The Concept of Change Management in Today's Business World

Naveed Saif

PhD scholar Gomal University D.I Khan

Tel: +92-333-9300811 Email: naveedsaif_naveedsaif@yahoo.com

Nasir Razzaq

PhD Scholar SZABIST Islamabad

Tel: +92-336-5505398 E-mail: master_nasir18@yahoo.com

Shafiq Ur Rehman

Lecturer University of Malakand, Pakistan

Tel: +92-333-9842005 E-mail:shafiqol@hotmail.com

Dr. Aziz Javed

Department of Business Administration Gomal University

Dera Ismail Khan KPK Pakistan

Bilal Ahmad

MS Scholar Air University Islamabad

Tel:+92-345-9111858 E-mail:bamafeap@gmail.com

Abstract

Companies are most likely to be successful in making change work to their advantage are the ones that no longer view change as a discrete event to be managed, but as a constant opportunity to evolve the business. The purpose of this study is to critically evaluate the concept of change management in today's business world. Focus of the debate should be on existing literature.

Keywords: Change management, Lewin's change model, business world.

1. Introduction

In today's hyper turbulent environment, organizations are challenged on regular basis to make strategic change in response to the dynamic customer demand, technological advancements, and competitive activities. To be competitive and cope with the advancement in the market place, organizations need to familiarize their structures and processes in a flexible way. Nowadays organizations change constantly and effective change management is essential for organizational development and survival. In contrast, such changes may lead to a great deal of uncertainty and stress among employees (Callan, 1993; Terry & Jimmieson, 2003). Studies have shown that 60 percent of change initiatives fail (CIPD, 2011). Though, in practice we find that employees often respond negatively toward change due to increased work pressure and stress (Jones et al., 2008; Self & Schraeder, 2009; Pech & Oakley, 2005). If employees are ignored in the planning and implementation of organization change, it is expected that the entire practice will be extremely stressful for individuals, and the adverse effects of which will manifest themselves in a variety of ways which are costly to the organization (McHugh, 1997). Firms that fail to convey the urgency of the need to change to their employees, that do not provide a behavioral roadmap for the change, and that fail to institutionalize the change (Cummings & Worley, 2008; Kotter, 1995; Lewin, 1947). Employees are the key asset of any organization and they are affected the most in change activity, for long lasting successful change activity you must properly address your employees to gain the acceptance and agreement. Change is the only constant and those companies which are changing on a regular basis in order to gain the market share and not viewing change as a discrete event to be managed, are successful and grasping market opportunities in order to achieve their core purpose of generating profit maximization.

1.1 Main Body

We live in a world that has been turned upside down. Companies are pouring money, technology, and management expertise into regions that were once off limits, acquiring new enterprises, forming joint ventures, creating new global businesses from the ground up. Many major companies are going through significant changes, including outsourcing, downsizing, reengineering, self-managed work teams, flattening organizations, and doing routine jobs with automation and computers. Today's organizations are in completely flux: changing their ways, concentrations, increasing or narrowing their activities and redesigning their products and services. It is expected that in the coming few years' organizations will not be the same as they are today. "The next few decades will bring about an avalanche of change and that most people and organizations will not be prepared for the vastly accelerated pace of change" (Toffler, 1970). He focuses on the rate or pace of change, quality and quantity of change, individuals, organizations and unpreparedness. He depicts the future picture, which is quite right looking at the rapid changes and advancement in almost every part of life. Individuals, groups and

organizations have to prepare themselves in advance for the upcoming changes and make their strategies accordingly. According to Schein (2002), "Learning that creates stability and culture is different from the learning that enables organizations to innovate as they encounter changing conditions in both their external and internal environment." Here Schein (2002), referred to the phenomenon of change, as managers and consultants, we need to distinguish three basic types of change that occur in all human groups and organizations, natural evolutionary changes, planned and managed changes and unplanned revolutionary changes.

 "If we could understand the ways in which individuals were motivated we could influence them by changing the components of that motivation process" (Handy, 1976). The fundamental theme here is that individuals can be control and their behavior can be foreseen in a scientific or methodological manner which is the major emphasis of management that is how to control, predict and motivate human behavior for productivity enhancement. During the change process employees may suffer the most, which have different reasons and they may resist due to loss of control, shock of the new, uncertainty, inconvenience, threat to status and competence fear. (Rafferty & Griffin (2006) have contended that employees' perception of change is influenced by the following three change characteristics: the frequency of change, the degree of planning involved in the change, and the magnitude of the change. Many things can cause organizational change which may include challenges of growth, especially global markets, challenge of economic downturns and tougher trading conditions, changes in strategy, technological changes, competitive pressures, including mergers and acquisitions, customer pressure, particularly shifting markets, to learn new organization behavior and skills, government legislation/initiatives (CIPD, 2011).

The chief information officer (CIO) of a major insurance company noted: In the late 1980s, I began to look at how technology was linked to our overall corporate strategy. I tried to assess how new applications impacted the enterprise; my intuition was that we were investing a lot but not getting the desired productivity. As I began to focus on what we were doing, it was clear that, generally, we did not change the processes that were being automated. Rather, we took sophisticated applications and layered them onto an old organization. I began to envision a need to reengineer. Further, in all of our years of focus on the technology, it was as if we had been looking through the wrong end of the telescope.

The successful twenty-first century manager must deal with a chaotic world of new competitors and constant innovation. In the future the only winning companies will be the ones that respond quickly to change. Modern manager must not only be flexible and adaptive in a changing environment but must also be able to diagnose problems and implement change programs. Keeping in view today's changing environment managers have to be able to introduce and manage change to ensure the organizational objectives of change are met, and they have to ensure that they gain the commitment of their people, both during and after implementation. Often, at the same time, they also have to ensure that business continues as usual (CIPD, 2011). According to Lazarus & Folkman (1984), the effective management of the psychological transition of employees is vital to achieve successful organizational change. Poor management of this transition is associated with feelings of threat, frustration and anxiety in relation to issues of job security and uncertainty (Nielsen et al., 2007). Kotter (1990) has studied effective leadership of change for many years. One of his messages is that leadership involves establishing direction, aligning people and then motivating and inspiring to accomplish the outcomes planned. To be effective and to gain long lasting results, the process of change needs to be planned sensibly. McKinsey 7S framework confirms that all parts of your organization work in coordination with each other. Developed by (Waterman, Peters, & Phillips, 1980) working at the McKinsey & Company consulting firm, the core principle of the model is that there are seven internal characteristics of an organization which needs to be united if it is to be successful. Let's look at each of the elements precisely: Strategy: the plan formulated to sustain and construct competitive advantage. Structure: the way the organization is structured and who reports to whom. Systems: the daily activities and procedures that staff members engage in to get the job done. Shared Values: called "superordinate goals" when the model was first developed, these are the core values of the company that are evidenced in the corporate culture and the general work ethic. Style: the style of leadership adopted. Staff: the employees and their general capabilities. Skills: the actual skills and competencies of the employees working for the company.

Shared Values is placed in the middle of the model, highlights that these values are central to the development of all the other critical components. The company's structure, strategy, systems, style, staff and skills all originated from why the organization was originally created, and what it stands for. The original vision of the company was formed from the values of the creators. As the values change, so do all the other components.

Whatever the type of change restructuring, new processes, organizational merger, new systems, change of leadership, and so on, the model can be used to understand how the organizational elements are interrelated, and so ensure that the wider impact of changes made in one area is taken into consideration.

Taking the example of New Trilogy Software–A New Kind of Company:

A failure of Stanford, Joe Liemandt, formed a small software company; Trilogy Software Inc. Beginning with a small investment, the company cultivated from 400 to 1000 employees within a short duration of four years.

Currently, Trilogy is among the world's leading privately held software companies and is a prominent supplier of industry-specific software.

Those who work for Trilogy are all shareholders. They are all managers. They are all partners. To call them as "workers" would be wrong. Since the foundation of Trilogy Software, the founder knows one thing that Trilogy is governed by talented people. He also knows that his biggest problem isn't competitive companies but to hold and retain the talented people he got. He thinks that recruiting and developing people is of immense of importance, that's number one task to perform. Trilogy is going head-to-head with Microsoft and other biggies in the talent hunting. They have a very clear viewpoint of what Trilogy is and what they practice. They know how to empower people, how to make bold decisions.

The economy is developing new types of organizations with new kinds of practices and operating rules for dragging people together. These companies offer many of the advantages of free agency; flexibility in how, when, and where you work; compensation linked to what you contribute; autonomy to move from project to project. On the other hand, they also offer the advantages of belonging to an organization in which mutual commitment forms continuity.

The rapid growth in global, economic and technological advancement creates change an unavoidable aspect of organizational life. Though, change that is planned by its affiliated can be distinguished from change that takes place to an organization. It is normally originated and implemented by managers, usually with the help of an organization development practitioner who may be internal or hired from outside of the organization. Organizations can practice planned change to deal with problems, to learn from experience, to reframe joint perceptions, to familiarize with external environmental changes, to improve current performance, and to influence upcoming changes. All approaches to organization development depend on some theory about planned change. These theories describe various stages with the help of which planned change may be effectively implemented in organizations and describe the process of applying organization development methods to help organization members accomplish change.

According to Lewin's change model, who define three stages of change, unfreezing, change movement and refreeze. The first step of change processes it to unfreeze the current scenario of behavior as a technique of managing confrontation to change. Contingent on the level of organizational change envisioned, this stage of unfreezing might be, on the individual level, selectively promoting, demoting or firing employees; on the structural level, developing highly empirical training programs on different organization designs as matrix management; or, on the climate or interpersonal level, providing data based response on how employees respond to certain management activities. Change may involve on any level, proper roadmap has to be created for such kind of interventions which makes organizational members address that level's requirement for change, enhance awareness in your employees of their personal behavioral patterns, and allow them response positively and more friendly to the change process.

The second stage, change movement, involves the actual action steps need to be taken to which will move the organization to some other level of response. We would assume to see people responding in a different way, perhaps representing new skills or new supervisory practices on the individual level. Structural level might include expected changes in real organizational structures, change in reporting of employees, and reward systems that may affect the way people do their routine task. Lastly, on the climate or interpersonal level, expectation is to realize behavior patterns that specify better interpersonal trust and openness and less dysfunctional exchanges.

The third and final stage, refreezing, involves making change stable and institutionalizing all those changes by forming systems that make such behavioral patterns comparatively more safe and secure against change. The refreezing stage may involve, for example, redesigning the organization's recruitment process to increase the likelihood of hiring applicants who share the organizations new management style and value system. During the refreezing stage, the organization may also ensure that the new behaviors have become the operating norms at work, that the reward system actually reinforces those behaviors, or that a new, more participative management style predominates.

According to Lewin, the first step to achieving long-term organizational change is to deal with confrontation to change by unblocking the existing system. This unblocking usually requires some kind of conflict and a reeducating process established on planned behavioral changes in the anticipated path. Finally, thoughtful steps need to be occupied to strengthen these changes in place; this "institutionalization of change" is planned to make the changes semi-permanent until the need for another change arises.

The action research model emphases on planned change as a repeated process in which preliminary research is about the organization provides information to guide succeeding action. Then the outcomes of the action are measured to provide further facts and figures to guide further action. This repeated cycle of research and action involves significant teamwork among organization members and organization development practitioners. It mainly focuses on data collection and diagnosis before action planning and implementation, along with vigilant

evaluation of results after action is taken. The main phases involved in the action research model are: entry phase (problem identification), contracting phase (consultation with behavioral science expert), diagnosis (data gathering and preliminary diagnosis), feedback (feedback to a main client or group), planning change (joint action planning), intervention (action), and evaluation (data gathering after action).

Action research has to go through two key adaptations. First, contemporary applications have increased significantly the amount of member participation in the change process. That compares with traditional methods to planned change, whereby consultants perform most of the change activities, with the settlement and cooperation of management. Although consultant still dominated change activities in organization, there is a growing inclination of involving organization members in learning about their organization and about how to change it. This method to plan change highlights the necessity for organization members to learn firsthand about planned change if they are to gain the knowledge and skills needed to change the organization.

The second adaptation to action research is the combination of a "social constructionist" approach to planned change known as "appreciative inquiry"; this model suggests that words and conversations govern what is significant and meaningful to organizational life. Appreciative inquiry supports organization members to recognize and describe their organization when it is functioning at its best. This information is then used for generating an influential and guiding image of what the organization needs to be. High participation of organization members in generating the vision starts a new conversation about the organization's potential and makes a new emphasis and encouraging expectation.
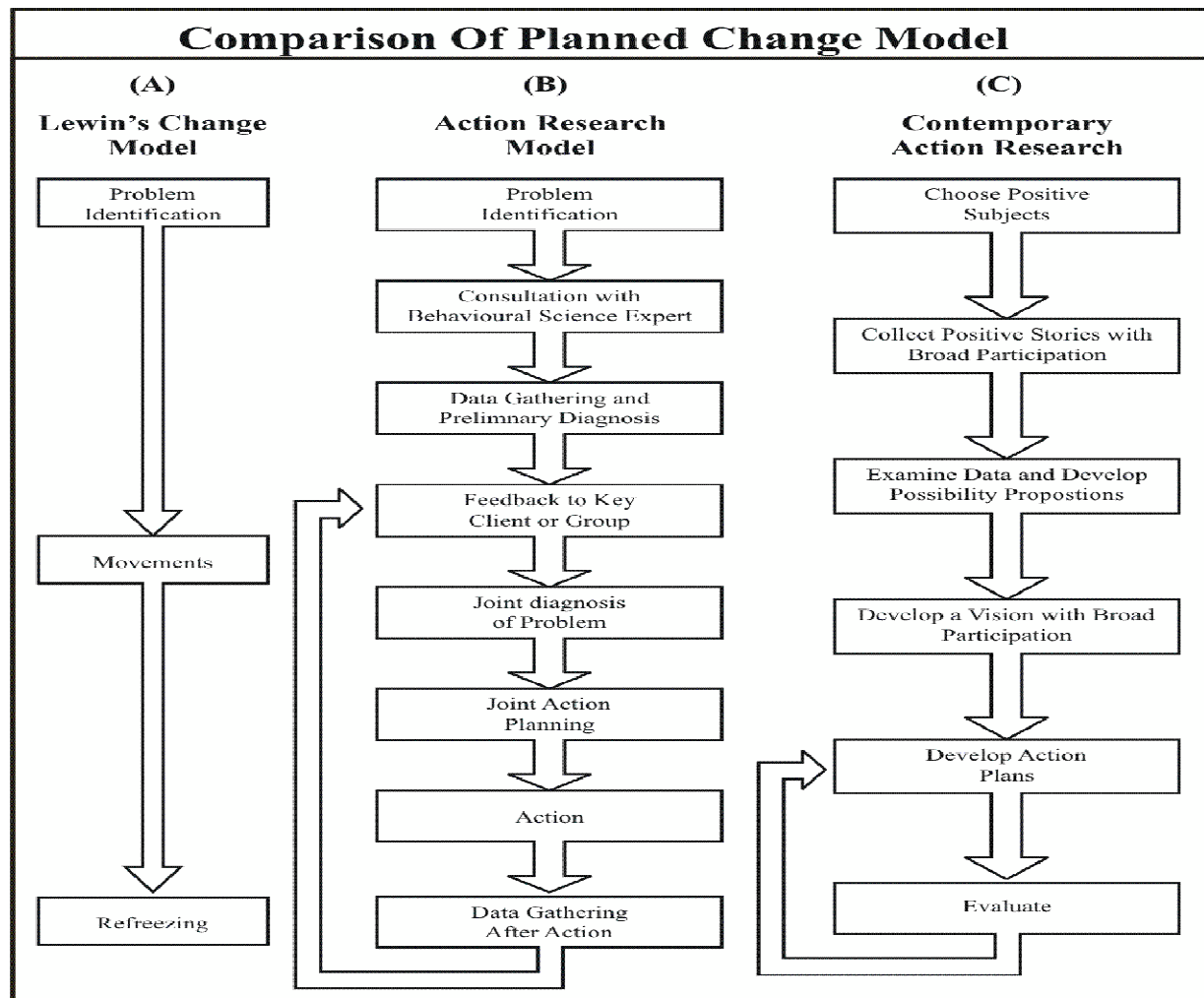
These three models of change (Lewin's change model, the action research model, and contemporary adaptations to the action research model) suggest a general framework for planned change. The framework describes the four basic activities that practitioners and organization members jointly carry out in organization development which are; entering and contracting, diagnosing, planning and implementing change, evaluating and institutionalizing

change. The arrows connecting the different activities in the model show the typical sequence of events, from entering and contracting, to diagnosing, and to planning and implementing change, to evaluating and institutionalizing change. The lines connecting the activities emphasize that organizational change is not a straightforward, linear process but involves considerable overlap and feedback among the activities.
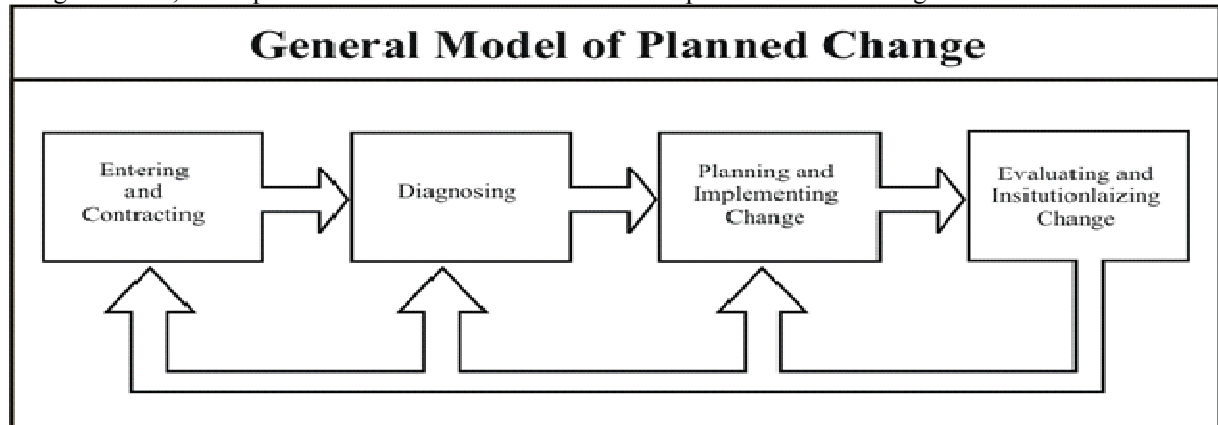
Although the planned approach to change is well-known and held to be highly effective, although there is some criticism on planned change. Firstly, it is suggested that this approach's emphasis on small-scale and incremental change, and it is, therefore, not applicable to situations that require rapid and transformational change (Senior, 2002).

Secondly, the planned approach is based on the assumptions that organizations operate under constant conditions, and that they can move in a pre-planned manner from one stable state to another (Bamford & Forrester, 2003). Moreover, it is suggested that organizational change is more an open-ended and continuous process than a set of pre-identified set of discrete and self-contained events (Burnes, 1996, 2004). By attempting to lay down timetables, objectives and methods in advance it is suggested that the process of change becomes too dependent on senior managers, who in many instances do not have a full understanding of the consequences of their actions (Wilson, 1992).

Thirdly, the approach of planned change ignores situations where more directive approaches are required. This can be a situation of crisis, which requires major and rapid change, and does not allow scope for widespread consultation or involvement (Burnes, 1996, 2004). Finally, the critics argue that the planned approach to change presumes that all stakeholders in a change project are willing and interested in implementing it, and that a common agreement can be reached (Bamford & Forrester, 2003). This presumption clearly ignores organizational politics and conflict, and assumes these can be easily identified and resolved (Burnes, 1996, 2004). Keeping in view all these discussion, theories and models, we came to know about the process of effective change management and different steps involved in it. Change is an inevitable activity for today's businesses and organizations. But on the other hand if this change is not managed appropriately it may severely affect organization performance, efficiency and effectiveness. This may result in loss of market position, loss of stakeholder trustworthiness, loss of important employees and removal of senior management.

1.2 Conclusion

Hence, change will remain to be a most important feature of organizational life; effective change management will lead organization to the path of success, leader in the industry and gaining competitive advantage. Managers will need to devote considerable time and resources in helping employees deal with uncertainty of change. A prerequisite approach to change help individuals to cope with uncertainty of change is a better understanding of the psychological nature of and response to uncertainty, which will result in a successful change implementation and gain a competitive advantage. The pace of change has never been greater than in the current continuously progressing business environment. Therefore, the successful management of change requires expert level of skills and techniques. However, the management of organizational change still in the current era tends to be reactive, not on regular basis and unplanned. This may indicate a basic lack of a valid framework of how to successfully implement and manage organizational change since what is currently available is a wide range of contradictory and confusing theories and approaches, which are mostly lacking empirical evidence. Leading change is a difficult task, so it is significant for managers to be skillful in how to overcome confrontation to change, including education and communication, participation and involvement, negotiation and agreement, manipulation and cooperation, and the use of coercion. Hence, today's businesses and organizations must see

change as an opportunity to further advance their performance, but if on the other side, they shown resistance to change they will remain far behind or may be fired from the market.

References

Bamford, D. R., & Forrester, P. L. (2003). Managing planned and emergent change within an operations. *International Journal of Operations & Production Management, 23*(5), 546-564.

Burnes, B. (1996). No such thing as … a "one best way" to manage organizational change. *Management Decision, 34*(10), 11-18.

Burnes, B. (2004). *Managing change: A strategic approach to organisational dynamics* (4th ed.). Harlow: Prentice Hall.

Callan, V. J. (1993). Individual and organizational strategies for coping with organizational change. *Work & Stress, 7*, 63-75.

CIPD. (2011). *Chartered Institute of Personnel and Development*. Retrieved November 2011, from http://www.cipd.co.uk/hr-resources/factsheets/change-management.aspx

Cummings, T. G., & Worley, C. G. (2008). *Organization Development and Change* (9th ed.). South-Western Cengage Learning.

Handy, C. (1976). *Understanding Organizations* (4th ed.). New York: Penguin Books.

Jones, L., Watson, B., Hobman, E., Bordia, P., Gallois, C., & Callan, V. J. (2008). Employee perceptions of organizational change: impact of hierarchical level. *Leadership & Organization Development Journal, 29*(4), 294-316.

Kotter, J. (1990). *A force for change*. New York: The Free Press.

Kotter, J. P. (1995). Leading Change: Why Transformation Efforts Fail. *Harvard Business Review, 73*(2), 59-56.

Lazarus, R. S., & Folkman, S. (1984). *Stress, Appraisal, and Coping* . New York: Springer.

McHugh, M. (1997). The stress factor: another item for the change management agenda? *Journal of Organizational Change Management, 10*(4), 345-362.

Nielsen, K., Randall, R., & Albertsen, K. (2007). Participants' appraisals of process issues and the effects of stress management interventions. *Journal of Organizational Behavior, 28*(6), 793-810.

Pech, R. J., & Oakley, K. E. (2005). Hormesis: an evolutionary 'predict and prepare' survival mechanism. *Leadership & Organization Development Journal, 26*(8), 673-687.

Rafferty, A. E., & Griffin, M. A. (2006). Perceptions of organizational change: a stress andcoping perspective. *Journal of Applied Psychology, 91*(5), 1154-1162.

Schein, E. H. (2002). Models and Tools for Stability and Change in Human Systems. *Society for Organisational Learning & MIT, 4*(2).

Self, D. R., & Schraeder, M. (2009). Enhancing the success of organizational change: matching readiness strategies with sources of resistance. *Leadership & Organization Development Journal, 30*(2), 167-182.

Senior, B. (2002). *Organisational Change* (2nd ed.). London: Prentice Hall.

Terry, D. J., & Jimmieson, N. (2003). A Stress and Coping Approach to Organisational Change: Evidence From Three Field Studies. *Australian Psychologist, 38*, 92-101.

Toffler, A. (1970). *Future Shock.* New York: Random House.

Waterman, R. H., Peters, T. J., & Phillips, J. R. (1980, June). Structure is not organization. *Business Horizons*.

Wilson, D. C. (1992). *A Strategy of Change: Concepts and Controversies in the Management of Change.* London: Routledge.

CALL FOR PAPERS

The IISTE is currently hosting more than 30 peer-reviewed academic journals and collaborating with academic institutions around the world. There's no deadline for submission. **Prospective authors of IISTE journals can find the submission instruction on the following page:** http://www.iiste.org/Journals/

The IISTE editorial team promises to the review and publish all the qualified submissions in a **fast** manner. All the journals articles are available online to the readers all over the world without financial, legal, or technical barriers other than those inseparable from gaining access to the internet itself. Printed version of the journals is also available upon request of readers and authors.

IISTE Knowledge Sharing Partners

EBSCO, Index Copernicus, Ulrich's Periodicals Directory, JournalTOCS, PKP Open Archives Harvester, Bielefeld Academic Search Engine, Elektronische Zeitschriftenbibliothek EZB, Open J-Gate, OCLC WorldCat, Universe Digtial Library , NewJour, Google Scholar