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ORGANIZATIONAL CHANGE: A STRATEGY FOR SUCCESSFUL IMPLEMENTATION

Paul Dainty
University of Melbourne, Australia
Cranfield Institute of Technology, United Kingdom

Andrew Kakabadse
Cranfield Institute of Technology, United Kingdom

ABSTRACT: This paper examines the major problems and issues in implementing planned organizational change. It highlights the current debates in the literature on change and itemizes the most important factors which need to be considered by these responsible for implementing change. However, in addition the paper argues that while this provides an initial direction in attempting to bring about organizational change there are, nevertheless, limitations in the literature. The paper overcomes these by developing a broader eight steps model based on case study examples which should provide those responsible for change with a realistic framework of implementation.

Organizational change is an important topic. In a rapidly changing economic environment, adaptation to changing circumstances is fundamental to survival. It is not surprising, then, that much has been written about organizational change and the techniques which might be used to implement change successfully. However, anyone interested in understanding this area will meet several problems. Much of what has been written emphasises ideal solutions without seriously evaluating the difficulties and limitations of the ideas suggested. Moreover, the area overall is far from cohesive and in parts confused.

One reason for the lack of cohesion is partly due to differences of interpretation about what is meant by organizational change. The notion of change can be seen as all encompassing and at the most general level it can refer to merely altering something. Hence it is something which occurs continually. Thus, from this perspective, the whole area of organizational behaviour and development might be thought to be concerned with organizational change in one form or another.

However, to see organizational change in this way means that any discussion of the major ideas and issues will be too broad and superficial. Thus, the focus of the paper has been narrowed and it concentrates on discussing ideas which will be useful to those having to implement major change within organizations. The first part of the paper briefly considers some of the more popular frameworks concerning change, while the latter part presents an eight step change model. This model is developed in the light of a research study which looked at 7 major manufacturing organizations in different sectors of UK industry undergoing contraction/decline as a result of economic recession and provides the change agent with a realistic picture of the critical steps which need to be considered to achieve change successfully.

Current Approaches

In looking at organizational change it will be useful to consider the literature in terms of the following threefold framework.

a) The *why* of change—why change at all, reasons and expectations about change outcomes.
b) The *what* of change—what is impacted upon and what it is that is changed.
c) The *how* of change—how change is brought about in terms of the overall process, style and methods used and the timing involved.

The Why of Change

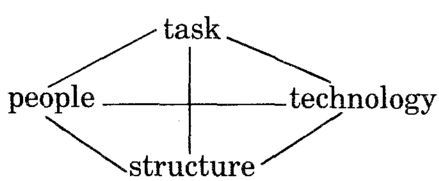
Attempting to understand why an organization should undertake change in the first place and the expected outcomes of the change is an activity which much of the literature encourages. Indeed, being clear about objectives is an instruction which is applied to a whole range of organizational and individual work issues. While in theory this would seem to be an obvious first step, there is a great deal of debate about whether formulating clear objectives is possible or necessary in considering organizational change (1). Frequently the major reason offered in the literature as to why change should be undertaken is because of a lack of "fit" between the external environment and the internal organizational activity. The aim should then be for the organization to readapt and reestablish an organizational/environmental fit. For private companies the outcome of this if done successfully would be an increase or return to profitability.

However, such an approach seems rarely to be adopted in practice and objectives, if formulated at all, are often based on inadequate information, faulty reasoning and a political process which may demand a negotiated outcome based on differing power bases and value systems. But while objectives may be difficult to formulate this should not negate the exercise of reviewing reasons and objectives. Even if a positive set of objectives cannot be established some thought given at least to what should be avoided should be beneficial. For example, one company undergoing a rapid period of growth reorganized 6 times in 18 months. Many employees questioned whether senior management had any idea where they were taking the company. The reality was that rapid market changes made identifying clear goals extremely difficult. Where this company might have gained however, was in being clear about what was internally unacceptable. The argument here is not that objectives should be neglected, but in the absence of establishing these, those responsible for organizational change should at least identify possible pitfalls and avoidable consequences.

The What of Change

In considering what is changed in organizations two aspects are important. The first is what is commonly labelled in the literature as the content of change. The second is the scale of what is changed.

In terms of the content aspects, one of the most common frameworks itemising the areas which might be changed in organizations is one proposed by Leavitt (2). He identifies four major factors—task, people, technology and structure, as follows:



These are seen as leverage points where change can be directed at any of the variables. The framework can be used not only to identify where to intervene, but also where change may evolve from. The organization is viewed here as a multivariate system with each of the four key variables being interdependent. Legge (1) notes that because of this interdependence, "planned" change in one area will probably result in compensating or retaliatory changes in another area. But while attempting to predict the possible impact of change in other areas is critical, in practice it is a frequently neglected process.

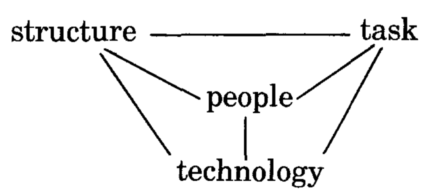
The simplicity of the framework should not hide the many problems that may arise in intervening in each of these areas. With regard to task modification, modifying organizational goals can cause severe disruption, can be fundamental and can take a lot of time. In terms of technology modification, the difficulty here depends on the scope of the change. Computerisation can demand new skills leading to changes in the role of managers and workers. Structural alteration changes a person's job responsibilities, which can include job enrichment and autonomous work groups. But it will also affect the pattern of authority relationships, distribution of responsibilities and the design of communication and workflows, which may cause severe disruption.

But fundamental to each of these and perhaps most important is people modification. It is the most popular change strategy and often seen as the least disruptive, although not necessarily easiest or most straightforward. Most people strategies rely on a basic model of individual change which was first advanced by Lewin (3) and developed by Schein (4), but which still shows through in the current literature (5). The model consists of four basic steps:

- desire for change
- unfreezing—changing forces to make someone ready for change
- changing—being given direction and learning new attitudes
- refreezing

However, perhaps the important point about people modification is that although one may not directly aim to change people or deliberately use people as a leverage point, they are going to be affected in some way or another. Morever, although this is the most popular strategy, the likelihood of resistence and conflict from those affected makes implementing organizational change with regard to people, extremely difficult.

One of the problems with many of the ideas in the area is that they tend to play down the difficulty of implementing change with regard to people. Later, this point will be considered in more detail, but it is useful to emphasise here that in most major organizational changes, people are not merely one of the variables, but more likely to be the hub of the wheel. Thus, the following representation would seem to be more appropriate.



The second aspect in relation to what is changed is concerned with the scale of change. By this is meant whether change is intended at the individual level, or at the group, intergroup, departmental or total organizational level. Despite these different levels it is not unusual to find writers making statements about the appropriateness or inappropriateness of large or small scale change in general. For instance Barczak et al (6) argue that the rapidity, complexity and discontinuities experienced in the economic environment of the developed industrial nations during the 1980s and presumably continuing in the 1990s have demanded more and more that organizational change is undertaken on a large scale. But as will be highlighted later, while large scale change is appropriate and unavoidable at times, there are also many circumstances where changes at a smaller level may be successful. The change agent should be looking to increasing the range of options available rather than dismissing approaches and hence limiting choice.

The How of Change

Strategy/Philosophy. A debate has arisen over whether in looking at how change is implemented the suggestions outlined in the literature are becoming less appropriate and/or out of line with what is happening in practice. Two general strategies/philosophies about the overall process of change have been around for some time. These are, on the one hand, the evolutionary/incremental approach, and on the other hand, the revolutionary/transformational approach. In the literature the first of these, that of incremental change has by far been given the greatest airing and still predominates. Within this framework the most widely advocated and probably most used approach of planned organizational change (particularly in the US) is that based on Organizational Development or OD. OD is a process consisting of seven distinct steps (7) as follows:

- initial diagnosis: what is the problem
- data collection
- feedback and confrontation
- planning and problem solving
- team building
- intergroup development
- follow up and evaluation

However as was noted earlier more writers (6) are suggesting that while incremental change and OD assumptions may have been appropriate during stable economic periods the complexity and turmoil of the past two decades has meant that the incremental approach is now less useful; a criticism which is currently reflected in organizational change practices. The OD philosophy which Schein (8) considers to be one of how to be helpful may be unhelpful in certain circumstances and increasingly so in times of widespread economic turbulence.

METHOD

Despite the recent encouragement given to considering the use of revolutionary change approaches, the kinds of methods that typify organizational change interventions, again are largely related to OD philosophies. They include activities such as:

- survey feedback
- process consultation
- team building; discussion on possible barriers to cohesiveness, and sensitivity training on how people respond to each other's behaviour

Two comprehensive models based on this approach are that of French and Bell (9) and that of Blake and Mouton (10,11).
French and Bell offer a 2 by 2 matrix emphasising:

a) the target of the intervention. e.g. individual, group or total organization
b) the focus, either in terms of task or process

Their change mechanism typology includes:

- feedback
- awareness of changing socio-cultural norms
- increased interaction and communication
- confrontation and resolution
- education; knowledge and skills.

Blake and Mouton's framework is similar. Overall their framework has three dimensions:

- kinds of intervention; what you do
- focal issues; what issues are addressed
- units of change; who is the target

They produce a consulcube describing what the consultant does what issues he/she intends to resolve and to whom he/she does it. They identify the "units of change" as the individual, group or team, intergroup relationships, entire organization and larger social system. The kinds of intervention they advocate include:

acceptance—giving security to express thoughts
catalytic—information collection

confrontation—challenge to thinking
prescriptive—telling what to do

But they also add what they call "focal issues"—those causing the client difficulty. These may be power and authority, morale and cohesion, standards and norms or goals and objectives. The problem is to identify who is the client and the target of change.

On additional, but slightly separate approach is that of Harrison (12) who has a framework based on depth and primarily in terms of the individual. His concept of individuality is concerned with the extent to which change affects the individual rather than the organization. For him, the more self focussed the technique, the more it affects emotions and values. He argues that change should be attempted at a level no deeper than that required to ensure a solution to the problem, although it may be difficult to know how to make this judgement before the intervention is selected.

STYLE

There are a range of styles and varying degrees of power sharing which can be used in changing organizations. Three styles, based on either a leaning towards participatory or authoritarian approaches, have been seen to predominate, namely, unilateral action, delegated authority or sharing power. Even so, the literature at least, has largely emphasised participatory or power sharing approaches. While some writers (13) have pointed out that participatory styles may be inappropriate where radical change is necessary, the tendency has still been towards emphasising participation rather than coercion. This is despite the fact that where resistance is expected or the organization faces a major crisis and its members agree something has to be done, authoritorian styles are likely to be more successful.

Why participatory styles have nevertheless predominated may be due to several reasons. The predominance of the OD philosophy which comes with it assumptions about style has encouraged power sharing. Participation also seems to imply the possibility of greater commitment on behalf of the workforce and also for some is more ethically acceptable. The economic stability of previous decades may also have provided an environment where participation seemed more appropriate. However with the greater degree of rapidity in economic change the argument is that coercive approaches are more necessary. Indeed, the trauma and turbulence experienced by companies during recession has prompted some to argue that those responsible for change do their organizations a disservice by not taking tough approaches to save ailing companies.

The general conclusion is that change agents should take a contingency approach where the style that should be advocated and used is a product of an assessment of the organizations difficulties. For those wedded to a particular philosophy this may be easier said than done but the economic challenges of the 1990s may make it imperative that those responsible for change broaden their assessment of what style may be necessary in reality.

TIMING

Finally it is worth giving some consideration to the length of time needed to implement change. In some ways timing has links with other processional issues described above. Incremental changes using a participatory style are often seen as longer term exercises than transformational change using coercion. However such neat relationships may not always apply. Incremental steps can be made quite quickly where the change is small scale and these targetted for change are favourable towards it. On the other hand, a coercive style used to implement large scale change where there is strong resistance could take years to achieve success. As will be seen in the next part, considerations of time are important and should be considered separately from the factors discussed above.

Thus in summary, the starting point for implementing change is to consider the why, what and how of change. Establishing reasons and objectives for change, considering the leverage points and scale of the change, and reviewing the strategy, method preferred style and the constraints of the change process are major considerations in implementing planned change successfully. However change in organizations is not straightforward and while these are important factors there are gaps in this framework if one actually looks at change within organizations. Consequently, below is presented a broader framework drawn from case study examples, which partly incorporates the factors already considered, but attempts to highlight some additional issues in what is often an extremely complex process.

EIGHT STEP MODEL

The broader framework consists of eight steps as follows:

1. Identifying whether there is a need for change.
2. Recognition of the need for action.
3. Diagnosing the problem(s).

4. Determining change goals.
5. Selecting a change programme.
6. Implementing the change.
7. Creating a proper climate for change.
8. Evaluation of change effectiveness and modification of strategy where necessary.

The eight steps involved in the framework are not in themselves new. However, they are often presented without a full discussion of the difficulties that bringing about organizational change involves. Each of these steps is developed below in the light of the study of change in major manufacturing companies during the UK recession, mentioned earlier. This, at a minimum, should help change agents avoid the major pitfalls of change implementation.

Identifying Whether There is a Need for Change

The first step in managing change is to identify whether it is necessary to change in the first place. This relates to clarifying the "why" of change noted earlier and identifying the reasons for changing. Important here is being aware of what some writers have referred to as the performance gap; the difference between what an organization is trying to do and what is actually being accomplished. The assumption is that managers will have some idea of their objectives, or as noted earlier, at least a notion of what they wish to avoid. Consequently, if there is a performance gap, management in theory should try to reduce this disparity. The reason for the gap may be due to internal factors (such as a change in job technology or in the personal goals of employees) or external factors (such as economic changes, market change or legal or political change). Managers, it is often argued, should be aware of both types of forces and try and pinpoint the reason for the performance gap.

However, the danger is that the gap may be recognised at too late a stage. This was highlighted in some of the activities of the companies in the study. What most of the companies failed to do and what companies should do is continually scan the environment for discrepancies between performance and objectives. But while this in itself may be possible for one or two individuals to achieve, what may be more problematic is getting a whole senior team to accept that there is a performance gap and more critically what if anything they should do about it. However, unless at least some individuals in influential positions attempt to raise issues about poor performance in a challenging manner no initial progress will be possible.

Recognition of the Need for Action

Nevertheless, despite the above, the problem facing most companies in the study was not so much in identifying a performance gap per se, but in assessing the implications of this and that the causal factors needed to be acted upon, the second step in the framework. Change for the sake of change is not being advocated here. But what was critical in the study was that a reluctance to come to terms with the need for action meant that valuable time was lost in halting decline. Recognising this need is necessary before any action can be taken. Nevertheless, many decision makers while acknowledging a performance gap, find coming to terms with the need for change difficult. In one company, for instance, there was a belief that "things would sort themselves out". The feeling was that because things had always worked out in the past, they would in the future, as if the organization had some regulatory system built into it.

Thus, change agents may well find blockages in this area. What is required is persistence in helping decision makers to recognise the need for action. This can demand a high level of interpersonal skills and considerable political awareness. The change agent needs to bring home the importance of the need for change and demonstrate that action is vital. Doing this demands communication skill, a well thought out argument and often some backing from important political actors.

Diagnosing the Problems

While diagnosing problems is a necessary stage, problems are often unclear and may remain so for some time after recognising the need for action. Indeed, the problems may change. In the case of two of the companies in the study, when an attempt was eventually made to adapt to changing economic conditions, it was found that problems had become compounded. What had initially been a situation requiring some readaption to changing market trends, became one requiring changes in a whole range of areas including organizational structure and employee morale. However, the difficulty then became one of trying to get acceptance and agreement that the problems were not different to what had at first been thought. What has to be recognised by the change agent is that problems may change or they may be symptoms of other underlying difficulties. Thus, it is important to try and be as accurate as possible in diagnosing problems, but flexibility is required and a willingness to accept that same issues may mask other, possibly, deeper rooted problems.

CASE STUDY—PART I

Company Z was a leading manufacturer in automotive products. Although the company had seen a gradual decline in gross profits over a period of five years, compared to their major competitors the company was suffering less badly. In absolute terms performance was not good, but while this was a worry to senior management, because of the relatively worse performance of their rivals they did not feel that any major changes to the company's operations were necessary. The company had dominated its sector of the industry for 10 years and there seemed no need to change what was seen as a relatively successful formula.

The following year, however, the company experienced a more drastic downturn in profitability. The company had managed to break even, but profits had been reduced by 30%. This came as a shock to senior management, but after long discussion they felt that this was a hiccup. The industry as a whole had taken a downturn, but this company had still weathered the storm better than most. It was felt that some changes had to be made especially in terms of market penetration, but again, no drastic moves were felt to be needed.

The next year saw the company make a significant financial loss. There were long and acrimonious discussions on the reasons for this. But a significant group of senior executives who had been with the company for many years argued that the company's approach was still generally correct. Some changes would have to be made and an assessment of the poor sales performance was necessary, but in principle their feeling was that the company should not be panicked into drastic action which in the longer term might prove unnecessary. This view held sway.

However, the next year saw a slight worsening in the company's performance and it became evident that more drastic changes were needed. But having now recognised the need for action senior management were still unclear about the reasons for the performance gap. It was difficult to establish whether the company's problems were a result of the wider economic recession now affecting the UK and Europe. They could also have been suffering from the generally depressed state of the industry, although some companies, particularly Japanese, seemed to be coping well. Additionally, the problems could have been company specific.

Reluctantly senior management concluded that many of the problems were internal and lay with the company's manufacturing and organizational efficiency. The only way out seemed to be massive reorganization. It was now six years after the first signs that something might be wrong.

Company X of similar size and in a related industry to Company Z had also experienced similar downturns in profitability. However, they were less blinded by their previous success and senior management attempted to reorganize the company at an earlier period. By doing this, they not only gained three years over their major competitors, but the disruption was much less. They realised they had to cut costs, and one way to do this was by shedding manpower. But by recognising the problems fairly early on they were able to produce a plan which reduced numbers largely through a process of natural wastage. Company Z was now faced with having to halve its workforce of 6,000 employees.

Change Goals

Thus in implementing change many crucial issues revolve around the "why" of change and coming to terms with the necessity for change. This is before any attempt is made to look at what is changed or how it is done. Another issue that some writers consider has to be addressed before proceeding with a change programme is that of determining change goals, mentioned earlier. Tied in with this is the notion of planning and prediction and the belief that one cannot plan and develop strategies if goals are unclear in the first place. While this would seem to be sensible, it is quite controversial how well this can be achieved in practice and at the least is far from straightforward (1). While some consider it important to establish clear goals, formulating these goals and developing a plan to achieve them often bears little resemblance to rational decision making processes.

In the case of the declining organizations, after acknowledging they had difficulties on the surface, the objectives of all the companies then seemed obvious. This was to reduce the performance gap and return the company to profitability. However, what might be meant by this was hotly debated within all the companies and rarely clearly communicated. Often strategy and goals became confused, and the chopping and changing in most of the companies indicated that neither goals nor strategy were widely agreed.

Clearly it is important to understand as accurately as possible how decisions are made concerning major change interventions. However, in reality, in organizations undergoing major change, decision making may be much less a rational, clear process but more a series of disjointed incremental decisions by which decision makers muddle through. Faced with a diversity of individual and group interests, decision makers may have no choice, but to take into account the power of different actors, which means that objectives will be arrived at through conflict, bargaining and mutual adjustment.

Certainly, conflict and political behaviour were much in evidence in implementing change both in contracting and growing organizations. Nevertheless, this is not an argument against establishing goals, but one for emphasising that often establishing goals is a political process that has to account for differing interests and positions. What seems to be the case, at least from the study, is that goals can be established, although the process is often misunderstood. An acknowledgement of bargaining process and political behaviour, and that goals may change is important. Indeed, in some cases the pitfall is that those implementing change stick too rigorously to achieving inappropriate objectives rather than not establishing goals at all.

CASE STUDY—PART II

Middle and junior management within Company Z had been aware for some time that the company was in difficulty. The continued decline in profitability had caused concern to a number of employees. Moreover, they could see other companies in the same industry also suffering. It was true that the other companies seemed to be doing worse than they were, but few felt that Company Z would be unable to avoid their plight sooner or later. But there were other issues which worried some of the middle ranking managers. The company did not seem to be developing any new products. Certain markets seemed to have been declining for years with little obvious change in the company's approach to them. What seemed to be most worrying was the silence from senior management. Two conclusions predominated. These were that either senior management had no idea how to cope with the problems and were leading the company to ruin by their prevarication, or that they were developing a programme of major changes which would be announced sooner or later. However, in the absence of any official statements from senior management, rumours began to develop which were largely pessimistic. Few of the employees were antagonistic to the company, as they felt the company had been a model employer in the past and would continue to be so. But morale declined and a general uneasiness about the future set in.

Senior management tended to be unaware or ignore what was happening below. The feeling was that announcements at this stage would be damaging and they did not want to cause unnecessary alarm. Moreover, senior management itself was not clear what was happening or what it should do. The manifest goal was to return the company to profitability. But other factors played a part in the discussion. Particularly important to some senior managers was the need to maintain stable employment for the workforce. There was pride in the company's relationship with employees and its standing in the local community as a major employer. For some senior managers this was a reputation and responsibility which had to be preserved.

The need for possible redundancies dominated the discussions for some time and clouded out another issue. This was the long term goals of the company. As one senior manager pointed out, cutting costs is one thing, but what then? Cost cutting was a short term goal and this alone was not enough. If the company had no new products or had not got the workforce or the facilities to cope with increased demand, the company could be back where it started. In effect the goals remained unclear and the company climate uncertain. No one was prepared for what was to come.

Selecting a Change Programme

Having considered why change is necessary and what is meant to be achieved, the next step is to consider what changes are to be made and how they will be implemented. The programme adopted will depend on the problems to be solved. It is here that an assessment of the content factors and the strategy, style method and timing discussed earlier, are agreed on. If there is awareness of intended outcomes, establishing a successful programme may be less difficult. However what should be noted is that programme selection is sometimes poorly thought through and not consistently adhered to. Failure to do this will compound what is already a difficult process.

Implementation of Change

Much more difficult and possibly the most difficult part of the process is actually bringing change about. Frequently, important factors both in relation to what is changed and how change is executed are overlooked and inadequate assessments are made of the impact that change programme will have on an organization. Often companies may go to long lengths to, for instance, plan the logistics of a change which in itself is correct, but fail to look further, particularly at the impact that symbols and their meaning may have for individuals. In the declining companies the actions which management undertook and which they interpreted in the light of their own understanding were often interpreted very differently by the workforce who assessed various actions in the light of their experience and settings. Thus, for instance, a policy of dribbling redundance, a few redundancies each month, was interpreted by senior management as humane and minimising disruption. For employees it was often interpreted as an attempt to "keep them on their toes" and maintain uncertainty. In companies emphasising cost cutting, new company cars, seen by senior management as an attempt to boost morale, signified incompetence in decision making to the workforce. Participatory approaches with some groups, were sometimes seen by others as delay and prevarication on behalf of management.

These examples are meant to emphasise the importance of symbols and the way they are interpreted, especially in emotionally highly charge atmospheres. The point is that it is not just a matter of getting the logistics of a change programme correct, but going further than this and attempting to look at the broader impact an approach may have in the light of an employee's possible interpretation of events.

Indeed, trying to assess the broader impact of a change programme is not only confined to the meaning given to it by employees. In the study, the majority of the companies met with difficulties in their change programmes because they failed to consider another broad aspect. This was that they failed to fully comprehend the interrelationship between various parts of the organization and the effect that change would have overall. In these cases the failure was largely in realising what impact changes in personnel would have on the managerial structure of the organization. Managers were generally protected from redundancies within the companies. With few promotion opportunities younger managers tended to leave. This resulted in organizations which contained managers who were generally older and somewhat less able. Inadvertently, companies had created situations where their managerial structure was top heavy and contained less talent overall than before the changes were implemented.

Thus, change agents should try and assess the interpretations made by others and the interconnectedness of the organization. Additionally, there is a need for the change agent to assess his/her own assumptions and interpretations, as well as those of others. An attempt to do this may reduce the blinkers in predicting the possible impact of any programme being advocated.

Creating a Proper Climate for Change

Related to the above and particularly worth highlighting in implementing change is the climate that is created and maintained during the intervention. It might be argued that this process should preceed the actual programme itself, however it is seen here as part of the programme and ongoing.

Many changes models including the popular Organizational Development approaches noted earlier, assume that people are open to change and that organizations and their managers are willing to change. If this assumption is correct, creating a change climate is a matter of communicating consistently over time the needs and benefits of changes to be made. However, if this assumption is incorrect, or the extent to which people resist change is not fully accounted for, then clearly interventions may fail and even exacerbate an already difficult situation.

In the study of manufacturing companies this was certainly the case. Forced by economic circumstances to introduce major changes in their operations and structure, senior management in all of the companies was frequently faced with considerable resistence. Often opposition to change came in the form of apathy, but sometimes in terms of out and out resistence amongst the workforce in the form of a strike. Schein's model noted earlier of unfreezing and then freezing is a helpful ideal, but merely noting the steps and trying to follow them hides the underlying problems. Unfreezing, changing and refreezing are difficult, but unless there is desire for change in the first place, these are impossible. Nevertheless, creating this desire is not straightforward. In fact, the difficulties of getting employees to accept change was underestimated in the majority of the companies in the study. Consequently, the strategies that were adopted were less than successful because they failed to fully account for the difficulty of creating a desire for change in this environment. Thus, the climate in which change occurs can greatly help or hinder the process. This perhaps is the least predictable and most volatile aspect of change in organizations. However, failure to take a proactive approach to developing such a climate may by default create a vacuum filled by rumours and speculation. There are many pitfalls, but consistent message constantly communicated downwards and done over time, reduce the possibility of a negative climate.

Change Evaluation

Flexibility and awareness of one's own assumptions is particularly important in relation to the final phase of the framework, that of evaluating change effectiveness and programme modification. In many instances, companies which have adopted a particular programme have failed to readapt when the programme was clearly failing to work. Obviously, there must be a balance here. Chopping and changing a programme before it has had a reasonable amount of time to run can be particularly disruptive and in the declining companies led to disillusionment with the decision makers at the top. However, in this study, companies were characterised less by constant readaption, but more by their inability to adapt quickly enough and in anything other than a piecemeal fashion. None of the companies surveyed seemed to have come to grips with the fact that they were no longer the giants of 10 years ago. Ultimately the problem lay in establishing a clear and realistic assessment of their place in relation to a changed environment. Trying to hold on to old status rather than clarifying the new position suggested that if the companies did survive they would do so by whim of fate rather than by any brilliant strategies of their own.

Major change programmes should not demand constant modification but they do demand constant evaluation. Without this a company may be rolling down a hill to disaster when they believe they are scaling a mountain. Trying to then change again when it is found that the wrong direction has been taken some time ago, may be harder than initiating the change in the first place.

CASE STUDY—PART III

The change strategy adopted by Company Z was one that was concerned with putting the company on a sound financial footing. This essentially consisted of a number of measures to reduce costs within the company. The major way that this was to be achieved was by halving the workforce to 3,000 employees over a period of 3 years. Senior management, wishing to uphold the idea that the company was a model employer, wished to implement the redundancies as humanely and with as much cooperation from the workforce as possible. The initial intention was to make 1,800 redundant in the first year and 600 in the two subsequent years. It was not initially intended to make managerial staff redundant. The company formally announced that it was to make 1,800 employees redundant, but wanted to do this with full consultation with the workforce.

The announcement came as a considerable blow to the whole of the workforce including middle management staff. They had suspected that something was going to happen, but nothing so extensive. The general interpretation was that this was an extreme reaction by an uncaring and insensitive senior management. Despite long years of good labour relations, employee representatives went into negotiations feeling let down by senior management and bitter at what was being requested of them.

Negotiations continued for much longer than had been envisaged by senior management. Wanting to do what they thought was best in the circumstances they went to great lengths to explain their position and to consider suggestions from the workforce in great detail. The employee representatives saw this as stalling tactics and unable to come to terms with the initial redundancy announcement, saw the possibility of further shock announcements at any stage. Despite management's attempts to communicate, the workforce eventually came out on strike (the first for 20 years) which lasted for 6 weeks. Rather than having reassured employees, management had created feelings of insecurity and conveyed insensitivity to a workforce which saw itself as loyal and long serving.

Senior management persisted, despite the difficulties they were now facing. Meanwhile, as the situation dragged on with the blue collar workforce, lower management grades now became nervous. They had not been told where they stood and felt they were being ignored. Morale declined quickly and within a short period many younger, mobile managers sought jobs elsewhere.

Eventually the strike was resolved, but the company was left with a bitter and demotivated workforce and some discontent amongst its management staff. The changes took much longer than had been expected and resulted in hardened attitudes against further change.

Many of the problems found in Company Z were overcome by another approach taken in Company C. This company reorganized a small part of the company, the design engineering department, before attempting larger scale change. The changes were announced well in advance and management spent some time in explaining and negotiating with the department. There were job losses, but these came through natural wastage. This pilot programme was generally considered to be a success by the workforce and helped establish senior management's credibility in bringing about change. When the company later implemented redundancies the workforce were better prepared for this and while there was tension and disappointment, the climate generally remained positive. Everything did not go smoothly, however. A policy of dribbling redundancies created tension in parts of the organization and lowered morale. However, senior management acted swiftly when it was realised what impact this was having on the workforce. By identifying the problems early on, by reviewing and reassessing their strategy, and by already having created a positive climate, senior management in Company C was able to deal with problems with the change programme successfully.

An assessment of change effectiveness depends on the goals established in the first place. Success may be determined in a number of ways from attitudinal change, to worker satisfaction, to increased profitability. Whatever, the initial goals must be realistic and achievable. But goals or a change programme are not written on tablets of stone. Follow through is important, but sticking to unrealistic goals or a poor strategy, clearly, can only spell disaster.

One of the problems that several of the companies faced was in realizing that they had adopted an inappropriate incremental change strategy or not fully taken into account the scale of the changes they intended. The issue was not that the incremental approach was wrong per se, but became inappropriate in terms of what the companies wanted to achieve and the time in which they had to do it. In some cases a more revolutionary approach would have been more apt right from the start. But having failed to take this initial course, several companies got trapped by their original approach when a change in strategy was then necessary. In these cases a more directive programme needed to replace the original piecemeal changes. However, the converse may also be true. Companies taking a revolutionary approach can push this too far resulting in unnecessary bitterness and trauma, and failing to then use an incremental strategy of ongoing change to reestablish commitment and morale.

The last point emphasises the fact that organizational change is a complex but continuous process. While consistency is important this should not be mistaken for complacency. Change processes demand constant evaluation of progress and an awareness that reluctance to change may equally ensnare the change agent as much as the people he or she is trying to change.

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