

Art and Wisdom in Choosing Change Strategies

A Critical Reflection

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The overall picture of change effectiveness is rather gloomy. Andrew Pettigrew rightfully observed that 'most change processes do not attract universal acclaim' (Pettigrew, 2000: 249). Efforts to implement organizational change have frequently been shown to fail (Kotter, 1995; Edmonson & Woolley, 1999). Many firms that have failed to adopt Total Quality Management (TQM) exemplify the difficulty of changing an organization (Spector & Beer, 1994; McNabb & Sepic, 1995). Research indicates that 70 per cent of business process reengineering projects have yielded limited success (Hall et al., 1993; Bashein et al., 1994). The same goes for the introduction of new technology or efforts to change corporate culture (Beer & Nohria, 2000). A study by the American Management Association showed that less than half the companies involved in repeated restructuring and downsizing achieved their expense reduction goals and less than one in four increased their productivity (Applebaum & Batt, 1993). It is obvious that not all change is effective or successful. Nevertheless, defining success or effectiveness of change strategies is a cumbersome task. 'Success can be realistically addressed only against self-proclaimed targets' (Pettigrew, 2000: 248). However, the question remains: whose targets? Different stakeholders might pursue different goals, might start from different value systems, and might give different interpretations to the same facts.

In practice, most Organizational Development (OD) consultants prefer cooperation to conflict, self-control over institutional control, and democratic and participative management to autocratic management (McKendall, 1993). Organization development could be seen as a value-driven approach where the changes and developments are successful when these values are realized.

Organizational Behaviour (OB) bestsellers emphasize that those higher benefits will not be sustainable if they are not grounded in respect for and development of the employees. Implicitly the OB approach starts from almost perfect goal congruence ('the best minute I invest is the minute I invest in people . . .') between organization and individual and bluntly ignores the political nature of change, and the diverse or even opposed interests of the parties involved.

Most economic 'bestseller' approaches, such as 'e-business', business process re-engineering, or six sigma, emphasize two stakeholders: shareholders (who will benefit from cost reduction, productivity improvement, and higher profitability) and clients (who will benefit from greater customer orientation, innovative products, and better service). Economic approaches also seem to imply a goal congruence, which is most clearly formulated in agency theory; when economically successful, the 'principal' will have more incentives at his/her disposal to successfully influence the agent (Jensen & Meckling, 1976; Eisenhardt, 1989; Spreitzer & Mishra, 1999).

If we do not accept extensive goal congruence, we could, in the best economic tradition, consider a change management successful if at least one stakeholder is better off and the others have not suffered. This approach is rather naïve, because participants judge their outcomes in relative terms, not in an absolute sense.

To avoid an unprofitable discussion on effectiveness, we will use an approach that has proved fruitful in organization theory, namely, to look at effectiveness as the fit of the organization to its relevant environment. A reflection on the effectiveness of change is, then, a reflection on the (lack of) fit between the environment and the change, between (mis)reading the situation and the choice of a change process. We will call the overall approach of the change process a 'change strategy'. Our definition of change strategy follows Henry Mintzberg's 'pattern' approach (Mintzberg et al., 1998). A strategy is a pattern in a stream of decisions, reflecting consistency of behaviour over time. In this analysis, it is not relevant whether this pattern and the underlying choice are deliberate or not, conscious or not, pre-planned or not. Our use of the term 'change strategy' differs slightly from other approaches in the change management literature, where the term 'change strategy' is often used in the sense of 'change tactic', the sequence of different concrete steps one has to take to be successful, very often in the context of overcoming resistance.

BASIC DIMENSIONS IN THE CHANGE ENVIRONMENT

In order to build a relevant model of the change environment, we need to choose our basic dimensions carefully. One of the major problems hindering further development of change theory is the desire to develop a general theory that can be applied to all change efforts. However, the internal and external environments of organizations can be so different that a clear understanding of the specific situation is essential to select the appropriate change strategy. Participation can be a crucial element in certain change efforts. In other cases, such as high time pressure, it might impede or obstruct the change process. The creation of a sense of urgency is vital in certain situations, and irrelevant in others.

Change processes will be described using the two basic dimensions of decision-making: facts and values (Simon, 1976). Our first dimension deals with 'values', interests, and the use of influence in order to protect values and to safeguard interests; the second dimension deals with 'facts' and the use of managerial logic in order to be economically rational.

The proposed model is a conceptual description, an essential step in further theory development. We describe the change environment in terms of two general dimensions: power distance and uncertainty. Similar dimensions can be found in management and organization theory (Mintzberg, 1979, 1983; Quinn, 1988), the study of intercultural differences (Hofstede, 1991), and the study of corporate culture (Harrison, 1972; Handy, 1978).

CHANGE ENVIRONMENT: POWER DISTANCE

There is a large body of literature linking change to power, influence, and persuasion (Kotter & Schlesinger, 1979; Greiner & Schein, 1988; Pfeffer, 1992; Conger, 1998, 2000; Lawler, 1998). The first dimension, power distance, stems from the simple observation that all change processes are influence processes (Pettigrew, 2000). Change is inherently political. Influence supposes freedom. When freedom is absent, we talk about manipulation or coercion. In order to avoid a false dichotomy between absence of and complete freedom from, we will consider a continuum between high power distance (with relatively little freedom) and low power distance (with relatively great freedom). Therefore, our first dimension consists of high power distance versus low power distance.

A situation of high power distance can be described as a situation in which the change initiator has a much stronger power base than the target of change. This includes situations of more expert

power, reference power, psychological power, and reward power (French & Raven, 1960; Pfeffer, 1981; Morgan, 1986).

CHANGE ENVIRONMENT: UNCERTAINTY

Another extended body of literature relates change management to uncertainty (Lawrence & Lorsch, 1969; Galbraith, 1973; Nutt, 1986; London, 1987). The change process is then conceived as problem-finding and problem-solving (Schein, 1988). Therefore, our second dimension consists of high uncertainty versus low uncertainty, of information registration versus action planning. A situation of high uncertainty can generally be described as a situation of not having enough information, or lacking the framework to interpret the available information (ambiguity), having several competing or contradictory frameworks (equivocality), or having to process more information than one can manage or understand (complexity) (Zack, 1999). It requires an extensive scanning of the situation, an intensive process of information registration and framework testing, and a vigilant search process (Janis & Mann, 1977). When enough relevant information and frameworks are known and tested (a situation of low uncertainty), one has to concentrate on the 'next step', namely, action.

The second dimension stems from the inherent rational nature of all change processes. Emphasizing that all change is political (our first dimension) does not imply that change processes (at least in complex organizations) are not subject to 'norms of rationality'. Only 'permanently failing organizations' (Meyer & Zucker, 1989) can survive without a cost-benefit analysis, minimal planning, a certain logic, and a more or less systematic approach.

CHANGE ENVIRONMENT: TWO DIMENSIONS

The combination of both dimensions leads to a 2×2 matrix of change environment (see Table 4.1). A *high-pressure environment* is characterized by real external threats, by unexpected moves in the environment (especially by competitors). High-pressure environments are common in highly competitive sectors, in turbulent situations such as the aftermath of dramatic crises, or in pre-crisis situations. Organizations can experience a high-pressure environment when they make bold strategic moves or start new ventures in domains with strong incumbents. The organization is gambling its future and seems to be in an 'alert phase', with strong power distance as a consequence of the (perceived) strong threats. Powerful leadership is crucial to shift modes during the transition period. In addition, a vigilant search is necessary as a reaction to the high uncertainty in the environment.

An *experimental environment* is an environment where no one knows the answer. Even experience is not a relevant guide. The situation is consistently being redefined: 'People at the top will not solve our problems.' Therefore, when it becomes obvious that they are unable to solve the problems, their power base is eroded. Globalization, the introduction of new technology, and societal disrupters are causing a shift for many organizations towards experimental environments. In these environments, the organizations that flourish are described as networks, organized anarchies, or clusters. Environments are made experimental by charting new horizons, unfamiliar to all players.

A *professional environment* is an environment in which the professionals know the 'answer', under the condition that the situation is not too different from what they already know, i.e., under a condition of

TABLE 4.1 Two dimensions of change environment

	Low uncertainty	High uncertainty
High power distance	Traditional environment	High-pressure environment
Low power distance	Professional environment	Experimental environment

TABLE 4.2 Change tactics and their relevant environment

	Low uncertainty	High uncertainty
High power distance	Physical force Political force Economic force Advertising propaganda Engineering Rational appeal Emotional appeal	Project management Re-engineering 'Strategic change' Six sigma management
Low power distance	Participative management Work counselling Quality circles Single-loop learning	Organization development Double-loop learning

low uncertainty. Environments are made 'professional' by 'pigeon holing' (Mintzberg, 1979). Change in such environments is mostly of the 'academic' type: slow, based on analysis, a high degree of participation by all professionals involved, leaving the existing small power distance untouched and only reducing uncertainty.

An environment is *traditional* when roles are clear and the future is relatively easy to predict (because it will be very similar to yesterday and today). Fixed roles define clear power distances: the role of fathers, mothers, bosses, government, etc., is well defined. Change in such an environment is mostly of the optimizing type: the kind of change that is introduced through operational research, engineering, automation, leaving the existing large power distance intact and preserving the limited uncertainty. An environment is made traditional by actively moving to 'old' environments ('delocalization'), or by imposing simplicity (government, the hidden wish behind many mergers).

A simple test of our model consists of the ease with which we can assign different well-known change tactics to our model (Olmosk, 1972; Argyris, 1982; Hammer & Champy, 1993; Harry & Schroeder, 1999; Pande et al., 2000). As can be seen in Table 4.2, this is simple and straightforward.

FOUR BASIC STRATEGIES OF CHANGE

The four basic strategies presented here are negotiation, leadership, information registration, and action planning. These strategies are related to the basic dimensions in change environments.

LOW POWER DISTANCE: NEGOTIATION

A situation of low power distance demands a negotiation approach. A negotiation is a decision-making process among interdependent parties who do not share identical preferences (Neale & Bazerman, 1992). Negotiation has received surprisingly little attention in the change management literature. Negotiation is often perceived as a method for dealing with resistance to change, along with education, participation, facilitation, manipulation, and coercion (Kotter & Schlesinger, 1979). Negotiation is identified as a lawyer-like transaction, where resisters are offered incentives. Hence, negotiation is often reduced to 'bargaining' (Sergeev, 1991), with a give-and-take exchange to resolve conflicting interests. However, a negotiation process is much more fundamental and encompasses all joint communication and decision processes to resolve divergence of interest and to reach a mutually satisfactory outcome (Lax & Sebenius, 1986; Putnam & Roloff, 1992; Pruitt & Carnevale, 1993). Failing to recognize the situation as 'low power distance' (and, for example, applying a 'leadership' approach) leads to what

we will call a 'negotiation failure'. A negotiation failure consists of underestimating the two core elements in a negotiation process: interdependency and value differences. When change agents do not realize the interdependent nature of the change process, they will exercise power, authority, persuasion, and argumentation. When change agents do not realize the value differences, they will suppose goal congruence where relevant differences exist.

HIGH POWER DISTANCE: LEADERSHIP

A situation of high power distance demands a leadership approach. Leadership can be defined as 'a social influence process in which the leader seeks the voluntary participation of subordinates in an effort to reach organizational goals' (Kreitner et al., 1999: 472). Leadership is the influential increment over compliance with the routine directives of the organization (Katz & Kahn, 1978).

There is a long and influential tradition in the change management literature emphasizing the close link between change and (charismatic) leadership (Kotter, 1996; Bennis, 2000; Conger, 2000). Failing to recognize the situation as 'high power distance' (and, for example, applying a 'negotiation' approach or simply ignoring the influence dimension of change) leads to a leadership failure. A complete leadership failure consists of underestimating the two core elements in a leadership process: social support and direction. When change agents do not realize the need for social support, they will use pure logic and will be blind to emotional intelligence processes such as empathy or the use of positive emotions such as hope or optimism. When change agents do not realize the need for direction and clarity, their actions will lead to higher levels of role ambiguity or role conflict.

Negotiation and leadership failures can be caused by personality (the 'autocratic dogmatic personality' will experience many negotiation failures), by cultural differences (applying participative management in a high power distance country), by misreading the situation ('I thought they were better informed'), or by a dramatic, but unnoticed, shift in the environment.

HIGH UNCERTAINTY: INFORMATION REGISTRATION

A situation of high uncertainty demands a 'vigilant search for relevant information' (Janis & Mann, 1977; Hammond et al., 1999). Such a situation demands an information registration approach. Information registration is the first phase of rational decision-making. Failing to recognize the situation as 'registration' (and applying a 'reduction' approach) leads to a registration failure. The symptoms of poor problem recognition are well known: groupthink, 'passing the buck', and procrastination. When the 'real' problem is badly defined, this leads to the law of displacing problem definition, that is, another, readily available problem is solved. This will usually happen in situations where the problem is symbolic and in highly institutionalized environments. Registration failures can be caused by, among others, personality (the so-called dogmatic personality), high levels of stress (panic), or strong values leading to taboos.

LOW UNCERTAINTY: ACTION PLANNING

A situation of low uncertainty demands action planning and quick decisions; it demands information reduction. The classic command-and-control management, emphasis on co-ordination, the 'decisive decision-maker', or management by objectives will all be more or less effective (depending on the acceptable power distance) in a low uncertainty environment. Situations of low uncertainty require more 'management' than 'leadership'. In those circumstances, a new job description or an improved procedure will guarantee more than 'a shared vision'. Action-planning failures can be caused by personality (a strong external locus of control), by lack of management skills such as time management, by power games, or accepting strong 'low power distance' values such as anarchism.

TABLE 4.3 Change strategies and their relevant environment

	Action planning	Information registration
Leadership	Command and control (traditional environment)	Project management (high-pressure environment)
Negotiation	Participative approach (professional environment)	OD approach (experimental environment)

By combining the four 'pure' strategies of change, we can describe an 'ideal type' for each quadrant (see Table 4.3). The north-west quadrant, the traditional environment, demands a 'command and control' approach, a combination of action planning and leadership. At first sight, this seems to contradict the link between (radical) change and the need for leadership (Kotter, 1996). A stable environment seems to ask only for management. However, in this context, we concentrate, by definition, on change, and even a traditional environment is confronted with change.

The north-east quadrant, the high-pressure environment, demands a 'project management' approach. Companies are not characterized by their democratic nature; personnel are not consulted before mergers or acquisitions, de-layering, re-engineering, etc. These are typical top-down processes, as are 90 per cent of the 'management by objectives' processes. A few people at the top take bold strategic moves. It demands a combination of information registration and leadership.

The south-west quadrant, or professional environment, demands a 'participative' approach. This environment is the area where highly trained professionals exercise their profession and form the operating core. They reject large power distances, but, on the other hand, they want to optimize their own profession and do not venture into radically new ground. They avoid high uncertainty environments (with the exception of highly complex problems) and essentially keep their environment predictable by pigeon-holing.

The south-east quadrant, or experimental environment, demands an OD approach: a joint process of problem definition and problem-solving, requiring empowerment and lack of censorship. Since the environment is uncertain, all participants must look for new solutions. They need a high level of autonomy to experiment and to develop new initiatives. High tolerance of mistakes, open dialogue and discussion, and team development are needed to stimulate organizational learning (Senge, 1990).

FOUR BASIC PROCESSES OF 'CHANGE FAILURES'

In this section, we will describe the four generic change failures: leadership failure, negotiation failure, registration failure, and action-planning failure.

A leadership failure leads to a lack of orientation, vision, and inspiration (cognitive dimension). It can also lead to anxiety (emotional dimension), passive aggression, such as intense gossip, intention to leave, and organizational cynicism (behavioural dimension). The lack of social support and the increased role conflicts or role ambiguity give rise to processes normally associated with high levels of stress. We can predict that a leadership failure will lead to withdrawal.

A negotiation failure leads to a lack of accepting goal discongruence (cognitive dimension). Not being aware of value differences (mostly due to a lack of empathy) will easily lead to alienation and emotions normally associated with loss, such as anger or grief (emotional dimension). It easily leads to manipulation, flattery, coalition formation, passive aggression, and, in extreme situations, to disruptive conflicts (behavioural dimension). All things considered, we can predict that a negotiation failure will lead to what traditionally has been called 'psychological' resistance.

A registration failure leads to lack of creativity, low quality decision-making, and external attribution, such as 'the system is to blame' (cognitive dimension). It easily leads to pessimism, even despair or depression (emotional dimension), and to resignation and learned helplessness (behavioural dimension). We can predict that a registration failure will lead to 'avoidance'.

An action-planning failure leads to harsh criticism, perception of inefficiencies and of spoiling (human) resources (cognitive dimension), frustration, apathy, and feelings of unfairness (emotional dimensions). It easily leads to all kinds of 'soldiering', social loafing, or free rider behaviour (behavioural dimension). Overall, we can predict that an action-planning failure will lead to disorientation.

FOUR SPECIFIC CHANGE FAILURES

When we look at change failures, from the point of view of the relevant situation, we can identify four specific failures.

CHANGE FAILURES IN A PROFESSIONAL ENVIRONMENT

A professional environment requires 'negotiated', not 'imposed', planning. Negotiated can mean 'traditionally negotiated', as a result of bargaining between stakeholders with different interests, or 'participative'. Typical failures in a professional environment stem from the idea that 'one size fits all', such as applying a command and control approach to a symphony orchestra. Another example concerns a media company that starts applying budget control and aims at motivating creative people, journalists, script writers, etc., for 'the common goal'. After six months of training, threats, consultancy, attracting new MBA-ers, and endless meetings, the project is forgotten. The company, however, has lost three valuable creative researchers and reporters.

Lack of action planning occurs frequently in professional environments, making them extremely inefficient (and thus expensive), as almost all patients who have been 'clients' at hospitals can testify. The low power distance seems to dominate the low uncertainty dimension, leading to the spoiling of resources in universities, law firms, hospitals, etc., and to strong resistance to managerial approaches.

CHANGE FAILURES IN AN EXPERIMENTAL ENVIRONMENT

An experimental environment requires a negotiation and registration strategy. The most common failure in business firms is to neglect the negotiation strategy and to apply a top-down-driven project management approach. High uncertainty is noticed and, with a kind of 'burning platform' analogy, one suspects that all participants will share a common goal. Then a single-loop learning process takes place, where a (newly) appointed leader 'shows the way'. This 'double-loop learning failure' caused havoc in companies confronted with the e-environment, where they tried to implement the transition to unknown territory with tried and true principles from project management. Less common is denial of high uncertainty, the neglect of the registration strategy, with a 'business as usual' approach. This failure can sometimes be observed in partnerships facing a dramatic shift in environment. Those partnerships are more or less well adapted to their professional environments and suddenly face high-pressure environments. Law firms, consultancy agencies, orchestras, and universities have the greatest difficulties in adapting to totally new situations.

Rather unlikely, and only possible under strong leadership, is the 'invent me the A-bomb' failure, a combination of both failures, as illustrated in the story of Los Alamos, where at the very beginning of his mission, General Groves forced top nuclear scientists to stop creative freewheeling and to start inventing on a tight time schedule. Robert Oppenheimer wrote to him at the height of the conflict: 'It is true that there are a few people here whose interests are exclusively "scientific" in the sense that

they will abandon any problem that appears to be soluble' (Oppenheimer, 1944). However, scientists simply went on with their informal brainstorming sessions but concealed them from General Groves.

CHANGE FAILURES IN A TRADITIONAL ENVIRONMENT

A traditional environment requires a leadership and action-planning strategy. Change processes based on negotiation and information registration such as OD are very often publicly announced. New managerialism, client orientation, and the introduction of new values will fundamentally change the 'traditional' organization. There seems to be an endless list of publications reporting on failures, on the tension between the rhetoric of the empowered, entrepreneurial, client-oriented 'new public manager' and the reality of even more bureaucracy (Warwick, 1975; Van Gramberg & Teicher, 2000). Organizations in traditional environments have strong built-in mechanisms to protect themselves against all adventures that could lead them into experimental environments. Disasters such as the collapse of the Barings Bank or the out-of-control situation at Chernobyl reinforce beliefs in control systems, hierarchy, enforcement of rules, etc.

The basic problem in a stable environment is that even the 'natural' processes are not applied. The most common failure is a lack of leadership. The 'quality circle disaster' in most Western companies can be seen as an illustration of a lack of leadership commitment and a clear quality strategy, and of unclear values (McNabb and Sepic, 1995).

Lack of leadership and lack of action planning (lack of management and lack of coordination) in a stable environment will lead to a loss of essential resources in political organizations, that might even become 'permanently failing' (Meyer & Zucker, 1989).

CHANGE FAILURES IN A HIGH-PRESSURE ENVIRONMENT

A high-pressure environment requires a leadership and registration strategy. A typical failure stemming from the lack of registration is the 'reshuffling the deck chairs on the *Titanic*' failure, that is, applying an optimization strategy in a highly unequivocal situation. One does not reach consensus on the 'real problem' and apply tried and true solutions to a completely unknown situation. In many cases, executive management applies 'more of the same' in such situations, leading to 'managerial regression', namely, tighter budget control, cost cutting, and management by objectives. Another typical failure stems from the lack of leadership. Information on the dramatic shift is readily available, but management fails to react. Documented examples are the complete failure of Encyclopedia Britannica to react to the threat of Microsoft's Encarta, or the inertia at Xerox management to build on technology from their own Palo Alto research laboratory. When Xerox's top management was confronted with major breakthroughs such as the 'Graphic User Interface' or e-mail, they simply failed to grasp their relevance. Major problems seem to arise in organizations that are confronted with potential failures on both dimensions. In practice, this means that a correction in one dimension will not solve the problem, leading to an oscillation between regression on that dimension and radical shift on the other dimension. This oscillation leads to distrust, lack of even single-loop learning, and complete disorientation. For example, in the middle of an existential crisis, because stakeholders could not define its role (is this a scientific institution or a commercial firm?), a biotechnology firm opted for 'people management', such as job descriptions of all parties involved (a shift towards more planning). This project is a failure and is stopped and replaced by open debates among all stakeholders (a shift towards information registration). Many stakeholders argue for stronger leadership, a more 'businesslike' approach of managing the firm, leading to new targets, etc. A new business manager with a background in fast-moving consumer goods is appointed, but the new manager does not understand the 'academic freedom' culture of the biotechnology environment, which leads to a loss of top scientists, etc.

CONCLUSION

Organizational change is complex and diverse. We started this chapter by pointing to the low success rate of change and have developed a contingency framework where different environments are matched with different change strategies.

In theory, there are three major reasons for change failures. First, some organizations fail to see that their environment is changing. This is a major cause of change failure in many organizations with a long history of high power distance and a low uncertainty environment. They continue to implement the change strategies that were adapted to their traditional environment, and fail to see that their environment has changed into a high-pressure or professional environment.

Second, one can apply the wrong strategies in view of the organizational environment. Those are the change failures that we have focused on in this chapter. However, even the selection of the right strategy is no guarantee of success.

Third, even the correct assessment of the environment and the selection of the correct strategy can lead to change failure. The implementation of the correct strategies can go wrong, especially when the implementation of the strategies is extremely one-sided. Leadership demands clear vision and a top-down approach, but every top-down-driven change that neglects participation in the implementation process risks overlooking local structures, relations, and knowledge that are vital for successful implementation. A vigilant search for new information in an environment that is highly uncertain must finally result in initiatives that are managed and coordinated. Otherwise, the organization will end up in complete chaos.

Eventually, it is the effective integration of the different change strategies adapted to the internal and external environment of the organization that determines the success of any change effort. The art of change management consists of applying the right mix. Academics can offer the ingredients. Only seasoned cooks can prepare the most complex dishes successfully.

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Designing and Organizing Organizational Change

Part II of this handbook discusses the art of designing and organizing processes of change. In this Part, an overview is given of parameters for the psychological management of change processes. Implications are discussed for initiating a change process and handling uncertainty. Also, the roles of people in changing organizations are analysed. Monitoring and feedback systems are described as part of the management of change. This Part closes with a critical reflection questioning the management of change and the assumptions that underlie problem-solving and driving forces of change.

Chapter 5 focuses on the architecture of change processes. In this chapter, Colin Carnall emphasizes the importance of reading the environment correctly, and stresses the importance of defining a suitable business model based on environmental demands, the customer value stream, and stakeholder value. He pays attention to the failures of change, raises questions about the human-centred model of Organization Development, and doubts 'one best way' of changing. Many change programmes fail because there is no integrated approach between divisions and departments. Successful change may best be achieved by focusing change efforts along the customer value chain, rather than vertically up or down the structure. According to this perspective, participation and involvement are important in change processes, but the concern for participation is a partial approach. A new theme in managing change is re-thinking organizing in terms of value-added activities focused on customers. Another neglected theme is the vital role of partnerships between groups within and outside the organization. Major changes involve implementing new organizational arrangements to deal with new conditions. This fundamental change requires and leads to learning, which is a vital component of effective change. To initiate learning, organizational restructuring and strategic change should be based on effective diagnosis and benchmarking, information and incentive systems. Change architecture is seen as that set of arrangements, systems, resources, and processes through which people are engaged in productive reasoning, aimed at creating a new future. According to Carnall, successful planned change requires an awareness of the need for change, the engagement and alignment of key stakeholders, the use of performance measures, acquisition of new skills and capabilities, mobilization commitment and resources, and using change as a learning process.

Chapter 6 deals with the following questions: what leads to the necessity of change?; in what directions do changes normally go?; why is organizational change so difficult?; and are we powerful enough to make critical changes? In this chapter, Klaus Doppler considers these questions as the core of planned change. Sensitivity to these questions makes it possible to understand the status of a change process, assess opportunities for change, and reconsider the limits of change strategies and intervention methods. The necessity of change comes from new environmental developments and market demands. Normally, planned change programmes focus on cost reduction and concentrate on strategic core competencies. The demands of the customers are key, and employees are seen as important resources. A great deal of effort is put into optimizing business processes, mergers, and dividing companies

into relatively independent operating divisions under a general, binding strategic roof. Many of these planned change programmes fail. Explanations may be found in patterns of thinking and acting by those involved in the change process. In Doppler's view, in order to manage change successfully, it is necessary to update mental models of organizing and changing. We have to redefine concepts of leadership, organization, personnel, and planning. Other success factors include preparing the ground for change carefully, and creating awareness of the problems to be dealt with. Involvement of all those who are affected contributes to commitment for change. Clear ownership and credibility of the project and the change agents help to manage the change process effectively. According to Doppler, the use of power, conflict, and resistance to change are normal phenomena in processes of change and learning. Methods are described to deal with conflict and resistance. This chapter concludes with the use of active communication and group dynamics to finalize change projects.

In Chapter 7, Elise Walton and Michael Russell offer an extensive overview of change strategies and intervention methods for organizational change and development. Core tenets of organizational change are the involvement of those affected by change, the motivational value of meaningful work, the importance of surfacing and sharing information, the use of models to diagnose organizational functioning, and the deliberate choice of change strategies and intervention methods. The intervention methods are placed in an historical context, and examined, with the emphasis on distinguishing those interventions that have become standards in practice, and those that have not. At the organizational level, interventions are presented with a focus on the structuring of organizations, corporate governance, and clarification of roles and responsibilities. Special attention is given to cultural and large-scale systems interventions, and also to learning and information-sharing in organizational change. At the individual level and the level of human resources, interventions are described for career paths, selection, feedback and rewards, and coaching. The role of the consultant is discussed. In early writings, consultants figured prominently as the director of activity, the facilitator of feedback, and as providing counselling and direction to team members. In recent years, consultants have become more a coach, counsellor, adviser, and a specialist resource. Walton and Russell signal ongoing tensions in the field of organizational change. First, there are numerous models of change, each with their strengths and weaknesses, applicability, and irrelevance. This makes the art of choosing models and strategies more difficult than ever. Second, there is continuous tension between value sets for change, putting business needs first, and sets that serve the well-being and participation of employees. Third, even after many years of work and research, change effectiveness is still not very high. Fourth, arguments over the pace and scope of change still prevail. To handle these tensions and to develop a body of knowledge and practice for organizational change, Walton and Russell propose building a stronger sense of core beliefs and values around the intentions of change, as well as the true scope and time frame for major organizational change.

The final chapter in this Part is really reflective and critical of many concepts of organizational change. In Chapter 8, Luc Hoebeke doubts some core beliefs and basic assumptions of organizing, changing, and decision-making. He suggests a shift in perspective from the classical economic view of scarcity to an approach of choosing from abundance. This chapter provides a language in which ambiguity in an environment of abundance is articulated. The central notion is the concept of dilemma. The major legitimation for organizational change is to solve organizational problems. Hoebeke states that organizational change is not about solving problems, but is about understanding and dealing with dilemmas. A dilemma consists of two contradictory statements, each of which is defensible. Dilemmas cannot be solved. Several dilemmas are discussed: innovation vs improvement, short term vs long term, policy-making vs operations. Choosing a position between the two statements of a dilemma is an uncomfortable and difficult job, but is seen as the essential task in changing and learning. The concept of dilemmas gives a specific perspective on organized work: organizations are expressions of culture which permit us to cope with our own complexity. In coping with complexity, we are confronted with paradoxes we have to deal with. One of these central paradoxes is the tension between collaboration and competition: the dynamics of organizational change are to be found primarily in the

destruction of existing relations and the creation of new ones. A second paradox is the tension between centrifugal and centripetal forces: social systems keep a certain coherence, nevertheless, forces from the environment continuously impinge upon them. Several dilemmas rising from these paradoxes are discussed in depth: money and power, science and politics, faith and ethics. The understanding of these paradoxes and dilemmas opens up new perspectives and possibilities for organizational change and learning.