What is Change Management

Literature review

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What is Change Management?

"..the future is less and less predictable and uncertainty is a permanent feature of life which is better to try to accept, understand and incorporate than to fear. The management of change involves exploiting the positive aspects of uncertainty."[1]

In this literature review I intend to define what is change management first of all by looking at some of the most recent trends in change management theory for the LIS sector. Libraries and information services are going through an unprecedented process of change affecting their organisation, resources, policies, services and resources. This change is not only limited to libraries and information services but is affecting all organisations and society as a whole. If the LIS sector wants to be ahead of changes it needs to look at the world of business for direction.

According to the Industrial Society (1997)[2] 95% of organisations in the UK had gone through some form of culture and structural change during the 1990s. A similar process is taking place in the rest of Europe, Australia and the US. Given the scale of the phenomena, there has been an increasing concern about change management. As a result, a wide range of theories have been developed and the literature available on the topic is vast and diverse. In this paper I will explore some of the most influential theories in change management theory.

Burnes[3] argues that the variety of different approaches to change management is due to the interdisciplinary nature of the topic. Change management theory brings together concepts of psychology, sociology, economics and management. By privileging a particular subject, authors have developed different schools of thought. However, only a holistic approach, which takes account of different perspectives, can provide a sound theory of change management.

Change management theories are usually based on the idea that managers can, through their actions, make a difference to the way their organisations work this approach is known as voluntarism. Some authors have contested this view claiming that managers' power of change is very limited, this view is referred to as determinism. In this literature review I will outline these two contrasting approaches to change management theory.

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[1] Whack, P. (1991) Scenarios: unchanged waters ahead. In Managing Innovation 2121, eds. J. Henrey and D. Walker, London: Sage Publications, p. 211

[2] Industrial Society (1997) *Culture Change. Managing Best Practice.* London:Industrial Society, p35.

[3] Burnes, B. (2000) *Managing Change a Strategic Approach to Organisational Dynamics.* Great Britain: Pearson Education Limited.

Different change management theories share similar aims, which are to:
* Explain why and how organisations are changing
* Provide organisational and structural models for management
* Offer managers practical guidelines for implementing the desired changes

In this literature review I intend to show how different theories of change management set to achieve these common aims through similar theoretical tools such as: objectives, strategy, organisational culture and values. As strategy is one of the most important aspects of change management theory I will give more coverage to this topic.

Most change management theories are based on the assumption that the changes affecting our society, and consequently our organisations, must be accepted. Working from this premise, most authors have tried to develop the ultimate effective change management strategy able to neutralise the problems brought by change. Most authors agree that organisations are elements dependent on the greater environment and that negative changes affecting organisations are a reflection of the economic and political set up of society.

However, few authors have developed theories, which tackle the source of the problem. Rather than merely accepting the status quo and trying to exploit the positive aspects of uncertainty, change management theories should concentrate on developing new organisational models within a sustainable global economy where global resources are used rationally and where central economic planning sets the pace of change and development.

In the first part of this paper I will propose a critical vision of change management based on the work of Toffler. According to whom, problems affecting modern organisations are ultimately the results of unsustainable economic growth and the unfair and irrational exploitation of global resources.

Change Management for LIS

The literature on change management for LIS gives a detailed account of the revolution taking place in the LIS sector and tries to provide the theoretical and practical tools necessary for managing change within this field.

Moore, M. (1995) Impact of the Changing Environment on Academic library administration: conflicts, incongruities, contradictions and dichotomies. *Journal of Library Administration* 22(1), 13-36.
Moore holds that the changes affecting LIS have created conflict and contradictions at management level. He identifies the main changes as being: the explosion of information technology; new technological requirements; the

emphasis on customer services and the need for highly flexible and multitasked staff. These new elements are in conflict with the elements of the set up of the past and are consequently creating ambiguities and contradictions at all levels at of the LIS sector and particularly at management level.

Therefore, Moore argues that, a total restructuring of the LIS sector is necessary. This can be achieved only by creating a new culture. Resistance from some members of the LIS sector is inevitable but can be overcome. In order to do so librarians must change their role and become facilitators and persuesor.

Day, J. and Edwards, C. Overview: Managing Change, in Managing the Electronic Library. Bowker Sawer, 1998.
Day and Edwards take a step further from Moore and suggest that given the nature of the changes affecting LIS, this sector must look at the world of business and management. They claim that fundamentally there is very little difference between managing a Library and a business organisation. The new organisational structures, technological innovations, a user-oriented approach and developments in staff roles require a new approach and techniques, which can be borrowed from business and industry. Borrowing from Riggs (1997) the concept of learning organisation they claim that LIS must acquire and transfer knowledge and engage in self-examination in order to find new ways of thinking and behaving.

Change Management an Interdisciplinary Topic

Change management theory is an interdisciplinary topic as it borrows theories and theoretical approaches from different subjects. As a theoretical tool which can be applied to different organisations facing different situations, change management theory needs to be flexible and effective at all levels and in all aspects of an organisation structure. Therefore, it needs to take into account of the economic needs of an organisation, of human needs, and of the context in which the organisation operates. Therefore, it needs to be interdisciplinary.

Burnes, B. (2000) Managing Change, England: Pearson Education Limited.
In 'Managing Change' Burnes underlines the importance of the interdisciplinary aspect of change management theory and after giving an account of the major approaches and trends he claims that change theory should seek to be holistic and universally applicable. Therefore, he suggests that the best change theory is that which brings together different disciplinary angles.

Why are Organisations Changing?

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

Toffler was one of the first to address the problems and changes confronting organisations today. His research is particularly valuable for his economic and political analysis. Toffler argues that what is happening to organisations today is brought about by the increasing rate at which society and the entire knowledge system is changing. The accelerating paste of change, together with the ever rising novelty ratio, and the paralysing variety of choice available in every aspect of human life are responsible for a universal adaptive breakdown. Organisations have to constantly renew and develop. This need for constant adaptability has strained workers and diminished their loyalty to their organisation and managers.

The strength of Toffler argument is in the correlation he makes between organisations and the world economy. This aspect of Toffler theory has been explored by many other authors, but surprisingly most of them have developed theories about how organisations can survive and adapt to the changes in society rather than offering an alternative economic model which would foster a more human centred organisational model.

Can We Make a Difference?

Within change management theory there are two main schools of thought the voluntarists and the determinists.

According to the voluntarist approach managers can make a difference and human agency can intervene to affect change in ways that will promote or undermine organisational effectiveness. Strategic choice is the key factor in determining the success of an organisation. Many authors share this view:

Hayes, J. (2002) 'The theory and practice of change management', New York: Palgrave.
According to Hayes Managers can affect the way an organisation responds to change and they can be trained to manage change more effectively. Central to Hayes theory is the concept of change agency by which he refers to as the ability of a manager to effect change and how an organisation reacts to change. Managers need to acquire: conceptual modes, change management skills; and confidence in their own ability to make a difference.
Conceptual models can help managers to:
* Identify the kinds of changes confronting them
* Understand the process of change
* Identify the most effective change strategy and how to implement it
* Acquire conceptual models and action tools for intervention

Seligman, MEP. (1975) Learned Helpnesses, San Francisco: W.H. Freeman.
Seligman introduced the concept of learned helpnesses: a person's expectation about his or her ability to control outcomes is learned. Experience effects a person's belief on one's ability. This is an important concept for managers both in terms of self-improvement and staff training and motivation.

May, R. (1969) Love and Will, New York: W.W. Norton.
In line with Seligman concept of learned helplessness May argues that ineffective management stems from the inability to exercise the control necessary to achieve the desired outcomes. This lack of control is the result of the individual feeling of powerlessness and inability to believe in his/her own strengths. The inner feeling of powerlessness is what prevents managers from acting as change agents. This type of approach shared by May and Hayes is based on psychological behavioural theories.

The deterministic approach advocates that organisations are elements interdependent of a much grater system where changes are brought by the forces of the economic environment and context. In this view managers' ability to effect changes are very limited.

Wilson, D (1992) A strategy for Change, London: Routlage.
According to Wilson's account of the deterministic approach, advocates of this theory argue that when an organisation is faced with a dramatic setback or unfavourable changes managers will be able to do very little to turn the process to the advantage of their organisation. This is in total opposition to the concept of change agency advocated by Hayes and limits dramatically the scope of change management theory, which becomes totally dependent of the wider environment. According to this view individuals have little or no control over events, therefore they cannot influence events and they will not adopt a proactive approach to change management.

How Change Management Works:
Vision; Strategy; organisational structure and values

When an organisation changes any aspect of its operation it goes through a process which has a beginning and an end. Many authors share the idea that change management is a process where common traits and tools can be identified.

When an organisation goes through the process of initiating change it does so by constructing a vision. A vision is stated through the drafting of a mission and the setting of objectives. The latter, are achieved by the formulation and the implementation of strategy. Strategy can take many forms and can be implemented at different levels. Organisational structures and values are in turn

the target and the tool of strategy. Here I am going to look at some theories on: vision, objectives, strategy; organisational culture and values.

Vision

Sampson. A., *Company Man - The rise and Fall of Corporate Life*, **1995, HarperCollins**.

According to Sampson, a vision is a motivating and guiding force for the organisation. The creation of a vision is a process whereby options are identified, an initial vision is created and the gap between this and the present situation are identified. A vision helps an organisation and its members to know where they are heading for and to judge which action to take.

Cummings, TG and Huse, EF(1989). *Organisational Development and Change* **(4th edition) West: St Paul, MN, USA**.

In the work of Cumming and Huse (1989) there are 4 steps in the construction of a vision. The first step is the formulating of a mission, which states the organisation's purpose and reason for existing. It describes its core competencies and activities.

The second step is to describe which are the desired actuates of the organisation's vision. These function as goals for change process and can help an organisation in assessing its own progress and achievements. According to Cumming and Huse desired outcomes should include profit making and economic advantage, as well as desired behaviour and set levels of activities and performance.

The third step is to define how the structure; the style and the culture of an organisation should look like in order to achieve the valued outcomes.

The fourth and last step described by Cummings is to identify concrete and clear goals as steps towards the achievement of future state described by the mission.

Johnson, J. (2000) *Know your organisation*. **FT Knowledge, Pearson.**

Johnson's definition of vision is in line with that of Cummings and Huse. However, he stresses the importance of communication. A good organisation is that which communicates its values and purposes to the team and the individuals who work there. By developing a vision an organisation finds its own values and purposes. The mission statement is how the organisation communicates its vision to its workers.

A vision is not something static which remains unchanged. On the contrary it reflects the changes in a company and the environment. A vision must be shared by the members of an organisation and should reflect their ideas, attitudes and

direction. Therefore, a vision needs to be shared by its members and it needs to be periodically revised. This can be done by writing a mission statement and by ensuring that the organisation's culture reflects and embodies its mission statements.

Strategy

Strategy is the practical tool, which an organisation uses in order to implement change and achieve a vision. According to Naddler and Tushman (1982)[4] strategy is concerned with the formulation and implementation of a set of key decisions aimed at matching the organisation resources with the opportunities, constraints and demands of the environment. All change management theories recognise that strategy is a fundamental aspect and tool of change management. As strategy formulation and implementation is probably one of the most important and complex aspects of change management theory I will be exploring this topic in more detail. Here I'm going to first of all describe two different approaches to strategy development: the perspective stream and the analytical stream. Secondly, I will outline Burnes' three models of strategy and different levels of strategy implementation.

The Perspective approach to Strategy Making

Ansoff, HI (1965) *Corporate Strategy*. **McGrew-Hill:New York, USA.**
According to Ansoff strategy is an intentional, controlled perspective process based on a rational model which produces a complete and deliberate strategy. According to this view strategy is a rational and quantitative process which is reliant on quantitative tools and techniques. Strategy is an economic rational process aimed primarily at profit maximisation. Therefore, it steams from the idea that the success of an organisation can be assessed in terms of its profit and economic success.

Argenti, J(1974). *Systematic Corporate Planning*. **Nelson: London.**
In line with Ansoff's theory, Argenti argues that by carrying out an analysis and an evaluation of market trends, managers can predict future economic developments and plan a set of strategic actions that shape the organisation to take advantages of future economic developments. Strategy is a long-term plan aimed at maximising profit.
The assumption made by Ansoff and Argenti here is that the environment within which organisations operate is relatively stable and predictable. In order to develop a sound strategy, managers must know their organisation and the environment in which it operates. The limit of this approach is that markets are often unpredictable and unstable and predicting future economic trends isn't possible.

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[4] Naddler, D, A. and Tushman, M. L. (1982) *Managing Organisations*, Boston, Mass: Little, Brown.

The Analytical Approach to Strategy Making

This current of thought is more concerned with how an organisation comes to formulate strategy rather than prescribing how strategy should be formulated.

Mintzberg, H (1994) *The Rise and Fall of Strategic Planning*. Prentice Hall: Hemel Hempstead.

According to Miztberg, Strategy is the outcome of a series of political, social and economic factors involved in the decision-making process of organisations. Strategy is not a totally intentional, rational and detailed plan but is determined by day to day decisions and actions in the life of an organisation. Strategy here is the outcome of a process, which is the result of managers' ability to respond creatively to their organisation needs. The performance of a manager can be evaluated by his/her ability to pursuit a vision through everyday choices and preferences. The assumption here is that strategy cannot be a mathematical and rational long-plan set of actions as the environment within which an organisation operates is not totally predictable and stable. The irrational and unstable character of the environment poses limitations to a mathematical and quantitative perspective approach to strategy. On the other hand, strategy becomes the outcome of management creativity and ability to put into practice a flexible strategy, which responds to a changing environment and different organisational needs.

The analytical and perspective theories are two different approaches to strategy formulation. The next step following strategy formulation is the application of strategy. Here I will examine 3 main models of strategy as identified by Burns (2000).

Burnes, B. (2000) Managing Change a Strategic Approach to Organisational Dynamics, Great Britain: Pearson Education Limited.

According to Burnes there are 3 main models of strategy: the competitive forces model, the strategic conflict model and the resource-based model.

In the competitive forces module industry structure influences the market as well as the range of strategy open to organisations. Various forces operating within an industry determine its profit potential. The ability of an industry to increase profit depends on its ability to influence the competitive forces in the industry to change its market position in relation to competitors and suppliers.

In the strategic conflict model an organisation can increase its profit by influencing the actions and behaviour of its rivals firms by manipulating the market environment. According to this theory the market is where rival firms compete for economic power. Crucial to this approach is the idea that an

organisation is dependent of what other rival organisation think it will act in any particular situation. Therefore, the strategic conflict will be played also at the level of signalling to other organisations a wanted plan of action and vision in order to influence, intimidate or deceive rival companies.

In the resource-based model competitive advantage is achieved by a company able to develop desirable unique competencies. Advantage is secured when rival companies are unable to develop these competencies. According to this theory organisations are unique in terms of their abilities, resources and capabilities. The success of an organisation depends on weather these firm specific assets result to be favroable in conjunction with the environment within which the organisation operates.

According to Burnes the competitive forces model, the strategic conflict model and the resource based model are applied to three levels of strategic decision-making: the corporate; business and functional level.

The corporate level applies to large and diversified organisations and concerns direction and co-ordination of all the different business and activities of the company. This level is responsible for: deciding what is the mission of the organisation; taking decisions on the role, priority and the future all the different business and activities of the company.

The business level is that of the direction and organisation of individual business within a diversified group of companies. This level takes decisions concerning the company competitive approach in the market; the products or services offered by the company and internal business structure.

The functional level relates to the direction and operation of the departments and processes of an individual company. This level is concerned with the implementation of the strategy formulated at corporate and business level. It is responsible for ensuring that the individual business and departments of an organisation achieve the aims set by the corporate level. The areas of action of functional level strategies are marketing, finance, human resources, and product maufacturing\purchasing. The functional level is also responsible for synergy among the different business and departments of a company.

Burnes argues that these different levels of strategy making are highly interrelated and that the strategic direction of a company is not always a top-down process but can be influenced by the bottom. Burnes stresses the importance for an organisation to develop and implement a consistent strategy throughout all its activities, business and departments. However, he recognises that formulating and implementing a consistent strategy is particularly challenging for large and diversified business.

Organisational Culture and Values

Organisational culture and values encompass the ways in which an organisation behaves towards its members and its environment. It determines an organisation's hierarchy, its ethics and style.

According to the perspective approach organisational culture and values influence and contribute to the strategy making process of an organisation. The idea that an organisation's culture and values influences strategic decisions is shared by many authors.

Pettigrew, A. and Whipp, R. (1993) 'Understanding the Environment' in C Mabey and B Mayon-White (eds): Managing Change (2nd edition). The Open University/Paul Chapman Publishing: London.

According to Pettigrew and Whipp strategy is the outcome of a complex cultural and political process. They argue that strategy is a key set of strategic decisions which are the outcome of cultural and political processes in the organisation. Strategy aims at matching the organisation's resources with the opportunities and demands of the environment. In this process organisational culture and values influence managers views and perception of the environment. Strategy emerges from the way an organisation views and processes the environment. In Pettigrew's and Whipp's view members of an organisation share the same mental models and these guide strategic decisions. Therefore, if an organisation wants to change its strategy it will have to modify the shared mental models that determine the way managers formulate and implement strategic change. This view is based on the idea that an organisation has a strong impact on people's minds and can influence the way workers think and behave. Their theory is well formulated however, they do not provide sufficient evidence to sustain their argument.

Handy, C. B., The Age of Unreason, 1991, Arrow Books.

Hardy recognises four main models of organisational culture: power culture, power culture, role culture and person culture.

The power culture model is based on a strong power figure which co-ordinates all activities and oversees all decisions. The power figure needs to have a strong leadership and influencing skills. The team members in this cultural model need to be committed and relate well to the power figure they need to be able to understand what is required of them even in the absence of a clear job definition. This type of model is typical of small to medium family businesses.

The task culture model is based on the idea of completing a task or a project.

In this type of culture there isn't a central power figure while there is a strong sense of teamwork and commitment to completing a given project. Members of the team need to be able to work together while carrying out different functions. This type of model is typical of the technological industries or of organisations where activities are the result of a high level of different technical skills.

Role culture is based on strong roles and impersonal systems. Logic and well defined job roles and rule behaviour sets the politics of the organisation. This model is typical of banks and financial firms. The role culture needs a stable environment as changes threaten its role tradition and rigid structures.

Person culture is concerned with the individual members of the organisation. Its mission, aims and objectives are to enhance and develop its members at a personal and/or level by creating opportunities and promoting learning and individual progress. In this type of organisations facilities are often shared and success is achieved by sharing common personal values. This model is typical of cultural organisations and associations.

There are pros and cons for all four types of culture models and most organisations show a mixture of these different models. It is very unlikely that an organisation will be purely a power culture or a role culture organisation. These models are only useful as theoretical tools and abstractions that can help to understand organisational culture.

Culture models can initiate and direct change. Some culture models are more flexible and can more easily cope with change. Where as other models are less flexible and need to operate in a rather stable environment. Organisational culture is valuable strategic tool for implementing change. Managers need to have a good understanding of their organisation's culture in order to be able to successfully manage change.

The idea of a "learning organisation" recognises the need for an organisational culture which learns and which fosters learning in its people. The learning organisation manages the challenge of continuos change by questioning its performance, by seeking new creative ways of solving problems and by encouraging its people to develop at a personal and professional level. A proactive attitude to change and the promotion of learning are the main characteristics of a learning organisation. This type of organisation is well equipped to cope with a changing environment and with the demands of an organisation in continuos development. Learning opens people minds and change becomes easier to manage. Staff development and training are extremely important as the allow people to become change agents.

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