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**Diploma in Human Resource Practice**

**Level 3 Supporting Change within  
Organisation Workbook (Gulf)**



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## Introduction to the Workbook

This workbook covers the following areas:

- The main factors that need to be considered in the change process
- Change concepts and different ways of managing change
- Response to change
- Role of HR in change

## Learning objectives:

When you have reached the end of this module you will be able to:

**Section A:** Understand why organisations need to change and how change affects organisations

**Section B:** Understand the key factors involved in the change process and different approaches to managing change

**Section C:** Understand the impact of change on employees and the role of HR

## Completing the workbook

The workbooks contain information and tasks which are designed to supplement the tutor-led workshops you are attending as part of the Certificate/Diploma in Human Resource Practice programme. After reading this workbook you will be required to undertake a Multiple Choice Question test directly on the student portal. This test can be accessed by visiting <http://www.bradfield.co.uk> and logging in using your username and password.

You are allowed to submit this test 2 times. If you are still not successful after 2 times you will need to email your tutor in order to discuss your options on how you can progress with the course.

**In order to be successful in passing this test you will need to achieve a minimum of 90% correct answers.**



## Section 1: Understand why organisations need to change and how change affects organisations

Change is a constant activity that happens in organisations. It affects all types of organisations, whether in public and private sectors; voluntary and charitable; multi-national, national or local; large and small. Change happens for a variety of reasons. It can be voluntary and prompted by the organisation or forced, e.g. by an economic downturn. Whether large-scale change that affects the entire organisation, or small-scale affecting one team or activity, it is important to understand why organisations need to change, and how that change affects organisations.

Organisations need to change because they need to remain competitive in order to survive, especially in light of the current economic downturn. Whether large or small, change happens and understanding the how and why behind change will enable HR professionals to skilfully handle it.

### Section 1A: Factors that lead to change in organisations

You should remember the PESTLE and SWOT analyses as part of your Core modules. Both analyses are important in organisational change. Re-familiarise yourself with both analyses below and answer the following questions.

#### PESTLE:

A PESTLE analysis focuses on external factors, breaking them down into the categories identified here. It allows you to identify exactly what changes the outside world holds for the foreseeable future.

<b>Political</b>	Current and potential influences from political pressures, such as UK or EU government policy or changing political climates.
<b>Economic</b>	Local, national and world economy impact, for example changes in inflation or house prices, or world recession.
<b>Social</b>	The ways in which changes in society affect the organisation. This might include changes in demographics or changes in social trends/fashions.
<b>Technological</b>	The effect of new and emerging technology such as computers, software and mobile phones, use of wireless technology and so on.
<b>Legal</b>	The effect of national and world legislation on organisations, for example: new employment legislation or changes in company law.
<b>Environmental</b>	Local, national and world environmental issues such as pollution and climate change, and changing attitudes towards these issues.



### PESTLE in Organisational change

When looking at changing one function or department a PESTLE analysis can be a powerful tool for understanding the context in which the change is occurring and the potential areas of focus. Best used in association with a SWOT analysis, a PESTLE will provide information about potential opportunities and threats around labour changes, for example skills shortages.

Using the PESTLE to look at factors outside of the function but still inside the organisation can highlight factors such as:

- Political: who is in what position, their power, vision, goals and directions etc.
- Economic: financial implications, productivity etc.
- Socially: what is and is not acceptable within the culture.
- Technological: new computer systems or other new technology.
- Legal: changes to employment law, recruitment, visas etc.
- Environmental: the space available, what can or cannot be moved where etc.

In this situation, a PESTLE analysis can be thought of more as an audit. It is best used at the data capture phase as part of a pre-planning process of any strategic intervention.

While using the tool internally can add some value, it will focus on factors which can be changed, that is they are in the control of the organisation, if not the function concerned. So while it may be a useful framework, it should be used with caution in this context.

Source: <http://www.cipd.co.uk/subjects/corpstrtg/general/pestle-analysis.htm?IsSrchRes=1>

### SWOT:

CIPD defines SWOT analysis as a planning tool used to understand the Strengths, Weaknesses, Opportunities, and Threats involved in a project or in a business. It involves stating the objective of the business or project and identifying the internal and external factors that are either supportive or unfavourable to achieving that objective. SWOT is often used as part of a strategic or business planning process, but can be useful in understanding an organisation or situation and decision-making for all sorts of situations.

Source: <http://www.cipd.co.uk/subjects/corpstrtg/general/swot-analysis.htm>

**Task 1.1** How can tools such as PESTLE and SWOT help HR professionals in dealing with organisational change according to the CIPD article? List at least three reasons in the box below.

1.

2.

3.

**Task 1.2** Give three examples of internal and three examples of external factors that can drive organisational change. Write your answer in the box below.

**Internal**

1.

2.

3.

**External**

1.

2.

3.



## Section 1B: Changing Economic Conditions

Read the following article on the factors that may affect a company's ability to change.

In order to effectively manage any major change in organisations, it is necessary to understand the culture of the company, and the way that culture may actively resist any changes. There are ten major cultural components that will affect a company's ability to change:

### 1. Rules and Policies

Some of the company's rules and policies may, for example, tie staff down to specific jobs at specific times, or mean that specific functions have to be done on specific times, or tie staff down to operating only within a narrow band of responsibilities.

### 2. Goals and Measurement

The stated company goals, and the way those goals are measured, may mean that the company is focussed only on those goals, to the hindrance of seeing new opportunities or developing new ways of measuring company achievements.

### 3. Customs and Norms

The customs of the company may get in the way of change. "We do it this way because we've always done it this way" is a standard cry in many companies. Rigid methods may be hindering change, for example, an over-emphasis on strict lines of reporting, or slavish reliance on written reports and minute taking.

### 4. Training

Company training plans may only train staff in areas that reinforce existing company ways of doing things.

### 5. Ceremonies and Events

Areas like committee meetings and staff meetings all have an effect on company culture, as to any company organised events, whether it be "team building" exercises, or just regular organised outings. They all serve to give both staff and people outside the company a view of "what the company is like", a corporate image if you like.

### 6. Management Behaviours

The company management might be tied into behavioural routines linked with historical ways of working.

### 7. Rewards and Recognition

The current staff assessment schemes in a company may be leading to rigid hierarchies, or may be fostering one area of competence over another, for example a performance management system that measures only individual behaviour will undermine any attempts to inculcate a culture of teamwork.



## 8. Communications

The company communications strategy, both internal to the company, and external to clients, media and the public, may be highly resistant to change, and may again be tied to the company's corporate image.

## 9. Physical environment

This is a big area where change can be resisted. Staff like to feel secure in their workplace. If a company is determined to make changes, they need to pay particular attention to this and make sure the physical environment reflects the change in a way that makes the staff comfortable.

## 10. Organisational structure

Rigid hierarchies can work against change, and people at the top of the tree don't like having the branches rattled. Many companies in the modern business world have found this to be a hard area to make flexible, but if operational change is to happen in a company, there will, of necessity, need to be organisational change.

Source: <http://ezinearticles.com/?Change-Management---The-Top-Ten-Blockers-in-Organisations&id=793621>

**Task 1.3** Taking into context the factors in the previous article, choose four that impact how an HR professional can foster change and list them in the box below. Furthermore outline how an HR professional can overcome each of the selected factors in order to manage change effectively. One has been done for you as an example in the box below.

1. Rules and Policies	Eliminate rules and policies that hinder the change and create new ones that reinforce the desired way of operating.
2.	
3.	
4.	



### Section 1C: Employer Branding

The Chartered Institute of Personnel and Development (“CIPD”) launched a new guidance on employer branding to reflect the challenges organisations face in recession in June 2009. Based on content gathered at roundtable discussions with practitioners, consultants and academics, it provides practical pointers to help navigate employer branding in the current context.

The CIPD defines employer branding as “a set of attributes and qualities – often intangible – that makes an organisation distinctive, promises a particular kind of employment experience, and appeals to those people who will thrive and perform to their best in its culture.” Rebecca Clake, the author of the guidance urges organisations to meet the ‘on a shoestring’ challenge by focusing on the long-term, not just thinking of short-term cost cutting that will impact negatively on employee engagement and motivation.

Rebecca Clake, Research Manager, CIPD, says:

“Employer branding shouldn't be simply about damage limitation in challenging times. It's useful to consider how the current economic situation can help drive culture change and new ways of working in your organisation. There is a real opportunity now, as we prepare for the good times, for employer branding to help create the organisation we need for the future. Seeing beyond survival in the current climate to thriving in the future is crucial.

“Employer branding approaches that take into account the importance of maintaining a positive presence in the recruitment market – but also the need to maintain employee engagement and to nurture talent inside the organisation – are vital.”

Source: [http://www.cipd.co.uk/pressoffice/\\_articles/employerbranding300609.htm?IsSrchRes=1](http://www.cipd.co.uk/pressoffice/_articles/employerbranding300609.htm?IsSrchRes=1)

**Task 1.4** How does employer branding affect the way change can be managed in organisations? Write your answer in the box below.

1.

2.

3.

### Section 1D: Changing needs and demands of Customers

Read the following case study on positive change that has been implemented by two companies and answer the questions that follow.

Once a year, employees at Burt's Bees, the maker of natural, personal care products, sort through two weeks' worth of the company's trash. CEO John Replogle believes that the lessons learned from this company-wide "Dumpster Dive," where all employees have a chance to identify missed recycling and reuse opportunities, build the company's culture of sustainability in addition to saving tens of thousands of dollars a year. When the company first measured its trash in 2007, it was creating 40 tons of waste a month. By the end of 2009, Burt's manufacturing facility achieved its zero-waste goal, an important milestone in its quest to be a zero-waste, zero-carbon company by 2020.

Wal-Mart is taking a closer look at its trash, too, and like Burt's, discovered how to make a profit from managing it better. In 2006, using 10-ton semi-compactors at 4,400 locations, the company was paying tens of millions of dollars to haul the trash away. It felt that there had to be a more efficient way to manage its waste. Today, using a process called "sandwich bailing," Wal-Mart bundles layers of shrink wrap, garment bags and grocery bags between layers of cardboard into bales that are sold on the open market as a commodity to paper mills and other processing facilities. Wal-Mart estimates that sandwich bailing has diverted 182 million pounds of plastic from landfills.

The efforts of companies as diverse as Burt's Bees and Wal-Mart represent the many successes and challenges of the increasingly popular and mainstream movement towards sustainability. In 1983, the Report of the World Commission on the Environment and Development defined sustainability as "that which meets the needs of the present without compromising the ability of future generations to meet their own needs." In this article, we expand on this definition, focusing on how sustainability is a strategic commitment and cultural change spearheaded by company leadership, one that leads to a positive impact on the environment and society, while protecting the company's bottom line.

*An excerpt taken from the article "Leadership and the first and last mile of sustainability" written by Christopher Marquis and Bobbi Thomason from the Ivey Business Journal September/October 2010.*



**Task 1.5** What factors (either external or internal) do you think triggered the organisations to change? List at least three in the box below.

- 1.
- 2.
- 3.

**Task 1.6** Reflect on how this change impacts stakeholders of these organisations. Which are the three key stakeholders that are impacted by this change? Record your answer in the box below.

- 1.
- 2.
- 3.

### Section 1E: Resistance to change

Resistance to change can be seen as a negative aspect of change management that HR professionals need to manage and oversee. Read the article below and answer the questions that follow.

Organisational change occurs when a company makes a transition from its current state to some desired future state. Managing organisational change is the process of planning and implementing change in organisations in such a way as to minimize employee resistance and cost to the organisation, while also maximizing the effectiveness of the change effort.

Today's business environment requires companies to undergo change almost constantly if they are to remain competitive. Factors such as globalization of markets and rapidly

evolving technology force businesses to respond in order to survive. Such changes may be relatively minor—as in the case of installing a new software program—or quite major—as in the case of refocusing an overall marketing strategy. "Organisations must change because their environments change," according to Thomas S. Bateman and Carl P. Zeithaml in their book *Management: Function and Strategy*. "Today, businesses are bombarded by incredibly high rates of change from a frustratingly large number of sources.... Inside pressures come from top managers and lower-level employees who push for change. Outside pressures come from changes in the legal, competitive, technological, and economic environments."

Organisational change initiatives often arise out of problems faced by a company. In some cases, however, companies are encouraged to change for other, more positive reasons. "Change commonly occurs because the organisation experiences some difficulty," Bateman and Zeithaml wrote. "But sometimes the most constructive change takes place not because of problems but because of opportunities." The authors used the term "performance gap" to describe the difference between a company's actual performance and the performance of which it is capable. Recognition of a performance gap often provides the impetus for change, as companies strive to improve their performance to expected levels. This sort of gap is also where many entrepreneurs find opportunities to begin new businesses.

Unfortunately, as Rick Mauer noted in an article for *HR Focus*, statistics show that many organisational change efforts fail. For example, 50 percent of quality improvement programs fail to meet their goals, and 30 percent of process reengineering efforts are unsuccessful. The most common reason that change efforts fail is that they encounter resistance from employees. Change appears threatening to many people, which makes it difficult to gain their support and commitment to implementing changes. Consequently, the ability to manage change effectively is a highly sought-after skill in managers. Companies need people who can contribute positively to their inevitable change efforts.

### **Areas of Organisational Change**

Bateman and Zeithaml identified four major areas of organisational change: strategy, technology, structure, and people. All four areas are related, and companies often must institute changes in the other areas when they attempt to change one area. The first area, strategy changes, can take place on a large scale—for example, when a company shifts its resources to enter a new line of business—or on a small scale—for example, when a company makes productivity improvements in order to reduce costs. There are three basic stages for a company making a strategic change: 1) realizing that the current strategy is no longer suitable for the company's situation; 2) establishing a vision for the company's future direction; and 3) implementing the change and setting up new systems to support it.

Technological changes are often introduced as components of larger strategic changes, although they sometimes take place on their own. An important aspect of changing



technology is determining who in the organisation will be threatened by the change. To be successful, a technology change must be incorporated into the company's overall systems, and a management structure must be created to support it. Structural changes can also occur due to strategic changes—as in the case where a company decides to acquire another business and must integrate it—as well as due to operational changes or changes in managerial style. For example, a company that wished to implement more participative decision making might need to change its hierarchical structure.

People changes can become necessary due to other changes, or sometimes companies simply seek to change workers' attitudes and behaviours in order to increase their effectiveness. "Attempting a strategic change, introducing a new technology, and other changes in the work environment may affect people's attitudes (sometimes in a negative way)," Bateman and Zeithaml wrote. "But management frequently initiates programs with a conscious goal of directly and positively changing the people themselves." In any case, people changes can be the most difficult and important part of the overall change process. The science of organisation development was created to deal with changing people on the job through techniques such as education and training, team building, and career planning.

### **Resistance to Change**

A manager trying to implement a change, no matter how small, should expect to encounter some resistance from within the organisation. Resistance to change is a normal reaction from people who have become accustomed to a certain way of doing things. Of course, certain situations or tactics can increase resistance. "Individuals, groups, and organisations must be motivated to change. But if people perceive no performance gap or if they consider the gap un-important, they will not have this motivation. Moreover, they will resist changes that others try to introduce," Bateman and Zeithaml explained.

The authors outlined a number of common reasons that people tend to resist change. These include: inertia, or the tendency of people to become comfortable with the status quo; timing, as when change efforts are introduced at a time when workers are busy or have a bad relationship with management; surprise, because people's reflex is to resist when they must deal with a sudden, radical change; or peer pressure, which may cause a group to resist due to anti-management feelings even if individual members do not oppose the change. Resistance can also grow out of people's perceptions of how the change will affect them personally. They may resist because they fear that they will lose their jobs or their status, because they do not understand the purpose of the change, or simply because they have a different perspective on the change than management.

Fortunately, Bateman and Zeithaml noted, there are a number of steps managers can take to help overcome resistance to change. One proven method is education and communication. Employees can be informed about both the nature of the change and the logic behind it before it takes place through reports, memos, group presentations, or individual discussions. Another important component of overcoming resistance is inviting

employee participation and involvement in both the design and implementation phases of the change effort. "People who are involved in decisions understand them better and are more committed to them," Bateman and Zeithaml explained. Another possible approach to managing resistance to change is through facilitation and support. Managers should be sure to provide employees with the resources they need to make the change, be supportive of their efforts, listen to their problems with empathy, and accept that their performance level may drop initially.

Some companies manage to overcome resistance to change through negotiation and rewards. They offer employees concrete incentives to ensure their cooperation. Other companies resort to manipulation, or using subtle tactics such as giving a resistance leader a prominent position in the change effort. A final option is coercion, which involves punishing people who resist or using force to ensure their cooperation. Although this method can be useful when speed is of the essence, it can have lingering negative effects on the company. Of course, no method is appropriate to every situation, and a number of different methods may be combined as needed. As Bateman and Zeithaml stated, "Effective change managers are familiar with the various approaches and capable of flexibly applying them according to the situation."

### **Techniques for Managing Change Effectively**

Managing change effectively requires moving the organisation from its current state to a future desired state at minimal cost to the organisation. Bateman and Zeithaml identified three steps for managers to follow in implementing organisational change:

1. Diagnose the current state of the organisation. This involves identifying problems the company faces, assigning a level of importance to each one, and assessing the kinds of changes needed to solve the problems.
2. Design the desired future state of the organisation. This involves picturing the ideal situation for the company after the change is implemented, conveying this vision clearly to everyone involved in the change effort, and designing a means of transition to the new state. An important part of the transition should be maintaining some sort of stability; some things—such as the company's over-all mission or key personnel—should re-main constant in the midst of turmoil to help reduce people's anxiety.
3. Implement the change. This involves managing the transition effectively. It might be helpful to draw up a plan, allocate resources, and appoint a key person to take charge of the change process. The company's leaders should try to generate enthusiasm for the change by sharing their goals and vision and acting as role models. In some cases, it may be useful to try for small victories first in order to pave the way for later successes.

"Successfully changing an enterprise requires wisdom, prescience, energy, persistence, communication, education, training, resources, patience, timing, and the right incentives,"



John S. McCallum wrote in the Ivey Business Journal. "Successfully leading and managing change is and will continue to be a front-burner responsibility for executives. Prospects are grim for enterprises that either cannot or will not change. Indeed, no industry member is quite so welcome as the one that steadfastly refuses to keep up."

Source: <http://www.referenceforbusiness.com/small/Mail-Op/Managing-Organisational-Change.html>

**Task 1.7** The article above argues that *'today's business environment requires companies to undergo change almost constantly if they are to remain competitive.'* Why do you think this is the case? Summarise your thoughts in around 200 words in the box that follows.

**Task 1.8** In the last part of the article, it mentions some techniques for managing change. Communication can be seen as being critical for all techniques mentioned. Why do you think this is the case? List five reasons why communication is vital for organisational change to happen successfully in the box on the next page.



1.

2.

3.

4.

5.

## Section 2: Understand the key factors involved in the change process and different approaches to managing change

In this section, we will review the main change models and their effectiveness on organisational change. We will also look at innovation and how that links to change, identify some typical reactions to change and the effect on organisational culture during the change process.

### Section 2A: Change Theories

#### Kotter's 8-step Change Model

During the Supporting Change within Organisations workshop, we have looked at Lewin's Change model and Beckard's Change process. Below is another change model which can be useful in understanding the factors involved in the change process. Familiarise yourself with Kotter's model below and answer the questions that follow. These steps have been taken directly from Kotter's website <http://kotterinternational.com>

#### STEP 1: Create a Sense of Urgency

*Helping others see the need for change and the importance of acting immediately*

Establishing a sense of urgency is necessary to gaining the cooperation necessary to drive a significant change effort. Leaders may underestimate how hard it is to drive people out of their comfort zones, or overestimate how successfully they have already done so, or simply lack the patience necessary to develop appropriate urgency.

The approach most likely to fail is the one that is purely intellectual, based on a solid business case that has a theoretically "compelling" rationale. The problem in failed change initiatives is rarely that the case for change is poorly thought out, or not supported with sufficient facts. The fundamental problem is that the case is all head and no heart.

#### STEP 2: Creating the Guiding Coalition

*Putting together a group with enough power to lead the change.*

No one person, no matter how competent, is capable of singlehandedly developing the right vision, communicating it to vast numbers of people, eliminating all of the key obstacles, generating short term wins, leading and managing dozens of change projects and anchoring new approaches deep in an organisation's culture. Putting together the right coalition of people to lead a change initiative is critical to its success. That coalition must have the right composition, a significant level of trust, and a shared objective.

#### The Four Qualities of an Effective Guiding Coalition

In putting together a Guiding Coalition, the team as a whole should reflect:

- **Position Power:** Enough key players on board so that those left out cannot block progress.

- **Expertise:** All relevant points of view should be represented so that informed intelligent decisions can be made.
- **Credibility:** The group should be seen and respected by those in the firm so that the group's pronouncements will be taken seriously by other employees.
- **Leadership:** The group should have enough proven leaders to be able to drive the change process.

This last point is particularly important. The Guiding Coalition should be comprised of both managers and leaders who work together as a team. The managers keep the process under control while the leaders drive the change.

### **STEP 3: Developing a Change Vision**

*Clarify how the future will be different from the past*

A clear vision serves three important purposes. First, it simplifies hundreds or thousands of more detailed decisions. Second, it motivates people to take action in the right direction even if the first steps are painful. Third, it helps to coordinate the actions of different people in a remarkably fast and efficient way. A clear and powerful vision will do far more than an authoritarian decree or micromanagement can ever hope to accomplish.

Effective visions have six key characteristics. They are:

- **Imaginable:** They convey a clear picture of what the future will look like.
- **Desirable:** They appeal to the long-term interest of employees, customers, shareholders and others who have a stake in the enterprise.
- **Feasible:** They contain realistic and attainable goals.
- **Focused:** They are clear enough to provide guidance in decision making.
- **Flexible:** They allow individual initiative and alternative responses in light of changing conditions.
- **Communicable:** They are easy to communicate and can be explained quickly.

### **STEP 4: Communicating the Vision for Buy-in**

*Ensuring that as many people as possible understand and accept the vision*

Gaining an understanding and commitment to a new direction is never an easy task, especially in complex organisations. Under communication and inconsistency are rampant. Both create stalled transformations.

In communicating the vision for the transformation, there are some things to keep in mind. The vision should be:

- **Simple:** No techno babble or jargon.
- **Vivid:** A verbal picture is worth a thousand words - use metaphor, analogy and example.



- Repeatability: Ideas should be able to spread by anyone to anyone.
- Invitational: Two-way communication is always more powerful than one-way communication.

### **Actions Speak Louder Than Words**

Even more important than what is said is what is done. Leaders who transform their organisations “walk the talk.” They seek to become a living example of the new corporate culture that the vision aspires to. Nothing undermines a communication program more quickly than inconsistent actions by leadership. Nothing speaks as powerfully as someone who is backing up their words with behaviour.

### **STEP 5: Empowering People and Removing Barriers**

*Remove as many barriers as possible and unleash people to do their best work.*

Typically, empowering employees involves addressing four major obstacles: structures, skills, systems and supervisors. We will explore two of these here:

#### **Structural Barriers:**

Often the internal structures of companies work at cross-purposes to the change vision. An organisation that claims to want to be customer focused finds its structures fragment resources and responsibilities for products and services.

#### **Troublesome Supervisors:**

Another barrier to effective change can be troublesome supervisors.

### **STEP 6: Generating Short-term wins**

*Create some visible, unambiguous success as soon as possible.*

For leaders in the middle of a long-term change effort, short-term wins are essential. Getting these wins helps ensure the overall change initiative’s success. Research shows that companies that experience significant short-term wins by fourteen and twenty-six months after the change initiative begins are much more likely to complete the transformation.

Realizing these improvements is a challenge. In any change initiative, agendas get delayed, there is a desire to ensure that customers are not affected, political forces are at work – all of which slow the ability to perform as promised. However, short-term wins are essential.

#### **Planning not Praying**

Short-term wins rarely simply happen. They are usually the result of careful planning and effort.

### **Pressure to Perform**

Clearly the need to get short-term wins adds a great deal of pressure to an organisation in the midst of a transformation effort. However, when done skilfully, the need to create short-wins can actually increase the sense of true urgency and actually accomplishing these goals does much to cement the change initiative.

### **STEP 7: Don't Let Up!**

*Consolidating Gains and Producing More Change.*

Resistance is always waiting in the wings to re-assert itself. Even if you are successful in the early stages, you may just drive resisters underground where they wait for an opportunity to emerge when you least expect it. They may celebrate with you and then suggest taking a break to savour the victory.

In a successful major change initiative, by stage 7 you will begin to see:

- More projects being added
- Additional people being brought in to help with the changes
- Senior leadership focused on giving clarity to an aligned vision and shared purpose
- Employees empowered at all levels to lead projects
- Reduced interdependencies between areas
- Constant effort to keep urgency high
- Consistent show of proof that the new way is working

### **A Long Road**

Leadership is invaluable in surviving Step 7. Instead of declaring victory and moving on, these transformational leaders will launch more and more projects to drive the change deeper into the organisation.

### **STEP 8: Make it Stick**

*Anchoring New Approaches in the Culture*

New practices must grow deep roots in order to remain firmly planted in the culture. This is why cultural change comes in Step 8, not Step 1. Some general rules about cultural change include:

- Cultural change comes last, not first
- You must be able to prove that the new way is superior to the old
- The success must be visible and well communicated
- You will lose some people in the process
- You must reinforce new norms and values with incentives and rewards – including promotions
- Reinforce the culture with every new employee

Tradition is a powerful force. We keep change in place by creating a new, supportive and sufficiently strong organisational culture. A Guiding Coalition alone cannot root change in



place no matter how strong they are. It takes the majority of the organisation truly embracing the new culture for there to be any chance of success in the long term.

**Task 2.1** Using the “8 steps” above as a guide, identify a change that is required and then explain what needs to happen at every step in order to implement the change. Record your answer below.

Required Change: \_\_\_\_\_

1.

2.

3.

4.

5.

6.

7.

8.



**Task 2.2** According to Kotter, how can an HR professional build a proper foundation in order for the change to be successful? Please record your answer in less than 200 words.

**Task 2.3** Why do you think that cultural change is important for organisational change to happen? You can make references to Kotter's last step. Please list at least three reasons in the box below.

- 1.
  
- 2.
  
- 3.



## Section 2B: Change and Innovation

Read the following excerpt from a book titled “Handbook of Organisational Change and Innovation” by Poole and Van de Ven and answer the question that follows.

Many scholars in many disciplines have sought to explain how and why organisations change and innovate. Change is at the heart of such important organisational phenomena as individual careers, teamwork, organisational strategy making, and the growth and decline of industries. Even apparently stable and fixed phenomena - individual traits, organisational structure, and economic institutions - take on a different aspect when considered in terms of the processes that constitute them. William James (1909/1996 p. 263) wrote, “what really exists is not things made but things in the making.” To understand organisational change is to understand organisations as we experience them, and to explain organisational change is to articulate what makes organisations what they are and to suggest how we may shape and reshape them.

Innovation is an important partner to change. It is the wellspring of social and economic progress, and both a product and a facilitator of the free exchange of ideas that is the lifeblood of progress. It is reflected in new products and production processes, advances in communications, technology, and novel organisations and services in the public and non-profit sectors. Contemporary intellectual currents in organisational studies increasingly focus on change and innovation, echoing Heraclitus’s maxim that “Nothing is permanent save change.”

We define organisational change as a difference in form, quality, or state over time in an organisational entity. The entity may be an individual’s job, a work group, an organisational subunit, the overall organisation, or larger communities of organisations, such as industries. Change in any of these entities can be determined by measuring the same entity at two or more points in time on a set of dimensions, and then comparing the differences over time in these dimensions. If the difference is greater than zero (assuming no measurement error), we can say that the organisational entity has changed. Much of the voluminous literature on organisational change focuses on the nature of this difference, what produced it, and its consequences.

Change can take many forms; it can be planned or unplanned, incremental or radical, and recurrent or unprecedented. Trends in the process or sequence of changes can be observed over time. These trends can be accelerating or decelerating in time, and they can move toward equilibrium, oscillation, chaos, or randomness in the behaviour of the organisational entity being examined. Thus, the basic concept of organisation change involves three ideas:

- difference,
- at different temporal moments,
- between states of an organisational unit or system.

Organisational change and innovation have fostered a wide variety of research across many levels of organisations. Thousands of studies have been conducted on change processes in individuals and groups (typically by psychologists, social psychologists, and communication scholars) and in organisations and populations or communities of organisations (by sociologists, political scientists, and scholars in professional schools such as business management, public policy, urban planning, medical care, and other fields). Though impressive, the sheer volume of research is also daunting.

*Source: Poole, M. and Van de Ven a. (2004). Handbook of Organisational Change and Innovation. New York: Oxford University Press.*

**Task 2.4** In no more than 200 words explain why change and innovation are linked closely together. Record your answer in the box below.

## Section 2C: Organisational Culture and Leadership

Organisational culture is deep rooted and difficult to change, but leaders can influence or manage an organisation's culture. It is not easily done, but leaders can have an effect on culture. Edward Schein, a scholar on organisational change, outlines some specific steps leaders can employ:

- **What do leaders pay attention to, measure and control?** Something as simple as what is emphasized or measured, over time, can have an effect on an organisation's culture.
- **How do leaders react to critical incidents and organisational crises?** The way leaders react to crises says a lot about the organisation's values, norms and culture. Crises, by their nature, bring out the organisation's underlying core values. Often, this is where rhetoric becomes apparent. Reactions to crises are normally highly visible, because everyone's attention is focused on the incident or situation. Disconnects between actions and words will usually be apparent since actions always speak louder than words. Additionally, a crisis not only brings a great deal of attention, it also generates a great deal of emotional involvement on the part of those associated with the



organisation, particularly if the crisis threatens the organisation's survival. This increases the potential for either reinforcing the existing culture, or leading to a change in the culture. Such a crisis can provide an opportunity for a leader to influence the organisation's culture in either a positive or a negative way.

- **How do leaders act as a role model, teach, and coach?** Nothing can take the place of leaders "walking their talk." The personal example of a strategic leader can send a powerful message to the members of an organisation, particularly if it is ethical and consistent. Reinforcing that example with teaching and coaching will help others to internalize the desired values.
- **What are the criteria for allocation of rewards and status?** The consequences of what behaviour is rewarded and what is punished-can significantly influence culture.
- **What are the criteria for recruitment, selection, promotion, retirement and excommunication?** One of the powerful ways of changing an organisation's culture is through the type of people brought into, retained, and advanced in the organisation.

**Task 2.5** Schein outlined some steps for leaders to consider when dealing with organisational change. In 100 words or less, explain why it is critical for leaders to embrace and champion organisational change in the box provided below.

### Section 3: Understand the impact of change on employees and the role of HR

#### Section 3A: Impact of Change on individuals and teams

Read the following article from the CIPD website on the impact of change on individuals and how to reduce tension in the workplace, and then answer the questions that follow.

Redundancies and lengthening dole queues tend to grab the headlines during a recession. But growing levels of stress and other mental health problems can be just as damaging to individuals, employers and society in general.

The World Health Organisation and the mental health charity Rethink have both warned of a surge in these problems as the economic crisis worsens and people become increasingly worried about debt, home repossession and job security. Add growing work intensity, change and workplace conflict to the mix and you have the ingredients for a stress epidemic.

Work-related stress was, of course, a growing problem for employers even before the current economic downturn. According to the Health and Safety Executive ("HSE"), the number of people in employment experiencing ill health as a result of work-related stress rose from 820 people per 100,000 in 1974 to 1,620 people per 100,000 in 2007-08.

One likely reason for this increase is that work has become more intense in recent years. Economist Francis Green has identified a number of factors contributing to this trend, including competitive pressures being passed on to employees, the decline of union representation and power and the growing use of incentives linking effort to pay. Technological advances have also speeded up the pace of work, and increasing reliance on the internet, emails and instant messaging have blurred the line between work and home, making it harder for employees to switch off. Worries about job security at a time of sharply rising unemployment can only make matters worse.

The impact of rising stress levels on employers is significant. The CIPD's 2008 Absence management survey found that stress was the number one cause of long-term absence for non-manual employees, and the fourth biggest cause for manual workers. However, absence is only one of the harmful consequences of high levels of stress, which is linked to lower levels of employee motivation, commitment and retention. Stress is also one of the main causes of conflict at work. In addition, research by the Sainsbury Centre for Mental Health found that mental health problems, including stress, were a major cause of presenteeism (people going to work while ill and not performing), which annually costs employers more than £600 per employee each year. The government, which is planning to launch the first national strategy on mental health and employment later this year, has clearly recognised the need to tackle these problems. But for employers, too, there's a cast iron business case for investing in effective stress management.



The trouble is that too few employers understand what stress is, how it affects their people and organisation and how to deal with it. One of the difficulties they face is that not all the stress-related problems that affect employees' attendance and performance are rooted in the workplace. In many cases there is a complex relationship between the work and non-work-related causes of stress. So someone with debt problems and a deteriorating personal relationship, for example, may find that the demands of their job – though perfectly manageable in normal circumstances – start to get on top of them. Employers, however, cannot afford to say, "This is not a work problem so it is not my responsibility," because the chances are that the situation will lead to changes in the individual's behaviour, attendance or performance in the workplace.

What, then, should employers do to promote the well-being of their employees and keep stress levels down as the economic environment becomes tougher? The starting point for managing stress at work at any time is good people management – particularly on the part of front-line managers. They are the people who to a large extent can help to prevent and manage stress at work – or make it worse. Their behaviour can often be the reason why people become stressed in the first place.

At times like these, when demands on line managers themselves are growing, their actions can have an even greater impact on staff well-being than usual. If, for example, a line manager who is under intense pressure to hit targets stops communicating effectively with the team, team members are likely to be left uncertain about what is expected of them, how well they are performing and whether their jobs are secure. These kinds of negative effects on staff can be avoided if line managers are able – or learn how to – behave in ways that prevent or reduce stress.

Given the key role of line managers in this area, the CIPD has been involved in a four-year research project exploring the management behaviour needed to prevent and manage stress at work. Funded by the CIPD, the HSE and Investors in People, the research has identified the following four broad groups of competencies that managers need to demonstrate to reduce stress levels among staff.

### **1. Respect and responsibility**

This is about treating staff with respect, and also includes acting with integrity, managing emotions and being considerate. It means, for example, that managers must act calmly when the going gets tough and behave with consistency, rather than panicking or exhibiting mood swings. Setting realistic deadlines, giving more positive than negative feedback and showing consideration for employees' work-life balance are other key elements. So, too, are honesty and integrity, which become all the more important during an economic downturn, when people tend to be suspicious of their employer's motives.

### **2. Managing and communicating existing and future work**

This includes proactive work management – for example, communicating job objectives clearly, monitoring workloads, developing action plans and prioritising tasks. It's equally crucial for managers to deal rationally with problems and act decisively. They also need to



keep staff informed of what is happening to the business and encourage their participation when this is appropriate, for example, through team meetings and individual discussions. Effective communication and work management are especially important when the pressure is on to hit targets and many people feel uncertain.

### **3. Managing the individual in the team**

This can be as simple as being willing to have a laugh and socialise with staff. It is about speaking to people personally, rather than using email, and being available to talk to them on a one-to-one basis when necessary. Again, these skills become even more important than usual in tough financial conditions, when individual employees are likely to need different types of support.

### **4. Reasoning and managing difficult situations**

This involves dealing objectively with conflicts, mediating between the parties, seeking advice from others where necessary and following up conflicts once they've been resolved. Managers must make it clear that they will take ultimate responsibility when things go wrong. Conflict and bullying tend to increase during financial downturns, and therefore managers need to be ready to address incidents early so as not to let them damage well-being or performance.

The research findings so far suggest that the relative importance of each group of competencies will vary in each situation. The research also reveals that one of the main barriers to managers behaving in ways that prevent and reduce stress for their staff is the pressure that they themselves are under. In current economic conditions, many managers are facing extra challenges, not least having to make staff redundant - a task that they may not have the confidence or skills to perform effectively. It is vital, therefore, that they receive support and coaching from their own line managers or HR to help them deal with these difficult issues.

For this reason, the research team from Goldsmiths, University of London and the consultancy Affinity Health at Work is currently exploring how best to help managers develop the positive behaviours outlined above. This isn't about asking managers to undertake additional activities on top of their usual responsibilities, but about the way they behave towards their staff on a day-to-day basis. Giving managers clear feedback on how their current behaviour is perceived seems to be among the most effective ways of helping them make changes.

Of course, some people will suffer from stress regardless of how their organisation manages the issue, so it is important to help them access appropriate support. CIPD research consistently identifies access to occupational health services and rehabilitation programmes as the most effective ways of managing long-term absence.

Employee assistance programmes, which often offer counselling and confidential help lines, can provide further help.



Even though budgets are becoming increasingly tight, employers can't afford to ignore the issue of stress. Apart from other considerations, they have a legal obligation under health and safety law to conduct a risk assessment for work-related stress and take action to remedy any risks identified. The HSE's management standards on stress provide step-by-step guidance on conducting a stress risk assessment. This can be done in a number of ways, including through staff attitude surveys and focus groups to determine whether employees are under excessive pressure at work.

Assessing the risks and taking action to reduce stress levels - especially by changing line managers' behaviour - can make a real difference to employees' well-being. It could even help organisations take advantage of the opportunities that will no doubt arise when economic recovery eventually comes.

### **What is stress?**

The HSE defines stress as "the adverse reaction people have to excessive pressure or other types of demand placed upon them".

Of course, a certain level of pressure in a business environment is desirable. It helps to motivate people and will boost their energy and productivity levels. But when pressure starts to exceed individuals' ability to cope, it becomes a negative rather than a positive force - in other words, stress.

Stress is not in itself a medical condition, but research shows that prolonged exposure to stress is linked to anxiety and depression, as well as to physical conditions such as heart disease, back pain and headaches.

People deal with stress in different ways. Some respond by working excessive hours and not taking any holidays, while others will take sick leave or let their time-keeping deteriorate. Stress also makes people more likely to lose their tempers and become less tolerant of criticism. Many individuals suffering from stress find it difficult to sleep because adrenaline and cortisol - two of the 40 hormones produced by the body when it is stressed - will interfere with their ability to switch off and relax.

*Source: People Management Magazine "Tension seeking behaviour" by Ben Willmott Published 12 Feb 2009*



**Task 3.1** Why do you think redundancies can increase the level of stress that individuals feel? Write your answer in the box below in no more than 100 words.

In an economic downturn such as the one that we are currently experiencing on a global basis, redundancies are an unfortunate reality. In their redundancy factsheet, CIPD state that “even the most carefully handled redundancies are likely to result in damage to the psychological contract and a negative organisational culture”.

**Task 3.2** Reflecting on the previous article, outline some methods that your HR department can use to reduce stress levels among staff. Record your answer in the box below.

### Section 3B: Impact of change on organisations

Read the following article on restructuring and relocation, and then answer the questions that follow.

The BBC's new HR director has denied claims that staff are being "bribed" to move from London to Manchester, insisting that the generous relocation packages are justified.

A row erupted after it emerged that BBC staff who agreed to move to the corporation's new hub in Salford, in 2011, would be allowed to keep their London-weighted allowances on top of attractive relocation packages. The shadow culture secretary, Jeremy Hunt, equated the move to bribery, while CIPD reward adviser Charles Cotton said that the BBC's claim that it was common practice for employers to allow staff to retain London rates when asked to move outside the capital was "bizarre". "This sounds like having your cake and eating it," Cotton added.

But Lucy Adams, director of BBC People, retorted: "We did look around at what other people were doing at the time and we believed that freezing the London allowance was the right thing to do."

"We didn't want to ask people to uproot their families to go to an area that is not awash with other media career opportunities and take a drop in pay at the same time. We felt that was inappropriate."

She added that the BBC needed to ensure that appropriate skills levels were in place from the start. "We haven't got a two or three-year period where we can grow organically - we have to take staff from the south," she said.

The recession and its adverse effect on the media jobs market had also driven far more employees than expected to sign up to the move from London, Adams said. The BBC had anticipated that 35 per cent of staff would transfer to Manchester but, after the final deadline for decisions, 46 per cent of staff working in the affected departments, which include children's programming, Five Live and sport, had agreed to go.

Adams said the increased uptake was "great news" for retaining skills and experience and would also save money from the projected budget for the move, primarily on redundancy packages but also on recruitment.

The new Media City development at Salford Quays will house about 2,500 BBC employees, including the 428 people who have chosen to move from London and any existing Manchester-based workers. New recruits will not receive the same rates of pay as staff who relocate, but Adams denied that there would be "a two-tier system". She likened it to a merger and acquisition situation, with a variety of "legacy terms and conditions".

Adams could not discount compulsory redundancies among the 1,000 London-based staff who had chosen not to make the move. She estimated that 10 per cent would be



redeployed in the run-up to the move and said that the BBC would look at “every possible option” for the rest. “We have a relationship with our trade union and people where we always look at alternatives first and we’re very successful at that,” she said.

*Source: People Management Magazine “BBC HR Director defends Manchester relocation packages” by Lucy Phillips 11 Nov 2009*

**Task 3.3** Do you agree with the BBC’s HR director’s decision? Provide evidence for your argument in at least 100 words using the box below.

**Task 3.4** Reflecting on all the knowledge you have acquired about supporting change, imagine that you were hired to give BBC’s HR director advice about the company’s relocation to Manchester. What best practices can you recommend to her in order to reduce the amount of resistance and negative attention? List at least three recommendations in the box below.

- 1.
- 2.
- 3.



### Section 3C: HR's Role in Change

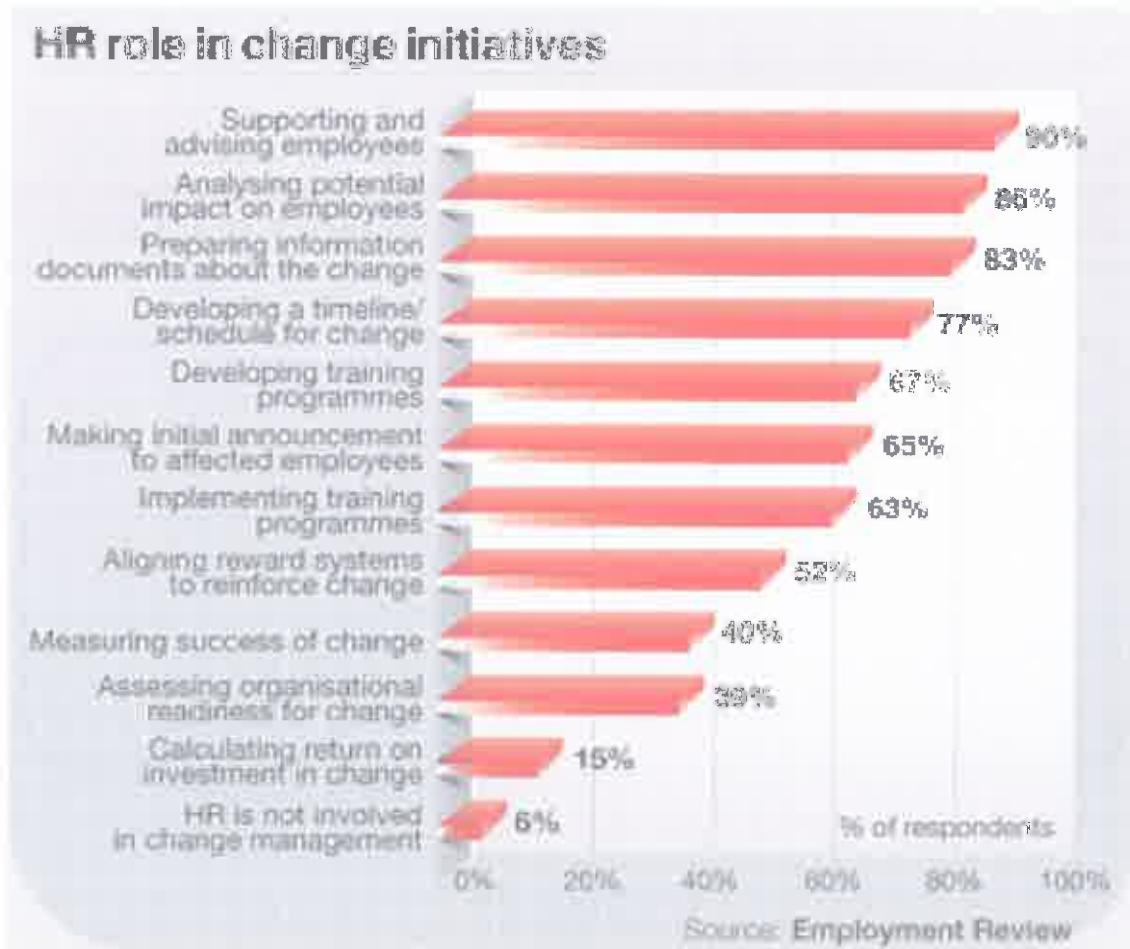
Read the following article from Personnel Today's website and then answer the questions that follow.

According to Personnel Today, change management skills are a key part of the job for most Human Resources practitioners. According to a study by *Personnel Today's* sister publication, *Employment Review*, it shows that while HR was involved equally in initiating change in both public and private sector services (both 48%), it was most likely to be excluded from involvement in major change in manufacturing companies (15%).

HR practitioners typically take a leading role in assessing the likely impact of change on employees as well as supporting them through the process, the *Employment Review* survey shows.

9 out of 10 HR practitioners taking part in the study said their role was to support employees during a change programme, with more than 8 out of 10 of those said that the majority of that role was to help prepare information to help them cope with the process.

Below is a chart that outlines many HR responsibilities during change.



Source: <http://www.personneltoday.com/articles/article.aspx?liarticleid=43111&printerfriendly=true>

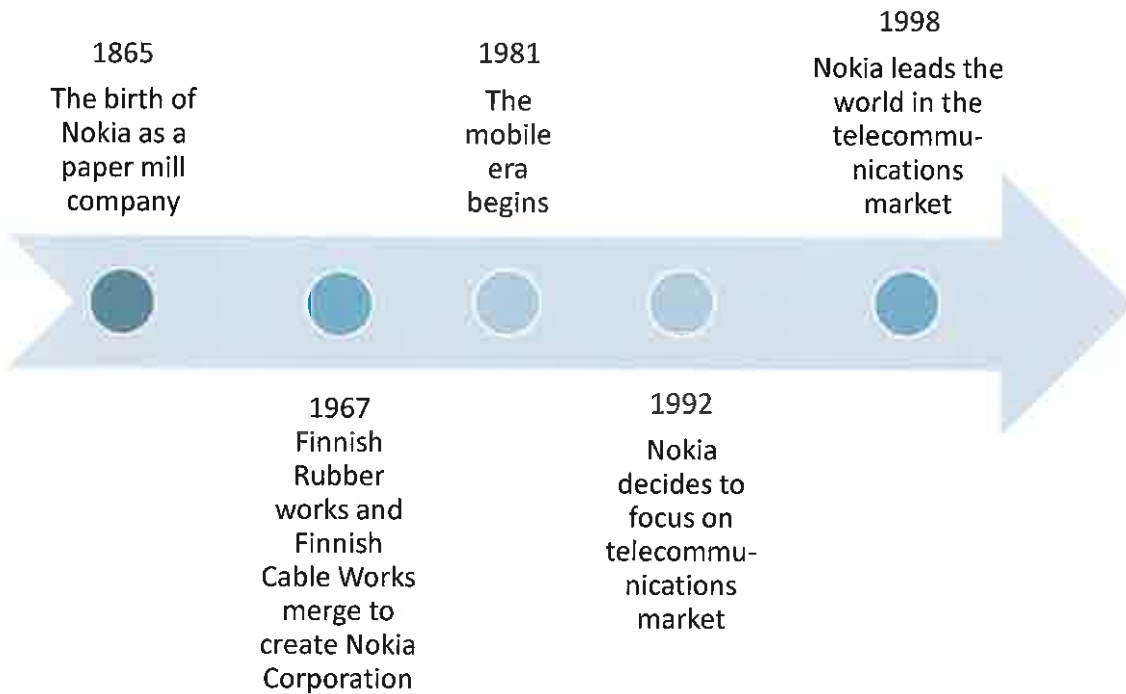


**Task 3.5** Why do you think that HR should have a significant role in the change management process? Provide your answer in the box below in no more than 150 words.



### Section 3D: Change – A Case Study on Nokia

Nokia started as a paper mill company in the mid to late 1800's. Below is a timeline of Nokia since their foundation taken from their website at [www.nokia.com](http://www.nokia.com). In the past 145 years as a company, Nokia has transformed many times and today is one of the leading manufacturers of mobile phones.



**Task 3.6** Do some background research on the Nokia Corporation on the internet. Discuss who you think the transformational changes at Nokia impacted most: employees, teams or the organisation. Argue your point in 150 words or less in the box below:



**Task 3.7** Imagine that Nokia has decided to transform their company once more and have decided to manufacture watches. You, as an HR professional, have been asked to help staff understand that change is a necessary part of a healthy organisation. In around 200 words, outline how you would help Nokia's staff understand how change is a necessary part of Nokia.



**Congratulations!**  
**You have finished this workbook!**



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