Managing Change Report

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**Executive Summary**

 The purpose of this report is to identify the different change objectives that are being presented to PWC, an international organization. This report explores the main objectives of the change interventions and how these changes will be going to impact the overall structure of the whole company. The report start off with an introduction to change and its importance in the current competitive environment. It further describes how change can be beneficial for the companies if they want to excel not only in the domestic market but also in the international market as well. The report gives an understanding of what a change management process is and how it works. The report is continued by giving an explanation of the purpose and objectives of the assignment regarding the different change initiatives being presented. The report further analyses the literature present regarding change management process and highlighting the reasons for resistance and models of change. The methodology used would be qualitative and would be based on the interviews conducted by three different employees. The findings from the interviews show that employee’s feel the biggest resistance to change is culture and capacity. Furthermore, they feel the driver for these change is mostly due to monetary reasons.

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**Introduction**

 The international environment is getting highly competitive and in order to excel companies and businesses have to continually improve themselves. Furthermore, they have to implement innovative strategies that can help them in pushing ahead of all others in their field (Hord and Hall, 2014). This will also help in achieving a competitive advantage and this is only possible for those organizations that work to continually bring improvement into their operations. One of the ways that organizations can do this is to bring change into its operations. This involves keeping in pace with the changing values and needs of the customers through implementing practices within the business that help in aligning the company with these.

 The process of implementing and managing change within a business needs to be established. This way the change will not adversely affect the different stakeholders within a company. This is where change management comes into play, whose main priority is to take care of the effect of change on the people within a business (Todnem By, 2005). Chain management provides tools, techniques and processes to achieve outcomes expected by the business from changes implemented by managing the people side of change. This is done through managing employee engagement and the adoption of work after the change is implemented. All in all change management is the process of helping the employees within a business to adopt and embrace the changes implemented and how they can use these changes in their daily workings

**Purpose and Objectives of Study**

 The purpose of the study is to report on how organizations can deal with the events caused by changes. A successful organization should be able to manage the changes in a manner that is coherent and is able to generate benefit from the changes that have been implemented into the business. The objectives of the study is to analyze the different types of changes that can be implemented within an organization such as changes in technology, changes in product and service offerings, changes in personnel and the changes in scale and how the business and its different stakeholders will be able to deal with these changes.

**Literature Review**

This section of the report illustrates the literature that is prevalent regarding the changes implemented within an organization and how these changes are managed. Furthermore, this will also focus on the external and internal environments inside which most organizations work in. This study focuses on how business can form an understanding of change and how change can be managed. Change can be implemented in any sector of an organization such as changes in technology, changes in product and service offerings, changes in personnel and the change in the scale of the business. These changes can be very impactful on the management, they can also become the base for departmentalization and has considerable effect on the work schedules of the various people employed within an organization (D'Ortenzio, 2012). If these changes are not properly managed serious implications can arise if these changes are not introduced properly, are not explained properly and finally if there is no effective management of these changes.

 In today’s world, organizational change is inevitable as it does not depend on how the organization will be able to handle them. Competition and adaptability is on the rise due to the presence of globalization, this is affecting companies no matter the size and other elements of an organizations. Changes can be of a wide variety and can include strategic, operational, cultural, structural and process change (Carter-Steel, et al, 2009). The management of organizational change is one of the most important aspects of change management, especially in the case of the employees. This is because successful implementation of change initiatives and getting the desired benefit out of these change initiatives is dependent on the successful adoption of these change initiatives by the employees. According to research it has been found that change initiatives are rarely fully implemented and some even have suggested that around seventy percent of the initiatives are not successful. This makes the use of change management imperative in making the adoption of these changes successful.

 According to the theorists, power is circumvented in modern change management theory and this circumvention is done through concepts such as governance, communication, leadership, motivation and empowerment to get the maximum performance from employees. The fact is that observers and theorists should not just ignore the reality of power in the society. This is because an analysis of the power dynamics can develop an understanding to why resistance develops against change and these reasons can be brought to light. According to Karreman and Alvesson (2009), there are three possible perspectives for understanding power. The most prominent perspective about power that is presented is that power has been shown as a restraining force, in which one person gives the commands and the others has to follow these commands which they might actually not want to do. In this form of perspective the resistance arises in a form of an unconcealed reaction when there is an over use of force. The focus of power is on ideology and culture and how make people accept and subvert to the prevailing order without any extra force and conflicts of overt nature. This perspective has further importance as it symbolizes the formation of resistance to presence of change in the literature regarding conventional change management.

 Kuipers, et al (2014) has further illustrated several factors that can cause resistance to change. The primary resistance arises from the fear of the unknown. This fear is due to the fact that there is uncertainty about what the nature of change is and feels that there is no understanding of what is happening right now and what is going to happen in the future. The second reason for resistance arises from the loss of control. This type of resistance arises when the person feels that change is being imposed on them and they have no say in the matter. As already mentioned above this type of resistance is an unconcealed reaction to when one is made to do something against their nature. This makes them feel powerless and enables them to act more energetic towards repelling any form of change being imposed on them. Another type of resistance occurs due to loss of face, which occurs as a result of change that leads to embarrassment for a person. This embarrassment is due to the fact that the actions that he or she had taken in the past were wrong and had no real value. This also makes them feel demeaned and increase their resistance towards change (Erwin and Garman, 2010). Loss of power is another perspective towards that cause resistance to change. Under this perspective employees on higher ranks such as managers and other individuals might feel sort of threatened if change is implemented. This is due to the fact that if a change occurs they might lose their control and power within the existing structure of the company. This way they will resist the change initiative being implemented in order to save their power and status without any consideration of the fact that this change might actually be beneficial for the company as a whole. Further resistance to change arises in the form of demotion or being pulled down from their current positions. This arises from the sense that employees feel that if they do not possess the necessary skills and expertise that align with the current changes being implemented they might be demoted. Therefore, they prefer the status quo rather than anything that might shake up the existing system. This leads to a further form of resistance in the form of need for increasing their job security. This is related to the above factor in the sense that without the relative skills and experiences in relation with the changes being implemented they are at risk of losing their jobs (Thomas and Hardy, 2011). This way they try to resist any change that might risk their job security and that might lead them to be out on the street. More resistance occurs from the upper management in the sense that they would have to train new employees in relation to the changes being implemented. The problem arises when not each and every one of the employees are not motivated enough to focus on their growth and learn new things. The higher management will face problems from these employees as they might resist to boredom while learning the necessary. This will definitely impede the progress of other motivate employees.

 There has been further research done on the different change models that have been presented over time by different authors over a long period of time. In the change management literature there have been several models that have stood out and have been prominent as scholarly models for the change in organizations.

The first model is Kotters Model, which gave an eight step model for transforming organizations and was developed in the year 1995. This model is extremely helpful in managing and understanding the changes implemented within an organization. The model is designed in such a way that every step within the model is characterized by a sort of a key principle, which is further elaborated in how people see, their response and then the change that is to be witnessed (Appelbaum, et al, 2012). In the words of Kotter, these are the principles of how people respond and approach to the changes implemented within an organization. Kotter developed this model after analyzing over a large number of organizations (around hundred in number). These organizations were varying in size and were even of different industry types. This analysis was conducted confirmation of information organizations were failing at successfully implementing their change initiatives. After his analysis of these companies Kotter came to a conclusion that his model would be able to solve the regularly occurring errors within the change process. The major learning points from the model suggested by Kotter involve statements such as that the process of change goes on for a long time with several phases within it. Each of these phases have a large amount of time of occurrence before it passes onto the other phase. Furthermore, any mistake can be critical in any of the phases as they might lead to devastating consequences and might hamper the momentum that the process of change has garnered (Pollack and Pollack, 2015). Out of all the models presented in literature the model presented by Kotter has been the best one yet and was made in response to the disapproval raised against the planned model of change. According to his analyses, Kotter’s model states that change is effectively implemented from the bottom rather than from top to bottom and it is so fast that it is hard for senior executives and staff to effectively implement plans for organizational change that can handle these changes. This leads to devolution regarding the responsibility for the change in an organization. Moreover, his model states that change should not be perceived as a random or one-time events in a specific period but it should be more like an open ended adaptation to changing circumstances. This form of change is continuous in nature and never stops. Lastly, how successful change can be does not truly depend on plans and change initiatives but rather if an understanding is developed regarding the issues that require this change.

The second model of change that has been widely prominent in literature is Kurt Lewin’s Model of change. This model emphasizes on taking a planned approach towards organizational change. This model came into existence on the basis of group discussion making, social change and implementation. Group discussion making was an integral part of Lewin’s model as the conduct of a group was cause of concern. This was because Lewin believed that the behavior of individuals was different from group to group and it was his belief that people come into a group with different reasons. If change was to be implemented effectively people within a group must share a common objective. This way there is a higher probability that the group will work together to achieve this set goal. Several theorists supported Lewin’s theory in the sense that they found that social conflict needed to be resolved and this conflict can be of very different nature (race, or anything else) (Manchester, et al, 2014). By resolving conflict in society only then the condition of humanity can be improved. In this regard the theory presented by Lewin affirms that through planned change and learning people can learn to reform their views and can be a driving force towards societal conflict resolution. Lewin’s theories further led him to develop a three step model and is a method for implementing change in organizations by using different strategies. The three steps are unfreezing, moving and refreezing. In unfreezing employees learn to break away from the norms that were previously in power and move towards new work practices as soon as they can. This can be done by encouraging employees to move away from their comfort zones and focus more on new work practices. But critics of this step shed light on the fact that this step can lead to disastrous effects such as anxiety and uncertainty risks that become the reason for destructive rather than constructive behavior. As the model is explored further, the second step compels employees to take part in activities that align with the change initiative being implemented. So in this manner theorists have suggested to give opportunity to all stakeholders in matters regarding decision making and solving problems. This would lead to a collaborative environment within the organization. The last step refers to reinforcing of processes and tasks that are new and those which represent the change needs to take place within an organization. The success of this step is dependent upon the acknowledgement of the efforts of employees in the form of rewards.

The final model that has been thoroughly discussed in literature was given by Dunphy and Stace’s model for change. This model is known as the contingency model of change and is an expansion on the three step model presented by Lewin and focuses on organizational transformation. In this model that Dunphy and stace’s stance was that that organizations needed a change model that was more situational or contingency based. Furthermore, the model should be constructed in such a way that it let organizations to know what the best mix of strategies to be used in order to attain the optimum fit in relation to the changing environment. The basis for the contingency model is that organizational structure is based on various situation based variables. This is because no two organizations are the same and it is quite possible that they would not even face the same situational variables. The effect of situational variables is more dependent on the operations and structures of organizations (Young, 2009). The model developed by Dunphy and Stace has two parts and each part is divided into two parts. The first part is the incremental change strategies, which further includes participation evolution and forced evolution. Second part of the model includes transformational change strategies, this part is further divided into charismatic transformation and dictatorial transformation. The model proposed by Dunphy and Stace has a more situational design and it is supportive of the fact that selecting appropriate types of change is truly dependent on the correct analysis of the situation. Furthermore, they state that is not always continuous in nature but can also be present on a discontinuous basis. Moreover, it is their understanding that change is transformational change is seen to be not only consultative but also coercive in nature. The criticism arises on this model that it is too dependent on how it interprets change initiators and implementation. Furthermore, this dependency focuses more on the importance of change drivers rather than organizational change analysis of an effective nature. If change driver is collaborative leadership style then power will mostly allotted to the employees and they can influence goals and paths for change. If change driver is a consultative style of leadership then power would mostly be in the hands of managers and will be open to influence by employees in how change is implemented. Furthermore, if the change driver is formed in a sense of directive style of leadership which would involve more direct use of legitimate authority in order to implement organizational change. This type of change directive is most effective when there is an environment of respects from the subordinates regarding authority. The final change driver can be a coercive style of leadership and this type of change driver involves force both of the implicit and explicit nature by the managers against their employees. This type have of driver has been criticized as a decision making process that is more autocratic.

**Methodology**

 In order to perform a change management for the purpose of this report, a qualitative form of methodology will be conducted. Qualitative form of methodology involves getting data regarding a certain product or service (or in the case of this report for a certain change intervention technique) from the consumers. The qualitative form of methodology helps in identifying the different perceptions that the consumers have regarding certain products and services. This involves what they liked about it, what they disliked about it and what they would like to change in the product and service. This helps in catering the needs of the consumers as well as effectively implementing something new for the consumers.

 For this assignment interviews would be conducted with different employees working within PWC. These interviews would detail what tis the employee reaction towards the different change interventions that are being presented such as changes in technology, changes in product and service offerings, changes in personnel and the changes in scale. These interviews would be held on the basis of a questionnaire designed specially to learn the views of the employees regarding these changes. Furthermore, data regarding if the change intervention techniques were successful, what were the limitations of the change interventions and what alternatives to these change interventions would be collected.

**Findings**

 The findings from both the formal and informal interviews were quite surprising to say at least. They revealed what the employees thought of the change initiatives that were being presented to PWC. The summary of the findings is as follows. Most of the respondents felt that these change were not done in order for the betterment of the employees but were more structured towards financial saving. So around ninety four percent of the candidates felt this way. Furthermore, most of the candidates in the interviews are part of a change team. The boards for very few of these change teams have representatives that were elected. Moreover, they stated that they even collaborated with community planning partners in order to implement change initiatives. The biggest challenge that they have named regarding change implementation is capacity and then followed by the culture that is prevalent in PWC. Capacity is further becoming a challenge for conducting a business analysis. Out of the most requested areas that required assistance was technological innovation. Moreover, the support for business analysis support was mostly focused on short term capacity and working towards good practice sharing. All in all, the findings were of high importance in realizing how the employees felt

**Discussion**

 The findings showed that the biggest barriers to change were the already established culture within the organization and the capacity of the organization. This gives us a view that they already established status quo is beneficial for some people and is leading them to resist change as much as possible. This is aligning with the reasons of resistance to change that were defined in the literature review above. Furthermore, it also points towards another factor that maybe the culture that is resisting the changes being presented is due to the fact that there is a fear for job security. As new changes will be implemented some people will be laid off so in response the culture is already designed in such a way that they can resist change as much as they can. Moreover, as PWC is a large company with a high amount of employees it is proving to be further challenging to implement change initiatives. Continuing on the findings, it is revealed that according to employees the main reason for changes being implemented is due to financial pressure. This must be true for the fact that within a business the biggest driver for any sort of change is depended on monetary factors. This is because businesses are meant to generate profit and if they do not change needs to be implemented. This adversely effects the employees because they feel it is not for the sake and improvement of their skills but rather to make the company more profitable.

**Conclusion**

 It can be concluded that change is necessary for organizations such as PWC to perform effectively and productively in this competitive environment. There is a large amount of literature been written on change management which gives different models in order to effectively manage change. Furthermore, the interview held from three different employees revealed their perception regarding what the changes being implemented meant for them.

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**Appendices**

**Questionnaire**

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| How much are you familiar with the change management process? |
| What reason can you give regarding the different changes being implemented? |
| What reasons do you think that the organization (PWC) is supporting implementing these changes? |
| What is your view regarding the different change management teams currently working within the organization (PWC)? |
| What alternatives would you think there are present to the different change alternatives? |