Frank E.P. Dievernich
Kim Oliver Tokarski
Jie Gong   *Editors*

Change Management and the Human Factor

Advances, Challenges and
Contradictions in Organizational
Development

Springer

Change Management and the Human Factor

Frank E.P. Dievernich • Kim Oliver Tokarski •
Jie Gong

Editors

Change Management
and the Human Factor

Advances, Challenges and Contradictions
in Organizational Development

Springer

Editors
Frank E.P. Dievernich
Business School Lucerne
University of Applied Sciences and Arts
Lucerne
Switzerland

Kim Oliver Tokarski
Institute for Corporate Development
Bern University of Applied Sciences
Bern
Switzerland

Jie Gong
Business School Lucerne
University of Applied Sciences and Arts
Lucerne
Switzerland

Foreword

It has been nigh on a decade since we, along with Professor Vince Edwards, decided to launch the EIASM Conferences on organizational change and development. We had witnessed change management become a ubiquitous topic at many business and economics conferences, but we also realized that there was no platform dedicated to that topic alone, which would allow people to track and contribute to the progress of change management as a discipline. Our attention was aimed less at following the evolution of, for example, strategies, techniques, or practices in change management. Rather, we wanted to see how the perspectives of people contextualizing or observing change management are evolving. How are the perceptions of change management changing? Or, more precisely: how is our perception of the perceptions of change management changing? To explore this, we have spent the last 8 years looking for those many places near and far that change management has not yet touched or only touched in passing. What has been missed or deliberately ignored along the way?

The recent dramatic social, political, and economic upheavals in Eastern Europe, many experienced at first hand by some of the contributors to this volume, bear testimony to the fact that all changes in society will affect organizations and, in the end, the people within them. Further, the current global economic and political turmoil has, in our view, served to highlight the all-encompassing nature of organisational change. Specifically, we have come to realize that change management cannot be seen as detached and isolated from the social contexts surrounding it. This insight reminds us that change management is not a pure sub-discipline of economics, but links different social functional systems and their organizations, including the people that populate them. "United in change" would seem to be an appropriate motto. Our—literal—journey has taken us to many interesting places and the many fascinating highways and byways of our debate.

The first EIASM organizational change conference took place in Estonia and from there we have held the event in Lithuania, Romania, Poland, Malta, Austria, Switzerland, and Belgium. Along the way, we had a chance to speak about many topics, including the following:

– Constraints of current thinking about organizational change
– New approaches to observing and managing change
– New organizational forms and challenges to organizational change
– Innovation and the process of change management
– The role of norms, values, and ethical aspects of change management
– Organizational change and crisis management
– Resistance to organizational change

One of the fundamental insights gained in this journey is that the time is right to focus again on the basic essence of change management and to try and cast a new light on that essence that we all believe we know so well: people. People are the be-all and end-all. They come across our paths everywhere and, more often than not, trip us up. In more functional terms: people are both the stumbling blocks and stepping stones of change, the means and the ends at the same time. They are the crucible where sense is made, and they judge the sense of any change—or absence thereof.

We believe that it would be worthwhile for researchers and practitioners alike to take another close look at their original objects of interest—human beings—and the many facets of their roles in change management. This volume can only hope to be a modest contribution in that sense. We trust that it will build upon other outputs from previous conferences such as special editions of the *Journal of Organisational Change Management*, *Human Resource Development International*, the *Journal of Business Economics and Management*, and the *Estonian Business Review*. We are excited to see what this volume will stimulate in its readers. Forthcoming EIASM conferences would be perfect places to showcase the fruits of this labour.

Finally, we recognize that the conferences and the resulting outputs, including this volume, have only been possible with the help of friends and colleagues in many different countries. For example, keynote speakers have given of their time generously, our in-country hosts have provided us with resources and excesses of hospitality, journal editors have provided constructive help as we have sought to produce tangible outputs from various conferences, and our home institutions (the University of Manchester and the Estonian Business School) have supported us wholeheartedly for the duration of this venture. In addition, our partners at EIASM have provided us with wonderful support over the years. We wish to record our thanks to all our friends and colleagues who have made this journey possible. Happy reading.

Tallinn, Estonia   Ruth Alas
Manchester, UK   Christopher Rees
March 2014

Contents

Author Description

Alas, Ruth

Professor Ruth Alas is the Vice-Rector for Scientific Affairs and Head of Management Department at Estonian Business School. She has got CEEMAN (an international management development association in central and eastern Europe) Champions' Award 2011 for Academic Research on topic "How to prevent Crisis by means of Organisational Change Management". She has written 26 management textbooks and more than 130 articles. Ruth Alas is teaching change management. Her research is focusing on change and innovation management, crisis management, employee attitudes, learning abilities, organisational culture, leadership, business ethics, and corporate social responsibility. She has published in Journal of Business Ethics, Employee Relations, Chinese Management Studies, Journal of Change Management, etc. Ruth Alas was conference chair of IHRM 2007 and EURAM 2011 in Tallinn.

Anderson, Torben

Torben Andersen is Head of Department, Ph.D., at Department of Leadership and Corporate Strategy, University of Southern Denmark, Campus Slagelse. He has a long teaching experience from undergraduate studies to executive MBA programmes, and he has as associate professor been affiliated to Danish universities with two periods as a visiting professor—one at San Francisco State University: autumn 2000 when the dot.com bobble burst, and one at The University of Auckland, New Zealand: studying employment relations under deregulation and liberalization. Torben Andersen's research has been concentrating on structural and strategic aspects of HRM and International HRM. He is the editor of the Danish HRM-handbook and the regional editor of the Northern Europe of European Journal of International Management.

Bijlsma, Tom

Tom Bijlsma started his career as officer cadet at the Royal Military Academy, served the Army for 10 years on active duty, and when he started in a commercial company as management trainer/consultant and 6 years later as assistant professor, he stayed at the Army as a reserve officer. Teams and Adaptability are central themes in all these jobs.

Tom Bijlsma is now assistant professor Military Organizational Sciences at the Faculty Military Sciences, part of the Netherlands Defence Academy. He is teaching and conducting research into Change-, Quality-, and Human Resource Management. The overlap of these academic fields and his own central themes led to focusing subjects as Team Learning (his Ph.D.-thesis) and Crew Resource Management. These studies are of utmost importance in the military because during operations, Team Work, Adaptability, and Cooperation are crucial elements in an extreme dynamic and very unpredictable environment.

Claxton, Julia

Julia Claxton spent 10 years working as a Training Manager for a variety of companies before having her own training and consultancy company. Her consultancy work led her into the academic world when she was offered a job in the department for leadership development. While doing this she completed her Master's Degree at the University of Salford and a Ph.D. in Psychology at the University of Liverpool winning an award for best paper at a Conference in the USA. She has held Lectureships at a number of universities and during this time developed and delivered bespoke leadership programmes to the public, private, and voluntary sectors. She is currently a Principal Lecturer in Organisational Development at Leeds Metropolitan University. She teaches undergraduates, postgraduates, and professional and research students and is passionate about student-centred learning. Her research focus is in the areas of organizational development, in particular learning, employee engagement, management of change, action learning for leadership development, and team coaching and student assessment.

Dievernich, Frank E.P.

Frank E.P. Dievernich was appointed as Professor of Organization, Leadership, and Personnel and Co-Director of the Executive MBA Lucerne at the School of Business of Lucerne University of Applied Sciences and Arts in January 2013. Before coming to Lucerne, he spent 4 years as Professor of Business Management at the Bern University of Applied Sciences. A sociology and economics graduate from Munich, he completed his doctorate in economics with research on "The End of Occupational Blind Spots" at the University of Witten/Herdecke. As a post-doc at the Free University of Berlin, he researched path dependency in management. His academic interests lie in change and human resource management as well as aspects relating to organization and management research. He has authored numerous publications. Frank E.P. Dievernich has gained practical management experience as a Project Leader on organizational development and Head of the HR Development and Principles Department at the Deutsche Bahn AG as well as a Principal at the Kienbaum consultancy firm in Frankfurt am Main and Berlin. Frank E.P. Dievernich holds qualifications in systemic family therapy and is active as a a trainer and coach in Business Coaching. Since 2012, he has been a Partner at the Witten School of Management, dedicated to complex consultancy questions in the field of strategy development, change management, and HR/organizational development.

Duxbury, Linda

Linda Duxbury is a Professor at the Sprott School of Business, Carleton University, Ottawa, Canada. Her academic background is varied and includes a B.Sc. in Biology, a Masters in Chemical Engineering and a Ph.D. in Management Sciences, all from the University of Waterloo in Canada. Within the past decade she has completed three major national studies on Balancing Work and Family in the Canadian public, private sectors, and not-for-profit sectors. Dr. Duxbury has published widely in both the academic and practitioner literatures in the area of work–family conflict, change management, and the use and impact of office technology. Within the business school at Carleton, Dr. Duxbury teaches masters and Ph.D. courses in Managing Change as well as the masters course in Organizational Behaviour. Dr. Duxbury has received numerous awards for her both research and teaching.

Fatzer, Gerhard

Gerhard Fatzer is a visting Professor at Innsbruck University (since 2002) on the topics of Leadership, Organizational Development, Learning Organization, Transformation and Inspiration, Process Consultation, Culture Management. He is also a visiting Professor in the same areas in IEDC in Bled, at Zeppelin University in Friedrichshafen, at UT Dallas at the Leadership centre with Usman Ghani and Jeff Hicks. Gerhard Fatzer is Director of Trias Institute for Coaching and OD in Grueningen, Zurich (since 1991). He is an editor of the international Journal for Change, Dialogue and Learning "Profile" at EHP Publishers in Germany and the OD Series "EHP Organisation" at EHP. Gerhard Fatzer published seveal textbooks in the fields of "Learning and Change", "OD in Schools", "Sustainable Transformation in Organization", "Good consultation", "Consulting and OD", "Group Dynamics", "Leadership and Change" (with Edgar H. Schein). His research and teaching and consulting activities focus on OD, Change, Transformation, Learning Organisation, Consulting Networks, Learning histories, Process consultation, and the application of these Topics in Schools and the corporate world. He has been consulting all over the world, with Technical projects in Africa, the USA, Asia (China, Vietnam), Eastern Europe, and The German part of Europe.

Gong, Jie

Gong Jie studied Applied Linguistics and German studies in China and Germany and graduated with a master's degree (M.A.). Before coming to Switzerland, she was a German teacher at the Shanghai University of Applied Technology for few years. GONG Jie completed her MBA Studies in Lucerne, Switzerland, after spending a few years working in the private sector with junior management position. Currently she is a research assistant at Competence Center of General Management of Lucerne University of Applied Sciences and Arts, School of Business. Her recent research interests lie mainly in Internationalization of SMEs, Intercultural Management (focus Asia), as well as Change Management with broader aspects.

Gover, Laura

Laura Gover is a Ph.D. candidate from the Sprott School of Business at Carleton University in Ottawa, Canada. Her primary research interests include the organizational change, organizational culture, social identity in the workplace, and qualitative research methods. She has been involved in a variety of research projects in both the public and private sector, with a particular focus on healthcare organizations. She is also an instructor at the Sprott School of Business where she has taught Organizational Theory and International Business at the undergraduate level. As both a researcher and in her prior professional roles she has conducted a number of corporate training sessions and focus groups. Her prior work experience includes working with both private and public sector employers with whom she served in varying functions from policy analysis to marketing.

Guynamant, Béatrice

Béatrice Guynamant, born in 1968, graduated from HEC Paris in 1991, and worked for 20 years in the financial services industry; in parallel, she obtained a Master's Degree in Sociology at EHESS and a Ph.D. in Management Sciences at Panthéon-Assas University. She was invited by Stanford Graduate School of Business in 2013 to follow 'The Indispensable CTO: Strategic Leadership of Technology and Innovation' programme. She wrote a book on Management in Financial Markets. She started to teach at HEC Paris in 2006 and Ecole Centrale Paris in 2010. She is also Professional Coach and Trainer. Since 2 years, she is Full Professor at ISC Paris School of Management, France. She was invited to teach at Metropolia Business School, Helsinki, during the International Project Week. Béatrice teaches management, leadership, strategy, complex problem solving, human resources, skills development, innovation, creativity, technology and innovation, professional project, financial markets (jobs and skills, recruitment process, mock interviews). Her research focus is in the areas of : Talent management, skills development; Leadership, management, intercultural management, technology and innovation; Sociology of professions, closed work markets, technical occupations; Organizations, stakeholders, strategies of actors, coopetition, corporate culture; Financial Markets. She also chairs and communicates in many international conferences.

Kärnä, Eija

Eija Kärnä, born in 1961, is a Ph.D. student from School of Business and Economics, University of Jyväskylä in Finland. Her research topic is "Implementing strategy—employee's role in strategy process" in the field of Strategy-as-Practice in Strategic management literature. After her master studies in Helsinki School of Economics and a short period in business, Eija has worked as teacher and thesis supervisor in business, leadership, and communications studies to bachelor and master students at Haaga-Helia University of Applied sciences. The last 7 years Eija has worked in cooperation with students and practitioners in companies and organizations in practical development projects. This dynamic pedagogical, practical, and theoretical knowledge-sharing inspired her to continue studies and start research.

Rees, Chris

Chris Rees is Deputy Director of the Institute for Development Policy and Management, University of Manchester, UK. He is a Chartered Psychologist and Fellow of the Chartered Institute of Personnel and Development. He has undertaken professional work in a wide variety of countries and was made an Honorary Professor of Human Resources by Beijing University of Technology in 2005. His research interests are focused upon organizational change and development interventions in international contexts. He directs the M.Sc. in Organisational Change and Development at the University of Manchester and has extensive experience of supervising and examining Ph.D. work in this subject area. Chris has published widely in leading journals such as the International Journal of Human Resource Management, the Journal of Business Ethics, and the Journal of Organisational Change Management. He has co-chaired the EIASM colloquium on Organizational Change since its launch in 2006.

Rowlands, Kate E.

Kate Rowlands is currently a lecturer in Management, Governance and International Development at the Institute of Development Policy and Management, University of Manchester. Prior to this Kate was a lecturer within the International Strategy and People Management discipline group within Salford Business School, University of Salford. The cluster manages a number of key postgraduate programmes within the School including the M.Sc. Human Resource Management and Development.

Before taking up a full-time position within the University of Salford she worked as a Senior Manager within the retail sector for over 10 years. It is this work background that has led to her focus in teaching and research activities within the field of HRM policy and practice with particular relevance in developing and transitional countries. Kate is a fellow of The Higher Education Academy and also a Chartered Fellow of the Chartered Institute for Personnel and Development.

Scholz, Tobias M.

Tobias M. Scholz, born 1983, studied Business Administration at the TU Kaiserslautern, Goethe University Frankfurt and UCLA Anderson. After his diploma he started his Ph.D. at the Chair for Human Resource Management and Organizational Behaviour at the University of Siegen in Germany. In Siegen he works as a research and teaching assistant since 2010. He is primarily interested in the field of big data and the influence data can and will have on Human Resources and organizations, a field where a critical discussion is essential to reveal potential and risks. Other interests are concerning the increase in complexity and dynamics in modern Human Resources and organizations. He co-publishes the biannual eSports Yearbook, which is a collected edition about stories and research in the competitive gaming scene. Tobias's recent publication covered the aspect of authorship in virtual worlds and e-HRM strategies for atypical employment.

Sharifi, Sudi

Sudi Sharifi is a Senior Lecturer [Associate Professor] in Organization Theory at Salford Business School. She received her Doctorate in Management from Aston Business and since then she has been involved in a variety of Research Council funded projects in 'innovation- design', 'evolution of business knowledge in SMEs', and so on. She has also been a partner in a Knowledge Transfer Partnership scheme examining management of change process focusing on the issues of 'change in decision-making processes and structures in the Health Service'.

She is the cofounder of 'Organizational Learning Conference-Middle East and North Africa' [OLC-MENA] and gave one of the keynote speeches at the conference inaugural in 2012 in Abu Dhabi. The conference is established in collaboration with and sponsorship of the Emirates Identity Authority.

Sudi has published in various reputable business and management journals over the past two decades. Her research focus is in the areas of Organizational Learning, Organization Time, Change and Innovation. She is also the former Director of the Research Centre for Organizational Behaviour and Leadership at Salford Business School.

Tokarski, Kim Oliver

Kim Oliver Tokarski is a Professor of Business Management and Entrepreneurship at the Bern University of Applied Sciences, Switzerland, where he is also head of the Institute for Corporate Development. Furthermore Kim Oliver Tokarski is a visiting professor at Academia de Studii Economice (ASE) Bucharest, Romania. His research and teaching interests are in the areas of entrepreneurship in general, social entrepreneurship, as well as business ethics, and corporate social responsibility. He is an author and editor of several textbooks, articles, and studies in the field of entrepreneurship and corporate social responsibility.

Vesso, Signe

Signe Vesso, born in 1971, has finished Tartu University in Estonia in economic science. In 1994 she established a consulting company where she works still now. Soon she turned her studies into psyhotherapy field. Because of her deep interest towards change management process inside person and in teams and organizations she studied psyhotherapy and is certified as gestalttherapist. Then she turned her studies into field of supervision and coaching. After finishing the education she is the president of the Estonian Association of Supervisores and Coaches. She is a founder of the International Institute of Supervision and Coaching as well. She has been the chief editor of Estonian Business Newspaper handbook for Organizational Development for 5 years. After the intensive practice almost 15 years in the field she continiued her studies in doctoral level in Estonian Business School. Her field of study is coaching culture, change management, and leadership. Her publications cover an area of topics like leaderś influence, trust, organizational culture, teamwork, group coaching, team coaching, coaching culture, and change management.

Vorbach, Stefan

Stefan Vorbach, born in 1968, has studied mechanical engineering and economics at Graz University of Technology, where he received his Ph.D. in 1999. His habilitation in business studies at the University of Graz (2005) focused on technology in innovative decision-making processes. Since 2010 he is leading the Institute of General Management and Organization at Graz University of Technology. For more than 15 years Stefan Vorbach teaches different management topics, innovation, technology management, R&D management, and sustainability management at various universities. He has published numerous presentations and publications for both science and practice.

Wetzel, Ralf

Ralf Wetzel, born in 1971, was once trained as electrician but turned, after studies in business administration in Germany and the UK and a short excursion into social work, to organization and management studies. After he received his Ph.D. about disability in organizations from Chemnitz University of Technology (D), he established the Competence Center for Management at Bern University of Applied Science in Switzerland as a Professor for Organization and Management. Since 3 years, he is working as Associate Professor for Organization and Management at Vlerick Business School in Belgium. He is interested in everything that makes organizations curious, boring, excelling, and relentlessly resisting, which is mostly inherent in topics like organizational change, organizational polyphony, consulting, the future of management, and the benefits of arts for organization studies. Besides a Shakespearian story book on change (in German and English), Ralf's recent publication cover a wide area of topics like a critique of organizational participation, a critique of the organization theoretical foundations of organizational change literature, a theatre-based comparison of organizations and families (together with F. Dievernich), and a systems-theoretical introduction to gender in organizations.

Will, Matthias Georg

Matthias Georg Will is a Ph.D. student at the Chair in Economic Ethics at the Martin-Luther-University Halle-Wittenberg, Germany. He specializes in New Institutional Economics and addresses challenges within organizations (e. g. resistance against change management) and within societies (e.g. ethics of markets). His research highlights the relevance of norms, values, sanctions, and incentives for creating mutual benefits. By linking institutions with mental models, functional frameworks emerge that can systematically overcome conflicts. He has authored and co-authored articles in professional journals in the field of management and economics.

Wipfler, Harald

Harald Wipfler, born in 1972, has gained more than 13 years work experience in the software industry (geoinformatics) and in project management. He is a qualified business coach and trainer. In 2012 he returned to Graz University of Technology as a research and teaching assistant at the Institute of General Management and Organization. His Ph.D.project addresses the role of organizational capabilities for realizing organizational change in a timely manner.

At the Heart: Human Beings in Organizations

Frank E.P. Dievernich, Jie Gong, and Kim Oliver Tokarski

Change management without people is unthinkable. Human beings stand at its core as both the subjects and the objects of change. This volume tries to cut through to the core of change management, to the people that stand at its heart. Our intention is not to equip them with another set of those change management guidebooks that have become ubiquitous in our profession. This is not a "How to do change better" manual. Instead, we are focusing on people and on their role in change management. We are going beyond the limits of the traditional approaches and not simply exploring what motivates people for change or how resistance can be overcome. We are looking beneath the surface to see the functions behind specific actions and practices. In essence, we want to understand the function of people and their activities in today's organizations. This book attempts to rediscover something generally believed familiar, since we believe that it is not only the discipline that has changed over time, but indeed its very protagonists who have changed: again, people. A closer look at this promises to be rewarding.

Our tour d'horizon of the subject is opened with Frank E.P. Dievernich's article on "The Rediscovery of the Human Being and the Future of Change Management", which attempts to position people as the (bodily) points of reference for organizational stabilities. The assumption is that the prevalent change management practices have led to the fragmentation of organizations and functions in business. Human beings, construed as the unified entities that they seem to embody in public with their (mostly) unchanging bodies and personalities, have become the sole refuge of stability in organizations and thus represent new, accessible social addresses. Beyond all considerations of role or function, the construct of human being as

F.E.P. Dievernich (✉) • J. Gong
Lucerne University of Applied Sciences and Arts, Lucerne, Switzerland
e-mail: frank.dievernich@hslu.ch; jie.gong@hslu.ch

K.O. Tokarski
Bern University of Applied Sciences, Bern, Switzerland
e-mail: kim.tokarski@bfh.ch

unities is experiencing a revival driven by their promise of cutting the phenomenon of organizations back down to a manageable size. As unities, people fulfil a certain memorial function that stands against the current dynamics of organizations and might, finally, return them to our control.

Looking at the individual alone will not suffice, as it might neglect the mechanisms of the social sphere that are a major source for the constant change and simultaneously constant stability of organizations. By reaching out to each other, people form networks that sit astride the organizations in questions. If systems theory has us consider individuals as the environment of organizations, these networks are also part of the organizational environment, even though no organization could survive without these individuals or these networks. Both are physically located within the organizations, but act as their environments at the same time, if we want to accept that organizational communication is receptive solely to itself. Following Tobias M. Scholz' contribution "The Human Role Within Organizational Change: A Complex System Perspective", it is relevant for our understanding of organizations and change management to reconstruct networks primarily as the (relationship) networks between people. These make it possible to influence them with no regard for the organization's own mechanisms. This posits not only the question concerning the role of human beings in organizations or, more specifically, in change, but also the issue of people in their many and manifold social networks that exist on top of or beyond organizations. While Frank E.P. Dievernich suggested that the new understanding of human beings as unified entities can lead to a certain sense of stability in change management efforts, Tobias M. Scholz recognizes these networks as the source for stability while organizations are changing. Networks create the stability that people need, and it is people who maintain this stability in change by constantly referring back to themselves and these networks.

What makes people unique by contrast to organizations, networks, or all other social systems, is the fact that they possess conscious perception, that is, the system of consciousness that lies behind this faculty. This essential quality of human beings is explored by Laura Gover and Linda Duxbury in "Looking through someone else's eyes: Exploring perceptions of organizational change". They explore the idea of a bilateral connection between social identities and organizational change. Human perception determines how change is experienced. In turn, change might influence perceptions. This becomes relevant when perceptions have an influence on organizations and their processes of change, which according to systems theory is indirect since perceptions alone cannot cause change. However, it is the stuff of communication, which constitutes a direct point of contact. When even tiny scraps of human perception are transformed into communication, it becomes possible for other people to observe this communication and thus ingest the original perceptions via the medium of communication. In this sense, the role of human beings in organizations and in change lies in observing it and adding their observations in the form of communication. The effect can be inhibitory or accelerating, but—although this will presumably not make change any easier—it gives people the opportunity to contribute as human beings in the process. It is not by

chance that Laura Gover and Linda Duxbury have decided to explore this in a hospital, as this is a setting where tiny perceptions can often tip the scales in the decision between life and death.

Any book about change management that claims to be comprehensive needs to consider the roles of leadership and management. Again, it is human beings who occupy these roles. We have mentioned the seeming split into two camps when change is concerned, that is, the people (presumably all of us in our collective being) who are in charge of change (subjects) and those who are affected by it. Now, a third camp becomes relevant: the people who make sure that the change progresses (in more or less straight lines). They are the people who determine the thrust of the process, who set its roadmap, and who usually initiate the change in the first place. Their world has changed: change has become the normal state of affairs, the failure of change ventures has become accepted wisdom, and change fatigue is accepted as ubiquitous in organizations. In response, the managers of change also need to change. The focus is shifting more and more towards emergent and self-organization processes for people who hope to have any semblance of influence over their organizations without coming up against the wall of resistance and fatigue. If intelligence indeed exists in the system, then another basic human ability now needs to come to the fore, namely that skill that Edgar Schein has called "helping". It is this factor that Signe Vesso pursues in her contribution when she states that managers first need to change themselves, before they can help their teams cope with change.

Remaining with the idea of helping as an inherently human trait and applying that trait to management practice as a precondition for empowerment, we need to ask what helping needs in order to be successful. Human beings are characterized by their performance of actions and practices that relate to others, without ever being absolutely certain about whether these actions or practices match the expectations they are held to. Despite the structural conditions that make certain practices more likely (although they do not predetermine them), that factor of latent uncertainty remains. Human beings react to it by developing trust. Trust, understood as a risky up-front investment (according to Niklas Luhmann), serves the purpose of enabling people to relate and coordinate their actions with each other without final certainty of how each respective side will respond. The more we are dealing with inherently ambiguous circumstances—of which change is a prime example—the more the question of trust becomes relevant, as that trust is needed for effective action. This function of trust, understood as an emotional state that tells people whether they are in a trusting or in a sceptic mode, is explored in "The role of management development in change management: the example of Financial Markets" by Béatrice Guynamant, who reminds us that the modern world needs new leaders and manager who focus not only on the strategic side of business, but also on the personal needs of their people. If they are available, then trust will return in people and, above all, in the organized system that shows itself as a setting in which helping, empowerment, and the recognition of human needs and feelings are possible. Béatrice Guynamant takes this even a step further and suggests that trust can be recovered for entire functional systems, like the financial markets.

Tom Bijlsma's contribution on "Cultural Change by Speech: Team Learning and the Role of Interaction" continues this line of inquiry in that he addresses communication as the tool that makes the above points, trust and leadership, possible. Communication is again a deeply human trait or, at the very least, a trait of all sentient beings that perceive each other as related and recognize the communication of others are referring to or including themselves. At the same time, trust is needed to enter the communication loop in the first place. Communication and trust are the social preconditions that enable learning, another social category that makes us human. Working with his experience of shadowing an executive team in action, Tom Bijlsma shows how important the side-by-side of action and reflection is, considering reflection as another inherently human trait that is again essential for learning and being able to relate new experiences to each other (the process and product of learning). In change management terms, this makes reflection essential not only for specific change, but for taking away lasting lessons from change.

Reflection as well as learning processes are not only important for a single person; they are also quite important for groups and group processes in the context of successful change management processes. Signe Vesso focuses in her article "Strengthening Leader's impact and ability to manage change through group coaching" on how coaching influences the strengthening of a leader's impact and ability to manage change. She develops a theoretical model for a study which consists of three levels (leader, relationship orientation in teams, and task orientation in teams). Based on that model, a test of five hypotheses was conducted in a longitudinal study at Estonia's largest telecommunications company. The aim was to investigate how leadership group coaching influences the performance of team leaders. The results show that group coaching had the strongest impact on task orientation in teams, and that group coaching influenced the common perception of the leaders' trustworthiness. All in all, it might be noted that leadership group coaching has many advantages over individual coaching.

It is up to people to use that option and to apply reflection as an opportunity for deceleration that makes it possible to stand back and observe what is happening. This appears as a crucial competences in times of constant change processes, in which people, executives and employees alike, are kept on their toes by the events around them and in which most will struggle to see the sense of the ever more intrusive changes. Sense is no inconsequential "private" component. The opposite is true: When people see the sense, be it individually or in a collective process (although neither can be imagined without the other), a certain impetus is created that stimulates action. It is relevant to understand that participation is not merely activism, but that it already comes into play on the level of sense, as the construed sense impels people to act or behave in a certain way. Communication becomes relevant as it creates points of reference that others can respond to, making it another expression of participation. Accepting this means understanding participation in change management not just as a special add-on, but as the very foundations that social action can take place on. The key is then to become aware of where an organization or its management remain ignorant in the sense of not understanding the responses of people to an organizational event (especially in change

management) as a form of participation. People cannot not participate, and management's formal invitations for or attributions of participatory activities will only engender scepticism. What are people doing in organizations, if not participating? This important topic is explored by Eija Kärnä who is exploring the implementation and transformation of organizational strategies in "Implementing strategy means changes for employees".

Resistance—another essential human trait—is another expression of participation, however hard it might be for managers to accept it, as they perceive it solely as an attempt at torpedoing impending change projects. According to "Successful Organizational Change through Overcoming Risks" by Matthias Georg Will, the usual responses of organizations and their managers are aimed at changing the risk affinity of their employees or finding more risk-free alternatives. A third option can be added, namely, downplaying the risks in change communication. What all three options have in common is that they do not address the core resistance. We can assume this to be the case, because the resistance itself is not understood. Resistance indicates asynchronicity. The chronology of the system (the organization, the change project, the environment etc.) differs from that of the social system. Clever change management would recognize this and consider the time needed to bring the employees' timeline nearer to the systems' time. This will not break all resistance, but it reminds us of the creative possibilities of considering the chronological perspective. After all, the much-quoted fear of change can also be seen as a question of time. The recognition that certain competences are lacking in the workforce can create the worry of not being able to keep up after the change. When that change is introduced over the time needed, e.g. for a qualification phase, resistance will lessen in this aspect. Spreading awareness for these factors in governance structures would be a new way of handling or working with resistance.

Ruth Alas also begins her investigation on the topic of resistance in "Resistance to institutional and organizational change: an individual perspective". She points out that people are not per se against change, but primarily against being changed. Their resistance is therefore aimed at a momentum experienced passively. Being able to communicate and participate is a viable means of channelling and working with resistance. Seeing the social and organizational transformations in Eastern Europe that the author reviews, it is fascinating to see that there was less fear of the first wave of change than of its second instalment when people had had their initial first-hand experience of change management. It becomes obvious that social systems, but above all people possess a long memory that means that new change projects are determined by the memory/experience of past change. We can assume that a large part of the resistance against change in organization is not caused by the change that is currently under way, but by disappointing experiences in the past being projected into the future. The role of people in change management in this sense also includes conserving and pointing out those individual aspects of change that are side-lined by the functionalized, made-to-measure narratives of management. Again: If change is to work (slightly better) in modern life or, at the very least, if change is to be understood, the decelerating effect of people (and their memories, resistance, communication, reflection etc.) needs to be harnessed in

meaningful communication. Ruth Alas implies that organizations facing constant change need to debate who can change and who can be changed. With the benefit of change memory, the next project should then attempt to reverse these roles as a new way of dealing with change management and the people affected by it in future.

One typical human response in change management, especially for people who are being changed (without the opportunity to participate), is stress reactions of many shapes and sizes. Stress is an individual response to a perceived dissonance between one's expectations and competences and those of one's environment, with the feeling or knowledge of not being able to reconcile these differences. Stress is a first sign of capitulation. Kate E. Rowlands and Christopher J. Rees have analysed 25 qualitative interviews to show impressively which factors cause stress during change processes in their piece on "Organisational Change and Workplace Stress in Teaching and Learning Settings: Case Study Evidence from a Public Sector University in the UK". Their findings indicate that countering such stress on the individual level needs two things already mentioned above: helping and the option of participation (in communication). Resistance is just another form of activation and means of breaking free from passivity. Concern about redundancies and the fear of losing one's own job, or worry about having to do (new and unfamiliar) jobs under increasing pressure coming from all sides, the lack of time to cope with one's workload, and the lack of support are the main stressors in change identified by the authors. In times of increasingly frequent change, there is more need than ever for an institutional reflection of this fact to stop people from being left on their own in the organization. HR management already has sufficient footholds here to establish itself as a more effective agent for change.

This change of perspective or re-definition of change management can be helped along by changed HR management, as Torben Andersen outlines in "Organizational development in an international context: a story of planned change and attempt to induce high involvement". The factors named above (perception, communication, participation, resistance etc.) show that there are always mechanisms of emergent change under way in parallel to the intentional change. Emergent changes, that is, the changes that happen gradually as an almost incidental process outside the reach of managerial plans form the subsoil for the intentional changes, but that subsoil is as unstable as quicksand. The cause of this instability needs to be found in the mentioned human traits, which combine with each other or react to each other to create unpredictable social dynamics. This (human) perspective can be brought to the fore by HR management and included as a structural, architectural feature in change projects. The case study considered by Torben Andersen reveals the natural implications of this, specifically the far greater amount of time needed for such 'aware' change management projects than mainstream change management literature likes to suggest. If this is not taken seriously, one ignores the time needed by the people involved and forgets that one is working with a social system and not a machine. Only the latter can be forced to run according to a specific logic, as the operator is the creator of the machine's own logic as well.

Another redefinition and new trains of thought of change management are delivered by Harald Wipfler and Stefan Vorbach in their article "Agile

Management for Organizational Change and Development". The authors discuss whether project management or change management are appropriate models, as both have several methodological and practical limitations. Wipfler and Vorbach try to overcome these existing limitations by suggesting an integrated and agile approach that could lead to another way of thinking. They regard agile management as a framework, instead of a mere toolbox. Agile methodologies should be integrated in different business contexts, since they have proven to be successful in different volatile business environments. Applying agile practices within organizations has an impact on that organization's individual members, by stimulating people's competence to solve problems. Wipfler and Vorbach argue in favour of the potential benefits and implications for the individual in the context of agility and change management. Fostering such capabilities should enable all employees to cope better with organizational change.

All of these insights indicate that we need a new way of thinking about change management. This challenge is addressed by Sudi Sharifi and Julia Claxton in their article "Challenging Notions of Change and Change Management" in the best deconstructivist tradition. Beginning with a look at many individual perspectives concerning change and change management, their question is whether and when a shared vision and a shared language for change and change management can develop. This returns the final pieces of our volume to our initial social and collectivist perspective. It is right that no final answers are given to these questions; rather, with them staying unresolved, we appreciate the need for a dialogue about change and change management to tell us, always with due awareness for the given context, what we are actually speaking about. Asking this basic question in organizations engaged in change management projects could contribute substantially a sense of a shared basis for reflection, learning, communication, and finally participation. This would genuinely reach out to the human beings in the organization, as it would invite them to engage in a shared sensemaking process that is absolutely elementary for their actions in the organization that surrounds them.

The penultimate piece in this volume, "Strange Encounter: An Inquiry into the Popularity of Participation in Organizations", by Ralf Wetzel moves our attention to the context in which all of these change management efforts of organizations take place, that is, to society at large. Looking at the perennial rhetorical favourite of 'participation' as an instrument of change management, Wetzel shows that the success or failure of change can never be seen removed from its larger social context. Society is changing, and organizations are changing with it. This means that the circumstances of participation themselves are changing. This basic fact is not, however, recognized in participation practices. We are dealing with different people nowadays, because the conditions of society have changed. People become the mirrors of the social changes happening around them. In the back and forth of the social sphere, people are the creators and the product of these changes. Participation is not keeping up, but it is still regarded as a panacea for making change a success via the involvement—the participation—of people. However, as our insights have shown us, these people are not the same people they were yesterday. They are already participants in everything, caught up in an accelerating spiral of

communication and, above all, observation, fighting a flood of available senses and interpretations at every corner. It is not unreasonable then to ask where and when individuals can be excused from the constant request to participate.

This book ends with a practitioner's look at the issue in the form of Gerhard Fatzer's article on "Leadership and Transformation". This could be another new expression of change management that refers to the human beings in it, but it must not be ignored that such a decision cannot be made without the people involved in any modern change management concept. How could it, we are inclined to wonder, as human beings are the very core of both organizations and society at large.

The Rediscovery of the Human Being and the Future of Change Management

Frank E.P. Dievernich

1 Change as the Modern Constant

All business management happens in a certain context: In a society and its organizations, two variables that are in constant change. These changes make it important for us to understand business management more and more as change management. Business management has a twofold purpose here: First, it deals with business in the present and makes sure that it operates as it should. Second, it needs to look to the future, that is, keep supplying visions that include both problems and the promise of their solution, to prepare organizations for that future. This is not a one-off, temporary incident, but a never-ending process. Change management has become part of everyday life, while the same time change programmes themselves are creating a need for even more change programmes, as the organizational researcher Brunsson (2009) reminds us. One reform is the cause for the next. Change management leads to more change management. Caught in this cycle, organizations begin to hyperventilate. Stability, not change, becomes the exception, and people are still expected to find their way in those circumstances. This would seem a considerable challenge for any actor caught up in this. To understand the actual forces that compel organizations to keep changing, a closer look is required at the more general forces at work in society at large.

F.E.P. Dievernich (✉)
Lucerne University of Applied Sciences and Arts, Lucerne, Switzerland
e-mail: frank.dievernich@hslu.ch

2   Change Powered by Communication

Following McLuhan (1964) and the Toronto School, we can state that organizations and their structures are formed by society's culture of communication. The mode of communication in society shapes communication in organization as well as its structures (Federman 2010). It is a truism that our current culture of communication is digital and highly interconnected in nature. Communication is becoming increasingly open, irrespective of the location of the participants in it. Exclusive knowledge is increasingly a thing of the past or relegated to few highly specialist disciplines or niches. Even these monopolies seem temporary in nature, as modern communication technology offers ready access to this seemingly exclusive knowledge. With such transparency, knowledge creates counter-knowledge and opinions create counter-opinions. Every statement can be challenged with a different perspective: Would the object in question look the same if another vantage point, another observer were present? Since more and more people are making themselves heard, an expert's status is a delicate thing. This ready accessibility and transparency of communication and knowledge creates even more opportunities for participation. In a sense, it is itself a call for participation. Communication seems to happen across all established organizational boundaries. Communication is happening and reproducing itself as a result of its chosen means of reproduction.

This influences the shape of the organizations in which we work every day. It provides the starting point for speculations about the future. Organizations have undergone a process of functional differentiation to become highly specialized entities. In knowledge-intensive areas at least, organizations are increasingly organizations of experts that engage with networks of other experts or other organizations to keep the evolution of their own areas energized. No organization can endeavour to store all of this knowledge in the hope of using it as some later juncture. The most economical solution is a network of distributed knowledge, ready for access at the point of need. Experts are constantly engaged in producing new knowledge and are putting that knowledge at the disposal of the community of experts. This is one of the reasons for the shifting distribution of power in organizations. Power is now not the reserve of the peak of the hierarchical pyramid; it is increasingly the power of expertise distributed in the (internal and external) network.

Power has thus made its home in networks without clear hierarchical centres; power has become a vagabond in the system, depending on what is compatible with the given environment or market (on the idea of vagabond leadership, cf. Baecker 1994). Other perspectives have become the decisive, invaluable assets of organizations, as their compatibility can determine access to important parts of the market. To cover these perspectives, organizations need a new form of access to the observations and perceptions of their members. Doing business today has increasingly come to mean keeping in touch with communications and the diversity of perspectives, which requires certain conditions to be in place. The diversity of

perspectives offers the opportunity to minimize the threat of an always unknowable future.

Digitalization accelerates the pace of human communication, disregarding the old constraints of geography. Such a pace almost inevitably means that change and change management had to become the key paradigms of modern society and its organizations.

One precondition and, at the same time, result of this is that the future of organizations lies in network-type structures, as Castells (1996) already pointed out. Mark Lewis Federman (2010:223) writes: "Everyone is, or soon will be, connected to everyone else, and all available information, through instantaneous, multiway communication", while Helgesen (1995:280) describes the shape of modern organizations as follows: "Information flows freely across levels, teams make their own decisions, work on specific projects evolves in response to need as they arise, and task is more important than position". With this mass of (potentially relevant) information, individuals need to find out what really matters for the situation they are facing or the next project along the way. This makes reflection skills an essential competence for life in modern organizations. Apart from the organization's own reflective capabilities, the burden is also on the individual member to ensure the organization's effective development.

As the complexity of perspectives and communication increases in more or less non-hierarchical organizations, two points of view are currently the subject of much debate in the discourse about the future of organizations: "On one hand, the functionalist, instrumental, managerially oriented recitation of twentieth century organizational history tends to reinforce the bureaucratic, administratively controlled, hierarchical organization as the optimal means to respond to the myriad challenges of the contemporary world" (Federman 2010:35). The other approach tries to focus on processes of self-organization and establish that mastering increasing communication knows only one viable means: More communication, i.e. keeping the flow going. In the end, this means a "paradox-tolerant organization" that tries to establish clarity by allowing ambiguity. In other words: The acceleration of communication in society (Rosa 2005) suggests that the future of organizations lies in fluid networks and in engaging with multi-perspectivity.

3   Change Powered by Sense

What will be the future of change management in such organizations? Any attempt at answering this question requires a look at the meta-level and the greater changes that are under way. One can see that social systems tend to cycle through mutually contradictory management fads. After a period of decentralization, the time will come for centralization; a commitment to participation is replaced by a belief in efficiencies and hierarchies (Brunsson 2009). These swings of the pendulum seem to be the essence of the social (Dievernich and Wetzel 2011). With this in mind, our age, which defines itself to a large extent in terms of change, seems set for a

reversal: We are witnessing the return of stability. What can stay in organizations? What must not change? Where can things persist? Which management fads will not be followed? Which trends are gladly ignored? These are just some of the questions that show what the coming counter-movement to change management would look like. The future of change management might lie not in change, but in stability.

The questions named here will be particularly relevant for those people who are affected by the constant change processes in organizations. It is they who are forced by change to engage in sense-making processes and recover the stability that is a sine-qua-non for coordinated action. More than ever, it seems clear that stability can be a strategic advantage for organizations and their people in a world that is in constant flux. One essential aspect of future change management will therefore be what can be termed 'stability management'.

This change management of the future must be able to master the dense mass of communication, observations, and, in the end, participation in today's world. It is generally accepted that a planned change process can only be conducted with the involvement of the people affected by it. The change process might not go to plan, but they will change along the way until they become compatible with the actual state of the social system. If these communication processes and the expertise of the people concerned are taken seriously, then the change management of the future first needs to engage in a dialogue about which change projects make sense from the point of view of the affected people. Change management will therefore begin with a "prenatal phase", which negotiates whether and what to change to get management closer to the employees and their unique viewpoints. It is moot to say that managers plan change ventures on a level that differs from the reality of the employees who are executing them. That rhetorical level has long taken on a life of its own which seems hardly compatible with everyday practice (Wetzel and Dievernich 2014; Brunsson 2009). Managers try to influence their organizations by way of the rhetorics of plans and decisions, whereas their employees work, act, coordinate, and keep the business moving—one is tempted to say, in spite of their managers. This performatory character of change management is not missed by the employees, just as managers are aware of the fact that they are increasingly not reaching their employees—despite massive communicative efforts. Two de-coupled sense systems have evolved that need to be re-coupled if one wants to avoid the risk of alienation between both groups or between employees and the organization they are placed in. The future of change management will therefore also lie in managing the contact between managers and employees. This points to the centrality of the role of human beings in change management.

4 The Fragmented Nature of Human Beings

What are human beings? First and foremost, they are a node in the web of communication and origin of those slivers of perceptions that are transformed into communication in the organizational and communicational networks they

shape in doing so. The more perceptions and communication people engage in and the more communication they expect in response, the more they will become the engines of a certain density and speed of communication that are virtually impossible to master. They also provide enough of the fuel to launch change ventures: So much perception, communication, and interconnection cannot but have consequences. That is one side of the coin. The other is that people become victims of that intricate web of communication that they have caught themselves in. They cannot know what to rely on in view of the diversity and the multitude of options that are available. There are now so many points of reference, possible sources and systems of sense to make sense that the only viable response is even more communication, in order to agree on one sense, at least for a specific period of time in a specific set of circumstances. What does change management have to give its target audience to help them move meaningfully in this web of communication? How should organizations be construed to enable their people to handle the benefits of the new flood of communication without being swamped by it?

The necessary object of interest here then is human beings. Where do they reside in organizations? Where are they involved in or affected by change? Appreciating the fact that human beings—whatever that means in the complexity of the term—will never be present in their "entirety" in organizations (Luhmann 1995) is a difficult proposition, as such a recognition might cause unease for many people. That might be why systems theory and similar theoretical approaches are finding it so hard to establish themselves as a common means of observation. If this fact is accepted, however, human beings only appear as a mere part, accessible in their organizational function: A person becomes a CEO. For the system, it does not matter what he or she might do or think as a human being beyond that function. The same is true of department managers or team leaders, or for the specialists of any business. In the organization, they are only seen in terms of the perspective of that organization—that is, as the function they fulfil. Systems theory also posits that the organization needs only certain types of communication from these people or, rather, these functions. These are the decisions and factual pieces of information that help maintain the organizational function (Luhmann 2000). Private concerns, which are always communicated in parallel to functional communication, are of no interest to the organization, as are the many ideas of executives or employees about how the organization could be improved, as long as they do not enter the realm of organizational perception and decision-making. Anything that does not influence these processes is mere white noise for the organization.

People can think, feel, have intuition or ideas, express opinions, protest, make alliances etc. None of this matters for the organization as long as it does not affect the organizational structure. People are deconstructed and fragmented beyond their own perception that tells them that they are whole and complete beings. This is the idea behind a much-quoted question by the public intellectual Precht (2007): Who am I—and if so, how many?

This point of view can also be a relief: In their fragmentary nature, people have far fewer means to influence the organization than they believe they should have, e.g. as practising managers. It takes a lot for the organization's structural and

communicational entity to pick up and integrate even unequivocal and persistent thoughts or statements made by their managers. Such a deconstructed perspective also implies that working on the human being, as human resource management (HRM) claims to be doing, does not actually have an immediate effect on improving the state of the organization. Focusing too much on the human being creates the danger of missing the mechanisms and structures of the organization at large.

This perspective might be a relief, but it would not seem overly helpful in the context of change management if people wish to believe that change could be planned or executed as directly as any other process. There are reasons why up to 70 %—depending on the sources—of all change ventures are failing (Brunsson 2009). The fragmented condition of human beings might be a relief for the individual's conscience, but it does not actually lead anywhere, as the blame for failed change management projects will, in the end, fall on individual people again.

Moving beyond the fragmented condition of man, change itself has a destabilizing and fragmenting function on the organizational level. This is particularly evident when change has become the normal state of organizations (think: on-going change management). When change fragments the established order in organizations and encounters the fragmented, deconstructed view of human beings, not much is left to guide either side in that equation. Practical experience shows that successful change management is a rarity in such a situation. Puzzle pieces meet puzzle pieces.

To avoid this avoidable problem, we need to switch to the mental, internal perspective, the perspective that still promises wholeness to fragmented people.

Despite all the uncertainty and ambiguity that constant change can cause for individuals, every individual can see himself or herself as a constant. He or she thinks, feels, experiences how one thought leads into another, can think back to past thoughts and feelings, and can always relate back to himself or herself. Other people are seen, if not in exactly the same manner, at least as entities that function similarly. Colleagues, employees, and managers are seen as human beings, irrespective of their respective role. They all share the idea of humanity as the smallest common denominator. The problem is the tendency to equate the function held by a person with the person itself.

It is that function and role that is beginning to fray at the edges in modern organizations. While the past idealized managers as the embodiments of certainty as a result of their hierarchical and organizational place and function, the present is the time of insecure managers. Managers now see that the half-life of their decisions cut short by the accelerating dynamics of organizations and they recognize that their own life expectancy might be shrinking faster than they imagined. This is why the organizational researcher Ortmann (2011) sees decisions as having a new purpose: decisions are made so that we can decide to go back on them. At the same time, managers, caught up in the increasingly confusing complexities of organizational dynamics, are engaged in change management projects without (a) knowing the exact reasons, (b) understanding where they want to get to, and (c) knowing how to move forward.

The same uncertainty occurs on the level of colleagues: All seem to suffer from the same uncertainty about current and coming change projects—despite the flood of communication and the belief in transparency as one of the first commandments of organizations. In change, if there is any information and communication at all, it is usually informal, and one cannot know whether one can trust it or how long it will remain valid. Information is replaced by speculation.

This ambiguity means that people need to be rediscovered as human beings. For people confronted with uncertainty, the purpose of a similarly unsure managerial function is far from evident. Construing each other as uncertain human beings then creates common ground for people to interact with each other. Where they used to see only the occupants of roles or functions, they begin to see people. Noticing "coherence", as the German sociologist Fuchs (2011) might call it, and attributing this to other people suggests that this offers a new, reliable access to other people: When other people feel the same and can speak about it, the individual—as a new constant—gains a new function. As physical entities, people are a source of certainty and point of reference in organizations caught up in permanent flux.

Today's superior, who used to be a hierarchical equal yesterday and might be that again tomorrow, remains a stable entity on one level only: as an individual. In the end, he or she is the same person that his or her employees and sometime colleagues used to know or thought they knew. Research projects have shown that many employees caught up in organizational changes will look only to one factor: whether the new manager or new colleague is somebody that they have already worked with, that is, somebody whose personality and behaviour they believe they know. When everything around us is changing, it is people who remain the same or who are at least construed that way.

This seems to give a new lease of life to the emotional change curves of the 1970s developed by Elisabeth Kübler Roos and applied to change management processes by Kotter (1996). But the key now is not to consider people and their emotions in the course of change management projects as a causalist and functionalist means for effective leadership. Rather, emotions and coherences need to be regarded as the basis for making people see themselves as the stabilizers in inherently unstable circumstances. In this perspective, human beings would again be functionalized, that is, modelled as constant entities that help maintain the semblance of stability in turbulent environments. The foundations of stability are removed from the organization and its structures and placed in the human beings that constitute them. However, it is the organization itself that creates the context in which people—to put it bluntly—have no other choice but to look to themselves.

As Sackman (1999: 27) already asserted, this is the reason why change starts with people and ends with people. One could almost say that change management and organizational development research have come full-circle, as both disciplines set out by emphasizing the importance of people. However, this assertion would seem incorrect at a deeper level, as people themselves have changed since the early days of research in the field. The point now is not to calculate and integrate people functionally in change management projects (think: "participation"), i.e. to capture them with as little strain as possible for the change management project. Rather, the

key is to understand that human beings, with nothing but themselves to recur to in a fragmented organization, are actively beginning to find their places in change in tandem with other people—and not with mere occupants of functions. According to Scharmer (2011), people do this by being able to ask: "Who am I? What is my mission? What future do I want for myself? Where is that opening, that gap, that challenge that promises a future waiting to be discovered by me? Of the many opportunities ahead of me, which one do I prefer? Is it relevant for my organization? Maybe for other members in it? How can we create space for listening that helps expand this gap and grow the opportunities that spring from it?"

It could be argued that none of this is new. All of these questions were already asked by Weick et al. (2005) and located in the routine sensemaking processes of organizations—specifically in that wellspring of uncertainty: change. But—and that is the key difference—all of this is now happening in the social space between people that was created by the fragmenting organization, in which a coherent sensemaking process for the organization and its people is not possible or excessively difficult. The rediscovery of human beings and the new interpersonal relationships caused by this are the key structures. What is uncertain is whether these communication processes are still part of the communicative space of the organization, even if they occur in the physical space of the organization. This is the structure in which a new sensemaking process is taking place, a process with the ability to ask a number of fundamental questions that are closer to human beings and possibly their social perceptions than to the complex workings of a seemingly self-organizing organizational or change management system that has long decoupled from the human beings within it.

The assumption is that personality development is taking place in exactly this engagement with other people, with oneself, and with the organization that has caused all of this. This development would seem to happen without the organization, and in its own time. This can be a nuisance for the organization and its change management projects, but it also offers the unique opportunity to make people relate again to the organizations they thought they had lost touch with. It would stop the process of fragmentation that so often seems beyond the reach of people. This is why it makes sense to put people being back on centre stage, the people who have changed. Whereas change ventures used to take care to involve people, it is now up to people to relate again to the changes. Taking that path, however, means first returning back to one's own being.

5 Human Beings as the Last Bastion of Organizational Stability

People must not be left to fend for themselves. This is the opportunity for the change management and human resource management of the future. For this purpose, HR management does not have to mean only its formal expression in an

brick-and-mortar HR department, but the HR function in general, including staff development and staff retention. In communication and networking-intense organizations, it is the employees as individuals who need to draw the line between relevant and irrelevant communication. It is managers as individuals who need to decide which change management projects to initiate or get behind, which trends to follow or pass by, what to change, and what to keep. In both cases of employees and executives alike, the key lies in the confidence to draw those lines, to consciously accept responsibility for interrupting the organization's inherent dynamics, and to stop change management in its track. Courage is required to be able to do so, as is networking competence to find other individuals who want to follow suit. Above all, it needs the ability to notice when an organization and its people need stability and when they need change.

The world of constant change and change management, as has become the norm in numerous organizations, needs a new competence: The ability to interrupt, the ability of "acquired negativity" in the language of Han (2013), the ability to stand back and hold off. This gives the actors the sense of regaining control over their organizations, of influencing the distance between them and the organization. These interruptions can create new spaces for reflection and sense-making. They help people influence their organizations. The resistance against change management projects has never had more purpose than in the current world of change, in which one project will immediately be replaced by the next without ever really starting or reaching its purpose. Here, interruption and resistance are reasonable (Brunsson 2009), because they can protect organizations and their people from hyperventilating. People are rediscovered as a "structural" premise for decisions that stands in the way of blind, un-reflected activism. The current repertoire of HR development tools, such as the work-life balance, coaching, review cycles, management of ambiguity, and so on, will not be used anymore for coping better with constant change or making work more efficient. They will become a guide to help people produce breaks and interruptions, the negative space that leaves enough room for consciously shaping the organization as one intends.

The future of change management cannot be imagined without the HR function. It should be regarded as a constituent part of "care-taking" for individuals, for the people who need to master the turbulent and dynamic life of organizations and their environments. This includes engaging in an inclusive dialogue about when and where the organization should use which side of the coin: Change or stability.

"Change the change!" is the battle cry for the near future in the attempt to respond appropriately to the future of society (increased participation and communication) and the future of organizations (fluid networks) and in the pursuit of a future worth living in.

References

Baecker, D. (1994). *Postheroisches management*. Berlin: Merve.

Brunsson, N. (2009). *Mythos change-management*. Harvard Business Manager, 05/2009.

Castells, M. (1996). *The rise of the network society*. Cambridge, MA: Blackwell.

Dievernich, F. & Wetzel, R. (2011). *Der Tanz des Managements*. Zeitschrift für Organisations-entwicklung, 01/2011.

Federman, M. L. (2010). *From BAH to ba: Valence theory and the future of organization*. Toronto: University of Toronto.

Fuchs, P. (2011). *Die Verwaltung der vagen Dinge*. Heidelberg: Carl Auer.

Han, B.-C. (2013). *Transparenzgesellschaft*. Berlin: Matthes & Seitz.

Helgesen, S. (1995). *The web of inclusion: A new architecture for building great organizations*. New York: Currency/Doubleday.

Kotter, J. (1996). *Leading change*. Boston, MA: Harvard Business School Press.

Luhmann, N. (1995). *Soziologische Aufklärung 6. Die Soziologie und der Mensch*. Opladen: Westdeutscher Verlag.

Luhmann, N. (2000). *Organisation und Entscheidung*. Wiesbaden: Verlag für Sozialwissenschaften.

McLuhan, M. (1964). *Understanding media: The extensions of man*. Toronto: McGraw-Hill.

Ortmann, G. (2011). *Kunst des Entscheidens*. Weilerswist: Velbrück Wissenschaft.

Precht, R. D. (2007). *Wer bin ich – und wenn ja, wie viele?* Munich: Goldmann.

Rosa, H. (2005). *Beschleunigung. Die Veränderungen in der Zeitstruktur der Moderne*. Frankfurt am Main: Suhrkamp.

Sackmann, S. A. (1999). Cultural change. Eigentlich wär's ja ganz einfach, wenn da nicht die Menschen wären! In K. Götz, M. Löwe, & S. Schuh (Eds.), *Cultural change. Management-konzepte* (Vol. 4). Munich: Rainer Hampp.

Scharmer, C. O. (2011). *Theorie U*. Heidelberg: Carl Auer.

Weick, K. E., Sutcliffe, K. M., & Obstfeld, D. (2005). Organizing and the process of sensemaking. *Organization Science, 16*(4), 409–421.

Wetzel, R., & Dievernich, F. (2014). Mind the gap. The relevance of postchange periods for organizational sensemaking. *Systems Research & Behavioral Science, 31*(2), 280–300.

The Human Role Within Organizational Change: A Complex System Perspective

Tobias M. Scholz

1 Introduction

It can be difficult for organizations to survive through increasing and persistent change, whether it takes place internally or externally (Maguire et al. 2011). Organizations compete in a dynamic environment (Scholz 2012). In addition to the increase of complexity, the potential for solving problems becomes more and more restricted, e.g. through lack of retention due to the "war for talent" (Michaels et al. 2001).

Extreme changes (Eoyang 2011) lead to a system of constant reorganization and adaptation (Maguire et al. 2006). Organizations are still trying to solve problems based on simplification, predictability, equilibrium and linearity (Marion 1999). Barabási (2003:201) stated: "As companies face an information explosion and an unprecedented need for flexibility in a rapidly changing marketplace, the corporate model is in the midst of a complete makeover." Organizations therefore are complex systems and we have to move beyond reductionism (Barabási 2012). Such a turbulent shift, where change is the new stability (Farjoun 2010), will have a heavy toll on humans. Evidently the human is the cornerstone of any organizational change (Porras and Robertson 1992), therefore, we have to shift to people as key players (McKelvey 2004) and to take the human into the midst of the organizational change. Complex systems in organizations are influenced by the interaction among humans; focusing on the humans in such complex systems, therefore, becomes essential. Organizations are being forced to focus on the human factor (Pfeffer 2010).

This paper addresses the following question: how does the human role influence organizational change within a complex organization? Due to recent research (Barabási 2011) we can shift our attention to the people in an organization

T.M. Scholz (✉)
University of Siegen, Siegen, Germany
e-mail: tobias.scholz@uni-siegen.de

(Goodwin 1994) and deal with complexity concerning unpredictability, non-equilibrium and non-linearity in modern organizations (Maguire et al. 2011). This paper aims to fill a research gap by examining the human role within organizational change using the perspective of complex systems research.

2 Key Concepts and Conventions

2.1 Perception of Complex Systems Within Organizations

Even though complex systems science (or complexity science) has a long history with roots in systems theory (von Bertalanffy 1968), chaos theory (Lorenz 1963) and cybernetics (Ashby 1956), the field is struggling to find a general definition, and therefore it is still a fragmented subject (Mitchell 2009). Lissack (1999) explained that the common notion of complex systems is that "within dynamic patterns there may be an underlying simplicity" (p. 112). Within only a span of 10 years, complex systems science — in the context of organization theory — has evolved from "remarkable new vistas" (Anderson 1999:229) to "it is time to change" (Andriani and McKelvey 2009:1068).

In order to analyze complex systems in the field of organizations, and particularly based on the dynamics of complex systems in organizational change, we must examine the perspective of complex systems relating to organizations and organizational change. Combining complex systems science and organizational change leads to a reframing of organizational change (Eoyang 2011). Changes in the environment have forced researchers to review traditional perspectives: "Everything that supported stability and continuity of organization was compromised" (Eoyang 2011:320).

For Eoyang (2011), the traditional (Newtonian) perspective is characterized by the following metaphors. Inertia means that without outside force no change happens. Resistance is where efforts of change will be opposed. Progress implies that there is a reachable end and that an organization moves towards it. Momentum is the idea of predictability on the path of change. Power implies that an organization is changeable, like a dormant object. Alignment means that there is a need for homogeneous commitment to only one goal. These metaphors seem to be relatively narrow and only vaguely applicable to the modern environment in which organizations are acting, and therefore they are insufficient (Hodge and Coronado 2007).

Following the state of uncontrollability and unpredictability, new metaphors are necessary. Based on a dynamic, non-linear and non-equilibrium organization, considering the bridge between complex systems science and organizational change seems to be a beneficial approach (Falconer 2002). Eoyang (2011) observed organizational change through the lens of complex systems science and found five metaphors to perceive complex systems in phases of organizational change: fractals, simple rules, self-organized criticality, emergence and adaptation.

Fractals are fragmented geographical objects that consist of smaller copies of the complete structure (Mandelbrot 1982). Based on self-similarity, a fractal can be generated through a non-linear equation iteratively (Falconer 1997). In the context of organizational change, fractals are a metaphor. One application is the iterative nature of fractals, and refers to the distribution of a uniform idea in an organization (Zimmermann and Hurst 1993). Bouchikhi and Kimberly (2003) ascertained that the concept of identity follows fractal patterns. Another approach is to look into the scale-free nature of fractal patterns and thus explore relationships, such as organizational management relationships in the phases of stability and change (Levick and Kuhn 2007).

Simple rules are also called minimum specifications, and these can result in system-wide patterns (Wolfram 2002). With these simple rules, it is possible to achieve harmonization in the phase of change and to minimize restrictions for individual members (Eoyang 2007). Even though this sounds relatively easy, it is essential to achieve a balanced approach to the freedom of individual members and general applicability of rules.

Self-organized criticality alludes to the general tension in an organization that constrains it in a similar way to gravity" (Bak 1996). In the context of organizational change, the "tipping point" (Gladwell 2002), the moment where the organization collapses, becomes relevant. However, this is only a punctuated equilibrium. Thus, self-organized criticality describes the organization and its dynamics based on several key elements, such as size and interactions. Introducing change into an organization may require time to overcome self-organized criticality before it can "break through into a new structure with surprising speed and clarity" (Eoyang 2011:323).

Emergence is the process of pattern creation through interaction among members of an organization, which differs from the general patterns formed in an organization. Swarm intelligence is a common example of emergence (Garnier et al. 2007). Even though emergence comes from the organization itself, it is possible to leverage and develop an emergence-friendly environment (Huy and Mintzberg 2003). Organizations need to achieve the right mix of top-down and bottom-up environments (Rowland 2004). Some examples that support emergence include defining factors and conditions such as social construction, adaptive factors, enabling infrastructures and control factors (Alaa 2009) and the influence of differences and exchanges (Eoyang 2011).

Adaptation is currently the aspect of complex systems that is most addressed in the context of organizational change. An organization seeks to fit into the environment and therefore has to adapt evolutionarily to internal and external patterns (Siggelkow 2002). Furthermore, an organization needs to establish an environment of co-evolution (Rindova and Kotha 2001) and thereby to improve its own survival chances. However, adaptation leads to tension between sustaining one's own features, and improvements through adaptation (Cilliers 2006).

In summary, these metaphors from complex systems science can be utilized for organizational change. They lead to constant tension in organizational change (Leana and Barry 2000) and the need to balance "both stability and flexibility,

both continuity and disruption, both ties to the old and stretches to the new"
(Eoyang 2011:326). Balancing those competing demands and achieving synergies
in stability and change is ambitious but possible (Farjoun 2010).

2.2   Importance of Power Law Distribution

When talking about complex systems it is necessary to introduce the power law
distribution. This is also known as the Pareto distribution (Chauset et al. 2009).
Contrary to the shape of the Bell curve in the normally distributed Gaussian
distribution, the power-law distribution is characterized by a long tail (see Fig. 1).
Essentially, a power-law distribution means that many small events coexist with
few large ones (Barabási 2003). Thus, looking into power-law science means a
fundamental shift from the average Gaussian distribution to the Pareto distribution.
However, previous research is dominated by a Gaussian environment (Lawson
1997) and, therefore, focused on the average (McKelvey and Andriani 2005).

Figure 1 shows the differences in both distributions. Here, Barabási (2007) used
examples of highways and airports in the US. These examples are striking, as both
are manmade phenomena. However, a highway in general does not reveal its usage;
based on the connections and due to the influence of architects, the majority of cities
have the same number of connections. There is a difference if you look at airports.
Some cities have airports consisting of many connections. Such airports are called
"hubs" (Barabási 2003). For example, Atlanta is the busiest airport in the world
(Jones 2011), but there is no simple explanation for this. Moreover, this example
shows the complexity of the real world, and recent research shows that the Pareto
distribution seems to be "more normal than [the] normal [distribution]" (Willinger
et al. 2004:130). Andriani and McKelvey (2009) found over 100 power-law distri-
butions in nature, especially for business-related organizations. For instance,
power-law distributions can be found in job vacancies (Gunz et al. 2001), robust-
ness in organizational networks (Dodds et al. 2003), entrepreneurship and inno-
vation (Poole et al. 2000), productivity of innovation (Jones 2005), work incapacity
from back pain (Schmid 2004) and decision making and queuing (Barabási 2005).
This number will increase; the recent research about power-law distributions in
organizational communication networks during a crisis is exemplary (Uddin
et al. 2011). Researchers will find more power-law distributions as the world
changes towards greater customization (Anderson 2006); further, in order to
achieve competitive advantage, the mean is not appealing but instead the successful
loners (Andriani and McKelvey 2011).
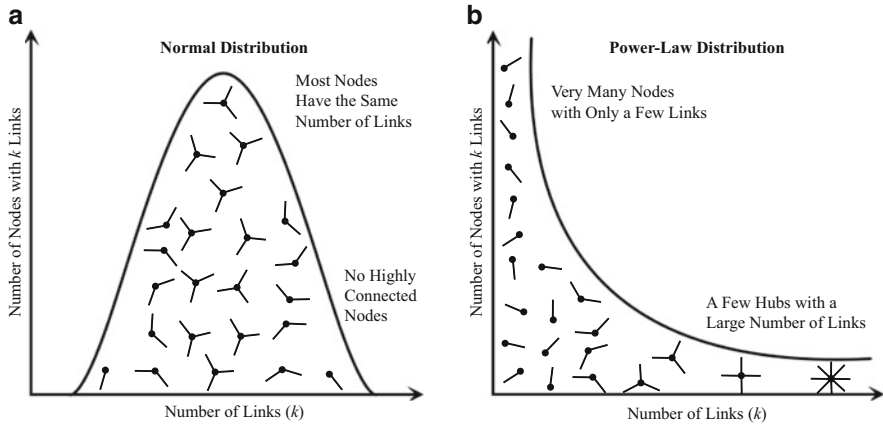
Fig. 1 Normal (Gaussian) distribution and power-law (Pareto) distribution. Own source. Based on: Barabási 2007

3 Theoretical Extension Towards Human Role

3.1 Need for Extension Towards Human Role

These changes in perception are still rooted in a static world. However, similarly to the dynamics in the environment, change processes succeed or fail due to the humans who are involved (Ford and Ford 1995). Several researchers state that nearly two thirds of change projects fail (Burke and Biggart 1997; Beer and Nohria 2000) and this number could be even larger (Burnes 2004). It seems that "change in the individual organizational member's behavior is at the core of organizational change" (Porras and Robertson 1992:724) and therefore the individual is not only a passive recipient of change (Greenhalgh et al. 2004). It is necessary to reach for individual readiness for organizational change (Choi and Ruona 2011) and it is evident that this individual readiness will impact the organization and the organizational change due to the heavy influence of human interaction (Boisot and McKelvey 2011). On the micro level the behavior of individuals differs from each other and we should emphasize that (Greenhalgh et al. 2004). On the macro level, and in the accumulation of individual perspectives, we can pick up the argument about distributions.

Humans on a macro level will follow a Gaussian, or normal, distribution. Gaussian, distribution is the traditional approach and means a focus on the average. Still though within the workforce of an organization this means a focus on the majority of people, and thereby neglecting outliers (Andriani and McKelvey 2011). Contrary to the Pareto distribution or the Power Law distribution, the outliers will have a stronger influence. Outliers will be the important people in such a distribution.

In order to systematically compare both distributions it is necessary to define the environment. Based on the findings presented earlier in this paper, it is possible to comprehend a complex system (Eoyang 2011). Fractals, simple rules, self-organized criticality, emergence and adaption enable an understanding of a complex system and, in addition, provide a setting to analyze the human role within an organization. Furthermore, the characterization of a complex system based on Cilliers (1998) is sufficient so that both distributions can be applied and analyzed.

3.2 Normal (Gaussian) Distribution vs. Power-Law (Pareto) Distribution

Importantly, the logic of a complex system ascertains that a normal distribution can exist within a complex system. Based on combination theory, several components of a complex system can have different distributions, but the complex system follows, in any case, a power-law distribution (Newman 2005). This theory allows us to compare both distributions within the features of a complex system and to administer the effects of both distributions on the human role within an organization. Based on preliminary research (Scholz 2013) we can combine both distributions with the dimensions of Eoyang (2011); thereby obtaining the following aspects as stated in Table 1.

3.3 Fractals

In the case of Gaussian fractals there is a general trend towards centralization within the human network. Even though processes are constantly fluctuating, in general all humans tend towards an average and common environment. Change processes should be accepted by a majority and should be commonly spread. By contrast, Paretian fractals are about decentralization. It is therefore not the goal of a change process to convince a nominal majority. In fact different change processes constantly compete against each other and through interaction they will be developed further. It is not essential that over 50 % of the people in an organization are convinced, but that the people acting as a hub are convinced. Persuading enough hubs will be sufficient for the change process as other people will follow in a Paretian distribution.

Table 1 Human Resource Management under the assumption of normal distribution or power-law distribution

	Normal (Gaussian) Distribution (Average)	Power-law (Pareto) Distribution (Extremes)
Fractals	Centralization	Decentralization
Simple rules	Order	Disorder
Self-organized criticality	Attack tolerance	Error tolerance
Emergence	Convergence	Divergence
Adaptation	Adjustment to the average	Adjustment to the outliers

3.4 Simple Rules

In the Gaussian distribution simple rules tend more towards order. Focusing on the core competences and core tasks, those simple rules have to establish the environmental setting. Well defined rules and structures help to generate some stability in a change process, and eventually order. This will give security for humans and something they can rely on. By contrast, Paretian simple rules are more disorderly. Contrary to the Gaussian world, rules are simpler, general and tend to be minimalistic. Essentially disorder helps in a change process to generate the necessary flexibility. Through the change process a new general order emerges, however, and new rules are established. Such flexibility means that every human in the change process can contribute to the process and is not limited by rules focusing on order.

3.5 Self-Organized Criticality

Gaussian self-organized criticality centers around the attack tolerance of human networks. Albert et al. (2000) explain that Gaussian distribution has a high attack tolerance. In this case attack means specific removal of parts in a system. In a change process such a behavior is similar to the removal of people who may resist change. However the self-organized criticality or tipping point are not reachable through removal. An organization following the Gaussian distribution will not be influenced by such an approach to change processes. On the contrary, in Paretian self-organized criticality there is a higher error tolerance (Albert et al. 2000), and therefore randomly removing parts of the system will not have great influence. However the attack tolerance is significantly lower in a Paretian distribution. In this distribution it will be beneficial to remove the hubs that are resisting the change process. Persuading a resisting hub will improve the change process substantially.

3.6   Emergence

Gaussian emergence leads to convergence characteristics. Interactions within the human network generate a concentration towards similarities. Based on this process of emergence humans adapt towards each other and strive to an alignment, leading to a network that adjusts towards convergence, but also reducing the variety and differences within the network. This makes the process of change, in the long run, nearly impossible. By contrast, Paretian emergence is the process of divergence. Diversity is an essential part of the human network and therefore divergence rises through emergence. It leads to a variety of different and parallel emergent processes. This increases the complexity within a human network and makes change processes in the beginning problematic, but the competing emergent processes will improve over time, making it easier to find the right change.

3.7   Adaptation

Gaussian adaption is the process of adjustment towards the average. The human network is therefore focused on establishing change that helps the majority within an organization. Adapting to the average leads to a neglect of extreme processes and the interests of outliers who could be even better for the organization. However due to the human role within the organization the current interest of the majority at this moment is essential. Such a process can lead to less resistance within a change process via a majority of supporters. Paretian adaptation focuses on the outliers and potentially the hubs within the human network. Based on a constant interaction with key players in the organization (essentially the top management) the necessary change processes are questioned, planned and implemented. This is leads to an evolutionary change process that balances processes within an organization and adapts to relevant hubs.

In summary, both distributions lead to different changes and obstacles. It becomes apparent that knowledge about the humans within the complex system of an organization is essential. Furthermore both distributions are striving in different directions. This inherent pursuit leads to a different strategy in the change process. In addition, a strategy focusing on the wrong distribution could quickly fail.

4   Discussion

Even though complex systems theory can describe current developments in an organization (Marion and Uhl-Bien 2011) and seems to be closer to the practitioners' world (Andriani and McKelvey 2009), research is still struggling with an

applicable research method (Andriani and McKelvey 2009). Recent developments such as reality mining (Pentland 2010) and dynamic network analysis (Carley et al. 2007) could be ways to close the gap between theory and practice.

It needs to be remembered that the paradigm shift behind complex systems science is fundamental (Andriani and McKelvey 2011) and, if adapted, change processes could help to understand the problems of change processes. Looking at the phenomenon in addition to a normal distribution and more towards extremes and power-law distribution (e.g. cultural diversity or high potential) seem to be even more promising. The human role becomes the centerpiece of the change process, especially through the fitting distribution. Change following the distribution will lead to more stability (Leana and Barry 2000).

Hence it seems comprehensible that different constellations of human interactions lead to different behaviors and consequently to different distributions. Furthermore, such distributions lead to different insights for organizational change strategy. But the next question for research will be: which distribution does the human behavior within an organization follow? It is questionable whether current methods are sufficient, but new technologies such as Big Data (Simon 2013) could be helpful in this question. Importantly, those distributions are not static, or can't be described as fixed. Human interaction and therefore the human role within an organization changes dynamically. In addition to the question of the distribution it is also necessary to constantly monitor the distribution and changes in the human network.

As we can see in current research, change management is struggling and present methods seem to be insufficient. Complex systems are changing dynamically, especially in situations concerning humans. Change is therefore constantly happening and interactions between humans are essential for success.

5   Conclusion

Complex systems are the future of organizational studies (Andriani and McKelvey 2009) and already describe many phenomena in that field. Still, application to organizations is under-researched (Andriani and McKelvey 2009), while the controllability of complex systems is still highly theoretical (Liu et al. 2011). Even though power-law distributions are found in an increasing number of phenomena, it is questionable whether a benefit, not to mention competitive advantage, is designable and economically achievable. Furthermore, it is not obvious that the humans within an organization consequently follow power laws, rather it depends on the human network. Evidently knowledge about distribution within an organization is critical information.

This paper shows that the human role is essential for organizational change and that an organization has to be professional (Stein 2010). An organization has to look into the behavior of humans within the complex system. Based on such an adaption of, in this case, the distribution of an organization, results in insights into how to act

concerning a change strategy. It is then possible to achieve stability within change even in an unpredictable, far from equilibrial and non-linear environment, and this is achieved through the humans involved in the change process.

References

Alaa, G. (2009). Derivation of factors facilitating organizational emergence based on complex adaptive systems and social autopoiesis theories. *Emergence: Complexity & Organization, 11*(1), 19–34.

Albert, R., Jeong, H., & Barabási, A.-L. (2000). Error and attack tolerance of complex networks. *Nature, 406*, 378–382.

Anderson, P. (1999). Complexity theory and organization science. *Organization Science, 10*(3), 216–232.

Anderson, C. (2006). *The long tail*. London: Random House.

Andriani, P., & McKelvey, B. (2009). From Gaussian to Paretian thinking: Causes and implications of power laws in organization. *Organization Science, 20*(6), 1053–1071.

Andriani, P., & McKelvey, B. (2011). Managing in a Pareto world calls for new thinking. *Management, 14*(2), 89–118.

Ashby, R. W. (1956). *An introduction to cybernetics*. London: Methuen.

Bak, P. (1996). *How nature works: The science of self-organized criticality*. New York: Copernicus.

Barabási, A.-L. (2003). *Linked: How everything is connected to everything else and what it means for business, science, and everyday life*. London: PLUME.

Barabási, A.-L. (2005). The origin of bursts and heavy tails in human dynamics. *Nature, 435*, 207–211.

Barabási, A.-L. (2007). The architecture of complexity. *IEEE Control Systems Magazine, 27*(4), 33–42.

Barabási, A.-L. (2011). *Bursts: The hidden patterns behind everything we do, from your E-Mail to bloody crusades*. London: PLUME.

Barabási, A.-L. (2012). The network takeover. *Nature Physics, 8*, 14–16.

Beer, M., & Nohria, N. (2000). Cracking the code of change. *Harvard Business Review, 78*(3), 133–141.

Boisot, M., & McKelvey, B. (2011). Connectivity, extremes, and adaptation: A power-law perspective of organizational effectiveness. *Journal of Management Inquiry, 20*(2), 119–133.

Bouchikhi, H., & Kimberly, J. (2003). The rhythm of change: Escaping the identity trap. *MIT Sloan Management Review, 44*(3), 20–26.

Burke, W. W., & Biggart, N. (1997). Interorganizational relations. In D. Druckman, J. E. Singer, & H. Van Cott (Eds.), *Enhancing organizational performance* (pp. 120–149). Washington, DC: National Academy Press.

Burnes, B. (2004). *Managing change: A strategic approach to organisational dynamics*. London: Prentice Hall.

Carley, K. M., Diesner, J., Reminga, J., & Tsvetovat, M. (2007). Toward an interoperable dynamic network analysis toolkit. *Decision Support Systems, 43*(4), 1324–1347. doi:10.1016/j.dss.2006.04.003. http://www.sciencedirect.com/science/article/pii/S0167923606000601#.

Chauset, A., Shakizi, C. R., & Newman, M. E. J. (2009). Power-law distributions in empirical data. *SIAM Review, 51*(4), 661–703.

Choi, M., & Ruona, W. E. A. (2011). Individual readiness for organizational change and its implications for human resource and organization development. *Human Resource Development Review, 10*(1), 46–73. doi:10.1177/1534484310384957. http://hrd.sagepub.com/content/10/1/46.

Cilliers, P. (1998). *Complexity and postmodernism: Understanding complex systems*. London: Routledge.

Cilliers, P. (2006). On the importance of a certain slowness. *Emergence: Complexity & Organization, 8*(3), 105–112.

Dodds, P. S., Watts, D. J., & Sabel, C. F. (2003). Information exchange and the robustness of organizational networks. *Proceedings of the National Academy of Sciences of the United States of America, 100*(21), 12516–12521.

Eoyang, G. H. (2007). Human system dynamics: Complexity-based approach to a complex evaluation. In B. Williams & I. Iman (Eds.), *Systems concepts in evaluation: An expert anthology* (pp. 75–88). Point Reyes: Edge Press.

Eoyang, G. H. (2011). Complexity and the dynamics of organizational change. In P. Allen, S. Maguire, & B. McKelvey (Eds.), *The SAGE handbook of complexity and management* (pp. 317–332). Thousand Oaks: Sage.

Falconer, K. (1997). *Techniques in fractal geometry*. Hoboken: Wiley.

Falconer, J. (2002). Emergence happens! Misguided paradigms regarding organizational change and the role of complexity and patterns in the change landscape. *Emergence, 4*(1/2), 117–130.

Farjoun, M. (2010). Beyond dualism: Stability and change as a duality. *Academy of Management Review, 35*(2), 202–225.

Ford, J. D., & Ford, L. W. (1995). The role of conversations in producing intentional change in organizations. *Academy of Management Review, 20*(3), 541–570.

Garnier, S., Gautrais, J., & Theraulaz, G. (2007). The biological principles of swarm intelligence. *Swarm Intelligence, 1*(1), 3–32.

Gladwell, M. (2002). *The tipping point*. Boston: Back Bay Books.

Goodwin, B. (1994). *How the leopard changed its spots: The evolution of complexity*. New York: Charles Scribner's Sons.

Greenhalgh, T., Robert, G., Macfarlane, F., Bate, P., & Kyriakidou, O. (2004). Diffusion of innovations in service organizations: Systematic review and recommendations. *Milbank Quarterly, 82*(4), 581–629.

Gunz, H., Lichtenstein, B. B., & Long, R. (2001). Self-organization in career systems: A view from complexity science. *Management, 5*(1), 63–88.

Hodge, B., & Coronado, G. (2007). Understanding change in organizations in a far-from-equilibrium world. *Emergence: Complexity & Organization, 9*(3), 3–15.

Huy, Q., & Mintzberg, H. (2003). Rhythm of change. *MIT Sloan Management Review, 44*(4), 79–84.

Jones, C. I. (2005). The shape of production functions and the direction of technical change. *Quarterly Journal of Economics, 120*(2), 517–549.

Jones, C. (2011). *Atlanta still world's busiest airport; Beijing passes Heathrow as No. 2*. http://travel.usatoday.com/flights/post/2011/03/atlanta-still-worlds-busiest-airport-beijing-passes-heathrow-as-no-2/148084/1. Accessed on January 08, 2012.

Lawson, T. (1997). *Economics and reality*. London: Routledge.

Leana, C., & Barry, B. (2000). Stability and change as simultaneous experiences in organizational life. *Academy of Management Review, 25*(4), 753–760.

Levick, D., & Kuhn, L. (2007). Fractality, organizational management, and creative change. *World Futures: The Journal of General Evolution, 63*(3/4), 265–274.

Lissack, M. R. (1999). Complexity: The science, its vocabulary, and its relation to organizations. *Emergence, 1*(1), 110–126.

Liu, Y.-Y., Slotine, J.-J., & Barabási, A.-L. (2011). Controllability of complex networks. *Nature, 473*, 167–173.

Lorenz, E. N. (1963). Deterministic nonperiodic flow. *Journal of Atmospheric Sciences, 20*(2), 130–141.

Maguire, S., Allen, P., & McKelvey, B. (2011). Complexity and management: Introducing the SAGE handbook. In P. Allen, S. Maguire, & B. McKelvey (Eds.), *The SAGE handbook of complexity and management* (pp. 1–26). Thousand Oaks: Sage.

Maguire, S., McKelvey, B., Mirabeau, L., & Öztas, N. (2006). Complexity science and organization studies. In S. R. Clegg, C. Hardy, T. B. Lawrence, & W. R. Nord (Eds.), *The SAGE handbook of organization studies* (pp. 165–214). Thousand Oaks: Sage.

Mandelbrot, B. B. (1982). *The fractal geometry of nature*. New York: W. H. Freeman.

Marion, R. (1999). *The edge of organization: Chaos and complexity theories of formal social organizations*. Thousand Oaks: Sage.

Marion, R., & Uhl-Bien, M. (2011). Implications of complexity science for the study of leadership. In P. Allen, S. Maguire, & B. McKelvey (Eds.), *The SAGE handbook of complexity and management* (pp. 385–399). Thousand Oaks: Sage.

McKelvey, B. (2004). "Simple rules" for improving corporate IQ: Basic lessons from complexity science. In P. Andriani & G. Passiante (Eds.), *Complexity theory and the management of networks* (pp. 39–52). London: Imperial College Press.

McKelvey, B., & Andriani, P. (2005). Why Gaussian statistics are mostly wrong for strategic organization. *Strategic Organization, 3*(2), 219–228.

Michaels, E., Handfield-Jones, H., & Axelrod, B. (2001). *The war for talent*. New York: McGraw Hill.

Mitchell, M. (2009). *Complexity—A guided tour*. New York: Oxford University Press.

Newman, M. E. J. (2005). Power laws, Pareto distributions and Zipf's law. *Contemporary Physics, 46*(5), 323–351.

Pentland, A. (2010). *Honest signals: How they shape our world*. Cambridge: MIT Press.

Pfeffer, J. (2010). Building sustainable organizations: The human factor. *Academy of Management Perspectives, 24*(1), 34–45.

Poole, M. S., Van de Ven, A. H., Dooley, K., & Holmes, M. E. (2000). *Organizational change and innovation processes: Theory and methods for research*. New York: Oxford University Press.

Porras, J. I., & Robertson, P. J. (1992). Organizational development: Theory, practice, and research. In M. D. Dunnette & L. M. Hough (Eds.), *Handbook of industrial & organizational psychology* (pp. 719–822). Palo Alto: Consulting Psychologists Press.

Rindova, V., & Kotha, S. (2001). Continuous morphing: Competing through dynamic capabilities, form, and function. *Academy of Management Journal, 44*(6), 1263–1281.

Rowland, G. (2004). Designing with: A homeopoietic ethic for organizational change. *Systems Research and Behavioral Science, 21*(3), 219–227.

Schmid, L. (2004). Are living beings in a state of self-organized criticality? A new interpretation of data on work incapacity due to low back pain. *Medical Hypotheses, 62*(3), 458–461.

Scholz, T. M. (2012). Dynamische Sprache für ein dynamisches Personalmanagement: Eine Anforderungsanalyse. In V. Stein, & S. Müller (Eds.), *Aufbruch des strategischen Personalmanagements in die Dynamisierung* (pp. 291–296). Baden-Baden and München: Nomos and Vahlen.

Scholz, T. M. (2013). Complex systems in organizations and their influence on Human Resource Management. In T. Gilbert, M. Kirkilionis, & G. Nicolis (Eds.), *Proceedings of the European conference on complex systems* (pp. 745–750). Heidelberg: Springer.

Siggelkow, N. (2002). Evolution toward fit. *Administrative Science Quarterly, 47*(1), 125–161.

Simon, P. (2013). *Too big to ignore—The business case for big data*. Hoboken: Wiley.

Stein, V. (2010). Professionalisierung des Personalmanagements: Selbstverpflichtung als Weg. *Zeitschrift für Management, 5*(3), 201–205.

Uddin, S., Murshed, S. T. H., & Hossain, L. (2011). Power-law behavior in complex organizational communication networks during crisis. *Physica A: Statistical Mechanics and its Applications, 390*(15), 2845–2853.

von Bertalanffy, L. (1968). *General system theory*. New York: Braziller.

Willinger, W., Alderson, D., Doyle, J. C., & Li, L. (2004). More 'normal' than normal: Scaling distributions and complex systems. In R. G. Ingalls, M. D. Rossetti, J. S. Smith, & B. A. Peters (Eds.), *Proceedings of the 2004 Winter Simulation Conference* (pp. 130–141). Piscataway: IEEE Press.

Wolfram, S. (2002). *A new kind of science*. Champaign: Wolfram Media.

Zimmermann, B., & Hurst, D. (1993). Breaking the boundaries: The fractal organization. *Journal of Management Inquiry, 2*(4), 334–355.

Looking Through Someone Else's Eyes: Exploring Perceptions of Organizational Change

Laura Gover and Linda Duxbury

Over the past 100 years formal research has contributed significantly to our knowledge of organizational change and development (Burnes 2004). In recent years, however, a number of authors have suggested that it is time to change how we study "organizational change" and to modernize Organizational Development (OD) theory in a way that more adequately reflects the realities of organizational change (Burnes and Cooke 2012; Marshak 2002; Tsoukas and Chia 2002). Tsoukas and Chia (2002), for example, note that while change is an implicit part of day-to-day life for people inside organizations, many OD practitioners and researchers treat it as discrete and exceptional while Marshak (2002) points out that the language that scholars use to investigate and describe change is ambiguous and represents embedded assumptions from the researchers' perspective. The above quotes suggest that OD's current failure to adequately reflect the realities of organizational change can be attributed, at least in part, to the fact that the vast majority of OD research is conducted from an etic, or researcher-centered, perspective. Such an approach seeks to understand change from a researcher perspective rather than from the perspective of the people involved in the change and, accordingly, has not led to a comprehensive understanding of the role of people during change.

The notions of etic and emic perspectives stem from research on culture (Morris et al. 1999). Simply put, the etic view refers to the outsider (or researcher's) perspective and the emic view refers to the insider (impacted employee's)

L. Gover (✉)
Sprott School of Business, Carleton University, 801 Dunton Tower, 1125 Colonel By Drive, Ottawa, ON K1S5B6, Canada
e-mail: Laura_Gover@carleton.ca

L. Duxbury
Sprott School of Business, Carleton University, 915 Dunton Tower, 1125 Colonel By Drive, Ottawa, ON K1S5B6, Canada
e-mail: Linda_Duxbury@carleton.ca

perspective of the phenomena under study (Denison 1996; Morris et al. 1999). In organizational studies etic and emic have been discussed in relation to the concepts of organizational culture and climate. According to Denison (1996), organizational culture researchers attempt to uncover emic perspectives (i.e. the native's view) whereas organizational climate researchers identify etic perspectives (i.e. the researcher's point of view). Whether or not a researcher seeks to explore emic or etic perspectives of phenomena has implications for their choice of methods and underlying research paradigms (Morris et al. 1999).

There appear to be two main reasons why OD research is predominately etic in nature. First, the OD field is founded on the ideas of Lewin who focused on planned change and interventions (Burnes 2004). Historically, therefore, OD is rooted in a tradition that treats organizational change as something exceptional that can be managed, "planned for" and studied. Second, OD as a discipline is situated within the broader field of management and organizational studies. As publication outlets in management research tend to be positivist and post-positivist (Easterby-Smith et al. 2008), research conducted from an etic orientation is "privileged" in the review process.

Recent research showing that perspectives of organizational change vary depending on who one studies is problematic for those with an etic orientation. Factors that have been shown to impact how one regards change include organizational level (Caldwell et al. 2004; Taylor 1999), role (Chreim 2005; Gioia and Thomas 1996) and social position (Lockett et al. 2013). Also problematic are claims by Tsoukas and Chia (2002) and Weick and Quinn (1999) that the tendency for researchers to view events from a macro perspective predisposes them to view change as an episodic occurrence while the tendency for organizational members to experience change as a personal phenomena, (i.e. events from a micro perspective), means they are likely to view change as continuous. The above discussion suggests that much of the existing research on how individuals perceive organizational change is limited by the propensity of researchers to focus on specific change initiatives rather than identifying what types of changes organizational members view as significant and why.

The recent uptake of social constructivist approaches by change researchers may address some of these concerns as such approaches attempt to closely reflect the realities of organizational change from the individual's view (Grant and Marshak 2011). Unfortunately, our review of the literature indicates that the majority of existing interpretive qualitative studies on organizational change (i.e. those with an emic perspective) are limited by the fact that they have selected one specific organizational change for study, be it mergers (e.g., Brown and Humphreys 2003), diversity changes (Mahadevan 2012), or a change in organizational identity (e.g., Chreim 2005; Brown et al. 2005). In other words, the qualitative researchers, not the respondents, decided that a particular change was significant and worthy of attention. Unfortunately, this means that much of what is currently known about organizational change is limited in that it represents the phenomena of change primarily from a researcher perspective.

The study described in this paper was designed to address many of the limitations in the study of organizational change noted above. Our overall objective was to increase our understanding of how individual employees view organizational change (i.e. the emic perspective). More specifically we utilize constructivist grounded theory analysis techniques (Charmaz 2006) to analyze data from interviews with 59 individuals employed at a hospital in order to: (1) Identify what types of organizational changes these individuals perceive as significant, (2) Explore individual characteristics that appear to influence these perceptions of significance, and (3) Understand how individual perceptions of significant change compare to existing organizational change theory.

Since the primary objective of this study is to understand organizational change from an emic, rather than an etic, view we elected to approach the study from an exploratory inductive perspective. Accordingly, the literature that informed the theoretical perspective that guided our interpretation of the data was not identified apriori but instead was identified during the focused coding phase of the analysis. This practice is recommended in order to prevent the researchers from seeing the data through the lens of existing theories (Charmaz 2006; Dey 2007; Gioia et al. 2012) and is consistent with constructivist grounded theory techniques, which advocate that researchers let the research problem shape the methodological decisions (Charmaz 2006). This paper is structured as follows. First our methodology is presented, including a description of our sample and data collection procedures. Next, the analysis is outlined and the literature that informs our analysis reviewed. This is followed by an explanation of key findings. Finally, the discussion section identifies implications for theory and practice and limitations of our study.

1 Method

This study uses grounded theory's initial and focused coding practices (Charmaz 2006). The initial coding phase involves naming each segment of data and the focused stage attempts to integrate and synthesize the labels generated during the first stage (Charmaz 2006). Our study seeks to *explore*, rather than confirm, individuals' conceptualizations of organizational change. The use of grounded theory data analysis techniques in our study is, therefore, consistent with those who recommend the use of such an approach for open-ended inquiry (Pratt 2008) and for exploring potential relationships (Edmondson and McManus 2007).

1.1 Sample Site

We adhered to the sampling guidelines for conducting inductive qualitative research using grounded theory techniques provided by Gioia et al. (2012) and sought a sample site that would provide us with a unique context that could serve as

a critical, extreme or revelatory case of the phenomenon of interest (organizational change). Accordingly our sample strategy was two fold. First, we identified the Canadian healthcare sector as an ideal context for an emic study on change as the sector faces a number of significant pressures for transformation including (1) demographic shifts that will affect both the supply and demand for healthcare, (2) the frequent introduction of new technologies that impact how care is managed and delivered, (3) the political nature of funding structures and governance mechanisms (e.g., Zeytinoglu et al. 2007), (4) the push towards more patient centered care delivery models, and (5) leadership turnover at the provincial and federal levels in Canada (Romanow 2007).

Second, we sought to identify a specific organization within the Canadian healthcare context that could serve as a critical, extreme or revelatory case of the phenomenon of interest. The sample site selected for this study is Community Hospital, a hospital that has already and continues to undergo a high level of organizational change. Community Hospital is a 60-bed hospital that employs about 400 individuals (including appointed contracted physicians) and is located in a small town (population = 2,500) about 1 h driving distance from an urban center (population = 900,000). Community Hospital was selected as our sample site because of the sheer amount of change that the organization has experienced over the past 5 plus years. Some of the organizational changes experienced include: (1) the fundraising for, construction of and move to a new $63 million CAD facility 3 years ago, (2) turnover of organizational leaders including the CEO and the president of medical staff within the last year, (3) the introduction of a number of new technologies such as the electronic health record, and (4) the entrance into a number of formal relationships with other healthcare organizations including the acquisition of a neighboring long term care facility and the merger with a larger urban hospital, also within the past year.

1.2   Data Collection

In accordance with the recommendations of Gioia et al. (2012) we use interview data as the focus of our analysis in order to best capture the emic voice of informants. The data that are analyzed in this paper come from 59 in depth interviews that were completed by the authors as part of a Canadian Institutes of Health Research funded longitudinal study they did on change management in community healthcare. Interview participants were solicited through a variety of methods including emails sent to work email addresses and signage around the hospital. Participation was voluntary and interviewees could choose between participating in a telephone interview or in-person interview. Virtually all of the interviewees choose to be interviewed in-person on site in a private room at the hospital. All interviews were done by the first author of this paper.

The sample includes informants from a variety of job types, 12 individuals (6 males, 6 females) were physicians. The manager group (n = 7) included

individuals in middle and senior level management positions. The majority of these mangers (n = 6) were female. The all female nurse group (n = 19) included both registered nurses (i.e. RNs) and registered practical nurses (i.e. RPNs[1]). The allied health group (n = 14) included diagnostic imaging, pharmacy and physiotherapy staff. Non-clinical support staff (n = 7) refers to all other non-management administrative positions (e.g., medical records staff, clerks, food services, human resources, housekeeping and admin assistants). There were only two males in the allied health group and two males in the non-clinical staff group. The gender break down of the sample (81% of interviewees were female) is consistent with that observed within the hospital and healthcare sector itself.

The interviews were semi-structured. The interviewer used a script, which included questions regarding workers' backgrounds, general work experiences, the organizational culture at the hospital and changes at the hospital. The script was pilot tested with two RNs from other organizations. No changes were deemed necessary after the pilot tests. The data used in this study comes from the portion of the interview that focused specifically on organizational change. In this section we asked all informants the following questions:

1. Please think back over the last year. Could you please tell me what you felt was the most significant change that took place at the hospital?
2. What was it about this change that made it significant for you?
3. Have you changed your behaviour at work to respond to this change? If yes, how?
4. How has this change affected how you feel about Community Hospital?
5. What has been the most difficult or frustrating aspect for you personally of this change?
6. What has been the most rewarding aspect for you personally of these changes?

The interviewer asked follow-up and clarification questions as needed in order to ensure that they fully understood the informants' responses (e.g., How did this happen? Can you explain more details?). One respondent was unable to think of a significant change that had taken place within the last year and was, therefore, removed from the sample. The interviews took between 20 and 80 min with the average interview taking approximately 45 min. All interviews were audio recorded and transcribed.

---

[1] RPN is a nursing designation in Canada. RNs tend to have higher education levels, increased responsibilities and higher salaries than RPNs.

2   Analysis

We analyzed transcribed responses to the interview questions using QSR-Nvivo Version 10, a software package that facilitates qualitative data analysis. We used Nvivo to code our data (i.e. assign labels to pieces of text from the transcriptions). There are two hierarchical levels of codes in our analysis: initial codes (similar to what people said during the interview) and focused codes (abstract higher order codes) (Charmaz 2006).

2.1   Initial Coding

We used incident-to-incident coding (Charmaz 2006) for our initial analysis of the informants' responses to the six interview questions about change. This involved labeling each incident of data. We defined an incident as an informant's response to one of the six organizational change questions. In total there were 348 incidents (58 informants x 6 interview questions). During this initial stage of coding we developed codes that attempted to stay close to the informants tone and language. Codes were created to refer to themes described in each incident of data. If a response (i.e. incident) contained more than one theme then the response would be coded at all relevant themes. Codes were emergent (i.e. not predetermined) and constant comparison was exercised in that each time a new code was created we would review the incidents of data that had already been coded to identify links to new codes (Charmaz 2006).

In total there were 129 initial codes created. Initial codes were organized according to the question asked. A comprehensive list of the initial codes and frequencies for each is available from the authors upon request. The number of initial codes created and most common initial codes for each of the six interview questions are summarized as follows:

- *The most significant change within the hospital over the past year*: Twenty initial codes were used to describe the most significant change identified. The most frequent initial codes for this question were '*New CEO*' (n = 19) and '*New technology*' (n = 7).
- *What was it about this change that made it significant for you?*: Initial coding resulted in 29 codes representing responses as to why this particular change was significant. The most frequent initial codes were '*Management/leadership style*' (n = 19) and '*Different expectations for me or my work*' (n = 9).
- *Have you changed your behaviour at work to respond to this change? If yes, how?*: Fifteen initial codes were used to describe how behaviour at work had/had not changed in response to the change. The most frequent initial codes were '*Yes - the change forced a behavioral change*' (n = 10), and '*Yes – working harder/ busier*' (n = 6).

- *How has this change affected how you feel about Community Hospital?:* Responses to this question generated 17 initial codes. The most common initial codes were *'No change'* (n = 14) and *'More positive about organization'* (n = 22).
- *What has been the most difficult or frustrating aspect for you personally of this change?:* There were 28 initial codes created to classify the responses to this question. The most frequently used initial codes were *'Nothing'* (n = 9), *'Not enough resources'* (n = 7), and *'More work for me'* (n = 7).
- *What has been the most rewarding aspect for you personally of these changes?:* Twenty initial codes were created for the responses to this question. Frequent initial codes include *'Nothing'* (n = 10) and *'Impact on patients'* (n = 8).

2.2 Focused Coding

The objective of the second focused phase of coding is to create more abstract higher-level codes that can be used to categorize the relationships or underlying themes between the initial codes (Charmaz 2006). During this phase of the analysis we re-coded the 129 initial codes into 29 focused codes. Focused codes that were mentioned by at least 10% of the sample along with exemplar quotes typifying the initial quotes within this grouping are provided in Table 1 for each of the six interview questions.

It was at this stage in our analysis that we sought to identify emic variables that could help us better understand what factors impact individual's views of change. To do this we examined our focused codes for overriding themes, that when linked to theory might help us to answer the question "what's going on here—theoretically?" (Gioia et al. 2012, p. 6). It is at this point that the analysis shifts from an inductive to an abductive style of reasoning (Charmaz 2006; Gioia et al. 2012) and the researcher brings in the literature.

The first overriding theme we observed in the data related to how the informant perceived that the change had impacted them. This theme could be observed in the focused codes representing responses to four of the interview questions (e.g., *Benefits for me at work, Challenges for me at work, Change negatively impacted me, Positive impact for my work, Career progression and development*). We then turned to the literature on individuals and change to find a theoretical perspective that would assist us in identifying one or more emic (i.e. individual) variables that may explain divergent experiences of change in more detail. Social identity theory proved useful in this regard. Brief descriptions of social identity theory, professional identity, organizational identity and links to organizational change are presented below.

Table 1 Focused codes, frequencies and sample quotes

Focused codes	n	%	Sample quotes
1) Most significant change in past year			
Change related to who I work with	29	50	*"We got a new CEO"*, *"My boss changed, I used to report to X..and then they moved me over to report to Y"*, *"For me personally it was the change in CEO"*, *"My manager is new"*, *"Our team leader in our department retired and we now have a new team leader"*, *"We hired a new surgeon"*
Change to how I work	29	50	*"The province has come out with this mandate.. (re: patient triage)"*, *"The government did a big push...to reduce the number of ALC beds"*, *"This computer change"*, *"My position has changed"*, *"Having to take on a CIS role"*
2) Why change was significant			
Challenges for me at work	26	45	*"Adding more tasks or more things to do"*, *"It's a 20 minute process when it used to be a 5 minute process"*, *"Getting to know the person, how to support them...it's been a challenge"*, *"Now I'm feeling more managed and there's more tasks to do"*, *"Putting in extra time"*
Benefits for me at work	25	43	*" ...I already see the benefits, from my perspective anyway"*, *"My sense is that he (new CEO) is more interested in embracing the positive things that we've been talking about than our previous CEO"*, *"I just feel that I can help answer questions"*, *"My job has been made easier"*
Positive impact on organizational culture	9	16	*"It changed the flavour of the interaction within the organization"*, *"More of a feeling of being a team"*, *"People working more cooperatively within the organization"*
Negative patient impacts	9	16	*"The patients were confused"*, *"There are many pieces of paper that they've got us doing...that take us away from patient care"*
3) Did your behaviour change? If yes, how			
No—my behaviour has not changed	17	29	*"No, I don't think so"*, *"No, it's the way I've worked for 40 years"*, *"Not my behaviour, no."*, *"No, it hasn't really become an issue yet"*
Yes—it meant that I had to change how I did my job	17	29	*"You had to, your role changed significantly"*, *"It changes our practice in that we do all of our patient assessments now online"*, *"I was very busy, very busy"*, *"A lot more meetings.. and the meeting have to take place"*, *"You have to be more flexible..more organized I think"*

(continued)

Table 1 (continued)

Focused codes	n	%	Sample quotes
Yes—increase in positive behaviours	15	26	*"I was smiling more"*, *"The better outlook we have every day when we walk in, the better our day goes."*, *"Less inclined to be critical of a new initiative"*, *"I'm doing the happy dance all day"*
Yes—positive change to my interactions/work with others	7	12	*"It's brought a new dimension in regards to some of the dialogue between some of my co-workers"*, *"There is just more ease of communications"*, *"I spend lots of time on the nursing station, on the floor"*, *"I'd be much more welcoming to discussions"*
4) How change impacted feelings about organization			
Increase in positive feelings	25	43	*"It made me feel that we are going in the right direction"*, *"It's a good change...more efficient"*, *"I love it more"*, *"I am certainly more engaged with the hospital"*
Increase in negative feelings	18	31	*"A feeling of frustration"*, *"I'm not as proud of the hospital as I used to be"*, *"I'm a little scared for us right now"*, *"I'm actually looking for another place.. it's the final straw."*
No change	14	24	*"It hasn't made me feel any different"*, *"Neither here nor there"*
5) Most frustrating aspect of the change			
How change negatively impacted them	21	36	*"Increase in my workload"*, *"just workload.."*, *"I don't have the ability to make all the decisions I want to make"*, *"Just feeling like each day I get another brick put on top of the last brick and that the load gets very heavy sometimes"*
Issues with how change was managed	16	28	*"That I don't see others embracing the change"*, *"Something's implemented, it's just there, never re-evaluated"*, *"We wasted 5 years"*, *"Having no idea where we are going as an organization"*
Dealing with other individuals or groups	13	22	*"Because of my managers actions I am severely silo-ed"*, *"This person is very hard to get a hold of, hard to deal with"*
Lack of organizational support for change	13	22	*"Not feeling valued"*, *"Just trying to figure out how to make it work within the limited resources we had"*
Nothing frustrating to report	9	16	*"Not much"*, *"It's a good change"*
Change negatively impacted patients	5	10	*"Just trying to rationalize it to patients and their families"*
6) Most rewarding aspect of the change			
Change has improved culture	14	24	*"Getting to know everybody"*, *"The morale has gone up"*, *"People are thinking somebody up there cares and is listening to us"*

Table 1 (continued)

Focused codes	n	%	Sample quotes
Positive impact for my work	14	24	*"I can do my job a lot more efficiently than I used to be able to"*, *"People can talk to each other instead of being screamed at"*, *"I don't have quite as many interactions"*
Career progression and development	12	20	*"I have a career path in mind and I feel this is a positive step on that career path"*, *"I was not involved in any leadership roles before – at that level"*
Nothing	10	17	*"I can't think of anything positive"*, *"I haven't gotten a reward out of it yet"*
Change positively impacted patients	8	14	*"Seeing the positive impact that has come from patients"*, *"I knew that people[patients] were safe"*, *"Being able to have a pericardial synthesis done on a patient here rather than having to have him transferred"*
Ability to contribute to change	7	12	*"I did my part and helped it to happen"*, *"I go home feeling great that I've been able to help.. to implement my suggestions"*

2.3   Social Identity Theory

Social identity theory is a meta-theory from sociology that describes how individuals assign themselves and others to social categories (Tajfel and Turner 1979). Individuals' social identities are hierarchically organized (Hotho 2008), multi-layered (Pratt and Rafaeli 2004) and dynamic (Jetten et al. 2002). Individuals draw on certain identities when the identities are salient to particular contexts.

Professional groups have been identified as prime sites for the formation of social identities (Hotho 2008). A professional identity is "a stable and enduring constellation of attributes, beliefs, values, motives and experiences used by people to define themselves in a professional role" (Schein 1978). In their meta-narrative synthesis of publications on social identity theory in healthcare contexts Kreindler et al. (2012) concluded that much of the work on professional identities in healthcare focuses on nurses and physicians. Two longstanding lines of research that Kreindler et al. (2012) identify, which contain work that examines the nurse and physician identity dynamics, are called 'unequal partners' and 'professional strategies'. The 'unequal partners' line of work focuses on the structural inequalities between the two professions, whereas the 'professional strategies' studies look primarily at between group struggles for territory and control (Kreindler et al. 2012).

Work on the content of professional identities has suggested some shared values and norms that characterize the nurse and physician identities. Research suggests that nurses value patient centeredness (Limoges 2007) and emphasize care and caring (Daykin and Clarke 2000). Physicians, on the other hand, share norms

related to concreteness, expert driven analysis, and decision oriented discussions (O'Hare and Kudrle 2007) and have also been shown to value patient-centeredness (Apker and Eggly 2004).

Researchers have also investigated the role of individuals' organizational identities, defined as "the extent to which an individual experiences a sense of oneness with the group that is their organization" (Hekman et al. 2009, p. 1326). There are two distinct perspectives among management scholars regarding 'organizational identity': the social actor perspective and the social constructivist perspective. The social actor perspective conceptualizes organizational identity as a property of the organization itself (not a social identity of the organizational members) (Ravasi and Schultz 2006). The social constructivist perspective, which is consistent with the assumptions of this study, conceptualizes organizational identity as a particular social identity belonging to an individual. According to this perspective an individual could have a set of social identities including professional, work-group and organizational identities. A number of organizational identity studies that have been done adhere to the social constructivist approach (see Hekman et al. 2009; Jetten et al. 2002; and Terry and Callan 1998).

Reissner (2010) makes the link between identity and change by noting that organizational change causes individuals to engage in sense-making and identity work to understand how the change may affect their role, professional development and future career. More specifically, research has concluded that the organizational change process intensifies in-group versus out-group dynamics. For example, Van dijk and Van dick (2009) observed conflict between groups during a change implementation. Similarly in their study of two merging organizations Terry and Callan (1998) observed higher levels of in-group bias among employees that identified with the lower status organization in the merger.

Interestingly enough most of the work on professional identity and organizational change has been conducted in healthcare settings (i.e. Brunton and Matheny 2009; Callan et al. 2007; Ferlie et al. 2005; Forbes and Hallier 2006; Hallier and Forbes 2005; Hekman et al. 2009; Hotho 2008; McInnes et al. 2006; Terry and Callan 1998; Thorne 1997). This is likely a result of the prevalence of divergent specialized professional groups within such organizations. Similar to the more general OD research, the empirical work on professional identities and change tends to focus on one particular change such as mergers (McInnes et al. 2006; Terry and Callan 1998; Van dijk and Van dick 2009), technology changes (Hekman et al. 2009) and both micro and macro structural changes (Callan et al. 2007; Jetten et al. 2002).

Identity dynamics in healthcare organizations have been identified as a major barrier to organizational change (Currie et al. 2010; Lidskog et al. 2008; McInnes et al. 2006). In fact, the concept of professional identity appears to be more prevalent in change research conducted in healthcare contexts compared to general change research. For example, Callan et al. (2007) found that individuals in a healthcare organization view their profession as their preferred identity sources rather than their work groups or organization. The organization examined by Callan et al. (2007) was attempting to implement inter-professional working styles but the

strong professional identity groups served as a barrier because higher status groups resisted the change presumably because it compromised the status of their identity group. One possible reason why identity dynamics act as a barrier to change in healthcare is the high degree of differentiation across professions. This provides challenges as each profession has its own education and socialization process that occurs before the individual gains employment at the healthcare organization (e.g., nursing school, medical school) (Melvin 1981).

Some scholars have provided recommendations for how best to manage these identity dynamics during organizational change. One approach, called 'recategorization', involves change agents emphasizing a common identity in order to overcome differences among group based identities (Kreindler et al. 2012). Chrobot-Mason et al. (2009) advocate for recategoization when they suggest that managers and change agents focus on a higher level (i.e. super-ordinate) identity such as the organizational identity. Van dijk and Van dick (2009), however, acknowledge that this approach can lead individuals to feel that their professional or work groups are being neglected or devalued. Another approach, called 'decategorization', involves change agents de-emphasizing all social identities thereby encouraging organizational members to view one another as individuals rather than as members of groups (Kreindler et al. 2012).

After reviewing the literature on identity and change we elected to examine the extent to which job type influenced individuals' perceptions of organizational change. We began our analysis by classifying job type in the following ways: (1) using the classification provided by the hospital (i.e. the five job types identified earlier), (2) comparing the views of those working in clinical areas (nurse, physician, allied health) to those who had minimal contact with patients (manager, non-clinical support), and (3) nurse versus physician.

In the key findings and discussion sections below we have chosen to focus our analysis on the similarities and differences of perspectives of change between the nurses (n = 19) and the physicians (n = 12) in our sample (e.g., compared the frequencies of the focused codes for these two groups). Several factors support this decision. First, such a distinction enables us to explore the potential relationship between professional identity and perceptions of change. The second reason is more pragmatic—if we did an in depth investigation of between group differences for all five job types the paper would be too long to publish. Finally, findings using the clinician/non-clinician job type groupings proved difficult to interpret because each of these groups included a diversity of professional categories (e.g., allied health includes lab technicians and physiotherapists). Within the nurse and physician groups, on the other hand, there is a higher level of homogeneity with regards to the training and socialization processes—factors that the literature suggests contributed to the formation of nurse and physician professional identities. While our focus is on these two groups, in the interests of transparency and to help the reader evaluate the findings from the nurse/physician comparison we elected to also provide the results obtained for the total sample (n = 58) in results reported in Fig. 1. We are also happy to provide interested readers with the data tables showing the other job type groupings upon request.

	Type of Job		Total
	Physician (n = 12)	Nurse (n = 19)	N = 58
1) Most significant change in past year			
Change related to who I work with	75	42	50
Change to how I work (i.e. process or work task)	25	53	50
2) Why change was significant			
Benefits for me at work (+)	83	32	43
Challenges for me at work (-)	8	63	45
Impact on organizational culture (+)	25	11	16
Patient impacts (-)	17	21	16
3) Did behaviour change and how			
No my behaviour has not changed	17	37	29
Yes - changed how did job	25	26	29
Yes – more positive behaviours (+)	42	21	26
Yes – my interactions with others have changed (+)	17	5	12
4) How change impacted feelings about organization			
Positive feelings (+)	67	16	43
Negative feelings (-)	17	58	11
No change	17	21	24
5) Most frustrating aspect of the change			
Change negatively impacted patients (-)	0	16	9
Issues with how change was managed (-)	42	21	28
Issues with other individuals or groups (-)	8	26	22
Lack of supports (-)	0	32	22
Nothing (+)	42	5	16
Change negatively impacted me (-)	17	42	36
6) Most rewarding aspect of the change			
Change has improved culture (+)	17	26	24
Positive impact for my work (+)	33	21	24
Career progression and development (+)	8	21	20
Nothing (-)	17	26	17
Change positively impacted patients (+)	8	21	14
Ability to contribute to change (+)	25	5	12
Additional analysis (Physicians and RNs only):			
Mentioned professional group	75	53	
Mentioned change agent only	33	0	
Mentioned change recipient only	25	42	
Mentioned change agent and recipient	8	5	
No mention of change agent or recipient role	33	53	
Positive change experience	67	21	
Mixed change experience	25	32	
Negative change experience	8	47	

Between Group Differences of:
20-29%
30-39%
>40%

Fig. 1 Focused codes by job type (%)

The decision to use social identity theory as a frame to focus our interpretation of the results required that we introduce four new codes: (1) *'Physician identity'* and *'Nurse identity'*, and (2) *'Change agent'* and *'Change recipient.'* The two identity codes were used to identify any instances in the data where informants explicitly talked about their own nurse or physician group while discussing the significant organizational change they had identified. The other two codes were used to signify whether or not the data suggested that a respondent was a change agent (i.e. change maker) or change recipient (i.e. change target). The need for this second categorization is supported by the literature on individuals, identity and organizational change which notes a link between how one perceives change and their role within the change (see Oreg et al.'s 2011 review of individuals and change).

After defining these new codes we went back to our data and reviewed all of the physician and nurse responses to identify instances where the new codes might apply. We coded any instances where the informant explicitly described initiating or driving change as *'Change agent'* (e.g., *"I had the opportunity to control it"*) and any incident where the informant explicitly described having change imposed on them as *'Change recipient'* (e.g., *"It was imposed and done without any communication"*). Results from this stage of the analysis are also shown in Fig. 1. In this case, the total sample column is left blank as this recoding was done on only the nurse and physician samples.

Once the initial and focused coding stages were complete we used Nvivo's matrix coding and classification functions to produce the "results" tables included with this paper. These tables served as the "organized compressed assembly of information that permits conclusion drawing and action" (Miles and Huberman 1994, p. 11). Using tables to present findings is helpful in that the tables are able to visually illustrate the findings of qualitative analysis along multiple dimensions (Ryan and Bernard 2000). The tables are also helpful in establishing validity in our approach in that they permit the researcher to talk about patterns observed in our data and also make it easy for the reader to see what is happening, follow our analytic procedures and draw their own conclusions (Dey 1993; Sandelowski 2001). Findings from Fig. 1 will be used to determine the extent to which perceptions of change vary between nurses and physicians and address the research objectives noted earlier. In all of our tables we report the percentage of each group giving a particular response to account for differences in group sizes. In the discussion below we consider between-group differences of 20% or more to represent substantive differences in how change is viewed that can be linked to job type. Such an approach was taken to make the paper more readable and to avoid claims of generalization based on our qualitative analysis.

To make further sense of our data and meet our research objectives we undertook an additional set of analysis that involved mapping the focused codes for each individual physician and nurse in our sample to help us categorize each respondents' change experience as negative, positive or mixed. This categorization process involved four steps. In step one we categorized each focused code as positive, negative or neutral with regards to how one experienced the change. For example, *'Challenges for me at work'* was deemed negative, *'Benefits for me at work'* was

Table 2 Additional analysis (% of nurses)

	Type of change experience			Total
	Positive (n = 4)	Mixed (n = 6)	Negative (n = 9)	(n = 19)
Professional identity				
Mentioned	25	67	56	53
Not mentioned	75	33	44	47
Change role				
Change agent only	25	17	0	11
Change recipient only	0	50	33	32
Both agent and recipient	0	0	11	5
Not mentioned	75	33	56	53

Table 3 Additional analysis (% of physicians)

	Type of change experience			Total
	Positive (n = 8)	Mixed (n = 3)	Negative (n = 1)	(n = 12)
Professional identity				
Mentioned	88	67	0	75
Not mentioned	13	33	100	25
Change role				
Change agent only	50	0	0	33
Change recipient only	13	33	100	25
Both agent and recipient	13	0	0	8
Not mentioned	25	67	0	33

seen as positive and *'No change'* to one's feelings towards the organization was seen as neutral. Readers can see which focused codes received positive and negative categorizations by viewing the (+) and (-) symbols next to the focused codes in Fig. 1.

In step two we calculated the total number of negative and the total number of positive focused codes for each nurse and physician in our sample as well as the ratio of positive to negative instances mentioned by the individual when describing the organizational change.

In step three we used these ratios to sort the individuals into three 'change experience' groups: (1) Positive change experience group (respondents who reported at least twice as many positive as negative focused codes), (2) Negative change experience group (respondents who reported at least twice as many negative as positive focused codes), and (3) Mixed change experience group (respondents who reported approximately the same frequency of positive focused codes as negative focused codes). Results from this stage of the analysis are also shown in Fig. 1 for the nurse and physician samples.

Finally, in step four we reviewed each respondent's coding map to identify any relevant patterns in the relationships between professional identity (*'Physician identity'*, *'Nurse identity'*), respondent's role in the change they identified as

significant (*'Change agent'* , *'Change recipient'*) and the individual's experience of this change (i.e. positive, negative, mixed). Tables 2 and 3, present results related to the final step of this additional analysis.

3   Key Findings

The presentation of the key findings is structured as follows. Since we elected to focus our interpretation on the nurse (n = 19) and physician (n = 12) groups, we will start by providing some additional demographic information on these two groups in our sample. Next, the results reported in Fig. 1 will be interpreted, with a focus on differences between the perceptions of the nurse and physician groups. Finally, we will discuss findings related to our additional analysis of the individual doctors and nurses change accounts, this includes some of the results presented in Fig. 1 as well as the results given in Tables 2 and 3.

3.1   *Group Demographics*

In this sub-sample of physicians and nurses organizational tenure, supervisory status and work-unit varied. Nurses in our sample had been employed at Community Hospital for between 4 months and 39 years (average = 17.5 years, and median = 24 years). Physicians in our sample had been working with Community Hospital for between 2.5 and 52 years (average = 18 years, and median = 16 years). In our sample 5 out of the 19 nurses (i.e. 26%) and 5 out of the 12 doctors (i.e. 42%) answered yes when asked if they supervise the work of others. Both the nurses and doctors work in a variety of work units across the hospital including: Medical Surgical, Emergency, Extensive Care Unit, Complex Continuing Care and a number of smaller specialty units.

3.2   *Perceptions of Change: Physicians Versus Nurses*

Most significant change: When asked to identify the most significant change that had taken place in the last year a greater number of physicians than nurses mentioned changes to who they had worked with:

> "I would say the biggest one was the change in the CEO, to me"—Physician

> "It all started off with the new Chief (medical) last year"—Physician

While more nurses than physicians talked about changes to how they performed their work (See Fig. 1). For example:

"The computers, even though we're still only using them a very little amount"—Nurse

Why change was significant*:* Why did they view this change as significant? The data indicates that more physicians in the sample than nurses define a significant change as one that provides personal benefits (see Fig. 1). Nurses, on the other hand, seem to perceive a change as significant if it if it increases the challenges they face at work. For example:

"The new CEO, from the beginning, has developed a relationship of mutual respect with the medical staff and my job has been made easier by that"—Physician

"What it ended up doing is causing more pressure on the nursing staff to perform, who are already, I think, working to pretty much the maximum"—Nurse

Did your behaviour change*?* We also note some interesting between group differences when we look at how people responded to the question asking them how their behaviour had changed in response to this significant change. In this case, nurses were more than twice as likely as the physicians to claim that they had not changed their behaviour because of the change:

"Well, not really; I kind of stay the same way all the time, but it certainly was stressful."—Nurse

Twice as many physicians as nurses, on the other hand, mentioned that their behaviour had changed for the better after then change:

"I was smiling more, yes. I did not hate meetings as much anymore. I almost looked forward to coming to the hospital for things"—Physician

How change impacted feelings about organization*:* How this significant change impacted an employee's view of their employer also seems to be related to job type with physicians stating that the change had made them feel more positive about their employer while the nurses expressed the opposite sentiment (change had made them feel more negative about the hospital). In both cases, the magnitude of the difference is quite large (doctors four times more likely to feel more positive, nurses four times more likely to feel more negative). Below are illustrative quotes from each group:

"I think I'm more hopeful. I'm not excited yet, but I'm hopeful. I'm getting the impression that the people who are in a position to keep the ball rolling in the right direction are interested in that direction as opposed to the other"—Physician

"I don't have as much warm fuzzy feelings. . . I just don't trust them from the top down"—Nurse

Most frustrating aspect of the change*:* Ones' view of the frustrating aspects of change also seems to be strongly associated with job type. Only nurses talked about how the lack of support for change within the hospital was frustrating:

"I think the most frustrating part is the middle managers' support. It's getting them to – they talk the talk but they don't.. they need to lead their front line people and show that they're supporting you"—Nurse

Nurses were also twice as likely as the physicians to express frustrations associated with the negative impact that they perceived the change had on them. For example:

"Just trying to rationalize it to the patients and their families, I find people[patients] are more abusive and verbally aggressive"—Nurse

Physicians, on the other hand were twice as likely as the nurses to express frustrations on how the change was managed:

"Not seeing it change back or re-evaluated in a timely fashion and continuing on for months with something that was not working"—Physician

Also relevant are data showing that 5 of the 12 physicians (compared to only one of the nurses) could not identify any facet of the change that they found frustrating:

"It hasn't really affected me at all, personally, so at this point in time it's not really frustrating me at all."—Physician

Most rewarding aspect of the change: Finally, in response to the question asking about the most rewarding aspect of change, physicians more frequently talked about the ability to contribute to the change than did the nurses. For example:

"I feel I did my part and helped it to happen – that's been rewarding for me. I've learnt a lot"—Physician

3.3   Perceptions of Change: Additional Analysis

The lower portion of Fig. 1 presents some results from our additional analysis related to the overall affect of ones' change experience (i.e. positive, negative, or mixed), professional identity and change roles (i.e. agent or recipient). Here three differences between physicians and nurses can be seen. First, physicians in our sample mentioned their professional group more frequently than nurses (75% versus 53%). Second, about one in three physicians described themselves in the role of a change agent. In comparison, none of the individuals in the nurse sample described themselves as a change agent. In fact, half (53%) of the nurses in the sample (versus 33% of the physicians) did not personalize their description of their significant change (e.g., did not mention anything related to the idea of change agent or change recipient). Finally, physicians more commonly felt that their change experiences were positive while nurses more commonly felt that their change experiences were negative.

Tables 2 and 3 permit the exploration of potential relationship between the affect of ones' change experience (i.e. positive, mixed, negative), professional identity strength and perceived role in the change. Review of these results yields two interesting findings. First, there appeared to be a link between whether or not an individual mentioned anything related to their professional identity and whether or not they reported a positive change experience. More specifically, in the RN group

3 out of the 4, or 75% of those that had positive change experiences did not talk at all about anything relating to their professional identity in their interviews. In the physician group, on the other hand, almost all physicians who reported mixed (i.e. 2 out of 3 or 67%) or positive (i.e. 7 out of 8 or 88%) change experiences were also coded as having mentioned their professional group. This suggests that perhaps the relationship between professional identity strength and how one experiences change varies according to the identity group.

Second, the extent to which individuals mentioned ideas related to being a change agent and/or being a change recipient also varied between physicians and nurses. For example, of the 19 nurses, 6 (or 32%) appeared to explicitly refer to themselves as a change recipient and one seemed to suggest that the change experience involved him or her acting as a change recipient and change agent. In the physician group, on the other hand, 4 (of 12, or 33%) reported being change agents, 3 (of 12, or 25%) reported change recipient experiences and one suggested that they had experienced both roles. For nurses there seemed to be no straight forward link between whether or not they mentioned being a change agent or recipient and their overall change experience. For the physicians in the sample, however, all 4 of the physicians who described themselves as change agents experienced positive changes.

4 Discussion

In our sample, there appeared to be a connection between social identity and ones' view of organizational change. This link manifested itself in two ways. First, for nurses, it seemed that the decategorization (Kreindler et al. 2012) of professional identities is related to more positive change experiences (i.e. those who reported positive experiences did not mention their profession). Whereas the reverse trend appeared to be true for physicians, doctors who mentioned their profession had positive change experiences. Conducting this research from an emic perspective allowed us to uncover this unique pattern, a pattern that an etic oriented study may have missed.

Second, it appeared that the experiences of change cited by individuals might have triggered a strengthening or weakening of informant's organizational identities. Changes to ones feelings towards their organization could be considered as a proxy for changes to the strength of ones sense of oneness with their organization (i.e. the strength of their organizational identity) (Hekman et al. 2009). Accordingly, the findings related to how the organizational change impacted one's feelings about the organization (See Fig. 1) highlight another difference between how physicians and nurses in our sample viewed change. Since physicians more frequently reported the change as eliciting positive feelings about the organization, it is conceivable that these experiences may have been related to a strengthening of organizational identity among these individuals. Conversely, the nurses who more frequently developed negative feelings about the organization in response to the

change may have experienced a weakening of their organizational identity due to their change experience.

The two abovementioned insights regarding social identity and ones' view of change led us to re-visit the social identity and change literature to search for potential explanations. This literature provided us with two potential scenarios. In the first scenario, organizational change acts as a trigger for the strengthening or weakening of professional and/or organizational identities (Chrobot-Mason et al. 2009). This view is consistent with a core tenant of social identity theory, that different contexts will promote the salience of particular social identities over others (Jetten et al. 2002). In the second scenario, the initial strength of a particular identity may impact the way that one experiences change (Callan et al. 2007). For example, perhaps the physicians that reported positive change experiences found these experiences to be favourable because of their already strong professional and organizational identities.

Our review of the interview data suggests that both of these scenarios were, to some degree or another, at play in our sample. In other words, our data supports the idea that a two-way relationship between social identity and organizational change may exist whereby: (1) an individual's professional and organizational identities (and the strength of those identities) serve as a lens through which the organizational change is viewed and, (2) organizational change impacts the salience and strength of an individual's professional and organizational identities.

4.1   Implications for Research

Academics such as Grant and Marshak (2011) and Thomas and Hardy (2011) have urged researchers studying organizational change to design studies that challenge their hidden assumptions and facilitate theoretical development in the area. We undertook to do just this by designing a study that took an emic (rather than etic) perspective of organizational change. Such an approach helped us identify three areas where our work could be extended in such a way to facilitate theoretical development.

First, future research could focus on increasing our understanding of the two-way dynamic between organizational change and social identities. In particular, longitudinal designs would allow researchers to look at professional and organizational identity strength at multiple points in time while also capturing emic data from individuals regarding the organizational changes occurring during those time periods. Such approaches could yield useful findings for building theory in this area.

Second, this study supports the need for OD researchers to investigate how organizational members experience changes to who they work with. While half of the respondents to this study identify a change in who they worked with as the most significant change they have experienced over the past year, we could find few studies on this topic in the literature where academics more commonly focused on

changes in job design, compensation, mergers, and technology (Barnett and Carroll 1995; Oreg et al. 2011). According to Huber et al. (1993), organizational change is a difference "in how an organization functions, who its members and leaders are, what form it takes or how it allocates its resources" (p. 216). We find it interesting, therefore, that our informants appear to be discussing types of change that are consistent with how scholars define organizational change but not how they study change. This has likely occurred because change researchers take an etic perspective and they, not the organizational members, select the type of change to be studied.

A third future avenue of OD could explore individuals' identities during times of change and with respect to their role in the change. This research might examine the multiple roles that individuals can experience throughout an organizational change and identify what triggers the salience of different change roles. Social identity theory may provide a helpful theoretical lens for conceptualizing change roles as identities. Research on change roles would be useful because the significant body of literature on individuals and change primarily conceptualizes individuals as either change agents or change recipients (Oreg et al. 2011), and findings from this study seem to suggest that perhaps this terminology is not consistent with the realities of organizational change for individuals. For example, nurses that had positive change experiences tended not to include any explicit references to whether they were a change agent or recipient in their accounts of the change. In fact, more than half of the nurses in our sample did not mention any explicit reference to whether they were in a change agent or recipient role. Theoretical development is, therefore, needed in this area.

4.2 Implications for Practice

Findings from this study point to two key implications for organizations and managers planning and managing organizational change. First, organizations and managers should consider that professional groups may interpret and experience change differently. In order to minimize negative experiences of change, one strategy that could be employed would be to ensure that valued opportunities such as those identified in this study (i.e. positive impacts on their work, career progression and development, and chances to contribute to the change) are available to organizational members. For example, managers could focus on facilitating training and learning opportunities for individuals related to the organizational change. Second, organizations and managers may want to review their turnover process and consider strategies for mitigating any impacts that this has on organizational members. We suggest this based on the fact that more than half of our sample discussed changes to who they worked with as being the most significant change they had experienced in the past year, even though the hospital had recently acquired a nursing home and merged with another hospital.

4.3   Limitations

Despite the rigor applied during analysis and the efforts made to present findings in a concise yet transparent manner, there are four limitations to this study. The first limitation is that asking informants to talk about one specific change of their choice, and not multiple changes, meant that our data was unable to provide us with insights into the nature of change as perceived by individuals in a more general sense. However, the study did adhere to an emic perspective because informants were asked to identify a significant change (rather than the researcher selecting the change that would serve as the focus). This limitation overlaps with the second limitation of this study, which is that informants are talking about a number of distinct organizational changes. This calls into question whether the type of change that one was talking about related to their responses to all other questions about the change. For example, what if everyone that talked about the new CEO perceived benefits for themselves and espoused positive feelings towards the organization and everyone that talked about new technologies had opposite experiences. We did further analysis to determine whether or not this was the case and did not find substantial links between the type of change reported and why the change was perceived as significant (i.e. individuals talking about the same type of change offered different responses as to why they perceived the change as significant). The one exception to this was related to patient impacts, which was only mentioned by informants discussing a change to how they work.

The third limitation of this study is that using interview data means that this study measured perceptions of behavioural change. Accordingly, we cannot know whether or not individuals actually changed their behaviours as reported.

The fourth limitation of this study is that we cannot make statistical inferences based on our data. This is because our findings are based on observations in our qualitative data from a sample of 58 individuals and a substantial portion of our analysis focused on the subsample of nurses (n = 19) and physicians (n = 12). However, the use of interviews was consistent with the aims of this study and allowed us to get at the emic perspective of change. Furthermore, the decision to focus on the physician and nurse groups allowed us to conduct deeper analysis related to professional identity theory that may not have been possible for all five occupational groups in the sample. We employed two strategies recommended by Lincoln and Guba (1985) and Shah and Corley (2006) facilitate the transferability of our findings. First, we provided detailed tables that report our findings. Second, we included detailed information about the sample site for this research (in the methods section). The use of these strategies enable readers to make there own determinations about which findings may or may not be transferable to other contexts of interest.

5   Conclusion

The emic approach and constructivist grounded theory data analysis techniques utilized in this study resulted in findings that contribute to the extant literature on social identity and change as well as the broader field of OD. Findings from this study showed that the dynamic relationship between social identity and organizational change can vary across individuals according to their particular professional identity. Professional identity strength was related, in different ways, to how the nurses and physicians in our sample viewed change and the extent to which the change activated a strengthening or weakening of the individuals' organizational identities. This is a unique insight given that most of the work on professional identities and organizational change focuses on inter-group dynamics and identity threat (Van dijk and Van dick 2009).

Regarding the broader field of organizational development, findings from this study revealed two potential gaps related to differences between how individuals in our sample viewed change and the predominant trends in OD research. First, by allowing the informants to select the organizational change that they perceived as most significant, we were able to see differences between the types of change identified by our sample and those commonly selected for study by OD researchers. More specifically, the findings highlighted a potential gap in OD research related to organizational changes regarding members of the organization (i.e. who I work with). While this type of change was identified by half of our sample as the most significant type of change they had experienced in the past year, there is little empirical work in this area. Second, the additional analysis showed that in many instances, individuals in our sample did not explicitly describe whether they viewed the change as a change agent or change recipient. This finding would suggest that researchers and practitioners need to reconceptualise the roles employees may take on during change as our findings suggest that these roles are more complex than the current researcher conceptualizations of 'agent' or 'recipient'.

References

Apker, J., & Eggly, S. (2004). Communicating professional identity in medical socialization: Considering the ideological discourse of morning report. *Qualitative Health Research, 14*(3), 411–429.

Barnett, W., & Carroll, G. (1995). Modeling internal organizational change. *Annual Review of Sociology, 21*, 217–236.

Brown, A. D., & Humphreys, M. (2003). Epic and tragic tales: Making sense of change. *Journal of Applied Behavioral Science, 39*(2), 121–144.

Brown, A. D., Humphreys, M., & Gurney, P. M. (2005). Narrative, identity and change: A case study of Laskarina Holidays. *Journal of Organizational Change Management, 18*(4), 312–326.

Brunton, M., & Matheny, J. (2009). Divergent acceptance of change in a public health organization. *Journal of Organizational Change Management, 22*(6), 600–619.

Burnes, B. (2004). Kurt Lewin and the planned approach to change: A reappraisal. *Journal of Management Studies, 41*(6), 977–1002.

Burnes, B., & Cooke, B. (2012). The past, present and future of organizational development: Taking the long view. *Human Relations, 65*(11), 1395–1429.

Caldwell, S. D., Herold, D. M., & Fedor, D. B. (2004). Toward an understanding of the relationships among organizational change, individual differences, and changes in person-environment fit: a cross-level study. *Journal of Applied Psychology, 89*(5), 868.

Callan, V. J., Gallois, C., Mayhew, M. G., Grice, T. A., Tluchowska, M., & Boyce, R. (2007). Restructuring the multi-professional organization: Professional identity and adjustment to change in a public hospital. *Journal of Health and Human Services Administration, 29*(4), 448–477.

Charmaz, K. (2006). *Constructing grounded theory: A practical guide through qualitative analysis*. California: Sage.

Chreim, S. (2005). The continuity-change duality in narrative texts of organizational identity. *Journal of Management Studies, 42*(3), 567–594.

Chrobot-Mason, D., Ruderman, M., Weber, T. J., & Ernst, C. (2009). The challenge of leading on unstable ground: Triggers that activate social identity faultlines. *Human Relations, 62*(11), 1763–1794.

Currie, G., Finn, R., & Martin, G. (2010). Role transition and the interaction of relational and social identity: New nursing roles in the English NHS. *Organization Studies, 31*(7), 941–961.

Daykin, N., & Clarke, B. (2000). "They'll Still Get the Bodily Care":Discourses of care and relationships between nurses and health care assistants in the NHS. *Sociology of Health & Illness, 22*(3), 349–363.

Denison, D. R. (1996). What is the difference between organizational culture and organizational climate? A native's point of view on a decade of paradigm wars. *Academy of Management Review, 21*(3), 619–654.

Dey, I. (1993). *Qualitative data analysis: A user-friendly guide for social scientists*. New York, NY: Routledge.

Dey, I. (2007). Grounding categories. In A. Bryant & K. Charmaz (Eds.), *The Sage handbook of grounded theory* (pp. 167–190). Thousand Oakes, CA: Sage.

Easterby-Smith, M., Golden-Biddle, K., & Locke, K. (2008). Working with pluralism: Determining quality in wualitative research. *Organizational Research Methods, 11*(3), 419–429.

Edmondson, A. C., & McManus, S. E. (2007). Methodological fit in management field research. *Academy of Management Review, 32*(4), 1155–1179.

Ferlie, E., Fitzgerald, L., Wood, M., & Hawkins, C. (2005). The nonspread of innovations: The mediating role of professionals. *Academy of Management Journal, 48*(1), 117–134.

Forbes, T., & Hallier, J. (2006). Social identity and self-enactment strategies: Adapting to change in professional-manager relationships in the NHS. *Journal of Nursing Management, 14*(1), 34–42.

Gioia, D. A., Schultz, M., & Corley, K. G. (2012). Organizational Identity, Image and Adaptive Instability. *Academy of Management Review, 25*, 63–81.

Gioia, D. A., & Thomas, J. B. (1996). Identity, image and issue interpretation: Sense making during strategic change in academia. *Administrative Science Quarterly, 41*(3), 370–403.

Grant, D., & Marshak, R. J. (2011). Toward a discourse-centered understanding of organizational change. *Journal of Applied Behavioral Science, 47*(2), 204–235.

Hallier, J., & Forbes, T. (2005). The role of social identity in doctors' experiences of clinical managing. *Employee Relations, 27*(1), 47–70.

Hekman, D. R., Steensma, H. K., Bigley, G. A., & Hereford, J. F. (2009). Effects of organizational and professional identification on the relationship between administrators' social influence and professional employees' adoption of new work behavior. *Journal of Applied Psychology, 94*(5), 1325–1335.

Hotho, S. (2008). Professional identity – product of structure, product of choice: Linking changing professional identity and changing professions. *Journal of Organizational Change Management, 21*(6), 721–742.

Huber, G. P., Sutcliffe, K. M., Miller, C. C., & Glick, W. H. (1993). Understanding and predicting organizational change. In G. P. Huber & W. H. Glick's (Eds.), *Organizational change and redesign* (pp. 215–265). New York: Oxford University Press.

Jetten, J., O'Brien, A., & Trindall, N. (2002). Changing identity: Predicting adjustment to organizational restructure as a function of subgroup and superordinate identification. *British Journal of Social Psychology, 41*(2), 281–297.

Kreindler, S. A., Down, D. A., Star, N. D., & Gottschalk, T. (2012). Silos and social identity: The social identity approach as a framework for understanding and overcoming divisions in health care. *The Milbank Quarterly, 90*(2), 347–374.

Lidskog, M., Lofmark, A., & Ahlstrom, G. (2008). Learning about each other: Students' conceptions before and after interprofessional education on a training ward. *Journal of Interprofessional Care, 22*(5), 521–533.

Limoges, J. (2007). *The hospital work experiences of new nurses: Power relations and resistance within the professional project of caring*. PhD diss.: University of Toronto.

Lincoln, T. S., & Guba, E. G. (1985). *Naturalistic inquiry*. Beverly Hills, CA: Sage.

Lockett, A., Currie, G., Finn, R., Martin, G. & Waring, J. (2013). The influence of social position sensemaking about organizational change. Academy of Management Journal. doi:10.5465/amj.2011.0055.

Mahadevan, J. (2012). Utilizing identity-based resistance for diversity change: a narrative approach. *Journal of Organizational Change Management, 25*(6), 819–834.

Marshak, R. J. (2002). Changing the language of change: how new contexts and concepts are challenging the ways we think and talk about organizational change. *Strategic Change, 11*, 279–286.

McInnes, P., Beech, N., de Caestecker, L., MacIntosh, R., & Ross, M. (2006). Identity dynamics as a barrier to organizational change. *International Journal of Public Administration, 29*, 1109–1124.

Melvin, J. L. (1981). Interdisciplinary, multidisciplinary activities in ACRM. *Physical Medical Rehabilitation, 61*, 379–381.

Miles, M. B., & Huberman, M. (1994). *Qualitative data analysis: An expanded sourcebook* (2nd ed.). Thousand Oaks, CA: Sage.

Morris, M. W., Kwok, L., Ames, D., & Lickel, B. (1999). Views from inside and outside: Integrating emic and etic insights about culture and justice judgment. *Academy of Management Review, 24*(4), 781–796.

O'Hare, D., & Kudrle, V. (2007). Increasing physician engagement. Using norms of physician culture to improve relationships with medical staff. *Physician Executive, 33*(3), 38–45.

Oreg, S., Vakola, M., & Armenakis, A. (2011). Change recipients' reactions to organizational change: A 60 year review of quantitative studies. *Journal of Applied Behavioural Science, 47*(4), 461–524.

Pratt, M. G. (2008). Fitting oval pegs into round holes: Tensions in evaluating and publishing qualitative research in top-tier North American journals. *Organizational Research Methods, 11*(3), 481–509.

Pratt, M. G., & Rafaeli, A. (2004). Organizational dress as a symbol of multilayered social identities. In M. J. Hatch & M. Schultz's (Eds.), *Organizational Identity: A reader*. New York: Oxford University Press.

Ravasi, D., & Schultz, M. (2006). Responding to organizational identity threats: Exploring the role of organizational culture. *Academy of Management Journal, 49*(3), 433–458.

Reissner, S. (2010). Change, meaning and identity at the workplace. *Journal of Organizational Change Management, 23*(3), 287–299.

Romanow, R. (2007). Canada's health temperature. Justice emmet hall memorial lecture. Presentation to the National Healthcare Leadership Conference, Toronto, Canada.

Ryan, G. W., & Bernard, H. R. (2000). Data management and analysis methods. In N. K. Denzin & Y. S. Lincoln (Eds.), *Handbook of qualitative research* (2nd ed., pp. 769–802). Thousand Oaks, CA: Sage.

Sandelowski, M. (2001). Real Qualitative researchers do not count: The use of numbers in qualitative research. *Research in Nursing & Health, 24*, 230–240.

Schein, E. H. (1978). *Career dynamics: Matching individual and organisational needs*. Reading, MA: Addison-Wesley.

Shah, S. K., & Corley, K. G. (2006). Building better theory by bridging the quantitative-qualitative divide. *Journal of Management Studies, 43*(8), 1821–1835.

Tajfel, H., & Turner, J. C. (1979). An integrative theory of intergroup conflict. In W. G. Austin & S. Worchel's (Eds.), *The social psychology of intergroup relations*. Monterey, CA: Brooks-Cole.

Taylor, S. S. (1999). Making sense of revolutionary change: differences in members' stories. *Journal of Organizational Change Management, 12*(6), 524–539.

Terry, D. J., & Callan, V. J. (1998). In-group bias in response to an organizational merger. *Group Dynamics: Theory, Research, and Practice, 2*(2), 67–81.

Thomas, R., & Hardy, C. (2011). Reframing resistance to organizational change. *Scandinavian Journal of Management, 27*, 322–331.

Thorne, M. L. (1997). Myth-management in the NHS. *Journal of Management in Medicine, 11*(3), 168–180.

Tsoukas, H., & Chia, R. (2002). On organizational becoming: Rethinking organizational change. *Organization Science, 13*(5), 567–582.

Van Dijk, R., & Van dick, R. (2009). Navigating organizational change: Change leaders, employee resistance and work-based identities. *Journal of Change Management, 9*(2), 143–163.

Weick, K. E., & Quinn, R. E. (1999). Organizational change and development. *Annual Review Psychology, 50*, 361–386.

Zeytinoglu, I. U., Denton, M., Davies, S., Baumann, A., Blythe, J., & Boos, L. (2007). Associations between work intensification, stress and job satisfaction: The case of nurses in Ontario. *Industrial Relations, 62*(2), 201–225.

The Role of Management Development in Change Management: The Example of Financial Markets

Béatrice Guynamant

1 Introduction

Financial markets are a great example of how growth in knowledge work is changing thinking about talent management. Most companies within the financial industry know that their employees are an important competitive advantage, but few have developed concrete practices and leadership commitment is often not aligned with strategic talent management. Because of the famous 'bonus' system (supposedly rewarding and retaining the best talent) managers often fail to commit the time and resources needed to assess key processes, design effective hiring and reward systems and develop their people.

Is it really a question of lack of time and resources? Or is it because many managers lack a knowledge of human capital management best practices?

How is it possible to manage individuals who constantly seek challenges and competition with other employees?

How can financial institutions motivate and retain talent?

The objective of this paper is to better understand the impact of the financial crisis on organizations and their employees within the financial industry, with a focus on front-office managers and operators working in trading rooms. There have been radical changes. Bonuses are considerably lower than before the crisis and trading rooms now need managers who pay attention both to the personal needs of their experts and the strategic objectives of the company. This new task requires knowledge of human capital management best practices and human consideration. Many managers don't currently possess these skills.

For these reasons, organizations have to develop their managers' ability to recruit, motivate and retain market operators with non-monetary incentives. They have to invest in training and coaching programmes that allow their managers to

B. Guynamant (✉)
CDO Management, Paris, France
e-mail: beatrice.guynamant@free.fr

fulfil their new role and make them aware of their responsibilities within this new context. Mindset has to change. Market operators are not just 'cash machines', they are responsible humans. If managers could take this into account, trust could be restored in financial markets.

2   Managing Talented Experts

2.1   Does the Management of Experts Require Specific Management Techniques?

What is an expert? From an historical point of view, an expert is a person with a specific knowledge from their experience, trials and obstacles that they have endured. From an etymological point of view, an expert, from the Latin adjective "Expertus" and the verb "experior" is someone who has showed their abilities, who has proven their strengths in one area. It is therefore a person who has acquired specific skills through experience and mistakes. In sociology, expertise is not confined to a single and accurate type but demonstrates its adaptability to societal changes; an expert is commonly required to share their knowledge with others or even more generally with an organization such as the company. "It's a knowledge from experience that establishes the expert as an expert".

Does the management of experts require specific management techniques?

Of course. The manager must have a real legitimacy in terms of technical expertise (product, business), and skills that enable them to understand the experts and to manage them. "Technical leaders" need to succeed in stimulating innovation, enhancing teamwork and maintaining commitment.

Experts have indeed specific needs: they invest a lot of time and energy in their work; they are also intellectuals who have graduated from the best universities and bring specific values and expectations to their work environment. Experts focus on achievements, and their motivation is rooted in the work itself. A high degree of autonomy in the conditions, rhythm and content of their work is important to them. This need for autonomy often results in a greater need to participate in the construction of strategy, goal setting and decision-making. Self-management is imperative for them. Experts are driven by a need to achieve goals that require a high level of skill and effort. They want their work to be important. Their sense of achievement is enhanced when they understand the link between their work and their contribution to an ambitious project. Fear of disqualification may create relationship problems, demotivation and reduce performance. Underutilization of skills often leads to apathy, depletion and (or) disaffection. Experts tend to identify themselves first with their profession and then with their employers. Consequently, the pursuit of professional objectives can sometimes be in conflict with the objectives of the team or of the company. Experts, more than other employees, are reluctant to commit to company goals. As gratitude is vital for them, participation in

the goal-setting process is a motivator and a vector of job satisfaction. To establish and maintain their motivation, it is essential to align their objectives with those of the company. Competition can be high between these bright, ambitious people with a highly developed ego. On the other hand, peer support is important for them. They enjoy interacting with others with a different experience and knowledge if they recognize them as experts. They also promote collective relationships with their leaders. An open discussion on strategy and objectives and a cooperative approach is highly motivating for them.

Given these strong characteristics, it is clear that management of experts requires specific knowledge, strategies and practices. However, managers are often promoted on the basis of their technical competence. Many managers focus on technical aspects, which they are familiar with, rather than on people. Nevertheless, the technological, rapidly changing and highly competitive world needs experienced managers who pay attention both to the personal needs of experts and the strategic objectives of the company. There have been radical changes. Bonuses are considerably lower than before the crisis and trading rooms now need managers who pay attention both to the personal needs of talented experts and the strategic objectives of the company. This new task requires knowledge of human capital management best practices and many managers don't currently have this knowledge.

2.2 Managing Talents in Financial Markets

The financial markets sector was chosen because of my 20 years of experience in this sector.

To focus on the specificities of talent management in financial markets, I interviewed 40 managers in 2011. These managers were Head of Trading, Sales, Structuring or Portfolio Management. 80 % of the managers were male and the average age was 45.

Analysis of these interviews led me to build a questionnaire around the priorities and specificities pointed out by the managers:

– Objectives and performance
– Control and risk
– Bonuses
– Timing
– Sharing of value added (employees/managers/shareholders)
– Management of individualistic people

The outcome of the questionnaire showed that the major challenge for managers in financial markets is managing individualistic people. One manager wrote: "Individualism is very strong in financial markets but at the end everyone realizes that information has to be shared; the manager has to show some human skills in order to cement different characters (often very strong) around a team spirit".

On reading this, we can understand the importance of integrating people and the need to have a fair system of sharing risks and rewards.

Managers need to learn how to give visibility, promote collective efficiency and integrate effectively the interests of the different stakeholders.

The current problem in financial markets is that managers see themselves as lieutenants or generals of an army. Their weapon is the famous "bonus" which helps them to attract and retain troops but what about the development of employees?

The reliance on bonuses varies from one manager to another but most of them consider that, apart from managing individualism, the main challenge is about guiding and/or encouraging experts and controlling them without bridling them.

"Team members have a high intellectual, technical and academic level. They are often very individualistic", "The legitimacy of management is not always easy. Does the trader that makes the most money have to be the head of the desk? Should the head of trading not be a trader?", "Managing experts requires guidance/support and control without high restraint".

In an article entitled "Managing talent in the service of high performance," Miraillès (2007) introduced the concept of "talent management" to describe certain practices (such as scouting, coaching or executive search) that use existing internal resources of key company employees to gain a competitive advantage. Pierre Miraillès describes the theory of Richard A. D'Aveni on the hypercompetition between firms, "hypercompetition is above all an environment in which no actor can claim he enjoys a unique and sustainable competitive advantage (such as cost of production or barriers to entry), but in which the competitors are seeking ephemeral combinations of various competitive advantages such as quality, financial resources, technology, innovation, etc..". He assumes that "the performance of many organizations in this uncertain world is primarily based on the individual excellence of a few key people that we call 'talents'. These individuals are not necessarily managers or leaders. They simply have exceptional personal strengths and control the processes that are critical to the organization". For the author, talent management results from the meeting between demanding situations and outstanding personalities. Talent exists in industries and occupations that are marked by continuous innovation, either because of technological advancement (digital communications, bio-technologies, etc.) or because products are derived directly from the commercialization of research (e.g. pharmaceutical industry), i.e. from an inherently unpredictable process. Talent is also required in occupations characterized by "real time", i.e. where performance depends on the speed and accuracy of the reaction of individuals placed in both intelligence and operational positions on a sensitive field: fighter pilots, elite special operation army teams, athletes who play their career in a few seconds at the Olympic Games, etc. Another important category of organizations needing talent includes those who perform what can be called "business of the unique" (fashion, design, performing arts, media, …), i.e. those in which the product is a prototype, which makes therefore excellence, creation and constant questioning mandatory.

Talent is defined by the equation: talent = excellence + difference. The question is to know whether the organization is able to harness talent.

Managing talent requires specific practices and the balance of power between the company and the employee depends on the scarcity of talent, which can lead to higher wages and opportunistic behavior: the War for Talent.

Financial markets operate fully in the context of war for talent (another term borrowed from the army!) as described by the author. Solicitations from head-hunters are very frequent. What elements retain talented people? Apart from financial considerations (the famous 'bonus'), a market operator can "feel good" within an organization.

Why? Because the organization takes into account non-monetary factors that motivate people. By building trust, creating fair and transparent processes, valuing collaboration and teamwork, companies can eliminate counterproductive behavior and, at the same time, promote behavior that will further the company's strategy. Thus, it enables the organization to retain its talent and increase its performance.

Expertise is a key asset for any company. Expertise is the heart of resource control issues.

Talent management is part of a strategy of control and development of the 'intellectual' capital. This concept combines human capital, structural capital and relational capital, as defined by Andriessen (2004). Companies can control the structural capital that is linked to the organization and composed of explicit knowledge and competencies: technology, IT, R&D, intellectual property, culture. But companies depend on people, especially experts, who own the human capital and part of the relational capital (depending on their exposure to the environment, clients and networks).

Therefore, experts are key contributors to the production of structural capital. The problem is that the knowledge of an expert is, in essence, both tacit and contextual.

Mayer (2002, in Dubois, 2005), suggests a classification into four categories: basic factual knowledge, conceptual knowledge that enables basic knowledge to work together, procedural knowledge—methods, algorithms, "metacognitive" knowledge that makes up the awareness and knowledge of one's own cognitive processes; it plays a central role in the acquisition of new knowledge and the contextualization of the acquired knowledge. The strength of the experts is this particular ability to constantly contextualize their knowledge and know-how (Dubois et al. 2005, relating Dreyfus, 1992).

Experts used to be retained in financial markets by money; today, managers have to innovate and find non-financial incentives to motivate and retain their people. To answer the specific needs of experts 'to constantly contextualize their knowledge and know-how', they can e.g. involve them in the definition of the operational strategy of the desk (financial products, trading strategies, . . .) and create transversal working groups (exchange of best practices, sharing of experiences, . . .).

It is a way for all operators to capture more efficiently a business strategy, to feel as a full player and therefore more aware of the risks associated with this strategy. If cooperation between teams and accountability of each is thereby strengthened, the company is on the right track.

Regarding financial incentives, the famous bonus, it would be desirable to modify the attribution rules, valuing in a more significant way the achievement of collective goals. Some financial institutions have started to work in this direction, in particular by promoting "cross-selling", but this is still marginal.

The new challenges for managers in financial markets are to regard market operators as humans who need more than financial incentives, promoting co-operation between them to enhance and develop their skills, guiding them without restricting them, setting clear rules on individual and collective contributions/rewards. This is achievable provided the organization recognizes and values the role of manager, which is not always the case.

In this context, change management and management development are necessary. This will be only possible if the organization takes into account the importance of management and provides resources to its managers (time, training, coaching, ...) to reinforce the collective commitment and accountability at all levels. This is not innate or easy for companies that focus more on financial performance than on people or more on risk management than on talent management.

2.3   Talent Management and Risk Management

According to a study of CIGREF in 2000 (David 2007), 80 % of the critical knowledge in companies is located "in people's heads" or in unusable format. This caused few problems during periods of stable teams. It is much more problematic today, in particular in the research community, where massive retrenchments, dispersions of teams, redeployment of activities, make the leaders fear that they may loose part of their capital (David 2007). In some cases, the company may be in a situation of dependence and potential vulnerability, if the expertise is sharp, held by few people, rare on the market, or long to acquire. The acceleration of change and the need to be ever more efficient, to go faster and cheaper, leaves few time to formalize the acquired knowledge and transmit it (David 2007).

Therefore, talent management seems inseparable from risk management in conjunction with the strategic objective: identification of critical resources, retention of available expertise, learning and development of expertise, and finally transfer of tacit knowledge.

Risk management and control are key concerns in financial markets. For managers of market operators, control is omnipresent. When we interviewed managers about the way they integrate control in their managerial practices, the answers were very clear: "The assumption should not be trust but rather risk control", "Control is an integral part of the managerial function and it is understood and accepted as such. Over half (or ¾) of the time spent with the team is about organizing control, communicating on it, getting reports, . . . control is also part of the judgment of the teams. I intend to evaluate constraints respect as well as performance or customer communication at the end of the year", "Control is essential to management,

because beyond the confidence he must have in his "first circle", the manager has the responsibility to ensure the reality of the information that he gets", "Everywhere and on everything. We understand well what we can measure. There is no performance if controls are not up to the risks taken at all levels".

Maister and McKenna (2002), in a book called "First Among Equals, discuss how to manage a group of professionals" and revitalize the visionary role of a leader: with experts, the "all behind me" or "Moses" strategies do not work because they are too independent and too critical. The challenge is not about giving sense; it is more about accompanying each expert in their expectations, in what thrills and energizes them, to increase their level of commitment and help to unleash their full potential. Performance is there if the quality of feedback is high and this cannot happen without trust: the manager must be seen as an honest, reliable person, who values other's success and has built strong personal relationships with everyone. A manager has to support, not to control. For Maister & McKenna, the manager of experts is primarily a "coach". It corresponds to the 'Coach' archetype, according to the type of Kets de Vries (2008): empathetic, with high emotional intelligence, able to listen, inspires confidence, have affinities and manage interpersonal situations. These managers know how to develop people and give constructive feedback. They are great motivators, good communicators, know how to delegate and encourage participation. They create teams and processes whose performance is high. According to Kets de Vries, these profiles would be particularly effective in organizations working in networks and based on knowledge; their weakness would be not being sufficiently tough when necessary; they would not therefore be the best archetype of leadership in case of a crisis.

In financial markets, where money and risk are omnipresent, operators need the support of management. One important challenge for managers is to be able to be more 'people-oriented', which is not innate for them. This is the reason why financial companies have to invest in change management programmes.

3 Management Development and Change Management in Financial Markets

3.1 Definition and Role of Management Development

From Lee (1992), "management development is an ambiguous concept that attracts multiple and often contradictory definitions and takes different meanings for different people, both in the academic and the organizations' worlds".

From Mole (2000), management development can cover long-term investments such as MBA programs, as well as short-term isolated actions like reading an article on organizations or leadership. The notion of management development can be found at multiple levels: individual level (coaching, e-learning, . . .), group level ("team training"), organization level (change management programs, . . .), or even

national level (Mole gives the example of the United Kingdom having implemented a set of standards and qualifications for managers).

From Mabey (2004), management development is "all activities within and outside the workplace, whether formal or informal, structured or not, aimed at improving the expertise of managers".

From the moment the "Resource Based View" emerged in the field of management (Ramos-Rodríguez and Ruíz-Navarro 2004), the "routine" set up by individuals has become the element that creates value. Thus, the manager has really become a central player in the organization. For Castanias and Helfat (1991), the manager is truly the source of the "organizational rent", while for Floyd and Wooldridge (1992), the manager is a key player in the process of formulation and implementation of strategy. Finally, for Storey (1989), it is the manager who holds the keys of potential input and is therefore an indispensable link to productivity. Issues concerning the development of managers have become central in the1990s and form a true field of investigation for researchers in Human Resource Management.

Development practices for managers are usually presented as desirable, both for the individual and the organization (Garavan, Barnicle, and O'Suilleabhain 1999). However, the logic of this action is rarely explicit. Lee (1992) offers a very instructive analysis of "management development". He identifies, analyzes and criticizes ten "logical" ("rationales") underlying the establishment of management development systems in organizations:

– The "logic of functional performance"
– The "agricultural logic"
– The "defensive functional logic"
– The "logic of socialization"
– The "logic of political reinforcement"
– The "logic of the organizational legacy"
– The "logic of environmental legitimacy"
– The "logic of compensation"
– The "logic of psychical defense"
– The "ceremonial logic"

Each of these strategies has a different purpose, but several can work together in the implementation of management development practices.

Even if it is difficult to show that these practices have a direct impact on the financial performance of the organization, managers perceive the link with organizational performance: it is not the management development practices in themselves, nor their relationship with the strategy or the needs of the organization who have a real impact on the profitability of the company; it is the managers' belief that this impact exists.

In financial markets, with the crisis that generates lower revenues, managers can no longer reward operators with huge bonuses; they have to find new ways to motivate and retain their employees. It can, for example, include an increased participation of all employees in the determination of the operational strategy of

the desk (instruments used, possible strategies, etc.), cross-functional working groups, . . . and make them feel that their impact exists!

3.2 Management and the Financial Crisis

William A. Sahlman, Harvard Business School, wrote an article in 2009 with an evocative title: *Management and the Financial Crisis (We Have Met the Enemy and He is Us . . .)*. He stresses that neither managers or executive committees, nor the analysts or rating agencies had anticipated the destruction of value that occurred within AIG, Bear Stearns, Fannie Mae, General Motors or General Electric.

Is it the combination of inadequate regulation and exacerbated greed? For the author, the responsibility rests with managers, customers, investors and regulators: "Managers made dangerous and foolish decisions, consumers and investors engaged in risky behavior, and regulators were ineffective. Greed played a role but the bigger problem was incompetence"

Sahlman asserts that most of the problems illustrated during this financial crisis can be traced to failures in five related managerial systems inside each major private and public actor in financial markets:

– Incentives—how risk and reward are shared; how people behave if they act in their own perceived best interests given the structure of pecuniary and non-pecuniary payoffs
– Control & Information Technology—how limits are placed on behavior; how information is captured and shared; how risk and reward are measured and how those assessments affect tactics and strategy
– Accounting—how managers choose accounting policies; how managers measure economic profits & losses as distinct from GAAP profits and losses
– Human Capital—the process by which people with certain characteristics (skill, experience, networks, character, and attitude) are attracted and managed or encouraged to leave any organization
– Culture—the values that guide individual and group decisions

For the author, the key factors for success of a company are the following:

– Outstanding people (high skill and integrity)
– Sensible accounting policies that mirror economic reality
– Excellent information, risk measurement and management systems
– Sensible incentives that balance personal and corporate risk and reward

"These companies have a culture of doing the right thing that protects all major constituencies even when doing so doesn't maximize personal payoffs. Companies at risk have some combination of the opposite". For Sahlman, problems always arise inside companies because of fundamental flaws in culture, incentives, risk measurement, controls, accounting and human capital. We need to therefore

understand these systems to improve them. Sahlman suggests considering the following sequence of questions:

- What are the implicit and explicit incentives within the organization?
- How will individuals and groups behave in their own perceived best interest?
- Are the incentives and organizational objectives aligned?
- What behavior should be encouraged? Discouraged?
- Where is bad behavior most likely to occur and under what circumstances?
- To what degree do contextual factors (economy, competition, etc.) change incentives?
- Is there alignment with respect to the appropriate time horizon for meeting objectives and measuring performance?
- Does the company accurately measure and report economic profits and losses?
- Are the "right" people attracted and retained by the organization?
- Are the "right" customers attracted and retained by the organization?
- Given the incentives and people involved, what measurement and control systems must be in place?
- What is the company culture and how does it exacerbate or ameliorate issues in incentives and controls ?
- What is the relative quality and status of people responsible for generating profits and people responsible for measuring profitability and controlling risks ?
- Who has responsibility for managing culture, human capital, incentives, controls and accounting within the organization?

For Sahlman, regulators deserve some blame for the financial crisis because they failed to understand how individual and collective incentives drive behavior and increase systemic risk. To conclude, he considers that having a more stringent regulation is not a solution (and can even be dangerous) and that most of the attention has to be placed on management. "This is why we need a new kind of comprehensive analysis monitor. That new entity would take an objective, hard-nosed look at major financial services firms on a holistic basis. They need to understand and assess the microeconomic determinants of systemic financial risk. Their analysis needs to feed into regulatory decisions".

In financial markets, is attention placed on management? How are they promoted? What are their skills and tools to manage talented experts?

3.3   Managing as a Guide

Our fast growing, technological and highly competitive world needs experienced managers who pay attention to their experts' personal expectations and to the strategic objectives of the company. The most effective managers are guides who listen, ask questions, contribute, integrate and offer their support. The guide is dedicated to helping the expert succeed.

However, in financial markets, managers are often promoted for their technical expertise. This is why many of them focus on managing technical aspects—which they are familiar with- rather than on managing people. Managers consider themselves more as Lieutenants or Generals of the Army than as guides, their weapon is the famous "bonus", which helps them to attract and retain their troops.

When we asked the managers in financial markets how they see their role, some of the answers that we obtained were meaningful: "The manager is the temporary guide, at best!", "Development of my staff: the only way to keep them motivated over time", "Develop the skills of my team (i.e., knowledge, knowhow, creativity) as I develop my own; give the taste of great achievements in a kind of relationship 'artisan—apprentice'", "If my action aims to achieve targets, it is part of a complex human relationship. I try to weave a human fiber with my collaborators in an activity that has little in it".

In the words of Thévenet (2009), "Managers may find themselves in situations of increasing frequency of managing divas, experts, talents, high potentials or, at any level, frantic individualistic people for whom collective activity does not come naturally. Again, managers are forced into a strong personal investment since management is not only the natural exercise of authority, but a more human-based negotiation, consultation, seduction, or bullying, always demanding more from the manager".

The author then points out the peculiarity of crisis situations where the need for meaning and understanding is very strong. To address this question of meaning, the author explores the trail of GHO: Goals of Higher Order (BOS in French). There are three main modes of action in an organization: stress, routine, project (perspective, sense of mission, of a work or a horizon to reach). GHO fall into this third category; we find them in business and customers, links between people within the company, which is a kind of shared reference.

In financial markets, where individuals are highly specialized and operate in silos, shared references are sorely missing; this "nose to the grindstone" effect—mentioned by a manager—naturally has negative consequences on the system.

Thevenet reminds us that "management has to be learned, it is not about sticking to any model but rather becoming more aware of our actions by spotting our mistakes and mitigating their effects". Does this awareness occur for managers in financial markets?

Concerning the meaning that they give to their actions, some managers said: "We need not to lose sight of the notion of reality." "Strictly human, for me, my passion is about making people grow and bringing out talents." "Transmit, train young people and enable older people to evolve and change." "Sustainable development: employees' skills and motivation, tools/procedures, company's wealth." "Allow my team to grow and motivate it to go further."

It is reassuring to see that some managers have other ambitions than control and bonuses. It is now time to see how management development can encourage them to abound more in this direction. How can we help them to focus on 'human consideration' ?

4 Remembering that Market Operators are Humans

4.1 We Need to Go Further (1): Anchor Managerial Behaviour and Develop Collective Efficiency

When I was Head of Training & Development in a financial services company, I decided with the support of the CEO and the Head of Human Resources, to train managers in order to give them the means to make their teams grow. This requires good self-awareness and the ability to step back, which is not easy in financial markets.

70 front-office managers attended management training sessions and 55 had individual coaching sessions. The pedagogy was around exchange of experiences and "best practices", experiential learning exercises, workshops, simulations with a strong involvement of participants, gradual development of a personal action plan.

At the end of each training course, I collected feedback from participants in a formal "evaluation form" and more informally through discussions with managers. I organized parallel debriefing sessions with the trainers at the end of each training session. In the formal questionnaire, the grades were mostly between 3.5 and 4.9 on a scale of 5 and the highest grades were given by the groups in which exchange and sharing were the richest. The information gathered from the managers and the trainers highlighted two points:

- Training sessions helped to raise managers' awareness that management is not innate. They experimented with management styles on their own concrete problems. They realized that management styles are varied, are not fixed and that no style is better than another in absolute terms. The key being to adapt to different situations.
- Training sessions were also an opportunity for everyone to see that others were not necessarily more talented and that there is much to learn from each other. Once the natural stage of "protection" was over, it was the sharing of experiences that provided rich training sessions.

Key points of this training was to enable everyone to verbalize their problems and weaknesses, learn to give and receive feedback and be aware of the need to step back. It appeared that even if most managers knew what to do, they did not necessarily put it into practice. Managers who received individual coaching sessions were able to go further.

The question now is whether the contributions of such trainings are visible on concrete acts of management as this is a prerequisite for any development action in an environment where 'example must come from the top'. It varies, but there is no systemic effect.

This is the reason why it requires going further. A second step is needed to validate the benefits of this approach on concrete acts of management and to anchor managerial behaviour, sharing of good practices and to develop collective efficiency.

The dissemination of culture and corporate values can boost performance as it allows all employees to identify and recognize themselves. Basic assumptions are: culture gathers what organizations parcel out; the community is the only one to have expertise of its culture. Clearly, unlike strategy, which is carried and disseminated by top management, corporate culture is carried and transmitted by all employees, in accordance with the values promoted by the top management.

From Prud'homme (2007), "The generation of business communities is an opportunity to . . . create more agile, smoother and faster organizations, enabling the interconnection of talent, diversity and expertise that ignore each other in organizations still marked by the syndrome of silos".

Some organizations have a is top-down model (concentration of decision making process and strategy formulation at the top executive level) where the culture promotes immediate profitability, pragmatism, focus on individual goals and short term compensation. It would be helpful if producers or managers/producers from such organizations felt stable enough to devote time to the collective interest but this is not the case because they must, above all, make their monthly P&L. However, there is great added value in stimulating creativity, good ideas, sharing best practices and reducing interpersonal problems which often relate to a lack of experience, tools and understanding of relational dynamics.

In financial markets, the introduction of co-development sessions around the theme "facing new challenges together" or "identifying and sharing our best practices" can be successful if managers of managers endorse the process. They also need to identify how much investment in time and energy will be enhanced as this is taken on individual production time, which is central in compensation today. Moreover, training courses to improve 'working together' make sense in a context of crisis and lower bonuses: managers have to develop new vehicles (passion, confidence, commitment, cooperation, . . .) that imply more maturity and interactions. Bonuses were previously able to compensate for many areas of discomfort at work.

At a macro level, an organization that invests in the development of its human capital will have more chance to attract talented candidates and to gain (or restore) trust from investors.

For Barney and Hansen (1994), an organization's reputation of trustworthiness is a key 'source of competitive advantage': 'the approach adopted here is that the trustworthiness of exchange partners can vary, and that how trustworthy an exchange partner is can be discovered. The adoption of this approach leads to the conclusion that, in some circumstances, trust can be a source of competitive advantage—a conclusion that is not possible if it is assumed that most exchange partners are either untrustworthy or that most exchange partners are trustworthy'.

If the reputation of an organization is a key source of competitive advantage, we now need to consider questions regarding macro-level trust and distrust, recognizing the systemic interrelationships between factors such as individual employee behavior, management practice and discourse, organizational strategy, cultural and structural influences, and the organization's institutional (regulatory and historical) context.

4.2   We Need to Go Further (2): Remembering Partnerships

When we talk about responsibility and reputation, a complementary line of thought evolves. It may look like a step backwards but is very meaningful: returning to the "shareholder manager" business model.

Godechot (2004) reminds us that in the 1970s, bankers gathered in partnerships in which they did financial transactions for their own account, which made them especially cautious. Employees were hoping to become shareholders and receive dividends, which bound them to the company.

In the 1980s, the rise in share prices encouraged partners to list their companies, which eliminated the long term incentives of the financial industry. In addition, deregulation authorized transactions for own and third parties accounts. The derivative market also started, which enlarged the role of the financial sphere with a considerable inflow of capital and very high transaction volumes. Volume increased faster than the decrease of brokerage rates and the amount of money to distribute to employees actually increased.

Following the Lehman bankruptcy in 2008, regulators tried to introduce measures to change the rules: creation of Remuneration Committees and taxation of bonuses prompting banks to spread bonus payments over several years (differed bonus) to reward a medium term performance. These measures certainly had an impact on the ability of banks to retain their talent. However, they have been bypassed by many organizations, which have, for example, moved their "stars" to countries where the rule does not apply.

Reading the interviews we had with managers, it seems that the desire to change practices, or even to return to a "partnership" system is there. When asked : "what can be, according to you, conflicting interests between managers, employees and shareholders ?", the answers from managers were interesting.

The most relevant answers were:

– Shareholders may not really have understood the drivers of performance/risk activities in which they invest (it happens) which can create misunderstanding between the different actors. If they invested in "pure players" they are in theory willing to accept all the risks and profits of the company, even if they have to change industry or business if the results do not correspond to their expectations. Managers, if they want to "last" in an organization, will be tempted to smooth performance, if they have a higher "mercenary" profile, they will take risk by optimizing the bonus-output equation of the company. The same reasoning can be applied to employees

– This is clearly the problem of perception of time. Unlike other industries, employee's time is short (1–2 years), manager's time a bit longer (2–4 years) and shareholder's time even longer in theory; this has implications on the development of compensation policies. Usually, an employee sharing ownership in a medium size company is a good answer

– In theory no: these interests are supposed to converge; the problem is that the current— and for over 20 years- imbalance is very important to the benefit of the shareholder, a shareholder increasingly distant and disconnected from the multifaceted reality of the company's business. Bridging theory and practice in this area is a key factor to stabilize the fragile world we live in, within companies (social contract), within local economy

(citizen contract) and for the global macro economic balance (contract for sustainable growth); these three contracts are about to break today

– Horizon: in ascending order, the staff (often short-term to excess), managers and shareholders; risks : only shareholders lose money, others have a career management risk

– The bonus system was supposed to align everyone's interests, but too much bonus kills the bonus ! Employees' priority turned into making short-term profit, without worrying about the risks taken by the company (and shareholders)

– In a general framework, the manager may have to manage the stress generated by the antagonism between the greed of the shareholder and the sustainability of the production tool that is closely linked to quality and employee involvement; at WWW, the shareholder being an employee, sustainability is at the heart of his thoughts

– I can only reiterate my plea for the shareholder manager !

Paris was not built in a day . . . but the fact that the managers I interviewed are aware of this dysfunction is reassuring; it is unclear how quickly things will evolve and it will depend heavily on exogenous factors, such as measures taken by regulators. To be continued . . .

4.3 Some Good News : Things Are Changing

During my 20 years' experience in financial markets, I have noticed a change in the ways of thinking and acting, a mindset evolution. A few years ago, when we suggested coaching for a manager taking new responsibilities, we received the following answer: "but he is not sick, he is well, he does not need a psychologist!". Now, it seems that managers supported by top management accept to question their behaviour. Not all, certainly, because some maintain that "the style of management that most fits with the individualism and opportunism of market operators is the military/canine style (keep silent and you will be rewarded!); others, by chance, are more optimistic: "management is an art: transform the individual weaknesses to produce a collective strength".

What can be the reasons of this evolution?

It is undeniable that the globalization and shortening of the products' life cycle oblige companies to rethink their mode of production and human resources management. To be more flexible, effective, fast and to be a step ahead of their competitors, the development of a learning organization appears to be a solution. It is a question of putting the employee in the center of the reasoning, of considering him/her as a privileged partner in the acquisition of a competitive advantage. Employees become a team of actors of the organizational efficiency, and together, they learn from their mistakes.

More than a model, a learning organization is a state of mind. This approach has to be considered as a real corporate development plan involving all actors. It is based on:

An organizational prior: all individuals have the potential to contribute to the growth of the company while developing a more important qualification, but this respect for the individual does not mean equal responsibility for everyone.

An individual prior: it requires treating knowledge as an asset for a mutual development and not as a private power. Learning increases the possibilities of smart action. It is the emergence of a society of knowledge. Contributing to knowledge becomes an important standard of all activities in the organization. It is about implementing the will to develop the capacity of the organization itself (and not only of the people), learning from experience and evolving by taking support on it. It is about investing in the capacity of every person to develop skills and in the collective capacity to evolve. An organization that focuses on learning is built as an ecological system that stimulates continuous learning through work. It is a pragmatic approach of evolution towards an objective of progress, which enrolls in a logic of social responsibility. For Philippe Zarifian, "the element that unifies all aspects of a learning organization can be expressed as follows: learning from the instability and mutations, and thus becoming active in response to this instability, learning how to compete positively with the future which by definition is uncertain and doing it together in an active communication process".

There are certainly many regulatory changes in financial markets and fads for certain types of financial products but are the constituents of financial markets jobs really unstable? Uncertainty in financial markets is linked to the functioning of the market, but does the uncertainty in resolving the Greek debt crisis really have an influence on the organization of a trading room?

Techniques remain the same and relationships between jobs too. The key is to find technical solutions to capitalize on this market uncertainty.

What kind of learning can/should a dealing room organization do to improve its functioning and the satisfaction of its operators? What is the responsibility of the manager and how can he behave in front of operators fueled by game? How can a manager build a learning organization strategy while operators focus on their daily performance and are reluctant to share their expertise and talent in a competitive environment?

A worried manager says: "often the trader could not care less about the stock price of the bank. He doesn't feel responsible for his losses; he sells himself to the highest bidder: no care for financial equilibrium and sustainability of the company. A shareholder wants it to spit.... it is not his job to see how to "manage" this fragile balance. There is both risk and a greedy enemy. It is the manager who has the best synthetic and most difficult position. He must resist the « sheep-like mentality» and short-term side of operators.... who are often players who lose their mind",

If mindset has changed since the financial crisis, are there some ways to go further in this direction to restore trust in financial markets?

Rapid change in the financial industry has driven companies to look more closely at career management. While individuals certainly have to take charge of their own career, there is an opportunity for financial institutions to be a partner in

this process, which allows retaining valuable resources and helps maximize their return on investment. Succession planning should also receive more attention and not only at top management level.

When a talented expert resigns, most of the financial institutions contact a headhunter to replace them; this is the entrenched habit of "musical chairs". Wouldn't it be less expensive and equally efficient to promote someone internally? Sometimes people perform very well in an organization but don't if they join another one. This is because success is not only linked to the intrinsic qualities of a person; it is also linked to the organization (reputation, resources, processes, networks, ...).

Today, most financial institutions are able to motivate and retain their talent with money, but it doesn't mean that they manage their talent. They prefer to recruit a star from their competitors rather than promote people internally.

The good news is that financial institutions have increased the money they spend on training programmes or coaching to develop their High Potentials. They also invest time and money to help managers acquire knowledge of capital management best practices and give them tools to manage individuals who constantly seek challenges and competition.

If the financial crisis helps them realize that the return on investment of these expenses can be found in a better care for talent management, we are on track ...

5 Conclusion

Most companies within the financial industry know that their people are an important competitive advantage, but before the financial crisis, few had developed concrete practices and leadership commitment was often not aligned with strategic talent management.

Thus, because people freely choose to share their human, social or intellectual capital, it is possible to master their relationships for the sake of financial and human valorization, even if it is complex and time consuming.

This paper, which highlights the role of management development in change management, could be part of the broad body of research which has been published in recent years about the financial crisis and the responsibility/irresponsibility of traders.

And when we talk about responsibility/irresponsibility of traders, we also talk about the system. This famous system is composed of men, women, managers, officers, employees, but also of money, techniques, tools, rules and regulations and many other components. When we encourage more human consideration in the management of people within financial markets, we call also to strengthen or restore the rule of judgment and conviction in decision making, beyond strictly financial, legal, compliance or technical aspects. The system is the one we make. Modifying some rules, such as requiring the integration of extra-financial criteria from market operators, may have a significant impact. Indeed, beyond exogenous

factors such as the debt of some states, can we not see in the current financial crisis the limits of a system that encourages managers to behave like this?

References

Andriessen, D. (2004). *Making sense of intellectual capital: Designing a method for the valuation of intangibles*. London: Routledge.

Barney, J. B., & Hansen, M. H. (1994). Trustworthiness as a source of competitive advantage. *Strategic Management Journal, 15*, 175–190. Special Issue: Competitive Organizational Behavior.

Castanias, R. P., & Helfat, C. E. (1991). Managerial resources and rents. *Journal of Management, 17*, 155–171.

David, B. (2007). De la gestion des connaissances au management global du capital intellectual. *Méthodes & Recherches, 198–218*.

Dubois, S., Mohib, N., Oget, D., Schenk, E., & Sonntag, M. (2005). Connaissances et reconnaissance de l'expert. *Les cahiers de l'INSA de Strasbourg, 1*, 89–108.

Floyd, S. W., & Wooldridge, B. (1992). Middle management involvement in strategy and its association with strategic type: A research note. *Strategic Management Journal, 13*, 153–167.

Garavan, T. N., Heraty, N., & Barnicle, B. (1999). Human resource development literature: Current issues, priorities and dilemmas. *Journal of European Industrial Training, 23*(4/5), 169–179.

Godechot, O. (2004). *L'appropriation du profit, Politiques des bonus dans l'industrie financière, thèse de doctorat de sociologie*. Paris: CNAM.

Kets de Vries, M. (2008). *Archétypes de leadership et équipe de direction* (Gestion, Vol. 33). Montréal: HEC Montréal.

Lee, S. (1992). Ten faces of management development. *Management Education and Development, 23*, 89–105.

Mabey, C. (2004). *Developing managers in Europe: A report for the European Commission*. European Commission, Final Report Leonardo da Vinci Project.

Maister, D., & McKenna, P. (2002). *First among equals, how to manage a group of professionals*. New York: Simon & Schuster UK Ldt.

Miraillès, P. (2007). Manager les talents au service de la haute performance. In "Comité Exécutif: voyage au cœur de la dirigeance (Frank Bournois, Jérôme Duval-Hamel, Jean-Louis Scaringella, coord.), les Editions d'Organisation.

Mole, G. (2000). *Managing management development*. Buckingham: Open University Press.

Ramos-Rodríguez, A. R., & Ruíz-Navarro, J. (2004). Changes in the intellectual structure of strategic management research: A bibliometric study of the Strategic Management Journal, 1980–2000. *Strategic Management Journal, 25*(10), 981–1004.

Prud'Homme, L. (2007). *Les jeux des affinités et du hasard: quête d'identité ou quête de performance?* (Doctoral dissertation, Paris 2).

Sahlman, W. A. (2009). *Management and the financial crisis (We have met the enemy and he is Us . . .)*. Boston, MA: Harvard Businees School.

Storey, J. (1989). Management development: A literature review and implications for future research–Part I: Conceptualisations and practices. *Personnel Review, 18*(6), 3–19.

Thévenet, M. (2009). *Manager en temps de crise*. Paris: Editions d'Organisation, Eyrolles.

Cultural Change by Speech: Team Learning and the Role of Interaction

Tom Bijlsma

1 Introduction

Although some undergo radical changes, most organizations change slowly and continually by learning processes in all divisions and units. Being conceptually rich but empirically poor, the object learning organization makes the team level an essential point that deserves attention. Conducting research into learning processes in teams is a pragmatic as well as scientific way of studying organizational change.

From 2006 to 2009 an extensive quantitative research among more than 50 teams into the phenomenon of team learning has resulted in a model or cycle of team learning. Apart from this quantitative method, observations, interviews and a lot of (small) talk together with four case studies were held to fine-tune the model. One of these case studies involved the management team this article is about.

This team turned out to be extraordinary. Because of the dislocation of some team members, this team only met bi-weekly. This was the only time they worked and discussed as a team. Therefore, in this case communication was very important. Shortly before, their organization had been reorganized but the actual changes (in processes, responsibilities, etc.) still had to be implemented during the 1-year case study. What's more, the reorganization happened to lead to a cultural change too. For the management team the recurrent agenda item 'integrity' played a central role. It was this item that turned out to be a skewer through the team learning cycle, a catalyst for change management, a mirror for team and individual conduct and behaviour, and a basis for the fact that thinking and interacting will precede acting. In the end, real change manifests itself by behaviour and actual actions, which is the ultimate goal for managers of organizational change.

T. Bijlsma (✉)

Faculty of Military Sciences, Netherlands Defence Academy, 90002, 4800 PA Breda, Netherlands
e-mail: t.bijlsma.01@mindef.nl

This article will first describe the departure from the idea of a learning organization in order to embrace the concept of team learning, and subsequently will introduce the team learning cycle. After this, the management team that was studied will be presented and in the next sections, you will read more about the learning and change developments in the team by describing actions and events based on the three factors of the cycle observed during the meetings. Finally, the point of 'integrity' will be discussed after which some conclusions will be drawn and implications offered.

2 From Learning Organizations to Team Learning

Knowledge management and learning organizations have been prominent in management literature since the 1990s. Writers such as Nonaka and Takeuchi (1995) and Senge (1990) have ploughed the field for these concepts. A commonly accepted definition of organizational learning is "*making conscious use of learning processes on an individual, group, and systemic level, in order to continuously transform the organisation in a direction that becomes more satisfactory for its stakeholders all the time*" (Dixon 1999, p. 17).

Despite the interest from various academic fields, these studies have not yet led to 'the ultimate model' (or dogmas) to define a learning organization. The use of much rhetoric and conceptualisation tends to hide sometimes the relatively slow progress in this particular area. Harrison writes about this development: "(...) *However, there is a worrying failure to identify or deal effectively with human issues involved in developing, sharing and using knowledge that flows from workplace learning. This raises the possibility of a narrowly conceived knowledge management approach that produces an 'obsession with tools and techniques' and overlooks the centrality of people throughout the knowledge process* (...)" (Harrison 2002, p. XI).

This research intends to close the aforementioned gap and focuses on people who reflect in learning process at team level thinking about and implementing changes. Edmondson shapes a bridge between the organizational entities: "*Organisational learning can be seen as a process of cascading team learning opportunities, independently carried out, but interdependent in their impact on company performance*" (Edmondson 2002, p. 144). Teams, or groups, constitute the building blocks of an organization (Argote 1999; Tjosvold 1991). This is because individuals often cannot fulfil their tasks independently from others. Developments are rapid, everything is more complex, similar activities are conducted worldwide, and the 24-h economy finds its way into more and more sectors. Senge (1990) posits that one of the five disciplines of a learning organization is team learning. According to Romme, other authors, such as Argyris and Nonaka & Takeuchi, subscribe to this view: "*Observations of learning processes in a variety of organisations suggest teams can be considered as the key learning unit in organisations*" (Romme 1997, p. 150). However, organizations adopting

processes and results at team level, resulting in a 'learning organization', are not common. As various authors have found, many barriers have to be overcome first (Ancona and Caldwell 1992; Borodzicz and Van Haperen 2002; Chan et al. 2003; Ron et al. 2006). Clearly, the team is the pivot of (organizational) learning and change.

3 Team Learning and Change

Increasingly reflection is seen as the core of team learning (e.g. Garrick 1998). Tjosvold (1991) suggested that reflection is a good way to discover that certain existing processes are less relevant when considering changes in the environment. Reflexivity also forms the basis of the Deming circle (Deming 1982) and Kolb's learning cycle (Kolb 1984).

A much used definition of team reflection in literature is West's *"the extent to which team members collectively reflect upon the team's objectives, strategies and processes, as well as their wider organizations and environments, and adapt them accordingly"* (Swift and West 1998, p. 3).

Returning to team learning, Edmondson's definition is as follows: "(...) *a process in which a team takes action, obtains and reflects upon feedback, and makes changes to adapt or improve*" (Edmondson 2002, p. 129).

However, these activities are only one part of the learning and change story; the definition above leaves out the storing and securing part. Building on the Plan-Do-Check-Act loop by Deming (1982), securing the processes, procedures, or methods already belongs to the simplest of quality management systems. The vision behind Total Quality Management (TQM) shows many similarities with the ideas of a learning and changing organization (see also Dale et al. 2007). Hence, both (team) learning and the cyclic aspect of development and change form the preliminary basis needed to define the concept of (team) learning more concretely and thus leads to the following definition of 'team learning': *the gathering of knowledge, competency, and insights by a team by means of inter-personal processes during which the team applies and secures the improvement/the knowledge demonstrably.*

This leaves us with the question whether learning teams perform better and change swifter? According to West (1996), reflexive groups have a better and more active view of their work, have a broader time horizon, are more inventive, have more knowledge of mistakes, and anticipate on them more quickly. Several investigations have indicated that, among other things, reflexive teams identify problems sooner, handle them better, and are more skilled at making team decisions. In other words, such teams are more equipped to handling mistakes and crises than non-reflexive teams, which are more prone to denying mistakes or extinguishing fires without examining the underlying causes (West 1996). Literature shows that reflexive teams are more proactive, are more aware of their environment, have a broader planning horizon, and are more long-term focused. Moreover, reflexivity would also enhance change processes (of routines) within groups (Edmondson

et al. 2001). In contrast, less-reflexive teams are reactive and are insufficiently aware of their goals, strategies, and processes (West et al. 1997; West 2000; Carter and West 1998; Schippers et al. 2003, 2005). Therefore, it is quite safe to conclude that learning teams are important for team performance (Ortega et al. 2013) and above all have a positive impact on change processes. That is good news and the next step is then how to make team learning explicit and measurable.

4   The Team Learning Cycle

In this research, the team learning cycle is defined as consisting of three factors or components: team action, team reflection, and team spirit. Team action, first of all, refers to planning, acting, and retaining. Swift and West (1998) define the phase of 'action or adaptation' as *"goal-directed behaviours relevant to achieving the desired changes in team objectives, strategies, processes, organisations or environments, identified by the team during the stage of reflection"* (p. 20).

The second factor is called team reflection, which is done by means of communication. The goal of reflexive activities should be to learn from each other since much knowledge within a team is 'tacit knowledge' of the team members. Tacit knowledge is described as the combination of the technical, rational, personal, emotional, and intuitive experiences of an individual including his or her mental models (Nonaka and Takeuchi 1995). The dialogue form is most desirable in the reflection mode since it enhances the exchange of mental models and underlying visions (Bohm and Nichol 1996). The dialogue form is also preferred over the discussion form when it comes to 'explicit knowledge'. In evaluating or reflecting, the content and way of communication can be divided into two levels, namely, 'single and double loop learning' (Argyris and Schön 1978). Single and double loop learning is also referred to as 'exploitation and exploration' (March, 1991), 'first and second order learning' (Lant and Mezias, 1992), 'incremental and radical learning' (Miner and Mezias, 1996), and 'learning I and learning II' (Bateson, 1972). Therefore, the factor team reflection is built upon single loop -, double loop learning, and dialogue.

The third and final central factor in the team learning cycle is team spirit. In order for teams to be able to reflect, a certain degree of openness is a prerequisite because it provides the opportunity to communicate in more depth. McDermott (1995, p. 53) describes this as follows *"the emotional task in appreciating differences is to create an atmosphere of open dialogue and questioning based on respect for each other's point of view."* In contrast, if a safe environment is absent within the team, a person would rather remain silent (Edmondson 1999). This safety is especially important where 'failure-based learning behaviour' is concerned: *"the findings of this research confirm Edmondson's notion and show that if people feel emotionally safe, learning from failures is enabled"* (Carmeli 2007, p. 39). Relationships that rely on trust lead to more exchanges of knowledge since people are more inclined to provide information (Andrews and Delahay 2000; Tsai and
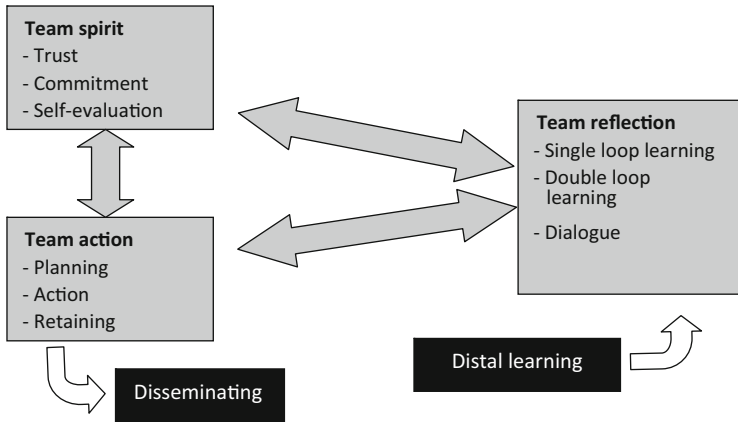
Fig. 1 The team learning cycle. Own source

Ghoshal 1998; Penley and Hawkins 1985; Zand 1972) and they are more open to receive other people's knowledge (Levin 1999; Mayer et al. 1995; Carley 1991). Together trust, commitment, and self-evaluation (self-appreciation) form the variables of the factor team spirit.

The three factors team action, -reflection, and -spirit form a cycle. Generally speaking, 'developing' and 'learning' are cyclic processes and based on the assumption that the relations between the different factors are mutually influential.

Figure 1 shows the team learning cycle, the core of the complete research model.

This model of team learning has been verified by distributing questionnaires among team members of more than fifty teams. The questionnaires were sent three times to all team members of these teams with a 6-month interval. Apart from this quantitative method (using SPSS and AMOS), observations, interviews and hundreds of conversations were used to strengthen the model (Bijlsma 2009). One of the most interesting teams studied more in depth is presented in the next case study. Here the core of team learning, team reflection by communicating, becomes clear, and especially the strength of dialogue for change (Brown et al. 2009; Sonenshein 2010; Johansson et al. 2011; Simoes and Esposito 2013).

5 The Management Team in the 'Restructionized' Organization

Referring to real change, the most telling case study was that of a management team highest in hierarchy of the Royal Military Police of the district covering the south of the Netherlands. The team consists of a commander in the rank of a colonel, a lieutenant colonel as deputy, five brigade commanders in the rank of major, and seven staff executives as section heads (civilians and officers). Around 700 people

work in this district, which is divided into four regions each supported by one brigade. The fifth brigade (Detective and Information), staffs, and the district commander all work at the district headquarters. The four geographical brigade commanders work from their regions. For two of them a visit to headquarters takes close to 2 h of travelling.

In 2005 the Royal Military Police underwent a major reorganization. Most people had to apply for their jobs or for the newly developed functions. The main goal of this reorganization was to make the conduct of business more transparent, so that the results were more output-orientated in accordance to the planning, the targets, and not unimportantly, the wishes of the stakeholders. Each brigade commander was in charge of one brigade, with the district headquarters as the corporate level, for setting targets and sustaining staff expertise. Without a doubt, this 2005 reorganization meant a radical change: from a hierarchical military organization with one-way orders and a closed culture, it changed into a company with business units where professional discussion and output orientation was normal. Therefore, from the district top to the operational work floor, other competences were needed and for most people this meant a fundamental mind shift. All in all, the reorganization was a profound transformational change.

At the start of the research in the beginning of 2006, the reorganization had been completed; on paper. For many people the assignment of functions was in full swing and new procedures had to be fine-tuned; clearly, the process of training and settling into new jobs had not been accomplished yet. From the perspective of change and team learning in a longitudinal study a newly formed and inexperienced management team in a changed and changing organization was an excellent research opportunity. Because of the dislocation of some members of the management team, the bi-weekly management meetings, which were observed for more than a year, were the only time the management team was complete, where they saw and discussed with each other as a team. Therefore, communication was essential for their processes of team learning and change.

To put the team learning cycle into practice respectively the three factors are illustrated by providing examples of verbal and non-verbal communication from the meetings. Picturing the scene, team spirit is the best factor to start with.

6 Team Spirit

At the beginning of 2006 the team was formed. For four brigade commanders the meetings were the only time they were in the direct physical vicinity of the other team members. The others worked in the same building, seeing and meeting each other whenever they wanted to. Listening at the meetings, it soon became clear all team members felt they were responsible for making, realising, and implementing policies. Each meeting started with each person shaking hands with all team members already present, followed by small talk in groups. Opening the meeting, the chairman, the colonel, or in absence the lieutenant colonel, always first

mentioned any personal events, if relevant. These personalised openings were evidence of real commitment to the other team members. The colonel did a great job as chairman by introducing the items, asking (open) questions, summarizing, and rounding off. Specific examples were "*What are your points of view regarding this matter?*", or: "*I can hear two remarks on this.*" Clearly, the ideas and expectations of the team members were welcomed, they were addressed as professionals, and their input in the decision making process was highly appreciated.

The deputy enjoyed debate even more than the district commander did. To illustrate, after a debate in which his colleagues had raised some solutions, he addressed the problem owner and asked "*Can you live with these* [solutions]?" Especially the deputy was very sensitive on the issue of meta-communication, both in his role as chairman and as team member when the colonel was present. For example, he was a good observer of non-verbal communication shown by him explicitly reacting to it "*By the way you are telling your story I take it you have already made up your mind.*" Another example was when a brigade commander had raised a question about missing materiel, the deputy stated "*I can hear a request for help from Eric.*" Another example to illustrate the deputy's sensibility to meta-communication was when the colonel was rounding up a long discussion about detaching some people to Schiphol national airport, so to another district, on their request. During the discussion, it was clear the brigade commanders were not happy to miss some of their staff for some time, as they had experienced this before. However, as usual, the request was addressed from one district commander to another and the colonel was willing to assist his colleague again. By concluding to detach two military police officers for another half a year the colonel ended with: "*Deal?*" Everybody was silent. The deputy broke the spell: "*But I can see glances now as if they are looking at burning water. Do the brigade commanders really accept this?*" This confronting question reopened the discussion. Thus, by doing this, the old way of managing (by hierarchy and orders, position and rank) was replaced by talking about business (strategy, output, costs) with all parties involved, building on team spirit.

On several occasions, the deputy mentioned the crucial position of the management team. In a discussion on major job assignments within the district because of the reorganization the deputy stated "*I want all people* [of the district] *to know the procedures, as management team we are responsible for this. After the assignments are made public, we have to speak with one mouth because there will be a lot of rumours.*" The deputy both indirectly and directly stressed the importance of team spirit, teamwork, and jointly operating during many meetings.

From the abovementioned description and examples, it should be clear what the factor team spirit in fact means. In this, the variables trust, commitment, and self-evaluation can be distinguished, all by (monitoring) verbal and non-verbal communication. Now we will carry on with a more explicit factor.

7 Team Action

The meaning of the factor team action becomes clear particularly on those occasions when planning or securing deviates from the operation or action (being the three variables of team action). The first example was also one of the first team meetings; it started too late because some team members were still in a different meeting. While waiting one section head referred to the rules regarding the meetings that had been agreed on only a few weeks before. "*We are starting too late with the meeting. Yet who do we blame for it?*" Referring to these same rules another person stated there should be a maximum of one presentation per meeting yet in the forthcoming meeting two were planned. Some meetings later, this point was talked about and the original decision was reconfirmed. One specific item was the skill at arms of the servicemen and whether they had passed their yearly exam to be qualified to carry a weapon. It was decided that before a given date, all brigade commanders had to report to HQ the names of those who were not allowed to carry their weapon anymore. In the next meeting after this deadline, the head of the staff unit reported he had not received a report from three majors. The deputy: "*This is unclear if not all cooperate. I want to hear names.*" The three brigade commanders made them known and came up with excuses.

A few months later in early November, the deputy again raised the subject of sticking to agreements, serving as a good perspective on the role of the three variables planning, desired action, and retaining (in this case of lessons learned). According to the agreement made in the beginning of the year, at the end of the year all personnel of the district should have had their staff appraisal, yet P&O had not been able to monitor the process because of failing computer software. The deputy: "*I have a bad feeling about the target.*" A brigade commander reacted: "*I don't see the problem. We as brigade commanders have said to make a 100 % score and we are working on this.*" The other four commanders agreed. The deputy was not convinced, he recalled the previous year when they had made the same commitment but failed. "*That's why I am insisting now. Tomorrow I will mail two of you and ask you to send me an overview. Some form of check then.*" The deputy was afraid the district would make the same error again; he doubted whether the lessons had been learned. On the other hand, he set up a clear team norm and made a strong case for team agreements by his controlling way, possibly diminishing team spirit on the short-term.

On another agenda item in the same meeting, a section head explained his concerns about the participation of servicemen of the brigades in a certain one-day course all have to attend yearly. A brigade commander countered: "*But then you have to guarantee a planned course will indeed be held; some were cancelled at the last moment.*" Then the deeper causes, or thoughts on this, were discussed. For the second time the deputy showed his disappointment: "*Again the same discussion as last year.*" On yet another point in the same meeting there again was an item about not sticking to prior agreements. The deputy: "(…..) *So we haven't learned anything*! (…)".

   These examples show there were still some thresholds before some desks, for not all problems had been discussed instantly and openly. Going back to the team learning cycle, these examples also indicate interventions in and lack of team spirit and –reflection. On the other hand, after working as a team for only 1 year, these examples underline for this team the necessity of the factor team action: setting up plans, executing action, and if possible securing it. Next, you will see the management team through the team reflection-lens, the core of team learning.

8   Team Reflection

In one of the first meetings, the team itself proposed some items to reflect on regarding communication structure. One brigade commander suggested to make 'integrity' a recurring agenda item. In the next section you will read more about this. Next to this, a section head proposed 'process evaluation' as a permanent agenda item. All present agreed and after 'questions before closure of meeting', 'meeting evaluation' was added to the agenda items. The idea was not to discuss content again but to discuss the process and the way of interacting and communicating. By this simple reflection tool, the team was structurally investing in team spirit. When in the next meeting the deputy arrived at the item 'meeting evaluation', he asked: "*Usually I would have asked a member beforehand to give his feedback at the end. Now I haven't done so, who wants to react*?" A brigade commander reacted very openly: "*The start was disorderly. The opening was too late and then the deputy walked out of the room because of a telephone call. That was irritating and that's why I wasn't feeling on top of the world for the first half.*" The deputy subsequently reacted: "*You're right, I had the same feeling. I was also irritated because of the late start. When I was just seated at the end, my telephone rang and I didn't have the impulse to neglect it. Still, we should keep to our agreements.*" In this example, both label and express their emotions clearly.

   Due to the shortage of time, the process evaluation was skipped regularly; nevertheless, in August there was a telling example of second loop learning thanks to this item. The deputy chaired the meeting, some team members were still on holiday and the items were not hot issues. Arriving at the point 'meeting evaluation' brigade commander Jean brought to the fore he had felt bored during the meeting. "*Couldn't we have discussed these items by telephone*?" The head of HR department then reacted they would miss the non-verbal communication. Yet Jean countered: "*Could be, but I and Ivar* [another brigade commander] *are sacrificing the whole day to this meeting, every meeting. I have the feeling I am wasting a lot of time.*" Because of their region, both commanders had to travel for quite some time. There was some discussion. The deputy: "*It's inherent in working in this district; it's big. I don't believe in videoconferencing. It is good that you raise this discussion Jean. What are the points of view from the others*?" The discussion then started again, exchanging tips about how to make the day more efficient and effective by combining business with the visits. This is an example of a double loop discussion

in the sense of double loop learning, i.e. talking about the (meta)structure with an open mind. Brigade commander Jean then deepened the discussion after a while by reacting to the content of the meeting: "*The easiness at which we postpone certain topics of subjects that we were talking about this morning strikes me. (….) Are we then working responsibly*? This question marked an important intervention at double loop learning level. The deputy reacted by saying: "*We will have to be more open to each other and avoid making it too comfortable. It is good commentary from Jean, for we have postponed an issue that is important for your region that needs to be solved right away. On the other hand, ring the alarm bell at the moment we are postponing an important issue. When it's important for you, put this issue on the agenda a good time before the meeting.*"

This last remark leads us again to the competence of planning, a variable of team action. Showing the interdependency between team reflection and the other factor, team spirit, a final quote is presented now. An example of how valuable humour is could be observed in the meeting that followed. Finalizing the agenda at the start of the meeting, the deputy remarked to brigade commander Jean: "*You travelled all the way from* [the place he is living, far from headquarters] *yet you don't have any items to add to the agenda*?" All laughed loudly, Jean not in the least. This humorous last scene at team reflection is in sharp contrast to the serious and (certainly from a reflective point of view) very important integrity-items.

9 Integrity, the Lever to Change

Similar to 'meeting evaluation' 'integrity' was a recurring agenda item and during the year it implicitly developed into a major lever for change in the team. At almost all meetings, this item was put forward by discussing a case or actual event. Every team member was free to bring in his own case, question, or statement. The intention was a plenary discussion and the ultimate goal was to learn from each other. In practice, the discussions were open, the cases real, live, and hot and the answers or solutions were always complex and related to a mixture of jurisdiction, norms, and culture. The deputy brought in most cases; due to his function he was involved with all integrity cases of the district. Frequently at the end of the discussions, the deputy openly emphasized that in his opinion the case was very delicate. All team members appreciated the discussions about this item.

Discussing integrity cases makes the organizational core, its paradigm and culture explicit. During a meeting a brigade commander went into a sensitive case: "*It is good to show them* [his servicemen] *our borders and pickets.*" and later a section head: "*It is cultural, we* [the military police] *have to change, in the future we will also have to start a discussion about values and norms.*" A few items later, a brigade commander returned to the closed item: "*I want to come back to the point of integrity for a second. In my opinion, we have to spend much time on culture at the various brigades. Two years ago things happened which were considered normal then, but for which nowadays you would be fired immediately.*

We mustn't exaggerate. Every day you think: is this still all right? It's like a ship slowly changing its course." This statement was a clear signal that changes should not be brute and quick (for him or his brigade).

Discussing the integrity cases, not only juridical but mostly ethical discussions were held. Talking over values and norms, the team members were in dialogue with each other; these were fruitful issues for team reflection. These candid discussions also increased team spirit, as they encouraged bringing in personal convictions. Discussing integrity items deepened team reflection and team spirit; it was related to team action by helping to focus and to solve similar issues.

Where the intervention of the brigade commander quoted above was a warning for 'speeding', the team as a whole apparently wanted to make a push for action towards a more open-minded culture. Two months later the difference of speed in change became apparent. On the item of integrity, a really fascinating case was presented about some military policemen who had been not quite open in their statements about a debatable action of a colleague. All except one had covered their colleague's back. It was in the region of the same brigade commander who had warned for speedy changes. To avoid even a slight chance of personal offence the deputy remarked immediately at the beginning of the discussion: "*These discussions are held to learn from the case.*" The brigade commander: "*I have learned from this case, to adopt a detached attitude next time. This can happen to a colleague too.*" The deputy framed the message in a higher perspective: "*That's what it's all about, to learn from each other.*" and the districts commander then returned to the content trail: "*The question is, what is our role in such situations? (…..)*" After a short discussion in which at least one other brigade commander indicated having a similar problem in his brigade, the brigade commander who was the case owner stated: "*You are saying it is the culture, but we first have to know the facts. It is already half a year old.*" The deputy, not reacting on the content but hearing the emotion-level: "*Jean, in your opinion I am being tiresome on this topic?*" The commander involved: "*Yes, it has gone on long enough.*" Another brigade commander geared up the discussion to a higher level again: "*It's all about cultural change. (…)*". Later during the discussion, the commander involved brought in again the point that cultural change would take a long time. During the following discussion another brigade commander mentioned: "*Indeed, it will take some time to change culture. For many centuries the whole organization was working differently.*" Many team members agreed, making clear that 'restructionizing' the district brought on more and thorough changes than expected.

10 From Individual, to Team, to Organizational Change

The jewel on the integrity crown formed the next episode. After a year of studying this case, a brigade commander submitted a case regarding 'integrity'. A non-commissioned officer had seen a brigade commander from another district driving down a traffic jam on the hard shoulder, which is only allowed in so-called

'blood and speed' situations. The brigade commander of the NCO in question then confronted his colleague with the situation. "*After all, he serves as an example for non-commissioned officers.*" It appeared the commander involved regularly did this and until then had never been tackled on this. The discussion in the team was now about the question "*Should we report a colleague breaking the law*?" In the discussion the deputy trivialized the issue: "*These things, cutting off the jam by taking the hard shoulder, we all have done once.*" A brigade commander countered: "*This certainly is not normal, is it?*" A few minutes later the deputy came back on his remark: "*Indeed, I can only speak for myself, I have done it now and then; driving down the hard shoulder when there was no 'blood and speed'.*" In the end, all concluded the brigade commander would talk with the colleague from the other district to stress the fact he was an example to his subordinates. Clearly, this is an example of a candid integrity-discussion in which the learning cycle has reached the 'disseminating'-gate. The team disseminates their norms which belong to the new culture, to another district and in a way that belongs to that newly adopted culture: reflecting and openly discussing as a way of learning, and by this changing.

11   Conclusions and Implications

What makes this case particularly interesting is the fact that the members of this management team met every 2 weeks in a changing organization, which was in the process of being implemented, shaking off the old culture and constructing a new one at the same time. The change processes, at first noted as verbal and non-verbal communication, are studies from a learning perspective at team level.

Judging from this case description and backed up by more cases and quantitative data the team learning cycle proves to be a sound model studying learning processes at team level, and by this change processes. It is very useful for those in the field whether they are consultants, managers, or employees, to focus on team learning processes, so they can reflect or intervene more professionally when helping or coaching their teams.

The heart of the learning cycle is reflection and by far for most teams this will be done by verbal communication. Especially when it comes to cultural changes, the communication process and its openness are essential. This is particularly so when team members only see each other every now and then in formal meetings. Listening well, probing deeper, and sensing emotions are all essential skills for monitoring and coaching a team and team members during cultural change. Despite all schemes, procedures, and processes, the human factor of interaction is crucial for real change.

Applying team learning processes and communication skills, the use of a recurrent interactive item during meetings can be a powerful instrument. Such 'interactivators' may compel team members to reflect on difficult but, referring to the desired outcome, essential cases in their daily work.

Team learning processes and the role of 'integrity' have played a pivotal role in this management team and by this, it really was a question of cultural change by speech.

I am grateful to Twan Hendricks for editing this article and suggesting the term 'interactivator'.

References

Ancona, D. G., & Caldwell, D. F. (1992). Bridging the boundary: External activity and performance in organizational teams. *Administrative Science Quarterly, 37*, 634–665.

Andrews, K. M., & Delahay, B. L. (2000). Influences on knowledge processes in organizational learning: The psychosocial filter. *Journal of Management Studies, 37*(6), 797–810.

Argote, L. (1999). *Organizational learning: Creating*. Kluwer, Norwell, MA: Retaining and Transferring Knowledge.

Argyris, C., & Schön, D. A. (1978). *Organizational learning: A theory of action perspective*. Reading: Addison Wesley.

Bateson, G. (1972). *Steps to an ecology of mind: Collected essays in anthropology, psychiatry, evolution, and epistemology*. Chicago,IL: University of Chicago Press.

Bijlsma, T. (2009). *Teamleren bij de Nederlandse krijgsmacht, [Team learning at the Dutch armed forces]*. The Hague: Koninklijke De Swart.

Bohm, D., & Nichol, L. (Eds.). (1996). *On dialogue*. London: Routledge.

Borodzicz, E., & van Haperen, K. (2002). Individual and group learning in crisis simulations. *Journal of Contingencies and Crisis Management, 10*(3), 139–147.

Brown, A. D., Gabriel, Y., & Gherardi, S. (2009). Storytelling and change: An unfolding story. *Organization, 16*(3), 323–333.

Carley, K. (1991). A theory of group stability. *American Sociological Review, 56*(3), 331–354.

Carmeli, A. (2007). Social capital, psychological safety and learning behaviours from failure in organisations. *Long Range Planning, 40*(1), 30–44.

Carter, S. M., & West, M. A. (1998). Reflexivity, effectiveness, and mental health in BBC-TV production teams. *Small Group Research, 29*(5), 583–601.

Chan, C. A., Lim, L., & Keasberry, S. K. (2003). Examining the linkages between team learning behaviors and team performance. *The Learning Organization, 10*(4), 228–236.

Dale, B. G., van der Wiele, T., & van Iwaarden, J. (Eds.). (2007). *Managing quality*. Oxford: Blackwell.

Deming, W. E. (1982). *Quality, productivity and competitive position*. Cambridge, MA: MIT.

Dixon, N. M. (1999). *The organizational learning cycle, how we can learn collectively*. Aldershot: Gower.

Edmondson, A. C. (1999). Psychological safety and learning behavior in work teams. *Administrative Science Quarterly, 44*, 350–383.

Edmondson, A. C. (2002). The local and variegated nature of learning in organizations: A group-level perspective. *Organization Science, 13*(2), 128–146.

Edmondson, A. C., Bohmer, R. M., & Pisano, G. P. (2001). Disrupted routines: Team learning and new technology implementation in hospitals. *Administrative Science Quarterly, 46*, 685–716.

Garrick, J. (1998). *Informal learning in the workplace*. London: Routledge.

Harrison, R. (2002). Preface. In B. Garvey & B. Williamson (Eds.), *Beyond knowledge management: Dialogue, creativity and the corporate curriculum*. Pearson Education Limited: Harlow.

Johansson, C., Miller, V. D., & Hamrin, S. (2011). *Communicative leadership: Theories, concepts, and central communication behaviors*. Sundsvall: Demicom, Mittuniversitetet.

Kolb, D. A. (1984). *Experimental learning: Experience as the source of learning and development*. Englewood-Cliffs, NJ: Prentice Hall.

Lant, T. K., & Mezias, S. J. (1992). An organizational learning model of convergence and reorientation. *Organization Science, 3*(1), 47–71.

Levin DZ (1999). Transferring knowledge within the organization in the R&D arena. Unpublished doctoral dissertation, North-western University, Evanston, IL.

March, J. G. (1991). Exploration and exploitation in organizational learning. *Organization Science, 2*(1), 71–87.

Mayer, R. C., Davis, J. H., & Schoorman, F. D. (1995). An integrative model of organizational trust. *Academy of Management Review, 20*(3), 709–734.

McDermott, R. (1995). Working in public- Learning in action: Designing collaborative knowledge work teams". In M. M. Beyerlein, D. A. Johnson, & S. T. Beyerlein (Eds.), *Advances in Interdisciplinary studies of work teams, knowledge work in teams* (Vol. 2). Greenwich: JAI Press.

Miner, A. S., & Mezias, S. J. (1996). Ugly duckling no more: Pasts and futures of organizational learning research. *Organization Science, 1*, 88–99.

Nonaka, I., & Takeuchi, H. (1995). *The knowledge-creating company. How Japanese companies create the dynamics of innovation*. Oxford: Oxford University Press.

Ortega, A., Sánchez-Manzanares, M., Gil, F., & Rico, R. (2013). Enhancing team learning in nursing teams through beliefs about interpersonal context. *Journal of Advanced Nursing, 69*(1), 102–111.

Penley, L. E., & Hawkins, B. (1985). Studying interpersonal communication in organizations: A leadership application. *Academic of Management Journal, 28*(2), 309–326.

Romme, A. G. L. (1997). Organizational learning, circularity and double-linking. *Management Learning, 28*(2), 149–160.

Ron, N., Lipshitz, R., & Popper, M. (2006). How organizations learn: Post-flight reviews in an F-16 fighter squadron. *Organization Studies, 27*(8), 1069–1089.

Schippers, M. C., Den Hartog, D. N., & Koopman, P. L. (2005). Reflexiviteit van teams: Ontwikkeling van een instrument. *Gedrag en Organisatie, 18*(2), 83–102.

Schippers, M. C., Den Hartog, D. N., Koopman, P. L., & Wienk, J. A. (2003). Diversity and team outcomes: The moderating effects of outcome interdependence and group longevity and the mediating effect of reflexivity. *Journal of Organizational Behavior, 24*(6), 779–802.

Senge, P. M. (1990). *The fifth discipline: The art and practice of the learning organization*. New York: Doubleday Currency.

Simoes, P. M. M., & Esposito, M., (2013). *Improving change management: How communication nature influences resistance to change*. Hal.archives-ouvertes.fr:hal-00802173, version 1.

Sonenshein, S. (2010). We're changing, or are we? Untangling the role of progressive, regressive, and stability narratives during strategic change implementation. *Academy of Management Journal, 53*(3), 477–512.

Swift, T. A., & West, M. A. (1998). *Reflexivity and group processes: Research and practice*. Sheffield: University of Sheffield.

Tjosvold, D. (1991). *Team organization. An enduring competetive advantage*. Chichester: Wiley.

Tsai, W. S., & Ghoshal, S. (1998). Social capital and value creation: The role of intrafirm networks". *Academic of Management Journal, 41*(4), 464–476.

West, M. A. (1996). Reflexivity and work group effectiveness: A conceptual integration". In M. A. West (Ed.), *Handbook of work group psychology* (pp. 555–576). Chichester: Wiley.

West, M. A. (2000). Reflexivity, revolution and innovation in work teams". In M. M. Beyerlein, D. A. Johnson, & S. T. Beyerlein (Eds.), *Product development teams: Advances in interdisciplinary studies of work teams* (pp. 1–29). Stamford, CT: JAI.

West, M. A., Garrod, S., & Carletta, J. (1997). Group decision-making and effectiveness: Unexplored boundaries. In C. L. Cooper & S. E. Jackson (Eds.), *Creating tomorrow's organizations. A handbook for future research in organizational behavior* (pp. 293–317). Chichester: Wiley.

Zand, D. E. (1972). Trust and managerial problem solving. *Administrative Science Quarterly, 17*, 229–239.

Strengthening Leader's Impact and Ability to Manage Change Through Group Coaching

Signe Vesso

1 Introduction

In today's business environment the constant change is required to increase performance or even survive. Yet, despite this requirement for success, only a third of organizations implementing change achieve real performance improvement (McKinsey 2008).

Since the 1990s, the emphasis on coaching has been considered as means of facilitating learning and moving executives from excellent performance to peak performance (Ellinger and Bostrom 1999; Evered and Selman 1989; Feldman and Lankau 2005). In the past 20 years, coaching has received increasing attention and endorsement as an important managerial activity (Bartlett and Ghoshal 2002).

The role of the leaders is significant in change process—firstly, they need to change themselves and secondly, they need to help their team to change. Therefore it is important to find key components that influence leader's impact and leader's ability to manage changes. Author's 2007 study (Vesso 2009) stated that the specific development areas of leaders are the leaders' trustworthiness and behaviour. This key component predicts the success of leadership performance. Another important development areas are individual and team goals settings and the achievement of goals. Leaders must understand their own role in change management processes, understand their influence on individuals and groups.

In this article, the author will focus how does group coaching as intervention method strengthen leader's impact and leader's ability to manage changes. Also how trust is related to the results.

S. Vesso (✉)
Estonian Business School, Tallinn, Estonia

Dictum Development Company, Tallinn, Estonia
e-mail: signe@dictum.ee

This paper consists of theory about leadership, coaching, executive coaching, group coaching, trust and author's model about leader's influence, relationship orientation and goal orientation in teams. Theory and model is followed by longitutional study in one company.

2   Theoretical Background

2.1   Leadership

For Gardner (1997), leader is a person who, by word and/or personal example, markedly influences the behaviours, thoughts, and/or feelings of a significant number of their fellow human beings. The core of almost all leadership definitions concerns influence—that is, how leaders influence others to help accomplish group or organizational objectives (House et al. 2004). Among most common outcomes of leadership behaviours is the facilitation of organizational change (Bass and Bass 2008; Kotter 1990). In fact, leadership scholars frequently define leadership in terms of the leaders' role in bringing about change (Bass and Bass 2008).

Since the leader influences others with his or her personality, then it is important that the leader be aware of his or her influence. If leaders want to achieve organizational changes, then they should implement changes in themselves at the first stage.

Leadership studies show that the most successful organizations are the product of *distributive, collective, and complementary* leadership (Kets de Vries 2006).

Leadership needs to move beyond contemplation of isolated heroes and consider instead leaders–relationships with those who translate their ideas into action. Leadership is not necessarily an interaction between leaders and followers as individuals but rather between leaders and followers as group members (Haslam et al. 2011).

2.2   Coaching

Coaching is about helping other people to succeed now and in the future. Coaching can thus be defined as the process of challenging and supporting a person or a team to develop ways of thinking, ways of being and ways of learning. The purpose is to achieve personal and/or organizational goals (Berg 2006). Coaching is a tool that can develop self-confidence and contribute to actions that create results. Coaching is fundamentally a human change process (Linley 2006).

Executive coaching is a short- to medium-term relationship between an executive and a consultant with the purpose of improving an executive's work effectiveness (Douglas and McCauley 1999; Feldman 2001). Kilburg (2000) has defined executive coaching as:" ...a helping relationship formed between a client who has

managerial authority and responsibility in an organization and a consultant who uses a wide variety of behavioural techniques and methods to assist the client achieve a mutually identified set of goals to improve his or her professional performance and personal satisfaction and consequently to improve the effectiveness of the client's organization within a formally defined coaching agreement."

In the management literature, Feldman (2001) identified three key elements of executive coaching relationships as follows: (a) It consists of one-on-one counselling about work- related issues; (b) it involves the use of 360-degree feedback on executives' strengths and weaknesses as its starting point; and (c) its purpose is to improve managers' effectiveness in their current positions.

Kets de Vries (2005) advocates the benefits of leadership coaching in a group setting, because durable changes in leadership behaviour are more likely to occur. In his article, the discussion is offered to show that leadership group coaching establishes a foundation of trust, makes for constructive conflict resolution, leads to greater commitment, and contributes to accountability, all factors that translate into better results for the organization. Kets de Vries (2005) suggests that change methodology centred on leadership group coaching creates high-performance teams, is an antidote to organizational silo formation, helps put into place boundary-less organizations, and makes for true knowledge management. Group coaching has direct links to Schein's (1969) theory of process consultation.

Barrett (2006) also stated that by increasing an executive's self-awareness through coaching, group coaching can take this awareness to the next level by fostering individual leader abilities to effectively understand their own feelings; ultimately leading to an enhanced capacity to receive, process, and act on the feelings of others in the group.

The Peer Coaching is a method where each participant of the group acts as both, a coach and a coachee (or client).

2.3 Trust

Trust can be viewed as an attitude held by one individual -the trustor -toward another—the trustee (Robinson 1996). Most research on the antecedents of trust have focused on trustor perceptions and beliefs, such as trustors' perceptions of trustees' competence, benevolence, and integrity, that appear to be critical conditions for trust (Butler 1991; Mayer et al. 1995). Insights into trustors' perceptions help identify how trust arises and suggest that managers can have considerable impact on building trust (Whitener et al. 1998).

Building trust is the first step towards building a cohesive team (Lencioni 2012). Research has suggested a link between trust and a variety of work behaviour including (Mach et al. 2010): employee performance, both individual and as a group (Dirks and Skarlicki 2009; Mayer and Davis 1999); open communication (Smith and Barclay 1997); a commitment to the team's objectives (Costa et al. 2001), team performance (Hempel et al. 2009; Lawler 1992) and increased coordination and cooperation (McAllister 1995).
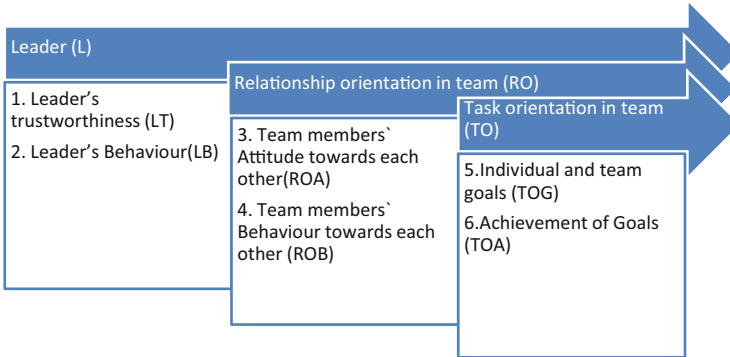
Fig. 1 Components of influencing leaders change management ability. Own Source

3   Author's Theoretical Model for Empirical Study

Based on existing literature, the author developed a theoretical model for study (Fig. 1).

The model consists of three levels: (1) Leader (L), (2) Relationship Orientation in team (RO), and (3) Task Orientation in team (TO). These levels on its own are divided into two.

Leader (L) consist of Leader's trustworthiness (LT) and Leader's Behaviour (LB). Relationship Orientation in team (RO) is divided into Team members' Attitude towards each other (ROA) and Team members' Behaviour towards each other (ROB). Task Orientation in team (TO) consist of Individual and team goals (TOG) and Achievement of Goals (TOA).

All these levels influence the change management in a team and they are interconnected.

The first level—The leader has the most influence on change management. Two aspects have been brought out from the influence of the leader in the model: impact of the leader's trustworthiness (LT) and impact of the leader's behaviour (LB). The strongest influence has the trustworthiness of the leader—does the leader create trust and how easy is to communicate with leader, can the subordinates be honest with the leader, which type of environment the leader creates around himself/herself.

Secondly, the leader's behaviour influences results—does the leader instructs and coaches team members, does the leader create positive energy through his/her behaviour which is needed for successful change initiation and implementation. The higher the leader's LT, the more receptive are subordinates to LB.

The second level in the model is Relationship Orientation in team. There are two aspects brought out from that level in the model. Firstly, team members' attitude towards each other—how well do the team members know each other, do they have fun together and how open they are with helping each other. The readiness to contribute to achieving common goals depends on that. Second is team members'

behaviour towards each other—how much people encourage, acknowledge each other and give supportive feedback to improve results—these demeanors can help to achieve goals. The higher the ROA, the more receptive are the employees to ROB.

The third level in the model is Task Orientation in team which has two components. First is the setting individual and team goals—does everyone have clear and measurable personal goals, does the team has a goal to achieve the best on a team level, does the team is with solution focused mind, does there are team "game rules". That is the prerequisite for implementation. Second is the achievement of goals—how well is the team informed about how close they are to their goals, do they take time to analyze together: are they doing the right things and are they doing them right, how persistent are they and is success celebrated. The higher the TOG the more chances there are for TOA.

The third level is connected to the first level of the model as well. If the team cannot implement the goals, then it influences the impact of leader. The influence of the leader declines since the team is disappointed in the leader's capability to achieve goals. If the team achieves the desired state, then it also influences the impact of leader. The influence of the leader rises because the trust of the team in leader's capabilities has risen.

The authors' study (Vesso 2009) found that the high results were characterized by algorithm L-RO-TO as well the low results were characterized with algorithm RO-L-TO.

The analyzis of data brought out the differences that differentiated Higher and Middle group from the Lower group. Higher and Medium groups were characterized by high L (8.85 and 7.19) and also high RO (8.65 and 7.08) and TO (8.05 and 6.56)—all the levels were related according to the author's theoretical model. In the group with lower results, there was a relation (RO-IL-GO, where RO was the highest and, proceeded by IL and GO).

4 Empirical Study

4.1 Hypothesis for Empirical Study

Based on proposed theoretical model, the author has developed five hypotheses.

H1: Participation in group coaching does support to strengthen the results of leaders performance. The results are higher in all the teams.

H2: The highest evaluated component is leader (L), thereafter relationship orientation (RO) and then task orientation (TO).

H3: The results of the second study are more similar, because group coaching supports leaders to develop their coaching skills and therefore the team members communication improves, which helps the team to understand the context more similarly.

H4: Trust scale is related to results. In teams where there are higher results, trust scale is also higher.

H5: Leaders value themselves and the team situation higher than the team members.

4.2 Method

Two studies were conducted in the Estonian biggest telecommunications company to investigate the impact of group coaching on the performance of the team leaders. The first study was completed before leader's group coaching in August 2009 and the repeat study was completed after group coaching in March 2010. There were 8 months in between the studies. In 2009, 11 teams took part in the study (95 participants) and in 2010 there were 9 teams participating (57 participants). The leaders, their managers and team members all participated in both studies.

After first study leaders received multisource feedback about their performance (i.e., self-evaluation, ratings from their managers and direct reports). Executive coaching sessions were held with each leader, where they analysed his/her results and set new development goals. Also there were three group coaching sessions. The first 2-days session was held in September 2009, the second 1-day session in November 2009 and the third 1-day session was held in January 2010. Peer coaching was used as an intervention as well– during the time between the sessions, the participants met in pairs about 2–3 times. Multi-source feedback questionnaire was carried out in March 2010.

4.3 Scales

Based on the existing literature, the author has developed theoretical models for study.

The *first* questionnaire, Leader (L), consists of six questions: three questions about the leader's trustworthiness (LT) and three questions about the leader's behaviour (LB).

The *second* questionnaire, Relationship Orientation in teams (RO), consists of six questions: three questions about the team members' attitude towards each other (ROA) and three questions about the team members' behaviour towards each other (ROB).

The *third* questionnaire, Task Orientation in teams (TO), consists of 8 questions: 4 questions about individual and team goals (TOG) and four questions achievement of goals (TOA).

In addition, trust in the teams was investigated, for which a "trust" scale was used. In the first study, there was one general trust scale, which composed of six questions. Trust as a variable was measured by the assessment tool derived from

Table 1 The comparison of the results of the leaders performance in 2009 and 2010

	LT	LB	L	ROA	ROB	RO	TOG	TOA	TO
2009 N = 97									
Mean	8.81	7.91	8.36	8.68	7.98	8.33	7.81	7.74	7.77
SD	1.58	2.03	1.69	1.33	1.71	1.42	1.80	1.75	1.73
2010 N = 57									
Mean	9.35	8.44	8.90	8.98	8.52	8.75	8.59	8.03	8.31
SD	0.76	1.32	0.93	0.93	1.06	0.92	1.07	1.17	1.07
Mean Difference	+0.54	+0.53	**+0.54**	+0.3	+0.54	**+0.42**	+0.78	+0.3	**+0.54**
SD Difference	−0.82	−0.71	**−0.76**	−0.4	−0.65	**−0.5**	−0.73	−0.58	**−0.66**
T-test									

Based on the T-testi, all indicators are statistically significantly different

Conger et al. (2000). In the second study, there was a trust scale which divided faith in intentions of peers and managers and confidence in actions of peers and managers. It was composed of 12 questions. Trust as a variable was measured by the assessment tool (interpersonal trust at work) derived from Cook and Wall (1980).

In order to test hypothesis, groups of respondents were compared using ANOVA and T-test. Correlation analyzis was done to find relations with trust. In addition, the data was divided into two based on the results and the results were compared.

4.4 Results

H1: Participation in group coaching does support to strengthen the results of leaders performance. The results are higher in all the teams.

This hypothesis found support (Table 1) according to the cross sample. This hypothesis found partly support (Tables 2 and 3) in different teams.

The participation in group coaching influences the results—the results of the repeat study are higher. All results were higher in 2010 than in 2009. TOG increased the most (+0.78).

There was a change in the company's structure between the studies in 2009 and in 2010. This is why there are less respondents in 2010 than in 2009, as the number of employees changed. One of the team leaders left the company and another one took maternity leave. Therefore their teams did not participate in 2010. The results increased in every team except in the 6th.

H2 stated that the highest evaluated component is leader (L), thereafter relationship orientation (RO) and then task orientation (TO). This hypothesis was supported (Table 1).

Both in 2009 and in 2010 the highest was L and the lowest was TO. In 2009 the results were: L 8.36 RO 8.33 and TO 7.77. In 2010 the results were: L 8.9 RO 8.75 TO 8.31.

Table 2 The comparison of the results in different teams in 2009 and in 2010

Teams 1–11	IL		RO		TO		Mean	Trust 2009		Trust 2010	
1(09) N = 9, Mean SD	7.63	2.53	8.70	1.28	7.94	1.85	8.09	3.46	0.26		
1(10) N = 7, Mean SD	9.05	0.87	9.09	0.80	8.73	1.28	8.96			6.13	0.48
2(09) N = 8, Mean SD	8.27	0.79	7.43	1.10	7.2	0.89	7.63	3.56	0.41		
2(10) N = 8, Mean SD	8.52	0.86	7.83	0.92	7.64	0.96	8.0			5.75	0.60
3(09) N = 8, Mean SD	9.37	0.37	8.87	0.49	8.11	0.60	8.78	3.60	0.44		
3(10) N = 5, Mean SD	9.43	0.32	8.97	0.89	8.02	0.81	8.81			6.17	0.23
4(09) N = 5, Mean SD	8.33	1.15	8.43	0.99	8.40	1.08	8.39	3.77	0.15		
4(10) N = 4, Mean SD	8.79	0.67	9.04	0.70	8.69	0.33	8.84			5.56	0.41
5(09) N = 9, Mean SD	9.23	0.62	9.20	0.64	8.80	1.02	9.08	3.80	0.30		
5(10) N = 3, Mean SD	9.28	0.51	9.61	0.25	8.96	0.14	9.28			6.25	0.29
6(09) N = 3, Mean SD	8.54	0.85	7.71	1.50	6.96	1.13	7.74	1.89	1.67		
6(10) N = 3, Mean SD	8.39	0.92	8.17	0.87	6.58	1.70	7.71			5.47	0.84
7(09) N = 10, Mean SD	7.07	2.18	7.63	1.22	6.07	2.05	6.92	3.28	0.53		
7(10) N = 9, Mean SD	9.02	0.76	8.68	0.58	8.25	0.90	8.65			6.05	0.40
8(09) N = 12, Mean SD	6.85	2.04	6.74	1.98	5.96	2.04	6.52	3.22	0.84		
8(10) N = 7, Mean SD	8.52	1.12	8.19	0.88	8.07	0.88	8.26			5.69	0.36
9(09) N = 16, Mean SD	9.13	1.06	9.16	0.98	8.79	1.18	9.03	3.56	0.70		
9(10) N = 11, Mean SD	9.05	1.32	9.33	0.79	9.02	0.76	9.13			5.85	0.51
10(09) N = 9, Mean SD	9.30	1.14	9.28	0.68	8.90	0.61	9.16	3.74	0.62		
11(09) N = 9, Mean SD	8.61	1.40	8.33	1.27	8.22	1.47	8.38	3.41	0.55		
Total (09) N = 95, Mean SD	8.36	1.70	8.32	1.43	7.74	1.74	8.14	3.45	0.68		

Table 3 The change in the results of the teams

Department	IL	RO	GO	Mean
1	+1.42	+0.39	+0.79	+0.87
2	+0.25	+0.4	+0.44	+0.37
3	+0.06	+0.1	−0.09	+0.03
4	+0.46	+0.61	+0.29	+0.45
5	+0.05	+0.41	+0.16	+0.2
6	−0.15	+0.46	−0.38	**−0.03**
7	+1.95	+0.17	+2.18	+1.73
8	+1.67	+1.45	+2.11	+1.74
9	−0.08	+0.17	+0.23	+0.1

Table 4 Relationship between results and trust

	Mean	Trust
Teams in 2009		
A (10,5,9,3,4)	8.89	3.69
B (11,1,6,2,7,8)	7.55	3.14
Teams in 2010		
A (5,9,1,4,3)	9.0	5.99
B (7,8,2,6)	8.15	5.74

H3 stated that the results of the second study are more similar, because group coaching supports leaders to develop their coaching skills and therefore the teammembers communication improves, which helps the team to understand the context more similarly (Table 1).

Standard deviation in 2010 was statistically significantly smaller than in 2009. The smallest standard deviation was in LT (0.76). Standard deviation changed the most in case of LT (SD was 1.58 in 2009 and 0.76 in 2010, the difference was 0.82). Secondly, standard deviation changed in TOG (SD was 1.80 in 2009 and SD was 1.07 in 2010, difference 0.73).

H4 stated that trust scale is related to results. In teams where there are higher results, trust is also higher. This hypothesis was supported (Tables 4 and 5).

In order to test this hypothesis, two groups were created based on the results of the teams. Group A consisted of teams with higher results and group B included teams with lower results.

In group A, trust is statistically more significantly higher than in group B. After the intervention, trust did not differ between groups A and B as statistically significantly as before.

In order to test whether trust scale is related to the results, a correlations analysis was used.

All scales have statistically significant relations except ROA and the role of the respondent. All relations are strong, except gender, which has the weakest relation.

H5 states that leaders value themselves and the team situation higher than team members. This hypothesis was not supported in the study in 2009. In 2010 this hypothesis was partly supported (Tables 6 and 7).

Table 5 Correlations between scales

	LT	LB	L	ROA	ROB	RO	TOG	TOA	TO	Respondent role	Gender	Age group
Trust 2010	0.393[a]	0.476[a]	0.498[a]	0.223	0.490[a]	0.399[a]	0.593[a]	0.558[a]	0.604[a]	0.091	0.288[b]	0.420[a]
Pearson Correlation Sig. (2-tailed) N = 54	0.003	0.000	0.000	0.105	0.000	0.003	0.000	0.000	0.000	0.512	0.035	0.002

[a]Correlation is significant at the 0.01 level (2-tailed)
[b]Correlation is significant at the 0.05 level (2-tailed)

Table 6 The situation perceived by leaders. team members and leaders managers in 2009 and in 2010

Role of the respondent	LT	LB	L	ROA	ROB	RO	TOG	TOA	TO
Team member 09 N = 73, Mean, SD	8.96	8.02	8.49	8.80	8.05	8.42	7.84	7.76	7.80
	1.57	2.0	1.67	1.33	1.70	1.43	1.79	1.79	1.74
Team member 10 N = 47, Mean, SD	9.42	8.45	8.94	9.0	8.47	8.73	8.56	8.02	8.29
	0.72	1.40	0.96	0.93	1.05	0.90	1.05	1.22	1.08
Mean difference	**+0.47**	+0.43	+0.45	+0.2	+0.42	+0.31	**+0.72**	+0.17	+0.49
Leader 09 N = 11, Mean, SD	8.31	7.7	8.0	8.40	8.07	8.24	7.55	7.71	7.63
	1.16	1.53	1.18	1.05	1.60	1.26	1.95	1.50	1.71
Leader 10 N = 9, Mean, SD	8.92	8.37	8.65	8.71	8.62	8.67	8.62	8.03	8.33
	0.97	1.04	0.87	1.04	1.26	1.09	1.32	1.08	1.16
Mean difference	**+0.61**	**+0.68**	+0.65	+0.3	+0.55	+0.43	**+1.07**	+0.32	0.69
leader manager 09 N = 8, Mean, SD	8.17	6.87	7.52	7.83	6.79	7.31	7.5	7.21	7.23
	2.17	2.97	2.48	1.66	1.82	1.44	1.86	2.0	1.92
leader manager 10 N = 3, Mean, SD	9.33	8.67	9.0	9.67	9.33	9.5	9.12	8.37	8.75
	0.47	0.00	0.23	0.00	0.47	0.23	0.53	0.18	0.18
Mean difference	+1.16	**+1.8**	+1.17	+1.84	**+2.54**	+2.19	+1.62	+1.16	+1.52
T -test, p	0.000			0.000			0.000		

Note: Bold indicates statistically significant differences according to T-test

Table 7 Change in means: leaders and team members, leaders managers

	2009 mean	2010 mean
Team members	8.24	8.56
Leaders	7.96	8.55
Leaders managers	7.35	9.08

According to T-test, all indicators were statistically significantly higher; in all scales, leaders value themselves and the team situation higher than team members.

In 2009, all scales were rated the highest by team members, except ROB scale: team members (tm) gave it 8.05 points and leaders (l) gave 8.07 points. The rest of the scales were rated considerably less by the leaders (LT tm = 8.96 l = 8.31, LB tm = 8.02 l = 7.7 ROA tm = 8.8 l = 8.4, TOG tm = 7.84 l = 7.55, TOA tm = 7.8 l = 7.63).

In 2009, leaders managers rated all the scales the lowest. Leaders and leaders managers results differed the most in scales ROB (leaders-managers rated it 1.3 points less than leaders) and ILB (leaders-managers rated it 0.82 points less than leaders).

In 2010 the results changed. Leaders managers rated all scales the highest (except LT). Leaders rated the scales the lowest, but this time their difference

with team members results was nominal. The rates of leaders and team members are more similar in 2010.

5   Conclusion and Discussion

The first hypothesis that participation in group coaching influences the results of leaders performance was supported. The results of the repeat study were higher. The scale GOG increased the most, which indicates that the leaders started to develop their teams, the activities related to coaching increased significantly. Scriffignano (2011) supports the importance of establishing goals, as she suggested in her research "...goal setting can have a profound impact on leaders' success" . In addition, she revealed through her research that learning goal orientation, which is a belief that one can improve their abilities by acquiring new skills, is significantly correlated with the leaders' level of professional development.

Several studies support the results. Firstly, the research, where Smither et al. (2003) used a quasi-experimental pre/post control group design to study the impact of executive coaching on improvement in multisource ratings over a 1-year period. The participants in the study were 1,361 senior managers in a large, global corporation. All of the participants had received multisource feedback about their performance as managers. From this group, 404 worked with an external executive coach. Results from the study indicated that managers who worked with an executive coach were more likely than other managers to set specific goals, to solicit ideas for improvement from their supervisors, and to receive improved ratings from direct reports and supervisors 1 year later. The intervention methods used by the author were similar—multisource feedback and executive coaching one time. But regular meetings with executive coach were replaced by group coaching.

The study conducted by Thach in 2002 also supported the results, she worked with a mid-size, global, telecommunications firm with headquarters in the western United States and 281 executives developed a new executive development system which included 360 feedback and coaching sessions. Results from a mini 360 post survey rated by others revealed that the overall impact on leadership effectiveness based on 6 months of coaching and 360 feedback was an average increase of 55% during phase two and 60% increase over phase three for the executives that participated. Ward (2008) presented a model for group coaching arguing that coaching executives in groups to leverage collective experiences in an experiential environment with ongoing support was an efficient and effective way for executives to grow.

The first hypothesis stated also that the results are higher for all teams. This was partly supported. The overall results increased in all teams except the 6th team, where the mean was 0.03 points lower than in 2009. What is different in the 6th team? The 6th team had the lowest trust scale in 2009: 1.89. The next trust scale was 3.22. This was an alarming sign that there are trust issues in this team, although the overall result of the team was the 4th from the end. Also, the trust scale of team

6 was the lowest in 2010 (5.47). Therefore, it is safe to conclude that the low level of trust in 2009 compared to other teams predicted the low results in 2010. Employee attitudes are considered as an indicator of the future success of an organization (Hurst 1995). It has been postulated that attitudes motivate behaviour (Eagly and Chaiken 1993). It is significant that the results increased even though there were changes in the structure of the company. Structural reorganization is particularly corrosive of trust in management (Morgan and Zeffane 2003).

The second hypothesis that was supported stated that the highest evaluated component is leader (L), thereafter relationship orientation (RO) and then task orientation (TO). The leader with high L can have the desired effect on a team with high RO and in a team with high RO in turn accelerates achieving goals.

The third hypothesis that found support stated that the results of the second study are more similar. The standard deviation was smaller in every scale, which indicates that group coaching provided results and confirms the hypothesis that coaching supports leaders to develop their coaching skills and therefore the teammembers communication improves, which helps the team to understand the context more similarly. This is important in the context of change management, because the more similarly the participants understand the situation (goals, reality, obstacles, opportunities and the action plan), the less energy is required to solve communication problems and the resistance to the process is the lowest. Writings on the management of change have frequently indicated that the first step to achieve lasting organizational change is to deal with the resistance to change (Alas et al. 2012).

LT had the smallest standard deviation. In addition, LT also changed the most compared to other scales. It can be concluded that coaching influenced the common perception of the LT scales the most. This is a very important result. Based on the author's model, the leader has the strongest influence on the change management.

Hypothesis four stated that trust scale is related to the results, found support. In teams where there were higher results, trust was also higher. It is interesting that after interfering in 2010, trust does not differ as much in groups A and B. The correlation analysis indicated that all scales have statistically significant relations, except ROA and the role of the respondent. This finding can be explained with the trust scale of Driscoll (1978) and Scott (1980). Driscoll (1978) and Scott (1980) divided trust into two subconstructs: a global (attitudinal/affective) component and a specific (situational/cognitive) component. They found that the only specific component predicted organizational outcomes. This finding is consistent with research indicating that specific attitudes, but not general attitudes, tended to be related to specific outcomes (Fisher 1980; Heberlein and Black 1976). ROA scale is related to attitudinal component.

It was surprising that the hypothesis stated that leaders value themselves and the team situation higher than the team members, was not supported in the study in 2009. In 2010, this hypothesis was partly supported. Through leaders' interpretations of organizational reality the employee behaviours and outcomes to be emphasized. Leaders of organizations substantially influence what their organizations will look like (Hambrick and Mason 1984; Miller et al. 1988). In contrary to the

researches, the study in 2009 indicated that team-members assess the situation better than their leaders. It can be explained by the specific economic situation at that moment. There was a recession and leaders had more information regarding the falling economic results and future perspectives. The employees were not informed at the same scope about bad news. Therefore they could have seen the situation in lighter colours. This general tone could have also influenced the rating of the other scales. This phenomenon should be explored more.

In 2009, leaders managers rated all the scales the lowest. The largest difference between leaders managers and leaders were in ROB (leaders managers rated it 1.3 points less than leaders) and LB scale (leaders managers rated it 0.82 points less than leaders). Both scales are related to the external behaviour. Also interesting result of the study in 2010 was that leaders managers saw the largest rise in the same scales that were critical in 2009. This phenomenon needs to be researched in the future.

The results had changed in 2010. Leaders managers rated all the scales the highest, except LT. Leaders gave the lowest rates, but their rates were very close to the rates of team members. The rates of leaders and team members were closer in 2010. Therefore, the results of the study in 2010 are closer to the researches, which show that the leaders assess the situation in organization better then their subordinates (Alas 2008).

The leaders and team members perceived the same changes in 2010—the scale GO had increased the most for both and then the scale L. Both perceived the highest changes in the subscale GOG.

It is possible to see the copy mechanism in this process—the leaders set their goals during individual coaching session and later they helped their employees to set goals. It is important that the leader has a positive experience with coaching—he/she should have a positive experience from his/her own development. This is why group coaching has an important role—it helps leaders to achieve their goals and gain positive experience.

To conclude, the author can see that leadership group coaching has many advantages over individual coaching. More researches have been conducted on the impact of executive coaching than group coaching and there are no studies that display which form is more effective. When researching group coaching models, Christensen points out that to date, no published research has reported the effects of group coaching on executive internal dynamics or leadership effectiveness (Christensen 2012). Group interventions have the potential to get to the core of many systemic issues. Researchers such as Hackman and Wageman (2005) and Kets de Vries (2005) have started to differentiate the merits of group coaching from one-on-one coaching in the development of leaders. However, empirically-supported literature has been lacking when compared to the number of individuals engaging in and facilitating various group interventions associated with leadership development (Christensen 2012). Group coaching can be more efficient than individual coaching, because the process is also influenced by group dynamics and this will create coherence in the organization. The combination of peer

coaching and group coaching is especially effective, because this emphasises the learning in the role of a coach.

References

Alas, R. (2008). Implementation of organizational changes in Estonian companies. *Journal of Business Economics and Management, 9*(4), 289–297.

Alas, R., Sun, W., & Gao, J. (2012). The implementation of organizational changes during the transition in China and Estonia. *Baltic Journal of Management, 7*(1), 86–102.

Barrett, P. T. (2006). *The effects of group coaching on executive health and team effectiveness: A quasi-experimental field study*. Dissertation Abstract International, UMI No. 3227469.

Bartlett, C. A., & Ghoshal, S. (2002). Building competitive advantage through people. *MIT Sloan Management Review, 43*, 34–41.

Bass, B. M., & Bass, R. (2008). *The Bass handbook of leadership: Theory, research, and managerial applications* (4th ed.). New York, NY: The Free Press.

Berg, M. E. (2006). *Coaching*. Universitetsforlaget.

Butler, J. K., Jr. (1991). Toward understanding and measuring conditions of trust: Evolution of a conditions of trust inventory. *Journal of Management*, *17*(3), p. 643, 21p.

Christensen, K. A. (2012). A group coaching model for early career ministers. *Professional Psychology Doctoral Projects. Paper 7*.

Conger, J. A., Kanungo, R. N., & Menon, S. T. (2000). Charismatic leadership and follower effects. *Journal of Organizational Behavior, 21*(7), 747–767.

Cook, J., & Wall, T. (1980). New work attitude measures of trust organizational commitment and personal need non-fulfilment. *Journal of Occupational Psychology, 53*(1), 39–52.

Costa, A. C., Roe, R. A., & Taillieu, T. (2001). Trust within teams: The relation with performance effectiveness. *European Journal of Work and Organizational Psychology, 10*, 225–244.

Dirks, K. T., & Skarlicki, D. P. (2009). The relationship between being perceived as trustworthy by coworkers and individual performance. *Journal of Management, 35*, 136–157.

Douglas, C. A., & McCauley, C. D. (1999). Formal developmental relationships: A survey of organizational practices. *Human Resource Development Quarterly, 10*, 203–220.

Driscoll, J. W. (1978). Trust and participation in organizational decision making as predictors of satisfaction. *The Academy of Management Journal, 21*(1), 44–56.

Eagly, A. H., & Chaiken, S. (1993). *The psychology of attitudes* (xxii 794 pp.). Orlando, FL: Harcourt Brace Jovanovich College.

Ellinger, A. D., & Bostrom, R. P. (1999). Managerial coaching behaviors in learning organizations. *Journal of Management Development, 18*(9), 752–771.

Evered, E. D., & Selman, J. G. (1989). Coaching and the art of management. *Organizational Dynamics, 18*(2), 16–23.

Feldman, D. C. (2001). Career coaching: What HR professionals and managers need to know. *Human Resource Planning, 24*, 26–35.

Feldman, D. G., & Lankau, M. J. (2005). Executive coaching: A review and agenda for future research. *Journal of Management, 37*(6), 829–848.

Fisher, C. D. (1980). On the dubious wisdom of expecting job satisfaction to correlate with performance. *The Academy of Management Review, 5*(4), 607–612.

Gardner, H. (1997). *Leading minds an anatomy of leadership*. London: Harper Collins Publishers.

Hackman, R., & Wageman, R. (2005). A theory of team coaching. *Academy of Management Review, 30*(2), 269–287.

Hambrick, D. C., & Mason, P. A. (1984). Upper echelons: The organization as a reflection of its top managers. *The Academy of Management Review, 9*(2), 193–206.

Haslam, S. A., Reicher, S. D., & Platow, M. J. (2011). *The new psychology of leadership. Identity, influence, and power*. London: Psychology Press.

Heberlein, T. A., & Black, J. S. (1976). Attitudinal specificity and the prediction of behavior in a field setting. *Journal of Personality and Social Psychology, 33*(4), 474–479.

Hempel, P. S., Zhang, Z., & Tjosvold, D. (2009). Conflict management between and within teams for trusting relationships and performance in China. *Journal of Organizational Behavior, 30*, 41–65.

House, R. J., Hanges, P. J., Javidan, M., Dorfman, P. W., & Gupta, V. (2004). *Culture, leadership, and organizations* (The GLOBE study of 62 societies). Thousand Oaks, CA: Sage.

Hurst, D. K. (1995). *Crisis and renewal: Meeting the challenge of organizational change*. Boston, MA: Harvard Business School Press.

Kets de Vries, M. F. R. (2005). Leadership group coaching in action: The Zen of creating high performance teams. *Academy of Management Executive, 19*(1), 61–76.

Kets de Vries, M. F. R. (2006). The eight roles executives play. *Organizational Dynamics, 36*(1), 28–44.

Kilburg, R. R. (2000). *Executive coaching: Developing managerial wisdom in a world of chaos*. Washington, DC: American Psychological Association.

Kotter, J. P. (1990). *A force for change: How leadership differs from management*. New York, NY, US: Free Press.

Lawler, E. E. (1992). *The ultimate advantage: Creating the high involvement organization*. San Francisco, CA: Jossey-Bass.

Lencioni, P. (2012). *The advantage: Why organizational health trumps everything else in business*. San Francisco, CA: Jossey-Bass.

Linley, P. A. (2006). Coaching research: Who? What? Where? When? Why? *International Journal of Evidence Based Coaching and Mentoring, 4*(2), 1–7.

Mach, M., Dolan, S., & Tzafrir, S. (2010). The differential effect of team members' trust on team performance: The mediation role of team cohesion. *Journal of Occupational and Organizational Psychology, 83*(3), 771–794.

Mayer, R. C., & Davis, J. H. (1999). The effect of the performance appraisal system on trust for management: A field quasi-experiment. *Journal of Applied Psychology, 84*, 123–136.

Mayer, R. C., Davis, J. H., & Schoorman, F. D. (1995). An integrative model of organizational trust. *Academy of Management Review, 20*, 709–734.

McAllister, D. J. (1995). Affect and cognition-based trust as foundations for interpersonal cooperation in organizations. *Academy of Management Journal, 38*, 24–59.

McKinsey. (2008). *Creating organizational transformations*. http://www.mckinseyquarterly.com Accessed September 11.

Miller, D., Droge, C., & Toulouse, J. M. (1988). Strategic process and content as mediators between organizational context and structure. *The Academy of Management Journal, 31*(3), 544–569.

Morgan, D. E., & Zeffane, E. (2003). Employee involvement, organizational change and trust in management. *International Journal of Human Resource Management, 14*(1), 55–75.

Robinson, S. L. (1996). Trust and breach of the psychological contract. *Administrative Science Quarterly, 41*, 574–599.

Schein, E. H. (1969). *Process consultation: Its role in organizational development*. Reading, MA: Addison-Wesley.

Scott, C. L., III. (1980). Interpersonal trust: A comparison of attitudinal and situational factors. *Human Relations, 33*(11), 805–812.

Scriffignano, R. S. (2011). Coaching within organisations: Examining the influence of goal orientation on leaders' professional development. *Coaching: An International Journal of Theory, Research and Practice, 4*(1), 20–31.

Smith, J. B., & Barclay, W. B. (1997). The effects of organizational differences and trust on the effectiveness of selling partner relationships. *Journal of Marketing, 61*, 3–21.

Smither, J. W., London, M., Flautt, R., Vargas, Y., & Kucine, I. (2003). Can working with an executive coach improve multisource feedback ratings over time? A quasi-experimental study. *Personnel Psychology, 56*, 23–44.

Thach, E. C. (2002). The impact of executive coaching and 360 feedback on leadership effectiveness. *Leadership & Organization Development Journal, 23*(4), 205–214. doi:10.1108/01437730210429070.

Vesso, S. (2009, September 10–11). *The main coaching areas for Estonian leaders towards change management*. EISAM Paper for 4th Workshop on Organisational Change and Development: Advances, Challenges and Contradictions, Krakow.

Ward, G. (2008). Towards executive change: A psychodynamic group coaching model for short executive progammes. *International Journal of Evidenced Based Coaching and Mentoring, 6*(1), 67–78.

Whitener, E. M., Brodt, S. E., Korsgaard, M. A., & Werner, J. M. (1998). Managers as initiators of trust: An exchange relationship framework for understanding managerial trustworthy behavior. *The Academy of Management Review, 23*(3), 513–530.

Implementing Strategy Means Changes for Employees

Eija Kärnä

1   Introduction

Strategic changes mean inevitably changes also for employees. The new strategies must be communicated to employees so that they understand what the strategy means for their everyday work. Communicating strategy concerns not only the top management, but also mid-level practitioner, and it cannot solely be one way formal information, but demands multilevel dialogue and interaction involving all personnel (Balogun and Johnson 2005; Ikävalko 2005). Communicating strategies and implementing them in globalizing and reorganizing organizations with multilevel structures is a challenge. Several studies show that strategic goals cannot be achieved as planned (e.g. Balogun and Johnson 2005; Ikävalko 2005; Beer and Nohria 2000; Hrebiniak 2006; Kaplan and Norton 1996, 2008; Mintzberg 1978, 1990).

In rapidly changing environments, research is needed on *how* effective change implementation and organizational agility is attained (Mohrman and Lawler 2012). The conventional approach to organizational change neglects the human potential (Sun 2009). Even the newest change management literature focuses on managers' actions and traits (Brown 2012) and managing of change resistance (Kotter and Schlesinger 2008). The literature of organizational behavior and psychology on the other hand, are rather separated from the research of strategy processes. Strategic change requires multidimensional changes on all organization levels and in the organization culture, developing individual and group behavior in social processes that take time (Schein 2010). According to Huy and Mintzberg (2003) most interesting change in business happens closest to the operations in messy, organic

E. Kärnä (✉)
Jyväskylä University School of Business and Economics, Jyväskylä, Finland

Haaga-Helia University of Applied Sciences, Helsingfors, Finland
e-mail: eija.karna@haaga-helia.fi

processes. These processes are not easily managed formally, but demand instead leadership support and energizing of people.

Employees should play an essential role in implementing changes, but they don't always have enough information, support or encouragement to be able to deal with the changes and have an active, empowered role in strategy work. It is obvious that the gap between strategic planning and implementation still exists and "thinking" is separated from "doing" (Mintzberg 1978, 1990, 1995, Senge 1990/2006; Hrebiniak 2006). Mintzberg et al. (1998) suggest that the biggest problem with strategic management research is that it has had a too narrow and fragmented view of reality, focusing on macro level, content of strategy, external and economic factors and managerial decision making (Furrer et al. 2008; Hrebiniak 2006; Johnson et al. 2003; Mintzberg 1978; Mintzberg et al. 1998) and the strategy implementation research on organization structures, tools and systems instead of people in the processes (Bourgeois and Brodwin 1984; Galbraith 1977/1983; Huff and Reger 1987; Nutt 1986; Pettigrew 1992). Kaplan & Norton have had a strong influence on research of strategy implementation and making human resources explicit in measurement of organizations' performance and results. However, their focus remains on monitoring realization of strategic targets instead of understanding people and their engagement in the processes.

In strategic management research there are only some views with interest in the employees' role, like the Learning and Cultural schools of thought (Mintzberg et al. 1998, 2009). The resource-based view, (RBV) (Wernerfelt 1984; Grant 1991; Barney 1991; 2001) attempts to develop people's strategic capabilities and expanded with activity-based (Johnson et al. 2003) and dynamic-based view (Teece et al. 1997; Helfat and Peteraf 2003; Regnér 2008) RBV can be even more useful in applying capabilities in practice. Still, all these have seen the employee from manager's point of view or on organizational level. As Johnson et al. (2003) state, there is a clear call for micro-perspective in strategic management research. Middle managers' sensemaking processes and roles in strategy work are well-studied (Gioia and Chittipeddi 1991; Floyd and Wooldridge 1992; Rouleau 2005; Wooldridge et al. 2008; Weick 2001), but there practitioners' roles remain almost totally unexplored (Mantere 2003).

The strategy-as-practice literature (S-as-P) attempts to understand strategic practices, processes and practitioners. The S-as-P view is closer to actual work and activating the periphery of organizations, even though the focus also has been managerial (Carter et al. 2008; Johnson et al. 2003). The critical view argues that there still can be seen taboos, biases and communication problems between managers and employees in strategy work and that employees' creative potential remains unrecognized. The critical view wants to reveal the myths, advance the discourses and help employees to improve their lives (Knights and Morgan 1991; Neuman 2002; Mantere and Vaara 2008).

To summarize, the gap in research is to create a deeper understanding in how employees' can be activated, empowered and engaged in strategy work making it possible for them to participate whole-hearted in strategic changes, implementation and thus developing organizations' performance and results. This article explores

how employees perceive their role and tasks in strategy work in different kinds of organizations. The main research question of this article is:

1.1 How Do Employees Perceive Their Role in Strategy Work and How Do They See They Could Have a More Active and Engaged Role in Dealing with Strategic Changes?

The paper argues that (1). There can be found factors that employees' perceive enhancing their role in strategy work, (2). Managerial actions can empower employees in having an active role in strategic change, (3). Employees' activity and empowerment enhance their engagement and possibility to plan their own work. (4). Helping employees develop their role in strategy work enhances the organizational adaption of strategic change, performance and outcome.

The study focuses on mid-level employees such as middle managers and assistants, seen as having an important role in the implementation process. The focus of the research is presented in Fig. 1.

The research is based on extensive pre-work as a multiple-case cooperation project that aimed to find ways to develop strategy implementation. Interviews and surveys were conducted in more than 20 companies and organizations. These data are used as background material in this article and six of the cases are analyzed in more profound. The research continues in form of subsequent articles studying the phenomenon from different angles and with different methods trying to catch the reality of strategy work and people as part of it in sections (Eisenhardt and Graebner 2007).

2 Literature Review

The literature review focuses on strategic and change management that are concerned of employees' roles in strategy work. This focus narrows down the otherwise substantial literature. Perspectives of process and practice with the latest school of thought, Strategy-as-Practice, as well as the Learning and Cultural angles are applied to understand employees' role in the processes. The main concepts of the article are *strategy and change*, *strategy work and processes* including *implementation* and *the role and engagement of employee* in the processes.
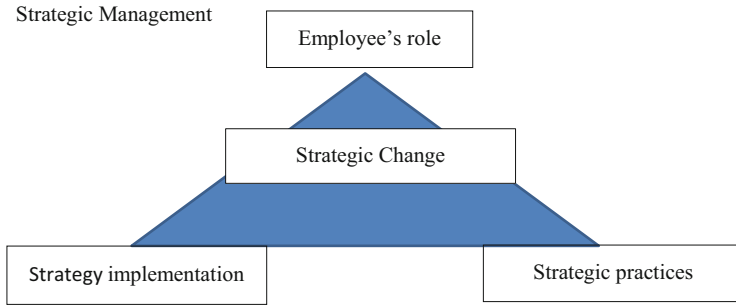
Fig. 1 The focus of the research. Own source

2.1 Strategic Change, Strategy Process and Strategy Work

Strategic change can be seen in Van de Ven and Poole's (1995) terms as *teleological*, i.e. as purposeful target-oriented cooperative development. According to Mintzberg and Westley (1992) strategic change can be divided into changes in the content of strategy and changes in the organization. For employees it is important to understand the former, but the latter concern people concrete by involving changes in culture, structure and systems. Huy and Mintzberg (2003) state that effective and sustainable organizational change is a well-balanced rhythmical combination of three types of change: dramatic descending from the top, systematic generated laterally and organic emerging from the grass-roots, and that change can be managed with a profound appreciation of this rhythm, and thus stability. This paper argues that stability for employees is created with an active role in strategy process, so that they can pro-actively plan the actions needed in strategic changes.

The most common definition of strategy is a functional seeing of it as a *deliberate plan* that determines decisions into the future. The S-as-P view defines strategy as "*something people do*" instead of a plan or a document, meaning people's everyday practices, routines and norms and seeing the strategy as socially constructed and action oriented (Carter et al. 2008; Jarzabkowski 2004; Johnson et al. 2003; Regnér 2008). The interpretative view emphasizes people's sensegiving and sensemaking activities as central in developing collective understanding of strategy on all levels of the organization and among the stakeholders (Gioia and Chittipeddi 1991). Weick (1993/2001) sees sensemaking as a process of action, committed interpretation and social justification. In this article strategy is seen as *a shared tool to improve the performance and as practices people do to achieve the objectives of the organization*. The definition combines functional, interpretative and S-as-P views.

The traditional *strategy process* is a linear, top-down process that starts by analyzing the environment, formulating the strategy on the basis of the mission, vision and organizational values and implementing the strategy as employees' operational processes (Mintzberg et al. 1998). The contemporary view of strategy

process is often cyclical, e.g. Sull (2007) argues that a linear process hinders people from incorporating new information into action because it splits formulation and execution of strategy. Sull's strategy process model is a collaborative, ongoing circle that emphasizes social interaction.

Strategy process according to the Learning view is a collaborative learning process driven by a new vision (Mintzberg 1990; Mintzberg et al. 1998). Mintzberg and Westley's (1992) *inductive learning* as an informal and emergent process, that can happen on all organization levels is especially interesting between grass-root and leadership. Senge argues (1990/2006) that organizational learning demands several important elements linking together and influencing each other, such as awareness and sensibilities, beliefs and assumptions, relationships, skills and capabilities and established practices that enhance strategic thinking, learning and acting, building together a deep learning process that links individual thinking and acting to organizations' strategic architecture. The Cultural view is in many ways similar to the Learning angle seeing strategy processes as holistic, historically determined, socially constructed, soft and difficult to change (Hofstede et al. 1990). Organizational culture can be seen as a product of social learning that leads to shared basic assumptions of a group as it solved its problems and that are taught to new members as the correct way of acting (Schein 2010) and thus involving different forms of change mechanisms. Through learning and empowering group dynamics it is possible engage employees to implementation practices and move towards leading change instead of reacting to it (Sun 2009).

The S-as-P perspective emphasizes studying day-to-day practices as the most important part of strategy process (Carter et al. 2008). According to Johnson et al. (2003) processes and practices constitute the day-to-day activities that offer means to implement strategy more successfully. The radical view questions the hierarchical routines and rituals, underlining the social processes and interaction between managers and employees and appreciating both roles, because management has knowledge of shareholder guidelines and a mandate to put them into practice, but employees have the most current information from markets and customers (Carter et al. 2008; Whittington 2007).

In this research strategy process refers to an *overall process of planning, communicating, implementing and reviewing strategy involving both managers and employees*. The main focus is on *implementation*, because it is the most important part of the process for employees. The term *strategy work* is used instead of strategic management, capturing better the work of everyone in an organization, both managers and employees in social and cooperative change processes.

2.2 Employee's Role and Engagement in Strategy Work

With *employees* is meant all members of an organization excluding top management. The research focuses on mid-level practitioners in having a strategic position in strategic change between top-management and front line employees. With

employee's *role* in strategy work is referred to *the practices, but also to the social position and the individual power they experience they have in the process*. The practices are concrete tasks and routines employees' have in social cooperation in strategy work (Johnson et al. 2003; Jarzabkowski 2004; Carter et al. 2008; Regnér 2008) and employees are *agents* capable of carrying out action in interconnection of sensemaking, power and enacting of the rights and duties an individual has through status (Mantere 2003). The literature recognizes middle managers' as having an important role in conveying the strategy to the employees and being responsible for the implementation (Gioia and Chittipeddi 1991; Floyd and Wooldridge 1992; Wooldridge et al. 2008), but the other employees' roles in organizations' strategy work remain a challenge. Mantere (2003) categorizes employees to champions, citizens and cynics. Opposite to Mantere, this research is more interested in people's practices and action.

Literature recognizes several factors that enhance employees' performance in strategy implementation. Clear goals and common understanding of the strategy are seminal (Hrebiniak 2006; Kaplan and Norton 1996; Yukl and Lepsinger 2007), like also strategic intent (Hamel and Prahalad 1989/2010). Knowledge-sharing is needed (Davenport and Prusak 1998; Davenport et al. 2008; Seely Brown and Duguid 1991; Wenger 2000) as also strategic *sensemaking* (Gioia and Chittipeddi 1991; Weick 2001) and informal, lateral interaction and sensemaking (Balogun and Johnson 2005). Knowledge must be applied to gain success and thus *learning*, *motivation* and *cooperation* are needed (Grant 1996; Helfat and Peteraf 2003; Kanter 2000; Teece et al. 1997). *Participation* in strategic planning affects positively the commitment of employees (Kohtamäki et al. 2012; Mantere and Vaara 2008) and exclusion from strategic conversation can have de-energizing effects (Westley 1990). Stensaker et al. (2008) argue that participation, communication and sensemaking are closely linked and important during the whole action i.e. implementation. There can be found discourses promoting and impeding the employees' participation (Mantere and Vaara 2008). *Empowerment* is substantive when implementing strategy, as Knights and Morgan (1991) point out, *power* involves providing individuals with the feeling of significance and competence to constitute an active role in strategy work. *Encouraging* people has major impact on successful performance (Amabile and Kramer 2010; Ikävalko 2005). Strategy implementation is *cooperation* where *action* and *interaction* constitute the base, and thus the focus should be on the activities of the actors (Carter et al. 2008; Hrebiniak 2006; Weick 2001). The *practical perspective* makes it possible for employees to use their creativity and imagination in cooperation, thus developing an organization's competitive advantage together (Carter et al. 2008; Regnér 2008). Johnson et al. (2003) suggest moving strategic management discussion to a *micro level* to be able to commit employees in the innovative development of learning in strategic changes.

It is well documented in the research of organizational behavior and psychology that factors like *meaningfulness of the work itself, performance feedback, social support, safety, skills, autonomy and learning* are positively associated with work engagement (Bakker 2011; Bakker and Schaufeli 2008; Kahn 1990; Saks 2006;

Shuck et al. 2010) which is an important antecedent of successful strategy implementation.

3 Methodology

The qualitative analysis combines functional, interpretative and radical ideas within the organizational paradigm field to understand a large and complex phenomenon (Burrell & Morgan 2010/1979; Gioia and Pitre 1990; Mason 2006; Neuman 2002 and Mohrman and Lawler 2012). Ontologically the research can be characterized as realistic with functional goals, agreeing, however, with a more nominalist view of subjectivistic social reality. The interest is interpretative with focus on practical action orientation, meaningful social interaction and daily realities of people. People are seen in a voluntaristic way believing they are creative, feeling and active and having unrealized potential to develop their social reality. The interest is in developing but not in criticizing the organizational goals and structures. Meanings are seen as constructed by the subject's interactions with the world, yet not implying that there is no reality independent of our constructions (Coffey and Atkinson 1996). The middle field has similarities to postmodern social research that tries to understand the contemporary world having common roots in humanity and existentialism (Neuman 2002; Burrell & Morgan 2010/1979; Gioia and Pitre 1990). I call the middle approach "paradigm of positive organizational development", believing like Mason (2006) that research integrating several angles and mixing methods can enhance the creativeness and the logic of qualitative research and increase possibilities to understand each case holistically. The idea of paradigm and underlying philosophical stances is described in Fig. 2.

The article presents and analyzes empirical data that have been collected in procedural manner applying Yin's (2009) idea of case study investigating a contemporary phenomenon in depth and within its real-life context. The research is not looking for variables and causalities in a positivistic way, but attempts to understand the phenomenon and constructs of people holistically and more profoundly (Piekkari and Welch 2011). Even though the aim is to be able to make some generalizations, the main focus is not on mechanically comparing and finding differences between the cases, but more on understanding the cases in their uniqueness (Stake 1995).

The article benefits of extensive collaborative pre-work in more than 20 organizations' strategy work from 2010 to 2012. Information was gathered with surveys among employees, interviews and action research. Cooperation in the process has given different perspectives, novel insights and enhanced confidence in the findings (Eisenhardt 1989; Eisenhardt and Graebner 2007; Yin 2009). According to Eisenhardt (1989) multiple-case study provides more information of a complex phenomenon, but simultaneously it is critical that the focus is well defined. In this research the objective is based on a clear need in organizations, which makes the focus clear, although somewhat wide in scope. A broader research question makes
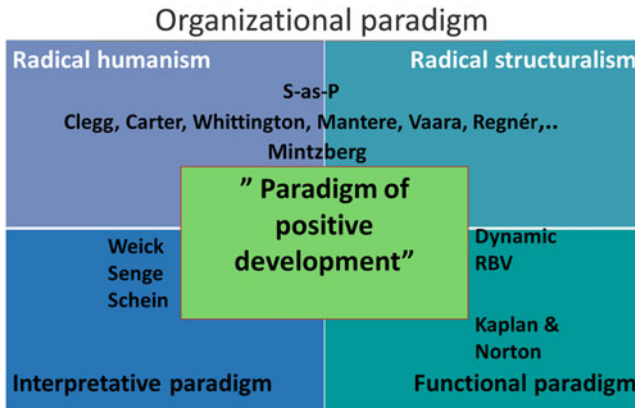
Organizational paradigm

Fig. 2 Philosophical stances of the research. Own source. Based on: Burrell and Morgan 2010/ 1979; Gioia and Pitre 1990; Mason 2006; Neuman 2002

it possible to gather the data in an open-minded way, thus avoiding bias and too limiting a priori constructs (Eisenhardt 1989). While inductive logic warns for a priori constructs, Yin (2009) claims that research gains from prior development of theoretical propositions guiding data collection and analysis. The abductive process navigates between these approaches. This case study can be called instrumental in the sense that the research question is more important than the cases (Stake 1995), even though also the cases have been chosen to be of general interest and theoretically as useful as possible, including "polar types," large and small, global and local, sales and charitable organizations. (Eisenhardt 1989).

The interviewees were carefully selected to include both managers and employees from different levels of the organization, mainly the middle-level, and having a good picture of strategy work in practice in the organization. This knowledge can clearly have affected their attitudes positively. The aim of the research was either not to understand of the negative roles, but to understand positive ways of working. There is already comprehensively literature of implementation problems and obstacles (e.g. Hrebiniak 2006). The interviews were conducted with constructionist intent, appreciating the practitioners as part of the world they described, focusing on the social processes and actions by asking them "what" and "how", looking as well as listening and trying to understand their organization culture, ways of working and interacting as seen by themselves, however, leading the off-railing discussion back to strategy work and strategy implementation. (Charmaz 2006; Silverman 2001/2010). Interviewees were asked to describe the organization's strategy processes and their own role and tasks. Interviews were recorded and documented, as also the main points or observations. As strategy processes are not self-evident to employees, they were encouraged with comments like "Can you tell more about how you discuss these important matters?" or with questions helping them to recognize that the actions they did were important

parts of strategy implementation, e.g. "Do you organize or participate in strategic information meetings".

The main focus of the research is on the empirical reality and the phenomena are studied abductively including both inductive and deductive analysis. The article pursues rich case description and understanding of the employees' roles. A holistic model is provided drawing from prior research and the data.

4   Results

This section starts with a presentation of the six chosen organizations and the informants in Table 1. Employees' roles in strategy work and the elements they perceived as enhancing their engagement are presented in Table 2. Because the interview format was open-ended, the presentations reflect the issues mentioned as the most important in the organizations and cannot thus be compared by every detail. Two management assistants' roles are described in more detail. The interview results are compared with results of the surveys and interviews conducted in the cooperative project. Finally, insights and contributions to practice and theory emerging from the data are discussed and reflected with the research question, propositions and with other research conducted for similar purposes and a model combining the results is formulated.

4.1   Employees' Roles in Strategy Work

The informants described the strategy processes in a very similar way, i.e. top-down as stated in functional management books. The employees' part was clearly the implementation of the elsewhere designed strategy. The sense making processes were not always experienced as effective and employees felt they needed more knowledge and support to have an empowered role. Organizations, whether large or small, business or non-profit, had same kinds of fundamental problems in in relation to employees when implementing strategy. These data are supported by the results of an extensive research project at Aalto University (2000–2011). Yet, many of the studied organizations were in the process of starting to apply more interactive methods in strategy work.

The practitioners' roles in strategy processes were rather traditional and they mostly did not perceive the tasks they did as 'strategic'. Employees had more diverse strategic tasks in smaller organizations, while in larger ones their area of responsibility was narrower. Employees were given a chance to comment on the strategy before the decisions were made in the small and middle-sized organizations, even if in the latter, the guidelines to strategy came from the headquarters in Europe. In organization 2 and 3 employees were given an active planning role in

Table 1 Six studied organizations and the informants

Organization	Informants
1. Large private Finnish concern and a part of a global provider of facility services, with more than 10,000 employees in Finland	Interviews of project manager and management assistant
2. Middle-sized private company with strong sales orientation, about 400 employees in Finland, the headquarters in Europe. A part of a global seller of consumer and professional products and solutions	Interviews of Marketing and Development Directors, action research with Marketing manager and practitioners, previous interviews with ten employees
3. Small Finnish private owned charitable foundation with clear global mission, part of a large global organization	Interviews of the CEO, the president and two members of the board of trustees, qualitative research/development work with the CEO and the ten employees at the Finnish head office
4. A big private Finnish concern, with levels from owners to cooperative units, along with their trade unions, working committees and the cooperative parent company, with more than 10,000 employees	Interviews of Strategy manager, service manager, 22 middle managers
5. Big, Finnish traditional seller of consumer goods, about 3,000 employees, the export unit and subsidiary having about 300 employees in Russia	Interviews of Export Director in the parent company, CEO and managers of marketing, logistics and administration in the subsidiary, previous interviews among employees in the parent company
6. Middle-sized multicultural northern European sales concern's headquarters with nearly 200 employees with parent company in Europe, part of a global group manufacturing and selling durable consumer products	Interviews of Strategic manager and CEO Executive Assistant, a survey of middle managers and practitioners, 57 respondents out of 160

strategic actions to be taken. Employees' roles and the elements they experienced as positive and negative in strategy work are described in Table 2.

Many of the interviewed middle managers had a rather active role, yet most of them wanted more communication, support and possibility to participate. Similar problems in their roles were found, as indicated in literature (e.g. Westley 1990; Hrebiniak 2006), but also good sensemaking experiences that Gioia and Chittipeddi (1991), Weick (2001) and Ikävalko (2005) describe. Rouleau (2005) suggests that middle managers have tacit knowledge they use every day when interpreting the strategy. Correspondingly, employees experienced that the superior's encouragement and support had major value for their activeness. The practitioners emphasized the importance of cross-functional and cultural cooperation in the middle-sized organizations and cooperation between different organization levels in the biggest organizations.

Cross-case comparison implies that the features employees experienced as positive in strategy work vary, but dialogue and knowledge sharing seem to be experienced equally important. However, there was a clear difference in how

Table 2 Employees' roles and elements they perceived as positive and negative in strategy work

Organization	Employees' role	Positively experienced features in strategy work	Problems experienced in strategy work
1. Big service company	Big differences in white- and blue-collar workers' possibilities to take part in strat-egy discussion. Top Management tells the strategy to blue-collar workers via video conferencing system. Superior support essential.	Strategy workshops and sensemaking between top- and middle-management and white-collar workers. For blue-collars orientation to work.	Communication with diverse blue-collar workers without access to intra etc. Monitoring espe-cially when employees work in partner companies.
2. Middle-sized com-pany with strong sales orientation	Employees respected as practitioners that can take part in strategy discussion and plan the actions. Strategic workshops with all personnel, cross functional meetings and champions, weekly team meetings.	Cooperation with own superior and team, open discussion, knowledge-sharing, cross-functional cooperation.	Common understand-ing and sensemaking of the strategy.
3. Small char-ity organi-zation with clear mission	Working values: involvement, equal-ity, equity and soli-darity. Different viewpoints respected. Developing strategy work together with Executive Director. Knowledge creation in workshops.	Weekly meetings with all personnel. Workers can influ-ence on the agenda of the meetings of the board of trustees. Action program important in daily work.	Cooperation is not trouble-free, satis-faction with man-agement and board of trustees actions is only moderate.
4. Big "very Finnish" service company	Equality, respect and representation of employees on all organization levels, also locally, in deci-sion making. Everybody's involvement, indi-vidual and team development are encouraged.	Open dialogue, supporting of middle-managers' sensemaking and sensegiving. Com-mon values are shared.	More support and interactive com-munication are wanted.
5. Big, tradi-tional seller of consumer goods	Traditional role in effec-tive, top-down strat-egy work. Cooperation between company units in	Knowledge-sharing through daily work. Discussion over functions on all organization levels.	Strong management and owner influ-ence. Multilevel, matrix, rather

Table 2 (continued)

Organization	Employees' role	Positively experienced features in strategy work	Problems experienced in strategy work
	matrix organization, middle-managers' role essential in sensemaking.	Cooperation and well-established processes are appreciated.	bureaucratic organization.
6. Middle-sized multicultural sales oriented head quarters	Diversity is respected. All personnel have possibility to take part in strategy discussion from the beginning. Strategy info to all units in tandem in English and local language.	Active communication, regular meetings and knowledge-sharing with all country organizations. Young personnel and culture. Middle-managers' role essential.	Dialogue between countries. More interaction and cooperation with own superior is wanted. Young organization. Strong parent company.

managers and employees experienced the adequacy of interaction. In all case organizations employees were encouraged to take part in strategy discussion and effort was put to distribute strategy information effectively to employees. Several information channels were used and attention was paid to supporting middle managers in conveying the strategy. One-way information was perceived as important, but most of all people wanted interaction and knowledge sharing. The results are in line with Balogun and Johnson (2005), who argue that not only formal communication counts, but a wide range of informal interaction, both vertical and lateral, is needed, and Ikävalko (2005) who noticed that informal discussions and meetings were experienced as most enabling in strategic action. Aalto University studies on strategy work (2000–2011) emphasized as well the importance of multilevel dialogue.

As pre-work, a survey of mid-level practitioners was conducted with more than a thousand answers out of 9,000 and about 40 of respondents were interviewed. The results imply that practitioners have both interest and unnoticed capabilities that could be used in all phases of strategy process. Instead of one way information, more interaction and knowledge sharing were wanted especially with own superior. An open, encouraging communication culture, but also one's own activity and additional training were perceived as important. The results in the six case organizations were in line with these survey results.

A smaller survey was sent to about 1,000 management assistants with ca. 70 answers and 20 management assistants were interviewed. The results supported the findings in the previous, larger survey. Of survey respondents 46 % thought their role was not so important in strategy process, but more than half of all respondents were willing to develop their activity. In the interviews it was found out, that assistants did not always perceive they were doing important strategic work, even when they were taking part in organizing and coordinating strategy work and helping management in strategic planning e.g. by searching, handling and conveying strategic information. The roles depended much on the context; in small

organizations they participated in the entire strategy process, from planning to review, while in a larger company the tasks were limited to, e.g. facilitating, organizing and scheduling strategic meetings and workshops. The interviewed management assistants however noticed that their role and position between the management and employees was very strategic and they used their comprehensive communication skills to facilitate managers' work, implementation of strategy and knowledge sharing up and down in the organization. By better recognizing their potential, organizations would gain through better organized and more effective strategy work. Also Mantere (2003) found this group of supporting practitioners ignored as the strategic resource they are. Two CEO assistants were more intensively interviewed and their roles in strategy work are summarized as they themselves described in Table 3. They had critical skills and knowledge, such as co-ordinating, organizing, communicating, facilitating and project and time management that could be used in all phases of strategy process.

4.2 Modeling of Employee's Role in Strategy Work

The interviewed employees described 'open culture' with various aspects of good interaction between people. No single element seems to ensure good strategy work. Also Senge (1990/2006) argues that to enhance strategic thinking, learning and acting, several important elements influencing each other and linking together are needed. Westley (1990) noted that inclusion in strategic discussion did not necessarily guarantee satisfaction, Stensaker et al. (2008) stated that successful implementation required, in addition to participation in planning and sensemaking activities, consistent action based on a shared understanding of changes among employees. Kohtamäki et al. (2012) argue that participating in strategic planning has no direct impact on company performance, but is instead linked to personnel commitment, which further impacts on company performance. Regnér (2008) suggests that linking together several distinct elements of success such as capabilities and individual practices through processes of interaction and activities nourishes creativity and dynamic capabilities generating organizational assets and promoting competitive advantage. Weick and Robert (1993) noticed that organizational performance was most reliable in a whole body of social action, interaction and sensemaking linking together in an organic system. The findings are in line with literature emphasizing respect towards and belief in people, interaction, communication and cooperation (Weick 2001; Johnson et al. 2003; Hrebiniak 2006; Regnér 2008).

Both previous literature and the empirical data recognize similar kinds of factors enhancing employees' activity, however in context driven combinations (Proposition 1). Managers' contribution was mentioned as very important for the empowerment the practitioners perceive in strategic change. The interviewees expressed that participation in strategic discussion and empowerment enhance their possibility to see 'the big picture', experience the significance of their work and plan their

Table 3 Management assistants roles in organization 1 and 6

CEO executive assistant, organization 1	CEO executive assistant, organization 6
"Strategy is important part of everyday work making it possible to focus on customer processes and core functions." "Actively role in planning, organizing, scheduling and communicating enables planning of own work"	"I am an insider, in front row seat, but not participating in decision making" "Knowing the strategy helps to see the big picture, to prioritize, manage the information flow and increase the meaningfulness of work"
Supporting strategic planning by searching information, designing and preparing presentations Organizing Executive and Extended Executive Meetings, keeping the minutes Together with management scheduling the strategy process and planning the strategy information, communication and material Planning, organizing, facilitating and participating in Road Shows and other strategic events Administration of strategic projects together with Project Manager Summarizing the CEO info in Intranet	Facilitating, organizing, coordinating managerial and organizational strategy work Summarizing and translating strategic information to subsidiaries in different countries Communicating strategic issues in global environment Prioritizing strategic tasks Scheduling Organizing strategic meetings, events Practical arrangements

work and schedules more independently (P2). This more active role they take enhances their engagement and involvement, which in turn enhances performance and outcome (P3) and the organic adaption to strategic change. The role of the employee can be seen in the midst of top-down changes, systematic professional development on all levels of the organization and individually making self-managed development possible (P4). This dynamic process can be described with activity theory developing strategic practices as continuously flowing goal-oriented social and individual learning and transformation in multilevel networks of the organization (Engeström 1999/2003; Jarzabkowski 2010). According to Mintzberg (1990) strategy as a 'fundamental congruence between external opportunity and internal capability' could be the link that is needed between planning and action, managers and employees. The model linking together the elements of employees' active and engaged role in dealing with strategic change (Fig. 3) attempts to map out the "How" and "Why" as the most difficult parts of understanding the phenomenon (Silverman 2001/2010; Sutton and Staw 1995).

5   Conclusions

The results imply that strategy processes in different kinds of organizations are rather traditional, following functional strategic management literature, separating thinking from acting, and not making it possible for employees to have an active role in strategy work. Even though working cultures are developing, the
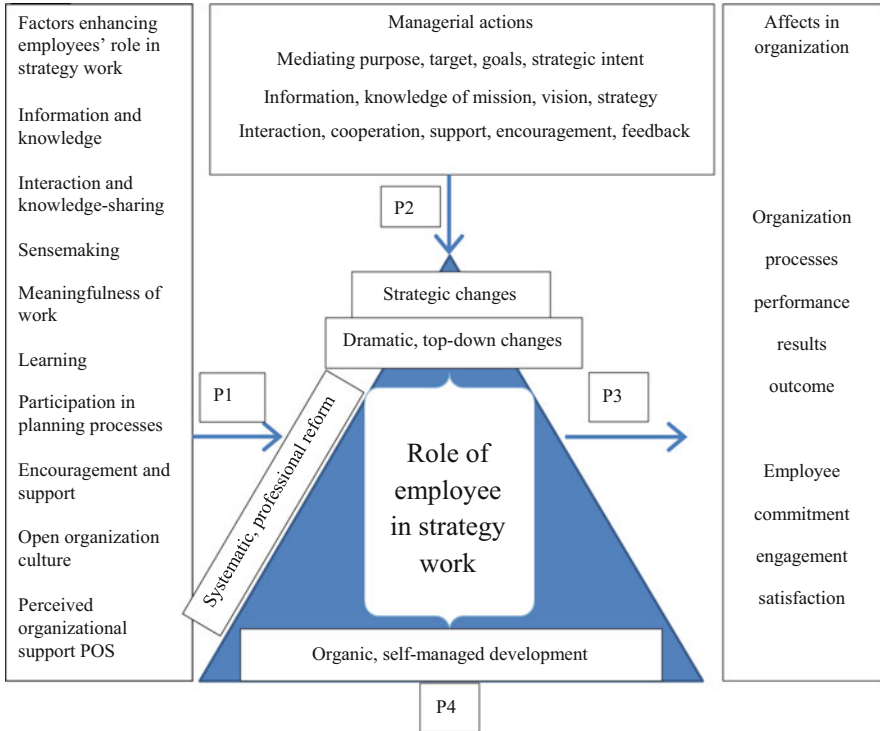
Fig. 3 Dynamic model combining the elements of employees' engaged role in strategic change. Own source partly based on: Huy and Mintzberg 2003

polarization between managers and employees still exists and employees' potential is not given a chance, even though they could solve the problem of strategy implementation.

The findings indicate that mid-level practitioners between management and front line personnel would have more potential in developing strategy implementation. Management assistants can have the skills needed in all phases of strategy process and potential to an essentially more important role in facilitating strategy implementation. The research recognizes diverse factors that make it possible for employees to have an empowered role in strategy work. Both empirical and theoretical findings suggest that a combination of these factors creates the prerequisites needed. The main underlying factor seems to be mutual respect among managers and practitioners enabling a good cooperation and interaction. The empirical results suggest that the employees perceive that an active role in strategy work makes it possible for them to better engage and adapt to strategic changes.

Strategic Management needs to understand in more profound how to activate and empower employees' in strategy work in the messy reality of organizations with global and local, vertical and horizontal relationships and cultural differences in ways of thinking and acting. Cross-disciplinary research *Strategic Leadership*

could be needed to unravel the problem of successful strategy implementation. As presented in the methodology section, I continue my research by studying more profoundly employees' practices and narratives in strategy work to better understand their angle to find concrete, dynamic ways to enhance their role in strategy work.

References

Aalto University. (2000–2011). *Strada: From strategy into action.* http://www.strada.tkk.fi/in_english.html

Amabile, T. M., & Kramer, S. J. (2010). What really motivates workers: Breakthrough ideas for 2010. *Harvard Business Review, 88*(1), 44–45.

Bakker, A. B. (2011). An evidence-based model of work engagement. *Current Directions in Psychological Science, 20*, 265.

Bakker, A. B., & Schaufeli, W. B. (2008). Positive organizational behavior: Engaged employees in flourishing organizations. *Journal of Organizational Behavior, 29*, 147–154.

Balogun, J., & Johnson, G. (2005). *From intended strategies to unintended outcomes: The impact of change recipient sense making.* Organization Studies OnlineFirst, London: Sage.

Barney, J. B. (1991). Firm resources and sustained competitive advantage. *Journal of Management, 17*, 99–120.

Barney, J. (2001). Is the resource-based "view" a useful perspective for strategic management research? Yes. *Academy of Management Review, 26*(1), 41–56.

Beer, M., & Nohria, N. (2000, May–June). Cracking the code of change. *Harvard Business Review*, *78*(3), 133–141.

Bourgeois, L. J., & Brodwin, D. R. (1984). Strategic implementation: Five approaches to an elusive phenomenon. *Strategic Management Journal, 5*, 241–264.

Brown, B. C. (2012). Leading complex change with post-conventional consciousness. *Journal of Organizational Change Management, 25*(4), 560–575. Emerald Article.

Burrell, G., & Morgan, G. (2010/1979). *Sociological paradigms and organizational analysis.* Aldershot: Gower.

Carter, C., Clegg, S., & Kornberger, M. (2008). Strategy as practice? *Strategic Organization, 6*, 83–98.

Charmaz, C. (2006). *Constructing grounded theory—A practical guide through qualitative research.* London: Sage.

Coffey, A., & Atkinson, P. (1996). *Making sense of qualitative data: Complementary research strategies.* Thousand Oaks, CA: Sage.

Davenport, T. H., & Prusak, L. (1998, September). Working knowledge. *Executive Excellence*, *15* (9).

Davenport, T. H., Prusak, L., & Strong, B. (2008, March 10). Business insight: Organization; putting ideas to work: Knowledge management can make a difference—but needs to be more pragmatic. *Wall Street Journal*, R 11.

Eisenhardt, K. M. (1989). Building theories from case study research. *The Academy of Management Review, 14*(4), 532–550.

Eisenhardt, K. M., & Graebner, M. E. (2007). Theory building from cases: Opportunities and challenges. *Academy of Management Journal, 50*(1), 25–32.

Engeström, Y. (1999/2003). Activity theory and individual and social transformation. In Y. Engeström, R. Miettinen, & R-L. Punamäki, (Eds.), *Perspectives on activity theory.* Cambridge: Cambridge University Press.

Floyd, S.W., & Wooldridge, B. (1992). Middle management involvement in strategy and its association with strategic type: A research note. *Strategic Management Journal*, *13*(Special Issue: Strategy Process: Managing. Corporate Self-Renewal), 153–167.

Furrer, O., Thomas, H., & Goussevskaia, A. (2008). The structure and evolution of the strategic management field: A content analysis of twenty-six years of strategic management research. *International Journal of Management Reviews, 10*(1), 1–23.

Galbraith, J.R. (1983). Strategy and organization planning. *Human Resource Management*, *22* (1/2), 63–77.

Gioia, D., & Chittipeddi, K. (1991). Sense making and sense giving in strategic change initiation. *Strategic Management Journal, 12*(6), 433–448.

Gioia, D. A., & Pitre, E. (1990). Multiparadigm perspectives on theory building. *Academy of Management Review, 15*(4), 584–602.

Grant, R. M. (1991). The resource-based theory of competitive advantage: Implications for strategy formulation. *California Management Review, 33*(3), 114–135.

Grant, R. M. (1996). Toward a knowledge-based theory of the firm. *Strategic Management Journal*, *17* (Winter Special Issue), 109–122.

Hamel, G., & Prahalad, C. K. (2010). *Strategic intent* (orig. 1989 Harvard Business Review). Boston, MA: Harvard Business Review Classics, Harvard Business Press.

Helfat, C. E., & Peteraf, M. A. (2003). The dynamic resource-based view: Capability lifecycles. *Strategic Management Journal, 24*, 997–1010.

Hofstede, G., Neuijen, B., Ohayv, D., & Sanders, G. (1990). Measuring organizational cultures: A qualitative and quantitative study across twenty cases. *Administrative Science Quarterly*, 286–290.

Hrebiniak, L. (2006). Obstacles to effective strategy implementation. *Organizational Dynamics, 35*, 12–31.

Huff, A. S., & Reger, R. K. (1987). A review of strategic process research. *Journal of Management, 13*(2), 211–236.

Huy, Q.N., & Mintzberg, H. (2003). The rhythm of change. *MIT Sloan Management Review*, Summer, 79–84.

Ikävalko, H. (2005). *Strategy process in practice: Practices and logics of action of middle managers in strategy implementation*. HUT Industrial Management and Work and Organizational Psychology Dissertation Series 2005/1. Espoo, 2005.

Jarzabkowski, P. (2004). Strategy as practice: Recursiveness, adaptation, practices-in-use. *Organization Studies, 25*, 529–560.

Jarzabkowski, P. (2010). An activity-based theory in Strategy as Practice. In D. Golsorkhi, L. Rouleau, D. Seidl, & E. Vaara (Eds.), *Cambridge handbook of strategy as practice*. Cambridge: Cambridge University Press.

Johnson, G., Melin, L., & Whittington, R. (2003). Micro strategy and strategizing: Towards an activity-based view. *Journal of Management Studies, 40*, 1–22.

Kahn, W. A. (1990). Psychological conditions of personal engagement and disengagement at work. *Academy of Management Journal, 33*(4), 692–724.

Kanter, R. M. (2000). A culture of innovation: *Leadership excellence*, *17*(8), 10–11.

Kaplan, R. S., & Norton, D. P. (1996). *The balanced scorecard—Translating strategy into action*. Boston, MA: Harvard Business School Press.

Kaplan, R. S., & Norton, D. P. (2008). *The execution premium—Linking strategy to operations for competitive advantage*. Boston, MA: Harvard Business School Press.

Knights, D., & Morgan, G. (1991). Corporate strategy, organizations, and subjectivity: A critique. *Organizations Studies, 12*(2), 251–273.

Kohtamäki, M., Kraus, S., Mäkelä, M., & Rönkkö, M. (2012). The role of personnel commitment to strategy implementation and organisational learning within the relationship between strategic planning and company performance. *International Journal of Entrepreneurial Behavior & Research, 18*(2), 159–178.

Kotter, J.P. & Schlesinger, L.A. (2008, July–August). Choosing strategies for change. *Best of Harvard Business Review*, 2–11.

Mantere, S. (2003). *Champion, citizen, cynic? Social positions in the strategy process*. Helsinki University of Technology. Industrial Management and Work and Organizational Psychology. Dissertation Series. Nro 5, Espoo.

Mantere, S., & Vaara, E. (2008). On the problem of participation in strategy: A critical discursive perspective. *Organization Science, 19*(2), 341–358.

Mason, J. (2006). Mixing methods in a qualitatively driven way. *Qualitative Research, 6*, 9.

Mintzberg, H. (1978). Patterns in strategy formation. *Management Science, 24*(9), 934–948.

Mintzberg, H. (1990). The design school: Reconsidering the basic premises of strategic management. *Strategic Management Journal, 11*, 171–195.

Mintzberg, H. (1995). *The strategy process – Henry Mintzberg, James Brian Quinn, Sumantra Ghoshal* (European ed.). London: Prentice Hall International.

Mintzberg, H., Ahlstrand, B., & Lampel, J. (1998). *Strategy safari: A guided tour through the wilds of strategic management*. London: Prentice Hall.

Mintzberg, H., Ahlstrand, B., & Lampel, J. (2009). *Strategy safari: Your complete guide through the wilds of strategic management* (2nd ed.). London: Prentice Hall.

Mintzberg, H., & Westley, F. (1992). Cycles of organizational change. *Strategic Management Journal, 13*, 39–59.

Mohrman, S. A., & Lawler, E. E. (2012). Generating knowledge that drives change. *Academy of Management Perspectives*, *26*(1), 41–51.

Neuman, W. L. (2002). *Social science research methods: Qualitative and quantitative approaches* (5th ed.). Boston, MA: Allyn & Bacon.

Nutt, P. C. (1986). Tactics of implementation. *The Academy of Management Journal, 29*(2), 230–261.

Pettigrew, A. M. (1992). The character and significance of strategy process research. *Strategic Management Journal, 13*, 5–16.

Piekkari, R., & Welch, C. (2011). *Rethinking the case study in international business research*. Cheltenham: Edward Elgar.

Regnér, P. (2008). Strategy-as-practice and dynamic capabilities: Steps towards a dynamic view of strategy. *Human Relations*, *61*, 565–588. Sage Journals.

Rouleau, L. (2005). Micro-practices of strategic sensemaking and sensegiving: How middle managers interpret and sell change every day. *Journal of Management Studies, 42*(7), 1413–1441.

Saks, A. M. (2006). Antecedents and consequences of employee engagement. *Journal of Managerial Psychology, 21*(7), 600–619.

Schein, E. H. (2010). *Organizational culture and leadership* (4th ed.). San Francisco, CA: Jossey-Bass.

Seely Brown, J., & Duguid, P. (1991). Organizational learning and communities-of-practice: Toward a unified view of working, learning and innovation. *Organization Science, 2*(1), 40–57.

Senge, P. M. (1990/revised and updated 2006). *The fifth discipline—The art & practice of the learning organization*. New York: Doubleday, Random House.

Shuck, M. B., Rocco, T. S., & Albornoz, C. A. (2010). Exploring employee engagement from the employee perspective: Implications for HRD. *Journal of European Industrial Training, 35*(4), 300–325.

Silverman, D. (2001/2010). *Interpreting qualitative data: Methods for analysing talk, text and interaction* (2001, 2nd ed. and 2010, 4th ed). London: Sage.

Stake, R. (1995). *The art of case study research*. Thousand Oaks, CA: Sage.

Stensaker, I., Falkenberg, J., & Grönhaug, K. (2008). Implementation activities and organizational sensemaking. *The Journal of Applied Behavioral Science, 44*, 162–185.

Sull, D. N. (2007, July). Closing the gap between strategy and execution. *MIT Sloan Management Review*.

Sun, T.Q. (2009). *From change management to change leadership: A strategic perspective of inspiration*. International Academy of Management and Business, Fall conference.

Sutton, R. I., & Staw, B. M. (1995). What theory is not. *Administrative Science Quarterly, 40*, 371–384.

Teece, D. J., Pisano, G., & Shuen, A. (1997). Dynamic capabilities and strategic management. *Strategic Management Journal, 18*(7), 509–533.

Van de Ven, A. H., & Poole, M. S. (1995). Explaining development and change in organizations. *The Academy of Management Review, 20*(3), 510–540.

Weick, K. E. (2001). *Making sense of the organization*. Malden, MA: Blackwell.

Weick, K. E., & Robert, K. H. (1993). Collective mind in organizations: Heedful interrelating on flight decks. *Administrative Science Quarterly, 38*(3), 357–381.

Wenger, E. (2000). Communities of practice and social learning systems. *Organization, 7*, 225–246.

Wernerfelt, B. (1984). A resource-based view of the firm: Summary. *Strategic Management Journal, 5*, 171–180.

Westley, F. R. (1990). Middle managers and strategy: Microdynamics of inclusion. *Strategic Management Journal, 11*(5), 337–351.

Whittington, R. (2007). Strategy practice and strategy process: Family differences and the sociological eye. *Organization Studies, 28*, 1575–1586.

Wooldridge, B., Schmid, T., & Floyd, S. W. (2008). The middle management perspective on strategy process: Contributions, synthesis and future research. *Journal of Management, 34*, 1190.

Yin, R. K. (2009). *Case study research—Design and methods* (4th ed.). Thousand Oaks, CA: Sage.

Yukl, G., & Lepsinger, R. (2007). Getting it done – Four ways to translate strategy into results. *Leadership in Action, 27*(2), 3–7.

Successful Organizational Change Through Overcoming Risks

Matthias Georg Will

Organizational change frequently poses risks for managers and employees, because the imminent changes may create resistance among risk-averse staff.[1] Many scholars thus recommend communication,[2] participation,[3] integration of organizational change in the day-to-day business,[4] an adjustment of the risk aversion,[5] courageous leadership,[6] and decision guidance for management[7] as appropriate measures for dealing with such resistance. We use a conceptual model to find alternative measures and this model also highlights the conditions under which the above well-known measures are appropriate.

The first section of this paper summarizes, from a theoretical perspective, why organizational change can cause resistance due either to the risk it poses for the staff, the risk-aversion of employees and managers, and/or misperception of risks during the change process. The second section presents our basic model, which adopts the idea that risk is an important factor in corporate productivity.[8] This theoretical approach highlights the impact of risky organizational change on the willingness of employees and managers to implement reforms. Building on that

---

[1] Cf. Greve (1998, p. 58), Greve and Taylor (2000, p. 58), Rumelt (1995, p. 5), Mabin et al. (2001, pp. 177–178).

[2] Cf. van Dam et al. (2008, pp. 329–330), Lines (2004, p. 210), Mabin et al. (2001, pp. 186–187), Gardner (2012, pp. 42–46).

[3] Cf. van Dam et al. (2008, pp. 329–330), Lines (2004, p. 210), Mabin et al. (2001, p. 187).

[4] Cf. van Dam et al. (2008, pp. 329–330).

[5] Cf. Dixon et al. (1998, p. 172), Judge et al. (1999, p. 118).

[6] Cf. Burdett (1999, p. 12).

[7] Cf. Klinke and Renn (2002).

[8] Cf. Sinn (1986, pp. 563–565; 1988, pp. 15–24),

M.G. Will (✉)
Faculty of Law, Economics and Business, Martin-Luther-University Halle-Wittenberg,
Grosse Steinstrasse 73, 06108 Halle, Germany
e-mail: matthias.will@wiwi.uni-halle.de

model, the third section presents three different governance structures (compensation, structures to reduce risks, and structures to reduce the impact of risks) through which change managers can transform negatively perceived risk into a factor for productivity. Staff's willingness to implement challenging organizational change is thus increased. In the final section, we show how our model can include approaches that concentrate on communication, information, and participation during risky changes.

1 Organizational Change and Risks: Reasons for Resistance

1. *Individual risk as an unintended consequence of organizational change*: Amburgey et al. (1993, p. 52) explain that risk increases during change projects because well-practiced routines are frequently altered or even abolished. The introduction of new processes increases the frequency of error due to the staff's unfamiliarity with them. The enterprise's risk thus increases and this may affect the entire staff leading to a decline in quality of product or service, customers switching to competitors, and consequent reduction of wages and/or staff layoff.

   Change management alters important, internal company structures from the perspective of conceptual structural inertia; as an unintended consequence, the organization's mortality risk increases.[9] The structural inertia approach explains this link by invoking the evolutionary advantage of stable formal and informal structures. Stable structures signal reliability and trustworthiness. Extensive organizational change—which often involves the central structures of an organization—may cause third parties (e.g., customers or important suppliers) to view the company as less reliable and they may choose to take their business elsewhere. As a consequence, the individual risk to the staff increases.

2. *Individual risks as an intended consequence of organizational change*: According to Klinke and Renn (2002, p. 1074), increased risk to the individual is not always unintended. On the contrary, the change process should increase the staff's risks as a necessary target of organizational change. The authors explicitly understand change management as a way of making companies better able to cope with more external risk. As a consequence, employees and managers have to deal with higher risk so as to increase the resilience of the whole organization. Klinke and Renn's approach does not explicitly focus on ways of reducing risk (e.g., risk management); instead, they investigate the conditions under which companies remain capable of carrying on regular business despite increasing risk.

3. *The relevance of the staff's risk aversion*: van Dam et al. (2008, p. 327) and Dixon et al. (1998, p. 172) ascribe resistance to organizational change to the

---

[9] Cf. Hannan and Freeman (1984, p. 154; 1989, pp. 73, 77).

predispositions of the managers and employees who are involved. According to these authors, personality has an impact on risk appetite, and consequently, on how an individual will react to the change. This notion is supported by Oreg (2003, p. 686) in an empirical study of about 130 bachelor students: degree of risk aversion positively correlates with willingness to resist organizational change.

Burdett (1999, p. 9) discusses, from a socio-psychological viewpoint, how individuals generally tend to assume that learning new things is risky. This can be an additional reason for resistance.

Gardner (2012, p. 38) presents another approach for explaining resistance to organizational change because of risk aversion. Increased work pressure can result in employees and managers returning to familiar processes. This can happen even when the staff wants the new, although challenging, processes that achieve better results.

4. *Perceived risks because of perceptual problems*: Lines (2004, p. 198) explores the link between risks, behavioral changes, and the outcome at the organizational macro level. According to Lines, resistance to change management can occur if employees or managers doubt that behavioral changes will result in higher performance or, if they question the extent to which their own performance affects the results of the change management at the macro level. Organizational change can seem risky to the staff because they misunderstand intra-organizational relationships. Thus, the staff may not be convinced that changing their behavior will be worth the trouble.

Based on a socio-psychological framework, Krüger (2010, p. 219) shows that staff perceives organizational change as risky in many areas. Employees and managers often associate change management with negative consequences for themselves (e.g., layoffs, pay cuts) independent of the stated reasons for the reforms.

In the next section, we present a conceptual model to show the impact of risky organizational change on the individual behavior of risk-averse employees and managers. This basic approach reconstructs the acceptance of organizational change if the staff is risk averse and if the organizational change either actually increases the risks or just the staff's perception of them. This model can help highlight ways that change managers can create mutual benefits to compensate for additional intended or unintended risk caused by organizational change. The approach also shows how change managers can alter the governance structures of an organization to influence the internal distribution of risks in a mutually beneficial way.

2 The Impact of Risky Organizational Change on the Utility of a Risk-Averse Staff

Our theoretical approach is inspired by formal principal-agent theory, a conceptual context that is highly fruitful for studying organizational change.[10] Resistance may occur during risky change management projects because employees and managers are risk- averse. Many scholars of the principal-agent approach show that interactions of risk-averse individuals create lose-lose situations in a risky environment.[11] When these theoretical findings are applied to organizational change, they indicate that organizational change may not result in full, or at least not immediate, manifestation of the company's potential. The company may lose its competitive advantage, and its employees and managers may suffer lower wages and a higher risk of layoffs.[12] Our argument is developed in two parts in order to reconstruct these lose-lose situations as a consequence of risky organizational change. The first part of this section presents the basic model. Then, we illustrate the impact of risky organizational change on the staff's willingness to implement reforms.

2.1 Risk Affinity and Employment

We apply Hans-Werner Sinn's approach to the challenges of risky organizational change.[13] He originally developed this model to explain the macro-economic effects of insurance by focusing on risk, which he defined as an important factor in production. If individuals or companies can insure themselves, they increase their productivity and create, in total, more value. We apply this model to change management on the organizational micro level. (1) First, we adapt the model to generally describe the relation between the staff's risk σ of an occupation and the monetary and non-monetary income μ from that occupation. This relationship is described by the individual production curve of the factor risk. (2) The employees' and managers' indifference curves illustrate to what extent the production curve is incentive compatible. That is, the indifference curves describe how managers and employees value the combination of expected income and risk.

1. *The production curve of the factor risk*: In Fig. 1, the U-shaped production curve illustrates the original situation of the staff within a specific company. This curve illustrates the individual productivity of the factor risk, that is, the productivity

---

[10] Cf. Stock-Homburg (2007, pp. 850–851).

[11] Cf. Harris and Raviv (1978, p. 24), Grossman and Hart (1983, p. 43), Holmstrom and Milgrom (1991; pp. 29–30), Miller (2008, p. 352), Jensen and Meckling (1976, pp. 309–310), Pies et al. (2009a, p. 326; 2009b, p. 386; 2010, p. 268).

[12] Cf. Phelps (2006, pp. 361–363).

[13] Cf. Sinn (1986, pp. 563–565; 1988, pp. 15–24), Hielscher (2009, pp. 8–9).

Fig. 1 The production
curve of the factor risk to
reconstruct the relationship
between the staff's risk and
its expected income. Own
Figure based on Sinn (1986,
pp. 563–565; 1988, pp. 15–
24) and Hielscher (2009,
pp. 8–9)
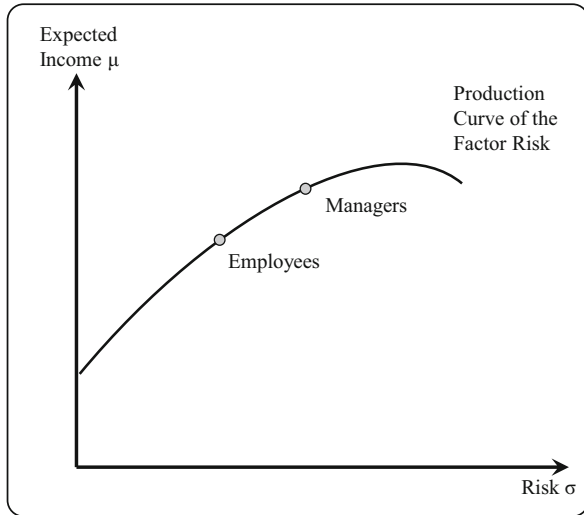
of the factor risk is the relation between the individual risk (e.g., layoffs, pay
cuts) and the expected monetary and non-monetary benefits of a job (e.g., wages,
bonuses, non-monetary motivators). To clarify this scenario, imagine that the
company offers different contracts to its employees. Some of the contracts are
for a low salary but, also, low individual risk; other contracts offer high wages
and high risk. Depending on the risk, employees and managers are paid specific
incomes. The company offers these different contracts based on its maximi-
zation of profits under risk.[14]

We highlight two points on the curve to illustrate the situation of the
employees and managers. We begin with the point farthest to the left. This
point represents an employee who is bound by a set of instructions or rules. A
little farther up the curve we find managers who earn more money because of
their greater responsibilities and attendant higher risk: they are not only respon-
sible for their own work, but also for the output of their teams or departments.
This may have far reaching consequences; for example, owners can prosecute
managers for negligent decisions and managers are liable for failing to exercise
due diligence.[15]

2. *The staff's indifference curves*: Compared to the production curve of Fig. 1,
which describes the possibilities of substitution between different employment
opportunities, the indifference curves in Fig. 2 reconstruct individual willingness
to substitute between different job possibilities. The indifference curves are
convex, because, in our model, we assume risk-averse employees and managers:

---

[14] For the maximization under risk, cf. Harris and Raviv (1978), Grossman and Hart (1983),
Holmstrom and Milgrom (1991), Miller (2008).

[15] In German law, you can find these duties, for example, in § 9 par. 2 OWiG and §§ 831 and
278 BGB.

Fig. 2 The link between
the production curve of the
factor risk and the staff's
indifference curves. Own
Figure based on Sinn (1986,
pp. 563–565; 1988, pp. 15–
24) and Hielscher (2009,
pp. 8–9)
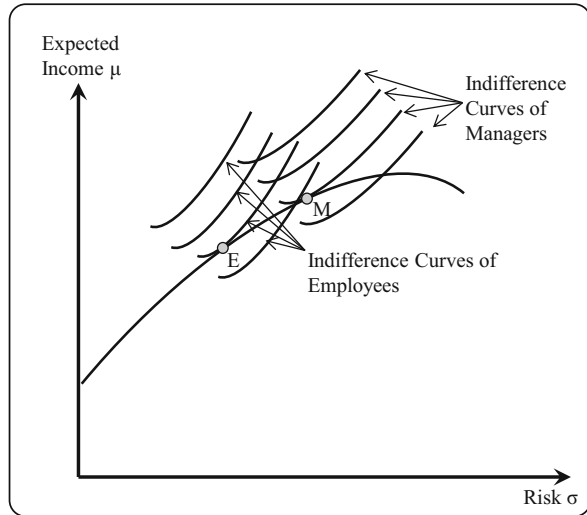
they dislike risk, but enjoy high income. As a consequence, the indifference
curves that represent higher individual utility are in the upper left-hand corner.
Points on the same indifference curve illustrate the same utility. Thus, indi-
viduals can value different combinations of risk and expected income equally.
The indifference curves also show that the staff is willing to bear risk if the
compensation is sufficient. If the slope of the indifference curve is low,
employees and managers need only a little additional compensation to take on
higher risk for the same utility. On the other side, the additional compensation
has to be high for bearing a small additional risk if the curve is sloping strongly
upward. Finally, indifference curves are steeper if the individual is more risk
averse.

We assume for simplicity that depending on the degree of risk aversion and
the available production curves of the factor risk, individuals will select the job
most appropriate for them. Furthermore, we assume an optimal match of indi-
viduals with contracts offered by the company. Employees who are highly risk-
averse prefer jobs that are bound by instructions, because someone else is
responsible for the consequences of their behavior. People who are less risk-
averse choose a managerial position.[16] We mapped a family of curves for high
and low risk-averse individuals to illustrate the selection effect. Highly risk-
averse individuals are thus hired as employees, and low risk-averse people as
managers. The two tangential points of the indifference curves with the produc-
tion function illustrate these optimal selections.

---

[16] For example, leadership is associated with lower levels of stress, cf. Sherman et al. (2012).

2.2 The Effect of Risky Organizational Change

We reconstruct the effects of risky organizational change by examining the relation between the production curve and the indifference curves. The model illustrates the extent to which managers and employees will support organizational change due to self–interest or to what extent they will resist it.

1. *Risky organizational change increases the individual risk of the staff*: As Amburgey et al. (1993) and Hannan and Freeman (1984, 1989) reveal, increased risk for the company is frequently an unintended consequence of organizational change. Klinke and Renn (2002) go even further and argue that the increased risk should be an intended consequence in some situations. Both unintended and intended increased risk may be necessary to reach essential targets of organizational change from the macro-organizational perspective of a company. Although this change may be rational for the company as a whole, it may not be viewed as acceptable by employees and managers.[17] The additional individual risk impacts the individual production function of the factor risk. It leads to a right shift of the individual production curve (Fig. 3).

   In Fig. 3 we assume that change management favors the new Points E_1 and M_1. At these points, expected income stays constant, but individual risk increases. These new points are more to the right because of the intended or unintended consequences of change management. The utility of employees and managers thus decreases: the new indifference curves are down and to the right. Because of their risk aversion, the staff views the company's rational actions as unfavorable (Arrow 1).

   The right shift of the production curves leads to a gap between the individual aims of risk-averse managers and employees, on the one side, and the organization's goal on the other. Increase in individual risk is akin to a one-sided breach of the working contract by the company.[18] Employees and managers chose their jobs originally because they received contracts that matched their optimal risk-income preference. As a consequence of risky change management, however, utility decreases and resistance increases.[19] Staff, by means of resistance, attempt either to return to the original equilibrium or to a better point at the new production function that is tangent to one indifference curve. Thus, they would even accept lower income in exchange for fewer risks (cf. Arrow 2 and Points E_2 and M_2).
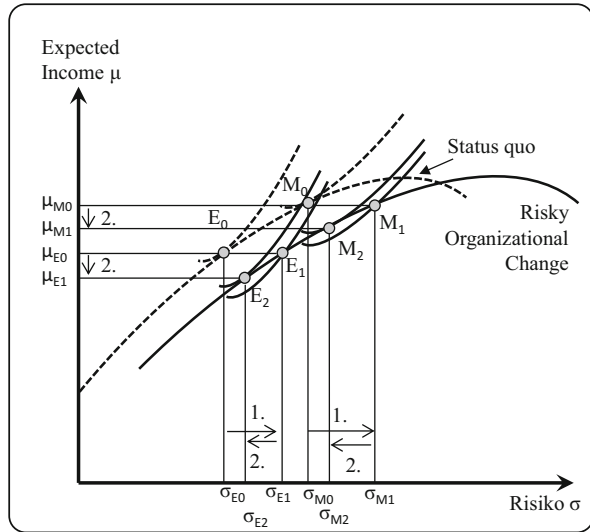
   Resistance can be rational under these conditions from the individuals' perspective. Affected managers and employees try to hold their utility constant. In practice, the staff has many ways of resisting change. They can abuse

---

[17] Cf. Hannan and Freeman (1984, p. 154; 1989, pp. 73, 77), Klinke and Renn (2002, p. 1074).

[18] Cf. Strebel (1996, p. 87).

[19] Cf. Greve (1998, p. 58), Greve and Taylor (2000, p. 58), Rumelt (1995, p. 5), Mabin et al. (2001, pp. 177–178).

Fig. 4 Different impacts of risky change management. Own illustration
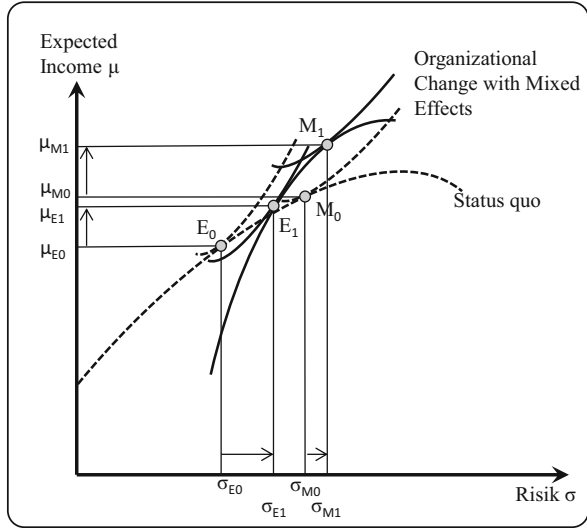
anticlockwise and has a higher slope. In this scenario, the managers can reach higher indifference curves: they can expect higher income and gain a higher utility.[25] Employees, meanwhile, continue to receive fixed wages but have to bear the risk of the reforms, thereby reducing their utility and increasing the probability of resistance.

Figure 4, additionally, illustrates the weaknesses of top-down approaches.[26] Even if management decides on change in good conscience, it can underestimate the consequences for the employees if it does do not focus on the interaction between the riskiness of the organizational change and the employees' degree of risk aversion. Employees can thus resist implementing organizational change even if the change looks rational for the company and the managers.

3. *The impact of perceived risks due to employees' or managers' misperceptions*: Lines (2004) and Krüger (2010) point out the relevance of employees' and managers' perceptions of the success of organizational change. Within our conceptual model, a misperception has an impact that is comparable with the above findings. If managers and employees perceive organizational change as risky, they will behave as if organizational change *is* risky. If they expect a reduction of their utility, they may adopt resistance as a counter-strategy. Depending on expectations, it may be only the employees who resist or only the managers, or both groups. For example, a reduction of hierarchies will

---

[25] For simplification, their risk remains constant in Fig. 4. However, small alterations of top managers' risk do not change the validity of the illustration.

[26] Cf. Lines (2004, pp. 211–212), van Dam et al. (2008, pp. 329–330), Mabin et al. (2001, pp. 187–188), and Kanter (1989, p. 91).

probably increase the risk of layoffs to managers.[27] On the other side, employees will perceive higher risks if they have to learn many new things to comply with organizational change, and thus they may fear failure.[28] Sometimes, managers and employees expect higher individual risks because of cost-cutting measures.[29] The effect of this (mis-)perception is similar to the above events: the new indifference curves that intersect or are tangent to the production curve are lower to the right.

3 Approaches for Increasing the Willingness to Bear Risks

Change managers can adopt risk-free change management procedures if the staff is risk-averse.[30] However, such a priori, staff-friendly methods of instituting change are not easily found. Organizational change typically will be challenging to all concerned.[31] However, we can apply the above model to develop governance structures (e. g., through the use of incentives, insurances and even sanctions) so that risk-averse employees and managers will accept even risky changes because of self-interest. The following three measures can systematically increase the willingness of risk-averse employees and managers to bear higher risks: (1) compensation for additional risks, (2) governance structures to reduce individual risks, and (3) governance structures to reduce unpleasant risks associated with additional productivity.

3.1 Compensation to Increase the Willingness to Bear Risks

Change managers can use incentives to make employees and managers willing to bear higher risks. Henry Ford's implementation of the assembly line is a great example of the impact of incentives on staff. He managed to build acceptance for fundamental and extremely risky changes and thus created enormous mutual benefits for his company and the workers.

The introduction of the assembly line was a very risky venture for Ford and his staff. This becomes obvious when we focus on the salary of the factory workers. Ford agreed to pay his workers a wage double the amount of the average wage that typical workers received in manufacturing industries in Detroit.[32] However, Ford

---

[27] Cf. Beer and Eisenstat (1996, p. 600) and van Dijk and van Dick (2009, p. 144).

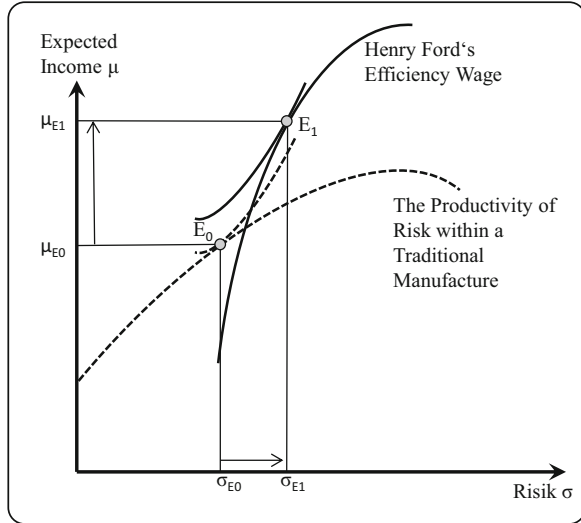[28] Cf. Sonntag and Stegmaier (2007, p. 48).

[29] Cf. Folger and Skarlicki (1999, pp. 37–38).

[30] Cf. Klinke and Renn (2002; pp. 1085-1089).

[31] Cf. Amburgey et al. (1993), Hannan and Freeman (1984, 1989), Klinke and Renn (2002).

[32] Cf. Miller (1992, p. 68).

Fig. 5 Henry Ford's efficiency wage to increase the risk-bearing behavior. Own illustration

disbursed only half of the agreed efficiency wage immediately; disbursement of the second part was arranged through a profit-sharing plan. This remuneration model was quite risky for the employees: if Ford did not pay the bonuses, the workers would receive only the average market wage for performing very monotonous and stressful jobs on the assembly line. Thus, the workers could only hope that the assembly line would increase productivity tremendously so that they could receive the benefits of the profit-sharing plan.

Ford's efficiency and incentive-driven wage thus compensated the workers not only for assembly line work,[33] it also compensated them for taking the risk of not being paid despite the stipulated profit-sharing plan. Figure 5 illustrates why the waiting list for being employed by Ford was quite long. The efficiency wage was a strong incentive to perform monotonous and exhausting work. Compared to other manufacturers in Detroit, Henry Ford's remuneration model generated a new production function of the factor risk that was very steep. With this function, employees could reach a higher utility, even though they had to perform stressful tasks and bear the risk of receiving only the market wages. The same would also hold for managers.[34]

---

[33] Henry Ford also gained extensive rights to intervene in his workers' private lives; cf. Miller (1992, p. 68).

[34] For a general literature overview, see Miller (2008, pp. 351–353, 356).

3.2 Governance Structures to Reduce Individual Risks

The previous section highlighted the idea that change managers can increase the staff's acceptance of change if the staff are given strong incentives to bear higher risks during the change process. Alternatively, change managers can reduce risk by adapting governance structures to increase the expertise within the change management process or reduce the risk of exploitation. Employees and managers would then more easily accept organizational change.

1. *Governance structures to increase the expertise within the change management process*: Staff specialization diffuses knowledge within organizations[35]: change managers may have difficulty in finding appropriate strategies for dealing with specialist employees and managers who may find these changes risky because they work in specialized fields. In general, participation is a suitable way of reducing information asymmetries in such situations.[36] However, hierarchical structures in combination with high work pressure can prevent subordinates from sharing their knowledge.[37] Because of the extra pressure that change management may bring to bear on them, they do not want to spend additional time and effort discussing ideas with their bosses.

   To limit negative side effects of the managers' authority, Gardner (2012, pp 41–46), Bear (2012, p. 1116), and Liu et al. (2012, pp. 1206–1207) recommend formal or informal governance structures that create an environment in which subordinates can more easily express their ideas. Pointed questions that are integrated into the daily routine, for example, or the transfer of authority away from the traditional line managers to specialists, can be functional governance structures that reduce information asymmetries. Also, companies can build networks so that creative employees can develop and implement their own ideas.

   One example of how to limit the potential negative side effects of authority is that of the German porcelain producer Rosenthal. The owner Philipp Rosenthal introduced a jury of experts to evaluate ideas from designers and artists. The jury's judgment was binding even if the owner did not agree.[38] Another idea, where high work pressure reduces willingness to implement innovative ideas, involves a functional governance structure that offers "free time" to the staff. Employees and managers could use this "free time" to think about important topics far beyond those involving day-to-day business. Google applies these governance structures very successfully.[39]

   Because of better knowledge or more time to find appropriate solutions, we have a left shift of the production curve, as illustrated in Fig. 6 for the example of

---

[35] Cf. Aghion and Tirole (1997, pp. 4–5).

[36] Cf. Heckscher (1995), Baindridge (1998, p. 1004).

[37] Cf. Gardner (2012, pp. 38–40).

[38] Cf. Rosenthal GmbH (2012).

[39] Cf. Gargiulo (2011).

the employees. Consequently, change managers can use the staff's knowledge more efficiently and effectively, thus reducing the risks associated with change management processes. The left shift of the production curve highlights how risk-averse employees now accept the change process that was too risky previously.

a) First, the new production curve leads to Point E_1 (Arrow 1), showing that information is being used more efficiently and effectively. However, the slope of the indifference curve is now lower than the slope of the production curve.

b) Second, employees adapt their behavior so as to reach a higher utility (Arrow 2). They may increase their individual risks until one indifference curve is tangent to the production curve (Point E_2). Implementation of organizational change is now a relevant means of satisfying the staff's new desires.

c) Third, Point E_2 defines a risk that is equivalent to the risk at Point E_3 on the original production curve. Because of governance structures that help increase the expertise within the change management process and/or provide more time to implement good ideas, employees accept change processes that were much too risky before. The same also holds true for managers.

2. *Governance structures to reduce the risk of exploitation*: Supporting organizational change with their own efforts can be risky for the staff if social dilemmas[40] exist or emerge (because of organizational change). Change management can fail due to social dilemmas,[41] for example, if the staff fears that individual efforts during the change process are being exploited by shirking colleagues or even by the company (e.g., shareholders). This risk of exploitation can create an environment in which employees and managers are reluctant to engage in individual effort. The risk of being exploited greatly increases stress on the staff and prevents innovation and creativity. In this context, it is extremely hard for change managers to implement reforms.

   Incentives or sanctions can reduce the risk of being exploited.[42] The decisive difference between incentives and sanctions is that incentives reward socially desirable behavior (e.g., implementing organizational change), whereas sanctions punish socially undesirable behavior (e.g., not implementing organizational change). As an example of an incentive, change managers can reward innovative behavior independently of the behavior of the colleagues.[43] Incentives can be monetary (e.g., bonuses) or nonmonetary (e. g., social recognition)

---

[40] Cf. Axelrod and Hamilton (1981, p. 1392).

[41] For multi-side dilemmas within the change process, see Will (forthcoming) and for one-sided dilemmas, see Will (2012).

[42] For multi-side dilemmas within the change process, see Will (forthcoming) and for one-sided dilemmas, see Will (2012, pp. 20–26).

[43] Cf. Beer et al. (1990, pp. 9–12).

Fig. 6 Governance structures that reduce the risks of organizational change. Own illustration
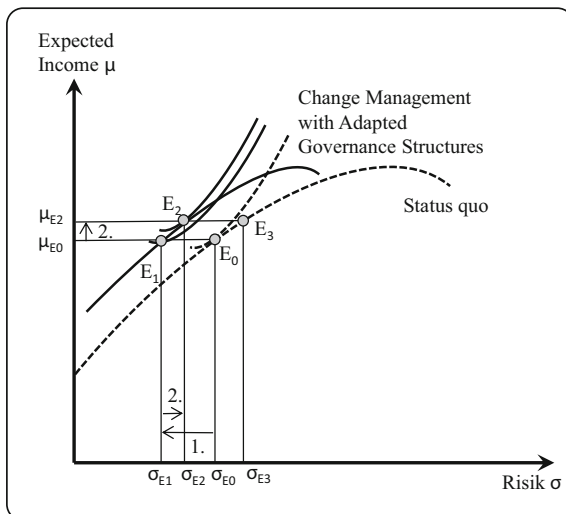
in nature as long as they result in acceptance of organizational change. However, the idea of sanctioning is not merely to penalize the staff. Sanctions can reduce the fear of being exploited if the staff knows that the company takes action against exploiting colleagues. Sanctions are thus a credible binding mechanism for curtailing the exploitation of hard-working people.

If change managers implement functional incentives or sanctions to overcome social dilemmas, the production function turns to the left, as shown in Fig. 6.

3.3 Governance Structures for a Reduction of the Impact of Risks

Governance structures can also allow the reallocation of risk from the staff to the company, thus creating an insurance-like effect. Companies can pool the individual risks to their staff. Risks impact employees and managers less. We show that this reallocation of risk can be highly functional in achieving acceptance of risky organizational change by staff because they see it as in their own self-interest. Reallocation of risks is not a zero-sum game[44]; it can generate enormous mutual benefits for the staff *and* for the entire organization, because the pooled risk is below the sum of all individual risks and staff dare to take risks that were too challenging previously.[45]

---

[44] Cf. Harris and Raviv (1978), Grossman and Hart (1983), Holmstrom and Milgrom (1991), Miller (2008).

[45] Cf. Sinn (1986, pp. 563–565; 1988, pp. 15–24), Hielscher (2009, pp. 8–9).

Fig. 7 Guarantees to increase the risk-bearing behavior. Own illustration
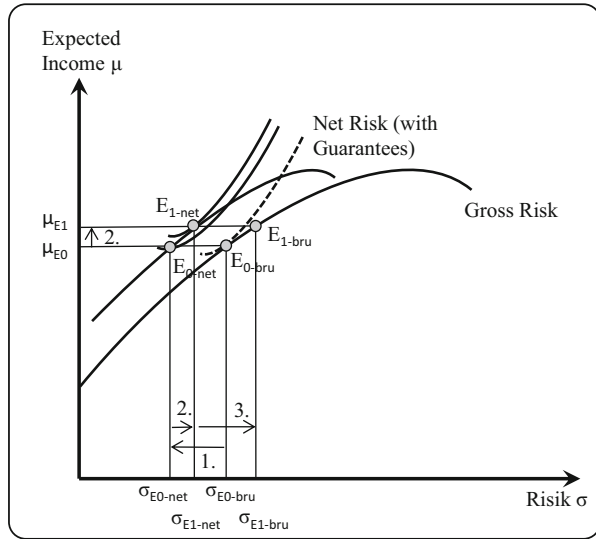
We present the following example as an illustration. Employees and managers regularly expect that layoffs or pay cuts will be a consequence of organizational change.[46] These expectations can drastically reduce willingness to implement the change. To change these problematic expectations, the company can use employment guarantees as a functional self-binding mechanism. From the staff's perspective, an employment guarantee can significantly reduce the risk of becoming redundant or having wages cut as a consequence of the organizational change. Figure 7 illustrates the effect of employment guarantees on employees (the same also holds for managers). Compared to the above governance structures, guarantees create two parallel states: one state describes the amount of risk the individual has to bear by him- or herself (net risk) and the second state illustrates the amount of risk to which the individual is exposed (gross risk). Depending on the scope of the guarantee, the net function is further to the left than the gross function.

An employment guarantee thus has the following effects on the acceptance of risky organizational change:

1. Compared to a job without guarantee, the individual risk is lower (Point $E_{0\text{-net}}$ compared to $E_{0\text{-gro}}$). Individual risk declines because the probability of a layoff or of a pay cut decreases (Arrow 1).
2. However, point $E_{0\text{-net}}$ is not optimal for employees. Because of the guarantee, the marginal risk aversion declines. Compared to the initial point $E_{0\text{-gro}}$, the slope of the indifference curve is now flatter.[47]

---

[46] Cf. Krüger (2010, p. 219), Beer and Eisenstat (1996, p. 600), and van Dijk and van Dick (2009, p. 144).

[47] Cf. Sinn (1988, p. 16).

3. Employees can now attain a higher utility if they enhance their income by increasing their individual risk (outgoing from Point $E_{0\text{-net}}$). Thus, if change managers can offer reforms that increase the expected income (e.g., increase in competiveness and thus salary increases for the staff), the risks of organizational change become acceptable.
4. The change process provides an opportunity to increase utility (Arrow 2). The employees can reach point $E_{1\text{-net}}$ if they implement (risky) organizational change. At this point, the slope of the indifference curve is equal to the slope of the net production function.
5. Although the total individual risk is declining ($\sigma_{1\text{-net}}$ compared to $\sigma_{0\text{-gro}}$), the individual gross risk is increasing (point $\sigma_{1\text{-gro}}$ compared to $\sigma_{0\text{-gro}}$, Arrow 3). Change management processes that were formerly seen as too risky are now accepted. Furthermore, the staff accepts risky organizational change because of self-interest—people can increase their personal utility.

To summarize, implementation of a guarantee does not reduce the total amount of risks (gross risk), it only reduces the amount of risk that the individual has to bear (net risk). Guarantees thus increase the willingness of risk-averse individuals to support organizational change. Furthermore, guarantees not only reallocate the risks from the staff to the organization, they create mutual benefits because risk-averse individuals accept inherently risky jobs.[48]

We can extend the idea of employment guarantees to unforeseen coincidences. Within complex value creation processes, coincidences can occur that are in no way the fault of the staff,[49] for example, random accidents or innovations by competitors. Change management can lead to resistance if the staff has to bear these risks. Changing from an input-oriented to an output-oriented management system, for example, can be seen as very risky by the staff because they have to bear the fall-out from events that are beyond their control.[50] Guarantees by the company against such events can build support from the staff for the change, despite the additional (gross) risks if the firm guarantees that it, not the staff, will be liable for results of coincidences.

4   Discussion

4.1   Governance Structures to Successfully Manage Intended and Unintended Risks with Risk-Averse Employees

Within the scientific literature, some authors claim that change managers need to alter the risk-aversion of the staff to successfully implement risky change. Dixon

---

[48] Cf. Harris and Raviv (1978), Grossman and Hart (1983), Holmstrom and Milgrom (1991), Miller (2008).

[49] Cf. Kreps (1990, pp. 116–118).

[50] Cf. Nalebuff and Stiglitz (1983, pp. 25), Kreps (1990, pp. 116–118).

Fig. 8 Possibilities for achieving acceptance of risky organizational change. Own illustration
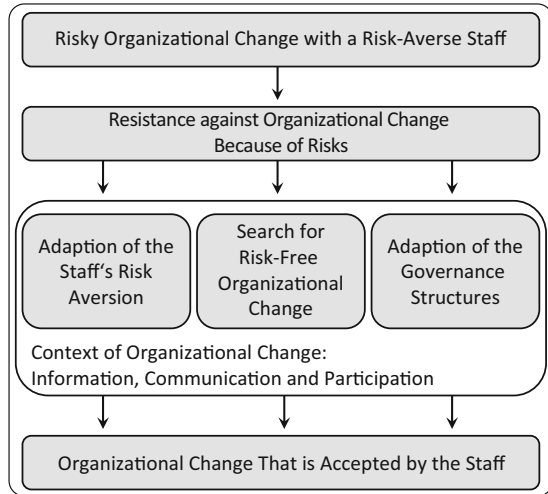
et al. (1998, p. 172), for example, suggest systematically changing the staff's risk aversion by altering the organizational culture so that employees and managers will accept change projects that previously seemed too risky. Judge et al. (1999, p. 118) recommend a similar approach in which the risk aversion of job applicants is considered; in time, the entire organization would become less risk averse.

Some authors suggest looking for a way to eliminate or at least decrease the risk of change management. Klinke and Renn (2002, pp. 1085–1089), for example, suggest searching for less risky alternatives. Marbin et al. (2001, pp. 185–186) take a similar approach, and suggest putting more weight on the interests of the staff. If the staff resists organizational change, change managers should find solutions that are acceptable to the staff.

This paper develops a third alternative (Fig. 8). Change managers can implement risky change in an acceptable way despite risk-averse staff. We present three different governance structures designed to increase the staff's willingness to bear higher risk: (a) compensation for higher risks, (b) governance structures that reduce the total risk, and (c) governance structures that reduce the individual net risk while managers and employees experience higher gross risks. If the organizational change has intended or unintended consequences for the individual risks, change managers can use these governance structures to implement organizational change in a way that is acceptable to, and possibly even welcomed by, a risk-averse staff.

4.2 Overcoming Misperception through Information, Communication, and Participation in Combination with Governance Structures

The above model makes two contributions to the scientific discussion about the relevance of information, communication, and participation to the implementation of risky organizational change[51]: (a) information, communication, and participation can improve the context in which risky organizational change takes place; and (b) governance structures may be necessary to improve the effects of information, communication, and participation.

a) Communication and information are crucial to overcoming misperceptions of employees and managers.[52] The staff has to realize that reforms are necessary if the company is to survive and they must have sufficient knowledge of the change process to assuage their fears of its implementation. Therefore, change managers can specifically use communication strategies to build trust in the change project.[53] Also, change managers can benefit if they understand communication as more than a top-down process. In fact, they will benefit far more from the staff's know-how if staff are encouraged to communicate with the change managers. Change managers can thus reduce risks having to do with compartmentalized expert knowledge within the organization.[54] From this perspective, participation is essential for effective bottom-up communication.[55]

b) As Gardner (2012, pp 41–46), Bear (2012, p. 1116), and Liu et al. (2012, pp. 1206–1207) point out, hierarchies and the stress of day-to-day business often prevent the sharing of necessary information. To overcome these frictions, change managers may need to implement governance structures that reduce the hierarchy of formal superiors or provide special periods of "free time" to reduce the daily work pressure.

4.3 Limitations

If monetary surpluses are insufficient to compensate for risk taking, change managers can substitute non-monetary incentives for this purpose. This can enhance the efficiency of staff and company, however, change managers need to know what

---

[51] Cf. van Dam et al. (2008, pp. 329–330), Lines (2004, p. 210), Mabin et al. (2001, pp. 186–187).

[52] Cf. van Dam et al. (2008, pp. 329–330), Lines (2004, p. 210), Marbin et al. (2001, pp. 186–187).

[53] Cf. van Dam et al. (2008, pp. 329–330), Marbin et al. (2001, pp. 186–187).

[54] Cf. Gardner (2012, pp. 42–46).

[55] Cf. Heckscher (1995), Baindridge (1998, p. 1004).

motivates the employees and managers.[56] Information, communication, and participation can be useful tools in this regard. From a psychological perspective, further research is necessary to find out which non-monetary motivators will increase individuals' willingness to bear risk.

Alternatively, change managers can offer guarantees to reduce the staff's risk. However, guarantees will work only if they are credible.[57] Companies that have breached promises in the past will have problems with credibility. It may be appropriate to negotiate arrangements with labor unions or the works committee. These actors offer binding services that may make the company more credible to staff.

In many cases, implementation requires further reforms within the organization. Consider the change, for example, from an input-oriented to an output-oriented management system. Sales representatives may suffer due to a poorly-designed marketing campaign dreamed up at headquarters. If the sales representatives consequently need to enforce their employment guarantee they may be forced to expose the flawed marketing campaign as the cause of their income deficit; the staff will need to learn how to deal constructively with mistakes, which will be facilitated by the company establishing an error culture.[58] If managers and employees cannot deal with mistakes in an open and credible way, employment guarantees will lose their credibility as the employees cannot be certain that their reasons for poor performance will receive a fair hearing. Further research is needed, from a psychological point of view, to evaluate the effect of different guarantees in different contexts on the acceptance of risk.

Another challenge to change management is the scope of guarantees that companies can offer their employees and managers. Companies operating in only one industry can offer lower guarantees for exogenous risks.[59] If exogenous risks are uncorrelated, diversified companies can hedge these risks more efficiently and can thus offer more extensive guarantees. From a theoretical perspective, the optimal size of a company is thus not determined only by economies of scale or transaction costs,[60] but also by the ability of the company to hedge individual risks between managers and employees. Further research can determine the interaction between corporate profitability and the possibility of hedging risk at an individual level.

---

[56] For different motivators, see Murray (1938, pp. 75, 88, 144), Maslow ([1954] 2008, pp. 62–87); Herzberg et al. ([1959] 2010, pp. 113–119); Herzberg (1966, pp. 71–91), Alderfer (1969, pp. 142–154; 1972, pp. 6–21).

[57] Cf. Renn and Levine (1991, pp. 182–183).

[58] Cf. van Dyck et al. (2005, pp. 1229–1231).

[59] Cf. Bettis and Mahajan (1985), Pandya and Rao (1998).

[60] Cf. Stigler (1958), Coase (1937), Williamson (1973).

5 Conclusion

We present an approach for overcoming the often perceived tradeoff between the necessity of risky organizational change and the interests of a risk-averse staff. Governance structures appear to be appropriate means of implementing risky organizational change in the face of manager and/or employees resistance, including: (a) compensation for bearing risk, (b) governance structures that reduce the (gross) risk, and (c) governance structures that reduce the individual net risk while the managers and employees experience higher gross risk.

New governance structures offer a way of implementing organizational change that contrasts with attempting to change the organization risk-free or changing the risk aversion of staff. The approach presented in this paper, offers change managers a way to make risky change management not only acceptable to risk-averse managers and employees, but possibly actually desired by them. This is an important shift away from many approaches that implicitly or explicitly focus on how the staff *should* implement risky organizational change.[61]

References

Aghion, P., & Tirole, J. (1997). Formal and Real Authority in Organizations. *The Journal of Political Economy, 105*(1), 1–29.

Alderfer, C. (1969). An Empirical Test of a New Theory of Human Needs. *Organization, Behavior and Human Performance, 4*, 142–175.

Alderfer, C. (1972). *Existence, Relatedness, and Growth: Human Needs in Organizational Settings*. New York: Free Press.

Amburgey, T. L., Kelly, D., & Barnett, W. P. (1993). Resetting the Clock: The Dynamics of Organizational Change and Failure. *Administrative Science Quarterly, 38*(1), 51–73.

Axelrod, R., & Hamilton, W. D. (1981). The Evolution of Cooperation. *Science, 211*, 1390–1396.

Bainbridge, S. M. (1998). Privately ordered participatory management: An organizational failures analysis. *Delaware Journal of Corporate Law, 23*(3), 979–1076.

Bear, M. (2012). Putting Creativity to Work: the Implementation of Creative Ideas in Organizations. *Academy of Management Journal, 55*(5), 1102–1119.

Beer, M., & Eisenstat, R. A. (1996). Developing an Organization Capable of Implementing Strategy and Learning. *Human Relations, 49*(5), 597–619.

Beer, M., Russel, A. E., & Bert, S. (1990, November–December). Why change programs don't produce change. *Harvard Business Review*, 4–12.

Bettis, R. A., & Mahajan, V. (1985). Risk/Return Performance of Diversified Firms. *Management Science, 31*(7), 785–799.

BGB: Bürgerliches Gesetzbuch in der Fassung der Bekanntmachung vom 2. Januar 2002 (BGBl. I S. 42, 2909; 2003 I S. 738), das zuletzt durch Artikel 1 des Gesetzes vom 10. Mai 2012 (BGBl. I S. 1084) geändert worden ist, Stand: Neugefasst durch Bek. v. 2.1.2002 I 42, 2909, 2003, 738, zuletzt geändert durch Art. 1 G v. 10.5.2012 I 1084.

Burdett, J. O. (1999). Leadership in Change and the Wisdom of a Gentleman. *Participation and Empowerment: An International Journal, 7*, 5–15.

---

[61] Cf. Burdett (1999, p. 12), Klinke, Renn (2002, pp. 1085–1089).

Coase, R. H. (1937). The Nature of the Firm. *Economica, 4*(16), 386–405.

Dixon, J., Kouzmin, A., & Korac-Kakabadse, N. (1998). Managerialism—Something Old, Something Borrowed, Little New: Economic Prescription Versus Effective Organizational Change in Public Agencies. *International Journal of Public Sector Management, 11*(2), 164–187.

Folger, R., & Skarlicki, D. P. (1999). Unfairness and Resistance to Change: Hardship as Mistreatment. *Journal of Organizational Change Management, 12*(1), 35–50.

Gardner, H. K. (2012). Wenn es darauf ankommt. *Harvard Business Manager, 34*(6), 36–46.

Gargiulo, S. (2011). *How employee freedom delivers better business*. http://edition.cnn.com/2011/09/19/business/gargiulo-google-workplace-empowerment/index.html. September 24, 2012.

Greve, H. R. (1998). Performance, Aspirations, and Risky Organizational Change. *Administrative Science Quarterly, 43*(1), 58–86.

Greve, H. R., & Taylor, A. (2000). Innovations as Catalysts for Organizational Change: Shifts in Organizational Cognition and Search. *Administrative Science Quarterly, 45*(1), 54–80.

Grossman, S. J., & Hart, O. D. (1983). An Analysis of the Principal-Agent Problem. *Econometrica, 51*(1), 7–45.

Hannan, M. T., & Freeman, J. (1984). Structural Inertia and Organizational Change. *American Sociological Review, 49*(2), 149–164.

Hannan, M. T., & Freeman, J. (1989). *Organizational Ecology*. Cambridge: Harvard University Press.

Harris, M., & Raviv, A. (1978). Some Results on Incentive Contracts with Applications to Education and Employment, Health Insurance, and Law Enforcement. *The American Economic Review, 68*(1), 20–30.

Heckscher, C. (1995). The Failure of Participatory Management. *Management Development Review, 10*(4), 148–150.

Herzberg, F. I. (1966). *Work and the Nature of Man*. New York: Crowell.

Herzberg, F. I., Bernard, M., & Barbara, B. S. ([1959] 2010). *The motivation to work*, 12th reprint of original print from 1959. New Brunswick: Transaction Publishers.

Hielscher, S. (2009). *Morality as a factor of production: Moral commitments as strategic risk management*, Diskussionspapier Nr. 2009-14 des Lehrstuhls für Wirtschaftsethik an der Martin-Luther-Universität Halle-Wittenberg, edited by Ingo Pies.

Holmstrom, B., & Milgrom, P. (1991). Multitask principal-agent analysis: Incentive contracts, asset ownership, and job design. *Economics and Organization, 24*, 24–52.

Jensen, M. C., & Meckling, W. H. (1976). Theory of the firm: Managerial Behavior, agency costs and ownership structure. *Journal of Financial Economics, 3*, 305–360.

Judge, T. A., Thoresen, C. J., Pucik, V., & Welbourne, T. M. (1999). Managerial Coping with Organizational Change: A Dispositional Perspective. *Journal of Applied Psychology, 84*(1), 107–122.

Kanter, R. M. (1989). The new managerial work. *Harvard Business Review, 67*(6), 85–92.

Klinke, A., & Renn, O. (2002). A New Approach to Risk Evaluation and Management: Risk-Based, Precaution-Based, and Discourse Based Strategies. *Risk Analysis, 22*(6), 1071–1094.

Kreps, D. M. (1990). Corporate Culture and Economic Theory. In: E. A James & A. S. Kenneth (Eds.), *Perspectives on positive economy* (pp. 90–143). Cambridge: Cambridge University Press.

Krüger, W. (2010). Implementation: The core task of change management. In: Bob De Wit and Ron Meyer (Eds.), *Strategy—process, content, context* (4th ed., pp. 212–224). Cengage Learning, Andover, auch erschienen in: CEMS Business Review, Vol. 1, 1996.

Lines, R. (2004). Influence of Participation in Strategic Change: Resistance, Organizational Commitment and Change Goal Achievement. *Journal of Change Management, 4*(3), 193–215.

Liu, D., Liao, H., & Loi, R. (2012). The Dark Side of Leadership: A Three-Level Investigation of the Cascading Effect of Abusive Supervision on Employee Creativity, in. *Academy of Management Journal, 55*(5), 1187–1212.

Mabin, V. J., Forgeson, S., & Green, L. (2001). Harnessing Resistance: Using the Theory of Constraints to Assist Change Management. *Journal of European Industrial Training, 25*, 168–191.

Maslow, A. ([1954] 2008). *Motivation und Persönlichkeit*, eleventh German edition of the first English print from 1954, Hamburg: Rowohlt.

Miller, G. J. (1992). *Managerial Dilemmas—The Political Economy of Hierarchy*. Cambridge: Cambridge University Press.

Miller, G. J. (2008). Solutions to principal-agent problems in firms. In M. Claude & M. S. Mary (Eds.), *Handbook of new institutional economics* (pp. 349–370). Berlin: Springer.

Murray, H. A. (1938). *Explorations in Personality*. New York: Oxford University Press.

Myers, S. C., & Majluf, N. S. (1984). Corporate Financing and Investment Decisions—When Firms Have Information that Investors Do Not Have. *Journal of Financial Economics, 13*, 187–221.

Nalebuff, B. J., & Stiglitz, J. E. (1983). Prizes and Incentives: Towards a General Theory of Compensation and Competition. *The Bell Journal of Economics, 14*(1), 21–43.

Oreg, S. (2003). Resistance to Change: Developing an Individual Differences Measure. *Journal of Applied Psychology, 88*(4), 680–693.

OWiG: Gesetz über Ordnungswidrigkeiten in der Fassung der Bekanntmachung vom 19. Februar 1987 (BGBl. I S. 602), das zuletzt durch Artikel 2 des Gesetzes vom 29. Juli 2009 (BGBl. I S. 2353) geändert worden ist, Stand: Neugefasst durch Bek. v. 19.2.1987 I 602, zuletzt geändert durch Art. 2 G v. 29.7.2009 I 2353.

Pandya, A. M., & Rao, N. V. (1998). Diversification and Firm Performance: An Empirical Evaluation. *Journal of Financial and Strategic Decisions, 11*(2), 67–81.

Phelps, E. S. (2006). Macroeconomics for a modern economy, nobel prize lecture, December 8, 2006. In: K. Grandin (Eds.), *Les Prix nobel. The nobel prizes 2006*. Stockholm: Nobel Foundation.

Pies, I., Hielscher, S., & Beckmann, M. (2009a). Betriebswirtschaftslehre und Unternehmensethik – Ein ordonomischer Beitrag zum Kompetenzaufbau für Führungskräfte. *DBW, 69*, 317–332.

Pies, I., Hielscher, S., & Beckmann, M. (2009b). Moral Commitments and the Societal Role of Business: An Ordonomic Approach to Corporate Citizenship. *Business Ethics Quarterly, 19*(3), 375–401.

Pies, I., Hielscher, S., & Beckmann, M. (2010). Value creation, management competencies, and global corporate citizenship: An ordonomic approach to business ethics in the age of globalization. *Journal of Business Ethics, 94*, 265–278.

Porter, M. E., & Millar V. E. (1985, July–August). How information gives you competitive advantage. *Harvard Business Review*, 149–174.

Renn, O., & Debra, L. (1991). Credibility and trust in risk communication. In: E. K. Roger (Eds.), *Communication risks to the public—Technology, risk and society* (pp. 175–218). Dordrecht: Kluwer.

Rosenthal GmbH. (2012). *Die Geschichte von Rosenthal: 1951–1970*. http://www.rosenthal.de/cms/company/history-copy/1951-1970/. September 24, 2012.

Rumelt, R. P. (1995). Précis of inertia and transformation, http://www.anderson.ucla.edu/faculty_pages/dick.rumelt/Docs/Papers/berkeley_precis.pdf, 14.06.2012, revised and shortened edition of C. A. Montgomery (Eds.), *Resources in an evolutionary perspective: Towards a synthesis of evolutionary and resource-based approaches to strategy* (pp. 101–132). Norwell: Kluwer Academic.

Sherman, G. D., Lee, J. J., Amy, J. C., Cuddy, J. R., Oveis, C., James, J. G., & Jennifer, S. L. (2012). Leadership is Associated with Lower Levels of Stress. *PNAS, 109*(44), 17903–17907.

Shin, J., Susan Taylor, M., & Seo, M.-G. (2012). Resources for Change: The Relationship of Organizational Inducements and Psychological Resilience to Employees' Attitudes and Behaviors Toward Organizational Change. *Academy of Management Journal, 55*(3), 727–748.

Sinn, H.-W. (1986). Risiko als Produktionsfaktor. *Jahrbücher für Nationalökonomie und Statistik, 201*, 557–571.

Sinn, H.-W. (1988). Gedanken zur volkswirtschaftlichen Bedeutung des Versicherungswesens. *Zeitschrift für die gesamte Versicherungswissenschaft, 77*, 1–27.

Sonntag, K., & Stegmaier, R. (2007). *Arbeitsorientiertes Lernen - Zur Psychologie der Integration von Lernen und Arbeit*. Stuttgart: Kohlhammer.

Stigler, G. J. (1958). The Economies of Scale. *Journal of Law and Economics, 54*, 54–71.

Stock-Homburg, R. (2007). Nichts ist so konstant wie die Veränderung: Ein Überblick über 16 Jahre empirische Change Management-Forschung. *Zeitschrift für Betriebswirtschaft, 77*(7/8), 795–861.

Strebel, P. (1996, May–June). Why do employees resist change? *Harvard Business Review*.

van Dam, K., Oreg, S., & Schyns, B. (2008). Daily work contexts and resistance to organizational change: The role of leader-member exchange, development climate, and change process characteristics. *Applied Psychology: An International Review, 57*(2), 313–334.

van Dijk, R., & van Dick, R. (2009). Navigating Organizational Change: Change Leaders, Employee Resistance and Work-Based Identities. *Journal of Change Management: An International Journal, 9*(2), 143–163.

van Dyck, C., Frese, M., Baer, M., & Sonnentag, S. (2005). Organizational Error Management Culture and Its Impact on Performance: A Two-Study Replication. *Journal of Applied Psychology, 90*(6), 1228–1240.

Will, M. G. (2011). Change management und nicht-monetäre Vergütungen: Wie der organisatorische Wandel das Mitarbeiterverhalten beeinflusst, Diskussionspapier Nr. 2011-18 des Lehrstuhls für Wirtschaftsethik an der Martin-Luther-Universität Halle-Wittenberg, edited by Ingo Pies.

Will, M. G. (2012). Der blinde Fleck der Change-Management-Literatur: Wie Hold-Up-Probleme den organisatorischen Wandlungsprozess blockieren können, Diskussionspapier Nr. 2012-10 des Lehrstuhls für Wirtschaftsethik an der Martin-Luther-Universität Halle-Wittenberg, edited by Ingo Pies.

Will, M. G. (forthcoming). Successful organizational change through win-win: How change managers can create mutual benefits. Journal of Accounting and Organizational Change.

Williamson, O. E. (1973). Markets and Hierarchies: Some Elementary Considerations. *The American Economic Review, 63*(2), 316–325.

Resistance to Institutional and Organizational Change: An Individual Perspective

Ruth Alas

1 Introduction

Although companies need change in order to survive in rapidly changing environment (Gordon et al. 2000), still two-thirds of companies did not improved their performance after implementing organizational changes (Meaney and Pung 2008). The critical antecedents of success of change are external organizational pressures (Rafferty et al. 2013) and how employees react to these pressures: employees' attitudes toward change (Miller et al. 1994), including resistance (Waddell and Sohal 1998).

The research question is, how reactions to organisational change and resistance to change differ during different stages of institutional development of country. In order to answer this question, the authors conducted research in 254 Estonian companies after first and second wave of organizational changes. The first wave of changes took place before 2000, during the period of social transience and reinstitutionalization. The second wave of change started from 2000 in the context of more stable institutions.

This paper starts with a brief presentation of theories about employee reactions to change, particularly resistance to change. After this theoretical framework, an analysis of the research results in Estonian organizations will be given. Finally, the author provides a model that relates the institutional stage, the type of change and the reaction to change during societal transition.

R. Alas (✉)
Estonian Business School, Lauteri 3, Tallinn 10114, Estonia
e-mail: ruth.alas@ebs.ee

2 Theoretical Framework

2.1 Reactions to Organizational Changes

Organization is a complex system that produces outputs in the context of an environment, an available set of resources, and a history (Nadler and Tushman 1989).

There are several classifications of types of change in the literature. Most theorists divide change into two groups according to scope: change taking place within the given system, and change aiming to change the system itself: evolutionary change and revolutionary change (Dirks et al. 1996). The author argues that in order to describe the changes that have taken place in Estonian companies over the last decades we need more than two types. Ackerman (1986) describes three types of organizational change: (1) developmental change, (2) transitional change, and (3) transformational change. Developmental change improves what already exists through the improvement of skills, methods, or conditions. Transitional change replaces current ways of doing things with something new over a controlled period of time. Transformational change means the emergence of a new state, unknown until it takes shape, out of the remains of the chaotic death of the old state.

No organization can institute change if its employees will not accept the change and will not change themselves (Jick 1993). Change does not occur unless the individual is motivated and ready to change (Schein 1986). At the same time, according to previous research results, change will be resisted even when it is necessary (Goodstein and Burke 1991). Therefore, in order to achieve lasting change, managers need to identify resistance as an obstacle to be overcome, and select a change strategy that will minimize or eliminate resistance (Armenakis and Bedeian 1999).

Chawla and Kelloway (2004) have defined resistance to change as "an adherence to any attitudes or behaviours that thwart organisational change goals". Peccei et al. (2011) view resistance to change as a form of organisational dissent that individuals engage in when they find the change personally unpleasant or inconvenient. Herscovitch and Meyer (2002) see resistance as a general failure to comply with explicit requirements for change. There are arguments, that people do not resist change itself, but rather the expected effects connected with change (Dent and Goldberg 1999).

The approach resistance to change has shifted. Early writings on the subject used the term resistance to change in a manner that implied an irrational and often blind opposition to what, on any other grounds, must be viewed as a desirable innovation. Later work in this field has begun to identify the characteristics of individuals, groups, and organizations that tend consistently to block, retard, or distort change efforts (Miner 1978).

Isabella (1990) offers an alternative view: resistance can alternatively be viewed as inherent elements of the cognitive transition occurring during the change. Self-

interest, mistrust, or preference for the status quo may be concrete manifestations of more subtle cognition: people simply question what the change will mean for them.

According to Senge (1997), people do not resist change they resist being changed.

Reactions to change have been connected with individual traits and with characteristics of organizations.

Certain types of individuals are particularly likely to resist change (Pitts 1976; Scott 1973). These are people who rely heavily on their own personal experience in making decisions, who assume that prior conditions will continue to prevail, who take the view that there is always one best way of doing things, and who have little general propensity for taking risks. They tend to be more anxious and worried about their work and to lack confidence in themselves. They have the most to lose from change and are most likely to resist it. But the loss may not be merely a material one, or even a matter of decision-making authority. Resistance may stem from a threat to basic assumptions, personal values, sources of security, and friendship relationships (Miner 1978).

Changes in Estonian companies can be divided into two waves. The first wave involved changes taking place before 2000, in an environment of social transience and reinstitutionalization. The establishment of a free market economy in society also caused transformational changes in organizations. Changes in the context of more stable institutions form the second wave starting from year 2000.

The author hypothesizes, that fear among people and the need to unlearn old habits was greater during the first wave of changes. This fear is caused from uncertainty: people did not know how the future will look like, what is expected from them and would they be able to manage in new environment.

3   Empirical Study

In 2001 and 2005, structured interviews about the implementation of organizational changes were conducted with members of top management teams from Estonian companies in 137 and 117 respectively. During the second round of interviews, respondents had to concentrate on changes that took place after 2001, so the changes described are different in these two surveys. The interview questions were similar in both interviews. Content analysis was conducted on the basis of theory for both rounds in order to evaluate the dynamics

The interview questions were similar in both interviews, although some questions were added in 2005.

In the following analysis, first the types of changes are analyzed and then the author focuses on questions about employee's reactions to changes. Also, what the managers learned from changes is pointed out.

Content analysis was conducted on the basis of theory for both rounds in order to evaluate the dynamics and to compare results from both rounds of interviews.

3.1   Types of Changes

The *first wave* of changes took place in the 90s after the creation of an independent Estonian republic and during social transience. The changes were triggered by the changes in the system of government. The Estonian Republic separated from the Soviet Union and the functions and tasks of state enterprises also changed. The following were the main types of changes: changes initiated by state and changes initiated by owners or managers of privatized companies. The main aim of the changes initiated by the Estonian government was to implement European standards instead of the standards of the Soviet Union in state owned enterprises.

These changes were usually implemented in the following way, as for example, in one state institute: "By a decision of government a work group was formed from four persons. The group was headed by the director of the institute. The group created statutes for enterprise and structure. After that, tasks were assigned to departments and conversations took place with applicants to positions of heads of these departments. Next the list of positions in each department was formed and possible applicants to these positions were listed as well. Then the preparation of all the necessary documents for the movement of people to the new structure followed. It took 1.5 years to change the structure and the standards." (interviewee 22)

The second reason for changes in state enterprises was the changing of clients: instead of big state enterprises the clients started to be small private firms with different needs. State orders were replaced by contracts with clients. Enterprises had to learn to follow the financial situation and keep account of their funds. This also changed the communication culture in state enterprises so they became more business like. People's main concern was how salaries will be calculated in the new conditions. The institute had to calculate prices for the services it provided and also salary scales. Principles and procedures for how to implement different tasks were also worked out, and job descriptions were created for all positions.

Because the Russian market was almost closed to Estonian companies, companies had to seek new markets and to change their products to suit these markets. To do this, companies also had to change from a rigid organization from the old Soviet system to a more effective, flexible and contemporary organization in order to move into the new markets in the European Union. Changes had to be made in order to perceive jobs for employees. This type of change mainly took place in companies that had already been privatized.

The second wave of changes already took place in the twenty-first century, after the free market economy had developed in Estonia. These changes were most often connected to changes in the market situation triggered by the entrance of new competitors. "*The aim of the systemized internal marketing strategy was to create a corporate culture supporting the value of the new brand. The aim was to create the image of the company as an attractive and desirable employer, increase satisfaction and motivation among employees in relation to their employer, be transparent about the company's long-term prospects and strategic directions and supply the necessary information on time. The major objective was to make the employees and*

agents of the company the executors of the company's marketing function, the so-called "brand delegates-representatives." (interviewee 87)

The following example illustrates what was done in order to guarantee the required quality: "*An employee handbook was compiled, which outlined all the procedures and relations between the work of different units and the quality of the final service offered to the client. It emphasized the importance of every person in the process.*" (interviewee 43)

There were more changes initiated from below, triggered by difficulties in performing tasks. In many cases difficulties were connected to the client service.

Compared to the first survey in 2001, when 90 % of the changes were transformational, the second survey showed that only 64 % of changes were of the deepest variety in terms of scope—involving changes in strategy, mission, leadership style or culture. Transformation of the system on state level caused the transformation of the organizations as well.

3.2   Reactions to Change

Two extreme types of reactions from employees were most visible: some employees totally agreed and welcomed these changes, and the other group worked as much as possible against the changes. For example in 2005, there was a negative reaction in 50 % of all changes. At the same time 45 % of respondents reported a positive reaction: salaries increased, employees could visit the other countries (during Soviet time travel was limited). During the first wave of change, people often had to learn English as well as how to use new technology, and after such long period of stagnation they were afraid that they might not manage to obtain these new skills. The main difficulty was connected to salaries. For example: "The state raised the minimum salary, but did not increase the salary fund for the institute" (interviewee 22). It was expected that the work would be reorganized in a more efficient way and less people would be needed. People started to see the changes in a more positive way after seeing that their knowledge and skills were still needed and their salary had been increased. The usual pattern was that initially employees were against the changes and then later on, after getting more information about how the changes influenced their salaries and jobs, they found the changes useful. "*Emotions were rather different within the company and the confused employees had to go through periods of hesitation, questions and fear. Having seen the positive direction of the changes, the feelings of the employees changed in the direction of satisfaction.*" (interviewee 51). This indicates emotional aspects of change in the rational organized organization.

In some cases the pattern was quite the opposite: people expected changes and were very optimistic and cooperative in the beginning. Later on, if the results did not appear and the process started to drag out, they became more cynical and pessimistic.

Table 1 Resistance to change and the most difficult issues during implementation of changes in Estonian organizations

Causes of resistance to change	2001	2005	The most difficult issues during implementation of changes	2001	2005
Inertia in people's thinking	36 %	36 %	Unlearning what they had done before	32 %	49 %
Fear of the unknown	23 %	42 %	Making employees aware of the necessity of the changes	24 %	26 %
Unwillingness to do additional work	15 %	22 %	Finding qualified personnel	14 %	11 %
Reaction to overly rapid and unclear changes	9 %	26 %	Merging different cultures	12 %	6 %

The management style was often autocratic and because of this the need for the changes was not explained to the employees.

A passive attitude toward work was common: people did only what was required and because it was required, not because they found it beneficial; or they just stalled for time when fulfilling tasks or postponed them.

The most common causes of resistance and difficulties in implementing change in these two studies of Estonian companies are compared in Table 1.

Managers were asked about the reasons for resistance to change among employees. Compared to 2001, fear of the unknown had increased significantly in 2005. This could be explained with people' expectations: coming from stagnated Soviet Union, people expected to make the changes and turn back to stable unchanging life on better welfare level. What happened, was continuous change, working overtime and with high intensity more than decade. Social security system was very week. In this point fear was caused from questions: Does it ever end? Do managers really know what is best for organization? How long would I be able to perform on required level under this pressure? The inertia of thinking, which dominated in 2001, remained at the same level. Also, employees more often complained about changes being unclear, and they refused to do additional work (for the same money). As soon as they got additional money for this work, the resistance disappeared: "It was explained to every employee, how each employee personally can benefit from this change." (interviewee 102) It seems, that as bigger the fear, the bigger the necessity of sensemaking (Weick 1995). In such situations the idea lacks, where/at which point sensemaking could start.

The respondents were also asked about the most difficult issues during implementation of the change. The main difficulties were the same in both surveys. But in 2005, managers reported more difficulties with employees in respect to unlearning than they had done before. Almost the same % found that employees did not realize how necessary the changes were for the company. There were fewer difficulties finding qualified personnel, and there were less difficulties merging different cultures in 2005 because most of the organizations already had organizational cultures suited to achieving the goals. There were no longer any stagnated, Soviet type organizations. One typical example, which illustrates how to merge cultures

more successfully: "*During the merger there was a very big barrier between the organizational cultures. In the month after the merger a lot of new employees were hired who had no historical memory about the organizations prior to the merger. This was a favorable factor to the unification because it was relatively easier for these new employees to get used to the new culture. Some of the old employees were unable to get used to the changes even after a couple of years.*" (interviewee 14)

Employee readiness to change during the second wave was much higher, because they already had some experience of how to implement changes "*Before this change employees had had to implement changes as well, and this got them used to changes, and also they had experienced positive outcomes of those changes for their organization.*" (interviewee 106)

3.3   Learning Experience

The managers were also asked what they would do differently in the future. In 2005, more managers realized the need to behave differently. In 2005, 53 % of managers recognized the need for more explanation, in order to make sensemaking possible. 30 % of respondents found a more careful, step-by step approach to planning change necessary. In 2001, figures for both of these were 22 %. "*We understood that the success of the implementation process was mainly dependent on the middle managers and on how well they could explain the need for the changes to their employees.*" (interviewee 35).

Although during both surveys managers recognized the need to already involve employees in the earlier stages of planning change, at the same time there are some specific features of employee involvement in post socialist countries: before asking employees the manager should present his or her own viewpoint to the employees, otherwise the employees will think the manager incompetent.

The following text from an interview summarizes the lessons learnt, "*More people should be involved in the process of discussion at the beginning stage, and this would make it relatively easier to introduce changes later. The processes should be described and mapped immediately. This would make it possible to approach the changes rather more process centered than function centered. The relationship between core and support services should be described. The company should try to preserve a positive internal climate and create a belief in the employees as part of the results. It is essential that people learn and develop through the changes, and that I talk more to my subordinates, ask for solutions to problems and give them more freedom in their activities. It is necessary to talk to the employees more at different levels in order to avoid the spreading of news in the form of gossip and the probable resulting confusion.*" (interviewee 52)

To mobilize employees and to achieve employee involvement, managers realized that, "*it was necessary to work out a way to sell the new vision to our employees, and then look further together about how to take this to the clients.*" (interviewee 79)

In some cases, internal marketing was used: *"The company decided to value its employees and sales agents as the most invaluable clients (internal clients). Such a novel approach appeared a positive surprise to the employees."*

Different mobilizing activities were created: *"The employees were given an example, on the basis of media supplied facts about the activities of competitors, to illustrate how their changes had helped in the improvement of service quality and thereby increased their competitiveness"* (interviewee 23)

4 Discussions and Conclusions

According to Probst and Raisch (2005) organizational change efforts are often so poorly managed that they precipitate organizational crises. To generalize, the changes in post-soviet organizations have been deeper than those typical of a market economy because the new economic order is based on different attitudes and values and attempts to shift the organizational culture toward the new values or beliefs, and this has been considered one of greatest challenges (Bluedon 2000).

There were two waves of organizational change in Estonian companies: first, changes taking place before 2000, during the period of social transience and reinstitutionalization. The second wave of change started from 2000 in the context of more stable institutions. The author hypothesized that fear among employees and the need to unlearn old habits was greater during the first wave of changes when people did not know what to expect.

Two rounds of interviews were conducted in 2001 and 2005 in a country in transition, and these indicated differences in the character of change, and people's reactions to changes until 2000 (first wave of changes) and since 2000 (second round of changes).

The hypothesis did not find support: during the second wave of change fear of the unknown and the need to unlearn what they had done before were even greater. The following is a discussion of the reasons for these unexpected results.

After leaving the centrally planned Soviet Union and losing the Soviet market, Estonian companies had to reorient to the European market. In order to be able to compete in a tight Western market instead of the empty Soviet market, Estonian companies had to introduce Western standards (instead of the standards of the Soviet State) and increase efficiency. In the Soviet period, the state was responsible for guaranteeing work for everyone. Enterprises were internally overstaffed and passive, work places were over-secured and attitudes to work were far from ideal (Liuhto 1999: 16).

The management style in the totalitarian society was autocratic and trained employees to fulfill the managers' directives without question. People were not involved in decision-making. In the beginning, only a few people could imagine how companies should work in a market economy, and everyone listened to those who had at least attended one short training course about market mechanisms. So,

in the beginning it was not hard to take orders and behave accordingly, a feeling of a big unsecure helped against fear.

This made the first wave of changes especially hard for the employees: on the one hand, most people just wanted a better life with no shortages of food and basic necessities in the shops. People had heard positive stories about life in the Estonian Republic in the first half of the twentieth century and expected to enjoy a similar life again. On the other hand, people had to learn new skills and no one was responsible for providing them with jobs. There was very little security. As Senge (1997) has mentioned, human beings are more complex than we often assume. They both fear and seek change. People don't resist change. They resist being changed. Everyone had his own expectations based on information from Finnish TV or from relatives abroad. But they actually did not know, how the reality would look like. They hoped to reach welfare level sooner and with smaller effort. People start to doubt in ability of their managers to manage these changes.

The policy of the Estonian government at the beginning of 1990s was very straight: no single company was saved with the help of state subsidiaries. Whoever failed to compete in the free market conditions fell into bankruptcy. This taught people that they must change or perish. This also caused fear among those from poor, but relatively safe conditions. It forced people to change; there was no other option.

The increasing fear might indicate that people thought: if we establish our own state then after that we will have a secure life without shortages. The reality was quite different: competition became harder and more intense, entering the European Union created new demands and people started to grow tired.

During the second wave of change, at the beginning of twenty-first century, the resistance to rapid and unclear changes increased. Now those who were still employed already had the necessary knowledge about how companies in a free market economy should function, and they expected to be involved or at least informed beforehand about the further changes. People were not so excited any more, and they needed time to express their feelings and understand where they stood in the context of the proposed change (Jaffe et al. 1994). They knew about price formation and knew the real value of their work, and also had some idea about the profits owners could take from their companies. So, people were reluctant to do additional work without additional pay. Generally speaking, people started to get tired of all the changes. At the beginning, people thought that they would change things and then have a high level of welfare for the rest of their lives. They did not expect to be in a permanent state of change for decades. In addition, not all expectations were fulfilled: social differences started to increase rapidly. Also the experience from past change project comes up, it structures the new situation of change: we already tried something, we expected to improve situation, but it did not work. This causes fear: May be it would not work this time as well?

During the first wave of changes, it was easier to understand that new skills needed to be learnt, and the attitudes and behaviors of Western people were different. For Estonian people, the first wave of change meant unlearning: people were expected to abandon their old ways of doing things.

During the second wave, in the twenty-first century, unlearning started to be even more difficult. People did not know that there are different stages of growth in a market economy that depend on the level of competition. The term 'life long learning' started to take on meaning for them. As most companies already had to change, mergers were no longer so difficult, and it became easier to find qualified people, especially those with a management education—this was particularly lacking during the first wave of changes.

Research indicates that the earlier experiences with change had had a significant impact on people's reactions, and this impact was twofold. The previous organizational experience of the members of the organization equally enabled or hindered the 'learning process'. This is consistent with the writings of Salaman and Butler (1999), which states that resistance may be *the outcome of* as well as *the barrier to* learning. On the one hand, people knew how to learn and that they were capable of learning. On the other hand, they realized that the differences between the material wealth of the owners and CEO's on the one hand and the employees at lower levels of the organization on the other hand were increasing.

The relationship between people's expectations and the institutional environments is illustrated in Fig. 1.

The middle part of the Figure (with single-line arrows) helps to explain reactions to changes in organizations during both waves of change. The double-line arrows indicate what happened in the organizations—what people actually got. In the case of Estonia people did not get the stability they expected to get after changes were complete. This corresponds with Weisbord's (1988) extension of Lewin's (1989) classic three-step model of organizational change. He pointed out that modern organizations are dynamic and rarely in a steady state as if frozen. This has become a reality in Estonian organizations. It could be even said that a new type of organizational change evolved: changes which are endless, almost cyclical revolutionary changes. These changes challenge the existing structure and rebuild as new ones. The author has called it continuous revolutionary change. What does it mean for resistance? Will resistance change, or will resistance disappear and instead resistance fear comes up? It depends on several individual factors, organisational and state level developments. But one is sure: there will always be resistance and there will always be the need for sensemaking, only the form of resistance would change.

To summarise this topic, reactions to change depend not only on previous changes, but also on the previous institutional stage. In Estonia, the long period of stagnation during the Soviet regime created the expectation of radical change. It brought about deinstitutionalization and reinstitutionalization, which together created an environment of social transience. Expectations were high and the changes demanded a lot of energy. This resulted in tiredness and a desire for stability, but instead the changes continued in the form of continuous revolutionary change. This was rather demanding and created a lot of fear and resistance. The success of companies depends on people, and people usually have more skills and abilities than are being utilized by their organizations. If organizations want more from their people, the managers should deal more with emotions, help their employees to
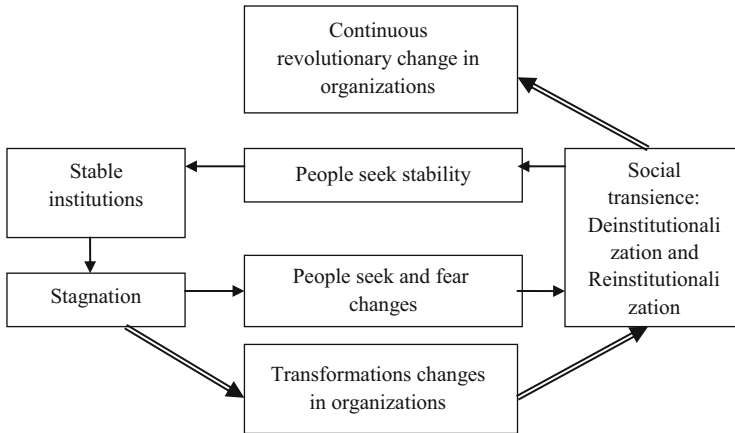
Fig. 1 The model of relationships between people's expectations and the institutional environments during organizational of changes. Own Source

make sense from ongoing activities and also consider the institutional environment and its' impact on the employees' attitudes toward change. There are significant differences in the attitudes toward society, organisations and work and also in work related values, held by people in countries with different levels of institutional development (Alas and Rees 2006). Also, people have different ways for forming their attitudes concerning changes in organisations depending on institutional stages when they started their careers: The aspects of organisational culture have a different impact on the formation of attitudes toward change depending on the level of institutional development (Alas and Vadi 2006). People that started their careers during the stagnation in the Soviet Union, when both, formal and informal institutional systems were stable, developed attitudes toward changes relying on relationship orientation of organisational culture. People who began their working life during the subsequent transition period differ from others according to the way they form their attitudes toward change because their attitudes toward the benefits of change cannot be predicted by relationship-orientation of organisational culture. Only task-orientation of organisational culture predicts a belief in the benefits of change in this group, which started work during a period of rapid deinstitutionalisation (ibid).

To conclude, resistance has to be understood as a part of the human being perspective. According to this study resistance could be viewed as an emotion, as the dark side or the unseen aspect of organizations.

References

Ackerman, L.S. (1986, December). Development, transition or transformation: The question of change in organisations. *Organisational Development Practicioner*, 1–8.

Alas, R., & Rees, C. J. (2006). Work-related attitudes, values and radical change in post-socialist contexts: A comparative study. *Journal of Business Ethics, 68*(2), 181–189.

Alas, R., & Vadi, M. (2006). The impact of organizational culture on organizational learning and attitudes concerning change from an institutional perspective. *International Journal of Strategic Change Management, 1*(1/2), 155–170.

Armenakis, A. A., & Bedeian, A. G. (1999). Organizational change: A review of theory and research in the 1990s. *Journal of Management, 25*, 293–315.

Bluedon, A. C. (2000). Time and organizational culture. In N. M. Ashkanasy, P. M. Wilderom, & M. F. Peterson (Eds.), *Handbook of organizational culture & climate* (pp. 117–128). Thousand Oaks, CA: Sage Publications.

Chawla, A., & Kelloway, E. K. (2004). Predicting openness and commitment to change. *Leadership & Organization Development Journal, 25*(5/6), 485.

Dent, E. B., & Goldberg, S. G. (1999). Challenging 'resistance to change'. *The Journal of Applied Behavioral Science, 35*, 25–41.

Dirks, K. T., Cummings, L. L., & Pierce, J. L. (1996). Psychological ownership in organizations: Conditions under which individuals promote or resist change. In R. W. Woodman & W. A. Pasmore (Eds.), *Research in organizational change and development* (Vol. 9, pp. 1–23). Greenwich: JAI Press.

Goodstein, L. D., & Burke, W. W. (1991). Creating successful organizational change. *Organizational Dynamics, 19*(4), 5–17.

Gordon, S. S., Stewart, W. H., Sweo, R., & Luker, W. A. (2000). Convergence versus strategic reorientation: The ntecedents of fast-paced organizational change. *Journal of Management, 26*, 911–945.

Herscovitch, L., & Meyer, J. P. (2002). Commitment to organizational change: extension of a three-component model. *Journal of Applied Psychology, 87*(3), 474–487.

Isabella, L. (1990). Evolving Interpretations as a change unfolds: How managers construe key organizational events. *Academy of Management Journal, 33*, 7–41.

Jaffe, D. T., Scott, C. D., & Tobe, G. R. (1994). *Rekindling commitment: How to revitalize yourself, your work, and your organization*. San Francisco, CA: Jossey-Bass.

Jick, T. D. (1993). *Managing change. Cases and concepts*. Boston, MA: Irwin.

Lewin, K. (1989). Changing as three steps: Unfreezing, moving, and freezing of group standards. In W. L. French, C. H. Bell Jr., & R. A. Zawacki (Eds.), *Organizational development. Theory, practice, and research* (3rd ed., p. 87). Burr Ridge, IL: Irwin.

Liuhto, K. (1999). *The organisational and managerial transformation in turbulent business environments*. Publications of the Turku School of Economics and Business Administration.

Meaney, M., & Pung, C. (2008, August). McKinsey global results: Creating organizational transformations, *McKinsey Quarterly*, 1–7.

Miller, V. D., Johnson, J. R., & Grau, J. G. (1994). Antecedents to willingness to participate in a planned organizational change. *Journal of Applied Communication Research, 22*, 59–80.

Miner, J. B. (1978). *The management process: Theory, research, and practice* (2nd ed.). New York: Macmillan Publishing.

Nadler, D. A. & Tushman, M. L. (1989). Organizational frame bending: Principles for managing reorientation. *The Academy of Management, Executive Magazine*, 3(3), 194–204.

Peccei, R., Giangreco, A., & Sebastiano, A. (2011). The role of organisational commitment in the analysis of resistance to change. *Personnel Review, 40*(2), 185–204.

Pitts, R. A. (1976). Diversification strategies and organizational policies of large diversified firms. *Journal of Economics and Business, 28*, 181–188.

Probst, G., & Raisch, S. (2005). Corporate Crisis: The logic of failure. *Academy of Management Executive, 19*(1), 90–105.

Rafferty, A. E., Jimmieson, N. L., & Armenakis, A. A. (2013). Change readiness: A multilevel review. *Journal of Management, 39*(1), 110–135.

Salaman, G. & Butler, J. (1999). Why managers won't learn. In C. Mabey, & P. Iles, (Eds.) Managing learning (pp. 34–42). London: International Thompson Business Press.

Schein, E. H. (1986). Management development as a process of influence. In M. D. Richards (Ed.), *Readings in management* (pp. 602–618). Nashville, TN: South-Western Publishing Co.

Scott, B. R. (1973). The industrial state: Old myths and new realities. *Harvard Business Review, 51* (2), 133–148.

Senge, P. M. (1997). *The fifth distcipline. The art and practice of the learning organization.* Century Business.

Waddell, D., & Sohal, A. S. (1998). Resistance: A constructive tool for change management. *Management Decision, 36*(8), 543–548.

Weick, K. E. (1995). *Sensemaking in organizations*. Thousand Oaks, CA: Sage.

Weisbord, M. R. (1988). Toward a new practice theory of organization development: Notes on snapshooting and moviemaking. In R. W. Woodman & W. A. Pasmore (Eds.), *Research in organizational change and development* (Vol. 2, pp. 59–96).

Organisational Change and Workplace Stress in Teaching and Learning Settings: Case Study Evidence from a Public Sector University in the UK

Kate E. Rowlands and Christopher J. Rees

1 Introduction

In recent years, the UK public sector Higher Education sector has experienced an unprecedented rate of change as a result of factors such as globalisation, the influence of the national and global economic recession, the impact of technology including social media, population demographics, and the direction of political strategy at both national and European Union levels (Kossek et al. 2003). More specifically, the decision of the national government to increase student fees for undergraduate degree programmes has, in part, created a culture in which value for money, quality of service and accountability of academics are increasingly seen as important within the sector (Hemsley-Brown 2011). Market forces and competitive advantage are now firmly embedded across the Higher Education sector; as Cribb and Gewirtz, (2013: 342) state: *Universities are keenly aware of the need to compete in the international marketplace for students, private sector investment, prestigious international links and not least their position in various highly publicised university league tables.* This increasing emphasis on the efficiency and effectiveness of the Higher Education sector has led to greater pressures being placed on employees in relation to issues such as job security, job design, working hours and new ways of working. When reporting the results of a survey exploring psychosocial hazards in UK universities, Kinman and Court (2010: 424) state that:

> To remain competitive, it is vital for organisations to adapt to the changing demands and circumstances of the marketplace and the environment. Such changes often alter not only individual jobs but also the structure and function of organisations themselves. Additionally, it is the management of such changes and the impact of these on the stress thresholds of individuals that is clearly worthy of further examination.

K.E. Rowlands • C.J. Rees (✉)
Institute for Development Policy and Management, University of Manchester, Manchester, UK
e-mail: kate.rowlands@manchester.ac.uk; chris.rees@manchester.ac.uk

In essence, in order to remain a competitive force within the market place there have been strategic and reactive changes in the operation of universities in the UK; these changes have driven a vivid shift in the core values of the sector. As far as the individual is concerned these experiences of change can lead to a sense of powerlessness, loss of control and can spiral to form a cumulative of pressure. Left unmanaged, this can lead to catastrophic results for the organisation and ultimately for employees; as individuals have their core beliefs threatened, their basic abilities to cope are eroded and they become susceptible to workplace stress (Diefenbach 2007). In the next section of the chapter, we consider further the nature of workplace stress and its implications for both organisations and individuals.

2 Nature, Source and Symptoms of Workplace Stress

Workplace stress is a psychological condition induced by internal conditions which release or restrict certain chemicals in the brain, (Seyle 1976). It affects an individual's behaviour and is mainly concerned with an individual's responses or symptoms and the causes of that stress otherwise known as stressors (Seyle 1976). The interaction between these two sets of variables can be difficult to identify and manage in the workplace (McHugh 1997). Stress can be extremely costly for the organisation, (Arnold et al. 1995) not just in terms of financial implications but also viz-a-viz long term issues such as worker absenteeism, low morale and poor productivity (Arroba and James 1990; Halkos and Bousinakis 2010). Workplace stress affects the individual in various overlapping ways. For example, stress exerts physiological effects which can range from insomnia and panic attacks to heart disease and strokes (Murphy 1995). Similarly, both cognitive and behavioural functioning can be impaired by workplace stress leading to symptoms such as poor decision-making and absenteeism. Yet, while the possible effects of stress are diverse so too are the potential sources of stress (Rees and Redfern 2000); there are a countless number of sources which can potentially lead to workplace stress.

In a helpful contribution, Robbins (2005) identifies three main source categories of workplace stress, that is, environmental, organisational and individual. The first of these categories is often associated with uncertainty in relation to for example, factors economic, technological and political factors. These factors often are out of the hands of the individual. The second source category of workplace stress is associated with the various demands placed upon the individual. These demands may be related directly to the tasks of the work but also to factors such as role ambiguity, policies, rules, group norms and leadership styles (Fletcher 1991). These organisational demands place pressure on the individual and, at the point where the individual cannot manage this pressure, the result is workplace stress. The third source category, that is, involving individual differences concerns factors associated with, for example, family and personal issues and even personality variables which influence an individuals' ability to handle pressure in the workplace.

It is within the scope of this chapter to highlight that the current economic climate in the UK has created certain pressures which can be associated with workplace stress. That is, ambiguous change management practices such as increased working targets, restructuring of hierarchies, threats of job loss, shifts in balance of power and general upheaval within the workplace, have all been linked to elevated stress levels among employees (Matteson and Ivancevich 1987). The next section of the chapter extends this discussion by considering further the relationship between change management practices and workplace stress.

3 Change Management Practices

Despite the relationship between change management practices and levels of workplace stress, the complexity of the field of change management hinders straightforward approaches to identifying and resolving stress-related issues during change management processes (Walker et al. 2007). For example, it is highlighted that the introduction of organisational change involves subjective decision-making processes which may lead to either acceptance of the proposed organisational change or indeed wide scale resistance to it. As Hassard (1991) states, change is a *'systematic process incorporating systems of interpretation and meaning'*. This perspective suggests that the focus of the change process is highlighted through the *'social exchange'* between the individuals involved and that communication, discussion and dialogue is imperative to the embedding of the change process. Such a viewpoint is echoed by Hammond (1996) who states that change management practice is founded on building trust, developing relationships and approaching concerns as one unit through *'appreciative inquiry'*. Here, we note the contention of Rees (2008) in which he argues that there is not even a universally accepted definition of change. Similarly, Dunphy and Stace (1993) note, that there is such a diversity of approaches to change management that it is difficult to suggest a best method approach for change management practice even putting aside situations where change processes are adopted by the management team to promote or protect the status of their own position or department (Edgley-Pyshorn and Huisman 2011; Rees and Johari 2010).

Nevertheless, despite the complex relationship between organisational change practices and workplace stress, literature on both change management and workplace stress literature emphasises the centrality of leadership to individual and organisational outcomes in these areas. Thus, one of the key influences on the success of organisational change interventions is associated with the behaviour of leaders within organisations (Collins and Rainwater 2005). When seeking to exercise their power and authority, leaders at the centre of change management initiatives are challenged by both external and internal pressures which can determine the outcomes of the change process. Thomson (1992) identified a number of these pressures which have traditionally affected managers in the public sector including: greater focus on the managerial approach and role of the manager within the

organisation; adjustment to new systems and processes; new frameworks; new relationships; new frameworks of remuneration; contraction of workforces and subsequently organisational restructuring; increasing customer focus; emphasis on the quality of service provision; and explicit management of change and organisational culture shift. As a result of such pressures, the requirement and challenge for managers within public sector organisations to achieve the translation of change effectively is significant (Brown et al. 2003; Conaty 2012; Leitch and Davenport 2002). However, that said, it is often the case that the existence and origins of such pressures are not effectively communicated to individuals within the workplace and, as a result, the experience of change management can create chaos and uncertainty in the daily lives of those affected by change interventions. Ackoff (1993) notes that managers seldom understand 'what constitutes the problem, let alone what changes are required' and changes made under such leadership present the distinguishing features of an 'organisational mess' (c.f. Senior and Swailes 2010: 315). This can lead to the sense of powerlessness for the individual (McHugh 1997) and also resentment as a foundation of the understanding and the need for the change is not expressed clearly leaving individuals unclear of how to approach the changes being made and ultimately this can result in the development of stress.

On the basis of the preceding discussion, it is evident that issues such as power, status, and resistance are often central considerations during change management interventions as a result of both the overt and covert behaviour of those involved. It is for this reason that in this study, the decision was to taken to examine, in a UK Higher Education change management setting, the extent to which managers were proactive when introducing and leading change processes with the aim of reducing and limiting the upheaval associated with change. We sought to identify evidence to indicate whether these managers who were responsible for organisational change were aware of the potential threats of stress not only on an individual basis but also as a long-term issue for the sustained health of the organisation. It is also evident throughout this discussion that the implications of the management of change can be extremely costly in terms of the individual, the organisation and the long-term effects due to the complexities of its nature. The issues raised here form the foundation and promote the need to consider such an organisational problem. The case study presented below examines the nature and implications of the management of the change process in relation to the stressful effects on individuals within the organisation.

In summary, in order to advance this discussion, a case study methodology was designed to examine links between change interventions and symptoms of stress at the individual level. The methodology is presented below along with an anonymised description of the case study organisation.

4 Methodology

4.1 Background to the Case Study Organisation

The organisation which forms the basis of the case study is a publicly funded Higher Education institution located in England. Neither author is affiliated to this organisation. The organisation has a relatively long history of delivering undergraduate and postgraduate education to both local and international students. Although receiving public funds, the organisation (hereafter referred to as Organisation A) operates on a mainly autonomous basis in a manner which is fairly typical of Higher Education institutions in England. Organisation A is managed by an Executive Board consisting of senior employees drawn from academic Faculties, research institutes, and administrative functions. In relation to organisational structure, the Faculties are divided into discipline-based academic Schools. In terms of size, Organisation A employs approximately 3,000 staff and has approximately 25,000 students registered on its full-time and part-time programmes. According to its mission statement, Organisation A is actively seeking to be renowned for its quality of provision and engagement in research, teaching, and innovation. Organisation A is also facing increased competition in the light of the current economic climate and also as students demand more for the substantial fees associated with both undergraduate and postgraduate degree programmes. As a result, the process of transition has been to define the institutional mission statement and become clearer about the performance objectives throughout the organisation including diversification into other areas to gain competitive advantage.

Funding for the organisation is provided in a number of ways such as directly from government and student fees. That said, Organisation A is required to work within a specific budgetary framework and the impact of the economic recession has been detrimental to income. In recent years, this has led Organisation A to make various cutbacks which have involved, for example, placing restrictions on pay increases, undertaking job re-evaluations, vacancy freezes, and the implementation of redundancy programmes. The recent implementation of a formal restructuring exercise has created excessive tension throughout the organisation as staff have been exposed to a less traditional approach to career development; opportunities for staff to develop have been dramatically reduced as the need to maintain current roles becomes of paramount importance to many of them. In essence, through the attempts to develop a model approach to academia, many job roles have been redefined at the detriment of reduced status and responsibility.

4.2 Data Collection

The authors conducted a series of interviews, (N = 25) in one of the largest Schools in Organisation A. An interview based method was adopted to ascertain the views of members of staff within the school about the following three questions:

- What issues were raised throughout the change initiative which caused individuals concern in their place of work and which may be regarded as stressful?
- What aspects of work may be understood as demanding by the staff in the light of recent transitional arrangements regarding their roles?
- How effective was the level of support offered throughout the period of change?

The collection of data was accessed through a number of confidential interviews which were based around the three questions raised here and followed by further probing questions. It was also critical to the study to ascertain the individual's perception of why the changes had taken place, the timings of such changes and the effects of such on their own job roles within the organisation. The interviews were carried out by the lead author over a period of 6 months. Secondary data gathered from internal documents and policy statements were used to supplement the interview data. Thus, the interviews were aimed to add breadth to information gathered from secondary data and institutional documents. One such document, entitled the 'Registrar's Review', pointed to factors such as 'non-compliance of staff with University procedures', 'poor internal communications', 'lack of collegiality', 'lack of vision or strategy', and 'intransigent staff who should be made the subject of individual interviews and warnings' Comments of this nature provided further justification of the authors' decision to seek opinions about the nature of the change interventions associated with these types of behaviours.

The School in question specialises in the provision of business and management research and education. The school offers a range of Business and Management programmes at undergraduate, pre-Masters and postgraduate taught and research degrees including PhDs. Elements of the School had already experienced a range of change interventions between 1988 and 2008 including various rebranding exercises which had resulted in changes to its name. Thus, the School has existed under various names such as Management School; School of Business Studies; Graduate School of Management; School of Business and Finance; Business School. Currently the School has over 3,000 students who participate through five admissions periods through the academic year. There is equal emphasis placed on the three key areas within the unit identified as teaching, research and academic enterprise acknowledged through the National Student Survey and Research Assessment Exercise. The school currently operates with approximately 250 staff mostly comprising of academics and support staff. The majority of School staff are concentrated at an operational level whilst the major decision-making is centralised.

4.3 The Participants

A total of N = 25 interviews were carried out with academics. The age range of the interviewees was from 31 years to 68 years old. 82% of the respondents were male. All of the interviewees but one were employed on a full-time basis.

The main findings of the study are presented below. Due to restrictions on the length of this chapter, the number of verbatim interview quotes has been kept to a minimum; rather, the focus has been placed upon identifying the emergent themes arising from the interview data.

5 Findings

5.1 Interviews with Academics

The interviews with the 25 academics produced some relatively diverse results in terms of the range of opinions expressed. These main differences tended to be focused upon the interviewees' assessments of how they had personally been affected by the change interventions at the School level. For example, there was a general consensus that the change interventions had raised levels of workplace stress in the School; however, when asked directly, only a minority of the interviewees acknowledged that they themselves were experiencing high levels of stress. Interestingly, the vast majority of the interviewees stated that they thought that many of their immediate colleagues were suffering from stress because of the changes to work-based practices that had been introduced over recent years.

Notably, there was unanimity that the role of the academic had changed considerably since the changes had begun in the last 4 years. It was generally recognised that workloads of the academics had dramatically increased over the 4 year period and more alarmingly that the complexity and demands of work had also been imposed throughout the change period. The additional demands placed on the existing academics were exacerbated by the concern that, as the restructuring of the roles began, numerous colleagues left to find other work and were not replaced leaving a number of issues for those left at the institution. Such issues were probed further to demonstrate that academics felt undervalued, demoralised and this led to further workload demands being forced onto the individuals which was perceived as surpassing their coping mechanisms. The findings which were based under the three headings discussed earlier led to five major concerns from academic staff which will be discussed below. These issues were those cited most often throughout the interviews that took place within the study.

5.2   Academic Concerns

The *reduction in staff numbers* was the most frequently discussed issue among the interviewees. However, it appeared from the interviews that the overall reduction was not a concern in itself but moreover the impact of such a reduction on the remaining staff within the school. Staff perceived that the recent restructuring exercise to enhance the school operating model and increase competition to become an upper quartile institution had left staff vulnerable and under unnecessary pressure to produce more with less time and support from colleagues to do so. Nevertheless, there also appears to be a difference of opinion between staff and management about why this transformation of the staffing structure is necessary. For example, in one review document, the Registrar stated:

> The Redundancy Announcement: it is '...a seriously underperforming School... there is a need for a restructuring of the School ...to improve the overall efficiency and effectiveness of the University

The *threat of job loss* was a major concern to the interviewees as the organisation had consistently, over the previous 4 years, required Schools to analyse their staffing structures with the ultimate aim of reducing staff numbers. In all cases, every member of academic staff was identified by discipline and placed into pools; line managers were then given a specific target for each pool in terms of numbers of employees to be retained. In order to reduce staff numbers where required, certain employees were given the option of redeployment within the University or voluntary severance, or the opportunity to leave and work elsewhere in the University. In numerous cases, staff were invited to reapply for their own positions against a selection criteria. In the case of this particular School many of the pools collapsed and the selection process was not adopted because many academics, seeing that their jobs were vulnerable, left to take up position in other universities. Given the academic background of some of the interviewees, it is noteworthy that several of them talked about the breaking of the psychological contract between their employer and the staff during this process of reducing staff numbers.

The *pressure to complete task* was also high on the academics' agenda. Here there appeared to be a conflict between job responsibility and job necessity. The interviewees discussed the need to be balanced and engage within teaching, research and academic enterprise as characterised by the institution's mission statement. However, they considered themselves to be torn as teaching workload had increased from two semesters to three semesters; workload points for teaching a module were now based around team teaching so academics were required to teach across more modules and as a result the preparation of teaching material increased alongside time in front of a class. In parallel, the expectation to engage in quality research and produce journals of 3* and 4* ranking was running concurrently with the increased teaching workload; many of the interviewees saw this demand as unattainable.

The *time to manage work pressures* was also raised as a serious issue during the interviews. Many of the interviewees stated that, due to the increases in workload

noted above, there was little time left to participate in conferences, to undertake external examiner responsibilities and to prepare and write literature. Previously, academics would teach, mark and prepare teaching material between September and June each year. The months of July and August were left to supervise dissertation students, engage in other key scholarly activity and to take annual leave. The majority of the academics interviewed felt that this flexible time during July and August had been forcibly removed from them and yet the expectations of an academic within the school were greater than ever. In fact, all of the interviewees commented on this change to working practices and recognised that this had led to increased worry and anxiety within the workplace.

Another issue expressed within the interviews demonstrated that academics were increasingly concerned about the ***lack of support resources available*** to them. The interviewees highlighted that as a result of the dynamic introduction of the change process, work such as administrative tasks, invigilation duties, timetable planning and moderation of marking assessments had suffered mainly due to time constraints. The interviewees, as a group, highlighted the expectation that individuals would do more with less support from administrative staff who had also been reduced in numbers. For example, as a result of the loss of administration staff on the help desk, academics were increasingly being called upon to manage student queries both face to face and through email. As an indication, two of the examples provided by interviewees included cases of students arranging appointments to ask '*How do I get to Off-Campus Building X*' and '*Can you explain how often I need to come into to University to pass the course?*' Academics perceived that such aspects of their work were excessively demanding and that their psychological wellbeing had been influenced as a result. Another issue which seemed to drive some of these concerns was the lack of communication from the management to individuals which left academics feeling a sense of loss of control and powerless to guide their own direction.

In addition to the commentary above, it is imperative to also raise the issue of how the change intervention was perceived at a management level within Organization A. Interestingly, a number of the interviewees commented on stressful effects which had their origins in an awareness of the negative perceptions that senior managers had about the School. A further quote from the Registrar's Review of the School does help to provide some understanding of the interviewees' position as well as offering further depth to an already acidic debate:

> "Many staff believe that major organisational changes they have experienced over last six years were ill-conceived and poorly implemented. But this review group was not charged with re-examining historical decisions. . . It would be quite wrong to offer an apology for anything. . . It is the review group's view that prime responsibility for the failings lie within the School. . ." (Registrar's review report)

6   Conclusion

This chapter has drawn attention to various factors which have driven organisational change processes in the public sector Higher Education sector in the UK. Further, it was identified that the aims of these change processes are often driven by the desire for competiveness, efficiency and effectiveness of the organisations in question. As such, one of the conclusions drawn at an early stage of this study was that the introduction of market-based reforms in the UK public sector has, in some ways, minimised the extent of any differences that may have traditionally existed in relation to the sources of workplace stress in public sector and private sector organisations. One of the implications of this finding is that, with certain caveats in place, it is not unreasonable to draw inferences and findings from research into workplace stress in private sector organisations and transfer them to public sector organisations, and vice versa. This may potentially apply even in cases where studies involve fairly specialised settings such as college libraries (Farler and Broady-Preston 2012).

This study sought to explore links between change management practices and workplace stress. It was clear from the mission statement of the case study organisation that individuals working within the institution were expected play a huge part in the success of the bid to become an upper quartile academic establishment in the UK and to establish an international reputation. Yet, in order to adjust to such systems of change, a carefully and well planned approach to the transformation process was needed to ensure that academics were placed in the position where they could effectively adjust to the increased pressures which accompany major change. After drawing upon the views of the academics within this organisation, we conclude that the methods adopted to introduce change within the institution, coupled with changes in the national context, did lead to elevated levels of workplace stress among the academic staff. According to the interviewees, this period of transformation was typified by increased workloads, additional responsibilities and an expectation to deliver more in an efficient and cost effective manner. Thus, although the literature review highlighted that the national economic climate in the UK was demanding such rationalisation of public sector organisations, it is evident through this study of a Higher Education organisation that this process of transformation was exerting a negative impact on the individuals at the heart of the change process. For example, it is notable that workloads had increased as a result of the change process and staff turnover; yet it was not evident that staff had been supported with additional resources to deal with the additional pressures. This in a sense is contradictory of the overall aim of the transformation process; individuals who were expected to produce more were unable to do so as the demands placed upon them were outweighing their ability to cope.

In the light of the preceding paragraph, we also draw attention to the fact that the majority of interviewees did not acknowledge that they were suffering from workplace stress, yet the vast majority of them stated that many of their immediate colleagues were experiencing workplace stress. The conclusion we draw is that

there does appear, in this setting, to be projective-type defence mechanisms at play. It is hypothesised that the interviewees were unwilling to acknowledge their own elevated levels of stress as this may have been seen as weakness in relation to an inability to cope. This finding merits further investigation as it raises the possibility that attribution approaches to research in this area, where respondents are asked about how others are coping in the workplace, may produce more valid findings than asking respondents directly whether they are experiencing workplace stress themselves.

The interview data also reveal that the provision of gaining and cascading information through dialogue, although considered a valuable tool in any change intervention, is not in itself enough to ensure that individuals become empowered and motivated through the process. The findings of this study emphasise the necessity of focusing time on the individuals who are core in the change process to ensure that they have the skills required to cope with the new pressures of change but also to enable them to gain confidence throughout this training period; this is a vital activity both for the self-esteem of these individuals and to address underlying stressors. However, this focus can only be developed if the plan is clear from the outset and if it is acceptable to the workforce in question. Thus, the final and perhaps paradoxical conclusion drawn from this study is that clearly formulated plans for organisational change may in themselves be a source of dispute and stress when communicated to a workforce.

References

Ackoff, R. L. (1993). The art and science of mess management. In C. Mabey & B. Mayon-White (Eds.), *Managing change* (pp. 47–54). London: Pail Chapman.

Arnold, J., Cooper, C., & Roberston, I. (1995). *Work psychology: Understanding human behaviour in the workplace* (2nd ed.). London: Pitman.

Arroba, T., & James, K. (1990). Reducing the cost of stress: An organizational model. *Personnel Review, 19*(1), 21–27.

Brown, K., Waterhouse, J., & Flynn, C. (2003). Change management practices: Is a hybrid model a better alternative for public sector agencies? *International Journal of Public Sector Management, 16*(3), 230–241.

Collins, D., & Rainwater, K. (2005). Managing change at sears: A sideways look at a tale of corporate transformation. *Journal of Organizational Change Management, 18*(1), 16–30.

Conaty, F. J. (2012). Performance management challenges in hybrid NPO/public sector settings: An Irish case. *International Journal of Productivity and Performance Management, 61*(3), 290–309.

Cribb, A., & Gewirtz, S. (2013). The hollowed-out university: A critical analysis of changing institutional and academic norms in UK higher education. *Discourse: Studies in the Cultural Politics of Education, 34*(3), 338–350.

Diefenbach, T. (2007). The managerialistic ideology of organisational change management. *Journal of Organisational Change Management, 20*(1), 126–144.

Dunphy, D., & Stace, D. (1993). The strategic management of corporate change. *Human Relations, 46*(8), 905–920.

Edgley-Pyshorn, C., & Huisman, J. (2011). The role of the HR department in organisational change in a British university. *Journal of Organizational Change Management, 24*(5), 610–625.

Farler, L., & Broady-Preston, J. (2012). Workplace stress in libraries: A case study. *Aslib Proceedings, 64*(3), 225–240.

Fletcher, B. C. (1991). *Work, stress, disease and life expectancy*. Chichester: Wiley.

Halkos, G., & Bousinakis, D. (2010). The effect of stress and satisfaction on productivity. *International Journal of Productivity and Performance Management, 59*(5), 415–431.

Hammond, S. A. (1996). *The thin book of appreciative inquiry*. Plano, TX: Thin Book Publishing.

Hassard, J. (1991). Multiple paradigms and organisational analysis: A case study. *Organisation Studies, 12*(2), 275–299.

Hemsley-Brown, J. (2011). Market heal thyself: The challenges of a free market in higher education. *Journal of Marketing for Higher Education, 21*(2), 115–132.

Kinman, G., & Court, S. (2010). Psychosocial hazards in UK universities: Adopting a risk assessment approach. *Higher Education Quarterly, 64*(4), 413–428.

Kossek, E., Markel, K., & McHugh, P. (2003). Increasing diversity as an HRM change strategy. *Journal of Organizational Change Management, 16*(3), 328–352.

Leitch, S., & Davenport, S. (2002). Strategic ambiguity in communicating public sector change. *Journal of Communication Management, 7*(2), 129–139.

Matteson, M. T., & Ivancevich, J. M. (1987). *Controlling work stress: Effective human resource and management strategies*. San Francisco, CA: Jossey-Bass.

McHugh, M. (1997). The stress factor: Another item for the change management agenda? *Journal of Organizational Change Management, 10*(4), 345–362.

Murphy, L. R. (1995). Managing job stress: An employee assistance/human resource management partnership. *Personnel Review, 24*(1), 41–50.

Rees, C. J. (2008). Organizational change and development: Perspectives on theory and practice. *Journal of Business Economics and Management, 9*(2), 87–89.

Rees, C. J., & Johari, H. (2010). Senior managers' perceptions of the HRM function during times of strategic organizational change: Case study evidence from a public sector banking institution in Malaysia. *Journal of Organizational Change Management, 23*(5), 517–536.

Rees, C. J., & Redfern, D. C. (2000). Recognising the perceived causes of stress: A training and development perspective. *Industrial and Commercial Training, 33*(4), 120–127.

Robbins, S. (2005). *Organizational behaviour* (11th ed.). Upper Saddle River, NJ: Prentice Hall.

Senior, B., & Swailes, S. (2010). *Organizational change*. Essex: Pearson Education Limited.

Seyle, H. (1976). *Stress in health and disease*. Reading, MA: Butterworths.

Thomson, P. (1992). Public sector management in a period of radical change: 1979-1992. *Public Money and Management*, (July-September), 33–41.

Walker, H., Armenakis, A., & Bernerth, J. (2007). Factors influencing organizational change efforts: An integrative investigation of change content, context, process and individual differences. *Journal of Organizational Change Management, 20*(6), 761–773.

Organizational Development in an International Context: A Story of Planned Change and Attempt to Induce High Involvement

Torben Andersen

1 Introduction

The present study has it's point of departure several years ago, when an HR-manager approached me and asked if I was interested in one of his old workbooks, a bookbinder, describing and illustrating the operations of a senior HR-person in a change management project in China. He was about to retire and wanted his work to be of use by somebody rather than just throwing it out. In my ignorance I accepted and thought not more of this—and unfortunately placed the bookbinder on a bookshelf in my office. About two and half a year later—in a search for another book—I noticed the bookbinder on the shelf, and browsing quickly through it, I soon realized that this was a very rich description of how international change management was carried out in practice, seen through an experienced HR-persons spectacles. This is the kind of knowledge we extremely seldom see as researchers—it was very thoroughly collected and methodologically described by the old engineer and organized in an easy to overview way, kind of like a project plan. The present chapter is an account on how this HR-consultant worked with organizational development (OD) in new and foreign context—China, PRC, about 15 year ago in the late 1990s and early 2000s, where changes were frequent and large. The company in question was one of the largest Danish production companies, and in an international comparison a medium sized industrial player.

T. Andersen (✉)
University of Southern Denmark, Odense, Denmark
e-mail: toa@sdu.dk

2   DanCorp Group

DanCorp (our pseudonym) is a relatively old company founded back in the 1930s, and it has through the last 80 years gone through the classical phases of growth and development via several mergers and buy ups. Today it covers +20,000 employees, has production facilities placed in more than 50 countries and even more sales offices. The DanCorp Group has after the break through of the World financial crisis in the autumn 2008 regained momentum very fast—net sales were positive already back on high level in 2010—and it is more than DKK 30,000 m and operating profit DKK 3,25 m in 2012.

DanCorp's culture is characterized by strong technician and engineering values, due to the fact that it has developed and sold products (recently solutions) within industrial controls for several decades. In many respects the management group (from the high level family members to lower middle managers) has been personified by a classical Danish production culture, where a Scandinavian (Grenness 2003; Schramm-Nielsen et al. 2004 and Stensaker et al. 2008) and Nordic management style (Brodbeck et al. 2000 and Smith et al. 2003) has dominated: Long-term active ownership, involving many stakeholder groups (including shareholders) even in highly internal decisions, and a steady growth through time (see also Styhre 2002). Based on a high degree of decentralization of responsibility, an engaged and responsible acting group of employees has characterized the company, i.e. a relatively high creativity and innovation potential exists. In other words the basic assumption is, that individual can make a difference and management prefer, and expect, continuous input from employees on process and output.

Management practices in DanCorp have included an early entry into self-managed teams, pay level has been medium high and more recently contingent on organizational performance, and a rather extensive training effort has been the norm. Highly skilled workers, technicians and engineers have been the stable, growing workforce of DanCorp. Finally the corporate values have been emphasizing low status distinctions and barriers, to some extent sharing of financial and performance information and not least a very high social indignation. Long before the emergence of CSR, the family owners of DanCorp practiced a well-known local-social responsible conduct. This has in recent years been succeeded by a broader sustainability approach. It is in other words a company where space for the individual should be present, and where the right values characterizing individual.

Looking at global market conditions and trends, DanCorp has increasingly positioned itself in growth markets and regions emphasizing more recent green values, rather than the classical growth aspirations characterizing large MNCs before the financial crisis. Company focus and values includes the following:

- Sustained stronger focus on energy-efficient and socially sustainable solutions
- Fair and equal access to markets
- Competition from China and India, in particular
- Global economic growth

- Principal key markets are the USA, Germany, China, Russia, Brazil and India (BRIC countries)
- The most important business areas are new construction, renovation, raw materials extraction and processing, production of consumer durables and retail trade
- Customer relations and reputation, including DanCorp's ability to maintain and build long-term trustful partnerships with customers and other key business partners
- Competitive strength and innovation, including the ability to support customers by providing efficient solutions, attractive cost levels and high product quality
- Financial sustainability, including the Group's ability to continuously reduce debt and fund new growth.

Finally a major restructuring has taken place in DanCorp on top of the financial crisis, where focus now is on Climate & Energy seen in relation to classical products (in the areas of cooling and heating). The driving slogans characterizing the duality of the strategy is therefore: Innovation from the core, and this illustrates the long term investment in product innovation translated into a number of new, customer-focused sustainable solutions.

3 DanCorp China Ltd.

DanCorp was during in the early 1990s "taking a slowboat to China" (Hoover 2006). Even though the company was a relatively fast mover entering the Chinese market (it was granted business license for a wholly owned subsidiary in 1993, i.e. no necessary joint venture with local company), DanCorp only moved some of its simple manufacturing units from Denmark to the new factory in Tjianjin, China. Mainly in order to take advantage of the—at that time—lower wages. This replication strategy was successful due to general growth in the Chinese market, and after about 10 years growth, profit and public relations were build up. Not trying too many complicated things at a time and modest speed of development meant a more planned approach was possible, very much in line with the values characterizing the company history. This also goes for HR and the organizational aspects.

However in mid 1990s the top management team's reflections on company exploitation of market potential in China led to a major strategic shift, and thereby a demand for further international organizational development. Rather than just being on a growing market, and prospering on this (as many other Western companies), the aim was now to become a market leader in their businesses, in many respects similar to the strategic intent formulated by GE (see Slater 1999). There is a risk of focusing on China as just a market like all any other, and at the same time produce in China to other markets due to temporarily low costs. When the Chinese market later on consolidates, and DanCorp potentially do not have the volume needed to compete with local Chinese incumbents, it could be seriously threatened and loose it's market platform here. The window of opportunity to

contend market leadership meant switching from focus on growth to market share, and aiming at becoming number 1 or 2–3 relatively quick. The movement towards a more long term strategy from about 2004 meant that DanCorp had to redefine its aspiration of China towards seeing it the second home market, thereby trying to accomplish a market share of about 15–20 % like DanCorp held many places in Europe and thereby becoming among the market leaders. In the short run this requires a focus on growth and successive geographical expansion. Net sales doubled from 2008 to 2013 and most recently DanCorp has opened two factories in Haiyan county, near Shanghai. Looking over the past 15 years DanCorp China has moved from a slow build-up to running business and growth, already in place in some markets. Today four mergers later and +4,000 employees (and the HR-function growing from 2 employees in summer 2000, where we first visited the company, to 35 employees today), the organization must be characterized by a very successful player in a volatile and difficult Chinese market.

4   Theoretical Basis

Looking deeper into the developments in DanCorp China, two main theoretical approaches will best describe what has been going on during this period: The strategic management (SM) perspective which often regard organizational change as a process of implementation of the corporate strategy carried out by organizational leaders and decision makers in general (see e.g. Child 1972 and Dunphy 2000). Secondly the organizational development (OD) perspective, which regard change as intentional efforts to make differences in the organizational work setting for the purpose of enhancing individual development and improving organizational performance (see Porras and Robertson 1992 and Choi and Rouna 2011). The two main approaches here are by many considered some of the most fundamental ones in the organizational change literature, Beer and Nohria (2000a) have labeled them theory E and O. However, as it has been emphasized in numerous studies of change—in reality, many efforts do not result in their intended aims and do not foster sustained change. Researchers have critically reflected on the—highly US-inspired—rationalistic planned change approach within both strategic management and organizational development (see Beer and Nohria 2000a, b and Burnes 2004). In addition many organizations' inability to achieve the intended aims of their change efforts have within the two perspectives often been seen as an implementation failure, instead of flaws innate in the change initiative itself (see also Klein and Sorra 1996). As we will see below, the present case is an example of both—difficulties with implementation in the relatively new Chinese subsidiary but also problems relating to a deeper structural conflict.

The planned change perspective inherent in the OD approach is often based on the assumption of conscious, deliberate, and intended decisions (Chin and Benne 1985 in Choi and Rouna 2011), and this is often with the intention of enhancing individual development and through this to increase an organization's effectiveness

and overall capability (see Cummings and Worley 2005 and Porras and Robertson 1992). This way many of the OD approaches to change implementation often includes the normative-reeducative change strategy (Chin and Benne 1985 and Worren et al. 1999), and the ongoing organizational effort to enhance organizational capability through the fostering the learning culture (Chin and Benne 1985; Watkins and Golembiewski 1995 and Choi and Rouna 2011). The main idea underlying this approach is that "change in the individual organizational member's behavior is at the core of organizational change" (Porras and Robertson 1992, p. 724). According to this perspective, organizations only change and act through their members, and successful change will persist over the long term only when individuals alter their on-the-job behaviors in appropriate ways (George and Jones 2001; Porras and Robertson 1992). It is also argued, that many change efforts fail because change leaders often underestimate the central role individuals play in the change process. To support the idea, these researchers have empirically demonstrated that individuals are not passive recipients of organizational change but actors who actively interpret and respond to what is happening in their environments (Greenhalgh et al. 2004; Hall and Hord 1987; Isabella 1990; Lowstedt 1993). This can, however, be somewhat difficult when the actors are from to culturally highly diverse cultures, and when the agenda changes over time (see Björkman and Lervik 2007).

5 The Organizational Development Process of DanCorp China Ltd.

The start-up of DanCorp in China followed the classical route—from sales offices, over simple production to establishment of support functions (including an HR-function) later on. However the meeting with the Chinese production (and sales) culture made the top management aware of the importance of working with human resources in a more structured and professional way, if commercial results had to improve. This way local HR-people from the different divisional headquarters were asked early 1998 to step in and establish a local HR-function capable at "implementing" the DanCorp way of working. Two experienced HR-managers were assigned as long distance frequent flyers (hereof the above mentioned retiring senior HR-manager).

The demand for formal, administrative procedures ensuring congruence and a higher level of quality in all steps of the value chain was overt. During 6 months to 1 year many new initiatives were taken as part of the overall OD project in DanCorp China (see Fig. 1).

As it can be seen in Fig. 1 the overall plan was to approach the Chinese managers and employees in a Scandinavian way, i.e. preliminary work covered an open interview round followed by a seminar, where the findings were presented. The local management group—the China Management Team (CMT)—then discussed
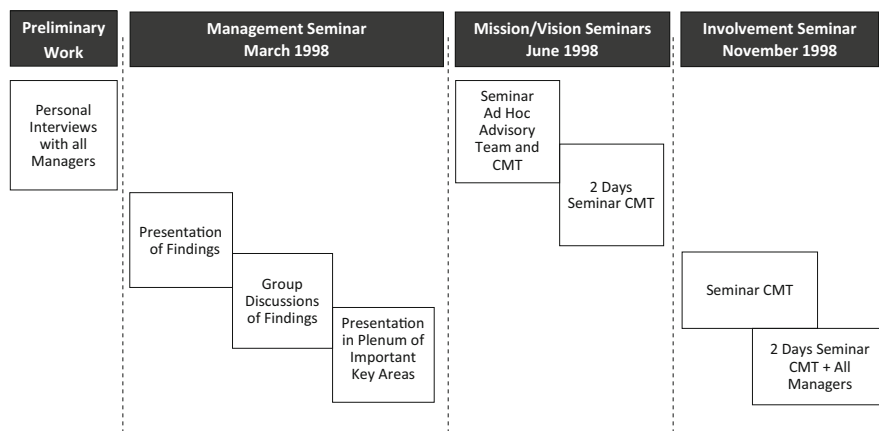
Fig. 1 Time line of the OD process in DanCorp China 1998

these findings, and this was the basis for the following mission and vision seminar the next summer, leading to the "modus operandi" formulated by the Chinese management team.

The first interview round was carried out by a Danish engineering student (doing her graduate report)—28 interviews in total, and this way the Chinese participants in a relatively neutral setting had an opportunity to define the problems and challenges DanCorp China was facing. The initial idea from the Danish HR-consultants was to find out what was going on, labeled: "Understanding our employees"—well aware of the major cultural distance existing between the two national contexts. This way aim was to uncover the main challenges seen from the local management's point of view, and at the same time to accomplish a shared understanding of the Chinese company's vision and goals. The HR-consultants saw it as a major cross-cultural exercise making the local Chinese to take ownership of the vision and goals. In other words: Planned change with the aim to improve quality and performance but carried out in a high involvement, participative way, including both theory E and O elements (Beer and Nohria 2000a). The first major attempt was to initiate a TQM process, where actual performance was to be uncovered, leading to areas of improvement and finally implementation of changes by involving employees. In the longer view the aim was to implement a learning culture, which is a backbone of many TQM programs. During all the three phases the HR-consultants were acting as coaches and facilitators for groups discussions. This is also very much in line the tradition characterizing the HR-work from a Danish context. The findings from the first phase are illustrated in Fig. 2.

In Fig. 2 the findings—seen from the Danish HR-consultants view—are presented, and not surprisingly there were several major challenges relating to the employees: lack of interpersonal trust; no team work or spirit; attention to fairness; people were afraid of making errors and mistakes; differences in management style, and not least major communication difficulties. This is according to the report
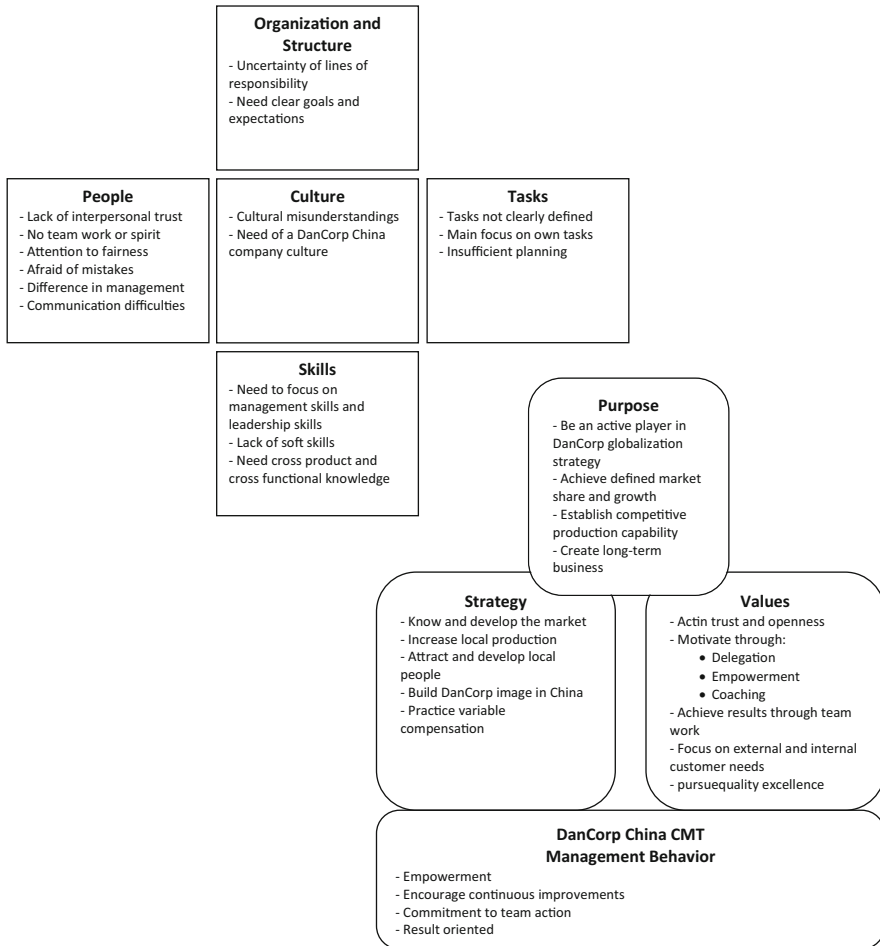
Fig. 2 Findings from first phase seminars

creating a culture of misunderstanding—there was a rather desperate need for a build-up of a positive local DanCorp China culture. In addition more formal necessities remained like clearer definitions of tasks, jobs and more planning, where lines of responsibility and clear goals could direct behavior.

The "modus operandi" of DanCorp China covers the four boxes on the right side of the figure, and it was—in the opinion of the HR-consultants from the headquarters—the outcome of the China Management Team's hard work and commitment, which then formed their roles and the design of competence profiles of future managers in DanCorp China. The latter was successively transferred into training needs for the individual mangers. The skills question was not only related to the technical, engineering qualifications but also softer, management and leadership skills, and questions like "how would you like to see the company culture of

Structure

→ Work sharing / coordination?
→ Lines of responsibility
→ How is the management system?
→ Systems for information, feedback and quality control?
→ Rewards for special contribution?
→ Changes in the organization?

People

→ Characteristic of the people
→ Job satisfaction
→ Use of their personal resources?
→ Care of each other?
→ Competition?

Are people afraid of:
→ being insufficient?
→ not taking part in the decisions?
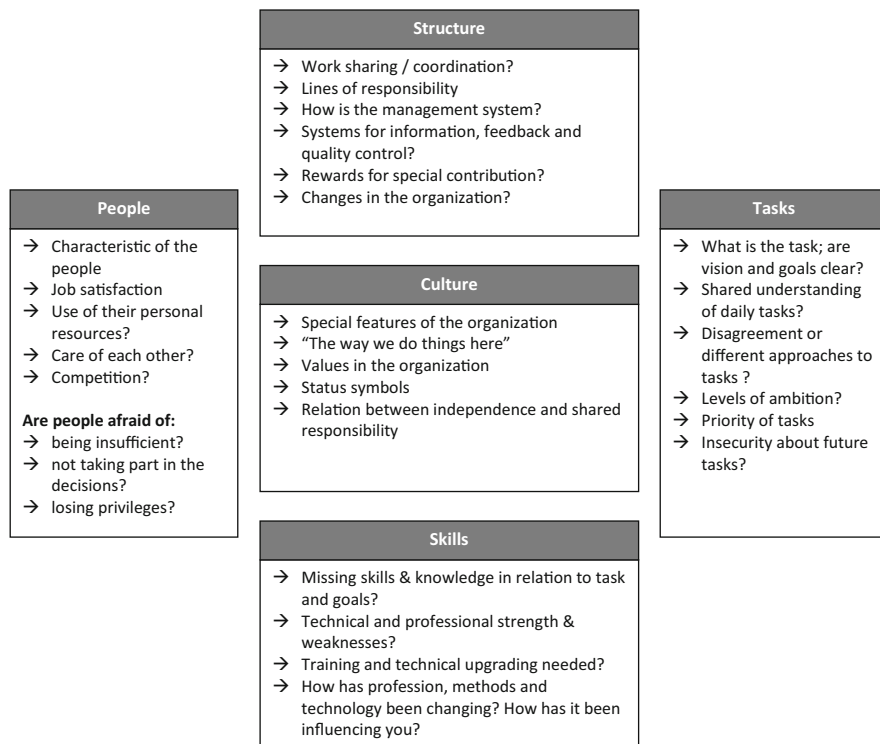→ losing privileges?

Culture

→ Special features of the organization
→ "The way we do things here"
→ Values in the organization
→ Status symbols
→ Relation between independence and shared responsibility

Tasks

→ What is the task; are vision and goals clear?
→ Shared understanding of daily tasks?
→ Disagreement or different approaches to tasks ?
→ Levels of ambition?
→ Priority of tasks
→ Insecurity about future tasks?

Skills

→ Missing skills & knowledge in relation to task and goals?
→ Technical and professional strength & weaknesses?
→ Training and technical upgrading needed?
→ How has profession, methods and technology been changing? How has it been influencing you?

Fig. 3 Systems analysis—in DanCorp China 1998 and onwards

DanCorp China to develop?", were being asked to all participants. The drawback of this type of invitation to participate in two-way communication, almost demanding individual honesty and critical feed-back if felt necessary caused a certain level of uncertainty and ambiguity among the Chinese participants—posing questions like: what did they want of us? What is the correct answer, on this type of open ended questions?

Finally the solution oriented part of the seminar focused on more strategic and values based behavior among employees as well as leaders. Including encouragement of continuous improvement, commitment to team action and more results oriented behavior (rather than playing a passive role, only referring to formal rules and regulations keeping employees out of trouble). It is in many respects theory O elements (Beer and Nohria 2000a) being used—in a planned way, with a relatively long time horizon, and ending up with a model for future OD work in DanCorp China. The total systems analysis, which is illustrated above, is mainly a checklist of question the China Management Team continuously can ask itself, based on Structure, People, Culture, Tasks and Skills (Fig. 3).

The analytical model now used in DanCorp China is a basic systems analysis including classical themes like structure, people, culture, skills and tasks. Under

each theme key questions are presented, questions developed and selected in concert between the China Management Team and the Danish HR-consultants.

The themes are the basis for step 4 in the OD project, which was more training intensive than the earlier three. Teambuilding and coaching in particular has been carried out, and emphasized, since November 1998.

6 The Challenges

The attempt to make the culture in DanCorp China converge to the overall DanCorp Group culture (de facto the Danish informed DanCorp culture) via this OD project is indeed an evolutionary change rather than a rapid transformational or radical change. In this light it was rather limited how much change "failure" one could detect—still the processes did not happen entirely according to the plans: The Chinese's operations were at that time covered by the headquarters in central Beijing; a production unit in Tjianjin, and to sales offices—one in Shanghai and one in Hong Kong. Coordination between these units, and not least with the divisional headquarters in Denmark many time zones away, placed a major pressure on the Chinese management Team. Later severe tensions developed between divisional managers in HQ and the Chinese country manager (structural diverging interests and power) and it took some time finding a modus operandi for China Management Team, which the rest of the organization could accept. In addition the HR-manager had difficulties in persuading her CEO about up scaling the HR-departments and her skills to a strategic level, a problem well known from man other organizations (Boxall and Purcell 2011).

7 Postscript

Late June 2000 I arrived at the headquarters of DanCorp China on a warm summer day. As it quickly turned out—one day after the CEO of DanCorp China was fired by the Danish top management. The organization was obviously in despair, and in particular the many Chinese employees, the now former CEO had recruited, were indeed uncertain about their future. Part of the turmoil was caused by the fact, that the only office left was the former CEOs, so I was asked to sit here, and—I realized later on—many of the Chinese employees thought of me as the replacement of the former CEO. The first day as a researcher in this organization was therefore rather atypical, until the local Chinese employees realized my harmless role as a researcher, not engaged in the politics of DanCorp Group.

To cut a long story short—the CEO of DanCorp China had after five successful years in DanCorp, in a power struggle with the top divisional managers in the Danish headquarter, bypassed them and gone straight to the owner, and asked for the family's support for his point of view—to keep investing in his unit, rather than

starting to paying back the investments made by the divisions. This struggle between divisional manager and country managers is well known in large MNCs, however in this case it comes after a thorough an intense work with the establishment of the DanCorp China Management Team. The conflict was building up during the late 1999, when the divisional managers, being on the board of DanCorp China, was demanding the Europe should have a larger say on the strategy and prioritizing in DanCorp China, a de facto change of the organizational structure, reducing the autonomy of the Chinese CEO and the management team. In other words, a classical theory E approach to change management (see also Dunphy and Stace 1988). Many of the critical perspectives on theory E is focusing on the way the changes are carried out, and the above mentioned story is actually not about failures, lack of implementation, high personnel turnover etc. Still the removal of the CEO –after five successful years in charge of DanCorp China—of course pulled the work and accomplishments of the China Management Team back. Resistance towards the changes was mainly coming from the CEO and it was directed towards the structural organizational changes, but not to the same degree among the Chinese employees, who have to find their way living with a company culture informed by the DanCorp Group 's way of doing things. The process described here is a relatively slow kind of change, and not to the same extent a situation characterizing mainstream change management literature, emphasizing rapid and radical change.

References

Beer, M., & Nohria, N. (2000a). Cracking the code of change. *Harvard Business Review, 78*, 133–141.

Beer, M., & Nohria, N. (2000b). Introduction: Resolving the tension between theories E and O. In M. Beer & N. Nohria (Eds.), *Breaking the code of change* (pp. 1–33). Boston, MA: Harvard Business School Press.

Björkman, I., & Lervik, J. E. (2007). Transferring HR practices within multinational corporations. *Human Resource Management Journal, 17*(4), 320–335.

Boxall, P., & Purcell, J. (2011). *Strategy and human resource management* (3rd ed.). Basingstoke: Palgrave/MacMillan.

Brodbeck, F. C., et al. (2000). Cultural variation of leadership prototypes across 22 European countries. *Journal of Occupational and Organizational Psychology, 73*, 1–29.

Burnes, B. (2004). *Managing change: A strategic approach to organisational dynamics*. London: Prentice Hall.

Child, J. (1972). Organization structure, environment and performance: The role of strategic choice. *Sociology, 6*, 1–22.

Chin, R., & Benne, K. D. (1985). General strategies for effecting changes in human systems. In W. G. Bennis, K. D. Benne, & R. Chin (Eds.), *The planning of change* (4th ed., pp. 22–43). New York: Holt, Rinehart & Winston.

Choi, M., & Rouna, W. E. A. (2011). Individual readiness for organizational change and its implications for human resource and organizational development. *Human Resource Development Review, 10*(1), 46–73.

Cummings, T. G., & Worley, C. G. (2005). *Organizational development and change* (8th ed.). Mason, OH: Thomson South-Western.

Dunphy, D. C. (2000). Embracing paradox. In M. Beer & N. Nohria (Eds.), *Breaking the code of change* (pp. 123–135). Boston, MA: Harvard Business School Press.

Dunphy, D. C., & Stace, D. A. (1988). Transformational and coercive strategies for planned organizational change: Beyond the OD model. *Organization Studies, 9*, 317–334.

George, J. M., & Jones, G. R. (2001). Towards a process model of individual change in organizations. *Human Relations, 54*, 419–444.

Greenhalgh, T., Robert, G., Macfarlane, F., Bate, P., & Kyriakidou, O. (2004). Diffusion of innovations in service organizations: Systematic review and recommendations. *Milbank Quarterly, 82*, 581–629.

Grenness, T. (2003). Scandinavian managers on Scandinavian management. *International Journal of Value-Based Management, 16*, 9–21.

Hall, G. E., & Hord, S. M. (1987). *Change in schools: Facilitating the process*. New York: State University of New York Press.

Hoover, W. E., Jr. (2006). Making China your second home market: An interview with the CEO of Danfoss. *The McKinsey Quarterly, 1*, 85–93.

Isabella, L. A. (1990). Evolving interpretations as a change unfolds: How managers construe key organizational events. *The Academy of Management Journal, 33*(1), 7–41.

Klein, K. J., & Sorra, J. S. (1996). The challenge of innovation implementation. *Academy of Management Review, 21*, 1055–1080.

Lowstedt, J. (1993). Organizing frameworks in emerging organizations: A cognitive approach to the analysis of change. *Human Relations, 46*, 501–526.

Porras, J. I., & Robertson, P. J. (1992). Organizational development: Theory, practice, and research. In M. D. Dunnette & L. M. Hough (Eds.), *Handbook of industrial & organizational psychology* (2nd ed., Vol. 3, pp. 719–822). Palo Alto, CA: Consulting Psychologists Press.

Schramm-Nielsen, J., Lawrence, P. A., & Sivesind, K. H. (2004). *Management in Scandinavia—Culture, context and change*. Aldershot: Edward Elgar.

Slater, R. (1999). *Jack Welch and The G.E. Way: Management Insights and Leadership Secrets of the Legendary CEO*. New York: McGraw-Hill.

Smith, P. B., Andersen, J. A., Ekelund, B., Graversen, G., & Ropo, A. (2003). In search of Nordic management styles. *Scandinavian Journal of Management, 19*(4), 491–507.

Stensaker, I.G., Larsen H. H., & Schramm-Nielsen, J. (2008). *Managing organization development and change across Scandinavian borders* (Working Paper No. 42/07). Institute for Research in Economics and Business Administration, Bergen.

Styhre, A. (2002). Non-linear change in organizatyions: organization change management informed by complexity theory. *Leadership & Organization Development Journal, 23*(6), 343–351.

Watkins, K. E., & Golembiewski, R. T. (1995). Rethinking organization development for the learning organization. *International Journal of Organizational Analysis, 3*(1), 86–101.

Worren, N. A. M., Ruddle, K., & Moore, K. (1999). From organizational development to change management. *The Journal of Applied Behavioral Science, 35*(3), 273–286.

Agile Management for Organizational Change and Development

Harald Wipfler and Stefan Vorbach

1 Introduction

During the last decades we have observed an increasing importance of managing change for all sorts of organizations. The demand to manage change in a proper way is growing as organizational change and development projects become more and more complex: objectives tend to be fuzzy or change during the course of projects. Tasks have to be performed within drifting environments; the affected organization or the environment may change, and originally intended outcomes may cease to be relevant. The organization is subject to change and the members affected have to implement this change themselves. One could say that organizational development needs to be implemented like an "open-heart surgery": these projects have a significant impact on the organization, they have to be implemented alongside the organization's daily business, and failures are critical. However, many organizations have little experience of efficient organizational change and development, and success is limited (Kyaw and Classen 2010; Jørgensen et al. 2008).

The implementation of change projects is embedded in different disciplines. Firstly, we have to consider the traditional approach of organizational development, which aims for an overall learning and development process of the organization and its members. Secondly, change management has become a relevant approach for implementing transitions, especially with respect to business process engineering. Thirdly, project management is still considered a central methodology for managing, implementing, and generating required project deliverables. In the literature, organizational development is discussed in terms of all of these approaches, but there are few attempts to synthesize them into an integrated description.

An important emerging emphasis in the field of management and organization is the concept of agility. We want to combine aspects of agility with our thinking

H. Wipfler (✉) • S. Vorbach
Graz University of Technology, Graz, Austria
e-mail: harald.wipfler@tugraz.at; stefan.vorbach@tugraz.at

about organizational development. Though it may seem that the fields of organizational development, change management, project management and agile organizations are becoming increasingly blurred, each of the disciplines has important and relevant contributions to make to the subject of organizational change. We therefore question whether it is still up to date to treat these disciplines separately or whether an integrated "agile management approach" would be an appropriate response to current developments.

In this paper we present a literature-based survey of agile approaches and we summarize the current discussion on the relationship of organizational development, change management and project management. We describe the development towards agile concepts that is currently taking place within project management. Based on these starting points we discuss how agile techniques and a more integrated approach can contribute to the organization's challenge to cope with change.

2 Definitions and Status Quo

For a meaningful discussion of agility concepts, we need a definition of agility and the principles and considerations behind agile approaches. Here, we briefly outline the status quo of project management (a general framework for implementing projects), change management (an approach for realizing radical change in a business environment), and organizational development (an on-going and more incremental process), as well as their limitations.

2.1 Agility

In 2001, a group of software practitioners published the *agile manifesto*—a concept of values and principles for developing software—and introduced the concept of agility within the software development industry. It was especially this industry which faced the limitations of rigid up-front planning, unclear requirements, documentation overload, and changing environments and technologies. As a consequence, agile software development methodologies (e.g. Scrum) emerged and received significant attention (Dingsøyr et al. 2012).

These new methods try to consider uncertain and dynamic environments, emphasize the value of simplicity, and attach importance to delivering immediate business value to the customer. They are characterized by the idea of direct communication and an intensive involvement of the customer in the development process. While traditional plan-driven concepts were based on rigid up-front planning, software is now developed in iterative processes to keep up with changing environments such as new demands from users. Self-organizing teams collectively estimate work volumes, decide on priorities, and are responsible for the success of

the project. Short daily stand-up meetings, regular reviews, and retrospective meetings ensure the greatest possible reflection and openness.

The idea of "agility" has been discussed extensively. Based on a review of literature and the reflection on the concepts of flexibility and leanness, a comprehensive definition of agility was given by Conboy and Fitzgerald (2004), who define agility as "*the continual readiness of an entity to rapidly or inherently, proactively or reactively, embrace change, through high quality, simplistic, economical components and the relationship with its environment*" (p. 40). They also note that agility is not limited to software development and that it has been in discussion in the more general business literature at least since the 1990s. Highsmith (2010) relates the concept of agility to business objectives: continuous innovation (to meet today's business requirements), product adaptability (to meet future business requirements), improved time-to-market (to improve return on investment and catch market windows by streamlining processes and reducing workload), adaptability of people and processes (to be able to respond to changes), and focus on reliable products (to support business growth).

Agile methodologies are not only a matter of lean and iterative techniques. The fact that they are successful makes them relevant to the general approach and new ways of thinking. Many authors stress that agility is based on several assumptions, skills and principles which are worth taking a closer look at (Cobb 2011; Highsmith 2010); Boehm and Turner 2006; Chan and Thong 2009):

- **New definitions of project success and focus on customer value:** While traditional project performance measurement is based on cost, scope and schedule, Highsmith (2010, pp. 17–21) notes that meeting these constraints is not sufficient any longer. Project success should comprise the aspects customer value (releasable results or products), quality (reliable and adaptable products) and constraints (scope, schedule, cost). Proactively focusing on the customer's business goals should also lead to desirable financial results.
- **New assumptions about the customer:** Traditional approaches assume that customers do not have detailed and accurate knowledge of their current and future requirements. In the case of software development, this often leads to extensive specifications of user requirements, which are then supposed to be a strict and contractual guideline for the software development. This procedure often turns out to be unsatisfactory for both the customer and the project team. The assumption of short-sighted customers also causes developers to build in extra functionality to meet anticipated future needs, which often leads to over-designed systems. Through the increased involvement and more frequent deliveries, customers have more opportunities to articulate their needs, and feel a shared responsibility for the project outcomes (Chan and Thong 2009).
- **Focus on collaboration, direct communication, and self-control:** Understanding the customer's goals implies a deeper collaboration between the stakeholders, which in turn requires more direct communication. Techniques like daily stand-up meetings are used to check with each other. Cobb (2011, p. 117) describes them as a good way of developing a very fast-paced approach for

making progress quickly, of keeping everyone in the project involved and focused on results, and as excellent for team building. Another aspect is to cultivate census building. Such methods require trust, empowerment, managers recognizing their facilitation role, and a suitable organizational culture.

- **Validation over verification and continuous improvement:** Instead of focusing too much on specifications, agile approaches stress the importance of validation by beginning to ask whether the project outcomes are meeting the customer needs from early in the project. Short iterations and development cycles allow for adjustments and improvements (Cobb 2011, pp. 115–116).

2.2   Project Management

Project management is a generic term and framework for planning, coordinating, steering, and controlling different activities beyond the everyday business routines, based on considerations of limited resources. Traditionally, the term denotes the approach of a phase model and rigid processes. The project passes through a fixed sequence of phases—initiation, planning, implementation and finalization—and the phases are accompanied by the process of controlling. A key feature is the centralized planning of the complete project (its course, process and organization) at the beginning. The detailed up-front planning requires rather detailed specifications, because the implementation will be based upon these documents. Due to this rigorous planning process, the approach has strengths when an interdisciplinary team has to carry out a project with guaranteed deliveries in a disciplined and effective way.

This approach has proven to be an efficient framework for business projects during the last decades. However, it faces criticism that the concept is no longer valid in the dynamic situations projects have to deal with nowadays. Changing environments, more dynamic and unpredictable projects as well as new forms of collaboration challenge the traditional concept of project management (Kreiner 1996; Levitt 2011; Olsson 2006; Collyer and Warren 2009):

- In order to freeze specifications at an early stage of the project, clients need to define their requirements at the beginning of the project. But clients are not always able to explicitly state the requirements and a lot of their knowledge is of a tacit character.
- In addition, these requirements, the corresponding assumptions, and the environment have to remain stable during the project.
- During the implementation, the project team seeks feedback from the environment and interprets this information within its own socially-constructed environment. Thus the project becomes self-referential. It is not a problem of a lack of information, but a problem of making sense of the available data.

- Projects are embedded in a bigger context, but limited attention is paid to this context. Events far away from the project may change the environment and the foundation on which the project was initially planned.
- Project managers have to work with a new generation of knowledge workers who expect to be involved in decision-making.

2.3   Change Management

The management of change is a well-established focus of research in management (e.g. Burnes (2004); as a topic, it has its origins in the field of organizational development. Changes allow organizations to grow more solidly by sense-making (Weick and Quinn 1999) and to pursue new opportunities (Anderson and Ackerman-Anderson 2001). In many cases, the changes consist of the redesign of strategy, structure, systems or of work practices. The main drivers for change can be classified as external drivers (e.g. customer requirements, demand from other stakeholders, market competition) or internal drivers (e.g. the need to improve operational efficiency or quality of products) (Oakland and Tanner 2007).

In recent years, the more evolutionary approach in change management has tended to be replaced by a more actively managed change management process (Worren et al. 1999). In theory and practice, a large variety of models is evident. Leading change models in management literature are emergent models, contingency models, or choice models and theories (Todnem By 2005). The variety of approaches is determined by a number of different ways of categorizing organizational change, e.g. Cao et al. (2000, p. 187):

- Strategic and non-strategic change
- Incremental and radical change
- Incremental change and "quantum" change
- Changes of identity, co-ordination and control
- Human-centred classification of change at individual, group, inter-group or organization level
- Planned change and emergent change, and
- Change in terms of scale (from incremental to radical) and centrality (from peripheral to core) to the primary task of the organization.

Mintzberg et al. (1998) mapped change management methods into three clusters: (1) planned change (programmatic), (2) driven change (guided) and (3) emergent change (organic) and further differentiated between micro and macro changes.

Another notable approach comes from Pettigrew (1987). He distilled his approach into the context, content, process model, with context divided into inner and outer contexts. Outer context captures the overall organizational environment in terms of social, political, economic and technological factors that bear upon organizations, while inner context captures existing structural and cultural aspects of the organization—the way things are currently done. The driver for change in

this model comes from some kind of misalignment between the inner and outer contexts that constitute the "why" of change. The content or "what" of change could be the implementation of a new technology, merger and acquisition, or a corporate turnaround. Process, the "how" of change, includes both the overt managerial initiatives taken to push the content forward, the dynamics of resistance to those initiatives, and unintended consequences (Pettigrew 1987; Winch et al. 2012).

Some scholars explain change management approaches as a logical sequence of (linear or circular) activities. One popular approach is the eight-step model of Kotter (1996). The model is intuitive and relatively easy to accept since it is based on Kotter's long-term real-life experiences. In practice, it may be useful to account for contextual variables and adapt the model accordingly (Appelbaum et al. 2012, p. 776).

As a negative consequence of the vast number of approaches it seems that theories and models currently available to academics and practitioners are often contradictory, frequently lacking empirical evidence and supported by unchallenged hypotheses concerning the nature of contemporary organizational change management (Todnem By 2005).

Since failed organizational change initiatives account for anything from one-third to 80% of attempted change efforts (Appelbaum et al. 2012, p. 765), considerable research efforts have been deployed to discover what makes the difference and to support managers in the field of change management. Kotter determines that the core problems people face while implementing change are never due to "strategy, structure, culture or systems" but rather are about "changing the behaviour of people" (Kotter and Cohen 2002).

2.4 Organizational Development

The purpose of organizational development is to improve the organization's performance to meet future challenges and to achieve sustainable organizational learning and development. Glasl (2005) considers organizational development as a long-term-oriented development and change process of organizations and the people working there. Objectives are (1) to make the organization and the individuals capable of self-renewal, (2) to improve the organization's potential for problem-solving, (3) to organize the change process in terms of human principles, and (4) to enable and support the organization to find an authentic synthesis of the first three objectives. Organizational development is seen from a holistic perspective and social, cultural, and technical aspects are considered equally. The process is seen as being evolutionary and long-term (Glasl 2005, pp. 42–45).

Since there is a strong focus on the client's own knowledge and problem solving competence, high value is placed on involvement of all affected groups within the organization by creating a place for them in the decision-making process. Establishing a proper process, facilitating, and coaching are important measures

Table 1 Comparison project management - change management - organizational development

	Project Management	Change Management	Organizational Development
Objectives	Implement and deliver project according to scope, cost, and time	Realize change and transition (structural, technological, strategic, or behavioural change); Often more business- and economically oriented (e.g. "business process engineering")	Long-term improvement of an organization to be more effective and successful
Approach	• Actively managed • Traditional phased approaches • Linear/waterfall approach • Emphasis on planning and control	• Actively managed • Different models • Initial objectives and target-setting • Emphasis on outcomes	• Evolutionary • Reflection, holistic reviewing, facilitating, coaching • Systemic loops • Emphasis on processes
Persons, Roles	Clear roles (project team, manager, stakeholders, client/customer)	Integration of affected persons as needed (mainly for knowledge acquisition)	All affected persons are integrated
Environment	Project organization	Project organization	Entire organization
Preconditions	Clear objectives; motivated and skilled project team	Clear objectives (by management)	Willingness to learn and develop; time; participation
Results	**Agreed project deliverables**	**Clear objectives, mainly with focus on business and financial outcomes**	**Awareness, learning, skills, new behaviour, culture shift**

to enable this development. Individuals are enabled to take up the demands of internal and external requirements in a reflexive way. Their analysis of existing conditions and requirements, and the search for new possibilities to be successful are central tools (Janes et al. 2001, p. 4). Organizational development is an iterative process repeating the steps of information gathering, developing hypothesis, and planning and performing the interventions. This systemic loop is repeated during the development process in order to achieve the required clarity and to reach the desired status (Königswieser and Hillebrand 2007, pp. 45–48). Due to the systemic approach and the great importance of the process, organizational development is often seen in the context of process consulting (in contrast to expert advice). Königswieser et al. (2006) advocate a complementary approach by integrating expert business knowledge (management consulting) and process know-how (process consulting).

As a long-term learning process, organizational development requires time and openness to new and unplanned developments and outcomes. There is greater emphasis on human development, freedom, creativity and empowerment. This type of development process cannot be fully planned for and requires an interactive

process open to new developments (Marshak 2005). Organizational development results in improved communication and processes, the ability to address and cope with problems and conflicts, and a permanent learning process, both on an individual and a collective level. Greater efficiency and effectiveness should lead to economic return.

Having discussed project management, change management and organizational development we can now summarize the main aspects in Table 1 in order to contrast the three disciplines and to highlight some of their main characteristics.

3 Discussion

The fact that organizational change and development projects are crucial to organizations and are becoming frequent tasks requires the deployment of proven management concepts to realize the planned transition. We therefore discuss whether project management or change management are appropriate models for procedure. We will then try to overcome existing limitations by suggesting an integrated, agile approach.

3.1 The Relationship Between Management Concepts and Organizational Development

3.1.1 Project Management for Organizational Development

Organizational change and development projects need to be planned, organized, and processed in a proper way. Project management could therefore be a suitable approach to handle organizational change.

Gareis (2010) relates the management approach to the type of change. A whole change requires a chain of individually organized projects to meet the requirements of each change process. Decision gates between the processes allow for reviews and adjusting strategies for the subsequent processes. By categorizing change types (organizational learning, further developing, transforming, and radical new positioning) each type can generically be described by specific chains of processes. A single change process can then be managed by projects or programmes.

If changes should be conducted as low-risk projects then priority should be given to a clear definition at the starting point, a well-informed project team (plans, agendas, and roles), design, clear methodology, and focus on toolboxes. That way the implementation is closest to the initially defined expectations (Lehmann 2010).

However, if the changes in question are second-order (i.e. major changes, involving a shift of mind-set) a rigid approach cannot guarantee success and might even destroy the project. In this case priority should be given to sense-making, creation, human elements, communication, and collaboration. A mixed

Table 2 Benefits and limitations of project management for organizational development

Benefits of project management for organizational development	Limitations of project management for organizational development
Focus on planning with respect to resources and outcome	Limited efforts on effecting and embedding change
Communication skills to inform, motivate, and mobilize the team	Project managers often do not have enough time to communicate to engage stakeholders and sell change
Toolbox and methodology	Missing coaching and facilitation skills, limited knowledge on behavioural science
Strong focus on project definition and issue resolution; a technical and project-based approach (focus on process)	Project management has very limited emphasis on flexibility
Structured way of proceeding, to gain performance and to make changes more successful	Limited examination of political diffusion and impact analysis
Project outcomes are pre-defined, intentional, and directed by the top management	Organizational changes cannot be ordered and are emergent; organizational change concerns the whole organization

approach with a focus on adjustment and adoption might be appropriate as organizations experience both first-order and second-order changes (Lehmann 2010; Gareis 2010).

Limitations of project management can also be seen when defining clear planning and pre-defined outcomes. In addition, change processes do not have clear start and end points and need flexibility. Projects are often valued as a buffer between the parent organization and the implications brought by the project. This separation is not possible in the case of organizational change, which usually concerns the whole organization rather than a small project team (Winch et al. 2012).

While the literature suggests similar competences for programme management, project management and change management, there are differences in what they actually do. Project managers focus mainly on managing resources and outcomes, project definition and issue resolution. Change managers focus on planning to effect and embed change, political diffusion and impact analysis. Compared to project management, change management is relatively theory-rich and weakly supported in terms of professional formation (Crawford and Hassner 2010).

Table 2 summarizes benefits and limitations of project management for organizational development.

3.1.2 Change Management for Organizational Development

Change management generally denotes the actual management of change. It means planning, controlling and steering of change and is therefore related to management consulting. In the context of organizational development, change management can

Table 3 Benefits and limitations of change management for organizational development

Benefits of change management for organizational development	Limitations of change management for organizational development
Very actively managed; Rapid, radical, including breaks	Organizational development expects to be more evolutionary, requires time
Clear target setting and management support	Target-setting is done by persons outside the system; external logic is imposed on the system
Selective involvement of employees (e.g. for collecting information)	Limited involvement; imposes measures on the affected persons
Emphasis on outcomes and economic values	Limited humanistic aspects; some concepts (e.g. business process engineering) are not open to new developments

be seen as the final step of an organizational development process (Leinweber and Piber 2005).

Trebesch and Kulmer (2007) examine the transition between organizational development and change management looking at the kinds of transitions organizations and businesses are currently undergoing: They need to change continually and changes are more radical and increasingly economically driven. In addition, the persons responsible for organizational development have themselves become the change agents. The consultant's role is now to support them in this management task.

Whereas organizational development used to emphasize development and thereby produce efficiency, effectiveness, and economic return, there is now a shift from a humanistic towards a business orientation. Within change management changes are mainly intended to advance competitive and economic objectives (Marshak 2005). The strong involvement of all affected persons is a big advantage of organizational development but requires a rather lengthy process. Change management on the other hand is seen as much more radical and dynamic. New approaches like "transformational management" have emerged to reconcile the differences between change management and organizational development (Janes et al. 2001).

Table 3 summarizes benefits and limitations of change management for organizational development.

3.2 Agile Management as a New Approach

Having discussed the limitations of classical project management and change management, we can move on and investigate the possibilities of an agile approach. But how do we define "agile management" in case of organizational development?

3.2.1 Agility as a Framework

We first have to note that agile management is not a tangible management concept or a toolbox; we prefer to refer to it as a framework. As described above, agility is

more than a bundle of new methodologies. Many authors (e.g. Cobb 2011; Highsmith 2010; Boehm and Turner 2006; Trepper 2012) contrast the agile and the traditional approach with respect to the underlying philosophy, processes, and knowledge management. Agility can be seen as a competence that enables an organization to cope with change and to actively undertake change. Agility requires a suitable corporate culture and, conversely, cultural change can be seen as the outcome of the adoption of agile techniques.

As a consequence, agility contributes to the ability to handle change. Based on five drivers of change (competition, customers, technology, social factors and changes imposed from higher levels in the organization), Conboy and Fitzgerald (2004) illustrate how agile teams are better able to cope with change through the creation of change, pro-action in advance of change, robustness as change occurs, reaction in response to change, and learning from change.

3.2.2 Agile Management for Organizational Change and Development

We therefore suggest that organizational change and development can—directly or indirectly—benefit from agile management approaches, considering the challenging environment such projects have to face. Facilitating agility within the organization (e.g. within project management) will cause changes in the mind-set (trust, flexibility, culture, motivation, etc.) of the organizational members which in turn will increase the changeability of the organization.

As agile methodologies are proving to be successful in meeting the modern volatile business environment, managers should try to integrate such techniques or selected elements in different business contexts. That way, organizations learn to increasingly focus on the customer's business value and to develop change readiness. However, to establish an agile organization, managers need to trust their employees and let them participate by appealing to their different competences. Involving employees in the decision-making process means to stand back, to emphasise facilitating instead of pure managing, and to be open for developments. Employees, on the other hand, need to be willing to learn and apply these new work methods, and to understand business value. They have to get used to being involved in decision-making processes and to take on responsibility within the team. The willingness to participate in feedback processes and to reflect on developments is crucial.

Finally, agile management can be seen as an integrated approach. Project management, change management and organizational development are no longer selectively applied methodologies but rather constant aspects integrated within corporate management. Managers know about the strengths and limitations of each discipline and deploy them depending on requirements in a flexible way.

Agility becomes a general attitude within the organization. Of course many isolated aspects of agility have been addressed before (e.g. Lean Management, Total Quality Management, or management of complexity). But with the concept of agility, management, employees, and customers are addressed equally and at the

same eye level. Similar to the systems-thinking approach, which was added to project management about 15 years ago, we see a tendency to increase the versatility of organizational development by the concept of agility.

3.2.3 Agile Management and the Role of the Individual

Many studies have focused on success factors in change management and on the role of the individual behaviour in particular. They emphasize the importance of communication, activity, and training. Meaningful working methods, a sphere of responsibility, and the role of exchange are relevant. Transparent information, employee motivation and staff participation are prerequisites for successful change, which is the result of a right combination of hard factors (strategy, organization, systems) and soft factors (individual, culture) (Vahs 2012, pp. 445–458; Zink et al. 2008, p. 527).

Applying agile practices within an organization has an impact on the individuals. They stimulate the people's competence to solve problems, to cope with complexity and dynamic situations, and to develop new ways of thinking. Employees experience participation and they are involved in decision-making processes. That way they will better understand and accept changes. Employees better understand the needs of the stakeholders and their different expectations. Fostering these capabilities will enable all people within the organization to cope with changes in a better way.

Agile methodologies integrate reflection in the workplace. The collaborative and communicative nature of agile methodologies enables individuals to develop a higher level of tolerance for uncertainty and to accept fuzzy situations and ambiguities. Agile concepts allow for workplaces which relate people to change and integrate reflection: Collaboration, collective decision-making, self-reflection, and team reviews foster organizational learning and openness to change. Handling change becomes part of the daily working routine.

Zink et al. (2008, p. 537) in particular recommend a "participatory and dialogue-oriented approach" in change management in order to close knowledge gaps, strengthen confidence and to actively involve all organizational members in the change project. These demands are reinforced by a new conception of man, the knowledge worker generation, and the role of employees in the information age, which is characterized by options, individualization and the formation of networks (von Rosenstiel 2012, p. 218).

3.2.4 Benefits and Implications for the Individual

In order to summarize the benefits of agile management approaches we take the concept of "agile element" as a structure to interpret it in the light of organizational change and development and its implications for the individual. Table 4 gives an overview of the different aspects.

Table 4 Agile management for organizational development and implications for the individual

Agile Element	Explanation and benefits for organizational development	Implications for the individual
New concepts of collaboration; value communication and internal motivation	Team members execute their tasks within less hierarchy. Agile project teams are not limited by roles and precisely pre-planned behaviours. They rather have a wide range of behavioural patterns and can act within this range (Giest 2006). Interdisciplinary work gains importance.	The individual team member is acknowledged and accountable for his or her performance. Personal motivation comes from the respect within the team rather than formal titles or hierarchical positions (Levitt 2011).
Considering the knowledge worker generation	The new generation of knowledge workers are accustomed to having a say, are not at home with taking orders, and are discouraged if they are excluded from decision-making processes according to their skills. This is crucial in developing organizational change and assuring that all take part in it.	Team members are respected according to their skills and encouraged to participate. Agile approaches appeal to their competences and integrate them.
Involvement within change processes	The team constantly evaluates the situations and together makes decisions on the next steps (content for the next iteration, prioritize, schedule).	The individual participates in the decision-making and shares results and experiences encouragement and involvement.
Importance of communication	Within agile methodologies direct communication and the exchange between the team members (e.g. within the frequent meetings) are important. That way, expectations are more clearly communicated between the stakeholders (Giest 2006). User stories are helpful to communicate and to create new meaning across the boundaries of their different worlds (Baskerville et al. 2011).	Team members learn new forms of communication and foster their communication skills. They learn to articulate their own positions and to understand the positions of the different stakeholders. This is an important issue when communicating aspects of change (intentions, goals, concerns).

Table 4 (continued)

Agile Element	Explanation and benefits for organizational development	Implications for the individual
Better examination and analysis of customer needs	Due to the focus on maximal business value and the permanent feedback on the results change objectives become clearer and can be understood and achieved.	Team members experience immediate feedback, developments are perceptible.
Working within projects becomes attractive again	Project work becomes attractive again (Giest 2006).	People working with agile teams experience team work in the best sense.
High tolerance for ambiguity	Working within agile environments fosters tolerance for ambiguity (Levitt 2011).	This is an important characteristic for accompanying and understanding change processes and there is more openness to ill-defined or ambiguous objectives.
Changes are expected and welcomed	Concepts of agility are also a method to overcome change weariness.	People learn to accept and embrace changes.
Self-reflection and better learning	Agile teams continually evaluate their past performance. Self-reflection becomes an important component of organizational learning and to observe the change process.	People practice self-reflection and are better able to judge their future behaviour (Giest 2006).
Social competence is valued	This is beneficial for the organizational culture.	Individuals foster social competences in their daily work.
Leadership	Agile techniques emphasize facilitating instead of managing.	People experience new forms of leadership.

3.2.5 Limitations of the Agile Management Concept

There is definitely hype about agile methodologies and it will not be sufficient just to use different techniques and not to understand core principles. Critics might also argue that organizational development already applies a systemic approach which includes agile aspects anyway. However, agile organizations try to incorporate the principles into their daily business. Feedback loops are not limited to an organizational development process but are part of daily routines. In that sense, agile organizations are true examples of learning organizations.

Currently, agile methodologies are limited to the field of software development and there are few descriptions of agile approaches outside this context. Agile management also requires skilled individuals and is more suitable to small projects.

Coordination issues of large projects and multiple teams are still challenging and obviously it is not that easy to transfer agile management to any type of project. We therefore attempt to choose a hybrid approach and blend an additional level of planning and management with agile management as a foundation (Cobb 2011).

Agility also has an impact on the organizational structure. Once intelligence, responsibility, and decision-making processes are distributed throughout an organization we have to redefine the role of management and we have to find new ways of communicating with the knowledge-worker generation. However, the concept of agile organizations fits well to the resource theory of the firm. But agile organizations definitely lead to a challenge for human resource management when it comes to new ways of dealing with agile employees, developing agile managers and developing and fostering agile competences (Francis 2001).

4 Conclusion

There is a growing demand to use agile approaches and agile practices are increasingly embedded across the whole business and in different sectors (Cubric 2013, p. 120). In this paper we present a literature-based survey of the concept of agility and the relationship between the project management, change management and organizational development. Coming originally from the IT industry agile methodologies are beginning to gain ground in project management, support change management, and allow for more flexibility. But currently there is not much research on agile project management outside the field of software development. Therefore we have shown that organizational development projects can benefit from this development. On the one hand agile teams develop and foster skills which are crucial within organizational change and development projects. That way, organizations will be able to embrace change more easily. On the other hand, agile project management can develop as a powerful concept for undertaking projects within a dynamic environment. Considering the complexity of organizational development projects, agile management could be an answer.

References

Anderson, D., & Ackerman-Anderson, L. S. (2001). *Beyond change management: Advanced strategies for today's transformational leaders. The Practicing organization development series*. San Francisco: Jossey-Bass/Pfeiffer.

Appelbaum, S. H., Habashy, S., Malo, J.-L., & Shafiq, H. (2012). Back to the future: revisiting Kotter's 1996 change model. *Journal of Management Development, 31*(8), 764–782.

Baskerville, R., Pries-Heje, J., & Madsen, S. (2011). Post-agility: What follows a decade of agility? *Information and Software Technology, 53*(5), 543–555.

Boehm, B., & Turner, R. (2006). *Balancing agility and discipline* (5th ed.). Boston, MA: Addison-Wesley.

Burnes, B. (2004). *Managing change*. Harlow: Pearson Education.

Cao, G., Clarke, S., & Lehaney, B. (2000). A systemic view of organisational change and TQM. *The TQM Magazine, 12*(3), 186–193.

Chan, F. K., & Thong, J. Y. (2009). Acceptance of agile methodologies: A critical review and conceptual framework. *Decision Support Systems, 46*(4), 803–814.

Cobb, C. G. (2011). *Making sense of agile project management* (1st ed.). Hoboken, NJ: Wiley.

Collyer, S., & Warren, C. M. J. (2009). Project management approaches for dynamic environments. *International Journal of Project Management, 27*(4), 355–364.

Conboy, K., & Fitzgerald, B. (2004). Toward a conceptual framework of agile methods: A study of agility in different disciplines. In N. Mehandjiev, P. Brereton, K. Bennett, D. Budgen, & P. Layzell (Eds.), *WISER'04 Proceedings of the 2004 ACM workshop on Interdisciplinary software engineering research* (pp. 37–44). New York: ACM.

Crawford, L., & Hassner, A. (2010). Competencies for managing change. *International Journal of Project Management, 28*(4), 405–412.

Cubric, M. (2013). An agile method for teaching agile in business schools. *The International Journal of Management Education, 11*(3), 119–131.

Dingsøyr, T., Nerur, S., Balijepally, V., & Moe, N. B. (2012). A decade of agile methodologies: Towards explaining agile software development. *Journal of Systems and Software, 85*(6), 1213–1221.

Francis, D. (2001). Managing people in agile organizations. In A. Gunasekaran (Ed.), *Agile manufacturing: The 21st century competitive strategy*. Amsterdam: Elsevier Science Ltd.

Gareis, R. (2010). Changes of organizations by projects. *International Journal of Project Management, 28*(4), 314–327.

Giest, G. (2006). Agile Prozesse durch erfolgreiches Change Leadership. In B. Oestereich (Ed.), *Agiles Projektmanagement* (pp. 47–52). Heidelberg: dpunkt.verlag.

Glasl, F. (2005). Wandel der Organisationsberatung zur Prozessberatung. In F. Glasl, T. Kalcher, & H. Piber (Eds.), *Professionelle Prozessberatung* (pp. 33–49). Bern: Haupt.

Highsmith, J. A. (2010). *Agile project management* (2nd ed.). Boston: Addison-Wesley.

Janes, A., Prammer, K., & Schulte-Derne, M. (2001). *Transformations-Management*. Wien: Springer.

Jørgensen, H. H., Owen, L., & Neus, A. (2008). *Making change work*. Somers, NY: IBM Coorporation.

Königswieser, R., & Hillebrand, M. (2007). *Einführung in die systemische Organisationsberatung* (3rd ed.). Heidelberg: Carl-Auer Verlag.

Königswieser, R., Sonuc, E., Gebhardt, J., & Hillebrand, M. (2006). Das Komplementär-Modell. In R. Königswieser, E. Sonuc, & J. Gebhardt (Eds.), *Komplementärberatung. Das Zusammenspiel von Fach- und Prozess-Know-how* (pp. 85–102). Stuttgart: Klett-Cotta.

Kotter, J. P. (1996). *Leading change*. Boston, MA: Harvard Business School Press.

Kotter, J. P., & Cohen, D. (2002). *The heart of change: Real-life stories of how people change*. Boston, MA: Harvard Business School Press.

Kreiner, K. (1996). In search of relevance: Project management in drifting environments. *Scandinavian Journal of Management, 11*(4), 335–346.

Kyaw, V. F., & Classen, M. (2010). *Change Management Studie 2010*. München: Capgemini Consulting.

Lehmann, V. (2010). Connecting changes to projects using a historical perspective: Towards some new canvases for researchers. *International Journal of Project Management, 28*(4), 328–338.

Leinweber, G., & Piber, H. (2005). Change-Management-Prozesse. In F. Glasl, T. Kalcher, & H. Piber (Eds.), *Professionelle Prozessberatung* (pp. 341–379). Bern: Haupt.

Levitt, R. E. (2011). Towards project management 2.0. *Engineering Project Organization Journal, 1*(3), 197–210.

Marshak, R. J. (2005). Contemporary challenges to the philosophy and practice of organization development. In D. L. Bradford & W. W. Burke (Eds.), *Reinventing organizational development* (pp. 19–42). San Francisco: Jossey-Bass.

Mintzberg, H., Ahlstrand, B., & Lampel, J. (1998). *Strategy safari*. Harlow: Pearson Education.

Oakland, J., & Tanner, S. (2007). A new framework for managing change. *The TQM Magazine, 19* (6), 572–589.

Olsson, N. O. E. (2006). Management of flexibility in projects. *International Journal of Project Management, 24*(1), 66–74.

Pettigrew, A. M. (1987). Context and action in the transformation of the firm. *Journal of Management Studies, 24*, 649–670.

Todnem By, R. (2005). Organisational change management: A critical review. *Journal of Change Management, 5*(4), 369–380.

Trebesch, K., & Kulmer, U. (2007). Von der Organisationsberatung zum Change Management - Der Wandel in der Gestaltung von Veränderungsprozessen. In R. Ballreich, M. W. Fröse, & H. Piber (Eds.), *Organisationsentwicklung und Konfliktmanagement* (pp. 43–54). Bern: Haupt Verlag.

Trepper, T. (2012). *Agil-systemisches Softwareprojektmanagement*. Wiesbaden: Springer Gabler.

Vahs, D. (2012). *Organisation: Ein Lehr- und Managementbuch* (8th ed.). Stuttgart: Schäffer-Poeschel Verlag.

von Rosenstiel, L. (2012). Veränderungsschwerpunkt Individuum - Einführung. In L. von Rosenstiel, E. von Hornstein, & S. Augustin (Eds.), *Change Management Praxisfälle. Veränderungsschwerpunkte Organisation, Team, Individuum* (pp. 215–231). Berlin: Springer.

Weick, K. E., & Quinn, R. E. (1999). Organizational change and development. *Annual Review of Psychology, 50*(1), 361–386.

Winch, G., Meunier, M.-C., Head, J., & Russ, K. (2012). Projects as the content and process of change: The case of the health and safety laboratory. *International Journal of Project Management, 30*(2), 141–152.

Worren, N. A. M., Ruddle, K., & Moore, K. (1999). From organizational development to change management: The emergence of a new profession. *The Journal of Applied Behavioural Science, 35*(3), 273–286.

Zink, K. J., Steimle, U., & Schröder, D. (2008). Comprehensive change management concepts. Development of a participatory approach. *Applied Ergonomics, 39*(4), 527–538.

Challenging Notions of "Change" and "Change Management"

Sudi Sharifi and Julia Claxton

1 Introduction

This paper is a conceptual attempt to unravel the notions of '*change*' and '*managing change*' in organizations and other collective contexts. It is a theoretical reflection with the aim of raising questions on the thinking around 'change' and throwing light on possible new avenues of thinking about 'managing change', particularly in view of the human person. It does not necessarily aim to answer the questions it poses; it aims to present a critique of the normative, prescriptive and pragmatic approaches to change and its 'so called' management. The paper's goal is to raise questions and provoke thought outside of the established realm of 'change management' and it deliberately avoids any prescription on how to manage change. In choosing to state that this paper is about '*managing change*' and '*change*' a number of terms are thus selected to be focused on and this, in essence, is one of the challenges noted here. That is, the challenge to avoid the 'trap' of the normative language which is single dimensional not taking account of the contextual multiplicity of organisations. Our terms used could be chosen from a myriad of terms and part of the challenge, generally, when looking at 'change' and 'change management' is the number of definitions attributed to them. The terms are interchangeably and loosely used in writings on change and its management; there are references to such terms as 'managing change', 'management of change', 'organisational change', 'organisational change management', 'managing organisational change', 'models of change', 'change management models', 'models of managing change',

S. Sharifi
Salford Business School, Salford, UK
e-mail: s.sharifi@salford.ac.uk

J. Claxton (✉)
Leeds Business School, Leeds, UK
e-mail: j.claxton@leedsmet.ac.uk

'transitions' and 'managing transitions' and they are often assumed to convey the same meanings or focus on the same phenomenon.

The intention of this paper is not to explore these terms in detail or to suggest one is superior to the other or to provide another term but to highlight that the assumption about the existence of a 'shared' language in the field of change management underplays the diversity of contexts, the multiplicity of organizational realities, the unknowability of the outcomes and thus remains unsubstantiated.

The paper is structured around first raising three points and their associated questions which challenge thinking about 'change' and 'managing change'. It then looks specifically at models of change and their role in 'change' and 'managing change'. The themes of terminology and definition have already been mentioned and the paper will attempt to unpack the theme of language and discourse further.

2 Initial Points

Firstly the point to be raised here is to note that terms used to portray change and change management mainly indicate change as some kind of 'process' for instance; such terms as transformation, transition, evolution and revolution, life cycles and phases indicate the temporal context of change, whether it is continuous or not. It thus points to the ephemeral characteristic of 'change'. Change is seen as a phenomenon that is characterised by uncertain, fuzzy, ambiguous and improvised elements, so the question is 'can change be defined in other ways than in terms of process?'

Secondly that change tends to be viewed from the perspectives of continuity and stability. From the perspective of stability, change is episodic and stability is the aim. Weick and Quinn (1999) state that 'episodic change is most closely associated with planned, intentional change because it requires both equilibrium breaking and transitioning to a newly created equilibrium" (Weick and Quinn 1999: 365–367) They argue that, the phrase 'continuous change' is used to group together organizational changes that tend to be on-going, evolving, and cumulative and if organisations accept that change is 'continuous' rather than episodic then change would be seen with a wider range of purpose. Moreover, Weick and Quinn prefer the terminology "changing" to "change." "A shift in vocabulary from "change" to "changing" directs attention to actions of substituting one thing for another, of making one thing into another thing, or of attracting one thing to become other than it was' (Weick and Quinn 1999).

In a similar vein Tsoukas and Chia (2002) talk about 'organisational becoming' and support the notion that it is more helpful to talk about organizational change from the perspective of on-going change rather than from the perspective of stability (Tsoukas and Chia 2002). So the question here is around what difference does it make to '*change*', if any, and to '*management of change*', if any, if the lens of a different perspective is used in the first place?

Thirdly that the predictability or unpredictability of the outcomes of change and the intended or unintended consequences of the responses and reactions to change are partly based on prior notions of understanding. They confirm *retrospective* sensemaking, explanations and rationalisation. People draw on their predetermined sensemaking protocols and will judge events and information based on these so that the change is being translated into familiar understandable formats. What they view as success, failure, desirable or undesirable may not be dependent on the change and its impacts but may be solely dependent on the mental model we have applied to evaluating it.

For example, it is commonly cited that 70 % of change programmes fail [Hammer and Champy (1993), Beer and Nohria (2000), Kotter (2008) and Senturia et al. (2008), Blanchard (2010)]. If an organisation thinks about change management with the pre-conceived context that 70 % of change programmes fail then the question is does this mediate the outcome, does this constrain or enable the thinking, does it shape the direction of activity and effort? When looking at the authors who have given these figures or made such statements they say these are unscientific estimates and yet being commonly quoted they become part of common sense knowledge, shared understanding and an assumed shared reality.

Similarly Collins (2003: v) has argued that there is a need to:

> . . .provoke a 're-imagined world of change: A world where change is understood not as an exception to the norm of stability; not as an outcome that is known in advance and discussed in retrospect; not as something that can be made to unfold to the rhythm of 'clock time'; but as the defining character of organization; a fuzzy and deeply ambiguous process, which implicates both author and subject in the quest for new and different ways to understand one another. . . (cited in Grant et al. 2005: 7).

Grey (2005: 90–91) in his analysis of change has argued against fixation with change which he terms 'change fetish'. He refers to Carnall's (1995) assertion that: 'in a changing world the only constant is change. . .' and states that "*many of these types of assertions feed off each other referencing each other, drawing ideas off each other, looking to each other for supporting evidence. . ..this creates a remarkably unchallenged consensus about the 'fact' of change.*" Grey then stresses that:

> change is better understood as a construction affected by the interplay of organizations themselves. . . to say it is a construct is not to say that it is unreal, but rather that its reality is an effect of organizational practices rather than a precursor of those practices. . ..by creating a changing world, organizations also create the apparent necessity to 'manage change' (2005: 97).

3 Perspectives on Change: A Glance

So having raised these three points and posing some challenges about how 'change' and 'change management' can be thought about, the paper will turn its focus on the prescribed methods and models of change management. One aspect of the stance taken, in this conceptual piece, notices that 'models' for change and transformation

are based on Newtonian assumption, that is mechanistic, simple and coherent, and thus based on reductionist and determinist logic. They therefore attempt to provide rationalistic, linear 'road maps' which undermine fluidity of individual and collective experiences and sever the events from their spatial and temporal contexts (McLean 2006).

Grant et al. (2005) note that 'there is the disillusionment with more main stream theories and approaches to study of change' (Barrett et al. 1995; Heracleous and Barrett 2001; Heracleous 2002; Marshak 2002, cited in Grant et al. 2005: 6). The effect of humans, their values, their creativity and the way they change and adapt is not well represented, if at all, in the mainstream models. Some writers have been challenging this for a while and there has been a shift towards adopting a more human-focused perspective. For example *"there is evidence that interpretive studies are becoming more valued by those interested in understanding people at work"* (Arrowsmith and Parker 2013). One of the questions asked in this paper is should models and such 'systematic' approaches, be put aside and instead human experience and the interpretation of it be put in the centre? Watson (2011) says that one way of doing this is through ethnographic research providing evidence through individual and collective experiences of people going through change. Studies with ethnographic evidence are not represented with equal prominence in the change literature as are the more positivistic approaches. An ethnographic approach observes people, what they say and what they do, and relates this to the cultural framework in which they operate (Watson 2011). In change management, people are at the centre of what takes place and their experiences will have cognitive and emotional dimensions. These change experiences constitute parts of their memories and their 'cause maps' (A' la Weick 1979).

People respond differently to the same change or may respond the same to different changes—this is part of being a human being. So another question is "to what extent can rationalistic approaches to change management account for people and their emotions? People are part of the culture they are working in and cannot be separated from it—so how can they then be fully represented in a model, if at all?

Offering steps to follow or stages of change to consider was made popular by models from Kotter (1995) and Kanter et al. (1992) and they emphasise process. Kotter's famous 8 stage model for the process of change has been adapted by some to provide procedure e.g. Pfeifer et al. (2005) adapted it into procedure *"to enable companies and their employees to plan and implement necessary change processes"*(Pfeifer et al. 2005). So the process model has evolved into a procedural model. Both a process model and a procedural model do insert a people element in the form of involvement in a shared vision and communication but their humanness is objectified and they are thus portrayed as a resource which is constrained in the process or procedure and is rather *apolitical*. They are seen as 'automatons' and not as 'autonomous' beings. Pfeifer et al. (2005) also report that TQM experts have added 'control loops' to Kotter's model and that Kotter himself has added consequences for not following each of the proposed stages of his process. This has developed the process model in a slightly different way, so that it can now be used as a problem solving tool. This evolvement is interesting as 'problem solving' is another main approach used by change managers.

The problem solving approach identifies what problems and processes of solving them there are and is said to create tools to provide successful organizational change (Kotter and Cohen 2002). Work involving the analysis and influence on group dynamics, restraining forces and driving forces on change which Lewin started in the 1950's (force-field analysis) and which continues to be of interest, although some have suggested that it relates more to small change projects (Burnes 2004; Armstrong 2006), is also related to the problem solving approach to change. It aims to highlight the process needed to manage the problems or give resource to positive influential factors. Lewin's 3 stage model of change (1951); unfreezing, change, refreezing; is also taking a problem solving approach as it talks about how to manage behavioural change and is the basis of many newer models where they either incorporate his stages e.g. Schein (1969) or expand on them eg Lippitt and Lippitt (1978), Rogers (2003). Distinct problem solving models are suggested by White and Wooten (1985) and Luthans and Kreitner (1985). The former suggesting a model which includes the 5 stages of; problem identification, data gathering, diagnosis, action planning, and evaluation—a version of hard system methodology—and the latter providing five very similar stages. Shields (1999) model builds on the idea that when change fails, it is because of insufficient attention to the human and cultural aspects of business (cited in Pryor et al. 2008) and suggests five stages where step 2 emphasises creating capability for change.

Robbins (2005) also emphasises the behaviour approach and suggests that research indicates that an organisational behaviour approach may be one of the most pragmatic ways to deal with organizational change management. It is a rational method which targets behaviours and introduces learning strategies. The method is to identify critical behaviours, fix the baseline data, identify consequences of behaviour, create the strategy for change and then evaluate it (Robbins 2005). Is identifying and changing people's behaviours a simple process? What about the values on which such behaviours may be based? Do they change naturally? The emphasis of the problem solving approach is that it is a win-win situation for all involved and that this is the aim. Expectations are about finding solutions. The question is, does this really take account of people's identity and the values they hold? Does the problem solving approach lead up into a pursuit of working everything out for positives? What is the aim of changing behaviours, is it to increase conformity and compliance or eliminating misbehaviour and deviance?

Another element of focus, for some models, is the factor of 'vision'. Hall (1991) proposes that 'vision', including everything about it, how everything hinges on it, the way it is communicated and particular value factors such as 'striving for excellence' and 'evaluating the process' is what brings success in organisational change (Hall 1991). Kotter's (1995) 8 stage process model has 'create a vision' as step 3, Kanter et al. (1992) Ten Commandments model has 'developing a vision' as step 2 and in Luecke's (2003) 7 steps 'develop a shared vision' is step 3 so vision is seen as an early stage of a pro-active process.

Vision is an element considered as key to effective leadership and leadership in turn is an element of organisational change management. There is a debate here as to a difference in managing change and leading change and whether these terms are

interchangeable. Again this links back to terminology and whether the terminology adopted adjusts the lens. Leadership is usually viewed as being concerned with the strategic direction of the organisation and seeing it from a broad holistic perspective. One such perspective is noted to be the systems approach.

The systems approach, based on biology originally, takes account of the whole organisation and all inter-relationships between all variables, focussing on inter-related sub-systems and the inter-relationships of structure and behaviour. Nadler suggests that it is critical to take a systemic or holistic perspective when thinking about a major organisational change (Nadler 1981; Bell and Nadler 1979). In this approach organisations are viewed as open systems using inputs and resources from the environment to produce outputs into the environment. To cope with the complexity and uncertainty of the environment it is suggested that organisations need to become open 'learning' systems where strategy development and change emerges from the way an organization as a whole acquires, interprets and processes information about the environment (Dunphy and Stace 1993). Social learning theory says that people learn through the observation of others (Bandura 1986). Alongside the systems approach to change management, there are also cultural and behavioural approaches (Mohanty and Yadav 1996). More appropriately, Weick and Quinn (1999) suggest "that to understand organisational change [not necessarily its management] one must first understand organizational inertia, its content, its tenacity, and its interdependencies." (Weick and Quinn 1999: 382).

Burke (2002) identified 'knowledge' and 'understanding' of change as the key factors to successfully managing it and also key to managers ensuring for themselves successful career development (also Burke et al. 1993; Church and Burke 1993). Evans and Ward (2004) propose it is an understanding of different types of change e.g. planned change, imposed change, and how to respond differently to each that will ensure their success as managers of change. So understanding of types of change and adoption of the 'suitable' models and prescriptive practices described above are suggested to provide a means for successful management of change. Is it a case of defining the process as planned change or emergent change or is it adjusting of the methods and organizational practices accordingly, that is the key to the process? As for the latter aspect, then will managers of change need to draw on a 'meta perspective' to choose the appropriate practices? What are the basis and origin of such meta perspectives?

Palmer and Dunford (2008) identify three competing assumptions about change outcomes, that they are intended, partially intended or unintended and they identify two sets of competing assumptions about management which sees it as controlling or shaping. From these two sets of assumptions they create six different images of managing change. For intended outcomes the controlling is directing and the shaping is coaching. For partially intended outcomes the controlling is navigating and the shaping is interpreting and for the unintended outcomes the controlling is caretaking and the shaping is nurturing.

In mentioning planned change versus emergent change there is an additional concern with using a model approach. This is to note that the premise of these models is often favouring a dichotomised view. This is a superficial differentiation.

For instance radical change is considered against incremental change; or episodic change is compared with the continuous and endemic one; evolutionary is put against revolutionary one and the end is emphasised as reaching equilibrium as against disequilibrium or establishing order instead of disorder, of current state versus future state and so on. The mind-set which has shaped the thinking underlying these models and maps focuses on a centralised authority, a centralised locus of control undermining the flux and the fluidity of the contexts and thus the ephemeral nature of the organizational and institutional structures and 'blue prints', perspectives and meta perspectives.

Analysis presented by critical perspectives on change and change management programmes highlight their enabling and constraining characteristics; they can be chains as well as wings. Furthermore, Grey (2005: 90) argues that *change* 'provides a kind of *meta narrative* and overarching rationale' which is used to justify a change programme '... *it is like 'a totem before which we must prostrate ourselves and in the face of which we are powerless'*. In this sense the change management programmes are allowed to have the control (Sturdy and Grey 2003). To determine the choice among assumed paths to survival of the organization (Brown and Eisenhardt 1997) such change programmes present organizations and change managers with tools to manage unknown outcomes of change actions, unpredictable environments, and unknowable futures. Like Paladin in 1950's television series '*Have gun-will travel*[1]', or Dirty Harry' s *magnum 44*, managers 'have model—will manage [change]'—a powerful state of affair though it provides a false sense of security in relation to the change outcomes. By definition a model is 'a representation of reality' just like a map which is not the territory *per se* but a version of it. What the models of change present managers with, it appears, is the tool to define 'the reality', in other words to enact, improvise and justify post–hoc that reality (Cummings and Brocklesby 1997; Brocklesby and Cummings, 1996).

Indeed as Cummings and Brockelsby argue '...*perhaps managing organizational change is not so simple. Organizations have histories and traditions, and it is difficult to make people forget such things. They cannot be escaped, and they may be dangerous to cover up, or disregard...*' (1997: 90).

4   Making Sense of Change and Its Language

Change is at times seemingly evaluated from a perspective that assumes its outcomes are indicative of the reformer's original intentions (Cummings and Brocklesby 1997: 90–92). Equally, the outcome of change can be a self-fulfilling prophecy and one that rhetorically is about harmony, and *'new cultures'*, underplaying disharmony, tradition, past-loaded-ness, and not showing or realising

---

[1] This became a catch phrase used in different settings including advertising whereby the gun was replaced by any other—implying possibility of achieving ends.

that change does not stick (Bonsall 2007). Managers make changes in self-interest to make a difference, to be noticed, to improve their careers. There is little evaluation as to whether the changes were actually needed or beneficial (ibid). Anyhow such evaluation will be temporally embedded in that the identified gaps and the means to fill them, the desired outcomes will be changing *per se* over the time period of the change project or programme.

Grey though sees it clearly: '*managers responsible for particular change programmes are likely, for career and identity reasons, to describe them as successful. Yet the everyday experience of people in organizations is that one change programme gives way to another in a perennially failing operation: nirvana is always just on its way. . .*' (2005: 97).

The traditional rational models of change use language to confer power and success in the terms that they use and this is part of their attraction to managers and leaders because, we argue, they are attracted to the terms. They want to succeed, to be promoted and they want the tool or technique that will guarantee success. Phrases alone are laden with power. For example, is it more attractive to be part of a 'listening group' or a 'leading coalition'? Would a manager be more motivated seeing themselves to 'inspire and invigorate' or 'enable and allow'? Would they rather be known for 'share and care' or 'drive and enthuse'? Under the political philosophy there is an emphasis for seeking out people and resources that confer power and so there is this aspect too within the leadership that will look for those models, tools and techniques that confer and justify that power.

Scientific theorizing about behaviour is always going to be difficult. Woodman (2008: 33–37) describes this point by quoting Rychlak (1968), a personality theorist, who said

> . . .at heart it is the image of man which is at issue in psychology's internal conflict, let us make no mistake about that. The arguments all come down to this: How shall we theorize about the human being? Shall we say that he can think, or not? Can he grow personally and rise above his environment, or not? Can he respond to the opportunity for independent action by taking responsibility, or not? Sticks and planets, mice and monkeys may be unable to do these things but can he; and if so, how or by what theoretical manoeuvre can he be so conceptualised?. . .

Should organizations account for the humanness of people amidst this vast array of change models or should they adopt the models and then rationalise later that they operate in the way that fits with their plans?

Making sense of change is to make sense of the language of change, as stated in the perspectives on and models of change management. Tsoukas (2005: 96–97) in arguing why '*language matters in organizational change'*, sees that there are three ways of making sense of organizational change and its management:

> . . .the behaviourist, the cognitivist and the discursive. The basic tenets of the behaviourist perspective are the following: first change is modelled on motion and is thus episodic- it occurs in successive states. . .secondly the change agent stands outside the object undergoing change the is no internal relationship connecting the two. . .Change is unidirectional; others need to change and the change agent is there to make sure they do change. . .Thirdly the object undergoing change has a particular structure. . .which can be deliberately changed..

The behaviourist simply pictures organizations as an amalgam of people, structures and systems sitting in a Cartesian duality according to Tsoukas ' the mind knows, the body behaves'—therefore 'managerial intentions and plans are superior to the functioning of the organization'. The dilemma has been who or what changes and how—so in a cognitivist perspective managerial action is not habitual or instinctual or based on 'environmental determination; their behaviour is active and intentional'. And '…whereas behaviourists seek to change human behaviour through reinforcements rewards and punishments—cognitivists want to intervene into how people think…change is seen as episodic…'(ibid).

Tsoukas reference to the 'discursive perspective' as one that 'places *meaning* centrally on the research agenda on change' strike a chord with the stance taken in this paper. 'Organizational change' is thus seen as 'the process of constructing and sharing new meanings and interpretations of organizational activities' (Morgan and Sturdy, 2000 cited in Tsoukas 2005: 98).

Discourse [defined as "shorthand for a whole set of power/knowledge relations which are written, spoken, communicated and embedded in social practices" (Knights and Morgan 1991: 254)] contains those systems of representation of change—organisations choosing those they think will fit thereby choosing what reality they want represented and projected for the organisation to follow.

From a discursive point of view 'language is not simply the medium through which change is brought about, but change occurs in language and by doing so language brings about a different state of affairs…'(ibid: 99). Indeed as Chia and Tsoukas (2004) and Tsoukas and Chia (2002) argue:

> Change is a fundamental ontological category of lived experiences and that organization is an attempt to order and stabilize the intrinsic flux of human action…. Change must not be thought of as a property of organization rather organization must be understood as a property of change- the attempt to simplify and stabilize what would have been an irreducibly dynamic and irreducible lived experience. A discursive perspective to organizational change is particularly sensitive to both the need to stabilize an ever-changing experience and to capturing on-going change… (Cited in Tsoukas 2005: 101).

In what ways, if the above points are taken on board, are managers' [organizations'] approach to change management defined or shaped? How does this fit into having models and prescriptive means for managing change? Is it possible or relevant to 'pin down' change in order to understand it and then manage it? How can an ephemeral situation as such, an ever-changing experience, be stabilised? Can equilibrium remain the desired state? Events happen and nothing stays the same and humans, as organizational actors, experience change in this way and context.

Fairclough (1995: 5) explains that the 'power to control discourses is seen as the power to sustain particular discursive practices with particular ideological investments in dominance over other alternative…practices'….dominant meanings emerge from the context under which they are negotiated…'(cited in Grant et al. 2005: 8).

In 1999, Ford in his article entitled *'organizational change as shifting conversations'* aptly states that:

> Conversations are proposed as both the medium and product of reality construction within which change is a process of shifting conversations in the network of conversations that constitute organizations... If we consider organizations as socially constructed realities in which the reality we know is interpreted, constructed, enacted and maintained through discourse (Berger and Luckmann 1966; Holzner, 1972; Searle, 1995; Weick 1979—cited in Ford 1999: 480).

Then, organizational actors'—people's—knowledge is basically that *construction*, which is inter-subjectively developed. Such realities, or impressions and expressions of realities may also be seen as 'self-fulfilling prophecies' and 'post hoc rationalisations' (A' la Weick 1979).

Ford also claims that within the constructionist paradigm adoption of a conversational framework,

> ...requires an alteration in our understanding of what constitutes 'a change'. Traditional, structural functionalist perspectives talk about 'a change' as if it were a clearly definable and identifiable object or thing that is put in place ... Like the organization in which it occurs 'a change' is not monolithic discursively. Rather it is more appropriately seen as a polyphonic phenomenon (Hazen 1993)... a story of stories (Skoldberg 1994), or thematic within which conversations are introduced, maintained and deleted (Czarniawska 1997)... (ibid: 486–487).

In enacting such organizational realities as 'change' the assertion is that organizational members understand change as 'a language shift', and then 'resistance can be seen as an issue of language maintenance', and thus staying with the familiar which provides some cognitive comfort (Holmes 1992 cited in Ford 1999: 495).

In introducing Wittgenstein's work Grayling states that language is not 'one unifying thing but a host of different activities...'and that Wittgenstein refers to a set of activities for which 'language is used to describe, inform, confirm, show, doubt, and speculate and so on. This is what he calls 'language games' (Grayling, 2001: 83–85). Grayling's interpretation of Wittgenstein's notion of 'language game' indicates *that 'it is a practice or set of practices involving agreement about the rules for the use of words...'* and that *'our talk gets its meaning from the rest of proceedings'*. So this may imply that to understand and critique 'management of change' or what models of change management offer there is a need to believe in such practices simply because as Wittgenstein would say 'doubt follows belief' (Grayling, 2001: 107–109).

Language used by people going through the change process is of interest here. An example of this is found in Thurlow and Helms Mills' (2009) study of the language used by staff during the change process of a merger of health centres. Using the analytic framework of critical sense-making [CSM created by Mills and Helms Mills (2004) which takes Weick's (1995) sense-making model as a starting point and combines elements of Unger's (2004) notion of formative contexts, and Mills and Murgatroyd's (1991) organizational rules], they analysed the process through which some talk is privileged in the organizational change process. The deconstruction of language used throughout the analysis highlighted the relationship between sites of power and the ability to affect sense making among organizational members. It showed how some terminology relating to the change,

e.g. new names of titles, initiatives, sites etc. in conversations and even the word 'change' caused reactions. It was clear that with the change process came strategic objectives and goals and a host of terms associated with change models that were being implemented which managers understood and staff did not, so this caused a sense of alienation and confusion for staff and privilege for managers.

Airo and Nenonen (2012) found that when there were changes in the workplace that employees became more ambiguous with their messages when interviewed and that people used particular discourses to show their opposition of conformity to change. Opposing discourses included rhetorical strategies of social community versus own responsibility, believing in a hidden agenda of management, and distancing oneself. Conforming discourses include social community versus individual opinion, including oneself, and trusting the professionals. Language can be deliberately used and redefined in order to bring about change or stabilise change and in this way can be a powerful tool in itself (Tsoukas 2005). However, experience of change will also change the meaning of words used within the organisation—it is a dynamic.

In defining 'management' Linstead considers language and meaning construction and notes that management is *'a social process involving negotiation and construction of meaning to get things done'* (Mangham, 1986; Reed, 1989; Strauss, 1978, all cited in Linstead 1997: 87). Accordingly, he also cites Finneman (1993) to argue that management involves *'thought and emotion. . .concrete symbolic activity expressed through symbols and rhetoric. . .'* laced with 'layers of meaning. . .' This subtly puts humans at the centre.

Gowler and Legge illustrate how managerial discourse is constructed on rhetoric and thus on *meaning management*. They draw on Parkin's (1975: 119) conception of rhetoric and that through rhetoric '. . .people have licence. . . to explain, evaluate the causes and consequences of social relations' (1996: 34). Gowler and Legge close their argument on management as an *'oral tradition'* and as *'management of meaning'* by advocating that *'rhetoric is the way by which social control is maintained in situations of uncertainty and ambiguity. . .'*(1996: 48). Perspectives on and prescriptions for management of change mainly advocate structured approaches as a means to manage environmental unpredictability and as such they stress 'homogenised' practices. On a similar note and following Gowler and Legge, Kamoche (1995) argues that 'language acts as medium for creating and sharing intersubjective meanings' (1995: 368) and whilst referring to Wittgenstein' (1963) notion of *'language games'*, adds that 'the speaking of language is part of an activity. . .' or 'is a form of life'.

The question is whether some of the elements that make managers fear of failing to manage change increases their desire for more techniques, processes, systems and models—and the language contained in them—as 'the answer' and that success in following the model can create a false sense of success in 'controlling' change without questioning whether it can indeed be controlled. Measures and validations defined by the models, in effect only measure and validate what they have prescribed is required; they provide the panacea, the toxin and the antidote.

5 Closing Questions

In an attempt to question the underlying assumptions about organizational change management perspectives and models a set of questions are raised in this piece. The paper closes with some further questions—which are taken to be pivotal in any conversation on change and its management—:

Is change conceived or perceived or is this another superficially generated paradox?
What is the alternative to change? Is it stability or continuity or death or disappearance or no change?
If organisations want to consider other possibilities than to *'manage'* change then how do they know what alternatives are there? What are the outcomes or consequences of choosing any of these alternatives? Is choosing not to manage change a risk or a possibility?
Does change management constrain or liberate organizational actors, people in organizations?
Does the portrayal of change management process conjure up a utopian Alcatraz?
Is 'managing change'—a contradiction in terms, an oxymoron or antithetical?
Is change manageable?

References

Airo, K. R., & Nenonen, S. (2012). Speech as a way of constructing change in space: Opposing and conforming discourses in workplace change process. *Facilities, 30*(7), 289–301.

Armstrong, M. (2006). *A handbook of human resource management practice* (10th ed., pp. 343–357). London: Kogan.

Arrowsmith, J., & Parker, J. (2013). The meaning of 'employee engagement' for the values and roles of the HRM function. *International Journal of Human Resource Management, 24*(14), 2692–2712.

Bandura, A. (1986). *Social foundations of thought and action: a social cognitive theory*. Englewood Cliffs, NJ: Prentice Hall.

Beer, M., & Nohria, N. (2000). Cracking the code of change. *Harvard Business Review, May-June*, 133–141.

Bell, C. R., & Nadler, L. (Eds.). (1979). *The client-consultant handbook*. Houston, Texas: Gulf Publishing Company.

Blanchard, K. H. (2010). *Leading at a higher level: Blanchard on how to be a high-performing leader*. Upper Saddle River, NJ: Financial Times Prentice Hall.

Bonsall, M. (2007). *Management and governance: Inside an HE institute* (Unpublished doctoral dissertation). Salford: University of Salford.

Brocklesby, J., & Cummings, S. (1996). Designing a viable organization structure. *Long Range Planning, 29*(1), 49–57.

Brown, S., & Eisenhardt, K. (1997). The art of continuous change: Linking complexity theory and time-paced evolution in relentlessly shifting organizations. *Administrative Science Quarterly, 42*(1), 1–34.

Burke, W. (2002). *Organizational change: Theory and practice*. Thousand Oaks, CA: Sage Publications.

Burke, W. W., Church, A. H., & Waclawski, J. (1993). What do OD practitioners know about managing change? *Leadership & Organization Development Journal, 14*(7), 3–11.

Burnes, B. (2004). Kurt Lewin and the planned approach to change: a re-appraisal. *Journal of Management Studies, 41*(6), 977–1001.

Carnall, C. A. (1995). *Managing change in organizations* (2nd ed.). London: Prentice Hall.

Chia, R., & Tsoukas, H. (2004). Everything flows and nothing abides: Towards a 'rhizomic' model of organizational change, transformation and action. *Process Studies, 32*, 196–224.

Church, A. H., & Burke, W. W. (1993). Exploring practitioner differences in consulting style and knowledge of change management by professional association membership. *Consulting Psychology Journal: Practice and Research, 45*(3), 7–24.

Collins, D. (2003). Guest Editor's introduction: Re-imagining change. *Tamara: Journal of Critical Postmodern Organization Science, 2*(4), iv–xi.

Cummings, S., & Brocklesby, J. (1997). Towards demkratia-myth and the management of organizational change in ancient Athens. *Journal of Organizational Change Management, 10*(1), 71–95.

Dunphy, D., & Stace, D. (1993). The strategic management of corporate change. *Human Relations, 46*(8), 905–918.

Evans, E., & Ward, P. L. (2004). *Beyond the basics: The management guide for library and information professionals* (pp. 68–92). New York: Neal-Schuman Publishers Inc.

Fairclough, N. (1995). *Critical discourse analysis: The critical study of language* (Language in Social Life Series). London: Longman.

Ford, J. D. (1999). Organizational change as shifting conversations. *Journal of Organizational Change Management, 12*(6), 480–500.

Gowler, D., & Legge, K. (1996). The meaning of management and management of meaning. In S. Lisntead, R. Grafton-Small, & P. Jeffcutt (Eds.), *Understanding management*. London: Sage.

Grant, D., Michelson, G., Oswick, C., & Wailes, N. (2005). Guest editorial: discourse and organizational change. *Journal of Organizational Change Management, 18*(1), 6–15.

Grayling, A. C. (2001). *Wittgenstein: A very short introduction*. Oxford: Oxford University Press.

Grey, C. (2005). *A very short, fairly interesting and reasonably cheap book about studying organizations*. London: Sage.

Hall, L. W. (1991). Six elements for implementing and managing change. *Leadership & Organization Development Journal, 12*(2), 24–26.

Hammer, M., & Champy, J. (1993). *Reengineering the corporation*. New York: Harper Business.

Kamoche, K. (1995). Rhetoric, ritualism and totemism in human resource management. *Human Relation, 48*, 367–385.

Kanter, R. M., Stein, B. A., & Jick, T. D. (1992). *The challenge of organizational change*. New York: The Free Press.

Knights, D., & Morgan, G. (1991). Corporate strategy, organizations, and subjectivity: A critique. *Organization studies, 12*(2), 251–273.

Kotter, J.P. (1995). Leading change: Why transformation efforts fail. *Harvard Business Review*, (May-June), 59–67.

Kotter, J. P. (2008). *Force for change: How leadership differs from management*. London: Simon and Schuster.

Kotter, J. P., & Cohen, D. S. (2002). *The heart of change: Real life stories of how people change their organizations*. Boston, MA: Harvard Business School Press.

Lewin, K. (1951). *Field theory in social science*. New York, NY: McGraw-Hill.

Linstead, S. (1997). The social anthropology of management. *British Journal of Management, 8*, 85–98.

Lippitt, G. L., & Lippitt, R. (1978). *The consultant process in action*. La Jolla, CA: University Associates.

Luecke, R. (2003). *Managing change and transition*. Boston, MA: Harvard Business School Press.

Luthans, F., & Kreitner, R. (1985). *Organizational behavior modification and beyond: An operant and social learning approach*. Glenview, IL: Scott, Foresman and Co.

McLean, G. N. (2006). *Organization development: Principles, process, performance*. San Francisco, CA: Berrett-Koehler.

Mills, A. J., & Helms Mills, J. (2004). When plausibility fails: towards a critical sensemaking approach to resistance. In R. Thomas, A. J. Mills, & J. Helms Mills (Eds.), *Identity politics at work: Resisting gender and gendered resistance* (pp. 141–159). London: Routledge.

Mills, A. J., & Murgatroyd, S. J. (1991). *Organization rules*. Milton Keynes: Open University Press.

Mohanty, R. P., & Yadav, O. P. (1996). Understanding the fundamentals for managing change. *Work Study, 45*(7), 5–8.

Nadler, D. A. (1981). Managing organizational change: An integrative perspective. *Journal of Applied Behavioural Science, 17*(2), 191–211.

Palmer, I., & Dunford, R. (2008). Organizational change and the importance of embedded assumptions. *British Journal of Management, 19*, 20–33.

Parkin, D. (1975). The rhetoric of responsibility: Bureaucratic communications in Kenya farming area. In M. Bloch (Ed.), *Political language and oratory in traditional society*. London: Academic.

Pfeifer, T., Schmitt, R., & Voigt, T. (2005). Managing change: quality-oriented design of strategic change processes. *The TQM Magazine*, 7(4), 297–308.

Robbins, S. P. (2005). *Organizational behavior* (11th ed.). Upper Saddle River, NJ: Pearson Education, Inc.

Rogers, E. (2003). *Diffusion of innovations* (5th ed.). New York: Free Press.

Rychlak, J. F. (1968). A philosophy of science for personality theory. New York: Houghton Mifflin (cited in Woodman RW, (2008) *British Journal of Management*, Vol. 19, S33–S37).

Schein, E. H. (1969). *Process consultation: Its role in organizational development*. Reading, MA: Addison-Wesley.

Senturia, T., Flees, L., & Maceda, M. (2008). *Leading change management requires sticking to the plot*. London: Bain and Company. Accessed Jan 15, 2014 from http://www.bain.com/bainweb/PDFs/cms/Public/Leading_change_management_requires_sticking_to_the_PLOT_BB.pdf

Shields, J. (1999, April). Transforming organizations, methods for accelerating culture change processes. Information, Knowledge, Systems Management, 1(2), 105–115 (cited in Pryor Mg, Tanega S, Humphreys J, Anderson D, and Singleton L, (2008) *Delhi Business Review*, Vol. 9, No. 1).

Sturdy, A., & Grey, C. (2003). Beneath and beyond organizational change management: exploring alternatives. *Organization, 10*(4), 651–662.

Thurlow, A., & Helms Mills, J. (2009). Change, talk and sensemaking. *Journal of Organizational Change Management, 22*(5), 459–479.

Tsoukas, H. (2005). Afterword: why language matters in the analysis of organizational change. *Journal of Organizational Change Management, 18*(1), 96–104.

Tsoukas, H., & Chia, R. (2002). On organizational becoming: rethinking organizational change. *Organization Science, 13*(5), 567–582.

Unger, R. M. (2004). *False necessity: Anti-necessitarian social theory in the service of radical democracy*. London: Verso.

Watson, T. J. (2011). Ethnography, reality and truth—the vitsl need for studies of 'how things work' in organisations and management. *Journal of Management Studies, 48*(1), 202–217.

Weick, K. E. (1979). *The social psychology of organizing* (2nd ed.). Reading, MA: Addison-Wesley.

Weick, K. E. (1995). *Sensemaking in organizations*. Thousand Oaks, CA: Sage.

Weick, K. E., & Quinn, R. E. (1999). Organizational change and development. In J. T. Spence, J. M. Darley, & D. J. Foss (Eds.), *Annual review of psychology* (Vol. 50, pp. 361–386). Palo Alto, CA: Annual Reviews.

White, L. P., & Wooten, K. C. (1985). *Professional ethics and practice in organizational development*. New York: Praeger.

Woodman, R. W. (2008). Discourse, metaphor and organizational change: the wine *is* new, but the bottle is old. *British Journal of Management, 19*, S33–S37.

Strange Encounter: An Inquiry into the Popularity of Participation in Organizations

Ralf Wetzel

1 The Problem

1.1 The Momentum of Participation

Almost no attempt to grasp the link between the human being and organizational change can miss one fancy, fashionable and moralized key word. It is not only one of the silver bullets in organizational change, it *the* silver bullet of the modern world as such. With its lustre, mystified and mystifying, without alternative, it is one of the last quasi-mystical agents that modernity can still accept as such: Participation, or in other opalescent covers, known as involvement or even empowerment. Modernity seems imbued with a desire for participation. It almost appears as something good in itself, as a value that—once uttered—leaves only one option: Expansion. Be it in politics, education, business, law, mass media, or in protest movements, participation has spread to every facet of modern life. It can be tacitly taken for granted or vociferously campaigned for. It is obviously one of the primary desires of today's human beings, the wish of the individual to be included, the expectation of being relevantly perceived by communication. In other words, *it stands for a semantic of inclusion in communication*. The impetus for participation has arrived in diverse, functionally specific codes across society, communicated equally by politics, mass media, and public protest, and aimed more and more not only at individuals, but at organizations. Governments, political parties, businesses, schools, educational authorities, the bureaucracies of the welfare state (job centres), municipal or state authorities, universities, even armies are faced with a call for participation or indeed raising that call themselves. It has become the "new conventional wisdom" (Osterman 1994). The momentum of participation thus

R. Wetzel (✉)
Vlerick Business School, Leuven, Belgium
e-mail: ralf.wetzel@vlerick.com

seems to refer both to a quantitative explosion and qualitative diversification in diverse functional contexts and diverse systemic levels like society or organization. It is not only an imposing presence in itself, it is even more imposing in its effects. A look at the careful attention paid to participation in legal texts (laws), political programmes, product marketing strategies, or mass media websites alone shows that participation is not an outgrowth of rhetoric, but a force with real structural impact.

The ubiquity of the term comes along with an astonishing lack of awareness for the complexity and multiplicity of the states of inclusion in the modern world. The call for participation does not heed e.g. the extreme decelerating effect that mass participation has in political decision-making processes nor the exclusion (non-participatory decisions) it necessarily produces (Luhmann 1981b: 401). Neither does it take into account that the practical inclusion of disabled children in regular education can cause major isolation experiences for those same children (Fuchs 1995b) or that many companies' direct participation concepts actually limit or even undermine its continuation (Kühl 1998). These limits of practical participation are not included in the semantics. The impetus of the call for participation is weighed up by a surprising amount of ignorance about the conditions and restrictions affecting structural inclusion in practice.

Two aspects of modern participation have been named that will be essential for the remainder of this paper: On the one side, participation is a common stand-in term for inclusion; on the other, it points to the problems that are covered by it. The term offers a semantic simplification (Markowitz 1986) for a highly contingent and complex process which does not express how inclusion actually happens, which whitewashes the requirements of different types of systems (functional systems/ society, organizations) concerning inclusion in their communication, and which often hides the only limited effectiveness of participatory techniques (Heller 2003; Wagner 1994; Cotton 1993; Yukl 1989). In view of these problems, this paper will fundamentally explore the purpose of such a masquerading, stand-in term in modern inclusion. In essence, it asks about the relationship between the semantics of participation and its socio-cultural foundations. The assumption is that the shifting essence of society's *structure* has led to dramatic changes in the modes of inclusion for individuals, while the *semantics* of participation have not kept up fully with those changes. However, the outmoded semantics of participation astonishingly help by offering a simplistic description of the states of inclusion in their modern contexts. At the same time, the traditional subtext of a stratified society obscures the fundamental differences in functional inclusion and thus forces the semantics of participation themselves into contradiction and paradox. The meanings that the term participation had taken on in the time of stratified societies has been kept alive and even popularized further through the rise of societal functional differentiation, although the old socio-structural conditions have lost their relevance. This leads automatically to ambiguities and contradictions when dealing with participation in a modern context, going even to the belief that factual participation is extremely difficult or even outright impossible (McCaffrey

et al. 1995; Heller 2003). This leads us to explore the nature of the term and the fault lines affecting participation today.

1.2 Theoretical Access

To present and explain the assumption, I will apply the tenets of sociology's systems theory as proposed by Luhmann (1995c, 2012, 2013), but consider only a limited set of phenomena, namely *organized* inclusion, that is, participation in the decisions of organizations. The choice to go with this theoretical basis was motivated by the shallow draught of the alternative options, action theory and structuralist theories, in this area. Especially approaches favoured by action theory usually lead to "questions of who" (Luhmann 1988: 335) that either ignore the paradoxes, fault lines, and consequences inherent in the call for participation (Wehner and Rauch 1994; Askenazy et al. 2001; Yates et al. 2001) or flag these as repressive forces that work against the essentially desirable autonomy of the actors (Uehlinger 1988; Strauss 2004a, 2004b; Edwards and Wajcman 2005). Even when making explicit reference to the social framework, the exploration tends to only focus on how capitalist society constructs participation in microcontexts such as organizations as a form of managerial and therefore capitalist control, in which participation is part of an on-going-power game between management and workers (Edwards and Wajcman 2005). It typically ignores the fact that participation is in itself is an outcome of a shift in societal differentiation and goes further than a reflexive mode of exploitation only . Additionally, 25 years of organizational participation research have not overcome a certain feeling of disillusionment and disbelief at the fact that organizations might be using many participatory techniques, but to very uncertain effect in terms of enforcing or improving states of participation or inclusion (Poutsma et al. 2003, 2006; Heller 2003; McCaffrey et al. 1995; Cotton 1993; Wagner 1994; Yukl 1989; Wagner and Gooding 1987; on a broader scope: Alvesson 1982). This is the point where systems theory can open up new vistas. It can apply the insights of evolution theory (via the distinction between society's structure and semantics) and organizational theory (via the distinction of membership and premises for decisions) to learn much more about the basic functions of participation, the role of its inherent ambiguity when dealing with failed participation (Kühl 1998), and the origin of the prevalent feeling of disillusionment.

1.3 The Phenomena in Question: Organizations

By choosing to explore the topic of the organization, this paper concentrates on a phenomenon that began as a product of the call for participation and has increasingly become its addressee. Organizations immediately show the consequences of structural changes in society for the inclusion of its members. They themselves play

a vital, if paradoxical role in these changes (Luhmann 1994): Organizations provide forms of inclusion that match both traditional and new semantics of participation. Both semantics are brought into focus in them, making *both* the structural changes *and* the subsequent adjustment in the semantics plain to sight.

Selecting this research object has meant concentrating on a specific aspect of participation semantics, that is, the difference between inclusion *into* (formal membership) and participation *inside* of organizations (in decisions etc.) (Heller et al. 2004; Sisson 2000; Alvesson 1991; Marchington and Wilkinson 2000). Aspects of financial participation (Poutsma et al. 2003, 2006) are deliberately ignored here in favour of a focus on participation in decisions, be it direct (Marchington and Wilkinson 2000) or indirect (Minssen 1999; Kühl 1998; Regalia and Gill 1995; Cotton et al. 1988). Such a limitation of the scope of this paper is mainly due to simple reasons of clarity and brevity.

This paper aims to show that organizations have gained their current presence in the wake of the polarization of participation semantics and their loading with the concepts of equality. Both of these developments led to functional differentiation, and both play their part in reconciling individuals with their experience of the functionally differentiated social structures around them. This will be explored in three steps: Part 2 considers the relationship between the semantics of participation and the structure of society in more detail and tracks the development of these semantics from their origin in stratified society to the functionally differentiated present. Part 3 considers three dimensions in which participation becomes relevant for organizations and the ambiguities that this creates. These distinctions reveal the essential opaqueness of the current semantics and their implications. The final part 4 will revisit the findings of the previous chapters and cast a look ahead at new avenues for further research.

2 The Career of Participation Semantics

2.1 The Semantic and Structural Origins: Part and Whole

Etymologically speaking, *pars* means a part in the sense of a whole made up of individual parts. *Participere,* translated literally, means 'taking a part', that is, "being able to be of the whole" (Luhmann 2009: 297ff.). In organic metaphors, 'taking part' means fulfilling a role as part of a greater whole. Both antiquity and the Middle Ages read this distinction of part and whole in terms of a distinction between top and bottom (lord and subject, a deity and its believers). The parts had to be able to survive and sustain themselves, but only gained their raison d'être from the whole. *Participere* here suggests both referring to oneself and to something other (Luhmann 2009: 300), crucially in the form of the primacy of religion and its ability to manage the economy of grace. In the relationship between the

whole and its parts (Luhmann 2013: 202f.) is gives the parts both rights (protection, sustenance) and duties (service) to demand and to deliver.

These two distinctions can suffice for now to understand the social frame of reference, as they appear as the essential distinctions in medieval or pre-modern semantics. Participation as social semantics reflects the structure of medieval society,[1] with its dominant notion of a top-bottom hierarchy. The estates (serfs, trades, burghers, and nobility) formed a clear secular hierarchy, paralleled by the ecclesiastical hierarchy. God alone stood above Pope and Emperor as the foundations and telos of either pyramid. This social structure is a direct reflection of the premodern distinctions at work in participation: Every estate has both subsistence rights and the duty to provide service to its 'betters'. The same pattern is found not only in the estates, but also in the actual social venues of inclusion, i.e. households or corporations like monasteries. Participating here has a double meaning of being-in-something and contributing-to-something-greater. In short: Being destined for a certain place and occupying that place. This meaning corresponds well with the concept of inclusion in a layered society built around the idea of 'being born into something' (Fuchs 2005b: 108). The unity of person (Luhmann 1995a) and addressee (Fuchs 2005a, 2005d) was therefore readily visible and determined: All individuals had their social address and a set of expectations placed on them.[2] The semantics of participation thus allowed the hierarchical polity to observe and describe itself, as it equipped that observation process with the necessary distinctions of top-bottom and part-whole that were matched by the structural state of society (Luhmann 2013: 196ff.). At the same time, the term 'participation' did not enjoy much popularity. It is one of the ironies of history that this changed right at the time when the former match between self-description and actual structure fell apart.

2.2 Socio-Structural Upheavals

Beginning in the eighteenth century, the structural distinctions in society shifted from a hierarchical to a functional basis (Luhmann 1980, 1981a, 2012). The end of the old order also meant the end of the whole that was made up of the parts. Modern society has become polycontextual to the degree that individual functional areas that used to work across all layers and estates have emerged from that hierarchical

---

[1] This uses Luhmann's (Luhmann 1980: 19) notion of semantics as "forms of a society" contrasting with incidents of perception or action. Semantics provide forms that can be employed in perception and action: "There is a . . . mediating need – a type of store of possible topics that is at hand for immediate and immediately clear inclusion in specific communication processes. We call this store of topics or, if it is stored specifically for communication, semantics." Luhmann (1995c: 224). On other uses of the term 'semantics' in Luhmann cf. Stichweh (2006).

[2] Put differently: The person *reflected* the individual (cf. Luhmann 2000: 89, Fn 24).

order and 'enclosed' themselves within themselves. Politics and business, followed by science and law, emancipated themselves from the primacy of religion and now stand as its equals. The old vertical order is replaced by a horizontal order that has lost its common denominator and that does not fit a single continuum anymore. The structure parallelism between different functional frames of reference undermines the idea of a greater whole that one can contribute to (Luhmann 2013: 95ff.).

This has far-reaching consequences for people's social belonging in the sense of changing the modes of inclusion in society. The feeling of being born into one's station has slowly given way to a sense of being initially excluded from social relations. A person will only feel embedded in his or her place if the social environment recognizes him or her as an addressee to relate to. This needs an effort on the part of that individual and, which is even more difficult, the individual's social registering. People are expulsed from the social 'birthplace' they had in the Middle Ages[3] and find themselves in a world of enclosed and enclosing functional relations. There are only functional milieus that do not accept any birth right to belonging-by-birth. The hierarchical mode of full inclusion has been turned upside down into a primary exclusion from all functional contexts; the original state is now one of excluded individuality.

The changes at work in the primary structures of society did not leave its semantics untouched either: A new store of themes was needed to define, above all, the limits of the new functional systems and make them manageable for everyday life. This has created the semantics of statehood as a means of delimiting politics from other types of communication (Stichweh 2006: 3). At the same time, new semantics were needed to reflect the new context of the individual. This has become the semantics of humanity, which defines the individual's new position in society and its various functional areas and, again, makes them accessible for everyday practice. People are given a set of attributes that place them in their social environment; the social environment becomes readable with these semantics. "The totality of the social was discerned in the human being as member of a particular species and was anchored in the specificity of the human way of life." (Luhmann 2013: 210f.). This has lit the fuse for one of the most explosive careers of modernity's semantics: The semantics of individuality, of the in-divisible. However, the individual is not indivisible in the social sphere anymore, but has rather becomes a '*dividual*', a highly specialized fragment of a social observer that is not identical with its other appearances in the eyes of other observers.

Even when new semantic patterns arise, the old semantics with their grounding in a stratified world remain in use. The distinction between the whole and its parts remains relevant and continues to describe how we relate to society. Even today, society is envisioned as a whole that is made up of people as its parts (Luhmann 2013: 209). Participation has become part of the wider semantic store, even though

---

[3] This state of expulsion was a known and demonized fate; it was the rarely seen, but soon ubiquitous mode of exclusion known to and feared by medieval man (Fuchs 2005c). It is now the de facto fate of every person.

it has virtually lost its structural meaning (Luhmann 1987: 162): The rise of heterarchical and autonomous functional systems has supplanted the idea of the whole and its parts and introduced the simultaneity of multiple codes and spheres of communication, which cannot be reconciled, balanced out, or joint up again. Each individual now also faces the problem of needing access to all functional sub-systems of society. The key is to be *socially recognized*. However, this inclusion does not lie within the power of individuals themselves alone; it is, as much or even more so, a social effort. Functional systems determine the conditions for when and how individuals become socially relevant (socially recognizable) by acquiring social addresses and bundling expectations in the form of a social persona (Luhmann 1995a). Individuals can decide to invest an effort into acquiring their addresses and engaging in address management. The key term for inclusion in this sense is the acquisition of relevance. Participation now has a twofold purpose: Sustaining a structurally out-dated distinction (part-whole) and developing new distinctions (relevance-irrelevant).

2.3 Old Semantics and New Structures

The link between structural heterarchy and individual exclusion implies a substantial boost to efforts to reduce exclusion on the part of politics, education, media, or protest movements. It has become an amplifier for modern participation semantics. However, the rise of these semantics is not dependent on referencing stratified structures anymore; it now concerns the socially meaningful acquisition of *relevance* for individuals dealing with functionally differentiated forms of communication. Functional systems are in themselves disinterested in individuals, although they assume the presence of fully excluded individuals around them who are looking for access and, above all, for social recognition in the sense of attaining social addresses and becoming social persons.[4]

Participation then moves away from the idea of *having access* a priori towards the idea of *getting access*, which is not a one-time achievement, but a recurrent pursuit. At the same time, the end purpose of participation still lies in the *taking part* or *being part* of the greater social whole. The state of belonging in the sense of a normally assumed access to functionally coded communication shifts in its meaning, which will need to be discussed later on. It reveals one of the modern structural components of participation: The distinction that fuels the call for participation, now lies between socially relevant and socially irrelevant, with a definite preference for social relevance.

---

[4] It would go too far to discuss why this could not inspire hope for further intensification (the more inclusion, the more relevance, the better); it suffices to think of prisons or institutions for people with disabilities (Wetzel 2004; Fuchs 1995a), which exhibit states of full inclusion, but who give the term of relevance a unique connotation.

This is a case of a term with formerly hierarchical meaning gaining a new semantic load. It is used first to describe social contexts and make them more practically manageable when the structural conditions have changed at their core. At the same time, it pays heed to the new structural requirements and acknowledges the relevance of individual inclusion. The term 'participation' therefore represents the relationship between social structure and semantics in normal balance. Again, the semantics take longer to change, but this lag follows its own pace. It has an impact on the continued validity of functional heterarchy. In order to pursue this further, another semantic trait of modern society needs to be discussed: the semantics of equality.

2.4   The Emergence of Equality: Amplifying the Semantics of Participation

The loss of socio-structural plausibility of a hierarchy of estates has created another phenomenon that is essential for our notion of the link between the structure of society and semantics: The visibility of social inequality and the need for its legitimation. What used to gain its structural legitimation from religious tenets now becomes a skandalon. At the point when the heterarchy of the functional systems becomes evident and individuals that used to be fully included, caught up in defined classes or households discover their theoretical access to unlimited means of communication, any limits to that access become visible and, above all, revealed in their contingent nature. All of a sudden, the traditional inequalities in access and relevance lose their semantic legitimation and plausibility. They become seemingly random and scandalous. Inequalities in the access to politics, education, commerce, or legal rights become the focal point of social unrest. This is where modernity discovers the essential inequality in the top-bottom distinction. More than that: It discovers its variable nature. Inequality is no more an experience to be suffered; it can be influenced by one's own or other people's actions. The contingent nature of where people are placed on the top-or-bottom scale is not the only thing to become visible and scandalized. The modern world also discovers states of inequality in terms of poverty, disability, or gender; these inequalities are the seedbed for the growth of new functional systems like education, social work, or protest movements. Their essential problem is not so much the former top-bottom distinction, but rather the problem of heterarchy. Inequalities in access to the social relations of everyday life (and thus to the products of different functional systems) become visible. There are obvious differences in the quality and quantity of access to commerce, education, law, medical support, or truth and in the involvement in collectively binding decisions. These differences are then experienced as faults (Fuchs 1996: 962), and the new forms of distinction soon lead to a forceful semantic call for equal inclusion opportunities, countered by a multitude of structural inequalities in just these opportunities. The states of inequality lack the inherent

plausibility that they had possessed by power of the primary religious coding of the traditional stratified world (Luhmann 2002: 357). The lack of equal opportunities is a focal point for social problems with new universal and lasting relevance. Society has become semantically "irritable by inequality" (Fuchs 1996: 963). Distinguishing between equal and unequal has also brought more and more groups of disenfranchised out into the open that are able to demand participation (or have others demand it on their behalf) in the sense of reducing the inequality that afflicts them. Structural exclusion has become semantically translatable as restricted or suppressed participation.[5]

The connotations of the ideas of participation are shaped by this socio-structural settlement. At stake is not only the social relevance or irrelevance of individuals, but their relevance under the premise of the equality of *all individuals understood as principally equal parts of society*. On this basis, states of exclusion can immediately be semantically rewrought as a normative demand for inclusion (Luhmann 1995b). This adds moral value to the distinction; it politicizes it and embeds it in the possibility of a permanent semantic discourse, since there are always states of exclusion that can be translated as problems of inclusion.

The postulate of equality then makes the semantics of participation—despite all of their limitations—effective for the assertion of the functional distinctions. The modern term of participation, combining the part-whole distinction with the issue of relevance, can be extremely simplistic. People want to be equal parts of society, but they are also faced with structural states of inequality. At the same time, the relevance of every individual needs to be asserted in the face of these inequalities, across the whole of society, reaching from politics to education, commerce, or society. This means that the term participation promotes the universal enforcement of the functional heterarchy and the pressure for the pluralist inclusion of individuals across all of society. Still grounded in the notion of stratification, the semantics seem to aid the assertion of a heterarchical structuring principle, without being able to state exactly what would need to be done to do so or when it would be achieved. In this sense, the semantics of participation are an example of inherited semantics whose modernization will benefit the modern world.

2.5   A Summary

Participation is a term used in people's life-world experience to express the general demand for inclusion in functional systems in 'practicable' terms. The claims expressed by its semantics, however, obscure the practical reality of inclusion, that is, not as part of the old predefined distinction between the whole and its parts, but as the social performance of diverse, heterarchical functions. In other words:

---

[5] The heterarchy of functional systems must not obscure the fact that functional systems are themselves the producers of inequality, cf. Stichweh (2005: 163ff.).

Participation is communication self-simplified (Markowitz 1986) to make its social structural preconditions, specifically the principle of inclusion, generally viable. It is not true to its function: It overshadows, rather than mirroring the functional conditions that are in place. On the one side, it assumes that inclusion is not to be taken for granted, but that something needs to be done about it. It does so by imbuing it with relevance. On the other side, it does not instruct people enough about what actually needs to be done. Rather, it meshes together different systemic references and sustains the world's ontic part-and-whole presence. It simplifies this to a level that individuals can mentally sustain in their everyday world, but keeps its appellatory nature to the extent that it expresses the social demand for inclusion within certain (contingent) boundaries. This simplification is unavoidable and has a functional and a dysfunctional side: It is dysfunctional in particular in that participation works with the fiction of equality and 'wholeness' being possible despite both being structurally impossible. In this sense, it does not imply a normative answer for modernity's inequality challenge. It is an answer, first and foremost, in the sense of its semantic obfuscation (Markowitz 1986, 2003, 2006; Kranz 2009a). This is a first hint at the purpose of participation.

3   Participation and Decisions: Three Dimensions

The following part will consider three distinct levels on which participation becomes relevant for organizations. For this purpose, organizations will be defined as social systems that delimit themselves by way of decisions (Luhmann 2000, 2003, 2006). They produce decisions that are derived from previous decisions and that use previous paths to structure their route towards new decisions. The term decision alone hints at the affinity that exists between the political system and organizations, which does not only imply that political action is necessarily reliant on organizations, but also that politics and power as 'its' symbolically generalized currency of communication play a major role in organizations (Heller 2003). In essence, both meanings of participation that have gained impetus—that is, inclusion and relevance—are again present, joined by a third facet that now needs to be defined. Before we explore these different meansings and layers, we need to point out the general role of organizations in modernity.

3.1   Organizations as Inclusion Mechanisms into Functional Milieus and into 'Lebenswelt'

Organizations are engaged with the fundamental structural fault line of modernity. They balance the de facto inequality of people with the semantic demand for equality. They provide an accessible pattern for regulating the pressure for

participation in the form of bureaucratic processes, while maintaining the awareness of functionally specialized organizations like mass media, political bodies, or protest movements. Both factors allow them to stimulate the call for participation. At the same time, such specialist organizations are a vivid example of how organizations cope with the paradox of equality and inequality: On the outside, the fuel the demand for participation; on the inside, they undermine its essence.

When organizations begin to respond more to the call for participation, they reveal another facet of participation. The semantics of participation whitewash the endemic differences in systems. These semantics are specific enough to flag social circumstances, but also so unspecific that they hide the inability to access the actually responsible (functional) systems. They redirect attention to those systems' more accessible stand-ins, namely: organizations.

The problem that more and more organizations are facing lies in the accelerating erosion of their own plausibility in the face of environments that are socialized for equality. Their inherent inequality, their hierarchies' affront to the maxim of equality becomes a problem (Fuchs 2009) that needs a response. This explains why organizations have, over the course of the twentieth century, been forced to deal more and more—almost cyclically as an effect of other factors (Ramsay 1977; Ackers et al. 2001)—with the challenge of participation. Hierarchy has become visible and addressable as a point of inequality. The increased use of participatory organization and management concepts (Haas 2012) can be considered a semantic reaction to this problem.

After this short characterization, we now turn to three different dimensions in the relation between participation and organization.

3.2 Inclusion as Membership

Even a cursory look at the evolution of the phenomenon 'organization' will show that organizations still show a number of facets that had long been lost in the changing primary distinctions in society's structure and the loss of the hierarchical order: Organizations' organization as hierarchy, the representative habitus of leadership (which again implies hierarchy), and the expression of inclusion as membership (Luhmann 2000: 112; Luhmann 1996). This suggests that the Middle Ages have found a back door into modernity where they can hibernate in thousands of temporal forms (Fuchs 2009). This should not make it surprising that certain medieval social patterns can be found alive and well in and with organizations, if sometimes hidden behind a different semantic mask. Suffice it to mention the astonishing survival of gender differences, expressed in the modern form of the glass ceiling effect.

In organizations, we again encounter the old distinction of the whole and 'its' parts. This is relevant in terms of how people are treated, that is, in the shape of their states of inclusion. Organizations reconcile the top-bottom and end-means distinctions (Luhmann 2009: 300ff.), with the distinction between managers or

entrepreneurs and their employees as the expression of the top-bottom distinction. Participation recovers its old connotations in the sense of a focus on a universal goal for which people contribute themselves and their actions in a bigger whole to deliver a specifically conditioned performance. Formal membership lets people 'be part', with the concomitant rights (remuneration, evaluation, career, and protection) and duties. Organizations also offer a related simplifying mechanism in the form of hierarchy. The top-bottom distinction makes the channels of communication and the decision-making processes simpler on the social, chronological, and factual level. Participation and organization here meet in their simplifying effect to give people a simple-to-understand notion of membership not unlike a feudal household of the Middle Ages. However, organizational membership as a social address is based on roles and not, as in such household, related to persons. The guarantee of the person's subsistence promised—ideally—in the premodern household is lost in organizations. The gap left by it is filled by participation which stabilizes the need for participation on a semantic level that society at large only covers in the form of familial ties (to an ever lesser degree, it would seem). An award of membership (that is, a decision to that effect) gives the member an opportunity to act not only under his or her own name and social address, but also under the address of the organization. We encounter the representative potential (and sometimes specific expectations of representation) in the form of the 'greater whole' without every member having to have access to the representative presence of the organization's management. The address of the organization has become an important source for identification that contributes to the mental orientation of its members even in the world outside of the organization. On a social level, organizational inclusion as membership produces a basis for inclusion semantics that are reflected in the semantic call for participation. However, this potential for identification seems ambiguous: With the decision in favour of membership, the individual agrees to submit to a certain degree to the regime of the organization in exchange for certain incentives and even accepts sanctions in the case of ending that agreement (Luhmann 2000). In this sense, membership even allows a certain distance from the purpose of the organization: It is comparatively easy to use the interactional repertoire in one's role to show that one does not, in fact, belong (cf. Goffman 1973). Identification is therefore not an automatism; rather, it is dependent on stimulation and incentives and always latently under threat. Participation *in* organizations is therefore a simplification of inclusion and participation in society, although this is not exclusive. Organizations produce the instruments with which to confirm this state of participation.

3.3   Relevance Influencing Decisions

The aspect of participating in decisions also concerns the field of participation in commercial operations (Poutsma et al. 2003, 2006). This touches on participation *within* organization. Since the pioneering research of Coch and French (1948), this

has been taken to refer to financial, direct, and representative participation, of which financial participation is left out of this paper for reasons of simplicity. Representative or indirect participation can mean works councils or other formally designated representatives of employees who can influence managerial decision-making processes in hearings, joint consultation, vetoes, or direct decision-making powers (Hucker 2008; Cotton 1993). Direct participation, in turn, refers to the immediate influencing of decisions by being able to shape one's immediate work environment (processes, division of labour, job profiles, other terms and conditions like working hours) (Haas 2012; Heller et al. 2004; Minssen 1999).

The readiness to participate within organizations necessarily refers back to the need for relevance, the establishment of individual decision-making powers in the face of functional mechanisms, albeit in a specific shape and form. The key is that members become socially accessible in their form and expression of their membership role. Initially, joining an organization only allows fragmentary relevance: the relevance of a closely defined fragment of behaviour and not of the individual as a whole. The individual is recognized as a socially relevant and attributable addressee—this in itself is one of the foremost functions of participation *in* organizations—but the fact of membership also reduces this relevance back down to a minimum, i.e. the behaviours that the employee is expect to show when contributing to the whole. The 'entire rest' immediately disappears in a zone of indifference (first identified by Barnard 1938), that is, in the zone in which self-determination is handed over to the formal authority of a superior. Organizational participation in this sense is primarily a declaration and simultaneous denial of relevance, as it indeed does not mean contributing individuality or internal motivation, but primarily the fulfilment of 'dividual' expectations that side-line any personal uniqueness.

However, membership defines these 'dividual' expectations initially in the very generic terms of a general store of motivation that can be actuated in the system (Luhmann 2000: 84). Membership gives the organization and its individual members a means of entering actuations and thereby also re-actuating the question of relevance. In this re-actuation, relevance can reassert itself in the forms of 'personality', creativity, or commitment, all of which are usually hidden in the zone of indifference (Baecker 1994). In this sense, membership produces "double framing" (Luhmann 2000: 112f.): It delimits the outside (first framing) and produces—as already discussed—the distinction between inclusion and exclusion. Internally, it creates a medium that allows and demands re-actuation, that is, creates a framework for a certain degree of autonomy. Relevance can be renegotiated in this framework, which also touches on mutual behavioural expectations and duties, the expectations of the organization and the fact whether the member can and wishes to actuate these. The relevant people present certain descriptions of themselves and/or their specific, visible behaviour that can be interpreted as the actuation, acceptance, or indeed refusal of such expectations.[6] The personal touch in how they fulfil their roles is essential in this regard (cf. in particular Luhmann 1964: 268ff.).

---

[6] This closely follows Markowitz (1988).

These medial negotiations and re-actuations are a constant occurrence. They are the means by which it is constantly re-decided which specific and actual opportunities for participation and states of inclusion in organizational communication are available to its members. It is a silent and generally invisible process, with the negotiations and their effects typically only becoming visible in crises (deviation from the formal expectations, resistance against organization change etc.).

At the same time, 'dividualization' and the declaration of irrelevance also creates new problems. In an equality-biased, democratically governed society, delimiting and 'fractalizing' individuals (even though it is the normal order in the everyday creation and use of social addresses) is an easy source for outrage. Even in the early evolution of modernity, the new old hierarchy, the new old patriarchate, and the new old forms of limited subjection in organizations have been an obvious skandalon. Ever since that time, efforts have been under way to civilize or 'modernize' organizations and give them a democratic, morally acceptable face. Above all, this concerns the processes of indirect or representative participation (Poutsma et al. 2006; Cotton et al. 1988) which usually operate with the tools of delegation. The political and moralizing effect of participation is particularly obvious in this area: The organization's members one-sided *affectability* by management decisions and his or her one-sided state of dependence. Affectability works to reinforce the demands: The member of the organization is *affected* by certain decisions, but is also *enabled* for the counter-observation of the facts at stake (the effectiveness and efficiency of processes, strategies, products etc.).[7] This places pressure on managers to let the people affected by their decisions influence them in the decision-making process or indeed to relinquish or share their decision-making authority. The call for participation thus reinforces the relevance of the members of the organization and directly affects the social and factual state of the organization.

The extent to which the member of the organization—who has become relevant by the mere fulfilment of a formal role—actually influences decisions depends less on the wider social semantics than on the state and situation in the organization. The autopoiesis, the inherent rationality of the organization slips in between the social demands and the factual influence of individuals. It is practically closed to the outside and only responds to external challenges if they resonate in the organization itself. One has to distinguish between political demands placed on the organization, which can have a legal expression (such as equal opportunities, job protection etc.) and what the organization makes of them (fight for resources, attention, influence). This relates to the use of power as a currency in organizations: It is available as the threat of formal authority and as informal micropolitics. Micropolitics are especially effective in allocating influence on decision-making processes on premises other than formal concerns or, even less, external demands. When the semantics of participation stimulate the internal micropolitics of the organization, the end product is not necessarily a more democratic organization or indeed the disappearance of inequality, e.g. in the destruction or weakening of the hierarchical order. Instead,

---

[7] This concerns the distinction between taking decisions and being affected (Luhmann 1990: 158f.)

the organization adjusts to these semantics e.g. by means of micropolitical communication, which can often reach an organizationally illegal, but 'usefully illegal' (cf. Luhmann 1964: 304ff.) nature (Dachler and Wilpert 1978). The organization responds to the challenge of participation with more organization,[8] which undermines the idea of democratization in general (the intensive, but micropolitical preparation of decisions undermines the principles of democracy) and the idea of participation itself (the more people participate in decisions, the weaker their actual influence). The original aim of a democratization of organizations produces "structural problems not democratized at the same time" (Luhmann 1981b: 402). The establishment of the relevance of individuals, which was the original intention, generally fails as a result. Either the organization 'hits back' with the means of participation—think of the phenomena of self-exploitation and subjection in group work (cf. Kühl 2001; Moldaschl 1993; Kanter 1982)—or the individual gives up and withdraws from the informal expression and actuation of his or her role (cynicism, 'working by the book' etc., cf. Dickson 1981; Dean et al. 1998). Anders suggests: "The principle of equality is (. . .) not yet a conditional programme" (Luhmann 2000: 393). In essence, the politically motivated call for participation mistook organizations for a functional system in a heterarchical society (cf. Heller et al. 2004). The idea was that one could 'protest' one's way into organizations as one did in functional, political decisions and forgot that the hierarchy in organizations fulfils certain functions for them that are not easily replaced. Above all, it was forgotten that it is not based on democratic legitimation. The call for participation, taken up and amplified by politics and mass media, washes up against the internal autonomy of the organization. This becomes evident in the micropolitical turn of the political call for participation and in the organization's semantic response. Obviously, participation techniques are not only used to actually comply with the call for participation on a factual and social level, but indeed to protect the organization's public presence pre-emptively from being discredited, thus safeguarding the organization's social address and access to public communication. Using such techniques like quality circles, semi-autonomous work groups, guided team sessions, or ideas management help organizations polish their 'shop windows' (Kühl 2014 following Brunsson 1989), mimicking their environment in their structure and avoiding problems of legitimation (Meyer and Scott 1994). Politics, protest, and mass media and the two-way observation of organizations have helped the spread of normative demands along, but they have not achieved an actual improvement of the states of inclusion for the members of organizations (Heller 2003; Wagner 1994; Cotton 1993; Yukl 1989: 86).[9] The organizations' use of the concepts of participation (aided and abetted by politics and, above all, science) should not be understood only as a response to the demands raised against them, but

---

[8] The point is that the number of decisions will increase when decisions are the final elements, and the higher standards for decisions will make them increasingly less likely.

[9] An impressive example of the use of group work in the automotive industry and its consequences can be found in Kühl (1998).

also as a rhetorical response to the normative pressure of the semantics of participation. Used internally, the relevant techniques now act on a micropolitical, not social level.

In effect, more influence on decisions leads to an increase in the number of decisions. Participation becomes relevant for decisions, not only as their object, but rather as their stimulator, as a social 'amplifier'. The challenge received from the outside is translated depending on the sensitivity and irritability of the organization's system. The challenge might influence later decisions by determining the premise of who is to be involved in decisions. The social semantics of participation ignore the organizations' members different expressions of their roles and the problem of the allowance of society's external expectations and the inherent option of rejecting these. Instead, semantics are the plaster that hides the cracks and fault lines.

3.4 Contact in the Interactive Shaping of Organizational Realities

Another aspect deserves to be mentioned that is too easily forgotten and that still holds much promise for further research, that is, the contact with microdiversity that is essential for the self-organization of organizations (Luhmann 1997, 2000: p. 255f., Fuchs 2004c). The organization needs another social system to provide certain "material" (Luhmann 2000: p. 255) from which it can distil its self-organized decisions by means of structural coupling. This microdiversity is made available by interaction (Kieserling 2000). However, this insight draws attention to something that it usually neglected in communicational relationships, but that is always at work: Reflexive perception. Perceptions are clearly not relevant only for mental systemic references, but also for the interaction processes that help form social structures, specifically as the "behavioural component" that runs in parallel to communication (Kranz 2009b: 79f.). Put in very blunt terms: What is at stake is that the boundaries that delineate simple social systems depend on *both* communication *and* perception. Any act of inclusion works by means of the socially constitutive double distinction of information / expression / comprehension and the mentally grounded process of perception in its relevant form of not only a passive registry, but an active selection in the form of reaching out or investing attention.[10] For an organization to continue, it needs interactive attention and engagement under a condition of mutual perceptibility.

---

[10] This refers to new developments in system theoretical interaction theory whose rationale cannot be explained in further detail at this point and that have to be presented in a highly simplistic form. For further details, please refer to Markowitz (1979, 1986, 2006), Aderhold and Kranz (2007), and Kranz (2009a).

These essential preconditions become particularly salient in times of crisis, as research on disasters (Perrow 1984; Shrivastava 1992) and high-reliability organizations (Weick and Sutcliffe 2007) has revealed. It has been noticed that full-scale disasters tend to happen in particular in organizational contexts that fail to perceive minor errors soon enough, that have a tendency towards oversimplification, and that give hierarchical authority the precedence before functional expertise in those critical instances (Weick and Sutcliffe 2007: 9ff.). In all of these points, the specification and qualification of interaction becomes essential (Weick 1993). Researchers have coined certain terms to express the central premises: 'Collective Mindfulness' (Weick et al. 2005), 'Heedful Interrelating' (Weick and Roberts 1993), or 'Respectful Interaction' (Weick 1993), all of which apparently take place at the place where organization and interaction meet.

Organizations have only limited means of influencing how attention is allocated or perceptions are focused. This happens within the scope of interaction and will only be passed on to organizations as interactively determined conditions for decisions or, indeed, material that feeds into a decision if certain premises are in place. Here, participation gains double relevance: First, inclusion in organizational interaction is a type of participation, specifically *on top of* its relevance as an informal reaffirmation of membership (see above). Occupational work is usually a form of interaction, even if organizations are often seen as a way of sharing the burden of having to be personally present. Inclusion in interaction here means being included in processes of reflexive perception and in the communication of perceptions. This introduces a certain form of *awareness* in organizations and decouples organizational units, e.g. by the specific quality of the interaction between their members. Participation refers to how individuals are included in processes of perception and communication to ensure a certain quality of interaction. Such interaction can only be influenced to a limited degree by formal job descriptions or defined channels of communication. Only parts of this can be 'transferrable' as explicit knowledge. It appears as a specific new shape of the zone of indifference (see above and Steger and Kranz 2013). In interaction, something resurfaces as a difference that the organization had been systematically indifferent about in its members' behaviour. This makes the success of such participation a particularly relevant condition. Managers who are aware of this will do well to prefer such operational participation to institutional participation structures. This has indeed become a managerial strategy, as can be seen in new changes in the work context in the wake of a rethinking of the distinction between decision and execution: Today's organizations care about making all changes to the immediate work environment or the general strategic situation immediately perceivable from the perspective of their members and making these perceptions reflexively available to the organization. In essence, this concerns a different form of delegation and self-management of employees, a different organization of attention and perception. People are now encouraged not only to execute their assignments reliably, but to contribute improvements and innovations by themselves. This is affecting the entire shape of membership and makes behaviour in organizational interaction much more demanding. It is again evident that society's semantic notion of participation does

not account for these intricacies of running a different type of social system, in this case: running social interactions in the context of organized social systems and coping with the potential for surprise and opposition these create.

4 Conclusion: Function and Consequences of Participation

A closer look at all of these dimensions reveals many fault lines and breaks that are not covered by society's semantics of participation. The option to maintain distance despite formal membership, the micropolitical decoupling in processes of participating in decisions, and the many forms and shapes of participation in organized interaction show how the challenge of common participation semantics can be undermined and contained. Participation in organizations can take the form of rejection in individuals' role performance despite their option of belonging; the ambitions of participation can become the pawns in the micropolitical wrangling for resources; and public disengagement in times of crisis can have a major impact on the organization's ability to master the crisis. The slow build-up of frustration about the poor or even absent effect of participative techniques (Heller 2003; Wagner 1994; Cotton 1993; Yukl 1989: 86) can be blamed on organizations' internal regulatory mechanisms that have undermined and disappointed the general hope for a more inclusive world of organizations. The blanket and diffuse nature of society's participation semantics and the highly complex self-regulation capacities of organizations made for easy pickings in this regard and left enough room for the public proclamation of the call for participation without drawing attention to its limited feasibility.

The arguments put forward in this paper now need to be consolidated and summarized. The term participation can be a semantic shortcut for describing modern states of inclusion that are easily moralized and politicized. It can be an amplified expression of modernity's equality motif. Participation implies stratified and modern elements alike that have taken shape in a belated response to changes in the make-up of modern society. Above all, it applies the traditional 'part-whole' distinction onto modern functional contexts and thus helps sustain an excessively simplistic notion of the relationship between individual and society. It gives plausibility to the still common notion that society is made up of individual parts (people) and helps align everyday practice accordingly. At the same time, it is a reflection of modern claims and expectations in how it expresses the need for the social 'recognition' of individuals in communication. Individuals need to be seen to be relevant. In this sense, its claim is also to be recognized as a relevant addressee for society. The purpose of participation therefore lies in the simplification and diffusion of modernity's complex states of inclusion. This diffusion is not merely a semantic screen of the facts and conditions of modern society; in particular by sustaining stratifying elements, it produces distinctions that go towards the functional differentiation of society. This in turn contains new problems, targets for subliminal opposition, and contradictions, all of which need to be recognized and

responded to. It has fallen to organizations to act as the media of social inclusion and be the object of the demands for participation and to respond to the inherent contradictions and paradoxes of these demands. Participation touches organizations on three levels, on each of which unique facets of individual inclusion become relevant:

- Participation considered in terms of *membership* gives the people of an organization a modicum of a sense of *belonging* to society, a referential form of affirmation outside of the more proximate ties of family or intimate relationships.
- Participation seen in terms of *relevance* presents impressive proof of the increasing need for hierarchical systems to safeguard their semantic plausibility in environments defined by social heterarchy. Inequality in the form of hierarchical distance is increasingly becoming a skandalon for organizations. It translates the democratic challenge of participation into its own operational context and thus detaches it from its social subtext.
- Finally, participation understood in terms of *contact* points to the microdiversity that exists in organizational practice and the need to find and maintain properly defined access to interactive communication. For the organized social system, there is only the option to condition the specific embodiment of that access and the shape of this level of participation (Kieserling 2000).

The organizational response to the impetus for participation reveals some contradictory notes. Participative elements might be espoused on the public face of an organization, but undermined or restricted on the level of micropolitics without any obvious injury to the operational realization of society's expectation of participation. In many cases, when that impetus for participation enters the organization, its contextual rationality will shift and the nature of participation will be converted—an effect that regularly stays out of public sight. The micropolitics in organizations have great resources for cushioning the impact of society's demands without affecting their visible presence. The organizational attempts at participation, so often seen in ambivalent terms by participation researchers, are merely a reflection of this effect. The extreme simplicity and inherent plausibility of participation encounters the fine mechanics of organizational inclusion which can take in and accommodate the demand for participation on its semantic level. They do so, primarily, by means of simplification: The world of the organization accommodates the complexity of its own conditions and the challenges of modern inclusion. Without taking these levels and the related paradoxes into account, change management will always struggle to disentangle modern participation and to understand omnipresent failure in daily desire to move organizations.

References

Ackers, P., Marchington, M., Wilkinson, A., & Goodman, J. (2001). The use of cycles? Explaining employee involvement in the 1990s. *Industrial Relations Journal, 23*(4), 268–283.

Aderhold, J., & Kranz, O. (2007). *Intention und Funktion. Probleme der Vermittlung psychischer und sozialer Systeme*. VS Verlag: Opladen.

Alvesson, M. (1982). The limits and shortcomings of humanistic organization theory. *Acta Sociologica, 25*(2), 117–131.

Alvesson, M. (1991). Corporate culture, participation and pseudo-participation in a high-tech company. In W. M. Lafferty & E. Rosenstein (Eds.), *International handbook of participation in organizations* (Vol. 3). Oxford: Oxford University Press.

Askenazy, P., Caroli, E., Marcus, V. (2001, May). New organizational practices and working conditions: Evidence from France in the 1990s (*Couverture Orange CEPREMAP*), Vol. 01(6).

Baecker, D. (1994). Durch diesen schönen Fehler mit sich selbst bekannt gemacht. *Lettre International*, 24, pp. 22–26.

Barnard, C. (1938). *The functions of executives*. Cambridge, MA: Harvard University Press.

Brunsson, N. (1989). *The organization of hypocrisy: Talk, decisions and actions in organizations*. Copenhagen: Business School Press.

Coch, L., & French, J. R. P., Jr. (1948). Overcoming resistance to change. *Human Relations, 1*, 512–532.

Cotton, J. L. (1993). *Employee involvement: Methods for improving performance and work attitudes*. Thousand Oaks, CA: Sage.

Cotton, J. L., Vollrath, D. A., Froggatt, K. L., Lengnick-Hall, M. L., & Jennings, K. R. (1988). Employee participation: Diverse forms and different outcomes. *Academy of Management Review, 1*(13), 8–22.

Dachler, H. P., & Wilpert, B. (1978). Conceptual dimensions and boundaries of participation in organizations: A critical evaluation. *Administrative Science Quarterly, 23*, 1–39.

Dean, J. W. J. R., Brandes, P., & Dharwadkar, R. (1998). Organizational Cynism. *Academy of Management Review, 23*(2), 341–352.

Dickson, J. W. (1981). Participation as Means of Organizational Control. *Journal of Management Studies, 8*(2), 159–176.

Edwards, P., & Wajcman, J. (2005). *The Politics of Working Life*. Oxford: Oxford University Press.

Fuchs, P. (1995a). *Die Umschrift. Zwei kommunikationstheoretische Studien: Japanische Kommunikation und Autismus*. Frankfurt: Suhrkamp.

Fuchs, P. (1995b). Behinderung von Kommunikation durch Behinderung. In W. Strubel & H. Weichselgartner (Eds.), *Behindert & verhaltensauffällig. Zur Wirkung von Systemen und Strukturen* (pp. 9–18). Freiburg: Lambertus.

Fuchs, P. (1996). Das Phantasma der Gleichheit. Merkur 570/571, pp. 959–964.

Fuchs, P. (2004c): Autopoiesis, Mikrodiversität, Interaktion. In M. -C. Fuchs (Ed.): *Theorie als Lehrgedicht. Systemtheoretische Essays I* (pp. 73–94). Bielefeld: Transcript.

Fuchs, P. (2005a). *Konturen der Modernität. Systemtheoretische Essays II*, Bielefeld: Transcript, hrsg. non Marie-Christin Fuchs.

Fuchs, P. (2005b). Von Jaunern und Vaganten—Das Inklusions-/Exklusionsschema der A-Sozialität unter frühneuzeitlichen Bedingungen und im Dritten Reich. In C.-H. Fuchs (Ed.), *Konturen der Modernität* (pp. 105–128). Systemtheoretische Essays II, Bielefeld: Transcript.

Fuchs, P. (2005c). Weder Herd noch Heimstatt, weder Fall noch Nicht-Fall. Doppelte Differenzierung im Mittelalter und supplementäre Inklusion in der Moderne. In C.-H. Fuchs (Ed.), *Konturen der Modernität* (pp. 129–152). Systemtheoretische Essays II, Bielefeld: Transcript.

Fuchs, P. (2005d). Adressabilität als Grundbegriff der soziologischen Systemtheorie. In M.C. Fuchs (Ed.), *Konturen der Modernität. Systemtheoretische Essays II* (pp. 37–62). Bielefeld: Transcript.

Fuchs, P. (2009). Hierarchien unter Druck—Ein Blick auf ihre Funktion und ihren Wandel. In R. Wetzel, J. Aderhold, & J. Rückert-John, (Hg.), *Die Organisation in unruhigen Zeiten. Über die Folgen von Strukturwandel, Veränderungsdruck und Funktionsverschiebung* (pp. 53–72). Heidelberg: Carl-Auer.

Goffman, E. (1973). *Encounters. Two Studies in the Sociology of Interaction*. Indeanapolis: Bobbs-Merrill.

Haas, M. (2012). *Direkte Partizipation abhängig Beschäftigter - Konzept, organisatorische Realisierung und die Wirkung auf Arbeitszufriedenheit und Gesundheitsressourcen* (WZB Discussion Paper No. 2012–302). Berlin: WZB.

Heller, F. (2003). Participation and power: A critical assessment. *Applied Psychology: An International Review, 52*(1), 144–163.

Heller, F., Pusic, E., Strauss, G., & Wilpert, B. (2004). *Organizational participation: Myth and reality*. Oxford: Oxford Press.

Hucker, T. (2008). *Betriebliche Partizipation und gesellschaftlicher Wandel*. München/Mering: Hampp.

Kanter, R. M. (1982). Dilemmas of managing participation. *Organization Dynamics, 11*, 5–29.

Kieserling, A. (2000). *Kommunikation unter Anwesenden. Studien über Interaktionssysteme*. Frankfurt: Suhrkamp.

Kranz, O. (2009a). *Interaktion und Organisationsberatung. Interaktionstheoretische Beiträge zu Profession, Organisation und Beratung*. Wiesbaden: VS Verlag.

Kranz, O. (2009b). Organisationen als historisch kontingente Vermittlungsinstanz von System und Lebenswelt—Skizze eines interaktionstheoretischen Ergänzungsvorschlags der Organisationssoziologie. In R. Wetzel, J. Aderhold, & J. Rückert-John (Eds.), *Die Organisation in unruhigen Zeiten* (pp. 73–104). Heidelberg: Carl Auer.

Kühl, S. (1998). The flaws of decentralized organizations: Why reengineering and reducing hierarchy fail. *Leadership and Organization Development Journal, 19*, 216–219.

Kühl, S. (2001). Über das erfolgreiche Scheitern von Gruppenarbeitsprojekten. Rezentralisierung und Rehierarchisierung in Vorreiterunternehmen der Dezentralisierung. *Zeitschrift für Soziologie, 30*(3), 199–222.

Kühl, S. (2014). *Organizations. A systemic perspective*. Farnham: Gower.

Luhmann, N. (1964). *Form und Funktion formaler Organisationen*. Berlin: Duncker & Humblot.

Luhmann, N. (1980). *Gesellschaftsstruktur und Semantik. Studien zur Wissenssoziologie der modernen Gesellschaft* (Band 1). Frankfurt: Suhrkamp.

Luhmann, N. (1981a). *Soziologische Aufklärung 3: Soziales system, gesellschaft, organisation*. Opladen: Westdeutscher Verlag.

Luhmann, N. (1981b). Organisation und Entscheidung. In N. Luhmann (Ed.), *Soziologische Aufklärung 3: Soziales system, gesellschaft, organisation* (pp. 389–450). Opladen: Westdeutscher Verlag.

Luhmann, N. (1987). *Soziologische Aufklärung 4: Beiträge zur funktionalen Differenzierung der Gesellschaft*. Opladen: Westdeutscher Verlag.

Luhmann, N. (1988). *Die Wirtschaft der Gesellschaft*. Frankfurt: Suhrkamp.

Luhmann, N. (1990). *Soziologische Aufklärung 5*. Opladen: Westdeutscher Verlag.

Luhmann, N. (1994). Die Gesellschaft und ihre Organisationen. In H. -U. Derlien, U. Gerhard & F. Scharpf (Eds.), *Systemrationalität und Systeminteresse. Festschrift für Renate Mayntz* (pp. 189–201). Baden Baden: Nomos.

Luhmann, N. (1995a). Die Form "Person". In N. Luhmann (Ed.), *Soziologische Aufklärung 6, Die Soziologie und der Mensch* (pp. 137–149). Opladen: Westdeutscher Verlag.

Luhmann, N. (1995b). Gesellschaftliche Differenzierung und das Individuum. In N. Luhmann (Ed.), *Soziologische Aufklärung 6, Die Soziologie und der Mensch* (pp. 121–136). Opladen: Westdeutscher Verlag.

Luhmann, N. (1995c). *Social systems*. Stanford: Stanford University Press.

Luhmann, N. (1996). Membership and motives in social systems. *Systems Research and Behavioral Science, 13*(3), 341–348.

Luhmann, N. (1997). Selbstorganisation und Mikrodiversität. Zur Wissenssoziologie des neuzeitlichen Individuums. *Soziale Systeme, 3*(1), 23–32.

Luhmann, N. (2000). *Organisation und Entscheidung*. Opladen: Westdeutscher Verlag.

Luhmann, N. (2002). In A. Kieserling (Ed.), *Die Politik der Gesellschaft*. Frankfurt: Suhrkamp.

Luhmann, N. (2003). Organization. In T. Bakken & T. Hernes (Eds.), *Autopoietic organization theory* (pp. 31–52). Copenhagen: Liber.

Luhmann, N. (2006). System as difference. *Organization, 13*(1), 37–57.

Luhmann, N. (2009). *Einführung in die Theorie der Gesellschaft*. Heidelberg: Car Auer.

Luhmann, N. (2012). *The theory of society* (Vol. 1). Stanford: Stanford University Press.

Luhmann, N. (2013). *Theory of society* (Vol. 2). Stanford: Stanford Univeryity Press.

Marchington, M., & Wilkinson, A. (2000). Direct participation. In S. Bach & K. Sisson (Eds.), *Personnel management. A comprehensive guide to theory and practice* (Vol. 3, pp. 340–364). Oxford: Wiley.

Markowitz, J. (1979). *Die soziale Situation. Entwurf eines Modells zur Analyse des Verhältnisses zwischen personalen Systemen und ihrer Umwelt*. Frankfurt: Suhrkamp.

Markowitz, J. (1986). *Verhalten im Systemkontext. Zum Begriff des sozialen Epigramms. Diskutiert am Beispiel des Schulunterrichts*. Suhrkamp: Frankfurt am Main.

Markowitz, J. (1988). "Seele" in der Defensive. Anmerkungen zum Problem der Partizipation. In *Kulturrevolution. Zeitschrift für angewandte Diskurstheorie, H. 3*/88, S. 38–40.

Markowitz, J. (2003). (Nicht) Ganz Einfach. Von den Schwierigkeiten des Phänomens Vereinfachung. *Scientia halensis Wissenschaftsjournal der Martin-Luther-Universität Halle-Wittenberg, 2*(3), 29–30.

Markowitz, J. (2006). Funktionale Differenzierung und strukturelle Folgen. In Y. Ehrenspeck und D. Lenzen (Eds.), *Beobachtungen des Erziehungssystems* (pp. 67–75). Berlin: VS Verlag.

McCaffrey, D. P., Faerman, S. R., & Hart, D. W. (1995). The appeal and difficulties of participative systems. *Organization Science, 6*(6), 603–627.

Meyer, J. W., & Scott, W. R. (1994). *Institutional environments and organizations. Structural complexity and individualism*. Thousand Oaks: Sage.

Minssen, H. (1999). Direkte Partizipation contra Mitbestimmung? Herausforderung durch diskursive Koordinierung. In W. Müller-Jentsch (Ed.), *Konfliktpartnerschaft—Akteure und Institutionen der industriellen Beziehungen* (3rd ed., pp. 129–156). München & Mering: Hampp.

Moldaschl, M. (1993). Die werden zur Hyäne. Erfahrungen und Belastungen in neuen Arbeitsformen. In R. Schulz-Wild & M. Moldaschl (Eds.), *Arbeitsorientierte Rationalisierung* (pp. 105–149). Frankfurt u. a.: Campus.

Osterman, P. (1994). How common is workplace transformation and who adopts it? *Industrial and Labor Relations Review, 47*(2), 173–188.

Perrow, C. (1984). *Normal accidents: living with high-risk technologies*. New York: Basic Books.

Poutsma, E., Hendrickx, J., & Huijgen, F. (2003). Workplace employee participation in Europe: In search of the participative workplace. *Economic and Industrial Democracy, 24*, 45–76.

Poutsma, E., Kalmi, P., & Pendleton, A. D. (2006). The relationship between financial participation and other forms of employee participation: new survey evidence from Europe. *Economic and Industrial Democracy, 27*(4), 637–667.

Ramsay, H. (1977). *Cycles of control: Worker participation in sociological and historical perspective* (pp. 482–506). In: Sociology.

Regalia, I., & Gill, C. (1995). *Direct participation: how the social partners view it—A comparative study of 15 countries (WP/1995/73)*. Dublin: European Foundation for the Improvement of Living and Working Conditions.

Shrivastava, P. (1992). *Bhopal: Anatomy of a crisis*. London: Chapman.

Sisson, K. (2000). *Direct participation and the modernisation of work organisation*. Dublin: European Foundation for the Improvement of Living and Working Conditions.

Steger, T., & Kranz, O. (2013). The impact of the Global Financial Crisis on employee participation—Two German case studies. *International Journal of Manpower, 34*(3), 252–270.

Stichweh, R. (2005). *Inklusion und Exklusion. Studien zur Gesellschaftstheorie*. Bielefeld: Transkript.

Stichweh, R. (2006). Sozialstruktur und Semantik. zur Logik einer systemtheoretischen Unterscheidung. In D. Tänzler, H. Knoblauch, & H. G. Soeffner (Eds.), *Neue Perspektiven der Wissenssoziologie* (pp. 157–171). Konstanz: UVK.

Strauss, G. (2004a). Overview. In: F. Heller, E. Pusic, G. Strauss & B. Wilpert (Eds.), *Organizational participation. Myth and reality* (pp. 8–39). Oxford: Oxford University Press.

Strauss, G. (2004b). Participation works—if conditions are apperopriate. In F. Heller, E. Pusic, G. Strauss & B. Wilpert (Eds.), *Organizational participation. Myth and reality* (pp. 190–219). Oxford: Oxford University Press.

Uehlinger, H.-M. (1988). *Politische Partizipation in der Bundesrepublik*. Opladen: Westdeutscher Verlag.

Wagner, J., III. (1994). Participation's effects on performance and satisfaction: a reconsideration of research evidence. *Academy of Management Review, 19*(2), 312–330.

Wagner, J. A., III, & Gooding, R. (1987). Effects of societal trends on participation research. *Administrative Science Quaterly, 32*, 241–262.

Wehner, T., & Rauch, K. P. (1994). Evaluation von Gruppenarbeit in der Automobilindustrie. Quantitative Befunde zu Reaktionen und Meinungen. *Arbeit, 3*(2), 132–149.

Weick, K. E. (1993). The Collapse of Sensemaking in Organizations: The Man Gulch Desaster. *Administrative Science Quarterly, 38*, 628–652.

Weick, K. E., & Roberts, K. H. (1993). Collective mind in organizations: Heedful interrelating on flight decks. *Administrative Science Quarterly, 38*(3), 357–381.

Weick, K. E., & Sutcliffe, K. (2007). *Managing the unexpected. Resilient performance in an age of uncertainty* (2nd ed.). San Francisco: Jossey-Bass.

Weick, K. E., Sutcliffe, K., & Obstfeld, D. (2005). Organizing and the process of sensemaking. *Organization Science, 16*(4), 409–421.

Wetzel, R. (2004). *Eine Widerspenstige und keine Zähmung. Systemtheoretische Beiträge zu einer Theorie der Behinderung*. Heidelberg: Carl Auer Systeme.

Yates, C., Lewchuk, W., & Stewart, P. (2001). Organization in the North American automobile industry. Empowerment as a Trojan horse: new systems of work. *Economic and Industrial Democracy, 22*, 517–541.

Yukl, G. (1989). *Leadership in organisations* (2nd ed.). Englewood Cliffs: Prentis Hall.

Leadership and Transformation

Gerhard Fatzer

1 Concepts of Leadership

In this article we will explore the topic of leadership, transformation and inspiration. What are the new understandings and concepts of leadership? How do they fit into our understanding of organizational transformation processes, what are the basic assumptions of leaders and managers today? What are the main challenges and what are the new competencies of leaders? These ideas are based on the newer concepts of Edgar H. Schein on leadership and "humble inquiry" (Schein/Fatzer 2010; Schein 2012).

Our thinking and practice of Organization Development (OD) (Fatzer 1990, 2005) rest on the assumption that OD is a philosophy, a technology and a practice (Schein 1990, in Fatzer 1990). Furthermore we share the assumption of Chris Argyris (1985) that OD should be based on solid action research or action learning and should be a craft, which has to be practiced and learned throughout a good training. He calls it "Flawed Advice".

> "For advice to be helpful, it must specify the intended outcomes or objectives to be produced [...] In other words it must be crafted in terms of a theory in use about producing effective action".

The funny thing to point out is that Edgar Schein, in his book "Helping" (2009) came to similar descriptions, but on the background of a totally different approach, namely the role theory of Goffman (Schein 2009, p. 1) "Helping is a complex phenomenon. There is helpful help and unhelpful help." so "Helping involves more than one person, so I will concentrate on how [...] to define the helping "relationship". All relationships are governed by cultural rules that tell us how to behave in relationship to each other (Schein 2009, p. 9).

G. Fatzer (✉)
Trias Institute, Zurich, Switzerland
e-mail: info@trias.ch

The Second fundamental cultural principle is that all relationships in human cultures are to a large degree based on scripted roles that we are very often not even conscious of (Schein 2009, p. 10). Situational roles and rules supersede even formal values that we espouse. "Economics and Theater" (Schein 2009, p. 13). Therefore, we look at the helping relationship as one of the core competencies of a good leader or manager. So, Leadership, Helping, Transformation and Inspiration are in a line of thought about "good leadership" (Kellerman 2004).

2 Transition to Transformation to Inspiration

We have been treating the topic within four conferences that were organized through Trias Institute and different partners in the last few years:

- 2006 Transition→Transformation

    – Location: ETH Zürich

- 2009 Transformation→Leadership

    – Location: GDI

- 2011 Inspiration→Organisation
- 2013 Culture, Process, Helping

    – Location: IBM Research Center

The conferences were characterized with the fact, that Edgar Schein was always one of the keynote speakers. All the presentations were published either as book or within the journal "Profile" (Schein 2010, 2011, 2012). The first conference focused on the topic of Transition and Transformation, which basically describes the inner career (Schein 1978) in comparison with organizational transformation processes. In the next step we combined the topic of Transformation with Leadership, as we observed that most of the transformation processes failed due to lack of leadership or because the leaders had no clear understanding of their role in transformation. These is best described in Barbara Kellerman's "Bad Leadership" (Kellerman 2004) or in her important research on "Leaders and Followers" (2009).

Through the next step we were asking, what happened with the leaders throughout their career, as we could observe that they started their career with inspiration and very often ended up in what called "defensive routines". As a good integration of inspiration and transformation we were introduced into the approach of "Preferred Futuring" (Lippitt 1997). The series culminated in Edgar Schein's approach of "Culture" (1985), "Process" and "Helping" (2010).

3   Challenges and Influences of Leadership

What are the challenges of today's leaders and managers? When we look at the challenges and influences that play an important role in leadership, we can name the following factors that influence through the role and influence of information technology. So IT is a driving force. Main challenges and influences of leadership are:

- Leaders and Managers and today's challenges
- The Role and Influence of Information Technology
- Less need for co-location
- More work in "distributed networks"
- Less face-to-face Contact
- More Focus on Design and Definition of jobs
- More problems to measure performance
- New Concepts of communication, trust and collaboration without co-location
- Globalization and multiculturalism
- Cultural topics around nation, race, ethnic, occupation and organization
- more problems of communication throughout languages
- More need for a common language
- More need for mutual concepts of rules for authority and intimacy
- Role and Influence of Information Technology
- Specialization of all business functions
- More individualization of careers
- Less organizational localism (loyalty)
- More professionalism and cosmopotism
- More flexibility of skills
- More contract and part time work
- More influence of outside work
- More problems of alignment, coordination and collaboration

  Schein in his book (2010) summed up the four new leadership competencies:

- Cultural intelligence and competence
- Interpersonal competence
- Emotional competence
- Giving and receiving help (Schein 2009)

4   Leadership as a Helping Process

If we consider Leadership as a helping relationship, we also have to combine it with process consultation. So leading can be regarded as "helping" and process consultation. Schein (2000) presents ten principles of process consultation:

1. Try to be helpful
2. Never lose touch with the actual reality
3. Use your Ignorance (of the system)
4. Everything you do is an intervention
5. The problem and it's solution always belongs to the client
6. Go with the flow
7. Timing is crucial
8. Be constructively opportunistic and work with confrontative interventions
9. Everything creates data: mistakes will always exist. They are the most important sources of new insights
10. Share the problem with others, when in doubt (Schein 1998)

Another important approach of a new leadership understanding is based on Gittell's work with Southwest Airlines and a hospital in Seattle (Gittell 2009) and is also well described in Amy Edmondson's new book on "teaming" (2012). It describes through a lot of research and case examples of good leadership, that "leadership can be seen as relationship building". This means that the result of a good operating team in a hospital is not only seen as the leadership of the head doctor, but in the result of the teamwork. This understanding of leadership can be summed up with "placing each person at the right task and create good rules of relationship or "a culture of Teaming" (Edmondson 2012)

5 Leadership as Leadership System

David Kantor (2012) in his new book "reading the room" outlined a new leadership model, which is based on the assumption, that no single person can be the leader throughout all the developmental cycles of the organisation, so he proposed a leadership system, containing at least five types of leadership:

- The performance "leader"
- The vision "leader"
- The wisdom "leader"
- The Citizen "leader"
- The Exit "leader"

This model was developed within the Monitor group, in Kantors role as "Thought leader". It is based on Kantors groundbreaking research in family therapy (Kantor 1975), where he outlined a consistent communication system. It is was throughout time translated into couple therapy and now into management and leadership and organisational consulting and published in his new book. Kantor is the mentor of Peter Senge and also Otto Scharmer or Bill Isaacs "Dialogue approach". The story behind this is narrated in detail in Kantor (2012). Kantor uses one of the most sophisticated models where he describes the four levels of communication in each organization. It is based on analyzing speech acts. The first
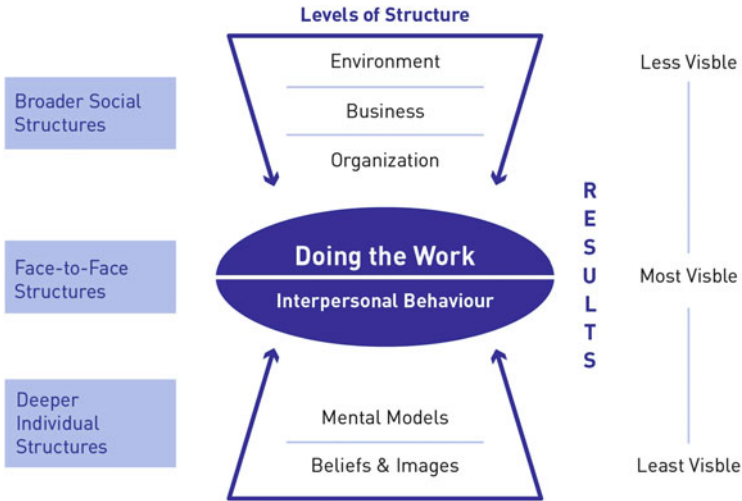
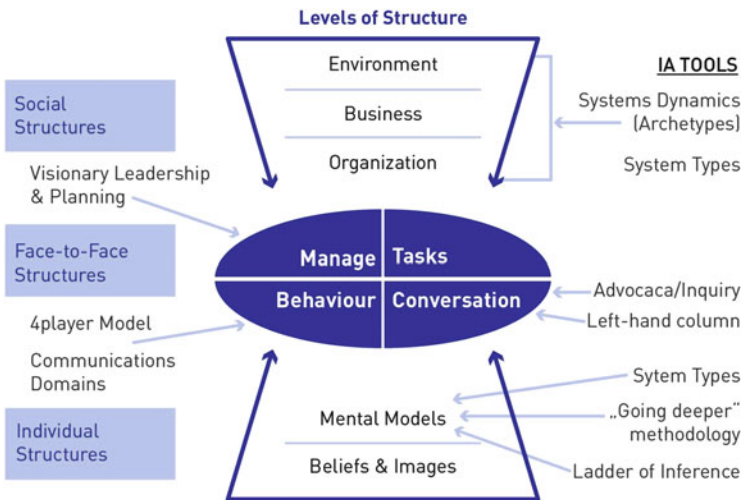**Fig. 1** Levels of structure. Own illustration. Based on: (Kantor 2012)

Fig. 2 Levels of structure and tools for intervention. Own illustration. Based on: Böcker (2014)

level is action stances (move-follow-oppose and bystand). The second level is communication domains (affect, meaning and power) and the third level contains operating systems (closed-open-random) and it is all combined with heroes stories, which describe different organization cultures. If we apply that onto the analysis of a culture it can be seen as follows in Fig. 1 (Kantor 2012).

And if we look at the different tools for intervention or reflection, we could see it in the following way presented in Fig. 2 (Böcker 2014):

6   Transformation (Models) as an Architecture for Change: Preferred Futuring by Ron Lippitt

In the next step we would like to look at the process of transformation within organization. It is a process which can be applied to single persons in leadership positions (like CEOs) but also to the coaching of a transformation project.

The models that we are going to discuss and introduce can be applied to a single person, within a coaching process, or to a team or whole system, when a whole organization is included in the transformation process.

As one of the robust approaches to Change we have the "Preferred Futuring" model of Larry Lippitt (1997) which was originally created by Ron Lippitt:

- **Step 1: Historical review**

  – How did we get where we are today?

- **Step 2: Current state**

  – Where are we now?

- **Step 3: Values & Beliefs**

  – What are our core values?

- **Step 4: Events, Trends and Developments**

  – What do we need to anticipate

- **Step 5: Vision**

  – Where and who do we want to be?

- **Step 6: Strategic target Results**

  – What do we need to do to get there?

- **Step 7: Action plans**

  – How will we get there?

- **Step 8: Do it with follow up support**

  – How will we sustain the effort?

It is the basis of all Large group Interventions like RTSC (Dannemiller), Future Search (Weisbord) or Town Hall Meeting (Lukensmeyer). Preferred Futuring is a robust process which we introduced or used in Schools and Universities in Slovenia, Austria, Switzerland, Germany, diff. African countries and now China and Vietnam.
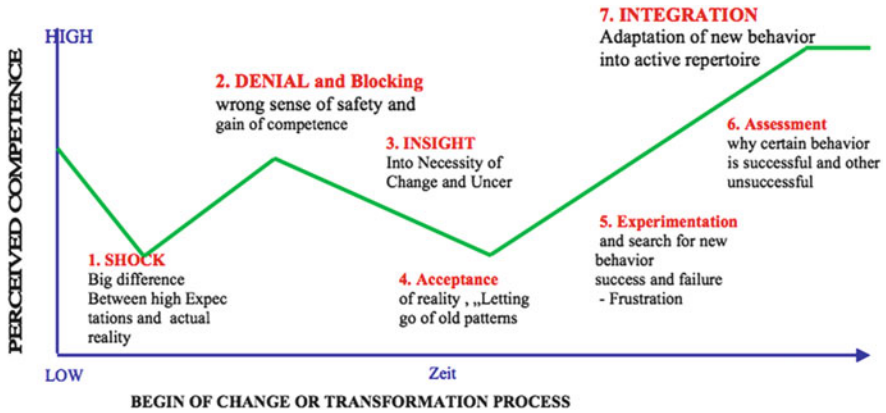
Fig. 3 Leadership and transformation: Change models. Own illustration. Based on: Fatzer and Sackmann 1993

7 Transformation as an Architecture of Change: Transition curve

Our own model of "Transformation" is called the "Transition curve" and was created within a leadership programme with Ford Managers, together with Sonja Sackmann (Fatzer and Sackmann 1993) and describes the experience and emotional process of any "Transformation" and is widely used. See Fig. 3.

8 Transformation as an Architecture of Change: Theory U

Scharmer (2010) created his Theory U on the empiric base of around 150 Interviews with managers, leaders, thought leaders and researchers and published it after about 10 years of academic work. See Fig. 4

Critically we have to say that Theory U is an important model or theory, but Scharmer (2010) did not manage to give the background theory like Field Theory (Kurt Lewin) and Gestalt Psychology (Nevis 1988). We used this approach also in China and Vietnam. The problem is the same as with the Fifth Discipline of Peter Senge, namely that the transformation model of Theory U is taken as a training programme or the description of different steps in a transformation model which you can follow. In the case of Peter Senge's approach, we can realize, that basically Senge has no model of "a learning organization". In the case of Theory U, it is also no approach which can implemented step by step.
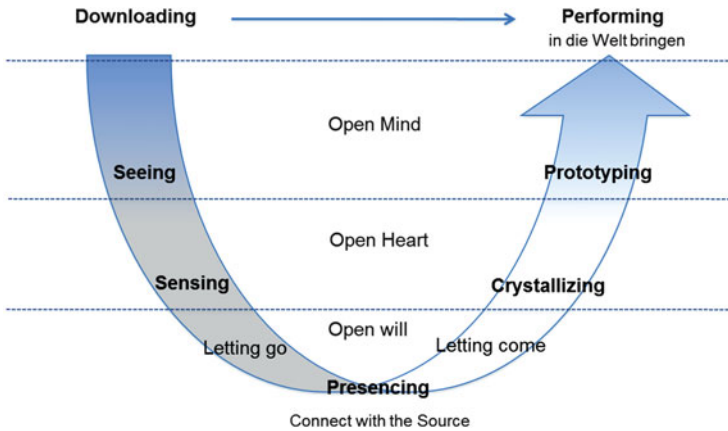
Fig. 4 Theory U. Own illustration. Based on: Scharmer (2010)

We have to translate the transformation model into a series of tools and steps, something which Scharmer tries to reach with "Theory U" toolbook.[1]

Within this article we just want to introduce some really basic models that are of interest. It is clear, that the coverage is not universal and that some important models might be missing.

In the conclusion we want to look at the trends of the future within the field of Leadership and Transformation.

9   Leadership and Transformation: Trends of the future

What are the trends of the future within "Leadership and Transformation"? At last we would like to illustrate future trends which will be widely described in our new book "Leadership and Inspiration" (Fatzer 2013):

- Based on a philosophy of helping
- Well anchored in the strategic goals of the organisation
- Based on the individual goals of the manager
- Based on the new forms of leadership
- Instrumented through tools like "Career Anchor", "Role analysis"
- "Strategic Role Planning" and "Stakeholder Analysis"
- Built into the "Architecture of change" of the system
- Based on research of "Learning Histories" (Roth 2008a, b)
- Based on developmental models of Culture, Team and Organization

---

[1] www.ottoscharmer.com

10   Conclusion

What does all of this mean for the topic of this book, the individual manager or leader within the topic of change. A good leader or manager will try to find his role within the organization, also on the basis of a good analysis of tasks and function. The basic leadership description has to do with relationship building and can very often not be fulfilled by a single person throughout the developmental phases of an organization. The new leader has a lot of core competencies that have to do with helping and support. The process of change of each individual person should be embedded in a change process of the whole organization. Transformation is the word and topic of the day. Very often it has to do with anxieties, namely learning and survival anxiety. The Person within the organization is the primary source of change, but imbedded in a culture which appreciates change, crisis and making mistakes.

References

Böcker, S. (2014). *Facilitation of necessary changes in the German Wind Energy through analysing mental models*. Dissertation Brno University.

Edmondson, A. (2012). *Teaming*. San Francisco, CA: Jossey Bass.

Fatzer, G. (1990). *Supervision und Beratung*. Köln: EHP.

Fatzer, G. (2005). *Gute Beratung von Organisationen*. Köln: EHP.

Fatzer, G. (2013). *Inspiration und Organisation*. Köln: EHP.

Fatzer, G., & Sackmann, S. (1993). Veränderungskurve. In G. Fatzer (Ed.), *OE für die Zukunft*. EHP.: Köln.

Gittell, J. (2009). *High performance healthcare: Using the power of relationships to achieve quality, efficiency and resilience*. London: Mcgraw Hill Book.

Kantor, D. (1975). *Inside the family*. San Francisco, CA: Jossey Bass.

Kantor, D. (2012). *Reading the room*. San Francisco, CA: Jossey Bass.

Kellerman, B. (2004). *Bad leadership*. San Francisco, CA: Jossey Bass.

Lippitt, L. (1997). *Preferred futuring*. San Francisco, CA: Berett Kohler.

Nevis, E. (1988). *Organizational consulting*. Cambridge: Gic Press.

Roth, G. (2008a). *Car launch*. New York: Oxford University Press.

Roth, G. (2008b). *Oil change*. New York: Oxford University Press.

Scharmer, O. (2010). *Theory U*. San Francisco, CA: Berrett Kohler.

Schein, E. (1998). *Process consultation revisited: Building the helping relationship* (Prentice Hall Organizational Development Series). Boston, TX: Addison Wesley.

Schein, E. H. (1978). *Career dynamics*. Reading, MA: Addison Wesley.

Schein, E. H. (1990). Organisationsentwicklung. In G. Fatzer (Ed.), *Supervision und Beratung*. EHP: Köln.

Schein, E. H. (2009). *Helping*. San Francisco, CA: Berrett Kohler.

Schein, E. H. (2012). *Humble inquiry*. San Francisco, CA: Berrett Kohler.

Schein, E. H., & Fatzer, G. (2010). *Führung und Veränderungsmanagement Career Dynamics*. Köln: EHP.