

business and less as a professional club, and (3) learning how to improve from the kind of process it has spent considerable time and money on, its multirater feedback program.

This professional service firm was not in trouble. There had been no need for a sea change. Evolutionary change was therefore quite appropriate. Continuous improvement was its slogan.

Summary

The primary purpose of this chapter was to make clear that not all organization changes are the same. An important distinction is the difference between revolutionary (later to be referred to as transformational) and evolutionary (later to be referred to as transactional) change. The inclusion of the two case examples was intended to clarify the distinction between the two.

Revolutionary change, perhaps by definition, occurs in leaps, spurts, and disruptions, not in an incremental, linear fashion. Our understanding of revolutionary change has been enhanced and emboldened by similar findings across disciplines and multiple levels of analyses. These similarities are quite remarkable. Deep structure, as explained by Gersick (1991), is perhaps the key concept for understanding the nature of revolutionary change more fully.

Evolutionary change is characteristic of most organization change. Evolutionary change is typically an attempt to improve aspects of the organization that will lead to higher performance. The fundamental nature, or deep structure, of the organization, its culture, for example, remains undisturbed. The primary mission of the organization remains the same, and the primary rationale for its strategy to implement the mission also remains intact. Yet major organizational changes can occur, such as modifications of the structure, installing a new system of information technology, or launching a new line of businesses. These kinds of changes are simply evolutionary when it comes to a comprehensive understanding of organization change.

SIX

Levels of Organization Change

Individual, Group, and Larger System

We now know the importance of considering organization change in systems terms (Chapter 4). An organization is a totality, a whole with interacting parts or components. To change a part may be a change in the organization, but it is not organization change. To change a part of the component does not constitute a change in the system. To understand organization change as thoroughly as we can, however, it is useful to analyze, to examine the various pieces and parts and how they affect and are affected by each other and by the whole. Also, to understand organization change as thoroughly as we can, particularly in light of the fact that the process is so complex, it is critical to consider multiple perspectives. The previous chapter attempted to distinguish between revolutionary and evolutionary change. Although definitions of the two types of change overlap, separating them helps us understand more clearly that organization change occurs quite differently when the change goal is to improve operations and when the goal is to turn the organization in an entirely new direction.

This chapter examines change at three different yet overlapping organizational levels and focuses on the internal organization. Not only does evolutionary organization change differ from revolutionary change, but change differs at different levels in the organization.

Our analysis in this chapter examines three levels: the individual, the group, and the total system. There is more to an organization than these three broad levels, of course. The prefix *inter* comes to mind. Individuals in organizations relate with one another, so there is the interpersonal level. Groups in organizations relate with one another, so there is the intergroup level. And organizations relate with other organizations, so there is the interorganizational level. We will touch on these other, "inter" levels, but our main focus will be on the three broad ones.

Organizational behavior and change can be at least partially understood according to the three broad levels that form the focus of this chapter, but we must constantly bear in mind that individuals in organizations always behave in context. The context is at the interfaces, that is, relations with others, or as Capra (1996) would put it, "networks within networks."

With this caveat in mind, let us now proceed with an analysis of organization change at the level of the person.

Change in Organizations at the Individual Level

First, an assumption: An important pretext for addressing any level of change is to decide an overall direction for organization change. Changes at the individual level are therefore designed and implemented to help the organization to move in its new direction. This assumption is critical to our understanding. Many, perhaps most, changes at the individual level in organizations are not in the service of moving the total system in a new direction. Training programs, for example, are often conducted because another competitor in the industry is doing it, and "to remain competitive, we had better do it, too." This "keeping up with the Joneses" mentality accounts for many changes at an individual level that rarely, if ever, affect the whole.

Now let us consider three primary change examples for individuals that can be in the service of helping to implement organization change.

Recruitment, Selection, Replacement, and Displacement

This category of individual change concerns getting, placing, and keeping the right people in the right roles and jobs to facilitate the larger change effort. For example, almost three decades ago, General Foods, now a part of the Phillip Morris Corporation, decided to try an experiment with a new plant start-up that, if successful, would be disseminated throughout the company in the interest of its becoming more competitive in the food industry. As reported by King (1972), the plan was to design this new manufacturing organization, a food-processing plant, according to the criteria of Likert's (1967) System 4. This meant that major tasks would be accomplished by teams and that first-line supervisors would be team leaders rather than operate more traditionally as supervisors by giving close individual supervision. Status differences among all employees were to be minimized. There would be no executive dining room, for example, but one cafeteria for all, and a participative approach to management was to be practiced. The top management group for the plant, the general manager and three operating managers (operations service, manufacturing, and technical) had been selected by corporate headquarters according to the new plant design criteria; that is, these individuals were compatible with and committed to managing their organization according to the participative management premises of System 4. The objective of the selection process, therefore, was to find people who were also compatible with a participative approach. Team leaders would be expected to manage participatively.

The selection process was managed by the top team with the assistance of an organization development consultant. The principles that guided their work were as follows:

1. All selection decisions would be made by the people who were to work with those selected.
2. Decisions would be based on how applicants behaved in collaborative and conflicting group situations.
3. All applicants would receive feedback from the decision makers on why they did or did not receive job offers.
4. The selection process would reflect as much as possible the types of tasks and relationships that would be characteristic of work in the

plant; that is, status differences were minimized; the process was personalized; there was a growth and development emphasis for all employees; communication was two way; and considerable activity took place in small groups.

5. Psychological tests would be used but only as secondary information, and the results would not become a part of an individual's employee file.
6. Contact between those who were already members of the organization and those who were strong prospects would gradually become more extensive and open as the selection process progressed.

King has described in detail the two-day process for the selection of team leaders. The process included a plant visit, a detailed description of the new organization, role-playing exercises, a battery of psychological tests, group decision-making tasks, and simulation exercises of plant work. As King (1972) pointed out,

The selection decision makers must obtain an accurate indication of whether or not the candidate is likely to function well in a participative organization. At the same time, prospective employees need accurate information to assist them in deciding whether or not it is advisable for them to join such a new system. (p. 201)

King's report was written about nine months after the start-up of the plant. During that time, only two people had left the organization, absenteeism was less than 1%, and productivity had exceeded original expectations. This early success was sustained (Walton, 1975), but the managerial and change process associated with it did not spread to the overall parent company. Walton (1975) has hypothesized several reasons for this lack of diffusion within General Foods and in six similar cases in organizations in the United States, Canada, the United Kingdom, and Norway. Some of the reasons were an inadequate pilot project, a poor model for change, confusion over what was to be diffused, and deficient implementation. An eighth organization, Volvo, of Sweden, was an exception. The success of an initial pilot effort there was effectively diffused into other parts of the overall organization (Gyllenhammar, 1977). This more effective diffusion was due to an effective pilot project, a better model for change, less confusion about what to diffuse, and better implementation than the other

organizational examples. Also, as work by Levine (1980) has shown, innovative enclaves in organizations that are incompatible with the overall culture and are unprofitable remain isolated and do not diffuse whatever innovation they develop.

The opportunity to select people for a new organization in a planned, systematic way is rare. The advantages of such an opportunity are clear (King, 1972):

Many difficult problems in overcoming resistance to change are obviated. New norms, different from traditional norms in industry, can be developed. Rather than the problem of changing established roles and role expectations about how supervisors or employees "should" act, roles are established anew. The newness of the physical setting and technology is congruent with the institution of a new approach to organization and interpersonal relationships. (p. 201)

Although still relatively rare today, selecting employees in this deliberate, planned way does occur. The Saturn automobile division of General Motors was started and has continued to operate according to many of these more participative ways of selecting and working with people. Procter & Gamble has used similar practices, and some of the newer high-tech companies like those in Silicon Valley do the same.

Replacement and displacement in the interest of organization change also occurs. The brief story of revolutionary change at British Airways (BA) related in Chapter 5 began in part with reducing the workforce by more than 20,000 people. This displacement occurred over some period of time, because early retirements and other forms of natural attrition were predominantly used. The main objective, nevertheless, on the part of the CEO at the time, Colin Marshall (today Lord Marshall), was to reduce bureaucracy and move BA toward a more market-oriented, customer service enterprise. In other words, this huge reduction in the workforce was in support of the overall organization direction and change effort.

Finally, a key replacement tactic in many organization changes is to recruit a new leader from inside the organization, but more often from the outside. Marshall, the change leader of BA, was recruited from an outside yet similar industry, Avis car rentals, a service organization in the broader travel industry. Lou Gerstner was recruited from outside the computer industry to change IBM (and he did). Many other examples could be given.

The point is that frequently, a deliberate tactic for organization change at the individual level is to infuse the system with new leadership, especially at the top.

Training and Development

Again assuming that a training program is designed and conducted to help bring about organization change, most of the time the effort is directed toward individuals in managerial positions. How this approach to training was implemented was described in Chapter 5 with the brief story of the change at BA. Let us now consider another example also conducted by a service organization, a global bank.

Citicorp, now known as Citi, launched a unique training program, "Managing People," early in 1977. The corporation's top management was concerned that, along with its rapid growth in the late 1960s and 1970s, the increasing strain on managers to continue to produce profits and adapt to rapid change had caused mounting "people problems" in the organization. More and more people were feeling like cogs in a (money) machine. Because it was accepted by top management that people were the organization's most important resource, particular attention had to be paid to managing this resource more effectively. William Spencer, president of the corporation at that time, publicly stated in a filmed introduction to Citicorp's program, "The management of people is probably a greater skill mandated than individual brilliance. Even the most brilliant person, if there is little or no ability to manage people, is a lost cause in our operation" (Burke, 1982, p. 244). He was talking about what Daniel Goleman (1995) today calls *emotional intelligence*.

To begin the process, a study was conducted (1) to identify the best management talent within the organization, (2) to determine the specific set of management practices that seemed to distinguish the best from average managers, and (3) to design a training program based on these superior practices. A criterion group of managers was thus established by asking senior executives to identify subordinate managers within their respective groups who were outstanding and would most likely be taking their places as senior executives within the next decade. They identified 39 such managers. The researchers then asked these same senior executives to identify 39 additional managers within their groups who were satisfactory managers but not as effective as the first group. The researchers

next arranged for 353 subordinates of these 78 managers (39 in the "A" group [outstanding] and 39 in the "B" group [satisfactory]) to rate their bosses on 59 management practices culled from a list of hundreds. The ratings were done with 5-point Likert-type scales. Some of the practices rated were as follows:

- Your manager communicates high personal standards informally—in conversation, personal appearance, and so forth.
- Your manager tries to make the best use of staff members' skills and abilities when making assignments.
- Your manager works with staff members (subordinates) to reach mutual agreement on their performance appraisals.
- Your manager uses recognition and praise—aside from pay—to reward excellent performance.
- The work group meetings your manager conducts serve to increase trust and mutual respect among the work group members.

The A group was rated significantly higher than the B group on 22 of the 59 practices, regardless of their management situation in the corporation. Another eight practices differentiated between the two groups but only under structured conditions of management, such as in a back-office operation of check processing. The A-group practices were then used as the basis for design of the training program. Because this group had been identified as outstanding managers, and subordinate ratings had further identified some of the specific practices that these managers did exceptionally well, it followed (to Citicorp's top management) that the larger population of managers should be trained to adopt this special set of people-management practices. Before the program began, managers were rated by their subordinates on the selected practices.

The 5-day program then consisted of training in clusters of these practices, with each training day devoted to one cluster. The five clusters were (1) getting commitment to goals and standards, (2) coaching, (3) appraising performance, (4) compensating and rewarding, and (5) building a team for continuity of performance. Training techniques included case method, role practice, group problem-solving and decision-making exercises, and occasional short lectures. For each day of the program, the managers received a computer printout of their ratings by their subordinates on that day's cluster of practices. This feedback for the manager was the most powerful part of the training program, because managers focused

their learning and improvement objectives on the practices that received the lowest ratings. In its first three years, about 2,000 Citicorp managers went through the program. It continued to be popular and highly valued among Citicorp managers for at least another 15 years.

This Managing People program of Citicorp's was designed to change the management of the organization from an insensitive and results-only mentality to a management group that focused more on people, with a better blend of getting results and managing subordinates in a more participatory and caring fashion. Although some qualitative studies were done over the years to determine the degree of success of the Managing People program, its ultimate payoff is not clear. The fact that the program continued for almost two decades supports the belief that it had value for Citicorp. In any case, the value was primarily individual in nature and its value for the organization as a whole is unclear. Assuming that change did occur, it was certainly evolutionary, not revolutionary.

Coaching and Counseling

Counseling in an organizational work setting, or as we prefer to call it today, coaching, is not exactly new. Counseling was recognized as a tool for individual development and organizational improvement at least 70 years ago, when the Hawthorne studies were conducted (Dickson & Roethlisberger, 1966). When counseling/coaching is used for purposes of furthering organizational change, we have the problem of integrating individual needs and organizational goals. This is not an easy problem to solve (Beer, 1980),

since the requirements of system-wide change may not be in the interest of the individual, and vice-versa. However, if the counselor [coach] can relate equally to the demands of organization change and to the needs of the individual, he is in a unique position to help the individual and the organization renegotiate a new psychological contract. (p. 190)

The new psychological contract, then, is an attempt to integrate individual improvement objectives with organization change goals.

Most of the time, coaching or counseling occurs informally with internal organizational professionals, usually in the human resource function, serving in the helping role. These informal encounters may be carried out

during lunch conversations, brief and spontaneous talks with a manager before or after an intense meeting, phone conversations with a manager about scheduling the next time together in which a current problem is discussed incidentally, and so forth. One of the most important times is when the coach is helping his or her client (usually a manager) deal with feedback that the client experiences as negative (Crockett, 1970). Defensive feelings are the most common ones, and the more the coach can help the client talk about those feelings, the more the client will be able to move on to a problem-solving mode of behavior.

More recently, the term *executive coaching* has become incorporated into our language. Actually, coaching today occurs at all levels of management in an organization, but *executive coaching* has more panache as a term. In any case, this form of coaching currently consists of providing help to a manager or executive in much the same way an athletic coach works. Witherspoon and White (1998) have specified at least four roles that executive coaches play:

1. Coaching for *skills*: The focus is on tasks that a person has to accomplish and the skills and competencies required. An example might be a highly important speech that the executive has to deliver, and the help needed concerns how best to "win over" the audience.
2. Coaching for *performance*: The focus here is broader and encompasses the executive's entire job, and the help needed is how to perform the overall job effectively. An example would be an executive's job change from operations or line responsibility to staff; in the former job, success would be defined more in terms of supervision, whereas with the latter, job success would be defined more in terms of how well one can influence others to accomplish tasks when formal authority is minimal.
3. Coaching for *development*: Here, the focus is on the future; it is more about helping the executive with career choices and about the next job.
4. Coaching for the *executive's agenda*: In this case, the executive decides what is needed. An example would be to help with a forthcoming meeting that the executive must lead; the help provided might be designing the meeting, how the executive could share leadership, how certain difficult subordinates could be managed in the meeting, and so on.

Determining at the outset the need that the executive has for coaching more clearly defines the particular role the coach will play. In other words, distinguishing among these four possibilities helps the coach respond more directly and precisely to what the executive may require.

It is also useful to think about the coaching sequence:

- Gaining *commitment* to the coaching process with an agreement or contract between the coach and the executive about the work to be done
- *Assessing* the problem presented by the executive, which determines for the coach which of the four roles to play
- *Action* to be taken by the executive after a given coaching session
- *Follow-up* by the coach after the executive's action(s), in which the coach helps the executive learn from his or her experience

This synopsis of what constitutes executive coaching helps illustrate how change at an individual level can facilitate organization change. More specifically and also currently, coaching is frequently conducted as part of multirater feedback in which help is provided in understanding the feedback more clearly and in planning changes in one's behavior accordingly. Moreover, research is beginning to show that multirater feedback by itself does not seem to lead to positive change in performance. Coaching appears to make a helpful and positive difference (Luthans & Peterson, 2003; Seifert, Yukl, & McDonald, 2003; Smither, London, Flautt, Vargas, & Kucine, 2003). In any case, if the content of the feedback is congruent with organization change goals, then this individual process helps to leverage the change. We will return to this type of leverage for organization change in Chapter 11 and, by implication, in Chapter 12, which is about leading organization change.

Individual Responses to Organization Change

Individuals' reactions to significant change in organizations, change that directly affects them, has been likened to the psychiatrist Elizabeth Kubler-Ross's (1969) description of the five stages that most people go through when they are faced with a terminal illness. The struggle begins with (1) shock and denial, (2) moves to anger, (3) to bargaining, or attempts to postpone the inevitable, on to (4) depression, and finally to (5) acceptance. Not everyone moves through all these stages; some never move beyond denial. And so it is with organizational behavior. Some

organizational members fight the change "to the death," constantly denying that the change is necessary. Others embrace the change readily and move with it. Most people are somewhere in between and move through all stages.

H. Levinson (1976) has argued that whether change is resisted or embraced, all change is nevertheless a loss experience, particularly a loss of familiar routines. And the more psychologically important the loss, the more likely one's behavior will take the form of resistance. Levinson further argued that all loss needs to be mourned (a bachelor party on the eve of a groom's wedding, most often a joyful change, could be thought of as a mourning ritual) and that people should have an opportunity to discuss and deal with their feelings if they are again going to be able to perform effectively on the job. He went on to state:

Most organizational change flounders because the experience of loss is not taken into account. When the threats of loss are so severe as to increase people's sense of helplessness, their ability to master themselves and their environments decreases. To undertake successful organizational change, an executive must anticipate and provide means of working through that loss. (p. 83)

Resistance

The phenomenon of resistance to change is not necessarily that of resisting the change per se but is more accurately a resistance to losing something of value to the person—loss of the known and tried in the face of being asked, if not forced, to move into the unknown and untried. Feelings of anxiety associated with such change are quite normal.

Another form of loss that leads to resistance can come from one's experiencing a lack of choice, that is, the imposition of change, or being forced to move to some new state of being and acting. That is, people are not simply and naturally resistant to change. What comes closer to a universal truth about human behavior is that people resist the imposition of change. Brehm's (1966) research and his theory of *psychological reactance* help to explain this human phenomenon. When one's feeling of freedom is in jeopardy, the immediate reaction is likely to be an attempt to regain the feeling of freedom. This reaction is so strong, in fact, that people frequently will not bother to defend their beliefs and may even change them to oppose others' attempts at changing them. In some cases, the issues of

advantage and change are in conflict, leading to a situation in which people may prefer to continue on a path that is not in their best interests rather than to give up the feeling of free choice.

Research shows, for example, that when a smoker is *told* to stop smoking, his or her typical reaction is either to continue as usual or increase the rate. Brehm's (1966) theory is that when people believe themselves free to behave in a certain way, they will experience psychological reactance (that is, they will resist) if that freedom is threatened or eliminated. The degree of ease and success with which an organization change is introduced is therefore directly proportional to the amount of choice that people feel they have in determining and implementing the change.

It is also important and useful to consider the *kind* of resistance that is being manifested. Hambrick and Cannella's (1989) distinctions are helpful in this regard. In other words, diagnostically, one should determine whether the resistance is blind, political, or ideological:

Blind Resistance. Some people, no doubt a small minority, are simply afraid and intolerant of change—any change. Two kinds of response may be useful here. One is to provide as much reassurance as possible: Moving into something unknown is always discomforting, at least for a while, but things rarely turn out as dire as we imagine. Second, allow time to pass. Some people in this category merely need time to get used to the new idea; it is just their nature to react defensively at first, like a reflex, but not necessarily forever.

Political Resistance. Persons engaged in political resistance believe that they stand to lose something of value if the change is implemented, such as loss of one's power base, status, job, income, and or the like. With this kind of resistance, one needs to counter with negotiation, trading something of value with something else of value. Also, one might argue long-term gain versus short-term loss: Yes, for a while we will be losing some things, but over the long haul, we stand to gain much more.

Ideological Resistance. Some people may genuinely believe that the planned change is ill fated (it simply will not work, and here are reasons why) or in violation of deeply held values (this change is the wrong thing to do, and here are reasons why I feel this way). In other words, the resistance comes from honest, intellectual differences or genuine beliefs,

feelings, or philosophies that are different. Under these circumstances, it can be useful to counter with strong persuasion based as much as possible on data, facts, and substance. Mere opinion will not be persuasive. Careful prediction from and linkage to this information is absolutely necessary.

It also should be noted that resistance to change is not necessarily a bad thing. Apathy is worse. At least with resistance, there is energy, and the person cares about something. Moreover, resistance is a natural human response and, like one's defense mechanisms, should be respected. There are reasons for defenses to be in place. As the previous paragraphs have attempted to explain, there are likewise reasons for resistance. Understanding these reasons is important if the organizational change agent wishes to be successful.

To summarize, change usually involves a shift away from a known situation, with all its familiarity, comfort, and advantages. The people affected are exchanging the known for the unknown, certainty for uncertainty, existing patterns of behavior and adaptation for new patterns, or tried rewards for untested ones. In addition to the uncertainty of the satisfactions to be gained from the new situation, the people being asked to make the change are required to spend a great deal of effort and psychological energy in getting to know the new situation and in tolerating and coping with frustration until they can evolve new work or living patterns. In psychological terms, newness and the need to cope with it constitute stress. If the long-term rewards to be gained from the change are no greater than those enjoyed formerly, the stress cost outweighs the future advantage. If the new advantages outweigh the old but are not well understood by those undergoing the change, again the effort will not seem worthwhile. Only if the advantages are greater and are desired sufficiently to outweigh the efforts required to make the transition are people likely to embrace change willingly.

Finally, it should be clear that resistance is not a universal human phenomenon. Individuals do indeed differ in their responses to organization change. Oreg (2003), for example, has demonstrated that people's responses to change differ in four primary ways—in the extent to which they (1) seek routine, (2) react emotionally (particularly common when the change is imposed), (3) take a short-term focus, and (4) react in a cognitively rigid way. And Wanberg and Banas (2000) found that the more organizational members tended to be optimistic, possessed high self-esteem, or had high internal locus of control, the more open to and supportive of organization change they were.

Most people, therefore, do not easily fall into an either/or category of resistance versus acceptance of change. In fact, most of us when confronted with the possibility of change are likely to be ambivalent—the change, or some aspect of it, might be good, yet there may also be some adverse consequences. As Piderit (2000) has noted, responses to change are “neither consistently negative nor consistently positive” (p. 783).

Individuals Coping With Change

There are at least three ways to help organizational members deal with change: conceptually, by achieving closure, and through participation.

Frequently, giving people a way of thinking about what they are experiencing can be useful. The framework developed by William Bridges (1986) is an example. First, he distinguishes between change and transition. Change, he states, is something that “starts and stops, or when something that used to happen in one way starts happening in another” (Bridges, 1986, p. 25). Transition is a psychological process extending over a long period of time that cannot be managed in a rational way, whereas change can be. People in transition, Bridges (1986) contends, move through three phases of ending and letting go. People must let go and stop identifying with the old before they can embrace the new:

1. **Surrender:** People must give up who they were (role, position, title, etc.) and where they have been if they are to make a successful transition. A great deal of what we call resistance to change is really difficulty with the first phase of transition.
2. **The “no man’s land”:** People in this second phase experience ambiguity, confusion, and perhaps despair and a sense of meaninglessness. It is also a time of reorientation, and gradually, a new psychological place can be attained.
3. **A new beginning:** People may begin to learn new skills and competencies, make new relationships, and develop a new vision for the future.

In managing people’s transition, Jick’s (1990) caution and perspective need to be heeded:

These basically optimistic theories about how people eventually embrace change, while psychologically accurate, are somewhat

simplistic. Most people will work through the emotional phases they delineate; some will do so more quickly than others. But others will get stuck, often in the first stages, which encompass the most keen and jagged emotions. . . . People get stuck for two basic and obvious reasons: “Change” is not some monolithic event that has neat and tidy beginnings and ends; and people’s subjective experiences of change vary considerably as a result of individual circumstance. [Moreover,] frameworks that presume periods of psychological sorting out while the change is being digested are somewhat flimsy in helping us deal with multiple changes. How are we to be in “defensive retreat” with one change, in the “neutral zone” with another, while adapting to a third? If these changes are also rapid-fire, a fairly common situation in these upheaving days in the political and economic arenas, it becomes clearer why some people “resist.” (p. 5)

Achieving closure is most relevant to the surrender or disengagement phase, letting go of the past. As Jick (1990) implies, this is easier said than done. Although there are individual differences, most, if not all, people have some need to complete “unfinished business” and, at some level, energy will be spent in an attempt to “finish the thing.” For example, when one has an argument with someone that stops, for one reason or another, short of resolution, one tends to continue the argument mentally, even though the other party is no longer present. People spend mental and emotional energy in an attempt to finish, resolve, or complete the argument. So it is with organizational change. When newness is thrust on organization members, replacing, say, formal ways of doing things, with no time to disengage and “finish the business” of the former way, they will spend energy trying to deal with the incompleteness. This energy may take the form of simply continuing to talk about the former ways or, even more resistantly, sabotaging the new ways. What is referred to as “resistance to change” often amounts to attempts to gain closure. Providing ways for organization members to disengage from the past, at least to some extent, helps them focus on the change and the future.

A case of achieving a reasonable degree of closure occurred at one of the centers of the National Aeronautics and Space Administration (NASA). Because certain technology was obsolete, the center director had to terminate a certain rocket program as part of a larger change effort. Several hundred scientists, engineers, and technicians were affected. The

center director held a brief ceremony for all these people that symbolized the "death and burial" of the program. He also made a toast to the group commemorating the fine work that had been done on this program in the past. Follow-up interviews indicated that this NASA executive achieved closure for his part of the agency. (For more detail about this closure experience, see Burke, 1994, pp. 147–148.)

Finally, getting people involved, or participating in making the change work, can go a long way toward resolving resistance. A principle of behavior that is central to effective management in general and managing change in particular is "involvement leads to commitment." Stated a bit more elaborately, the degree to which people will be committed to an act is a function of the degree to which they have been involved in determining what the act will be. This is a commonsense principle of human behavior that is corroborated by considerable research. This principle helped to explain why so many elegantly and appropriately designed plans never get implemented. When a single person or small group of people plan a change that will involve a much larger group of other people and fail to involve the others in the planning, the likelihood of successful implementation is diminished. The larger group is likely to perceive the plan as something imposed on them, and their reactance is aroused. Although they may agree that the plan is intrinsically logical and appropriate, there will be no *psychological commitment* to it if they have not been involved in the planning itself and have had no influence on its content or choice in whether to contribute to it. This lack of psychological commitment does not necessarily cause complete resistance to implementation, but the best that can be expected (unless organizational loyalty is extraordinarily high) is slow, reluctant compliance. Getting people involved, then, can not only mitigate resistance but can also contribute to a more effective overall change process.

Change in Organizations at the Group Level

The primary work group, whether it is a top management team, a packaging unit at plant level, or a district sales team, is the most important subsystem within an organization. The work group serves as the context and locus for (1) the interface between the individual and the organization, (2) the primary social relationships and support of the individual

employee, whether or not he or she is a manager, and (3) a determination of the employee's sense of organizational reality. The extent to which members of a group work well together and the extent to which they, as a group, work well with other groups in the organization will determine in part the overall effectiveness of the organization.

Work groups have always been important for organizational effectiveness. We first recognized this systematic importance in the Hawthorne studies (see Chapter 3). This importance is increasing. The single individual who knows many of the functions and specialties within an organization is becoming more and more a rarity. Groups of various specialists attempting to produce something that is greater than the total of their individual specialties are becoming more the rule than the exception. Newer organizational structures, such as the matrix design and networks, require an increase in group activities.

Team Building

Organization change efforts typically rely heavily on the use of work groups. These family units within the organization have to make changes in the way they conduct their work. Their unit goals may need to be entirely different, their roles within the unit may need to be modified, and so forth. Conducting team-building activities often supports the larger organization change. And the more the work unit has at least one goal that is common to all group members and the accomplishment of that goal (or goals) requires cooperative interdependent behavior on the part of all members, the more likely a team-building activity is in order. Dyer (1987) has developed criteria to help determine whether team building is needed, for example, in the case of difficulty between the team leader and members or difficulty among team members; Beckhard (1972) has provided a set of four purposes for team building:

1. To set goals or priorities
2. To analyze or allocate the way work is performed according to team members' roles and responsibilities
3. To examine the way the group is working—its processes, such as norms, decision making, and communications
4. To examine interpersonal relationships among members

Beckhard (1972) pointed out that all these purposes are likely to be operating in a team-building effort, "but unless *one* purpose is defined as *the* primary purpose, there tends to be considerable misuse of energy. People then operate from their own hierarchy of purposes and, predictably, these are not always the same for all members" (p. 24). Thus, Beckhard's order for the four purposes is important. The reason for this ordering of the purposes is as follows: *Interpersonal* problems could be a consequence of group members' lack of clarity on team goals, roles and responsibilities, or procedures and processes; problems with *procedures* and *processes* could be a consequence of group members' lack of clarity on team goals or roles and responsibilities; and problems with *roles* and *responsibilities* may be a result of group members' lack of clarity about team goals. To begin a team-building effort with work on interpersonal relationships may be a misuse of time and energy because it is possible that problems in this area are a result of misunderstanding in one of the other three domains. Clarifying goals, roles and responsibilities, or team procedures and processes may eliminate certain interpersonal problems among team members; clarifying roles and responsibilities may in itself eliminate some of the problems with the team's working procedures and processes; and clarifying team goals and priorities may in itself eliminate certain problems team members have with their roles and responsibilities.

A smoothly operating group of people in a work unit, or in a temporary task force, for that matter, can be highly beneficial to an overall organization change effort, particularly if the group is the top management team of the organization. To have everyone pulling in the same direction is critical to the success of an organization change effort.

A well-honed, highly cohesive, smoothly operating work unit or task force can have adverse consequences for the overall good of the organization, however. Kanter (1982), for example, has addressed the importance of linking teams with their environments. She points out that this linking has six dilemmas:

1. Suboptimization: Too much team spirit can cause insularity, with members losing sight of their team's role and function in the larger organization.
2. Turnover: A highly cohesive team has a difficult time accepting new members.

3. Problem of fixed decisions: Norms and ground rules can become rigid, and prior decisions may become immutable.
4. Stepping on toes and territories: A highly cohesive team can feel powerful and believe that no one else can understand what they know; their expertise should therefore have great influence in the larger system.
5. NIH: "Not invented here" is the problem of ownership and transfer, a reluctance to share and to be influenced by other individuals and groups.
6. As Kanter (1982) put it, "A time to live and a time to die" (p. 22): Groups have life cycles and, after a high of effectiveness, may then dip to ineffectiveness.

Self-Directed Groups

It may be that as part of a larger change effort, management has decided to "flatten" the organization's hierarchy, that is, to eliminate several layers of supervision. Usually, with such changes, the span of control for a given manager or supervisor broadens from, say, 1:9 to 1:20 or more. Organizational members need to learn more about how to manage themselves individually and in work units. So-called self-directed or self-managed groups have become much more prevalent in organizations of late. With many organizations downsizing and delayering to become more nimble and adaptable to rapid changes in their marketplaces, the growth of self-management, particularly in groups, has significantly increased.

Hackman (1992) has (a) delineated the key features of self-directed groups, paying particular attention to the authority and leadership issues, (b) specified the behaviors that distinguish self-directing from the more traditional modes of operating, for example, taking personal responsibility, mentoring and managing one's own performance, actively seeking guidance when needed, and helping others in the group, and (c) suggested conditions that foster and support the kinds of self-direction that will contribute both to personal satisfaction and to group achievements, such as having clear and engaging goals, a supportive structure for the unit, expert coaching and consultation, and adequate material resources. Paying attention to Hackman's criteria and conditions should lead to

greater team effectiveness for self-directed groups. In any case, evidence is beginning to emerge that self-directed groups can indeed be successful. In a comprehensive meta-analysis of 70 studies, Goodman, Devadas, and Griffith-Hughson (1988) concluded that self-directed groups had a positive impact on productivity. In another study by Pearson (1992), attitudes on the job were favorably influenced as well.

As one might expect, there are problems to overcome for self-directed groups to be effective:

- Group members must learn to share power and leadership.
- Effectively managing differences and conflicts within the group is critical to success.
- Not all group members are equal with respect to skill and ability, experience, knowledge, and expertise. Managing these differences is key to success, that is, deploying the human resources of the group toward task accomplishment in an efficient and effective manner.

It is likely that for overall organization change to be successful now and in the future, there will need to be more and more reliance on self-directed groups. Why? Because of the demand for organizations to be as flexible and adaptable as possible for future survival. A part of this greater adaptability is a flatter hierarchy with more rapid decision making and less bureaucracy.

Intergroup

Work units or groups in organizations that normally depend on one another—such as marketing people working with operations people, research and development with manufacturing, or headquarters with field as they exchange information, hand off one aspect of the production process to another unit, and so on—will from time to time experience problems and issues with one another. Each group has its own mission, but for that mission to be accomplished, each group occasionally must rely on the other. This mutual dependence, or interdependence, is a natural setting for conflict.

The original research in intergroup conflict, which set the stage for how we deal with it in practice today, was conducted by Sherif and his colleagues in the late 1940s and early 1950s (Sherif, Harvey, White, Hood, & Sherif, 1961). In a series of studies with groups of boys at summer camp,

Sherif and his colleagues demonstrated how to develop strong in-group feelings with two separate groups by creating opportunities for success and enhancing pride and then showing how these feelings translated into competitive behavior when the two groups were placed in a win-lose situation. Experiments were also conducted in reducing conflict and in establishing a cooperative attitude between the two groups by focusing on a superordinate goal, that is, a goal that could only be accomplished with cooperative efforts between the two groups. These experiments were also conducted over a period of years with adults in industrial organizations (Sherif & Sherif, 1953). Blake, Shepard, and Mouton (1964) summarized Sherif's work and demonstrated refinements of the processes in work done with actual groups in conflict, such as staff and line, headquarters and field, sales and operations, and management and union. Alderfer (1977a) has provided an overview and summary of intergroup relations, as has Schein (1980).

It is important to distinguish between real conflict between groups and what Harvey (1977) referred to as "phony conflict." Otherwise, what action to take remains unclear. According to Harvey, the difference is that real conflict involves substantive differences. One party says, "The research project is technologically feasible," and the other says, "Not according to my understanding of the data." Phony conflict, however, consists of negative, even hostile blaming behavior that occurs when *agreement is mismanaged*. One party says, "I told you the project couldn't work. Look at the mess you've got us in," and the other says, "Don't blame me. It would have worked if you had done your job." Harvey argued that such conflict is a symptom, not a condition in itself. As a symptom, conflict may reflect real differences, or it may be symptomatic of agreement that people are not willing to acknowledge: For example, all members of a team believe that a project is doomed to fail, but no member will voice this agreement because they also may believe, perhaps incorrectly, that the team leader is fully behind the project.

Harvey (1977) further argued that when managers and consultants fail "to distinguish between real and phony conflict they collude with maintaining the problem they are attempting to solve" (p. 166). In a phony conflict, all members—regardless of group—know what the problem is and what solution is required. They are reluctant to act because of action anxiety, negative fantasies, fear of separation, real risk, or psychological reversal of risk and certainty (Harvey, 1974). Confronting reality and recognizing and acting on the implicit agreement may

require more risk than people in the situation feel like taking. Thus, there is an underlying agreement not to discuss the implicit agreement, but it is not being exposed and managed. According to Harvey (1977), it is highly important to bring this agreement to the surface and help manage it toward action.

Real conflict between groups involves substantive issues, and the two (or more) groups express competitive behavior, not merely blaming one another. Within each group, we are likely to find that members are close and loyal to one another. Their internal differences are submerged; group climate is formal, serious, and task oriented, rather than informal, playful, and oriented toward members' psychological needs; the group leader is more directive and less participative; activities are structured and organized; strong norms exist that demand loyalty to the group from each member; and there is considerable energy to resist the other group.

Once it has been determined that real conflict exists and that there is motivation within both groups to work on the problems, action to resolve the conflict is warranted. As the earlier coverage of experiments about intergroup conflict by Sherif and others suggested, the first action step for resolving conflict among groups is to establish a superordinate goal. For a description of action that is based on the theoretical foundations briefly described previously and on the earlier work of Sherif and colleagues, see Burke (2006).

Group Responses to Organization Change

The more that work units in the organization are involved in helping to plan and implement change, the more they are likely to embrace rather than resist the organization change effort. Resistance by organizational groups, on the other hand, can take at least four forms (listed in no particular order):

"Turf" Protection and Competition. "To change our unit is to endanger a central and core competence of the organization" is an expression often heard during organization change. The work group, function, department, or business unit is fighting for survival and will muster every rationale, fact, and guilt-inducing behavior to justify its continuation.

Closing Ranks. "Circle the wagons"; "One for all and all for one." In a recent structural change at a university, the anthropologists were asked to

divide themselves among two or three new academic departments. They refused, declaring that they must remain as a group and join only one department, none of which they liked, incidentally. Their arguments and feelings were that the president was attempting to destroy their identity and function in the university by dividing them.

Changing Allegiances or Ownership. To avoid having to deal with the organization change, a group may opt for becoming a separate entity, that is, formally departing from the parent organization. The group can be "spun off" as a separate business and go its merry way. Leveraged buy-out (LBO) is one form of separation. The group may join another division within the organization but remain intact. The group may become a "wholly owned" subsidiary and have to survive on its own but remain intact and maintain its autonomy. A spin-off, LBO, or subsidiary may be a carefully planned and deliberate action as part of an overall change effort for the organization. Just as likely, these kinds of actions are ways of avoiding conflict and having to deal with difficult change issues.

The Demand for New Leadership. Analogous to distinguishing between real and phony conflict, there are times and circumstances in which the group leader is simply not capable of dealing with and leading a change effort. Under these conditions, perhaps the leader should be replaced. There are times, on the other hand, when the leader is quite capable, but the followers in the group revolt as a way of resisting the change. In other words, they collude with one another to resist their change leader by suggesting, if not outright averring, that their leader is incompetent. This form of resistance is a deeper psychological process and may reside more in the collective unconscious of the group than in its consciousness. Bion's (1961) theoretical distinction between a work group (conscious of its task and the passing of time) and what he calls a "basic assumption" group (colluding to destroy the leader, that is, assuming that the leader is no longer a leader) is useful for more thoroughly understanding this form of resistance. After all, organization change generates strong emotions for organizational members; feelings may "run high," as the expression goes. People may be aware of their feelings but may not always be conscious of what is causing them.

Ways of dealing with change for individuals—conceptually, achieving closure, and participation—apply to groups as well. A few additional points on group action are worth our consideration.

Achieving closure at a group level, for example, conducting a brief "funeral" for a former program or the past ways of operating and then celebrating the new way or program, may be more beneficial than closure at an individual level. Sharing feelings, that is, having an opportunity to discuss these feelings with people who are going through the same experience, is often valuable, a worthwhile expenditure of human energy.

Conducting group problem-solving meetings off-site, where members can participate in determining the specific change actions that will directly affect them, may be highly beneficial.

Finally, it may make sense to recompose a group, not changing its function necessarily, but changing its membership. It may be that new skills and technology are needed for a particular work unit to go forward in support of the larger organization change effort. Or it may be that the members are so resistant to the change, for whatever reasons, that they need to be reassigned—as Kanter (1982) noted, a "time to die." In other words, for the overall common good, the local group must be recomposed.

Change in Organizations at the Larger-System Level

An organization change effort rarely, if ever, begins all at once with the total system, especially in a large organization. Beginnings typically involve an individual, a group, or a program, such as management training, or an already recognized need to make a significant change—in the organization's structure, for example. The previous sections in this chapter have dealt with much of the groundwork that either leads to large-system change or facilitates it. In this section, we shall consider some of these previously described interventions in attempts to change a large organization, a system composed of multiple groups, functions, and processes. In examining large-system change, we shall briefly consider the orders or levels of change, the phases of large-system change, the change focus (mission or structure), some examples of change processes at the larger-system level, and finally, change at the interorganizational level.

Orders of Change

Because change at the larger-system level is so complex, it is useful to think strategically about different orders of change. Kimberly and Nielsen

(1975) have suggested three orders of change. (*Order* refers to the level of the ultimate target for change.) For *first-order* changes, the initial focus is some subsystem of the organization. The change would occur as a result of an intervention in a particular unit or division (subsystem) within the organization. The unit may be a relatively autonomous business line or the top management team, and the intervention could be team building, with a change objective of developing more collaborative, consensual decision-making behavior. First-order change, then, is within a subsystem, and although change in that unit will have some consequences for the larger system, the likelihood is that, unless other complementary and supplementary changes are also occurring in related parts of the total system, the change within the initial subsystem will be short lived. For an excellent and classic example of this point, see the Hovey and Beard case (Whyte, 1955).

Second-order change means that the target is a subsystem or process that is beyond the initial focus but that will be affected if the initial effort is successful. The focus is frequently a category or a particular set of subsystems within the organization. An intervention may take place with one group of employees, first-line supervisors, for example, when the ultimate objective for the change effort is to affect all workers below these supervisors in the organizational hierarchy. If we want to decrease absenteeism and turnover among the workers who are accountable to these supervisors, our initial effort may be a training program for the supervisors in which they would have the opportunity to learn more about human motivation, the consequences of certain kinds of rewards and punishment, and effective ways of providing feedback on worker performance. With proper application of this learning, the supervisors would help reduce absenteeism and turnover, our ultimate target for change.

Third-order change eventually influences some organizational process or outcome that is affected by multiple factors. Third-order change, therefore, means the involvement of multiple factors in some causal sequence toward an ultimate goal. Wherever the interventions or series of interventions are made, the ultimate objective of the change effort is larger, to increase productivity, for example. Staying with this example, because multiple factors affect productivity, no single first-order or even second-order change is likely to be successful. Also, for third-order change, there is likely to be a chain or sequence of factors that eventually leads to higher productivity. We may begin with changing how to treat their subordinates, for example, by getting them to manage more participatively. This

change in turn will affect work climate and subordinate motivation, which then may lead to greater individual and group performance and finally, to increased productivity.

Documenting change at the first order is fairly straightforward; at the second level, it is more difficult; and at the third, very difficult, as we shall see in the next chapter. Nevertheless, we must understand that changing the entire system is a third-order change.

Change Phases

One of the first psychologists to help us understand organization change at the larger-system level was Kurt Lewin. His rather simple three-phase model set the stage for the more elaborate and comprehensive models we embrace today. These more recent models are explained in a later chapter. For now, let us briefly examine what is meant by these three phases.

Although applicable to the larger system, Lewin (1958) explained his three-phase model for change at the group level. The term *step* is often used in describing Lewin's model, but *phase* is a better word because the steps are not discrete; they overlap.

Lewin (1958) argued that in Phase 1, we must *unfreeze* the system. This unfreezing phase may take a variety of forms: creating a sense of urgency about the need for change, educating managers to behave differently, merging with another organization, and so on; but the underlying notion is that the system must be shaken up, must be confronted with a compelling need to do business differently, and must be thawed from its present way of doing things so that in a new, more malleable, perhaps even vulnerable state or condition, the system is accessible and amenable to change interventions.

The second phase, then, is *movement*, or changing the organization: moving in new directions with different technologies and ways of operating. Lewin's (1958) point was that the system will *not* move or change in any meaningful way unless and until an unfrozen condition has been achieved.

Once change, or movement, is under way, the third phase, *refreeze*, must be initiated (Lewin, 1958). The change that has occurred cannot be allowed to dissipate or drift away. The new, changed condition or state therefore needs to be reinforced, or undergirded, with a process and infrastructure in place to maintain the new system. This means, for example,

having a different reward system that reinforces the behaviors that are congruent with the new, changed organization. In other words, organizational members see a clear and direct relationship between what the organization's mission and strategy are and their individual roles and responsibilities. Other examples could be noted, such as organizational structure and information systems. The point is that as the new state is "frozen" in the early stages of change, it is delicate, somewhat vulnerable, and, until jelled, is subject to further change that may not be desired. Thus, reinforcing the new state is just as important in the change process as shaking up the old one was in Phase 1. Chapter 13 will provide more about sustaining a change effort.

We examine in more depth this phased way of thinking about, planning, and implementing organization change in Chapter 8.

Change Focus

In a sense, the question here is, where do we start with our change effort, what comes next, and then where do we focus? The answer to "Where do we start?" depends on what is initiating the change in the first place, particularly from the organization's external environment, and how deep the change should be. Are we talking about revolutionary or evolutionary change? If revolutionary, then the focus is on deep issues such as the *raison d'être* of the organization, its purpose, its mission, and related matters, for example, strategy. We will also focus on issues of leadership and organizational culture. If, on the other hand, the changes needed are not as fundamental or transformational in nature—that is, what seems to be required is some fine tuning, improvements here and there, or changing some important parts of the organization but not the entire system—then we are talking about evolutionary, or transactional, change. The focus, therefore, is on matters such as organizational design and structure, the information system, or perhaps management practices.

Staying with our theme, larger-system change, implying more transformational than transactional change, we start with a focus on the bigger picture—mission, leadership, and culture—followed by a focus on the more transactional dimensions. The focus of change in the latter case is on the support and infrastructural aspects of the organization that will reinforce the transformational changes: organizational structure (*after* the new strategy has been determined), the reward system (to reinforce new behaviors), information technology (to align with and support new

operations), new roles and jobs for people, improving the climate of groups and teams, and so on.

Change Processes

In general, *process* here refers to mechanisms that facilitate the overall change effort, such as communication systems (newsletters that tell stories about successful changes that support the overall effort, videos of the CEOs championing the cause, etc.) and training programs that focus on the new skills and behaviors needed to make the change work. More specifically, process refers to certain interventions meant to significantly implement the change effort, as in the following two examples.

Large-Group Intervention. Large-group intervention involves bringing together a large, key group of organizational members (e.g., the top 100 executives or all 500 first-line supervisors) into one room for a day or two to address a significant organization change issue, for example, determining the new mission and set of guiding values for the organization or responding to an organizationwide survey with action plans. This kind of intervention requires a significant amount of design and logistical planning, yet it can be powerful for moving the organization (a huge step) toward the change goals. For more information about this kind of large-scale intervention, see the book by Bunker and Alban (1997) and the article by Burke, Javitch, Wacławski, and Church (1997).

Survey Feedback. The historical development and brief description of what this kind of intervention entails is provided in Chapter 3.

Suffice it to say here that in support of an overall change effort, an organizationwide survey helps to achieve the following:

- Establish data points at a particular time that can serve as milestones or benchmarks for how well the change is progressing; further value is provided when a Time 1 assessment is compared with a Time 2 measure, say, a year later.
- Establish priorities about which aspects of the organization to emphasize for change and in what order to address them.
- Send messages, by the content of the questions that are asked, to organizational members about what is important in the change process.

- Keep the change effort based on data.
- Involve a large number of people in the organization change effort through feedback and action planning.

For more information on this kind of organizational intervention, see Kraut (1996).

Interorganizational

Currently and probably for some time yet to come, larger-system change comes about by way of mergers and acquisitions, strategic alliances, joint ventures, and the like. There are a number of reasons for these joinings, two in particular: (1) the opportunity to share resources that neither organization by itself has and (2) the opportunity to improve cost-effectiveness by reducing redundancies. By their very nature, these decisions and occurrences force organization change. This is particularly true of a merger in which two organizations of relatively equal size and scope come together as one. But most of these joinings fail, especially mergers and acquisitions. Using the criteria of what is promised by the leaders of merged and acquiring companies and the objectives of the decision to join ("achieving synergies" is a phrase often bandied about), there are many more failures than successes. Burke and Biggart (1997) conducted a study of interorganizational relations and found that this majority of failures could be attributed to the following primary reasons or conditions:

- Insufficient clarity about goals and how to measure progress toward the goals
- Imbalance of power and control between the two organizations when they merged or, say, established a strategic alliance or joint venture
- Imbalance of expertise, status, or prestige between the two parties
- Overconfident and unrealistic notions about future success of the relationship, that is, holding an erroneous belief of having sufficient control over key variables
- Lack of a contingency plan (as Chapter 2 notes, organization change, including these joinings, never unfolds as foreseen)
- Lack of perceived equity, for example, in distributions of key jobs and roles

Conditions for success in organizations' coming together are the opposite of those on the failure list. To clarify, here are a few examples:

- Having a superordinate goal, that is, a goal or goals that can be accomplished *only* through the cooperative efforts of the two parties. (See the section "Coercion and Confrontations" in Chapter 3 for the original research in this domain, the work of Sherif and Sherif [1969] and Blake et al. [1964].)
- Having a balance of power, expertise, and status
- Creating mutual gain
- Having a committed leader
- Aligning of rewards—in the early stages of a merger or acquisition, it is important to consolidate various compensation systems into one
- Having respect for differences
- Achieving equity
- Having realistic assumptions about what can be accomplished and in what time frame
- Having good luck

In an informal discussion with senior executives who had recently been through an acquisition (some the acquirers and some the acquired) and were about to go through yet another one, I asked them what they had learned from their previous experiences. The following is a quick summary of what these executives said:

1. They emphasized the importance of having a vision for the future (sound familiar?).
2. They noted that having a rationale behind the joining and explaining this carefully to all those affected is critical.
3. They stressed the importance of being open and honest about the change.
4. They pointed out how important it is in the early stages to have informal relations between the two parties, such as going to a ball game together, having meals together, and so on.
5. These executives argued that rapid decision making was imperative even if some of the decisions would have to be changed later. They pointed out that people cry for structure and order and this need should be addressed.

6. The executives emphasized the importance of what they referred to as "walking the talk," meaning matching words with actions, or the absence of hypocrisy. (Chapter 13 elaborates on this aspect of leading change.)
7. They stated that in midst of this kind of organization change, typically the customer is forgotten. With so much time and energy being focused inwardly, conducting the business and serving customers suffers.

Although these executives made some interesting and unique points, as can be seen, there is considerable overlap with the findings from the study by Burke and Biggart (1997).

To see how a successful merger changed two organizations, SmithKline Beckman of Philadelphia and Beecham of London, into a new, single organization that required the coming together of two companies as well as two nationalities, see Bauman, Jackson, and Lawrence (1997) and Burke and Jackson (1991). And to see how a strategic alliance that cut across three companies and three nationalities (United Kingdom, France, and Germany) affected the internal organization change effort of British Aerospace, see Evans and Price (1999). Finally, as already cited, for an overview and analysis of interorganizational relations in general, see Burke and Biggart (1997).

System Responses to Organization Change

Again, with strong efforts at following a planned process to bring about large-scale organization change, including heavy use of involvement and participatory activities as well as clarity of direction with strong leadership, successful organization change can occur. The change at BA and the successful merger of SmithKline Beecham are good cases in point. Yet even with successful changes, resistance occurs along the way, and when success is not achieved, the resistance dominates and lingers. We will touch on six examples of resistance to larger-scale change.

Revolution Becomes, at Best, Evolution. When a transformational change is attempted, in the end, only some components of the organization are changed or perhaps just some fine-tuning occurs. The old culture is simply too powerful, the bureaucracy too pervasive. Even though the perturbation(s) from the external environment may have been strong—say,

a significant technological change in the industry (such as going from analog to digital in the communications industry)—the organization's response to this external shift is insufficient, and the deep structure (pattern) does not change.

Insufficient Sense of Urgency. In this instance, which happens often, the case for change is simply not compelling. The question is obvious: "Why change?" Many people in the organization lack the motivation to tackle an organization change process and program because they harbor disbelief about the need, serious skepticism, a lackadaisical attitude, or a combination of these responses. For whatever reasons, not enough organizational members are convinced that change is required, and there is not a critical mass to move the organization in another direction.

"This Too Shall Pass." This response is typically a function of history. Time and again, management has tried this and tried that, taking on the latest fad for improving the organization, or the "flavor of the month," as this process is sometimes called. And people believe the cliché "the more things change, the more they stay the same." So, organizational members' response is to "wait 'em out." The response shows more apathy than it does active resistance.

Diversionary Tactics. This category of response is indeed resistance and reflects a strong desire on the part of organizational members to sabotage the effort in one way or another. One way is to create a crisis that must be addressed before any change can get under way. Sales may drop all of a sudden, a technological glitch may pop up, or some waste products may be declared to be toxic. There are many possibilities. Another more common form is to argue that the *timing* for such a change is wrong. There are far too many other things "on the plate," as the expression goes. "We have residual problems from last year that still need fixing." "People are stretched to the limits, too much stress, we simply cannot afford to pile yet another organizational initiative onto their agenda." "This kind of effort will divert us from the *real* work, manufacturing and selling our products, or attending to customer needs." The point is that people will grab at anything in order to avoid, if not sidetrack, the change.

Lack of Followership. "Well, the platform may be burning, but if you think I'm going to follow this CEO into the flames, you're out of your

mind!" This response is, of course, similar to if not the same as the one mentioned earlier in the group-level section. Followers, or more accurately, potential followers, collude or even conspire with one another to find fault with the leader. And if there is no followership, by definition, there is no leadership. Without leadership, *intended* change will not occur.

Coping With Responses to Change at the Larger-System Level. Many of the coping mechanisms at the individual and group level are applicable at the larger-system level: achieving closure on the previous way of doing things, providing conceptual frameworks to help people understand more clearly what is happening to them, and involving organizational members in the process of planning and implementing the change.

In addition, we can easily point to the list of responses and resistances and then suggest antidotes. First and foremost is the issue of making a compelling case for the need to change. A clear example is the change at British Aerospace. The top 100 executives were complying with the CEO's desire to bring about change, but a deep commitment on their part was lacking. A senior and highly respected executive in the company was given the assignment of making the case for change. He conducted an environmental scan and showed conditions in the past and in the present, and—"if things continue as they are"—what the future would look like. These conditions were in the categories of sales, technological shifts, what and how their competitors were doing, and likely scenarios for the future with respect to the aerospace industry, which currently can be described as a shrinking marketplace. British Aerospace is, of course, loaded with engineers. The senior executive's presentation to the company therefore was, quite appropriately, in the form of many bar charts, line graphs, and statistics. An engineer himself, he argued that if they remained as they were at the time, within a decade or less, they would be out of business. Critical to this senior executive's success in getting the message across was his knowledge of the audience. Although he was a senior executive, he was nevertheless one of them, an engineer, and therefore knew how to talk to them, using appropriate language, supporting documentation, and the proper medium (charts with data). From that time to the present, there has been a significantly stronger commitment to the overall organization change effort (Burke & Trahan, 2000; Evans & Price, 1999).

To combat apathy and responses such as "this too shall pass," the change leaders must demonstrate as clearly and strongly as possible that

(1) this time, the change initiative is different (because of a compelling and pervasive need) and (2) we are in this for the long haul, that is, showing at the outset that persistence will prevail. The British Airways story of change had both these qualities.

With respect to diversionary tactics, it is incumbent on the part of change leaders to be as clear and committed as possible to the organization change goals and objectives and to establish a set of priorities—to address strategy first and then to tackle structure, and so on. And although it may not be desired, for the change to be successful may mean that certain saboteurs must be dealt with by job changes, early retirements, or outright severance from the organization.

Finally, two points: (1) Described briefly previously are examples of the kind of leadership that will attract followers, and (2) if revolutionary change is called for, the deep structure of the organization must be changed. This means changing the culture particularly, perhaps new leadership with a different mission and strategy, followed by addressing the more transactional aspects of the organization, such as structure, with respect to decision making and accountability, teamwork, and so on.

Summary

We have considered organization change in this chapter from the perspective of levels: individual (including interpersonal), group (including intergroup), and the larger system (including interorganizational). The point of the parentheses following each of the three is to emphasize that taking this perspective is somewhat limited. Organizations are far more complex than merely three levels. In fact, the interactions across these levels are very important. As we proceed with additional chapters, these interactions will become more salient.

Considering organization change according to these three levels, although limited, is useful nevertheless. As noted, organization change must start somewhere, and understanding how it can start at each of these levels helps us to more clearly understand how to plan and how to lead and manage the overall change. This chapter was intended to deepen this understanding by addressing the nature of change at each level, the likely responses in general and resistances in particular that occur at each level, and some examples of coping mechanisms at each level. Moreover, these

three levels of understanding are not discrete. Individuals reside within groups and groups within the larger organization. And although our analysis, taking the organization apart by level, is helpful, we must remain highly cognizant of the fact that we are dealing with totalities, wholes, and systems.

This chapter covered a lot of ground. Tables 6.1 and 6.2 are therefore attempts at further summary. Also, in Table 6.1, the intent is to connect with Chapter 5, that is, by including examples at the three organizational levels that show both evolutionary change and revolutionary change.

In Chapter 7, we take a closer look at research on organizational change and at further theory, in this case, theory that is more closely related to the research.

Table 6.1 Summary of Levels of Organization Change According to Primary Change Example and Whether Evolutionary or Revolutionary Change

Organizational Level	Primary Organization Change Example	Evolutionary Change	Revolutionary Change
Individual	<ul style="list-style-type: none"> Recruitment, selection, replacement, and displacement 	Operational: Place people in positions as a consequence of changes that are under way.	Strategic: Place people in positions that are key to the overall change effort (King, 1972).
	<ul style="list-style-type: none"> Training and development 	Facilitate targeted change (e.g., people management skills, as in the Citicorp example).	Facilitate large-scale culture change, as in the British Airways example.
	<ul style="list-style-type: none"> Coaching and counseling 	Conduct at all levels in the organization for purposes of general improvement.	Conduct primarily with change leaders to enhance overall change effort.
Group	<ul style="list-style-type: none"> Team building 	Conduct team-building activities throughout the organization to improve teamwork and cooperative behavior.	Conduct team building with top executive group initially to model behavior desired for overall change effort.
	<ul style="list-style-type: none"> Self-directed groups 	Promote the adoption of self-directed groups due to structure change (i.e., eliminating some layers of management in the hierarchy).	Promote the adoption of self-directed groups to enhance culture change in the direction of values that encourage participation, involvement, autonomy, and greater teamwork.

Organizational Level	Primary Organization Change Example	Evolutionary Change	Revolutionary Change
	<ul style="list-style-type: none"> Intergroup 	Use conflict resolution techniques to reduce inappropriate intergroup competition.	Use conflict resolution techniques to promote cross-functional and interunit cooperation to reduce "silo effects" that in turn serve to change organization culture.
Organization	<ul style="list-style-type: none"> Orders of change 	First order	Second and third order
	<ul style="list-style-type: none"> Change phases 	Lewin's three phases	Lewin's three phases
	<ul style="list-style-type: none"> Change focus 	Issues such as systems, work unit climate, motivation, and performance management	Deep issues such as purpose, mission, strategy, culture, and leadership
	<ul style="list-style-type: none"> Change processes 	Those that promote problem solving and continuous improvement	Those that facilitate large-scale change, such as large-group interventions and survey feedback
	<ul style="list-style-type: none"> Interorganizational 	Acquisitions, strategic alliance, consortia	Mergers, large-scale acquisitions, strategic alliances, partnerships

Table 6.2 Summary of Responses to Organization Change According to Organizational Level

Organizational Level	Resistance	Coping With Change
Individual	<ul style="list-style-type: none"> Has to do with losing something of value to the person 	<ul style="list-style-type: none"> Transitioning: ending and letting go, going through the neutral zone, making a new beginning
	<ul style="list-style-type: none"> Forms: blind, political, and ideological (Hambrick & Cannella, 1989) 	<ul style="list-style-type: none"> Achieving closure: dealing with unfinished business
	<ul style="list-style-type: none"> Apathy is worse; with resistance, there is energy, and the person cares about something 	<ul style="list-style-type: none"> Participation: helping to make the change work
Group	<ul style="list-style-type: none"> "Turf" protection and competition 	<ul style="list-style-type: none"> The sense for individuals as listed above
	<ul style="list-style-type: none"> Closing ranks: "circle the wagons" 	<ul style="list-style-type: none"> Conducting a closure ceremony (e.g., "funeral")
	<ul style="list-style-type: none"> Changing allegiances or ownership 	<ul style="list-style-type: none"> Conducting group problem-solving sessions, preferably off-site
	<ul style="list-style-type: none"> Demand for new leadership 	<ul style="list-style-type: none"> Recompose the membership of groups
Organization	<ul style="list-style-type: none"> Revolution becomes, at best, evolution 	<ul style="list-style-type: none"> The above for individual and group are applicable for the organization level as well
	<ul style="list-style-type: none"> Insufficient sense of urgency 	<ul style="list-style-type: none"> Ensuring that a compelling case for the change has been made
	<ul style="list-style-type: none"> "This too shall pass" 	<ul style="list-style-type: none"> This time, the change initiative is different—we mean it, and we are in it for the long haul
	<ul style="list-style-type: none"> Diversionary tactics: sabotage, timing is all wrong, too many initiatives and other things on our plate as it is, and the change is a way of avoiding our real work 	<ul style="list-style-type: none"> Strong, effective leadership

SEVEN

Organization Change

Research and Theory

The objective of this chapter is to provide a guide through the mazes of both organization change research and organization change theory. Although we will review the compilations and summaries of research studies from the appropriate sources, for example, the *Annual Review of Psychology*, when it comes to theory, we will not rely on the "usual suspects," such as textbooks on organization theory, but will explore the less typical literature instead. Organization change theory barely exists, and we must therefore seek other theories that may begin to inform us in such a way that in a decade or so, a clearer and more definitive theory about organization change will emerge. For our theory bases, then, we will explore domains such as nonlinear complex systems theory, stemming from chaos and related theories, and some of the more fundamental psychological theories such as the one developed by William James and C. G. Lange, more than a century ago, known today as the James-Lange theory (James, 1890; Lange, 1885/1922). But first, let us see what research tells us about organization change by examining the literature of the past 30 years or so.

Reviews of Organization Change Research

One of the early reviews of organization change research was the *Annual Review of Psychology* chapter by Friedlander and Brown (1974). Writing