unpredictable environment. It is also clear that Emergent change is limited in terms of both the types of organisational change to which it can be applied, and how it can be applied. Therefore, though it has apparent advantages over the Planned approach, or rather it is applicable to situations for which Planned change may not be considered suitable, an examination of the Emergent approach reveals that there are serious question marks over its coherence, validity and general applicability. It also shows that, some 30 years since its inception, it still lacks the tools and techniques necessary to provide a practical alternative to Planned change. Following this examines the merits of complexity-based Emergence as an approach to change. It also shows that, despite the rumours of its demise, the Planned/OD approach to change appears to have staged a remarkable recovery in recent years.

Concludes by arguing that even taken together, neither the Planned approach nor the Emergent approach cover the broad spectrum of change events organisations encounter. Though both Planned and Emergent change have important theoretical and practical benefits, their dominance of the change literature appears to have led to a neglect of other approaches to change. In order to address this neglect, we will examine the change situations faced by organisations, and will construct a Framework for Change, which identifies the range of change situations and a matching range of approaches to change.

A framework for change Approaches and choices

Summary

We have reviewed the Planned and Emergent approaches to change, examining their strengths and weaknesses and the situations they are designed to address. Though the Planned approach seemed to have been eclipsed by the Emergent approach, in recent years it has been experiencing a renaissance; whilst the Emergent approach is itself being challenged by the relatively new concept of Emergence. Nevertheless, the Planned and Emergent approaches still dominate the change literature, despite the fact that – even taken together – they do not cover the broad spectrum of change events that organisations encounter, as the rise of Emergence, for example,

shows. In addition, the emphasis on these two approaches has led to a neglect of other perspectives on change. In order to address this neglect, we seek to identify the range of change situations organisations face and match these to a wider group of approaches. This enables the construction of a Framework for Change that allows different change situations to be matched to appropriate approaches to managing change.

It is argued that, by manipulating key variables in this framework, it is possible for organisations to have genuine choices in what to change, how to change and when to change. The concept of a Framework for Change which allows approaches to change to be matched to environmental conditions and organisational constraints is clearly attractive. The fact that it incorporates the potential for managers, and others, to exercise some choice or influence over their environment and other constraints allows the model to move beyond the limitations of mechanistic and rational perspectives on organisations, and into the heartland of organisational reality. In addition, though not by accident, it is in harmony with the approach to strategy in general.

Next comprises three interlinked processes – choice, trajectory and change – provides an understanding of how managers and organisations can and do exercise choice and manage change. Given the importance attached to the role of managers in developing strategy and managing change reviews what managers do and how they do it. In particular, the role of leadership and management development is examined and related to approaches to change management. The managers have considerable choice over what to change and how to change it, a considerable responsibility lies on their shoulders. How organisations change and develop has enormous consequences, not just for their employees and owners but for society at large. In order to minimise social fragmentation and exclusion, and the destruction of the natural environment, managers need to act in the broader interests of all their stakeholders – employees, shareholders, themselves and the wider community.

Organisational change and managerial choice Part 1: The choice process and the trajectory process

Summary

Change comes in a wide variety of shapes and sizes. It can be a complex, ambiguous and openended phenomenon; it can also be relatively straightforward with understandable and limited objectives. In order to cope with the wide variety of types of change, there is a need for a corresponding variety of approaches to strategy development and change management.

Nevertheless, this does not make change a mechanical process of matching approaches to situations. Managers can exercise choice in what to change, when to change and how to change. The implications of managerial choice for the nature and focus of change management are significant. Change management need not be seen as a mechanism for achieving a specified and predicted outcome (the Planned approach). Nor need it be conceived of as a continuing process of aligning and realigning the organisation with its environment (the Emergent approach).

Instead, as this will show, by linking managerial choice to the management of change, organisations can open up a much wider spectrum of options. These range from focusing on achieving radical internal change to align an organisation with its external constraints, doing the same in an attempt to restructure such constraints, to influencing or changing external constraints in order to avoid internal upheavals. In exercising choice in such a way, not only are managers trying to make sense of their situation for themselves and others, but they are also seeking to construct a more favourable reality as well. It begins by presenting an overview of the Choice Management–Change Management model for understanding and implementing organisational change. This is followed by a detailed description of two of the three components of the model: • The Choice process – which is concerned with the nature, scope and focus of organisational decision-making. • The Trajectory process – which relates to an organisation’s past and future direction and is seen as the outcome of its vision, purpose and future objectives.

This will show that choice is an uncertain, complex and time-consuming process, but that there are approaches that do reduce these factors and can make the process more transparent and effective. Even so, the degree of transparency and the efficacy of the choice process are heavily influenced by an organisation's ability to turn choices into workable strategies and to turn strategies into successful actions. This leads on to the discussion of the trajectory process which, while playing a key role in shaping choice, is also itself a complex process comprising vision, strategy and change. A key factor in the alignment of these is the last component of the Choice Management–Change Management model, the change process. Though change is driven by an organisation's vision and strategy, change also helps to shape these. Indeed, it is only when change takes place that decisions mean anything, visions cease to be words on paper and strategies start to be enacted.

Organisational change and managerial choice Part 2: The change process

Summary

We introduced the Choice Management–Change Management model, and discussed the Choice process and the Trajectory process components of the model. Now completes the examination of the model by examining the change process element. In so doing, particular attention is paid to the behavioural aspects of change.

Though the Choice Management–Change Management model offers significant theoretical avenues for understanding how organisations and managers operate, it also offers considerable practical benefits as well. It shows that organisations need not radically restructure themselves, but could seek to influence the constraints they face to bring them more in line with their existing organisational arrangements. It also raises fundamental questions about what managers can do and what they do in terms of running and shaping their organisations. In particular, it raises questions about the way that managers can make sense of their situation for themselves and others and, in so doing, construct alternative scenarios or realities for their organisation's future.

It concludes by maintaining that though organisations may choose to restructure their internal operations and practices in order to align them with the external circumstances they face, they can also choose to change or modify external and internal conditions and constraints in order to

avoid extensive internal upheaval and/or to bring the constraints into line with their preferred modus operandi. Whatever choices are made, it is the role of managers consciously to explore and identify all the available options, however improbable they seem, rather than assuming that they have no, or only limited, choice in the matter.

Management, leadership and change

Summary

Many writers have made a case for visionary leadership being the key to an organisation's success. Certainly, the transactional, steady-as-she-goes type of manager is very much out of favour. However, the case for transforming managers, as well as organisations, tends to be based on a biased view of what managers need to do and, often, only a shallow understanding of what they actually do. In order to come to grips with the nature of managerial work, and the extent to which a rethink of how managers operate is required, the concluding of this examines the main theories and practices of management. It begins by examining the implications of globalisation, especially in terms of sustainability, workforce diversity and business ethics. This highlights the need for managers not just to acquire appropriate skills and competences but also to adopt appropriate behaviours. This leads on to a review of the literature on what managers are supposed to do and what they really do. This shows that, despite what leading thinkers such as Fayol and Weber believed and advocated, most managers are driven by expediency and operate in a responsive mode.

Then moves on to discuss the main approaches to leadership in organisations:

- The Personal Characteristics/Traits Approach to Effective Leadership
- The Leader–Follower Situation Approach Effective Leadership
- The Contextual Approach to Effective Leadership.

It draws especial attention to the need to examine the ethical dimension of leadership and ethical approaches to leadership. The aim is to identify the characteristics and contexts which make for effective and ethical leadership. This is followed by an examination of the education and development of managers. This shows that managers can broaden their outlook and develop the creative, inductive and questioning side of their personalities through more formal learning situations, in addition to learning from experience. Then proceeds to construct a Framework for Management, Leadership and Change which links the Framework for Change developed to the approaches to management and leadership identified here.

The result is a framework which brings together both approaches to managing change and approaches to managing organisations. The managers have an important responsibility to identify and exercise choice, when faced with situations which require change. Though choice can be determined on a very narrow basis of short-term financial return, increasingly managers will have to take into account wider organisational and societal factors. Especially, important in this respect is that managers should be prepared to question trends and advice which seem designed to increase organisational and societal instability and fragmentation, as the interests of society in general and their own organisations in particular may be better served by seeking stability.

If followed widely, this would have two effects. Firstly, the result of many organisations seeking stability would be to reduce the overall level of turbulence in the environment. This is because organisations and their environment are not separate entities, but part of the same system. If organisations become more stable, so too does the environment.

Conversely, if – as recommended by Tom Peters – organisations adopt internal chaos to cope with external chaos, this merely acts to increase the overall turbulence in the system: in effect, vicious spiral of increasing chaos is created. The second consequence of organisations seeking stability is that it increases stability in society, in that jobs and communities become more stable. Therefore, as a final note: organisations face many challenges and choices. Some organisations will find that their room for manoeuvre is very limited. Others may find that there is considerable scope for discretion.

It is the role of managers to ensure that all available options and choices are identified, and that the choices made take account of both the short- and longterm interests of all their stakeholders, whether these be shareholders, employees, the managers themselves or the community at large.

The worst managers may not be those who make poor choices; it may be those who fail to recognise that there are choices to be made.