FRAMEWORK OF CHANGE MANAGEMENT

Andrea MATKÓ [1], Krisztina DAJNOKI[2], Zsolt BAKSI[3], Tímea TAKÁCS[4]

[1] University of Debrecen, Hungary, andim@eng.unideb.hu
[2]University of Debrecen, Hungary, dajnoki.krisztina@econ.unideb.hu
[3]University of Debrecen, Hungary, baksi.zs77@gmail.com
[4]University of Debrecen, Hungary, takacst@eng.unideb.hu

Abstract— Economic organizations are in a constant relationship and interaction with their environment. There are more and more competitors in the market and customer needs are constantly growing and changing. Appropriate change management is necessary for companies to maintain their market position in long term in order to achieve competitiveness and profit. The framework of change management is defined by the factors of change management and characteristics of the factory. Our study aims introducing the concept of change management, the types of organizational changes and the relationship between organizational strategy and change management.

Keywords— Change management, organizational changes, organizational strategy, framework of change management

I. INTRODUCTION

In our changing world continuous improvement is essentially needed for every economic organization. Nevertheless, implementation changes to the development aren't a simple task in organizations. In our study, we are presenting and analyzing the changes in organizations, the change management framework and its practical methodologies.

Economic organizations are in a constant relationship and interaction with their environment. This environment is constantly changing in our accelerated world. In the midst of changes the participants within the organization are interested in maintain and enhance the achieved results. In most cases it is necessary to develop an effective adaptation for environment changes in order to maintain the organizational results.

In addition to environment changes, customer needs are constantly growing and changing. There are more and more competitors in the market. Appropriate change management is necessary for companies to maintain their market position in long term in order to achieve competitiveness and profit.

There are several factors of change management and there are several characteristics of the company which can define the framework of change management in the organization.

Our study aims introducing the concept of change management, the types of organizational changes, the organizational strategy and the relationship between organizational strategy and change management.

II. CHANGE MANAGEMENT

During the guided organizational change:
1) at least one of the essential characteristics of the organization is changing
2) the organization's management consciously directing (or at least influencing) the direction and progress of change
3) the change exceeds a certain magnitude.

The ultimate purpose is maintaining or improving the organizational performance through influencing the organizational factors. [7]

The basic relationship between organization, leadership and performance can be seen in the following figure:
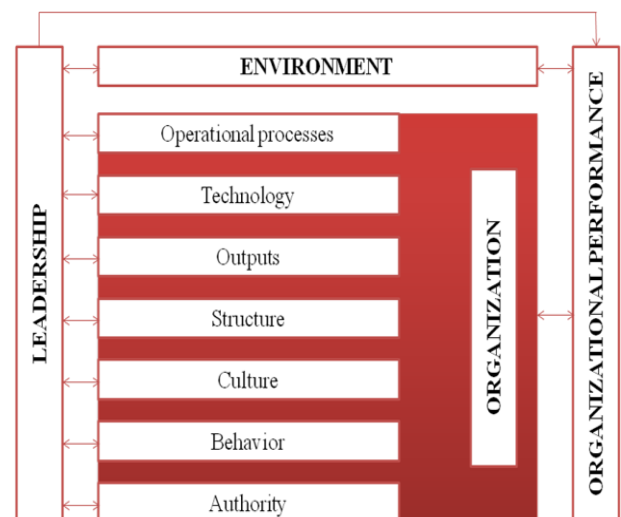

Fig. 1 Relationship between organization, leadership and performance
(Source: [7])

The management's responsibility is implementing changes corresponding environmental changes to achieve optimal performance. In interpreting organizational performance efficiency and organizational effectiveness are distinguished. The efficiency means the efficient use

of available resources. Effectiveness suggests that the goals of the organization continuously correspond to expectations imposed by the external environment. [5]

In conclusion during the guided organizational change at least one of the essential characteristics of the organization is changing and the change exceeds a certain magnitude. The organization's management is consciously directing the changing, or at least influencing the direction and progress of change to maintaining and improving the organizational performance.

Organizational change types

There are two type of organizational changes depending on the extent of the changes. [7] Incremental and radical change and their characteristics can be seen in the following table.

TABLE I

THE TYPES AND CHARACTERISTICS OF ORGANIZATIONAL CHANGE

Incremental change	Criteria	Radical change
One or a few essential organizational features are changing.	The extent of the change	Many or all essential organizational features are changing.
Slight changes in the changing organizational characteristics.	The rate of the change	Large-scale changes in the changing organizational characteristics.
Changes in specific departments.	The scope of the change	Changes in the entire organization.
Changes in one or a few hierarchical levels.	The level of the change	Changes in all hierarchical levels.
Changes step by step, less spectacular changes.	The method of the change	Bigger, more spectacular changes.
Relatively slow changes.	The speed of the change	Relatively quick changes.
Promoting the external adaptation of the organization and/or developing the internal adaptation of the organizational sub-systems, structures and processes.	The basic goal of the change	Promoting the external adaptation of the organization and/or creating a new configuration of the organizational sub-systems, structures and processes.
Managed by lower-level manager or senior manager.	The management of the change	Managed by the top management.

(Source: [7])

Connected to the types of organizational change there are two types of significant organizational characteristics:

the transactional variables and the transformational variables. [4]

There are several scientific literatures which deal with the transactional and the transformational variables. [10] [14] [18]

The Burke and Litwin model illustrates the relationship between the transactional and the transformational variables. The model is based on decades of intensive practical studies and has the following characteristics:

a) in terms of organizational change the cardinal organizational characteristics are divided into two groups (the transactional variables and the transformational variables)

b) relationship between the variables cause-effect relationships are more detailed than in the previous models. [3]
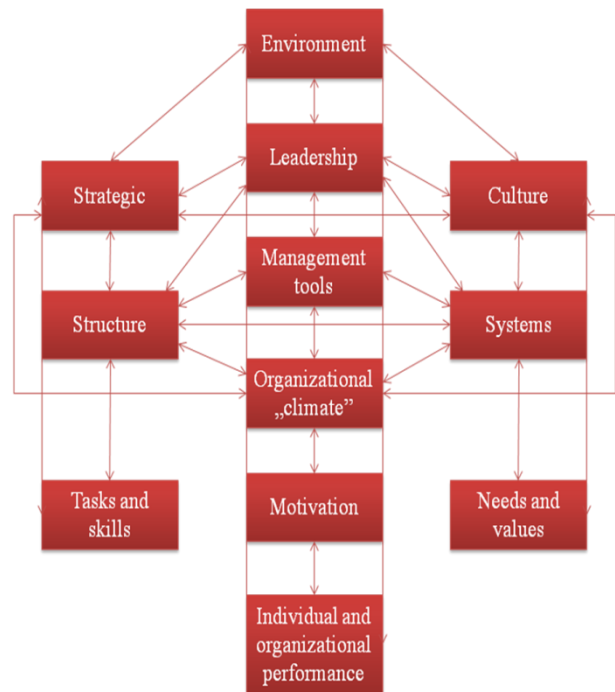

Fig. 2 Cause-effect relationship between variables
(Source: [4])

There is an important conclusion belongs to the model: a model shows reciprocity between transactional and the transformational variables, but the transformation variables mean the cause and the transactional variables mean the effect in most cases. The changes in environment impact on the transformation variables directly, these variables are forwarding the effect to the transaction variable which define the organizational effectiveness.

Variables are in a relationship with the external environment cause transformational changes; these are forwarding the changes in the external environment to the other variables which are determining organizational productivity. These are the following:

1) leadership
2) strategic
3) culture

There are several scientific literatures which deal with the needed of transformational variables. [3] [6] [11] [12] [13] The changes in the transformational variables have a considerable effect the entire organization, because these variables basically change the key features of the organization.

There are two other types of organization changes based on Beer's typology:

1) E-type change (Economic value approach)
2) O-type change (Organisational capabilities approach). [2]

E-type and O-type change and their characteristics can be seen in the following table.

TABLE II
THE CHARACTERISTICS OF E-TYPE AND O-TYPE CHANGE

Characteristics	E-type change	O-type change
Goal	Maximizing the economic value	Developing the organizational capability
Leadership	Top-down	Participational
Focus	Structures and Systems	Culture
Planning	Programmed	Developing
Motivation	Managed by incentive	Incentive
Role of consultants	Large (knowledge-driven)	Small (process-driven)

(Source: [2])

The combination of the two types of changing is useful to reach the optimal performance. The two types only are used one after another, not in the same time. In this case the sequence is relevant. [16]

III. THE ORGANIZATIONAL STRATEGY

Making strategy can help formulating of the organization identity, defining goals and providing orientation for management decisions. During the future-oriented concept of strategy, the organization is making the strategy with a less formal process. The essence of the process is making plans for future in a clear, informal process to help putting into practice the new concepts.

During making the future-oriented strategy:

1) Organization is defining only the vision and/or the mission
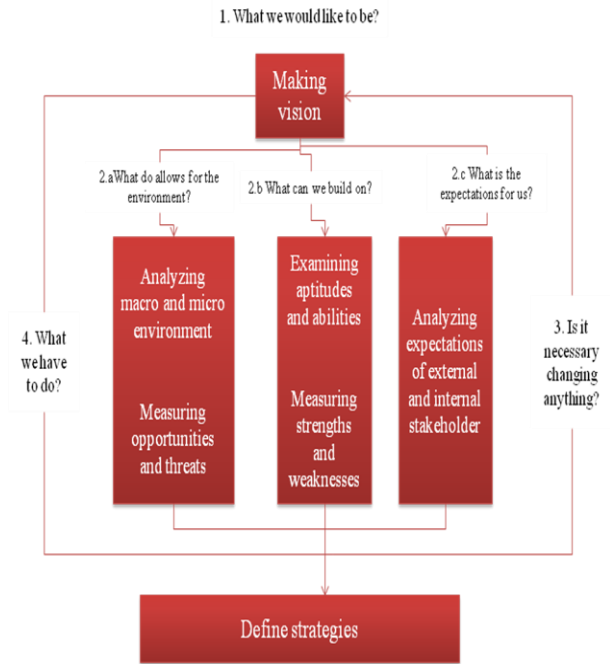*2) Organization is defining the vision, the mission and planning part strategies.* [15]

Fig.3 Processes and methods of the future-oriented strategy
(Source: [15])

In the strategy of organization a conscious concept appear, according to which the organization will respond to the expected or already occurred changes in the environment. In a conscious change management the organization's management consciously choose a strategy by which organizations can maximize the ability of adaptation. A conscious strategy includes change management.

In the concept of organizational changes, change means any transformation, which occurs in the essential characteristics of the organization. Essential characteristics of the organization are the following:

1) operational processes
2) technology
3) the output of products, services
4) the organizational structure
5) organizational culture
6) organizational behaviour
7) the power relations.

These features are essential characteristics. But in connection with a change depends on what the essential characteristics of the organization. The essential characteristics depend on the characteristics of the body, subjective assessment of the stakeholders and specific environmental situation. These features are relationship to each other, so during a change more things change.

In an economic organization unplanned changes may occur, which aren't in accordance with the organization's objectives. As distinct from this change management means conscious efforts of organization's management to change, which exceed a certain magnitude.

In terms of human factors Kurt Lewin (1964) marked a change in the kind of psychological force field. According to Lewin there are promoting change driving forces and braking change driving forces. In Lewin's opinion the change will only succeed if the psychological driving forces predominate over the braking forces, so it is possible to shift. The first question is what the reason is for these inspectors. People usually seek safety and happiness. This statement is also true in the workplace environment. The safety and happiness are the subjective feelings of there are lasting peace, harmony, Predictability around us. The opposite: the tension, anxiety, feelings of insecurity unloved. People are trying to avoid those feelings or defend against them. People try to reduce anxiety during the change with questioning the need for change. [9]

The next question is how we deal with the problems encountered with the changes. In several models (for example Kotter, 2012) the first step is making sense of the need for change in the stakeholder. The second step is appointing a group of leading change. For the successful change the top management support is essential and it is necessary that in a team attend dedicated people. The team should be entrusted with the tasks and powers. The team has to create change in the vision and strategy of the aim-attainment leads along inputs, targets and limits set out. Team must communicate the vision and the strategy to the members of the organization. The change in leadership, communication must answer the following questions:
1) *Why the change is necessary?*
2) *Why we have to do the change in this time?*
3) *What is the aim of the change?*
4) *What are the advantages of the change for the company and for the employees?* [8]

The communication must be two-way, so the workers' expectations, ideas and suggestions are also important. The communication must be quick, informative and not explanatory. The change team should show a good example for the workers. After this the introduction of the changes can start involving of staff concerned. It is important to achieve a rapid and spectacular presentation in initial results. These further reinforce the vision and reduce uncertainty. The change should be extended to new areas, new processes and new projects.

The order of the steps is not really changeable. The first steps loose up the old structure, the real change of the process will come later. But without the proper preparation of the resistance to change is very difficult to handle. After the process of consolidation should be paid special attention, because the changes of the nature that like to resolve back The system changes the approach can be divided into two basic types: The first level of change that is taking place within a system and the system itself remains unchanged. The second level change is the change of the change itself. The change is particularly vulnerable to a sense of predictability, if there is little information, safety and tranquillity available. Between the first- and second-degree changing in the difference is that the first instance only changes one part of the system the rest remains the same, the second-degree turn covers of the whole system, leave nothing changes.

The above definition is really nothing to do with the change in fermentation: first degree changing may extend system as a whole and morphogenetic system can be limited to a small portion.

The success of the change is in condition 5 EL model, the existence of at least four models are met.

The conditions countervail the resistance occurring in association with changes

EL 1x EL 2x EL 3x EL 4> EL 5

1) *EL 1 is the current state of contentment*
2) *EL 2 is the imaginary vision*
3) *EL 3 is the first plan of action and presence, that the implementation of the vision of the strategy and action plan*
4) *EL 4 is stepping together, participating in identifying problems and planning the changes.* [8]

Together, they must be more, whether as a 5-resistance to change. The next important question is to handle the problem during the changing. [17]

Most of the literature models define and bound steps in order to be successful the change management. The necessary steps are clearly visible, like Kotter's change process model.
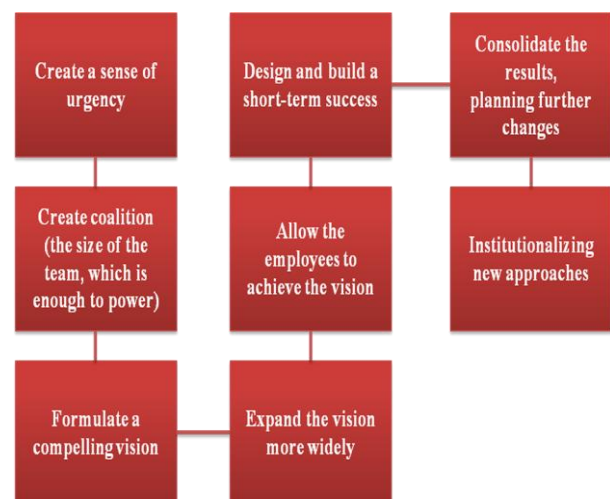

Fig.4 Kotter change process model
(Source: [8])

TABLE III
STAGES OF THE CHANGE PROCESS

1. Illustrating the urgent of the change	Examining market and competitive realities
2. Making a team for leading changes	Making team endowed with power, teamwork
3. Planning vision and strategy	Making a vision for helping the change
4. Communicating the changes to the employees	Using of any help for knowing the vision and the strategy
5. Authorizing employees	Eliminating barriers for authorizing employees
6. Achieve quick wins	Earning employees in public who helping in the quick wins
7. Consolidate the results, planning further changes	Inclusion, promotion and rewards of suitable people
8. Institutionalizing new approaches in the organizational culture	Trainings for leaders

(Source: [8])

The key factors in the model are the following:
1) *Request feedback from the target groups of stakeholders,*
2) *Ensuring continued commitment of leadership,*
3) *Up to date information to the staff concerned,*
4) *Carefully prepared consultation with interested groups,*
5) *Clear adequately communicated personnel decisions at the beginning of the process,*
6) *The involved stakeholders training and preparation,*
7) *Tailored individual support of key stakeholders,*
8) *Stabilization of the introduced changes, the continuous evaluation and feedback,*
9) *Deliberated, planned external communication, preparation of scenario.*
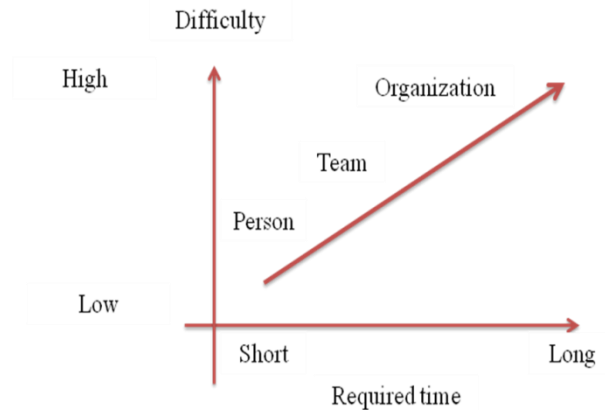

Fig.5 Levels of the change
(Source: [1])

The introduction of changes is unthinkable without affecting the others. The influence can solve three different ways:
1) *Rejection, neglect, rebellion. If we accept the influence, submission, identification, can be the individual reaction.*
2) *The surrender can be maintained by power tools.*
3) *Identification, the affected person identifies with the influential person, and the task dependency.*
4) *The applicable pressure of the affected person completely free choice, it is the highest form of commitment.*

TABLE IV
METHODES TO REDUCE THE NEGATIV REACTIONS

Method	When?	Advantage	Disadvantage
Training, communication	Lack of information	Facilitating change	Time-consuming, many people are involved
Participation, involving	Lack of originators' information, visors power	Committed participants	Time-consuming
Support, assistance, retraining	Conversion problems	Effective	Expansive and unsuccessful
Negotiation, agreement	The loser has a power	The prevention of serious resistance	Expensive
Manipulation	The other does not work	Fast and cheap	Problems in the future
Coercion	Need for speed, there is sufficient power	Fast to overcome the major resistance	Risky

(Source: [1])

In TABLE IV is presented those methods which helps to define the employee's negative reactions.

IV. Summary

In our changing world continuous improvement is essentially needed for every economic organization. There are more and more competitors in the market and customer needs are constantly growing and changing. That's why appropriate change management is necessary for companies to maintain their market position in the long run, make a profit and achieve competitiveness. In an organization during the change management the organization's management is consciously directing (or at least influencing) the direction and progress of change. The framework of change management is defined by the factors of change management and characteristics of the factory.

The change process can be divided into three major sections in an organization:
1) *Change Action Plan preparation*
2) *Analysis of the factors necessary to implement the change*
3) *Situation analysis and objective* [19].

In order for the organization deliver results it is necessary to follow certain steps:

    a) *outlining common vision and goal status*
    b) *searching partners with situation analysis*
    c) *ensuring consensus, competencies and cooperation*
    d) *the simultaneous completion of changes*
    e) *institutionalization changes in all organizational subsystem*
    f) *change process monitoring. [20]*

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