CHAPTER THIRTEEN
Organizational Change

INTRODUCTION
The Greek philosopher Heraclitus wrote that “change alone is unchanging.” Change is apparent all around us; the last century has seen dramatic changes in transportation, communication, medicine, and the environment. Organizations also have changed as a function of the changing times. The current chapter discusses how organizations engage in the process of change, including 1) recognizing the need for change; 2) unfreezing the current status quo; 3) implementing change; and (4) refreezing the changes. Mainstream and Multistream approaches to the change process will be discussed, including the differing reasons for change, participation and involvement in the change process, and relative flexibility in the process.

I. Introduction to organizational change
   A. Organizational change is any substantive modification to some aspect of an organization (e.g., technology, structure, people, mission)
   B. Four steps of the change process
      1. Recognize the need for change
      2. Unfreeze
      3. Change
      4. Refreeze
   C. Three basic types of change
      1. Scope
         a) Transformational change
            (1) Occurs when an organization changes its strategic direction or reengineers its culture or operations in response to dramatic changes
            (2) Often is a reaction to a major problem or challenge in the competitive environment
         b) Incremental change
            (1) Occurs when an organization makes improvements in moving toward its strategic direction
            (2) Occurs during periods of “equilibrium” in which managers focus on fine-tuning current operations
      2. Intentionality
         a) Planned change
            (1) Is designed and implemented in an orderly and timely fashion
            (2) Often prompted by a recognized opportunity or a recognized performance gap or a failure to achieve goals
         b) Unplanned change
            (1) Ad hoc or piece-meal responses to unanticipated event or crises as they occur
            (2) Often spurred by unexpected strategic moves by competitors
      3. Source
         a) Innovations involve the development and implementation of new ideas
b) Imitations involve the application of existing ideas

D. Three different content areas of change
   1. Technology: generally focuses on work-flows, production, equipment, and information systems designed to make work more efficient
   2. Structures and systems: includes changes to levels of centralization, standardization, specialization, and departmentalization
   3. People: can mean changing the way people work, the jobs they hold, their identity, and employment status

II. Mainstream four-step change process
   A. Step 1: Recognize the need or opportunity for change
      1. Mainstream focus on changes that will help maximize profits, efficiency, productivity, and competitiveness
      2. Examples of factors often prompting recognition for change
         a) Recognition in changing consumer buying habits
         b) Increasing cost of natural resources and organization inputs
         c) Changing government regulations
         d) New directives from shareholders
   B. Step 2: Unfreeze (prepare members for change)
      1. Explain need for change to others, reduce resistance to change, and create a sense of openness and willingness to change
      2. Tactics to prepare members to change
         a) Burning platform: alarming members with a crisis and its possible negative consequences
         b) Rational persuasion: using logical arguments and factual evidence
         c) Inspirational appeal: arouse enthusiasm by appealing to values, ideals
         d) Consultation: involve others in planning or formulating an idea or strategy
         e) Ingratiation: use praise or friendly behavior before making the request
         f) Personal appeal: appeal to feelings of loyalty or friendship
         g) Exchange: indicate willingness to reciprocate or share benefits
         h) Coalition tactics: appeal to the buy-in of others in attempting to persuade
         i) Legitimizing tactic: appeal to an agreed-upon authority such as a vision
         j) Pressure: suggest threats or negative consequences
      3. Reasons why members may be resistant to change
         a) May feel that the psychological contract with the organization has been violated
            (1) Psychological contract = an unwritten expectation related to the exchanges between an employee and the organization
         b) May feel a sense of lost identity in the change
         c) Uncertainty and ambiguity of change
   C. Step 3: Change
      1. Change agent = someone who acts as a catalyst and takes responsibility for leading and managing the change process
      2. Idea champion = a person who actively and enthusiastically supports new ideas
      3. Members’ commitment to change is influenced by:
         a) Their confidence in the competence of the manager promoting the change
            (1) Confident in the manager’s skill-set required to manage the change
            (2) Managers must model the desired behaviors (walk the talk)
            (3) Managers must demonstrate integrity and consistency in their actions
            (4) Managers should have good planning skills and avoid reactionary behavior
b) Their confidence in their own ability to put the change into practice
   (1) Managers should provide members with clear expectations regarding performance in the new work environment
   (2) Provide training to enhance the KSAOs needed for change
   (3) Create early successes and small wins to boost members’ confidence
   (4) Provide time and resources needed for the change
c) Their attitude toward the change
   (1) Persuade members of the benefits of the change, using logical and emotional appeals
   (2) Provide extrinsic incentives
   (3) Select or promote people who are best equipped to handle and accept the change

D. Step 4: Refreeze
   I. Implemented changes must now be reinforced and institutionalized through changes in structure, reward systems, etc.

III. Multistream four-step change process
   A. While Mainstream change occurs from the top of the organization and is enforced downward (Kotter’s model), Multistream change is a bottom-up approach (Beer’s model)
   B. Multistream change builds on the four Multistream fundamentals of organizing (sensitization, dignification, participation, and experimentation)
      1. Step 1: Be sensitive to the need for change
         a) Multistream managers focus on change opportunities that will improve the well-being of various organizational stakeholders
         b) Invite openness by involving members in a “joint diagnosis” process
         c) Open book management = an approach to management whereby managers share detailed information concerning the financial and operational condition of the organization
      2. Step 2: Unfreeze
         a) Rather than trying to use power of influence to overcome resistance of members, Multistream managers disarm resistance by approaching others with dignity and consideration
         b) Stakeholders participate with managers in creating a shared vision to guide the change
      3. Step 3: Change
         a) Multistream managers foster participation rather than using position or coercion to implement change
         b) Members’ commitment to change can be increased by:
            (1) Members’ confidence in managers
               (a) Managers should be trustworthy
               (b) Seek participation from members
            (2) Members’ confidence in their own ability
               (a) Foster opportunities for informal and peer learning
            (3) Members’ attitudes toward change
               (a) Encourage communication about the benefits and sacrifices that the change entails
      4. Step 4: Refreeze (slushing)
         a) Multistream managers do not aim to completely “refreeze” the new changes but rather seek to retain some flexibility and room for experimentation
         b) “Slushing” assumes that change may not work uniformly well through the
organization, so experimentation and learning can allow for the best outcomes