

Creating Change in the Organization

Katarzyna Grzybowska

*Poznan University of Technology, Institute of Management Engineering,
katarzyna.grzybowska@put.poznan.pl*

Abstract

The change is one of the most serious management problems in companies. It is caused by the fact that growing extensiveness and competitiveness force companies to return to simplicity. Companies need to be extremely flexible to adapt to changes on the market and meet demands of their customers.

Keywords

change in the organization, change management, social systems

Introduction

Modern enterprises operate on a global and competitive market, in an ever-changing environment which is often unpredictable. They lose their effectiveness and competitiveness if they follow the traditional way of management. These enterprises are expected to apply new solutions to the whole management system. The methods of management (Lean Management, Outsourcing, Spin Off, Agile Management, Just in Time...) are to make the organizations more flexible, so as to quickly and painlessly adapt to the new market requirements and expectations.

Thus new trends in changes management appear. Only yesterday change was perceived as a risk. At the moment change is regarded as an opportunity. Only yesterday a good idea for company operation could only be given by a specialist. Now, a good idea may come from various sources. Eventually, change itself is subject to changes. Few organizations may perceive change as an example of disruption of otherwise peaceful world. Too many things are changing too fast for the managers of any organization to afford to be calm (Robbins 1997, 436). The changes are becoming increasingly dynamic.

According to the questionnaire survey, conducted by the author in 2003, company managers support organizational changes. One hundred fourteen respondents from enterprises situated in Poland participated in the conducted survey. The questionnaire was filled in by employees holding at least the position of a specialist in a company.

A half year after Polish accession to the European Union in Polish economy changed definition of a small and medium-sized enterprise. Taking into consideration the new definition of a small and medium-sized enterprise 51% of the sample consisted of small enterprises (fifty nine companies), 43% of medium-sized enterprises (forty three companies) and 11% of large-sized enterprises (twelve companies). A small enterprise is a company which on average employs fewer than fifty workers yearly and its annual net turnover does

not exceed the equivalent of ten million euros in Polish currency, or the amount of its assets for the previous year does not exceed the equivalent of ten million euros in Polish currency. A medium-sized enterprise is a company which on average employs fewer than 250 workers yearly and its annual net turnover does not exceed the equivalent of fifty million euros in Polish currency, or the amount of its assets for the previous year does not exceed the equivalent of forty three million euros in Polish currency. These companies run business activity on various markets.

One of the objectives of the research was to establish the most beneficial changes in terms of expectations and results. It should be noted here that respondents could give more than one answer. Figure 1 presents the answers of the respondents when asked what kinds of changes are preferred by organizations.

Managers which are not interested transformation, reorganization and rationalization in a enterprises were 10,5% (twelve companies). Managers from companies which are interested in improving their companies' performance indicate four basic types of changes which they consider most important (see Figure 1.).

The concept of organizational change is in regard to organization-wide change, as opposed to smaller changes such as adding a new person and modifying a program. For examples the organizational changes are restructuring operations (restructuring to self-managed teams, layoffs...), mergers, major collaborations and re-engineering or Business Process Reengineering. Often the organizational change is a fundamental and radical reorientation in the way the organization operates.

The great majority of them (79% of answers) regard the implementation of organizational changes as a way of improving the financial situation of their companies. This is also a way of improving the competitiveness of their organizations.

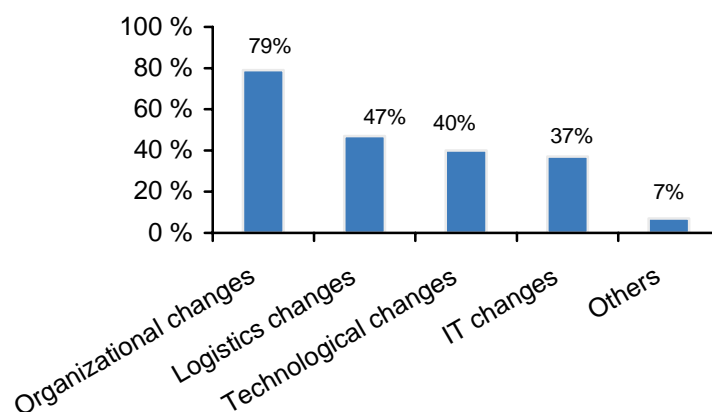


Figure 1. Responses to the question: What kinds of changes are preferred by organizations?

The notion of the change in the organization

What does a change in the organization mean then? R.W. Griffin defines it as each significant modification of a part of the organization. In this definition, a change may refer to almost every aspect of the organization (Griffin 1996, 393). According to Z. Pietrasiński, a change is intentional introduction or design (by man) of cybernetic systems which are based on replacing the current state of affairs by other states of affairs, evaluated in a positive in the terms of established criteria, and together creating progress (Pietrasiński 1971, 22). R. Martin expresses change somewhat differently; to change is to take different actions than previously. To take different actions than previously means to make different choices. Different choices produce change. The same choices produce sameness, a reinforcement of the status quo (Martin 2000, 452).

Change activities are involved in:

- defining and instilling new values, attitudes, norms, and behaviors within an organization that support new ways of doing work and overcome resistance to change,
- building consensus among customers and stakeholders on specific changes designed to better meet their needs, and
- planning, testing, and implementing all aspects of the transition from one organizational structure or business process to another.

For the purpose of the paper the author defines the notion of the change as a transition of the whole company or its part from a certain initial state to another which is explicitly different. This transition is brought about either by internal stimuli or by some external factors. A change is introduced to the company on purpose and it is assessed positively in the light of the criteria defined by the project originator of the change.

The author presents the synonyms listed below are strictly bound with the notion of the change:

- mutation – a replacement or transformation which took place,
- reform – a change which does not mean a radical or qualitative transformation, not changing the standard of living,
- restructuring – a change of the structure of the organization,
- modification – introducing modifications,
- rebuilding – a change of the present state into another,
- transformation – a change of the form, nature, character,
- adaptation – adapting to a new environment, surroundings, new conditions,
- reorganization – a change of organization; organizing anew, in a different manner,
- redesign – acting with the aim of preparing a new concept for the organization,
- improvement – changing for better,
- repair – removing faults, damages, putting into order,
- renewing – performing an activity from the beginning or after a period of time,
- adjustment – combining components in a way that they make up a whole,
- adaptation – a process or a result of a process in which one tries to achieve balance,
- rationalization – make something rational, improve; introduce rationalization.

Organizations need to change and transform in order to survive and become more competitive. Two basic objectives in the company could be distinguished. These are increasing adaptiveness and competitiveness of the organization with reference to the environment, and a change in the behavior patterns and the system of values of the organization members.

Types of changes

For the purpose of the article the author presents the main qualifiers and types of changes introduced to companies.

One of the important classifying factors of the change is the situation of the organization which causes a change. Changes introduced to the organization could be divided into (Dowżycki et al. 2003, 27-28):

- Creative changes – they are introduced to the organization when the company looks for new development paths, setting itself certain goals which the company tries to achieve. Priority goals connected with creative changes are the following: winning new markets, entering new areas of activity, or innovations in production technique and technology used in the organization.
- Anticipation changes – they are supported by previous detailed research. They refer to anticipating changes events in the environment. These changes also aim at searching for new development paths. As opposed to creative changes, however, they depend on present or anticipated events. If the predictions come true, the company has an opportunity to outstrip its competition and take position of the leader in a given industry or its branch.
- Adaptive (adjustment) changes – they are a reaction to current events. The speed and efficiency of introducing adaptive changes to the organization is crucial in achieving success by the organization. Quick and efficient adjustment changes enable the organization to maintain its current position on the market. (...) it is the basic measure for preventing the degradation of the financial situation of the company and potential threats to its functioning.
- Improvement changes – they are introduced to the organization when the company is in a very difficult situation. This situation is caused by not adapting the company to ongoing changes and not introducing improvements in a sufficient way. In such cases an improvement change is an alternative to liquidation or bankruptcy of the company.

The manner in which changes are introduced is a very important classifying factor. According to this factor, changes may be divided into (Sapijaszka 1996, 19-20):

- Evolutionary changes – also called gradual changes. They are implemented slowly, gently and gradually in the company. Gradual changes are always present in the functioning of the organization. They result from constant adjusting of different elements of the organization to one another and present reacting to small events taking place around. They are a constant element in the functioning of the organization, as individual elements of the organization are never perfectly fitted to one another. Gradual changes are aimed at correcting small deviations from the norm.
- Revolutionary changes – also called step changes, they occur as a result of sudden and radical changes taking place around. Usually they refer to the whole company undergoing deep transformations. Its character is revolutionary, therefore, to a certain

extent, it breaks with the past. Usually these are complex, multidimensional, undertakings which require a division into subprograms.

The applied qualifier is also the nature of the change, depending on which, the following could be distinguished (Griffin 2004, 409):

- Planned changes as changes which have been prepared and implemented in an organized way and according to a certain schedule, anticipating future events. It is an anticipated or creative change.
- Adjustment changes can be defined as a reaction to circumstances at the moment they occur. It is a gradual rather than a total change.

As a result of one-dimensional stance on the typology of changes introduced to the organization it is possible to divide them into particular groups on the basis of the intensity of a chosen feature. The result of that organization is a classification presented by the author in Table 1.

Table 1. One-dimensional classification of changes introduced to the organization.

Author	Classification criteria	Type of change			
Dowżycki, 2003	Situation of organization	Creative changes	Anticipation changes	Adaptive (adjustment) changes	Improvement changes
Sapijaszka, 1996	Manner of change implementation	Evolutionary changes		Revolutionary changes	
Griffin, 2004	Nature of change	Planned changes		Adjustment changes	

Organization – social system

In their book *The Social Psychology of Organizations* D. Katz and R.L. Kahn underline that social systems can be easily designed for different, wide range purposes and each created system, during its functioning, may acquire new functions, different from those which have been previously planned (Katz & Kahn 1997, 59).

Each social system and each company may be easily designed and changed depending on the planned purposes. Therefore, the introduction of changes to the economic organization is determined substantially by the human factor. Companies are created by people and function as a basic creative factor (Krzyżanowski 1985, 170). Cooperation of employees and their engagement in the process of introducing changes is the main stimulus determining the economic success of the company managers.

Therefore, we could propose a thesis: that the social factor, to a large extent, determines the success of introducing changes to the company, as opposed to the technical factor which has a little effect on the success of introducing changes. The technical factor refers especially to the proper tools, techniques and methods used in management. An organizational change

means, in fact, applying 10% of the technique and 90% of psychology and sociology (Czerska 1996, 126).

The type of the attitude and behaviour of the organization members depends on their evaluation of changes. In my opinion, the result of this evaluation could be the following: majority of benefits, uncertain result, and majority of losses.

A model of an organization capable of changes – majority of benefits

In the case, when there are more benefits in the evaluation of changes by members of the organization, the dominating attitudes among employees and managers are those of acceptance, interest, and willingness to participate in the process of introducing changes. In my opinion, engagement and intellectual progress which are a result of good habits in the organization. This situation is quite comfortable for owners and managers.

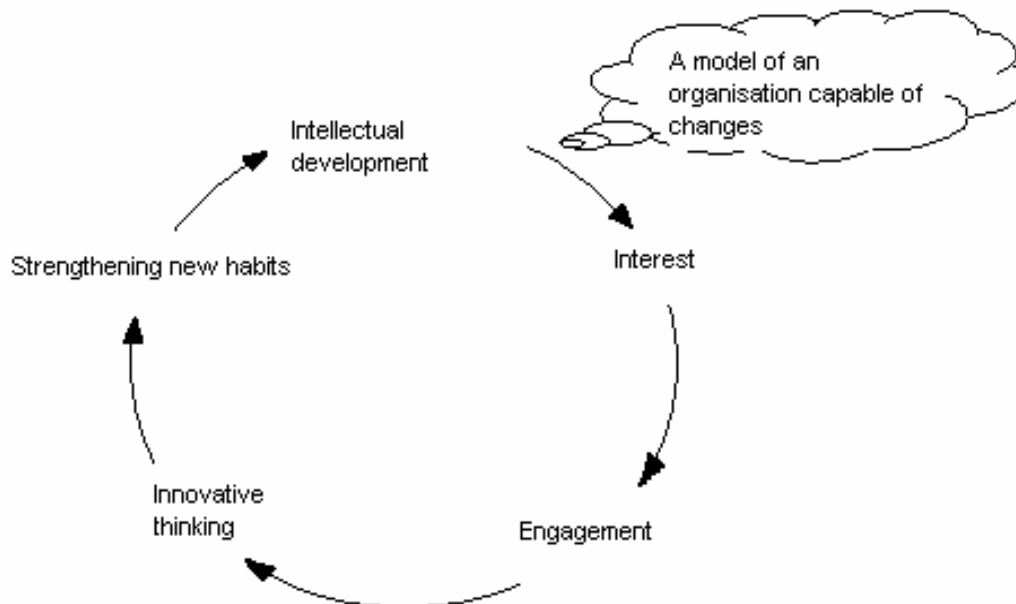


Figure 2. Model of an organization capable of changes

In such circumstances, planning and implementing changes is optimal not only for employees, but also for the whole organization. Therefore, we may talk about a model of organization capable of changes and oriented on changes. Collins underline that great companies have gained engagement and cooperation of their employees and could implement changes in a superb way, but they did not spend too much time on achieving this. For them, it was something obvious. In proper conditions, problems with engagement, cooperation, motivation, and change simply disappear and resolve themselves. (Collins 2003, 172-174) Positive behavior of members of the organization has been presented by the author as a model of an organization capable of changes. The model is presented Figure 2.

A model of an indifferent organization – uncertain result

The situation in the company becomes more complicated if employees regard changes as an uncertain result. This gives rise to awaiting and hope. Unfortunately, such a situation cannot last long, as this will lead to irritation and an increase of indifference among employees.

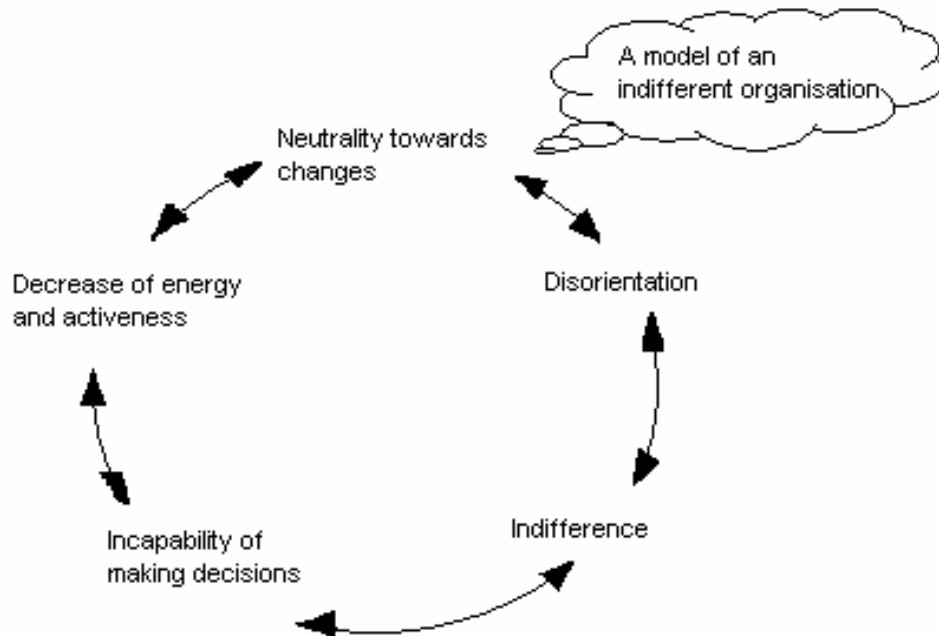


Figure 3. Model of an indifferent organization

Disorientation may be appearing among members of the organization. A growing incapability of making decisions may be also noticed in the organization. Energy and activity of organization members decrease. The author presents passive behavior of members of the organization in the form of a model of an indifferent organization. The model has been presented Figure 3.

A model of an organization incapable of changes – majority of losses

In comparison to the model of an organization capable of changes, organizations, whose employees evaluate changes in a negative way, present quite a different model. If the result and the evaluation of changes are unfavorable, and according to its members there is a majority of losses, then resignation, fear, resistance and reluctance to changes dominate among members of the organization. If changes are implemented, they are imposed - by force. It is an example of reverse logic in which we want to do well, but in fact we do wrong. These phenomena are characteristic in a way that in certain situations they generate their opposites – forceful introducing of certain – even apparently positive – solutions may result in effects contrary to what was intended (e.g. protest, aggression, attempt at revenge).

Such attitudes substantially delay the process of implementing changes. In extreme cases, they may hinder and stop the implementation of rationalization. As a result of the attitudes

of organization members, the company is not oriented on changes and capable of implementing them. If changes are implemented in these unfavourable conditions, they are not intelligible and often they do not mirror the needs of the organization. In such cases one could talk about a model of an organization which is not capable of changes. Below the author presents a model of an organization incapable of changes (see Figure 4.).

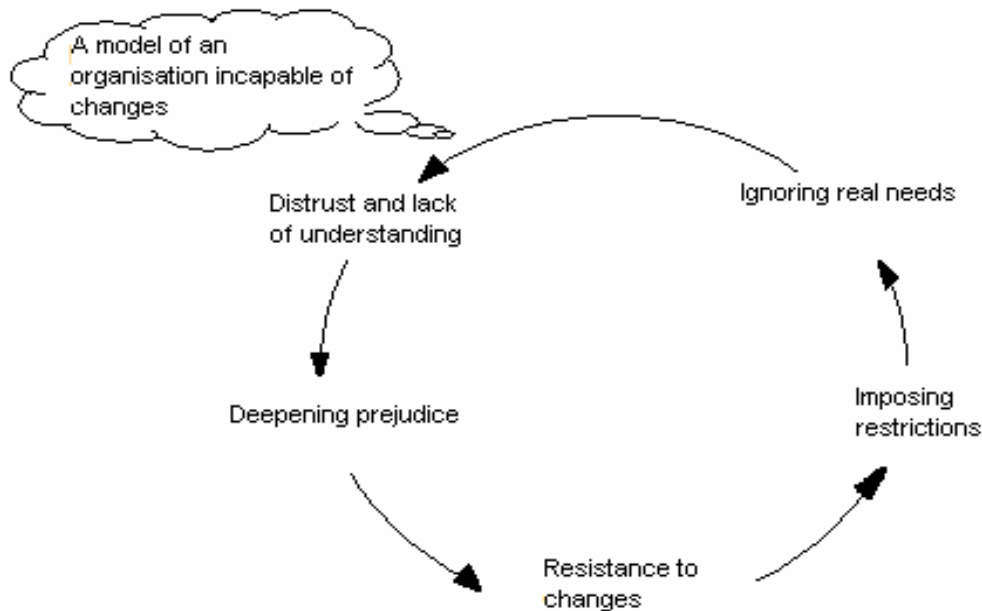


Figure 4. Model of an organization incapable of changes

According to the theory of change, the dominating attitude in people, among different attitudes which are one of the motives of change, is the aspiration to make changes and the will to live in changing conditions, which predominates over maintaining an unchanged state of affairs and life in stagnation (Pszczółowski 1978, 298). On the other hand, the process of introducing changes leads to resistance among members of the organization. K. Adamiński points out that resistance is understood as perversity and the will to maintain the current state of affairs in the company (principle of perversity, law of counter acting)¹. According to K. Adamiński, if the natural balance in an organizational system is shaken, there will be a tendency to return to the previous balance (Zieniewicz 2001, 128). These kinds of behavior are considered to be negative.

Four main sources of negative behavior have been identified (Czapiewski 2003, 44):

- sources residing in the human personality – they result from fear of the unknown, anxiety of dealing with a new situation, the need to change one's profile (employee's profile), the need to extend one's knowledge and abilities, and to change one's attitudes, getting rid of one's habits, the change from the routine to the creative attitude, and negative experience connected with changes;
- sources residing in the interaction of a social group – they result from pressure from a formal or informal group of associates, anxiety that a change will disturb the interest of the group or one of its members, contradictions of changes with the current cultural values and norms of behavior, distrust of the management producing a change;

¹ "Le Chatelier's Principle" has been proposed by Le Chatelier, and adapted to organisations by Adamiński as "the law of counteraction."

- sources residing in the change itself – they result from anxiety about decreasing the current level satisfying needs (anxiety about losing one’s job, lowering salary, change of one’s superior or cooperation group, change of one’s job into a more difficult or less important and less interesting) and from a negative evaluation of the accepted solution;
- sources residing in the organization of the process of change – they result from a negative evaluation of the implementation process, lack of proper participation of employees in the whole process of changes, lack of transferring the effects of the change to motivation mechanisms for those implementing changes, errors in the process of the transmission of information.

Therefore, the author would like to stress once again that in planning and implementing changes one should bear in mind that the human factor is an element determining the success of the changes introduced to the company.

A model combining types of attitudes of the organization with reference to changes

The three models of attitudes of organizations towards changes presented above can be illustrated in the form of a hypothetical mental construction (see Figure 5.).

This model consists of three models of organizations described before. They could be called “orbits.” The closest orbit of the invisible core refers to the model of an organization capable of changes. The next orbit presents passive organizations. The last, the furthest orbit, is the model of an organization incapable of changes.

An organization may “move”, jump from one orbit to the other depending on adequate or inadequate functioning and management. It is possible between the closest orbits. A company can effectively and dynamically (through its employees) strive for more activation with reference to changes.

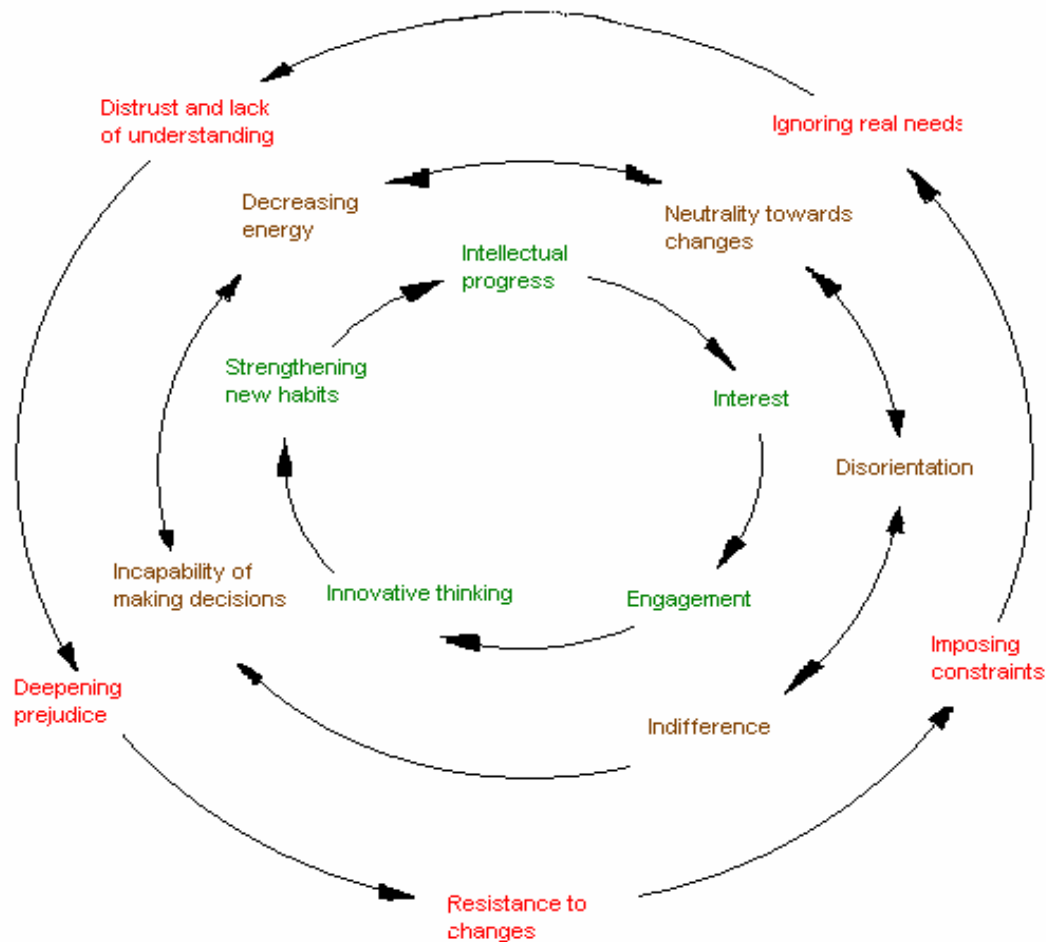


Figure 5. Model combining types of attitudes of the organization with reference to changes

L. von Bertalanffy defines it in the following way: an open system may “actively” strive for higher organization, i.e. come from a lower to a higher level of organization thanks to conditions in a given system (von Bertalanffy 1984, 18).

Company managers can act and manage the organization in such a way that their members, by acting unconsciously but synergically, shape the culture of the organization capable of changes.

Shaping behavior

How can we shape the behavior of members of the organization? What can we do when resistance and reluctance to changes can be felt in the company? How managers and company owners should act in the case of a negative reaction of their employees to the changes being introduced? Literature on the subject provides us with several methods of breaking resistance and reluctance to changes (Stoner & Wankel 1992, 311).

These actions may be classified in the following way:

- educating and communicating,
- participation and engagement,
- facilitating and supporting,
- negotiating and settling,
- manipulation and co-option,
- secret and hidden coercion.

It should be noted that manipulation, acquisition, and secret and hidden coercion are ethically immoral. These are actions which in the case of manipulation and acquisition aim at twisting or distorting facts, spreading non-authentic information and data, concealing facts, bribing group leaders resistant to changes. Similarly to coercion (e.g. direct threat, putting pressure, threats of transfer, or refusal of promotions) certainly will not affect the atmosphere in the company and its organizational situation in a positive way (Kipnis, Schmidt & Wilkinson 1980, 440-452; Rao, Schmidt & Murray 1995, 147-167).

In the case, when these actions are revealed, those who performed such actions will be negatively, if not with hostility, evaluated by all members of the organization. The process of implementing changes may be questioned.

Actions which are regarded in a positive way by members of the organization include actions related to trainings, communication, supporting, facilitating and negotiating. The disadvantages of these actions are that they are time-consuming, expensive and no guarantee of success (Kipnis, Schmidt & Wilkinson 1988, 440-452; Yukl & Falbe 1990, 132-140).

Members of the organization motivated to learn will achieve better results. Intellectual progress and skills acquired at work are a source of new experience. A substantial part of knowledge and practice as well as skills of employees may be passed on to others. Trainings not only extend the range of qualifications but above all give an opportunity to systematize what is already familiar.

The main source of development is experience gained at work. One could take a step further – and move from traditional training to practice learned for the whole life, according to needs and knowledge used at work on a regular basis. There are suggestions of encouraging and engaging members of the organization in the work on changes at the earliest stage possible in the process of changes (even at the stage of planning and preparing a project). According to a large part of the research it appears that programs of extending and enriching work increase satisfaction of employees, reduce absence at work and fluctuation, increase accuracy and quality of work. This type of action motivates employees to taking responsibility and participating in the process of introducing changes. It ensures acceptance among employees with reference to changes and understanding the necessity of implementing these changes.

Communication, understood as a process of transmitting messages, also produces positive effects. If communication functions properly, it stabilizes interpersonal relations. It also affects the adaptation of new norms and refusal of old rules. However, it should be noted that a mental change in employees of the whole organization is necessary to achieve

desired effects. It is important to move from a commanding to a consulting management style.²

S. Gellerman says that nothing is more important from the effectiveness of the organization than the ability to convey concise, precise and intelligible information to your members. All strong points of the organization (scale benefits, financial and technical resources, different talents, contracts) are not worth much without the right internal communication among individual members (Gellerman 1999, 261).

Certain rules should be observed in the communication among members of the organization:

- promoting ideas and values affecting the effectiveness of actions,
- creating many platforms for communication,
- conveying information about the organization,
- creating favorable conditions for communication,
- introducing clear rules for communication,
- delegating responsibilities and rights,
- using useful tools in the process of communication.

Conclusion

As Seel states: traditional changes in organizations were developed with the help of a small team managing the changes (Seel 2001, 496). In a standard way, those groups consisted of five to ten participants. However, this way the executives lost the opinions and ideas (often useful ones) of those who were afraid of changes.

However, this is not the only solution. In the case of a significant and far-reaching change it is important to involve as many people as possible in its implementation. They will no longer be passive observers of the changes which are taking place but the creators of those changes. When talking about the influence of teaching method on learning, Confucius (551- 479 B.C.), a great teaching scientist in China, said: “Tell me – I will forget. Show me – I may remember. Involve me – I will understand” (Mallett 2006). The participation of employees in working on changes is therefore necessary.

Participation in the process of changes makes it possible for employees to understand the change, the necessity to introduce it, its causes and its possible effects. It also increases the trust between the managing personnel and other employees. Additionally, participation makes the self-evaluation grow, involves employees in the decision-making process and allows them to develop. Cooperation and involvement of employees may entail a change of their attitude (accepting changes) and a change of social relations.

² In commanding management style there is a on-way flow of information and messages, from top to bottom of the organisational structure. Employees listen to managers (superiors) without communicating with them. On the other hand, a consulting style allows employees and their superiors to communicate in two ways, and it also allows employees from the same level of management to communicate with one another. As a result, it gives rise to more initiative and favour of employees with reference to the changes being introduced.

References

- Collins, J.C. 2001. *Good to Great*. HarperCollins Publisher Inc.
- Czapiewski, M. 2003. [in:] *Dostosowanie polskich przedsiębiorstw i instytucji do wymogów gospodarki rynkowej*. Gdańsk.
- Czerska, M. 1996. *Organizacja przedsiębiorstw - część II Metodologia zmian organizacyjnych*. Gdańsk: Wyd. Uniwersytetu Gdańskiego.
- Dowżycki, A., Sobolewski, H. & Tłuchowski, W. 2003. *Restrukturyzacja, prywatyzacja i wycena przedsiębiorstwa*. Poznań: Wyd. AE.
- Gellerman, S., [in:] Dale, B.G., Cooper, C.L. & Willkinson, A. 1999. *Managing Quality & Human Resources* Blackwell.
- Griffin, R.W. 2004. *Podstawy zarządzania organizacjami*. Warszawa: PWN.
- Katz, D. & Kahn, R. L. 1978. *The Social Psychology of Organizations*. New York: Wiley.
- Kipnis, D., Schmidt, S.M. & Wilkinson I. 1980. *Interorganizational Influence Tactics: Explorations in Getting One's Way*. [in:] *Journal of Applied Psychology*. Vol.65, No. 5., pp. , 440-452
- Kobyliński, W. 1996. *Podstawy organizacji i kierowania w oświacie*. Warszawa: SOP.
- Krzyżanowski, L. 1985. *Podstawy nauki zarządzania*. Warszawa: PWN.
- Mallett, F. *Brain Science*. <<http://www.galtglobalreview.com/education/Brain%20Science.htm>>, 18.01.2006.
- Martin, R. [in:] Beer, M. & Nitin N. 2000. *Breaking the Code of Change*. Boston: Harvard Business School Press.
- Pietrusiński, Z. 1971. *Psychologia wprowadzania innowacji*. Wektory.
- Pszczołowski, T. 1978. *Mała encyklopedia prakseologii i teorii organizacji*. Wrocław – Warszawa – Kraków – Gdańsk: Ossolineum.
- Rao, A., Schmidt, S.M. & Murray, L.H. 1995. *Upward Impression Management: Goals Influence Strategies and Consequences*. [in:] *Human Relations*. Vol. 48, No. 2., pp.147-167.
- Robbins, S.P. 1997. *Essentials of organizational behavior*. Upper Saddle River: Prentice Hall.
- Sapijaszka, Z. 1996. *Restrukturyzacja przedsiębiorstwa. Szanse i ograniczenia*. Warszawa: PWN.
- Seel, R. 2001. *Anxiety and incompetence in the large group: A psychodynamic perspective*. [in:] *Journal of Organizational Change Management*. Vol.14, No. 5., pp. 493-504.
- Stoner, J. & Wankel, Ch. 1992. *Management*. New York: Prentice Hall.
- von Bertalanffy, L. 1968. *General System Theory. Foundations, Development, Applications*. New York: Braziller.
- von Bertalanffy, L. 1984. *Ogólna teoria systemów*. Warszawa: PWN.
- Yukl, G.A. & Falbe, C.M. 1990. *Influence Tactics and Objectives in Upward, Downward and Lateral Relations*. [in:] *Journal of Applied Psychology*. Vol.76, No.2., pp. 132-140.
- Zieniewicz, K. 2001. *Podstawy zarządzania*. Poznań: WSZiB.