# Organizational Behavior

managing change

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# Introduction

# questions

- How changes occur?
- How to analyze change?

- a process perspective

# Process models

# **Sources**

- open system theories
  - thinking about organizations (and parts of organizations) as a system of interrelated components that are embedded in, and strongly influenced by, a larger system
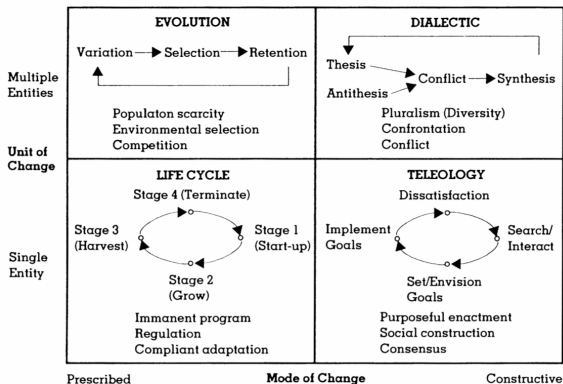
# Types of Process Theories

# **Sources**

- Life cycle theories
- Teleological theories
- Dialectical theories
- Evolutionary theories

Van de Ven and Poole (1995)

# Process Theories of Organizational Development and Change



Process Theories of Organizational Development and Change[a]

(Van de Ven & Poole, 1995: 520)

# A life-cycle model

- A life-cycle model depicts the process of change in an entity as progressing through a necessary sequence of stages. An institutional, natural, or logical program prescribes the specific contents of these stages.
- motor:
    - A singular, discrete entity exists that undergoes change, yet maintains its identity throughout the process.
    - The entity passes through stages distinguishable in form or function.
    - A program, routine, rule, or code exists in nature, social institutions, or logic that determines the stages of development and governs progression through the stages.

(Van de Ven & Poole, 1995: 520–521, 525)

# A teleological model

- A teleological model views development as a cycle of goal formulation, implementation, evaluation, and modification of goals based on what was learned by the entity. This sequence emerges through the purposeful social construction among individuals within the entity.
- motor:
    - An individual or group exists that acts as a singular, discrete entity, which engages in reflexively monitored action to socially construct and cognitively share a common end state or goal.
    - The entity may envision its end state of development before or after actions it may take, and the goal may be set explicitly or implicitly. However, the process of social construction or sense making, decision making, and goal setting must be identifiable.
    - A set of requirements and constraints exists to attain the goal, and the activities and developmental transitions undertaken by the entity contribute to meeting these requirements and constraints.

(Van de Ven & Poole, 1995: 520–521, 525)

# A dialectical model

- In dialectical models of development, conflicts emerge between entities espousing opposing thesis and antithesis that collide to produce a synthesis, which in time becomes the thesis for the next cycle of a dialectical progression. Confrontation and conflict between opposing entities generate this dialectical cycle.
- motor:
    - At least two entities exist (each with its own discrete identity) that oppose or contradict one another.
    - The opposing entities must confront each other and engage in a conflict or struggle through some physical or social venue, in which the opposition plays itself out.
    - The outcome of the conflict must consist either of a new entity that is different from the previous two, or (in degenerate cases) the defeat of one entity by the other, or a stalemate among the entities.

(Van de Ven & Poole, 1995: 520–521, 525)

# An evolutionary model

- An evolutionary model of development consists of a repetitive sequence of variation, selection, and retention events among entities in a designated population. Competition for scarce environmental resources between entities inhabiting a population generates this evolutionary cycle.
- motor:
    - A population of entities exists in a commensalistic relationship (i.e., in a physical or social venue with limited resources each entity needs for its survival).
    - Identifiable mechanisms exist for variation, selection, and retention of entities in the population.
    - Macropopulation characteristics set the parameters for microlevel variation, selection, and retention mechanisms.

(Van de Ven & Poole, 1995: 520–521, 525)

# Reactive sequences

- subsequent events challenge rather than reinforce earlier events
- the importance of working on support

(Hayes, 2014: 8–9)

# Self-reinforcing sequences

# **Self-reinforcing sequences**

- Increasing returns
- Psychological commitment to past decisions
- Cognitive biases and interpretive frames

(Hayes, 2014: 8–9)

# Increasing returns

- Set-up costs
- Learning
- Coordination
- Betting on the right horse

(Arthur et al., 1994)

# **Psychological commitment to past decisions**

- escalation of commitment
- Gambler's Fallacy

- protection of self
- conistency
- naïve theory of chance

# Cognitive biases and interpretive frames

- Confirmation bias
- Framing effect
- Default effect
- …

# Path Dependence

# Path dependence

- preformation phase
- path formation phase
- lock-in phase

(Sydow, Schreyögg, & Koch, 2009)

# Models

# characterization

- (key) elements
- (causal) relationships
- outputs

(Hayes, 2014: 124–125)

# use

- description
- interpretation
- guidence
- decision making

(Hayes, 2014: 125)

# component and holistic models

- part, element, person

- the whole, complex

(Hayes, 2014: 125)

# good models

- relevance
- recognition
- usefulness

(Hayes, 2014: 142)
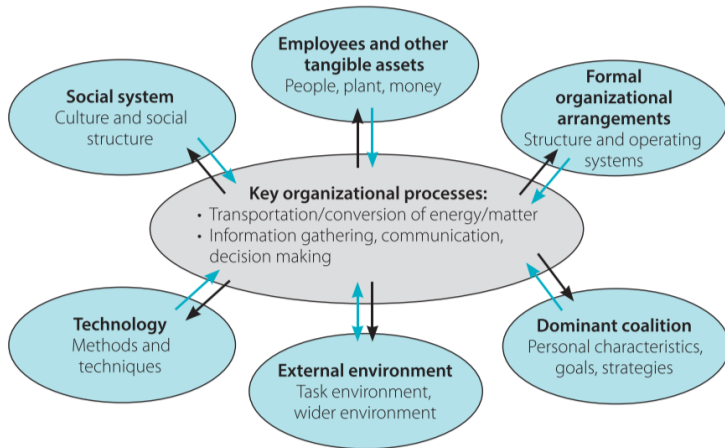
# Open Systems Theories

# characterization

- embedded within a larger system
- able to avoid entropy
- regulated by feedback
- subject to equifinality
- cyclical in their mode of functioning
- equilibrium seeking
- bounded

(Hayes, 2014: 132)

# Kotter's Integrative Model of Organizational Dynamics

# Kotter's integrative model of organizational dynamics



**Social system** — Culture and social structure

**Employees and other tangible assets** — People, plant, money

**Formal organizational arrangements** — Structure and operating systems

**Key organizational processes:**
• Transportation/conversion of energy/matter
• Information gathering, communication, decision making

**Technology** — Methods and techniques

**External environment** — Task environment, wider environment

**Dominant coalition** — Personal characteristics, goals, strategies

→ Source of potential behaviour and constraint   → Impact on

((Hayes, 2014: 133) adapted from (Kotter, 1980: 282))
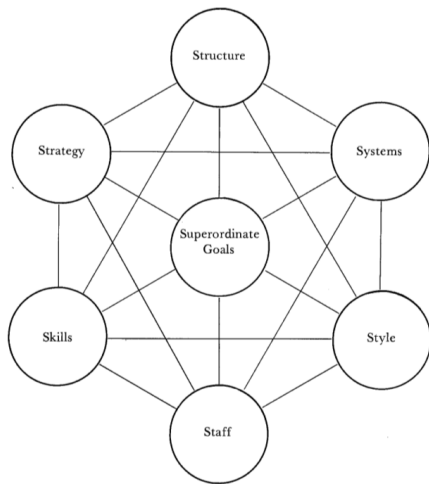
# Kotter's integrative model of organizational dynamics

- short term
    - imediate
- medium term
    - months
- long term
    - years

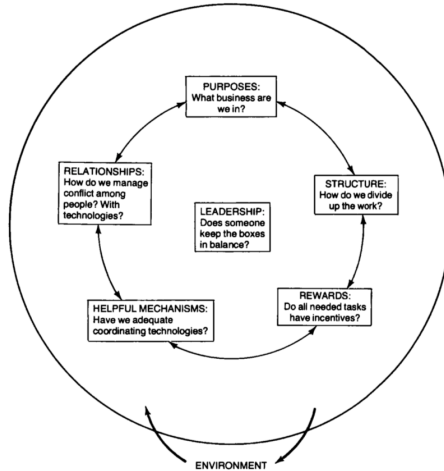((Hayes, 2014: 133) adapted from (Kotter, 1980: 282))

# The McKinsey 7S Model

# The McKinsey 7S model



(Waterman Jr, Peters, & Phillips, 1980: 18)
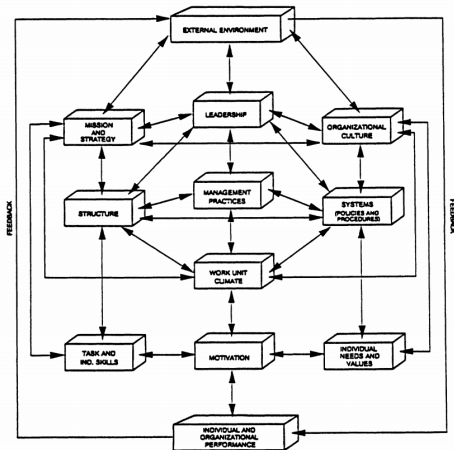
# Weisbord's Six-Box Model

# Weisbord's six-box model



(Weisbord, 1976: 432)

# The Burke-Litwin causal model

# The Burke-Litwin causal model
# of organizational performance and change



(Burke & Litwin, 1992: 528)

# Selecting a diagnostic model

# component and holistic models

■ ???

(Hayes, 2014: 133)

# Patching

# **patching**

### patching

Patching is the strategic process by which corporate executives routinely remap businesses to changing market opportunities. It can take the form of adding, splitting, transferring, exiting, or combining chunks of businesses.

(Eisenhardt & Brown, 1999)

# patching and reorganizing

- structure
  - stable vs. temporary
- strategy
  - first vs. emerging

(Eisenhardt & Brown, 1999)

# patching: further characteristics

- changes
    - small
    - frequent
- size
    - agil
    - efficient
- infrastructure
    - modular
    - fine grained metrics and complete
    - consistent compensation
- quick

(Eisenhardt & Brown, 1999)

# patching: further characteristics

| reorganization and patching | | |
|---|---|---|
| | **reorganization** | **patching** |
| **role of change** | defensive reaction | proactive weapon |
| **scale of change** | sweeping | small, some moderate, a few large |
| **frequency** | rare | ongoing |
| **formalization** | every change is unique | change process is routine and follows standards patching moves |
| **driver of change** | get business focus right | get business focus and size right |
| **precision** | optimal restructuring at specific point in time | roughly right realingments over time |
| **metrics** | collect fine-grained metrics only for infrequent reorganizations | regularly trasck extensive, fine-grained metrics on modular business |
| **compensation** | not relevant | companywide parity |

(Eisenhardt & Brown, 1999)

# **patching: examples**

- Hewlett-Packard
    - small
    - frequent
- 3M
    - agil
    - efficient
- Johnson & Johnson
    - modular
    - fine grained metrics and complete
    - consistent compensation
- quick

(Eisenhardt & Brown, 1999)

# patching: principles

- Do it fast.
- Develop multiple options, then make a roughly right choice.
- Take an organizational test-drive.
- Get the general manager right.
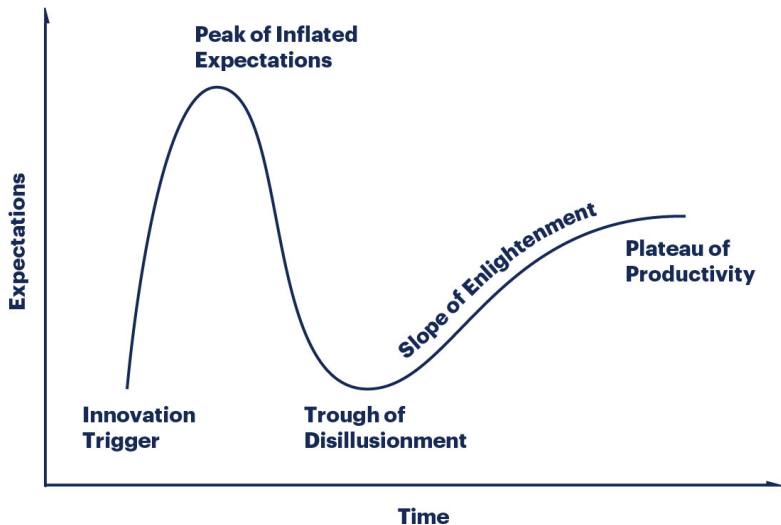- Script the details.

(Eisenhardt & Brown, 1999)

**patching: blocks**

- ∎ "missing the hill"
- ∎ "Snow White and the Seven Dwarfs"

(Eisenhardt & Brown, 1999)

# Gartner Hype Cycle

# Gartner Hype Cycle



(Gartner, 2020)

## core activities

- recognizing and starting
- diagnosing and formulating
- planning
- implementing and reviewing
- sustaining
- leading and managing
- learning

(Hayes, 2014: 436)

# Due Diligence

# range and complexity of issues

- an industry and competitor analysis
- a product and market analysis
- an assessment of the target's management talent
- an analysis of management fit
- an assessment of potential synergies and technical issues
- a review of the terms and conditions of employment
- an assessment of the compatibility of pension funds and so on

(Hayes, 2014: 438)

# **fragmentation of the data collection**

- external help
- strategic fit
- practical implementation

(Hayes, 2014: 438)

# **access to information and resources**

- obstacles
- insufficiency
- ignorance
- time

(Hayes, 2014: 438)

# Psychological Issues

# **mindset**

- leader
- team
- shareholders
- stakeholders

# communication planning

- to maximize the likelihood of successful communication
- to coordinate the communication of 'secrets'
- to coordinate internal and external messages
- to provide a contingency plan

(Hayes, 2014: 443)

# managing stakeholders

- Aligning and coordinating
- Promoting trust and procedural justice
- Responding to pressure to deliver quick wins
- socioemotional support

(Hayes, 2014: 446–448)

# Problems and Obstacles

# types of problems I/II

- practical
- theoretical

- procedural
- evaluation
- moral

- personal
- non-personal …
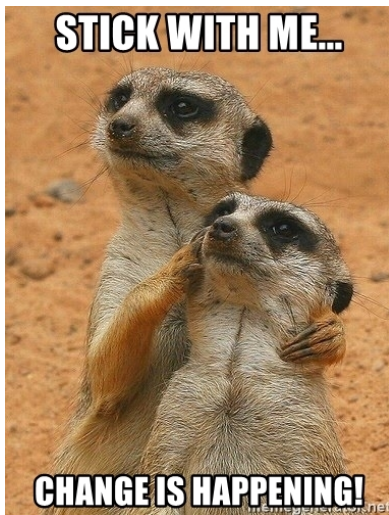
# types of problems II/II

- well-defined vs. unknown or insufficiently defined
- routine vs. unexpected

- real generic
- generic for an institution
- real unique
- first of many

- konvergent
- divergent …

# Change Management Indicator Model

# Change Management Indicator Model



(SARA32, 2020)

## COVID

- What about routines?

# COVID: Routines



(Young, 2020)

## questions

- How to implement change?
- How to review change?
- How to make change stick?

# Two Main Approaches

# blueprint changes

# **blueprint changes**

- a clear action plan
- ↓
- a vision

- implementation
    - rolling plan
    - monitoring the effect of interventions
    - taking corrective action (learning)

- the validity: a matter of course

# emergent changes

# emergent changes

- generally defined goals
- a general direction of change
- ↓
- a vision

- implementation
  - an open approach
  - adaptations and revisions

- double-loop learning
  - challenging assumptions to support the change plan

# Monitoring

# Hypotheses

■ cause and effect

(Kaplan, Kaplan, Norton, Norton, & Davenport, 2004)

# Hypotheses

- undestandable
- clear
- measurable

(Kaplan et al., 2004)

# Monitoring: Questions

- Are interventions being implemented as intended?
- Are interventions producing the desired effect?
- Is the change plan still valid?

(Hayes, 2014: 452–453)

## Problems

- the braking factors

- founding
- deviations and deflections
- external factors

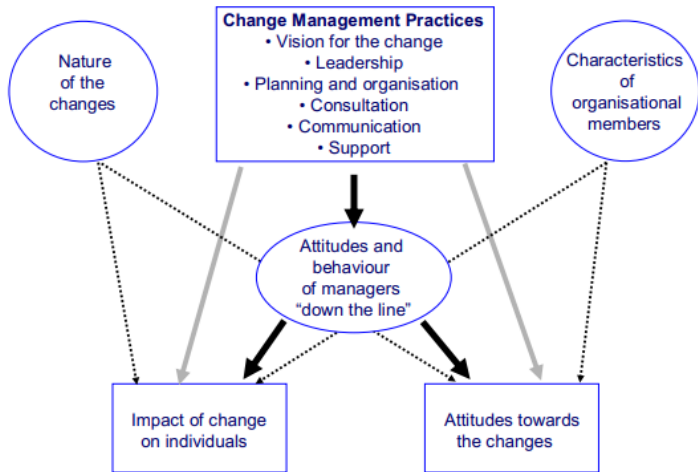(Van de Ven & Poole, 1995: 520)

# Measuring

# performance

- balance scorecards
    - Financial measures
    - Customer-related measures
    - Internal business process measures:
    - Innovation and learning

(Kaplan, Kaplan, Norton, & Norton, 1996)

# Responses

# Change Management Indicator Model



(Hayes & Hyde, 2016: 2)

# Sustainability

# **Definitions**

- static
- dynamic

(Van de Ven & Poole, 1995: 520–521, 525)

# Issues

- perception
- implementation
- timing, sequencing, and pacing

# Problems

- Those who initiated the change move on
- Accountability for development becomes diffused
- Knowledge and experience of new practices is lost through turnover
- Old habits are imported with recruits from less dynamic organizations
- The issues and pressures that triggered the change initiative are no longer visible
- New managers want to drive their own agenda
- Powerful stakeholders are using counter-implementation tactics to block progress
- Pump-priming funds run out
- Other priorities come on stream, diverting attention and resources
- Staff at all levels suffer initiative fatigue and enthusiasm for change falters.

((Buchanan, Fitzgerald, & Ketley, 2007) via (Hayes, 2014: 474))

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